

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Stock Code 2103



TSRC CORPORATION

2023 Annual Report

(Translation)



Published on April 9, 2024

TSRC website <https://www.tsrc.com.tw>

FSC annual report website <https://mops.twse.com.tw>

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Spokesman:Edward Wang
Job title: Vice President
TEL:02-37016000
E-mail:spokesman@tsrc-global.com

Deputy Spokesman:Cheng-Nan Lin
Job title: Sr. Asst.Vice President
TEL:02-37016000
E-mail:spokesman@tsrc-global.com

Head office:
No.2, Singgong Rd., Dashe Dist.,
Kaohsiung City, Taiwan R.O.C.
Tel: 07-351 3811
Taipei office
18F., No. 95, Sec. 2, Dunhua S. Rd.,
Taipei City, Taiwan R.O.C.
Tel: 02-3701 6000
Fax: 02-3701 6868
Kaohsiung Factory:
No.2, Singgong Rd., Dashe Dist.,
Kaohsiung City, Taiwan R.O.C.
Tel: 07-351 3811
Fax: 07-351 4705
Gangshan Factory:
No.39, Bengong 1st Rd., Gangshan
Dist., Kaohsiung City, Taiwan R.O.C.
Tel: 07-623 3005
Fax: 07-622 5481

Stock Agent:SinoPac Securities Co. Ltd. Stock division
Head office:3F., No.17, Bo-ai Rd., Jhongjheng
District, Taipei City 100, Taiwan R.O.C.
TEL:02-23816288
<http://www.sinotrade.com.tw>

Financial Statement Auditing CPAs:
Name of CPA: Po Shu Huang and Ming-Hung Huang
Office:KPMG
Head office:68F., No.7, Sec. 5, Sinyi Rd., Sinyi District,
Taipei City 110, Taiwan R.O.C. (TAIPEI 101)
TEL:02-81016666
<http://www.kpmg.com.tw>

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
<http://www.tsrc.com.tw>

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

	Page
Letter to the Shareholders	4
Company profile	6
I. Date of incorporation	7
II. Company history	7
Corporate governance report	8
I. Company's organization	9
II. Information on Board of Directors and major managers	10
III. The remuneration of Directors and major managers	16
IV. Status of corporate governance implementation	20
V. Information regarding TSRC' s audit fees	55
VI. Information on replacement of CPA	56
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	57
VIII. Changes in equity of Directors, managers, and major shareholders	57
IX. Disclosure of Interrelationship among top 10 largest shareholders	58
X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries	59
Information on capital raising activities	60
I. Capital and shares	61
II. Corporate Bonds Status	65
III. Preferred stocks Status	65
IV. Global depository receipts Status	65
V. Employee stock warrants Status	65
VI. Restricted Stock Awards Status	65
VII. Status of issuance of new shares for mergers or acquisitions of other companies	65
VIII. Status of capital utilization	65

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

	Page
I. Business overview	66
II. Market overview and production/sales analysis	67
III. Employees information	71
IV. Disbursements of environmental protections	74
V. Labor relations	74
VI. Cybersecurity Management	75
VII. Material contracts	77
	78
	80
I. Condensed balance sheet and statement of comprehensive income for the recent five fiscal years	81
II. Financial analysis for the recent five fiscal years	85
III. Audit committee's report	88
IV. Consolidated financial statements and independent auditors' report for the most recent fiscal year	89
V. Individual financial statements and independent auditors' report for the most recent fiscal year	89
VI. The impact of financial difficulties in the Company and its affiliates on the Company's financial situation	89
	90
I. Financial position	91
II. Financial performance	91
III. Cash flow analysis	92
IV. Impact of major capital expenditures within the most recent fiscal year on financial operations	93
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	93
VI. Analysis and assessment of risk management	93
VII. Other important matters	95
	96
I. Information related to the Company's affiliates	97
II. State of the Company's conducting private placements of securities	105
III. Holding or disposal of the Company's shares by the Company's subsidiaries	105
IV. Other matters that require additional description	105
	105
	105

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Letter to the Shareholders

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Letter to the Shareholders

The chemical industry experienced significant headwinds in profitability in 2023 due to the global economy growth slowdown, broad-based supply chain destocking, steep price competition and rising cost pressure. Confronting the challenges and uncertainties, TSRC responded to the market changes with agility, focusing on its business plan execution and disciplined cost management, and maintained business resilience. The Synthetic Rubber business delivered solid performance leveraging the recovery of global automotive market, while the Advanced Materials business experienced significant profit erosion due to tepid demand and severe competition.

In 2023, the sales volume was 541 thousand metric tons, an increase of 4% versus 2022. Consolidated revenue was NTD 31,427 million, a decrease of 7% compared to NTD 33,841 million in 2022. Gross profit decreased 40% to NTD 3,308 million and gross margin was 11%. Operating profit was NTD 948 million, a decrease of 65% from 2022, and operating profit margin was 3%. As a result, TSRC delivered net income of NTD 680 million with an EPS (earnings per share) of NTD 0.82 in 2023.

In 2023, TSRC made steady progress in its ESG initiatives: achieved carbon reduction objectives, completed ISO certification for product carbon footprint (PCF), gained ISCC+ certification for its Kaohsiung plant, expanded community educational engagement program, “ChemCamp” , and progressed on new product commercialization for EV tire & medical applications. TSRC continued its dedication to technic innovation and had 20 patents granted in 2023.

For 2024, the International Monetary Fund (IMF) forecast global economy to grow moderately at 3.1% as in 2023. The economic outlook is expected to be uncertain and constrained by the continued structural challenges in mainland China, geopolitical conflicts, and interest rate policy changes. Looking ahead, although the industry supply chain destocking is expected to stabilize, the market demand-supply imbalance is yet to be resolved as the end-application demand is still weak and market competition intensifies with the new supply capacities.

Facing the uncertain industry outlook, TSRC will focus to optimize production rate, carefully manage cost and capital expenditure, drive technology platform innovation to accelerate new product commercialization, and endeavor to deliver on customers’ expectation for product performance and our strategic objectives for enterprise sustainability.

Chairman: Nita Ing

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC’ s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

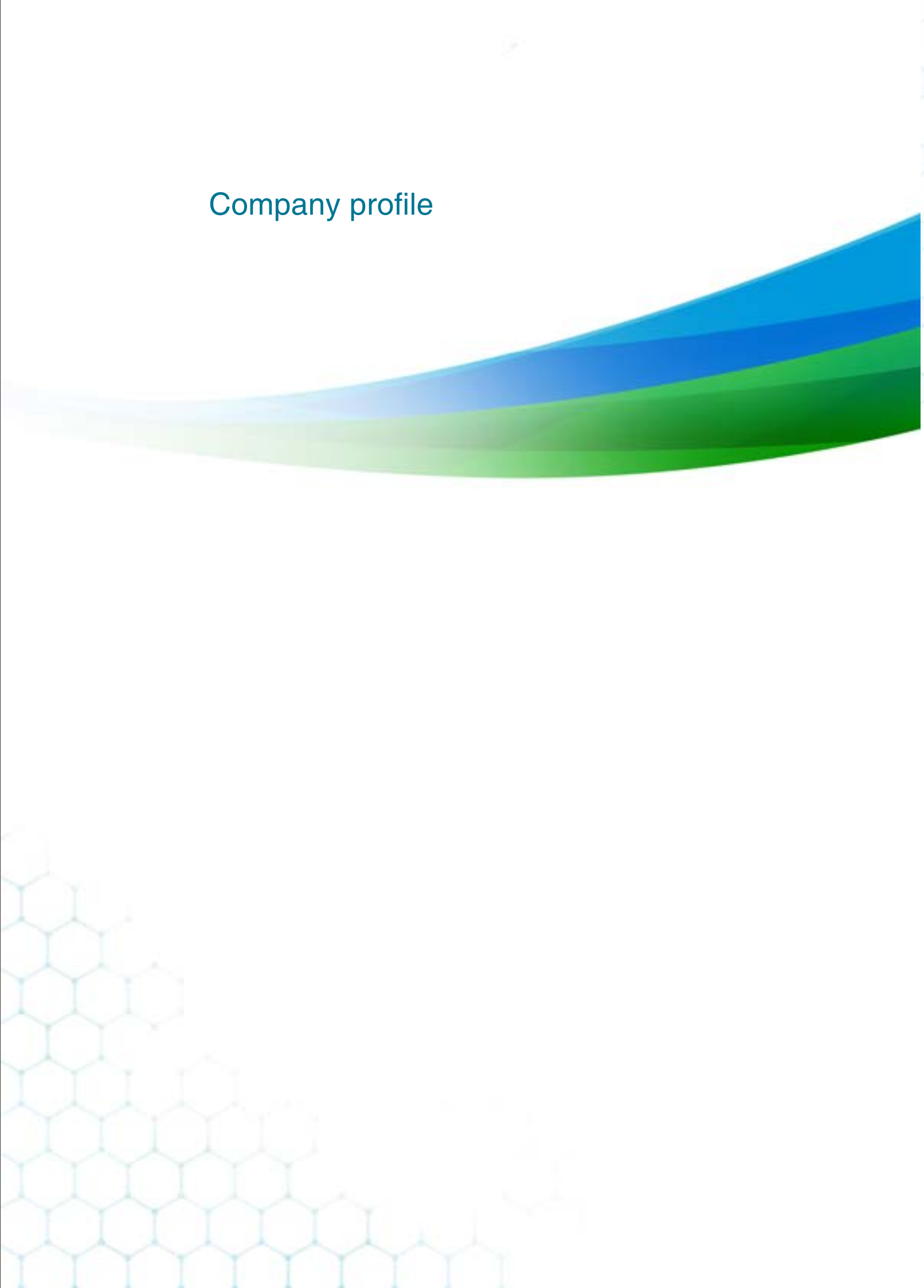
Review and analysis of the Company's financial position and financial performance, and risk management

Special items to be included

Other disclosures

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

Company profile



Home page

Table of Contents

Letter to the Shareholders

Company profile

I. Date of incorporation

II. Company history

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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
- Increase the shareholding in the subsidiary Shen-hua Chemical to 88%.

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).

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC' s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Corporate governance report



Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC’ s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

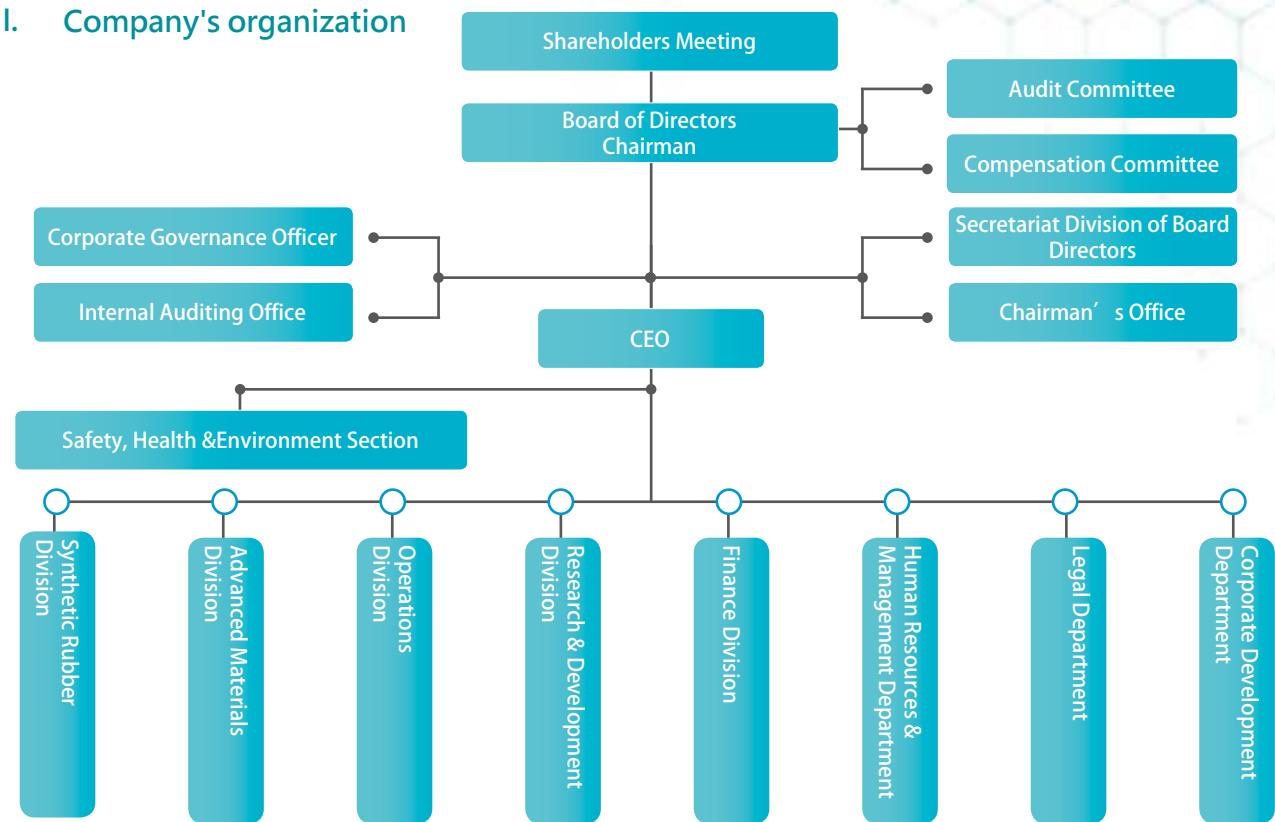
Review and analysis of the Company's financial position and financial performance, and risk management

Special items to be included

Other disclosures

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

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 ESG, public relations, and investor relations.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC’ s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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 71 ~ 80	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: Arthur 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 ~ 80	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 ~ 80	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, 2023

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

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC' s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

December 31, 2023

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 2 nd degree of relationship			Note
Share(s)	%			Job title	Name	Relationship	
0	-	Bachelors' Degree in Economics, UCLA Chairman of Continent Engineering Company Chairman of Taiwan High Speed Rail Corporation President of Continental Engineering Corporation Director of Continent Development Company Director of American Bridge Holding Company Vice Chairman of TSRC Corporation	Chairman of Hao Ran Foundation Chairman of Continental Holdings Corporation.	No	No	No	No
0	-	Bachelors' Degree in Accounting, NCKU Director of Continent Engineering Company Director of Continent Development Company Chief Auditor of Taiwan High Speed Rail Corporation President of Suzhou Standard Food Corporation Chief Auditor of Philips Taiwan Affiliates Assistant Audit Manager of Deloitte Touche Tohmatsu Limited	Director of Continental Holdings Corporation Director of CDC Commercial Development Corporation	No	No	No	No
0	-	Masters' Degree in Public Administration, NCU Chair of the Jane Goodall Institute Taiwan, ROC. Director of Taiwan High Speed Rail Corporation Vice President of Taiwan High Speed Rail Corporation Senior Vice President of China Development Financial Holding Corporation Senior Vice President of China Development Industrial Bank Vice President of Shanghai World Trade City Corp, Ltd.	Chairman of Metropolis Property Management Corporation Director of Hao Ran Foundation Director of Jane Goodall Institute Taiwan, ROC.	No	No	No	No
0	-	Graduated from Advanced Management Class in Management Faculty, Harvard University, Bachelors' Degree in Electrical Engineering, NTU Chairman of CTCI Corporation, President of CTCI Corporation Director of TCC	President, CTCI Group Director of CTCI Corporation Chairman of Xing Li Development Company Director of CTCI Overseas Corporation Limited Director of CTCI Education Foundation Executive Director of CTCI Foundation Director of Dynamic Ever Investments Limited Director of Ever Victory Global Limited	No	No	No	No
0	-	Masters' Degree in Economics, Illinois State University, USA. Independent Director of Wistron NeWeb Corporation Vice President of Bank of America Corporation CFO of Taiwan High Speed Rail Corporation Chairman of Young Green Energy Corporation	No	No	No	No	No
0	-	Masters' Degree in Business Administration, University of Chicago. Bachelors' Degree in Politics and International Relations, NTU CEO of Morgan Stanley Taiwan President of UBS Group in Taiwan Chairman of UBS Fund in Taiwan, Vice President of UBS AG Taipei	Independent Director of Hann Star Corporation Independent Director of NAFCO	No	No	No	No
0	-	Bachelors' Degree in Business Administration, Soochow University CFO of Continental Holdings Corporation Chairman of TEAPO Electronic Corp CFO/CSO of Yageo Corporation CFO of Far Eastern New Century Corporation	Independent Director of Visco Vision Inc.	No	No	No	No

Major shareholders of institutional shareholders

December 31, 2023

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

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC’ s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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

Condi- tion Name	Professional Qualification and Experi- ence	Independent Status	Number of Public Compa- nies in which the Director is Concurrently An Independ- ent Director
Chairman Nita Ing	<div><div></div><div><div>The Director possesses professional back- grounds related to business, finance, invest- ment holding, and construction, and over 30 years of experiences in business manage- ment; currently, the Director is also the chair- man of Continental Holdings Corporation and the chairman of Hao Ran Foundation; she was previously the chairman of Conti- nental Engineering Company and Taiwan High Speed Rail Corporation.</div><div>There is no circumstance stated in Article 30 of the Company Act.</div></div></div>	<div><div></div><div><div>The Director, its spouse, or any relative of 2nddegree of relationship is not an employee of the Company of its affiliates.</div><div>The Director, its spouse, or minor child(or in other’ s name) is not a natural person share- holder who hold 1% of the total issued shares of the Company or above or has the top 10 shareholding.</div><div>The Director is not a director, supervisor, managerial officer, or shareholder with 5% of share- holding or above of particular companies or institutions possessing financial or business dealings with the Company.</div><div>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.</div><div>The Director is not a spouse or a relative of the 2nd degree of relationship with any other di- rectors.</div></div></div>	No
Director John Huang	<div><div></div><div><div>The Director possesses professional back- grounds 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 comp- troller of Philips Taiwan Affiliates.</div><div>There is no circumstance stated in Article 30 of the Company Act.</div></div></div>	<div><div></div><div><div>The Director, its spouse, or any relative of 2nddegree of relationship is not an employee of the Company of its affiliates.</div><div>The Director, its spouse, or minor child(or in other’ s name) is not a natural person share- holder who hold 1% of the total issued shares of the Company or above or has the top 10 shareholding.</div><div>The Director is not a director, supervisor, managerial officer, or shareholder with 5% of share- holding or above of particular companies or institutions possessing financial or business dealings with the Company.</div><div>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.</div><div>The Director is not a spouse or a relative of the 2nd degree of relationship with any other di- rectors.</div></div></div>	No
Director Arthur Chiang	<div><div></div><div><div>The Director possesses professional back- grounds related to business, finance, and public relations, and over 20 years of experi- ences 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 Cor- poration, and used to provide services as the management of financial institutions.</div><div>There is no circumstance stated in Article 30 of the Company Act.</div></div></div>	<div><div></div><div><div>The Director, its spouse, or minor child(or in other’ s name) is not a natural person share- holder who hold 1% of the total issued shares of the Company or above or has the top 10 shareholding.</div><div>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 per- son.</div><div>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 busi- ness dealings with the Company.</div><div>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.</div><div>The Director is not a spouse or a relative of the 2nd degree of relationship with any other directors.</div></div></div>	No
Director John T. Yu	<div><div></div><div><div>The Director possesses professional back- grounds related to business and electrical engineering, and over 30 years of experi- ences 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 Cor- poration, and director of multiple investees of CTCI; he is the key figure who leads CTCI Group to the international stage.</div><div>There is no circumstance stated in Article 30 of the Company Act.</div></div></div>	<div><div></div><div><div>The Independent Director, its spouse, or any relative of 2nddegree of relationship is not a director, supervisor, or employee of the Company of its affiliates.</div><div>The Director, its spouse, or minor child(or in other’ s name) is not a natural person share- holder who hold 1% of the total issued shares of the Company or above or has the top 10 shareholding.</div><div>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 per- son.</div><div>The Director is not a director, supervisor, managerial officer, or shareholder with 5% of share- holding or above of particular companies or institutions possessing financial or business dealings with the Company.</div><div>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.</div><div>The Director is not a spouse or a relative of the 2nd degree of relationship with any other di- rectors.</div></div></div>	No
Inde- pendent Director Robert Hung	<div><div></div><div><div>The Independent Director possesses pro- fessional 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 develop- ment 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.</div><div>There is no circumstance stated in Article 30 of the Company Act.</div></div></div>	<div><div></div><div><div>The Independent Director complies with the independence stated in the Regulations Gov- erning Appointment of Independent Directors and Compliance Matters for Public Compa- nies.</div><div>No government, corporate, or its representative stated in Article 27 of the Company Act was elected.</div><div>The Independent Director, its spouse, or any relative of 2nddegree of relationship is not a director, supervisor, or employee of the Company of its affiliates.</div><div>The Independent Director, its spouse, or any relative of 2nddegree of relationship is not a di- rector, supervisor, or employee of any affiliate or companies having particular relationships with the Company.</div><div>The Independent Director, its spouse, or any relative of 2nd degree of relationship does not hold any share of the Company.</div><div>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.</div><div>The Independent Director is not a spouse or a relative of 2nddegree of relationship of any other Directors.</div></div></div>	No
Inde- pendent Director Sean Chao	<div><div></div><div><div>The Independent Director possesses profes- sional backgrounds related to business and finance, and over 20 years of experiences; he is familiar with professional fields ranging from investment banking, asset manage- ment, and private banking; he currently is also the independent director of HannStar Display Corporation and NAFCO, he was pre- viously the CEO of Morgan Stanley Taiwan, president of UBS Group in Taiwan, and chair- man of UBS Fund in Taiwan.</div><div>There is no circumstance stated in Article 30 of the Company Act.</div></div></div>	<div><div></div><div><div>The Independent Director complies with the independence stated in the Regulations Gov- erning Appointment of Independent Directors and Compliance Matters for Public Compa- nies.</div><div>No government, corporate, or its representative stated in Article 27 of the Company Act was elected.</div><div>The Independent Director, its spouse, or any relative of 2nddegree of relationship is not a director, supervisor, or employee of the Company of its affiliates.</div><div>The Independent Director, its spouse, or any relative of 2nddegree of relationship is not a di- rector, supervisor, or employee of any affiliate or companies having particular relationships with the Company.</div><div>The Independent Director, its spouse, or any relative of 2nd degree of relationship does not hold any share of the Company.</div><div>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.</div><div>The Independent Director is not a spouse or a relative of 2nddegree of relationship of any other Directors.</div></div></div>	2

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC’ s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Condi- tion Name	Professional Qualification and Experi- ence	Independent Status	Number of Public Compa- nies in which the Director is Concurrently An Independ- ent Director
Inde- pendent Director Rex Yang	<ul style="list-style-type: none">The Independent Director possesses profes- sional backgrounds related to business and finance, and over 20 years of experiences in finance and management; he was previously the CFO of Continental Holdings Corpora- tion, CFO of Yageo Corporation, and chair- man of TEAPO Electronic Corporation.There is no circumstance stated in Article 30 of the Company Act.	<ul style="list-style-type: none">The Independent Director complies with the independence stated in the Regulations Gov- erning Appointment of Independent Directors and Compliance Matters for Public Compa- nies.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 di- rector, 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.	1

Board Diversity and independence:

1. Diversity of Board of Directors

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 di-
versity 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.

2. Specific Objectives

In addition to evaluating the requisite professional qualifications, the Board of Directors also considers the future development needs of the
Company in selecting appropriate candidates, setting forth objectives as follows::

- Members of the Board require at minimum one female director.
- Over 50% of the Members of the Board possess expertise in business, finance, and accounting fields.
- At least 2 independent directors shall serve for a term not exceeding 3 terms.

3. Implementation status

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 terms, and one of the Independent Directors have
been re-appointed for three terms; however, as the Independent Director possesses extensive financial backgrounds and industrial experi-
ences that are significantly beneficial for the future business development of the Company. In addition, there is no Director who is concur-
rently 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 Compli- ance	Finance	Business	Engineer- ing and Construc- tion	Operational Judg- ment	Financial Analysis	Business Manage- ment	Emer- gency Manage- ment	Leader- ship and Decision- making	Interna- tional Market Vision
Chairman Nita Ing	-	-	Economics	-	-	√	√	√	√	√	√	√	√
Director John Huang	-	-	Accounting	√	-	√	-	√	√	√	√	√	√
Director Arthur Chiang	-	-	Public Ad- ministration	√	-	√	-	√	√	√	√	√	√
Director John T. Yu	-	-	Business Manage- ment	-	-	√	√	√	√	√	√	√	√
Independent Director Robert Hung	-	√	Economics	-	√	√	-	√	√	√	√	√	√
Independent Director Sean Chao	√	-	Business Manage- ment	-	√	√	-	√	√	√	√	√	√
Independent Director Rex Yang	√	-	Business Manage- ment	-	-	√	-	√	√	√	√	√	√

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC' s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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	Nation-ality	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	Singa-pore	Joseph Chai	Male	November 01, 2015	0	-	0	-	65,000	-
Vice President Finance Divi-sion	Re-public 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 Rub-ber Division	Re-public of China	Kevin Liu	Male	June 01, 2016	0	-	0	-	0	-
Vice President Operations Division	Re-public of China	Brian Hsu	Male	January 01, 2020	0	-	0	-	0	-
Human Re-sources &Management Department Vice President	Re-public of China	Peggy Wang	Female	January 01, 2021	0	-	0	-	0	-
Vice President Advanced Ma-terials Division	USA	Kent Emil Kvaal	Male	January 01, 2023	0	-	0	-	0	-
Corporate Governance Officer	Re-public of China	Calvin 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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC' s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

December 31, 2023

Principal work experience and Academic qualifica- tion	Position(s) currently held in the Company and/or in any other Company	Other officers, directors or supervisors who are their spouses or rela- tives of 2nd degree of relationship			Note (Note)
		Posi- tion	Name	Rela- tion- ship	
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 Corpo- ration., Triton International Holdings Corporation., TSRC (USA) Investment Corporation., TSRC Specialty Materials LLC	No	No	No	No
Master of Business, Administration, Tunghai University Chief Financial Officer, HTC	Chairman of TSRC (Vietnam) Co., Ltd. ; Directors of Polybus Corporation PteLtd., Trimurti Holding Corporation., Triton International Holdings Corporation., TSRC (Hong Kong) Limited., TSRC (USA) Investment Corporation 、TSRC Specialty Materials LLC., TSRC (Lux.) Corporation S.A R.L., Indian Synthet- ic Rubber Private Limited., Asia Pacific Energy Devel- opment Company Limited., Hardison International Corporation., Dymas Corporation ; Supervisors of Shen Hua Chemical Industrial Ltd., TSRC(Nantong) Industrial Ltd., TSRC (Shanghai) Industrial Ltd. , ARLANXEO- TSRC(Nantong) Chemical Industrial 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 Pres- ident, Sales Department, China Synthetic Rubber Corp.,	Chairman of TSRC-UBE (Nantong) Chemical Indus- trial Co. Ltd. ; Director of Indian Synthetic Rubber Private Ltd.,Thai Synthetic Rubbers Company Lim- ited.,Trimurti Holding Corporation.,Polybus Corpo- ration Pte Ltd.,TSRC (Hong Kong) Limited.,Shen Hua Chemical Industrial Ltd. ,ARLANXEO- TSRC(Nantong) Chemical Industrial Co., Ltd. ,Nantong Qix Storage Co., Ltd.	No	No	No	No
Department of Chemical Engineering, Na- tional Taiwan University of Science and Tech- nology Asia Operations Director, Elementis Group Plant Manager, Deuchem Co., Ltd.	Directors of Shen Hua Chemical Industrial Ltd. ,TS- RC(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 Lim- ited (Ireland) in Asia and manager of human resources of Corning Display Technologies Taiwan Co, Ltd.	None	No	No	No	No
MBA, University of Minnesota, USA Vice President of Performance Products, Americas Region Huntsman Corporation	Director of TSRC (Lux.) Corporation S.à r.l. ,TSRC Spe- cialty Materials LLC.	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 Medi- atek Inc., legal affair manager of Mosel Vitelic Inc., reorganizer of Chinese Automobile Com- pany, and partner of WTW-Taipei Commercial Law Firm ,Practising lawyer in the Republic of China .	Corporate governance officer of Continental Hold- ings Corporation	No	No	No	No

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC’ s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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	Compa-nies in Financial Report	The Company	Compa-nies in Financial Report	The Company	Compa-nies in Financial Report	The Company	Compa-nies in Financial Report
Chairman	Wei-Dar Development Co.,Ltd. Representative:Nita Ing	15,000	15,000	0	0	0	0	0	0
Director	Wei-Dar Development Co.,Ltd. Representative:John Huang	2,100	2,100	0	0	0	0	0	0
Director	Han-De Construction Co., Ltd. Representative: Arthur Chiang	2,100	2,100	0	0	0	0	0	0
Director	Han-De Construction Co., Ltd. Representative:John T. Yu	2,100	2,100	0	0	0	0	0	0
Independent Director	Robert Hung	3,200	3,200	0	0	0	0	500	500
Independent Director	Sean Chao	3,200	3,200	0	0	0	0	550	550
Independent Director	Rex Yang	3,200	3,200	0	0	0	0	350	350

Note 1: The remuneration policy, procedures, standards, and packages for independent directors. as well as the linkage to factors such as individual responsibilities, risks, and time spent:

According to the Company’ s Articles of Incorporation, the Board is authorized to determine the remuneration of the Directors by considering 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. The Company has approved, at the 13th meeting of the 17th Board of Directors, that director 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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC’ s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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		The Company	Companies in Financial Report	
						Cash	Stock	Cash	Stock			
15,000 /2.21	15,000 /2.21	0	0	0	0	0	0	0	0	15,000 /2.21	15,000 /2.21	0
2,100 /0.31	2,100 /0.31	0	0	0	0	0	0	0	0	2,100/ 0.31	2,100 /0.31	0
2,100 /0.31	2,100 /0.31	0	0	0	0	0	0	0	0	2,100/ 0.31	2,100 /0.31	0
2,100 /0.31	2,100 /0.31	0	0	0	0	0	0	0	0	2,100/ 0.31	2,100 /0.31	0
3,700 /0.54	3,700 /0.54	0	0	0	0	0	0	0	0	3,700/ 0.54	3,700 /0.54	0
3,750 /0.55	3,750 /0.55	0	0	0	0	0	0	0	0	3,750/ 0.55	3,750 /0.55	0
3,550 /0.52	3,550 /0.52	0	0	0	0	0	0	0	0	3,550/ 0.52	3,550 /0.52	0

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC’ s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

<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 1)													
Vice President	Edward Wang													
Vice President	Qiwei Lu													
Vice President	Kevin Liu													
Vice President	Brian Hsu	36,641	55,633	0	0	31,371	35,344	4,633	0	4,633	0	72,645 /10.68	95,610 /14.06	0
Vice President	Peggy Wang													
Vice President	Kent Emil Kvaal													
Corporate Governance Officer	Calvin Tsai													
Sr. Vice President	Wing-Keung Hendrick Lam (Note 2)													

Note 1: One leased vehicle and one driver assigned to the CEO. The yearly rent for the leased vehicle is NTD 543 thousand and the remuneration paid to the driver is NTD 612 thousand and rental housing costs NTD 2,820 thousand.

Note 2: Wing-Keung Hendrick Lam , the Senior Vice President, retired on January 31, 2023.

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)	Calvin Tsai	Calvin Tsai
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)	-	-
5,000,000 (inclusive of 5,000,000)-10,000,000(does not contain 10,000,000)	Edward Wang, Kevin Liu, Brian Hsu, Peggy Wang, Wing-Keung Hendrick Lam	Edward Wang, Qiwei Lu, Kevin Liu, Brian Hsu, Peggy Wang, Wing-Keung Hendrick Lam
10,000,000 (inclusive of 10,000,000)-15,000,000(does not contain 15,000,000)	-	Kent Emil Kvaal
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	-	-

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC’ s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

<3> Bonus paid to management team and allocation

December 31, 2023

	Job title	Name	Stock	Cash (NTD in thousands)	Total (NTD in thousands)	Percentage of the total income after tax (%)
Manag-ers	CEO	Joseph Chai	0	4,633	4,633	0.68
	Vice President	Edward Wang				
	Vice President	Qiwei Lu				
	Vice President	Kevin Liu				
	Vice President	Brian Hsu				
	Vice President	Peggy Wang				
	Vice President	Kent Emil Kvaal				
	Corporate Governance Officer	Calvin Tsai				
	Sr. Vice President	Wing-Keung Hendrick Lam				

<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	
	2023	2022	2023	2022
Director remuneration	32,300	28,757	32,300	28,757
Director remuneration percentage of net in-come after taxes(%)	4.75	1.61	4.75	1.61
CEO and vice president	72,645	91,158	95,610	91,158
CEO and vice president remuneration percent-age of net income after taxes(%)	10.68	5.11	14.06	5.11

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 Direc-tors by considering their participation in the Company’ s business and their contribution value, and with reference to indus-try 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 remu-neration 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 Direc-tors, 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 contribu-tion 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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC' s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(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 2023. 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: Arthur 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 Address the Opinions of Independent Directors
January 17, 2023	12 st meeting of the 17 th Board	1. Appointment of a certified public accountant to audit 2023 Financial statement.	1. All directors were present and the resolution was approved. 2. Independent Directors expressed no opinion
March 9, 2023	13 st meeting of the 17 th Board	1. Purchasing machinery and equipment by the subsidiary TSRC-UBE (Nantong) Co., Ltd. 2. 2022 remuneration for the Company's directors 3. Amendment of Director Compensation policy	1. The review of the independent director remuneration system, due to involvement of self-interest, is submitted to the Board of Directors for approval. 2.All directors were present and the resolution was approved.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC' s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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
September 1, 2023	16 st meeting of the 17 th Board	1. Asia Pacific Energy Development Co., Ltd., disposal of stakes in Changzhou Asia Pacific Co-generation Co., Ltd. 2. Acquisition of Shen Hua Chemical Industrial Co., Ltd. by Polybus Corporation Pte Ltd.	1. All directors were present and the resolution was approved. 2. Independent Directors expressed no opinion
November 2, 2023	17 st meeting of the 17 th Board	1. Approval of Initial expenses for SSBR New Capacity Investment. 2. Provision of guarantee for the banking facilities of its subsidiary, TSRC (Vietnam) Company Limited with the bank. 3. Provision of guarantee for the banking financing with banks for TSRC (USA) Investment.	1. All directors were present and the resolution was approved. 2. Independent Directors expressed no opinion

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 2023.

3. Implementation of Director's recusal of interest resolutions:
- During the discussion of the director remuneration system adjustment case in the 13th meeting of the 17th of the Board of Directors, due to the case involving the directors' personal interests, Directors John T. Yu, John Huang and Arthur Chiang recused themselves from the discussion on the adjustment of general director remuneration. During the discussion on the adjustment of independent director remuneration, Directors Robert Hung, Sean Chao, and Rex Yang recused themselves. During the discussion on the adjustment of the chairman remuneration, Chairman Nita Ing left the meeting to withdraw from the meeting, and Mr. Robert Hung was appointed as the Acting Chairman of the Board of Directors. Adjustment of Directors' Remuneration System was approved as presented.

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

1. Implementation status of the Board of Directors' Self Evaluation: The Company completed the Board performance evaluation in 2023, Please refer to “(IV) Implementation Status of Corporate Governance, Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof” on page 25 of the annual report.

Cycle	Period	Scope	Method	Content
Once a year	January 1, 2023 ~ December 31, 2023	<ul style="list-style-type: none">Board of DirectorsFunctional Committees	Self-evaluation the Board	<ul style="list-style-type: none">Evaluation of the Board:<ul style="list-style-type: none">1. Level of participation in the Company' s operations2. Improvement of the Board' s decision-making quality3. Awareness of the Board' s composition and duties4. Election of Board members and continual education5. Internal controlEvaluation of functional committees:<ul style="list-style-type: none">1. Level of participation in the Company' s operations2. Improvement of the functional committee' s decision-making quality3. Awareness of the functional committee' s composition and duties4. Election of functional committee members and continual education5. Internal control
Once a year	January 1, 2023 ~ December 31, 2023	Individual Board member	Self-evaluation of Board members	<ul style="list-style-type: none">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 training6. Internal control.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC' s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

- 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> 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 2023. 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 2023 is summarized as follows:
 - (1) To review the 2022 business report, financial report and earnings distribution.
 - (2) The review of the appointment of the CPAs for the Company's financial report review and certification.
 - (3) To review the financial reports for the 1st to 3rd quarters of 2023.
 - (4) To review the provision of guarantees of the Company.
 - (5) To review the budget for 2024.
 - (6) To review the 2024 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 13, 2023	11 th meeting of the 17 th Audit Committee	1. Appointment of a certified public accountant to audit the 2023 financial statement.	√	All members of the Audit Committee attended the meeting completed the review and submitted the proposal to the Board for discussion
March 2, 2023	12 th meeting of the 17 th Audit Committee	1. Purchasing machinery and equipment by the subsidiary TSRC-UBE (Nantong) Co., Ltd.	√	
		2. The 2022 financial report and business report of the Company	√	
		3. Proposal for the earning distribution of the Company for 2022	√	
		4. Proposal for short-term consolidated credit limits and foreign exchange and derivative transaction limits of the Company with a bank		
		5. The 2022 Statement of the Internal Control System	√	

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC' s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Date of Meeting	Name of Meeting	Significant review item	Resolutions under Article 14-3 of the Securities Exchange Act	Opinion of Independent Directors
April 27, 2023	13 th meeting of the 17 th Audit Committee	1. To propose the Q1 consolidated financial statements of the Company in 2023	√	All members of the Audit Committee attended the meeting completed the review and submitted the proposal to the Board for discussion
July 27, 2023	14 th meeting of the 17 th Audit Committee	1. To propose the Q2 consolidated financial statements of the Company in 2023	√	
		2. Proposal for short-term banking facilities with the banks		
		3. Proposal for mid & long-term credit facilities with the banks		
September 1, 2023	15 th meeting of the 17 th Audit Committee	1. Amendment of the “2023 annual audit plan”		
		2. Asia Pacific Energy Development Co., Ltd., disposal of stakes in Changzhou Asia Pacific Co-generation Co., Ltd.	√	
		3. Acquisition of Shen Hua Chemical Industrial Co., Ltd. by Polybus Corporation Pte Ltd	√	
October 26, 2023	16 th meeting of the 17 th Audit Committee	1. Approval of Initial expenses for SSBR New Capacity Investment.	√	
		2. To propose the Q3 consolidated financial statements of the Company in 2023	√	
		3. Proposal for short-term consolidated credit limits and foreign exchange and derivative transaction limits of the Company with a bank		
		4. Proposal for mid & long-term credit facilities with the banks		
		5. Provision of guarantee for the banking facilities of its subsidiary, TSRC (Vietnam) Company Limited with the bank.	√	
		6. Provision of guarantee for the banking financing with banks for TSRC (USA) Investment.	√	
November 30, 2023	17 th meeting of the 17 th Audit Committee	1. Proposal for the 2024 budget		
		2. Proposal for the 2024 audit plan		

- 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 2023.
- 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 2023.
- 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

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC’ s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

5. Communications between Independent Directors and Internal Auditing Officers in 2023:

Date	Communication method	Material item communicated	Communication result
January 13, 2023	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 2, 2023	Audit committee	1. Recent Audit Office report 2. 2022 Declaration of Internal Control System	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. 2022 Declaration of Internal Control System was agreed and acknowledged by all members of the Audit Committee attended and submitted to the Board for approval.
July 27, 2023	Audit committee	Recent Audit Office report	Agreed and acknowledged by all members of the Audit Committee attended, and submitted to the Board for report.
September 1, 2023	Audit committee	Amendment of the “2023 annual audit plan” .	Agreed and acknowledged by all members of the Audit Committee attended and submitted to the Board for approval.
October 26, 2023	Audit committee	Recent Audit Office report	The chief auditor separately reports to Independent Notified the Independent
October 26, 2023	Independent Meeting of chief auditor and Independent Directors	2024 annual audit Discuss	The chief auditor separately reports to Independent Notified the Independent Directors.
November 30, 2023	Audit committee	2024 annual audit plan	Agreed and acknowledged by all members of the Audit Committee attended and submitted to the Board for approval.

6. Summary of Communications between Independent Directors and CPAs in 2023:

Date	Method	Main Issue	Results
March 2, 2023	Audit committee	1. Description of the audit on 2022 business report and financial statements 2. 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 27, 2023	Audit committee	1. First quarterly financial report in 2023. 2. Updates on important regulations	
July 27, 2023	Separate report of CPAs to Independent Directors	1. Explanation of Internal Control and Financial Statement Audit	For Independent Directors’ acknowledgment.
July 27, 2023	Audit committee	1. Second quarterly financial report in 2023. 2. Updates on important regulations	Agreed and acknowledged by all members of the Audit Committee attended, and submitted to the Board for approval.
October 26, 2023	Audit committee	1. Third quarterly financial report in 2023. 2. Updates on important regulations	

Independent Directors held no dissenting or qualified opinion regarding the above-mentioned matters.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC’ s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

<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 2 nd meeting of the 17 th 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? (2) Does the Company hold a list of the Company's key shareholders and their ultimate controllers? (3) Has the Company established and implemented risk control and firewall mechanism with its affiliated companies? (4) Has the Company stipulated internal regulations prohibiting inside personnel trading securities using information that has not yet been disclosed on the market?	√		(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) The Company owns the list of the final controllers of substantial shareholders who control the Company according to laws and regulations.	No difference
		√	(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) 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. 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 terms, and one of the Independent Directors have been re-appointed for three terms; however, as the Independent Director possesses extensive financial backgrounds and industrial experiences that are significantly beneficial for the future business development of the Company	No difference

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC’ s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Assessment Items	Status			Any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Abstract Description	
(2) Besides creating the Remuneration Committee and the Audit Committees according to the law, has the Company voluntarily established other functional committees?	√		2. For the age distribution of Board members, those between 61 to 70 accounted for 57%, and those between 71 to 80 accounted for 43%. 3. There is no Director who is concurrently a managerial officer of the Company. Please refer to page 13 of this annual report for details on the Company's Board of Directors' diversity policy, specific management objectives, and implementation status under the Diversity and Independence of Directors section. (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. No difference
(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 2023 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 2023 to 31 December 2023, and the scope of evaluation includes the “Board,” “functional committees,” and “individual Board member” ; the evaluation results were reported at the 20th 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 2023 Board performance evaluation are summarized as follows: 1. The outcome of the Board of Directors' overall performance assessment is categorized as Meets Expectations. The overall performance evaluation results of the Board of Directors were unanimously categorized under Agree and Strongly Agree, indicating the effective operation of the Board. All directors highly commend the Board's commitment to enhancing the quality of decision-making. Resolutions on proposals are reached after thorough discussions and exchange of views, offering direction for improvement to the management team and highlighting risks that need attention. This reflects the Board's fulfillment of its duty to guide and oversee the Company's strategic direction. 2. The outcome of the Functional Committees overall performance assessment is categorized as Meets Expectations. The performance evaluation of the functional committees, including the Audit Committee and the Compensation Committee, were unanimously categorized under Agree and Strongly Agree. All members highly recognize that these committees operate independently and transparently, have a full understanding of their responsibilities, actively participate in discussions, and can provide professional and objective assessments and recommendations, significantly aiding the Board of Directors' decision-making process. The outcome of the Audit Committee’ s and the Compensation Committee’ s overall performance assessments are categorized as Meets Expectations.	

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC' s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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 evaluate accountant independence on a regular basis?	√		<p>3. The outcome of individual director members of the Board of Directors overall performance assessments are categorized as Meets Expectations. The performance evaluation results for individual board members were unanimously categorized under Agree and Strongly Agree. All members of the Board of Directors highly recognize the duties and regulations associated with being a director, affirming the Company's comprehensive systems and transparency in information provision. This ensures directors are well-informed about the Company's operational status. Board members fully understand the purpose of the Board of Directors and functional committees, as well as the Company's core values. During Board discussions and decision-making processes, they are able to leverage their expertise in their respective fields to offer diverse perspectives.</p> <p>(4) The Company conducts an annual self-assessment of the independence and suitability of its certified public accountants, referencing Audit Quality Indicators (AQI) and evaluating five major aspects, taking into account information at both the firm level and the audit case level. The assessment results show that the turnover rate of KPMG audit personnel at the manager level and above is lower than the industry average over two years, which is beneficial for the transfer of audit experience. The audit team allocates appropriate manpower at each audit stage, contributing to audit quality. Furthermore, the firm has sufficient quality control personnel to support the audit team. As resolved by the 17th term of the Board of Directors at its 12th meeting (note), the certified public accountants for the Company in the year 2023, Huang Po-Shu and Huang Ming-Hung from KPMG, meet the Company's evaluation criteria. The accounting firm has also issued a statement of independence.(Note) - Based on operational management needs and to strengthen corporate governance, the appointment of accountants for the fiscal year 2024 is conducted in accordance with the Audit Quality Indicators (AQI). The evaluation results indicate that Deloitte & Touche Tohmatsu's training hours and turnover rate are lower than those of its peers. Its independence and innovative initiatives can effectively enhance the audit quality for the Company. On February 1, 2024, as resolved by the Board of Directors, the certified public accountants for the year 2024 were changed to Kung Tse-Li and Kuo Li-Yuan from Deloitte & Touche Tohmatsu.</p>	No difference
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)?	√		<p>Mr. Calvin Tsai was appointed as the Corporate Governance Officer of the Company through the resolution passed at the 21st meeting of the 16th Board. Mr. Calvin 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 2023, please refer to the continual education status on page 50 of the annual report.</p>	No difference

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC' s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Assessment Items	Status			Any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Abstract Description	
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 2023 was reported at the 15th meeting of the 17 th 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.
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 75 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.	No difference

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC’ s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Assessment Items	Status			Any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Abstract Description	
			(3) 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 52 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 4 th meeting of the 17 th 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 17th meeting of the 17th session of the Board. Regarding the implementation status of risk management in 2023, please refer to the corporate governance section on the Company’ s website. ° Regarding the execution status for risk management in 2023, please refer to the risk management 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 2022 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 2023: No major needed improvement deficiency.				

Note : 2023 Certified Public Accountant Independence and Suitability Assessment Form
1. Accountant Suitability: Assessed based on Audit Quality Indicators (AQI)

Dimensions	Items Assessed	Description of Assessments	Complying with Qualifications Requirements
Professionalism	Audit Experience	Whether senior audit personnel possess sufficient audit experience to carry out the audit	Yes
	Training Hours	Whether accountants and audit personnel at the manager level and above receive adequate annual training to continuously acquire professional knowledge and skills	Yes
	Turnover Rate	Whether the firm maintains adequate senior personnel	Yes
	Professional Support	Whether the firm possesses sufficient professional staff to support the audit team	Yes

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC’ s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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



Dimensions	Items Assessed	Description of Assessments	Complying with Qualifications Requirements
Quality control	CPA Workload	Whether CPA workload is adequate	Yes
	Audit Engagement	Whether the audit team members are appropriately allocated at each audit stage	Yes
	Case Quality Control Review / Engagement Quality Control Review (EQCR)	Whether the EQCR CPAs dedicates an adequate number of hours to review the audit cases	Yes
	Quality Control Support	Whether the firm possesses sufficient quality control staff to support the audit team	Yes
Independence	Proportion of Non-Audit Services	Impact of the Proportion of Non-Audit Service Fees on Independence	Yes
	Client Familiarity	The impact of the cumulative years of service provided by the firm on independence	Yes
Supervision	Lack of external inspection and sanctions / number of letters received from regulatory authorities	Compliance of the firm's quality control and audit cases with relevant laws and standards	Yes
Innovation and Initiatives	Innovation Programs or Initiatives	The firm's initiatives to implement and enhance audit quality-related plans	Yes

2. Evaluation of the Independence of CPAs

Evaluation Item	Results	
	Yes/ Compliance	No/Non-compliance
(1) CPA does not have any financial interest or business relations with the Company and therefore remains independent.	√	
(2) 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.	√	
(3) CPA does not regularly work at the Company or receive a fixed income from the Company.	√	
(4) 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?	√	
(5) No loans between CPA and the Company and/or affiliates.	√	
(6) CPA has not offered auditing services to the Company for seven consecutive years.	√	
(7) CPA and audit team has issued a Statement of Independence.	√	
(8) Level of proficiency regarding the conveyance in the financial report provided by CPAs	√	
(9) Consultation and services for non-financial report disclosures provided by CPAs	√	

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC' s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

<5> Information on Compensation Committee:

1. Information on Compensation Committee

December 31, 2023

The identity		Professional Qualification and Experience	Independence Status	Number of Public Companies in which the Director is Concurrently A Member of the Remuneration Committee
Identity				
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.	1. 1. Members are independent directors of the Company who have been verified against the checklist for qualifications of independent directors at the time of appointment, confirming their compliance with independence criteria. 2. There are no circumstances as defined under Article 6, Paragraph 1, of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange." 3. Neither the individual, their spouse, nor any relative within the second degree of kinship holds any company shares, either directly or through a nominee. 4. No remuneration has been received in the past two years for providing commercial, legal, financial, or accounting services to the Company or any of its affiliated enterprises.	0
Independent Director	Sean Chao			2
Independent Director	Rex Yang			1

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 2(A) meetings in 2023. 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	2	0	100	
Member	Sean Chao	2	0	100	
Member	Rex Yang	2	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 2023:

Meeting Date	Meeting Name	Major Resolutions	Implementation Status
January 13, 2023	The 6 th meeting of the 17 th session	1. 2022 employee performance bonus plan. 2. 2023 employee remuneration adjustment plan. 3. Determination of the performance plan of managerial officers for 2023	Approved by all members attended and submitted to the Board for discussion.
March 2, 2023	The 7 th meeting of the 17 th session	1. 2022 evaluation report for the Board 2. 2022 remuneration for the Company's Directors. 3. Amendment of Director Compensation policy. 4. Performance evaluation and bonus for managerial officers 5. Manager's remuneration plan	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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC' s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

- 2. Where the Board of Directors does not adopt or revise the recommendation from the Compensation Committee: No such circumstances in 2023.
- 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 2023.

<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?	√		<p>1. The Board of Directors oversees the ESG sustainable development initiatives, deciding corporate strategies, key objectives, and regularly reviewing sustainability risks (including climate risks) management and countermeasures. They provide suggestions to the management team and authorize CEO and the management team (ESG steering Committee) to plan ESG strategies, objectives, and implementation.</p> <p>2. To effectively promote ESG, the Company established the ESG sections under the Corporate Development Department in 2022. This section is responsible for promoting the Company's ESG sustainable development, ESG activity plans, and sustainable information integration. It leads the implementation of the Company's ESG initiatives and relative process management, assesses the implementation status of ESG goals, and proposes plans to enhance ESG sustainable development.</p> <p>3. To promote ESG targets through cross-functional collaboration, ESG work team members are assigned by various functional units (including business unit, production and manufacturing division, human resources and management division, finance departments, research and development departments, etc.) based on the nature of ESG issues. These teams work together to advance ESG-related actions and regularly report to the ESG steering Committee, aiming to achieve the annual ESG planning targets.</p> <p>4. Description of the supervision of the management by the Board of Directors and the management team's performance in the year 2023 is as follows:</p> <p>Board Meeting of Directors</p> <ul style="list-style-type: none">• In July 2023, the management team reported to the Board of Directors the Sustainability Report and highlighted key ESG issues and sustainability-related risk management mechanisms. These included greenhouse gas management, energy management, water resource management, waste management, environmental health and safety, stakeholder communication, disclosure of climate risks and opportunities, as well as the outcomes of ESG goal implementation.• In November 2023, the management team reported to the Board of Directors an update on the Company's climate-related risks and information security risks. Specifically addressing climate-related risks, they provided insights into risk identification processes, climate risk impact pathways, outcomes of such impacts, progress in goal implementation, and proposed mitigation measures. Through the Board of Directors' report, recommendations from directors regarding the issues were obtained.• The Board of Directors regularly reviews sustainability-related issues (such as carbon pricing, product development, extreme weather impacts, etc.) and their impact on operations as part of the quarterly management team operational reports. <p>The ESG meetings of the management team were held in February, June, August, and November of 2023. During these meetings, the ESG work team reported to the management team on the progress of ESG goal implementation, international ESG trends and developments, updates and responses to sustainability regulations, as well as key ESG issues and actions for the Company.</p>	No difference

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC' s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
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?	√		<div>1. The Company conducts a significant topic analysis and identification for both the Company and its subsidiaries (consistent with subsidiaries that are material to the Company's financial reporting) according to the GRI standards. This process involves five major steps: identification, assessment, analysis, examination, and approval. Through these steps, the Company examines the substantial and potential impacts of its daily operations on the economy, environment, and society/people. Based on this analysis, TSRC continually optimizes its ESG strategy, tracking the effectiveness of managing impacts and influences.</div> <div>2. During the identification phase, TSRC refers to various sources, including the UNEP Chemicals Outlook, sustainability rating indices such as the Dow Jones Sustainability Index (DJSI) and CDP, Sustainability Accounting Standards Board (SASB) standards, United Nations Sustainable Development Goals, industry regulations, concerns of benchmark enterprises in the upstream and downstream sectors, stakeholder expectations, and recommendations from external consultants, to identify potential and actual impacts.</div> <div>3. During the assessment phase, the TSRC ESG task force evaluates the significance of impacts based on their impact severity (including severity of negative impacts) and likelihood of occurrence.</div> <div>4. Additionally, the Company distributed sustainability issue questionnaires to six categories of stakeholders to understand their level of concern regarding the Company's sustainability issues.</div> <div>5. After analyzing and sorting the impact assessment results, and considering stakeholder feedback and industry focus areas, the Company identifies the material topics for the year.</div> <div>6. The material topics are decided by ELT's ESG meeting in 2024 Q1.</div> <div>7. The Company has established relevant policies, management guidelines, or objectives for ESG major themes such as climate strategy, greenhouse gas emissions, energy management, water resource management, waste management, environmental health and safety, risk management, regulatory compliance, etc. These include reducing greenhouse gas emissions, increasing wastewater recycling rates, enhancing the proportion of recycled water usage, and increasing the use of renewable energy. Concrete actions are planned to mitigate negative impacts and identify new business opportunities within these areas.</div> <div>8. For relevant descriptions of the ESG issues of the Company, please refer to the 2023 Sustainability Report of the Company and the Sustainability Development section on the Company's website.</div>	No difference
III. Environmental Issues: (1) Has the Company established an environmental management system based on the characteristics of their industries?	√		<div>1. The Company is in the chemical industry. Apart from complying with requirements of local laws and regulations at 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.</div> <div>2. The Company has obtained ISO-14001 Environmental Management System certification for its production plants worldwide, including the Dashe Plant in Kaohsiung, the Gangshan Plant, Shenhua, TSRC-UBE Co., Ltd., Nantong Industrial, and TSRC Shanghai. The Kaohsiung plant has also obtained ISO-50001 Energy Management System certification. Additionally, all subsidiary companies within the Group have been certified for ISO-14064-1:2018 Greenhouse Gas Inventory Verification.</div> <div>3. For detailed information regarding the Company's environmental strategy, objectives, annual performance, and management system, please refer to the Company's 2023 Sustainability Report and the Sustainability Development section on the Company's website.</div>	No difference

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC' s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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?	√		<div>1. The Company actively responds to the government's commitment to achieve net-zero carbon emissions by the year 2050, referencing the scientific goal of limiting global warming to 2° C. It has established short, medium, and long-term goals to reduce carbon emissions (Scope 1 and Scope 2), using the year 2021 as the baseline year. By the year 2030, the Company aims to reduce carbon emissions by 22.5%. This will be achieved by continuously increasing the proportion of renewable energy usage, reaching 30% by 2030, as well as continually installing energy-saving equipment, improving energy usage efficiency in processes, enhancing product energy efficiency, and reducing the steam usage per unit of product, all aimed at improving overall energy efficiency.</div> <div>2. In 2023, the Group successfully achieved its annual set goals for carbon emission reduction and the utilization of renewable energy.</div> <div>3. To reduce the carbon footprint of products and increase the proportion of sustainable products, Our Company has set medium- to long-term goals for the use of renewable raw materials. In the year 2023, We signed a letter of intent for procurement with international suppliers of renewable raw materials (including bio-based primary raw materials, primary raw materials for recycling and reuse, etc.), and will begin procurement in 2024.</div> <div>4. For the sale of sustainable products made with renewable raw materials, Our Company's Dashe Plant in Kaohsiung introduced the ISCC Plus certification in the year 2023 and obtained the certificate by the end of 2023. In the future, sustainable products will be provided according to customer needs.</div> <div>5. Regarding the improvement in energy efficiency, the use of renewable raw materials, other objectives of the Company, and detailed descriptions, please refer to the 2023 Sustainability Report of the Company and our website.</div>	No difference
(3) Has the Company evaluated the current and future risks and opportunities of climate change for the Company and adopted relevant countermeasures?	√		<div>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 12 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;TSRC, using the year 2021 as the base year, has set a target for the entire Group to reduce greenhouse gas emissions in Scope 1 and 2 by 10% by 2025 and by 22.5% by 2030. Additionally, it aims to achieve a renewable energy proportion of 10% by 2025 and 30% by 2030. Concurrently, Our Company is committed to the advancement of process technologies to elevate production efficiency and diminish energy consumption, thus perpetually reducing the carbon footprint associated with our products. In alignment with strategic climate risk management, opportunities for the Company are meticulously identified, leading to the establishment of objectives. These include the augmentation of the wastewater recycling ratio and the utilization rate of reclaimed water to 40% by the year 2030, alongside an increase in the sales proportion of sustainable products. To mitigate physical climate risks, Our Company is diligently enhancing operational measures and equipment resilience within its facilities and intensifying training simulations for staff. This strategy aims to bolster TSRC's resilience against extreme climate phenomena, such as the drought-induced water restrictions and the amplification of heavy rainfall events, particularly impacting the Kaohsiung plant in Taiwan.</div> <div>2. In response to the core elements of the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD), the Group has undertaken relevant operations and disclosures across governance, strategy, risk management, metrics, and targets.</div> <div>3. For detailed information, please refer to the Company's 2023 Sustainability Report and the TCFD Sustainability Development section on the Company's website.</div>	No difference

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC' s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies" and Reasons																														
	Yes	No	Abstract Illustration																															
(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?	√		<div>1. Our Company has established an Environmental Policy and management guidelines in the realm of environmental management. All aspects of environmental management and performance undergo third-party verification, securing valid certifications for the ISO 50001 Energy Management System, ISO 14001 Environmental Management System, and ISO 14064-1:2018 Greenhouse Gas Inventory, along with QC08000 Hazardous Substance Process Management. In alignment with our ESG strategy, objectives have been set to reduce carbon emissions, enhance wastewater recycling rates, increase the proportion of reclaimed water, and reduce waste, thereby advancing towards a low-carbon era.</div> <div>2. In terms of reducing carbon emissions, the Company has set the year 2021 as the base year. By 2023, greenhouse gas emissions (Scope 1 plus Scope 2) were reduced by 5%. By 2025, the reduction target is 10%, and by 2030, it is 22.5%. The Group's greenhouse gas emission performance over the past two years is as follows:</div> <div><div>Unit Product Carbon intensity</div><table><tr><th>Emission of Greenhouse Gas</th><th>2022</th><th>2023</th></tr><tr><td>scope 1</td><td>138,264</td><td>139,250</td></tr><tr><td>Unit Product Carbon intensity</td><td>0.26</td><td>0.26</td></tr><tr><td>scope 2</td><td>407,234</td><td>374,919</td></tr><tr><td>Unit Product Carbon intensity</td><td>0.75</td><td>0.71</td></tr><tr><td>scope 3</td><td>1,333,221</td><td>1,332,772</td></tr><tr><td>Unit Product Carbon intensity</td><td>2.47</td><td>2.51</td></tr></table><div>Note 1: The aforementioned greenhouse gas emissions represent the total emissions of the Group, including the parent Company and all subsidiaries with substantial operational activities.</div><div>Note 2: The greenhouse gas inventory for the year 2021 has been verified by a third party and obtained ISO 14064-1:2018 certification. For the 2022 certificate, please refer to the appendix of the annual report. The data for the year 2023, as of the printing deadline, is still under external audit. For the actual data following the audit, please consult the 2023 Sustainability Report or the Sustainability Development section of the Company's website.</div><div>Note 3: For individual data of each subsidiary, please refer to Appendix 1-1, which details the greenhouse gas inventory and assurance status for the Company over the most recent two years.</div></div> <div>3. 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 water would reach 40%in 2030, respectively. The water consumption of the Group in the most recent two years is described as follows:</div> <div><div>Unit: 1,000 tons</div><table><tr><th>Consumption</th><th>2022</th><th>2023</th></tr><tr><td>Water Consumption of TSRC Group</td><td>5,550</td><td>5,128</td></tr><tr><td>Unit Product Water Consumption (1,000 tons/Production per 1,000 tons of product)</td><td>10.27</td><td>9.66</td></tr></table><div>Note 1: The water consumption of the Group includes the parent company and subsidiaries substantially in operation.</div><div>Note 2: As of the printing date, the data in 2023 was under external certification; please refer to the 2023 Sustainability Report and the sustainability section on the Company' s website for the actual data.</div></div>	Emission of Greenhouse Gas	2022	2023	scope 1	138,264	139,250	Unit Product Carbon intensity	0.26	0.26	scope 2	407,234	374,919	Unit Product Carbon intensity	0.75	0.71	scope 3	1,333,221	1,332,772	Unit Product Carbon intensity	2.47	2.51	Consumption	2022	2023	Water Consumption of TSRC Group	5,550	5,128	Unit Product Water Consumption (1,000 tons/Production per 1,000 tons of product)	10.27	9.66	No difference
Emission of Greenhouse Gas	2022	2023																																
scope 1	138,264	139,250																																
Unit Product Carbon intensity	0.26	0.26																																
scope 2	407,234	374,919																																
Unit Product Carbon intensity	0.75	0.71																																
scope 3	1,333,221	1,332,772																																
Unit Product Carbon intensity	2.47	2.51																																
Consumption	2022	2023																																
Water Consumption of TSRC Group	5,550	5,128																																
Unit Product Water Consumption (1,000 tons/Production per 1,000 tons of product)	10.27	9.66																																

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC’ s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies" and Reasons															
	Yes	No	Abstract Illustration																
			<p>Note 3: For the water consumption, emission, recycling volume, and other information of subsidiaries, please refer to the 2023 Sustainability Report and the sustainability section on the Company' s website.</p> <p>4. In waste management, each plant sets individual annual waste targets, and upon aggregating these targets, a Group-wide objective is established, including VOC (Volatile Organic Compounds) targets and total waste volume. Information for the past two years is as follows:</p> <p style="text-align: right;">Unit: ton</p> <table><tr><th>Weight of different wastes</th><th>2022</th><th>2023</th></tr><tr><td>General Business Waste</td><td>3,569</td><td>3,603</td></tr><tr><td>Hazardous Business Waste</td><td>2,360</td><td>2,803</td></tr><tr><td>Total weight of waste</td><td>5,929</td><td>6,405</td></tr><tr><td>Unit Product Business Waste (ton/Production per 1,000 tons of product)</td><td>10.98</td><td>12.06</td></tr></table> <p>Note 1: The total weight of waste of the Group includes the parent company and subsidiaries substantially in operation.</p> <p>Note 2: As of the printing date, the data in 2023 was under external certification; please refer to the 2023 Sustainability Report and the sustainability section on the Company' s website for the actual data.</p> <p>Note 3: For relevant data on subsidiaries, please refer to the 2023 Sustainability Report and the sustainability section on the Company' s website.</p>	Weight of different wastes	2022	2023	General Business Waste	3,569	3,603	Hazardous Business Waste	2,360	2,803	Total weight of waste	5,929	6,405	Unit Product Business Waste (ton/Production per 1,000 tons of product)	10.98	12.06	
Weight of different wastes	2022	2023																	
General Business Waste	3,569	3,603																	
Hazardous Business Waste	2,360	2,803																	
Total weight of waste	5,929	6,405																	
Unit Product Business Waste (ton/Production per 1,000 tons of product)	10.98	12.06																	
IV. Social Issues (1) Does the Company establish relevant management policies and procedures in accordance with relevant regulations and international human rights conventions?	√		<p>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.</p> <p>2. In the environmental sector, Our Company is dedicated to providing a safe and healthy working environment for its employees. Objectives and incentives are set to encourage full participation in safety organization activities, continuously improving safety management performance. Complying with relevant regulations to perpetually enhance the safety and health of the working environment, comprehensive procedures for occupational safety and health hazard identification and risk assessment have been developed. Facilities in Taiwan and China have implemented the ISO 45001 management system, formulating comprehensive procedures for occupational safety and health hazard identification and risk assessment in accordance with system requirements and local legal regulations. Qualified operational personnel regularly assess both routine and non-routine occupational safety and health risks and opportunities. Supervisors then review and examine the effectiveness of existing control measures. To prevent the occurrence of accidental incidents and reduce the risk of occupational accidents, the implementation of abnormal event notification is essential. Sharing real-time information and the experiences and lessons from risk events across plants safeguards employee safety and promotes physical and mental health. Additionally, through educational training, the awareness of employees regarding the protection of personal rights is enhanced.</p>	No difference															

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC' s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			<div>3. To execute the protection of personnel rights, Our Company engages in risk identification concerning personnel rights protection issues and establishes corresponding management measures. The effectiveness of these measures is regularly assessed, and adjustments are made based on the assessment results to control and mitigate risks. This approach ensures the comprehensive protection of personnel rights across all issues within the Company.</div> <div>4. To actualize personnel rights protection within TSRC Group, the Chief Executive Officer, integral to the management team, predominantly undertakes the roles of governance and oversight. Departments periodically compile and communicate the implementation status from each plant to the management team, which is then reported by the CEO to the Board of Directors. The Human Resources department schedules regular internal audits to facilitate inter-departmental inspections, ensuring adherence to the Company's stipulated personnel rights protection policy. This process is designed to safeguard employee safety and foster both their physical and mental well-being and rights.</div> <div>5. The policy for preventing risks to personnel rights encompasses providing a safe and healthy working environment, preventing harassment and offering grievance mechanisms and channels, eliminating employment and hiring discrimination, prohibiting child labor, forbidding forced labor, assisting employees in maintaining mental and physical health and work-life balance, ensuring freedom of assembly and association for employees, and maternal protection.</div> <div>6. For a comprehensive exposition on the assessment of personnel rights protection, measures for risk mitigation and remediation (including the establishment of dedicated occupational safety and health units and committees, employment of professional medical and nursing staff, regular organization of safety, health, and firefighting training, implementation of necessary preventive measures to avert occupational hazards, thereby diminishing risks within the work environment, formulation of Sexual Harassment Prevention, Complaint, and Discipline Measures, Employee Appointment and Transfer Management Procedures, and according to these procedures, mitigating the emergence of risks), personnel protection training, and mechanisms for lodging complaints (such as internal complaint mailboxes or the company's official website complaint mailbox, among other effective channels), please consult the 2023 Sustainability Report or the Sustainability Development section on the Company's website.</div>	
(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?	√		<div>1. The Company is committed to creating a diverse and equal working environment that values others human rights and gender equality. TSRC is committed to the principle of equal opportunity and aligns its practices with the Guidelines for Multinational Enterprises provided by the Organization for Economic Cooperation and Development (OECD). The cornerstone of its employment policy is professional ability and work experience, ensuring no discrimination based on age, gender, region, religion, race, marital status, or sexual orientation. TSRC prioritizes the employment and training of local staff and employs a transparent process for the selection of professional talent. Within the Group, the employee age distribution is as follows: individuals under 30 years of age accounts for 11.74%, those between 30 and 50 years accounts for 66.46%, and employees over 50 years account for 21.79%. Reflective of the industry's characteristics, the gender composition within the TSRC Group comprises 272 females (16.46%) and 1380 males (83.54%).</div> <div>2. 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. In 2023, the Group's expenditure on employee salaries and benefits amounted to NT\$2,412,279,000.</div>	No difference

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC' s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			<div>3. To continuously enhance the Company's competitiveness in the labor market, we annually review the overall compensation and benefits of employees and adjust them appropriately based on market benchmarks. Taking into account factors such as individual experience and capabilities, job responsibilities, contribution to operational objectives, market salary levels, and internal equity, the Human Resources department submits the Company's performance and salary adjustment plans for the year to the Compensation Committee for review annually. The final decision is then approved by the Board of Directors.</div> <div>4. The Group adheres to relevant regulations in various jurisdictions and provides employee insurance and retirement benefits as required by law. The Taiwan plant follows the regulations outlined in the Labor Standards Act, the Labor Pension Act and its implementing regulations, as well as accounting standards for retirement benefits, to safeguard employee retirement benefits. The subsidiaries in China operate in compliance with the relevant provisions of the Social Insurance Law of the People's Republic of China. Accordingly, the Company and employees jointly contribute to basic old-age insurance, basic medical insurance, work injury insurance, unemployment insurance, maternity insurance, and housing provident fund according to the prescribed proportions. Upon retirement, employees receive retirement benefits distributed by the national labor and social security department in accordance with regulations. In the United States, subsidiaries operate under local safety welfare schemes such as the 401(k) plan. Similarly, subsidiaries in Vietnam, Singapore, and Europe comply with local regulations to ensure employee welfare. Please refer to page 75 of the annual report for details regarding the retirement system, including contribution rates, retirement application and conditions, and the implementation status.</div> <div>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.</div> <div>6. For detailed descriptions of employee welfare measures, please refer to the 2023 Sustainability Report and the sustainability section on the Company' s website. °</div>	
(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?	√		<div>1. To enhance awareness and prioritize workplace health and safety across all levels of personnel, TSRC has initiated the TSRC Safety Culture and HSE Core Values programs since 2021. These initiatives are built upon five core elements: People-Centricity, Zero Accidents, Commitment, Discipline, and Compliance. The TSRC safety and health policy revolves around the core principle of People-Centricity. Operating on the principles of technology, safety culture, responsibility, and communication, the policy strives to achieve the goals of zero accidents and zero injuries.</div> <div>2. In line with the principles of occupational safety and health management, we have formulated management regulations and the Safety and Health Work Guidelines to regulate the health and safety of all employees. These regulations clearly define the rights and obligations of employees and contractors regarding safety standards, education and training, health guidance, first aid and rescue, incident reporting, and other related matters.</div> <div>3. TSRC has established occupational safety and health management systems in all of its factories. These systems operate based on the plan, execute, check, and act cycle of the occupational safety and health management system, ensuring continuous improvement. Among them, the Kaohsiung Dashe Plant and Gangshan Plant in Taiwan, as well as the Shenhua, Nantong Industrial, TSRC-UBE, and TSRC Shanghai Industrial plants, have obtained ISO 45001 management system certification. While the subsidiaries in the United States and Vietnam have not yet adopted the ISO 45001 management system, their occupational safety and health management practices are currently aligned with local occupational safety and health regulations, as well as the policies, procedures, and guidelines established by the Group. The factories conduct internal audits and management reviews of the management systems annually. For the factories that have implemented the ISO 45001 system, regular external validations are conducted to ensure the effective operation of the management systems.</div>	No difference

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC' s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			<div>4. Our Company holds regular drills and exercises each year, covering various scenarios such as response to raw material leaks, industrial pipeline leaks, fire emergencies, and process safety incidents. , 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. 2023 Number of Emergency Response Drills: 316.</div> <div>5. 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.</div> <div>6. In accordance with local regulations, TSRC defines various necessary types of education and training for occupational safety and health workers at different levels, such as hazard awareness, confined space entry, hot work, and working at heights. Each year, an annual education and training plan is developed, and relevant occupational safety and health training is conducted according to this plan. This ensures that all employees have the necessary awareness of workplace hazards and the safety and health knowledge and skills required to prevent accidents before commencing work.</div> <div>7. TSRC arranges annual health checks for personnel who are potentially exposed to long-term health risks, ensuring their well-being and proactive management of any health concerns. If abnormalities are detected during health checks, medical personnel provide health guidance to the affected individuals. If a physician assesses that the individual cannot continue their current job duties, based on the physician's recommendation, adjustments may be made to the worker's workplace, job tasks, or working hours. Additionally, health management measures are implemented as necessary.</div> <div>8. 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.</div> <div>9. The Group (the parent company and subsidiaries) recorded a total of six occupational disaster cases with six employees in 2023; Accounting for 0.36% of the total number of employees, 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 0.34. After analyzing the cause of accidents, the Company will continue to reinforce the consultation and drills to ensure the safety of employees at work.</div> <div>10. In the year 2023, our Company did not experience any fire incidents.</div> <div>11. For details regarding environmental health and safety please refer the Company's 2023 Sustainability Report or the Sustainability Development section on the Company's website.</div>	
(4) Has the Company established effective career development training programs?	√		<div>1. The Company establishes different career ability development training programs for employees based on their objectives.</div> <div>(1) Constructing a Management Leadership Model - As a common development benchmark for TSRC global managers, this model enables managers to handle current and future challenges and difficulties. TSRC has planned a new leadership model and implements a leadership capability learning program, conducting internal training at various levels, including entry-level, mid-level management, and leadership development tiers, to enhance their managerial skills. In 2023, 90% of the senior executives in the Company completed the Strategic Positioning competency development activities.</div>	No difference

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC' s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			<div>(2) Knowledge Sharing Sessions - The company invites cross-functional key partners to share the integration of the company's core values with their work experiences, enhancing all employees' understanding of TSRC's core values and their application in professional settings. This contributes to TSRC' s journey towards sustainable development. In 2023, there were five such sessions in Taiwan, with participation reaching 692 attendees and a total of 10,889 training hours for mid and entry-level managers.</div> <div>(3) Corporate Governance Course: Including antitrust courses, designed to strengthen all employees' knowledge of antitrust laws and their application in the workplace.</div> <div>(4) Online Learning Courses: Provides a variety of important topics for online learning, enabling new employees and those unable to attend physical courses to flexibly schedule their learning, thereby increasing opportunities for learning.</div> <div>(5) External Professional Courses: Each functional unit annually assesses the need to enhance employee competencies and professional requirements, plans necessary courses, and incorporates them into the annual training plan.</div> <div>(6) Language Learning Courses: Encourages all colleagues to participate in English courses, continuously improving English language and communication skills.</div> <div>(7) Newsletter: Provides colleagues with important information on enhancing professional learning or career development through a newsletter.</div> <div>2. A Global Self-Development Project targets all indirect personnel to promote employee skills alignment with organizational development and functional transformation. This includes creating online courses and newsletters to encourage the setting of global personal development goals for TSRC.</div> <div>3. For details regarding employee development and training, please refer the Company's 2023 Sustainability Report or the Sustainability Development section on the Company's website.</div>	
(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?	√		<div>1. The Company values the influence at 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.</div> <div>2. Given the impact 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.</div>	No difference

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC' s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			<div>3. The Company adheres to the Hazardous Substances Free (HSF) policy to ensure that all raw materials and products comply with the directives of the Restriction of Hazardous Substances (RoHS) and the regulations on Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH), particularly concerning Substances of Very High Concern (SVHC) as specified by the European Union.</div> <div>4. TSRC Corporation adheres to the principles of green chemistry, specifically the third principle (for example, replacing harmful materials with non-harmful alternatives during the product development phase) and the fifth principle (for example, substituting harmful additives), while striving to minimize waste generation.</div> <div>5. The Company has established the Food Contact Materials Safety Policy and the Management Procedures for Toxic and Concerned Chemical Substances, complying with regulations on food contact materials to meet product safety requirements and ensure customer satisfaction and peace of mind.</div> <div>6. Customers with any questions regarding products or product liability can raise their inquiries and complaints through the Company's website email or business contact points. The Company will address these issues timely and respond promptly to stakeholders based on the nature of the problem.</div> <div>7. 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.</div> <div>8. In 2023, there is no infringement events arising from violating health and safety regulations related to products or violating marketing regulations, or arising from product responsibilities.</div> <div>9. For details regarding product regulations and safety, please refer the Company's 2023 Sustainability Report or the Sustainability Development section on the Company's website.</div>	
(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?	√		<div>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.</div> <div>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. · And ask the supplier to reply to the company to show commitment.</div> <div>3. The Company requires suppliers to provide their ESG objectives and implementation status by way of questionnaires.</div> <div>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. In relation to the enforcement of labor rights, TSRC systematically undertakes annual evaluations and audits of its suppliers to scrutinize their compliance. In instances where environmental, safety, and health risks are identified, or violations against international human rights standards are detected, TSRC mandates remedial actions.</div>	No difference

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC' s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			<div>5. By the end of the year 2023, the Company has achieved a 97% response rate from suppliers on the TSRC Group Supplier Code of Conduct and sustainability development questionnaire.</div> <div>6. 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 TSRC' s requirements. According to the result of the evaluation survey in 2023, none of the suppliers violated the abovementioned matters.</div> <div>7. For details regarding supply chain management, please refer the Company's 2023 Sustainability Report or the Sustainability Development section on the Company's website.</div>	
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?	√		<div>1. The 2023 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.</div> <div>2. For the preparation principles of the report and the information of the third-party certifying institution, please refer to the 2023 Sustainability Report.</div>	No difference
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's Corporate Governance Code and ESG strategy and promotion plan were formulated with reference to the Code of Corporate Governance Practices for Listed and OTC Companies, as well as the United Nations Environment Programme's Globalization Academic Outlook, sustainability indicators (including the Dow Jones Sustainability Indexes (DJSI) and CDP), the Sustainability Accounting Standards Board (SASB) standards, and the United Nations Sustainability Goals, etc., and are in line with the industry laws and regulations, the concerns and expectations of stakeholders, etc., as well as the actual operating conditions of the Company. In addition, in line with industry regulations, concerns of upstream and downstream benchmark companies, expectations of stakeholders, etc., as well as the actual operation of the Company, the Company is in compliance with the objectives and principles set forth in the Code of Practice for the Sustainable Development of Listed and OTC Companies, and there is no material difference between the Code and the Company's Code.				
VII. Other important information that is helpful to understand the implementation status of promoting sustainable development: The Company places high importance on sustainable development and comprehensive ESG disclosure. In the year 2021, it actively formulated ESG strategies and objectives, implementing concrete actions toward ESG. Beyond the sustainable issues described above, the Company's specific operations in environmental, social, and governance aspects are detailed as follows: <div><div>1. The Company has achieved all ESG targets for the year 2023. For details on these achievements, please refer to the 2023 Sustainability Report.</div><div>2. In 2023, marking the 50th anniversary of TSRC, a series of commemorative events were orchestrated, integrating environmental conservation, recycling, scientific education, and cultural innovation. Highlights included beach clean-up initiatives in Taipei and Kaohsiung, the creation of commemorative items that embody a commitment to pragmatism and the courage to innovate, and the organization of impactful charitable chemistry camps. In a gesture of appreciation, TSRC encouraged all staff members to participate in a drawing and essay competition to reflect on the Company's milestones over five decades. Additionally, family day events were designed to celebrate and review TSRC's journey, promoting a sense of community and shared achievement among employees. These festivities underscored the 50th anniversary's relevance to contemporary themes and sustainability. For an elaborate account, please consult the 2023 Sustainability Report.</div><div>3. In 2023, the Company completed the Group ESG foundational education training course, enhancing employees' basic understanding of ESG and advancing sustainable competencies across various functions.</div><div>4. To enhance communication with stakeholders, a "FAQ" section is available under the Download Information tab of the sustainability development page on the Company's website. This section offers explanations on the Company's ESG and sustainability development practices. Additionally, the Company commits to the annual disclosure of significant information on ESG and sustainable development, providing stakeholders with the latest updates on implementation progress.</div></div>				

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC' s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Implementation Status of Climate-Related Actions

Item	Implementation status				
1. Describe the supervision and governance of the Board and the management on risks and opportunities related to climate.	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. 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).	2. In managing climate-related risks, TSRC's Board of Directors assumes the role of the highest governance body, overseeing the initiative. The execution of strategies concerning climate-related risks and opportunities is spearheaded by an executive team of senior managers. To operationalize this, TSRC utilizes a cross-functional ESG working group, alongside pertinent personnel, to undertake risk identification, assessment, and monitoring of execution progress. This working group encompasses members from diverse departments including Finance, Human Resources, Research and Development, Production, Business Operations, and Procurement. These members convene to deliberate on the potential impacts and challenges to business operations, ensuring efficient risk management and continuous improvement.				
3. Describe the effects of extreme weather and transition actions on finance.	3. The Board of Directors receives at least an annual report from the CEO on the execution status related to the Company' s climate-related risks and opportunities. The executive team conducts quarterly reviews of reports from the ESG working group on the implementation of ESG objectives and the disclosure of climate-related risks. Based on these reports, the executive team offers recommendations, and the Company continues to reinforce its prevention of physical risks and mitigate negative impacts.				
4. Describe the method to integrate the identification, evaluation, and management procedures with the overall risk management system.	4. 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 12 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:				
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.					
	Risk category	Risk aspect	Risk	impact of risk	Strategy and countermeasures
	Transition risk	Regulation nad policy	Increase in GHG emission costs	<ul style="list-style-type: none">Responses to various national climate-related policies and regulations (such as carbon tax/carbon tariffs, carbon trading systems, carbon pricing/carbon fees, etc.),Starting from the year 2025, TSRC's Dashe Plant in Kaohsiung will be required to pay carbon fees based on the previous year's carbon emissions.In response to the European Union's Carbon Border Adjustment Mechanism (CBAM), products sold by TSRC in Europe may fall within the scope of CBAM in the future, potentially affecting product sales.The rates for carbon fees and the Carbon Border Adjustment Mechanism (CBAM) may increase annually, leading to higher operating costs.	<ul style="list-style-type: none">Set Group-wide carbon reduction and renewable energy usage targets, aiming to achieve them annually according to the plan.Improve factory energy efficiency.Process optimization.The Dashe Plant in Kaohsiung and the TSRC Shanghai have installed solar power generation facilities for self-consumption.Reduce carbon dioxide emission in manufacturing process and products.Develop renewable raw materials.Reduce product energy consumption and steam usage.Continue to develop low-carbon solutions
	Transition risk	Regulation nad policy	Increase in requirements to sustainability	<ul style="list-style-type: none">Sustainable regulations in various countries are increasing, such as raising the proportion of renewable energy and reducing wastewater discharge.Timely disclosure of the Group's greenhouse gas inventory and verification results.Enhance environmental safety management.	<ul style="list-style-type: none">Set Group-wide carbon reduction and renewable energy usage targets, aiming to achieve them annually according to the plan.The Dashe Plant in Kaohsiung and the TSRC Shanghai have installed solar power generation facilities for self-consumption, which have been operational since 2023.Develop a greenhouse gas inventory information platform to enhance carbon information collection and effective verification operations.Increase procurement of equipment related to enhancing wastewater recycling to improve the Group's wastewater recycling rate.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC' s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Item	Implementation status				
	Risk category	Risk aspect	Risk	impact of risk	Strategy and countermeasures
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).	Transition risk	Technology	Cost and expenditures of low-carbon technology transition	<ul style="list-style-type: none">· In response to global sustainable development trends, continuous technological innovation, the addition of energy-saving equipment, and process optimization are pursued, resulting in increased capital expenditure. However, due to the immaturity of low-carbon technologies, the return on investment is relatively low.· Continuous recruitment and nurturing of sustainable talent, including low-carbon technology expertise, are necessary, leading to increased labor costs and training expenses.	<ul style="list-style-type: none">· Engage actively in process optimization and the development of high-efficiency equipment and products.· 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.
	Transition risk	Market	Changes in customer behaviors	<ul style="list-style-type: none">· Customers, in response to the global trend of achieving net-zero emissions and reducing environmental impact, are showing increased interest or demand for sustainable products made from renewable materials.· Customers request the Company to provide product carbon footprints and plans for reducing product carbon footprints.· Increase focus on the Company's sustainability ratings and results.	<ul style="list-style-type: none">· Establish goals for developing sustainable products with characteristics including carbon reduction, recyclability, use of renewable materials, and the ability to substitute other products to mitigate environmental impact.· Establish goals to enhance customized services aimed at reducing energy consumption during the production of customers' products.· The Company developed renewable material suppliers in the year 2023 and proceeded with procurement in the year 2024.· In the year 2023, the Dashe Plant in Kaohsiung obtained ISCC Plus certification, enabling the provision of assured sustainable products to customers.· In 2023, the Company completed the implementation of the Group's greenhouse gas inventory information system, enhancing the efficiency of verification operations.· In 2023, the Company completed the verification of carbon footprints for 19 product brand items according to ISO 14067 standards.· Scores in international assessments (such as EcoVadis, CDP, corporate governance evaluations, etc.) have been increasing annually due to improved ESG performance.
	Transition risk	Market	Increase in costs of raw materials	<ul style="list-style-type: none">· The higher prices of renewable primary materials have led to increased cost pressures on product manufacturing.	<ul style="list-style-type: none">· Continuous development of renewable material suppliers.· Reviewing product sales strategies to mitigate cost pressures.· Continuously monitor and evaluate customer demand for products made from renewable materials.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC' s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Item	Implementation status				
	Risk category	Risk aspect	Risk	impact of risk	Strategy and countermeasures
	Transition risk	Reputation	Industry stigmatization	<ul style="list-style-type: none">The public perceives the petrochemical industry as having high carbon emissions and negative environmental impacts.	<ul style="list-style-type: none">Disclose the company's sustainability performance and greenhouse gas reduction plans more clearly.Continuously develop sustainable products and greenhouse gas reduction plans.Continuously optimize water resource utilization, enhance wastewater recycling rates, and increase the usage of recycled water.The Company strengthens communication with stakeholders through various appropriate channels or platforms, such as earnings calls, shareholder meetings, the company website, international exhibitions, etc.
	Physical risk	Extremity	rainstorm	<ul style="list-style-type: none">When the frequency of heavy rainfall events and the amount of precipitation increase, it leads to an increase in the volume of flooding.Flooding may result in damage to machinery and equipment at production sites, or employees may be unable to commute to and from work normally.	<ul style="list-style-type: none">Improve flood protection measures and response measures of production joints.Establish mechanisms for employees to work from home (WFH) and operational manpower allocation mechanisms.
	Physical risk	Extremity	typhoon Strengthening	<p>The increase in the frequency and severity of typhoons will cause the following effects:</p> <ul style="list-style-type: none">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.Increase in insurance premiums for factory property raises operating expenses.	<ul style="list-style-type: none">Focus on flood protection and enhance the loss and disaster prevention measures of production plants.Reinforce emergency response measuresEstablish mechanisms for employees to work from home (WFH) and operational manpower allocation mechanisms.Evaluate local procurement to mitigate supply chain disruption risks.
	Physical risk	Extremes	drought	<ul style="list-style-type: none">Droughts in certain regions leading to water restrictions may impact factory operations, causing disruptions to some production lines.Water scarcity results in increased water costs.	<ul style="list-style-type: none">Implement water-saving measures.Increase procurement of equipment related to wastewater recycling to enhance wastewater recycling rates and increase the usage of recycled water.Collaborate with nearby factories to increase the supply of fresh water sources.Development of suppliers for recycled water.Strengthen emergency response mechanisms.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC' s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Item	Implementation status				
	Risk category	Risk aspect	Risk	impact of risk	Strategy and countermeasures
	Physical risk	Extremes	Very low temperature	A significant drop in temperature or blizzards may cause the following effects: <ul style="list-style-type: none">Freezing of water pipes, equipment, and instruments at production sites leading to burst pipes.Road closures or damage to supplier equipment leading to supply chain disruptions.Road close-down results in the inability of employees to work, which causes a reduction of production capacity and an increase in operating costs.	<ul style="list-style-type: none">Focus on low-temperature protection and improve the loss prevention measures of production joints.Establish mechanisms for employees to work from home (WFH) and operational manpower allocation mechanisms.
	Physical risk	Chronicity	Increase in average temperature	Climate change leading to an increase in the length of drought seasons and the duration of extreme high temperatures will result in the following impacts: <ul style="list-style-type: none">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.	<ul style="list-style-type: none">Continue to carry out equipment maintenance and power consumption monitoring to maintain the stability of power consumption.Establish mechanisms for employees to work from home (WFH) and operational manpower allocation mechanisms.
	Physical risk	Chronicity	Rising sea level	<ul style="list-style-type: none">While TSRC production sites may not be directly affected by rising sea levels, precautions against flooding are necessary to prevent damage to operational equipment.	<ul style="list-style-type: none">Focus on the protection of coastal areas and enhance the loss prevention measures of production joints.
<p>5. The Company has conducted impact pathway assessments for three high transformational risks - increased greenhouse gas emission costs, expenditure on low-carbon transformation technology, increased sustainability regulations, and one physical risk - drought. These assessments analyze the impacts of risks on the Company's main operational activities such as production, sales, procurement, and research and development, outlining the pathways of impact. In planning risk mitigation and adaptation measures, resources are prioritized and allocated based on these impact pathways.</p> <p>6. In response to climate scenario analysis and considering the long-term strategic development of the company and international decarbonization trends, TSRC references relevant benchmark enterprises domestically and internationally, as well as national policy planning. Priority is given to conducting financial impact assessments related to increased greenhouse gas emission costs. The Company has conducted analyses based on the 2 ° C and 1.5 ° C warming scenarios. With the continued exacerbation of climate change, various countries will progressively introduce climate-related policies. For instance, the European Union's Carbon Border Adjustment Mechanism (CBAM), domestic carbon taxes scheduled to be imposed in the year 2025, China's implementation of carbon quota allocation under a total volume control scheme, and the introduction of the Climate Change Accountability (CCA) Act in the United States. While the details of these policies have not yet been disclosed, making it difficult to accurately estimate their substantive impact on the Company, it can be anticipated that they will increase operating expenses for TSRC's Kaohsiung Plant. The extent of this increase will depend on the rate of increase in carbon fees and the future demand for low-carbon products in Europe. In addition, the emergence of relevant policies and regulations not only affects TSRC itself but also imposes impacts on upstream suppliers. The procurement of raw materials and equipment, as well as the increase in operating costs related to the adoption of renewable energy, may also grow annually. Therefore, TSRC conducts in-depth analysis based on three aspects: the increase in upstream costs, draft climate-related policy proposals, and the potential transfer or reduction of orders from customers, to assess the corresponding financial impacts. As various countries' policies have yet to be finalized, the financial impacts are all preliminary assumptions. TSRC will regularly update the assessments in a rolling manner in response to the updates in climate change-related policies, regulations, and developments in low-carbon technologies.</p>					

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC' s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Item	Implementation status
	<div><div>7. In response to the transformation risk of increasing sustainability regulations, TSRC evaluates the impact of relevant sustainability regulations on the company's operations and sales in its operating locations and major sales regions. Analyses are conducted based on the 2 ° C and 1.5 ° C warming scenarios, focusing particularly on renewable energy, national policy decarbonization pathways, and TSRC's renewable energy usage targets. It is estimated that TSRC will increase capital expenditure on relevant machinery and equipment, as well as procurement costs for renewable energy, annually to achieve its decarbonization goals. For instance, the Kaohsiung plant began self-use of solar power installations at the end of 2023.</div><div>8. In response to drought, TSRC's production facility in Kaohsiung is at a higher risk of water scarcity. After assessing the impact of this risk, measures have been taken to mitigate operational pressures caused by water scarcity. In addition to enhancing wastewater recycling rates, TSRC collaborates with nearby factory operators to connect water pipelines, thereby increasing the water supply source and ensuring the mitigation of operational impacts.</div><div>9. TSRC focuses on the low-carbon transition to develop its climate change countermeasures and establish objectives related to climate. The descriptions are as follows:<div><div>(1) In terms of environmental initiatives, TSRC has set Group-wide carbon reduction goals (Scope 1 + Scope 2), with the year 2011 as the baseline. The company plans to reduce emissions by 5% in 2023, 10% in 2025, and 22.5% in 2030. TSRC aims to achieve these carbon reduction targets gradually through continuous process optimization, reducing steam consumption, improving energy efficiency, using low-carbon fuels, and increasing the use of renewable energy.</div><div>(2) Plans are in place to increase the use of renewable energy, targeting 5% by 2023, 10% by 2025, and 30% by 2030.</div><div>(3) 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.</div><div>(4) For products, TSRC has been continually 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 by 2030.</div><div>(5) Results and descriptions of the above goals, please refer to the 2023 Sustainability Report and the sustainable development section on the Company' s website.</div><div>(6) The Company has achieved the annual objectives set regarding the abovementioned objectives by 2023. The Company will evaluate environmental impacts, continue to minimize climate risks, and realize relevant mid-to-long-term objectives step by step.</div></div></div><div>10. In response to the carbon pricing era, the Company continues to monitor international carbon market prices and developments. When investing in machinery, equipment, or projects related to low-carbon transformation, TSRC evaluates carbon reduction benefits and estimates carbon costs in various regions using reasonable and supportive assumptions and conditions. Estimating the return on investment serves as a vital reference for investment decisions.</div><div>11. In the Company's climate goals, reducing the Group's greenhouse gas emissions is the primary objective. Please refer to the fifth section for details. In 2023, the Company achieved its annual target through process optimization, increasing the use of renewable energy, replacing high-energy-consuming machinery and equipment, and reducing product steam usage. Specifically, in 2023, the subsidiary Nantong Industrial purchased 6,000 green certificates (Rec) totaling 6,000 megawatt-hours and 10,000 megawatt-hours of green electricity, offsetting the indirect carbon emissions of Nantong Industrial's Scope 2 market baseline.</div></div>

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC' s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

1-1greenhouse gas inventory and verification results. (Note1)

years	範圍		Scope 1(Category 1)		Scope 2(Category 2)		Scope 3(Category 3-6)		Assurance institu- tion	Descrip- tion of assurance
			Total emission (ton-CO2e)	Inten- sity (ton- CO2e per unit prod- uct)	Total emission - Market Base (ton-CO2e)	Inten- sity (ton- CO2e per unit prod- uct)	Total emission (ton-CO2e)	Inten- sity (ton- CO2e per unit prod- uct)		
2023	Parent company (Note 2)		101,462.3693	0.57	44,228.4145	0.25	360,106.2484	2.02	DNV GL Business Assurance Co., Ltd. (DNV)	Currently in confir- mation and assur- ance. The complete confirma- tion in- formation will be disclosed in the 2023 Sus- tainability Report or on the Com- pany's website.
	Sub- sidiar- ies	Shen Hua Chemical Industrial Co., Ltd	6,474.1826	0.04	93,787.7812	0.55	481,677.5808	2.81		
		TSRC (Nantong) In- dustries Ltd	8,658.2794	0.13	130,157.5196	1.95	216,372.2830	3.24		
		TSRC-UBE (Nantong) Chemical Industrial Company Limited	3,237.4408	0.05	85,609.7804	1.27	164,666.3876	2.44		
		TSRC (Shanghai) Industries Ltd	32.6250	0.01	1,024.6206	0.17	18,666.9357	3.06		
		TSRC (Vietnam) Com- pany Limited	5.7415	0.01	995.6315	0.90	3,774.4772	3.43		
		TSRC Specialty Mate- rials LLC	19,379.1410	0.49	19,113.6471	0.48	87,536.7382	2.20		
		POLYBUS Corporation Pte Ltd	0	Note 3	1.1522	Note 3	0.3932	Note 3		
		TSRC (Lux.) Corpora- tion S.à r.l.	0	Note 3	0.1660	Note 3	1.0090	Note 3		
2022	Parent company (Note 2)		96,900.1667	0.54	53,670.8863	0.30	357,032.9774	2.00	DNV GL Business Assurance Co., Ltd. (DNV)	According to various verifica- tion crite- ria, DNV believes that there are no significant discrep- ancies that do not com- ply with the ver- ification standards.
	Sub- sidiar- ies	Shen Hua Chemical Industrial Co., Ltd	6,380.2244	0.04	96,102.3733	0.56	469,286.946	2.75		
		TSRC (Nantong) In- dustries Ltd	7,485.078	0.10	149,597.0328	2.05	230,831.7329	3.17		
		TSRC-UBE (Nantong) Chemical Industrial Company Limited	3,192.4392	0.05	84,735.9494	1.26	160,318.5484	2.39		
		TSRC (Shanghai) Industries Ltd	25.8147	0.05	1,135.1264	0.21	15,805.8921	2.88		
		TSRC (Vietnam) Com- pany Limited	5.5803	0.01	840.3605	1.46	2,060.1347	3.57		
		TSRC Specialty Mate- rials LLC	24,274.4452	0.14	21,150.9008	0.47	97,883.903	2.18		
		POLYBUS Corporation Pte Ltd	0	Note 3	1.5365	Note 3	0.7939	Note 3		
		TSRC (Lux.) Corpora- tion S.à r.l.	0	Note 3	0.1106	Note 3	0.5487	Note 3		

Note1: Direct emission (Scope 1, also referred to as category 1; refers to emission sources that the company owns or has control over), energy indirect emission (Scope 2, also referred to as category 2; refers to GHG emissions that are generated from use of electricity, heat, or steam), and other indirect emission (Scope 3, or category 3-6; refers to emissions generated from the company's activities that do not fall within the scope of energy indirect emission, but from emission sources owned or controlled by other companies).

Note2: The parent company includes the GHG emission of the Kaohsiung Dashe Plant, Gangshan Plant, and Taipei Office in Taiwan.

Note3: Polybus Corporation Pte Ltd and TSRC (Lux.) Corporation S.à r.l., the two subsidiaries, mainly engage in holding and trading activities. Their operations take place in offices, not production sites, and they have no production output.

Note4: IISO 14064-1:2018 released by International Organization for Standardization, ISO

Note5: The subsidiary Nantong Industrial acquired a total of 10,000.168 kilowatt-hours of wind power through the purchase of Green Power Consumption Certificates (Electricity Certificates Combined), along with an additional 6,000 kilowatt-hours of wind power obtained through Green Power Certificate Trading Certificates (Non-Electricity Certificates Combined).

[Home page](#)

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC's audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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


Special items to be included

Other disclosures

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

2. Greenhouse Gas Inventory Management Report

[illegible]



Verification Report No.: DNV-VR-002-2019-001
Date printed: June 10, 2019 10:01 AM

Page 1 of 12

Supplement to Verification Opinion

Purpose and Methodology

The review of this Inventory Report and the subsequent follow-up interviews have provided DNV with sufficient evidence to determine the fulfillment of stated criteria. The Inventory Report correctly complies with the requirement of ISO 14001:2015.

Qualification of Breachless Eas Estimates

The Inventory Report covering the period 1st January, 2022 to 31st December, 2022, is a DNV's opinion that the Inventory Report results in quantification of GHG emissions that are not, frequency and measurement.

Organizational Boundary of Verification

☒ Financial Management Control ☐ Operational Management Control ☐ Supply Chain

Items Included

☒ Direct ☒ Indirect ☒ Other ☒ Other

Inland Emissions: 138,263 tCO₂e from 135e
Imported Energy Input Emissions: 487,134 tCO₂e from 135e
Quantification of the other indirect emissions:

Category	Subcategory	Total CO ₂ e	Total CH ₄ e
Inland GHG emissions from transportation	Luxembourg transportation and distribution of raw iron materials	587,132t	587,132t
Imported GHG emissions from electricity used in generation	Purchased goods – non ferrous materials	5,203,511 tCO ₂ e	
	Steel, fuel and energy-related activities and purchased e-Categories 1 or 2	75,254 tCO ₂ e	5,203,511 tCH ₄ e
	Waste generated in operations	33,764 tCO ₂ e	

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

Verification Statement

☒ unmodified
☒ modified
☐ refused

DNV is not liable for any loss or damage arising from the use of the information provided in this report. The information provided in this report is for informational purposes only and is not intended to be used for any other purpose. The information provided in this report is not a guarantee of any kind. The information provided in this report is not a warranty of any kind. The information provided in this report is not a representation of any kind. The information provided in this report is not a statement of any kind. The information provided in this report is not a conclusion of any kind. The information provided in this report is not a finding of any kind. The information provided in this report is not a result of any kind. The information provided in this report is not a benefit of any kind. The information provided in this report is not a loss of any kind. The information provided in this report is not a gain of any kind. The information provided in this report is not a risk of any kind. The information provided in this report is not a reward of any kind. The information provided in this report is not a punishment of any kind. The information provided in this report is not a consequence of any kind. The information provided in this report is not a cause of any kind. The information provided in this report is not an effect of any kind. The information provided in this report is not a condition of any kind. The information provided in this report is not a circumstance of any kind. The information provided in this report is not a situation of any kind. The information provided in this report is not a state of any kind. The information provided in this report is not a mode of any kind. The information provided in this report is not a manner of any kind. The information provided in this report is not a means of any kind. The information provided in this report is not a method of any kind. The information provided in this report is not a measure of any kind. The information provided in this report is not a magnitude of any kind. The information provided in this report is not a quantity of any kind. The information provided in this report is not a number of any kind. The information provided in this report is not a value of any kind. The information provided in this report is not a price of any kind. The information provided in this report is not a cost of any kind. The information provided in this report is not a benefit of any kind. The information provided in this report is not a loss of any kind. The information provided in this report is not a gain of any kind. The information provided in this report is not a risk of any kind. The information provided in this report is not a reward of any kind. The information provided in this report is not a punishment of any kind. The information provided in this report is not a consequence of any kind. The information provided in this report is not a cause of any kind. The information provided in this report is not an effect of any kind. The information provided in this report is not a condition of any kind. The information provided in this report is not a circumstance of any kind. The information provided in this report is not a situation of any kind. The information provided in this report is not a state of any kind. The information provided in this report is not a mode of any kind. The information provided in this report is not a manner of any kind. The information provided in this report is not a means of any kind. The information provided in this report is not a method of any kind. The information provided in this report is not a measure of any kind. The information provided in this report is not a magnitude of any kind. The information provided in this report is not a quantity of any kind. The information provided in this report is not a number of any kind. The information provided in this report is not a value of any kind. The information provided in this report is not a price of any kind. The information provided in this report is not a cost of any kind. The information provided in this report is not a benefit of any kind. The information provided in this report is not a loss of any kind. The information provided in this report is not a gain of any kind. The information provided in this report is not a risk of any kind. The information provided in this report is not a reward of any kind. The information provided in this report is not a punishment of any kind. The information provided in this report is not a consequence of any kind. The information provided in this report is not a cause of any kind. The information provided in this report is not an effect of any kind. The information provided in this report is not a condition of any kind. The information provided in this report is not a circumstance of any kind. The information provided in this report is not a situation of any kind. The information provided in this report is not a state of any kind. The information provided in this report is not a mode of any kind. The information provided in this report is not a manner of any kind. The information provided in this report is not a means of any kind. The information provided in this report is not a method of any kind. The information provided in this report is not a measure of any kind. The information provided in this report is not a magnitude of any kind. The information provided in this report is not a quantity of any kind. The information provided in this report is not a number of any kind. The information provided in this report is not a value of any kind. The information provided in this report is not a price of any kind. The information provided in this report is not a cost of any kind. The information provided in this report is not a benefit of any kind. The information provided in this report is not a loss of any kind. The information provided in this report is not a gain of any kind. The information provided in this report is not a risk of any kind. The information provided in this report is not a reward of any kind. The information provided in this report is not a punishment of any kind. The information provided in this report is not a consequence of any kind. The information provided in this report is not a cause of any kind. The information provided in this report is not an effect of any kind. The information provided in this report is not a condition of any kind. The information provided in this report is not a circumstance of any kind. The information provided in this report is not a situation of any kind. The information provided in this report is not a state of any kind. The information provided in this report is not a mode of any kind. The information provided in this report is not a manner of any kind. The information provided in this report is not a means of any kind. The information provided in this report is not a method of any kind. The information provided in this report is not a measure of any kind. The information provided in this report is not a magnitude of any kind. The information provided in this report is not a quantity of any kind. The information provided in this report is not a number of any kind. The information provided in this report is not a value of any kind. The information provided in this report is not a price of any kind. The information provided in this report is not a cost of any kind. The information provided in this report is not a benefit of any kind. The information provided in this report is not a loss of any kind. The information provided in this report is not a gain of any kind. The information provided in this report is not a risk of any kind. The information provided in this report is not a reward of any kind. The information provided in this report is not a punishment of any kind. The information provided in this report is not a consequence of any kind. The information provided in this report is not a cause of any kind. The information provided in this report is not an effect of any kind. The information provided in this report is not a condition of any kind. The information provided in this report is not a circumstance of any kind. The information provided in this report is not a situation of any kind. The information provided in this report is not a state of any kind. The information provided in this report is not a mode of any kind. The information provided in this report is not a manner of any kind. The information provided in this report is not a means of any kind. The information provided in this report is not a method of any kind. The information provided in this report is not a measure of any kind. The information provided in this report is not a magnitude of any kind. The information provided in this report is not a quantity of any kind. The information provided in this report is not a number of any kind. The information provided in this report is not a value of any kind. The information provided in this report is not a price of any kind. The information provided in this report is not a cost of any kind. The information provided in this report is not a benefit of any kind. The information provided in this report is not a loss of any kind. The information provided in this report is not a gain of any kind. The information provided in this report is not a risk of any kind. The information provided in this report is not a reward of any kind. The information provided in this report is not a punishment of any kind. The information provided in this report is not a consequence of any kind. The information provided in this report is not a cause of any kind. The information provided in this report is not an effect of any kind. The information provided in this report is not a condition of any kind. The information provided in this report is not a circumstance of any kind. The information provided in this report is not a situation of any kind. The information provided in this report is not a state of any
kind. The information provided in this report is not a mode of any kind. The information provided in this report is not a manner of any kind. The information provided in this report is not a means of any kind. The information provided in this report is not a method of any kind. The information provided in this report is not a measure of any kind. The information provided in this report is not a magnitude of any kind. The information provided in this report is not a quantity of any kind. The information provided in this report is not a number of any kind. The information provided in this report is not a value of any kind. The information provided in this report is not a price of any kind. The information provided in this report is not a cost of any kind. The information provided in this report is not a benefit of any kind. The information provided in this report is not a loss of any kind. The information provided in this report is not a gain of any kind. The information provided in this report is not a risk of any kind. The information provided in this report is not a reward of any kind. The information provided in this report is not a punishment of any kind. The information provided in this report is not a consequence of any kind. The information provided in this report is not a cause of any kind. The information provided in this report is not an effect of any kind. The information provided in this report is not a condition of any kind. The information provided in this report is not a circumstance of any kind. The information provided in this report is not a situation of any kind. The information provided in this report is not a state of any kind. The information provided in this report is not a mode of any kind. The information provided in this report is not a manner of any kind. The information provided in this report is not a means of any kind. The information provided in this report is not a method of any kind. The information provided in this report is not a measure of any kind. The information provided in this report is not a magnitude of any kind. The information provided in this report is not a quantity of any kind. The information provided in this report is not a number of any kind. The information provided in this report is not a value of any kind. The information provided in this report is not a price of any kind. The information provided in this report is not a cost of any kind. The information provided in this report is not a benefit of any kind. The information provided in this report is not a loss of any kind. The information provided in this report is not a gain of any kind. The information provided in this report is not a risk of any kind. The information provided in this report is not a reward of any kind. The information provided in this report is not a punishment of any kind. The information provided in this report is not a consequence of any kind. The information provided in this report is not a cause of any kind. The information provided in this report is not an effect of any kind. The information provided in this report is not a condition of any kind. The information provided in this report is not a circumstance of any kind. The information provided in this report is not a situation of any kind. The information provided in this report is not a state of any kind. The information provided in this report is not a mode of any kind. The information provided in this report is not a manner of any kind. The information provided in this report is not a means of any kind. The information provided in this report is not a method of any kind. The information provided in this report is not a measure of any kind. The information provided in this report is not a magnitude of any kind. The information provided in this report is not a quantity of any kind. The information provided in this report is not a number of any kind. The information provided in this report is not a value of any kind. The information provided in this report is not a price of any kind. The information provided in this report is not a cost of any kind. The information provided in this report is not a benefit of any kind. The information provided in this report is not a loss of any kind. The information provided in this report is not a gain of any kind. The information provided in this report is not a risk of any kind. The information provided in this report is not a reward of any kind. The information provided in this report is not a punishment of any kind. The information provided in this report is not a consequence of any kind. The information provided in this report is not a cause of any kind. The information provided in this report is not an effect of any kind. The information provided in this report is not a condition of any kind. The information provided in this report is not a circumstance of any kind. The information provided in this report is not a situation of any kind. The information provided in this report is not a state of any kind. The information provided in this report is not a mode of any kind. The information provided in this report is not a manner of any kind. The information provided in this report is not a means of any kind. The information provided in this report is not a method of any kind. The information provided in this report is not a measure of any kind. The information provided in this report is not a magnitude of any kind. The information provided in this report is not a quantity of any kind. The information provided in this report is not a number of any kind. The information provided in this report is not a value of any kind. The information provided in this report is not a price of any kind. The information provided in this report is not a cost of any kind. The information provided in this report is not a benefit of any kind. The information provided in this report is not a loss of any kind. The information provided in this report is not a gain of any kind. The information provided in this report is not a risk of any kind. The information provided in this report is not a reward of any kind. The information provided in this report is not a punishment of any kind. The information provided in this report is not a consequence of any kind. The information provided in this report is not a cause of any kind. The information provided in this report is not an effect of any kind. The information provided in this report is not a condition of any kind. The information provided in this report is not a circumstance of any kind. The information provided in this report is not a situation of any kind. The information provided in this report is not a state of any kind. The information provided in this report is not a mode of any kind. The information provided in this report is not a manner of any kind. The information provided in this report is not a means of any kind. The information provided in this report is not a method of any kind. The information provided in this report is not a measure of any kind. The information provided in this report is not a magnitude of any kind. The information provided in this report is not a quantity of any kind. The information provided in this report is not a number of any kind. The information provided in this report is not a value of any kind. The information provided in this report is not a price of any kind. The information provided in this report is not a cost of any kind. The information provided in this report is not a benefit of any kind. The information provided in this report is not a loss of any kind. The information provided in this report is not a gain of any kind. The information provided in this report is not a risk of any kind. The information provided in this report is not a reward of any kind. The information provided in this report is not a punishment of any kind. The information provided in this report is not a consequence of any kind. The information provided in this report is not a cause of any kind. The information provided in this report is not an effect of any kind. The information provided in this report is not a condition of any kind. The information provided in this report is not a circumstance of any kind. The information provided in this report is not a situation of any kind. The information provided in this report is not a state of any kind. The information provided in this report is not a mode of any kind. The information provided in this report is not a manner of any kind. The information provided in this report is not a means of any kind. The information provided in this report is not a method of any kind. The information provided in this report is not a measure of any kind. The information provided in this report is not a magnitude of any kind. The information provided in this report is not a quantity of any kind. The information provided in this report is not a number of any kind. The information provided in this report is not a value of any kind. The information provided in this report is not a price of any kind. The information provided in this report is not a cost of any kind. The information provided in this report is not a benefit of any kind. The information provided in this report is not a loss of any kind. The information provided in this report is not a gain of any kind. The information provided in this report is not a risk of any kind. The information provided in this report is not a reward of any kind. The information provided in this report is not a punishment of any kind. The information provided in this report is not a consequence of any kind. The information provided in this report is not a cause of any kind. The information provided in this report is not an effect of any kind. The information provided in this report is not a condition of any kind. The information provided in this report is not a circumstance of any kind. The information provided in this report is not a situation of any kind. The information provided in this report
is not a state of any kind. The information provided in this report is not a mode of any kind. The information provided in this report is not a manner of any kind. The information provided in this report is not a means of any kind. The information provided in this report is not a method of any kind. The information provided in this report is not a measure of any kind. The information provided in this report is not a magnitude of any kind. The information provided in this report is not a quantity of any kind. The information provided in this report is not a number of any kind. The information provided in this report is not a value of any kind. The information provided in this report is not a price of any kind. The information provided in this report is not a cost of any kind. The information provided in this report is not a benefit of any kind. The information provided in this report is not a loss of any kind. The information provided in this report is not a gain of any kind. The information provided in this report is not a risk of any kind. The information provided in this report is not a reward of any kind. The information provided in this report is not a punishment of any kind. The information provided in this report is not a consequence of any kind. The information provided in this report is not a cause of any kind. The information provided in this report is not an effect of any kind. The information provided in this report is not a condition of any kind. The information provided in this report is not a circumstance of any kind. The information provided in this report is not a situation of any kind. The information provided in this report is not a state of any kind. The information provided in this report is not a mode of any kind. The information provided in this report is not a manner of any kind. The information provided in this report is not a means of any kind. The information provided in this report is not a method of any kind. The information provided in this report is not a measure of any kind. The information provided in this report is not a magnitude of any kind. The information provided in this report is not a quantity of any kind. The information provided in this report is not a number of any kind. The information provided in this report is not a value of any kind. The information provided in this report is not a price of any kind. The information provided in this report is not a cost of any kind. The information provided in this report is not a benefit of any kind. The information provided in this report is not a loss of any kind. The information provided in this report is not a gain of any kind. The information provided in this report is not a risk of any kind. The information provided in this report is not a reward of any kind. The information provided in this report is not a punishment of any kind. The information provided in this report is not a consequence of any kind. The information provided in this report is not a cause of any kind. The information provided in this report is not an effect of any kind. The information provided in this report is not a condition of any kind. The information provided in this report is not a circumstance of any kind. The information provided in this report is not a situation of any kind. The information provided in this report is not a state of any kind. The information provided in this report is not a mode of any kind. The information provided in this report is not a manner of any kind. The information provided in this report is not a means of any kind. The information provided in this report is not a method of any kind. The information provided in this report is not a measure of any kind. The information provided in this report is not a magnitude of any kind. The information provided in this report is not a quantity of any kind. The information provided in this report is not a number of any kind. The information provided in this report is not a value of any kind. The information provided in this report is not a price of any kind. The information provided in this report is not a cost of any kind. The information provided in this report is not a benefit of any kind. The information provided in this report is not a loss of any kind. The information provided in this report is not a gain of any kind. The information provided in this report is not a risk of any kind. The information provided in this report is not a reward of any kind. The information provided in this report is not a punishment of any kind. The information provided in this report is not a consequence of any kind. The information provided in this report is not a cause of any kind. The information provided in this report is not an effect of any kind. The information provided in this report is not a condition of any kind. The information provided in this report is not a circumstance of any kind. The information provided in this report is not a situation of any kind. The information provided in this report is not a state of any kind. The information provided in this report is not a mode of any kind. The information provided in this report is not a manner of any kind. The information provided in this report is not a means of any kind. The information provided in this report is not a method of any kind. The information provided in this report is not a measure of any kind. The information provided in this report is not a magnitude of any kind. The information provided in this report is not a quantity of any kind. The information provided in this report is not a number of any kind. The information provided in this report is not a value of any kind. The information provided in this report is not a price of any kind. The information provided in this report is not a cost of any kind. The information provided in this report is not a benefit of any kind. The information provided in this report is not a loss of any kind. The information provided in this report is not a gain of any kind. The information provided in this report is not a risk of any kind. The information provided in this report is not a reward of any kind. The information provided in this report is not a punishment of any kind. The information provided in this report is not a consequence of any kind. The information provided in this report is not a cause of any kind. The information provided in this report is not an effect of any kind. The information provided in this report is not a condition of any kind. The information provided in this report is not a circumstance of any kind. The information provided in this report is not a situation of any kind. The information provided in this report is not a state of any kind. The information provided in this report is not a mode of any kind. The information provided in this report is not a manner of any kind. The information provided in this report is not a means of any kind. The information provided in this report is not a method of any kind. The information provided in this report is not a measure of any kind. The information provided in this report is not a magnitude of any kind. The information provided in this report is not a quantity of any kind. The information provided in this report is not a number of any kind. The information provided in this report is not a value of any kind. The information provided in this report is not a price of any kind. The information provided in this report is not a cost of any kind. The information provided in this report is not a benefit of any kind. The information provided in this report is not a loss of any kind. The information provided in this report is not a gain of any kind. The information provided in this report is not a risk of any kind. The information provided in this report is not a reward of any kind. The information provided in this report is not a punishment of any kind. The information provided in this report is not a consequence of any kind. The information provided in this report is not a cause of any kind. The information provided in this report is not an effect of any kind. The information provided in this report is not a condition of any kind. The information provided in this report is not a circumstance of any kind. The information provided in this report is not a situation of any kind. The information provided in this report is not a state of any kind. The information provided in this report is not a mode of any kind. The information provided in this report is not a manner of any kind. The information provided in this report is not a means of any kind. The information provided in this report is not a method of any kind. The information provided in this report is not a measure of any kind. The information provided in this report is not a magnitude of any kind. The information provided in this report is not a quantity of any kind. The information provided in this report is not a number of any kind. The information provided in this report is not a value of any kind. The information provided in this report is not a price of any kind. The information provided in this report is not a cost of any kind. The information provided in this report is not a benefit of any kind. The information provided in this report is not a loss of any kind. The information provided in this report is not a gain of any kind. The information provided in this report is not a risk of any kind. The information provided in this report is not a reward of any kind. The information provided in this report is not a punishment of any kind. The information provided in this report is not a consequence of any kind. The information provided in this report is not a cause of any kind. The information provided in this report is not an effect of any kind. The information provided in this report is not a condition of any kind. The information provided in this report is not a circumstance of any kind. The information provided in this report is not a situation of any kind. The information
provided in this report is not a state of any kind. The information provided in this report is not a mode of any kind. The information provided in this report is not a manner of any kind. The information provided in this report is not a means of any kind. The information provided in this report is not a method of any kind. The information provided in this report is not a measure of any kind. The information provided in this report is not a magnitude of any kind. The information provided in this report is not a quantity of any kind. The information provided in this report is not a number of any kind. The information provided in this report is not a value of any kind. The information provided in this report is not a price of any kind. The information provided in this report is not a cost of any kind. The information provided in this report is not a benefit of any kind. The information provided in this report is not a loss of any kind. The information provided in this report is not a gain of any kind. The information provided in this report is not a risk of any kind. The information provided in this report is not a reward of any kind. The information provided in this report is not a punishment of any kind. The information provided in this report is not a consequence of any kind. The information provided in this report is not a cause of any kind. The information provided in this report is not an effect of any kind. The information provided in this report is not a condition of any kind. The information provided in this report is not a circumstance of any kind. The information provided in this report is not a situation of any kind. The information provided in this report is not a state of any kind. The information provided in this report is not a mode of any kind. The information provided in this report is not a manner of any kind. The information provided in this report is not a means of any kind. The information provided in this report is not a method of any kind. The information provided in this report is not a measure of any kind. The information provided in this report is not a magnitude of any kind. The information provided in this report is not a quantity of any kind. The information provided in this report is not a number of any kind. The information provided in this report is not a value of any kind. The information provided in this report is not a price of any kind. The information provided in this report is not a cost of any kind. The information provided in this report is not a benefit of any kind. The information provided in this report is not a loss of any kind. The information provided in this report is not a gain of any kind. The information provided in this report is not a risk of any kind. The information provided in this report is not a reward of any kind. The information provided in this report is not a punishment of any kind. The information provided in this report is not a consequence of any kind. The information provided in this report is not a cause of any kind. The information provided in this report is not an effect of any kind. The information provided in this report is not a condition of any kind. The information provided in this report is not a circumstance of any kind. The information provided in this report is not a situation of any kind. The information provided in this report is not a state of any kind. The information provided in this report is not a mode of any kind. The information provided in this report is not a manner of any kind. The information provided in this report is not a means of any kind. The information provided in this report is not a method of any kind. The information provided in this report is not a measure of any kind. The information provided in this report is not a magnitude of any kind. The information provided in this report is not a quantity of any kind. The information provided in this report is not a number of any kind. The information provided in this report is not a value of any kind. The information provided in this report is not a price of any kind. The information provided in this report is not a cost of any kind. The information provided in this report is not a benefit of any kind. The information provided in this report is not a loss of any kind. The information provided in this report is not a gain of any kind. The information provided in this report is not a risk of any kind. The information provided in this report is not a reward of any kind. The information provided in this report is not a punishment of any kind. The information provided in this report is not a consequence of any kind. The information provided in this report is not a cause of any kind. The information provided in this report is not an effect of any kind. The information provided in this report is not a condition of any kind. The information provided in this report is not a circumstance of any kind. The information provided in this report is not a situation of any kind. The information provided in this report is not a state of any kind. The information provided in this report is not a mode of any kind. The information provided in this report is not a manner of any kind. The information provided in this report is not a means of any kind. The information provided in this report is not a method of any kind. The information provided in this report is not a measure of any kind. The information provided in this report is not a magnitude of any kind. The information provided in this report is not a quantity of any kind. The information provided in this report is not a number of any kind. The information provided in this report is not a value of any kind. The information provided in this report is not a price of any kind. The information provided in this report is not a cost of any kind. The information provided in this report is not a benefit of any kind. The information provided in this report is not a loss of any kind. The information provided in this report is not a gain of any kind. The information provided in this report is not a risk of any kind. The information provided in this report is not a reward of any kind. The information provided in this report is not a punishment of any kind. The information provided in this report is not a consequence of any kind. The information provided in this report is not a cause of any kind. The information provided in this report is not an effect of any kind. The information provided in this report is not a condition of any kind. The information provided in this report is not a circumstance of any kind. The information provided in this report is not a situation of any kind. The information provided in this report is not a state of any kind. The information provided in this report is not a mode of any kind. The information provided in this report is not a manner of any kind. The information provided in this report is not a means of any kind. The information provided in this report is not a method of any kind. The information provided in this report is not a measure of any kind. The information provided in this report is not a magnitude of any kind. The information provided in this report is not a quantity of any kind. The information provided in this report is not a number of any kind. The information provided in this report is not a value of any kind. The information provided in this report is not a price of any kind. The information provided in this report is not a cost of any kind. The information provided in this report is not a benefit of any kind. The information provided in this report is not a loss of any kind. The information provided in this report is not a gain of any kind. The information provided in this report is not a risk of any kind. The information provided in this report is not a reward of any kind. The information provided in this report is not a punishment of any kind. The information provided in this report is not a consequence of any kind. The information provided in this report is not a cause of any kind. The information provided in this report is not an effect of any kind. The information provided in this report is not a condition of any kind. The information provided in this report is not a circumstance of any kind. The information provided in this report is not a situation of any kind. The information provided in this report is not a state of any kind. The information provided in this report is not a mode of any kind. The information provided in this report is not a manner of any kind. The information provided in this report is not a means of any kind. The information provided in this report is not a method of any kind. The information provided in this report is not a measure of any kind. The information provided in this report is not a magnitude of any kind. The information provided in this report is not a quantity of any kind. The information provided in this report is not a number of any kind. The information provided in this report is not a value of any kind. The information provided in this report is not a price of any kind. The information provided in this report is not a cost of any kind. The information provided in this report is not a benefit of any kind. The information provided in this report is not a loss of any kind. The information provided in this report is not a gain of any kind. The information provided in this report is not a risk of any kind. The information provided in this report is not a reward of any kind. The information provided in this report is not a punishment of any kind. The information provided in this report is not a consequence of any kind. The information provided in this report is not a cause of any kind. The information provided in this report is not an effect of any kind. The information provided in this report is not a condition of any kind. The information provided in this report is not a circumstance of any kind. The information provided in this report is not a situation of any
kind. The information provided in this report is not a state of any kind. The information provided in this report is not a mode of any kind. The information provided in this report is not a manner of any kind. The information provided in this report is not a means of any kind. The information provided in this report is not a method of any kind. The information provided in this report is not a measure of any kind. The information provided in this report is not a magnitude of any kind. The information provided in this report is not a quantity of any kind. The information provided in this report is not a number of any kind. The information provided in this report is not a value of any kind. The information provided in this report is not a price of any kind. The information provided in this report is not a cost of any kind. The information provided in this report is not a benefit of any kind. The information provided in this report is not a loss of any kind. The information provided in this report is not a gain of any kind. The information provided in this report is not a risk of any kind. The information provided in this report is not a reward of any kind. The information provided in this report is not a punishment of any kind. The information provided in this report is not a consequence of any kind. The information provided in this report is not a cause of any kind. The information provided in this report is not an effect of any kind. The information provided in this report is not a condition of any kind. The information provided in this report is not a circumstance of any kind. The information provided in this report is not a situation of any kind. The information provided in this report is not a state of any kind. The information provided in this report is not a mode of any kind. The information provided in this report is not a manner of any kind. The information provided in this report is not a means of any kind. The information provided in this report is not a method of any kind. The information provided in this report is not a measure of any kind. The information provided in this report is not a magnitude of any kind. The information provided in this report is not a quantity of any kind. The information provided in this report is not a number of any kind. The information provided in this report is not a value of any kind. The information provided in this report is not a price of any kind. The information provided in this report is not a cost of any kind. The information provided in this report is not a benefit of any kind. The information provided in this report is not a loss of any kind. The information provided in this report is not a gain of any kind. The information provided in this report is not a risk of any kind. The information provided in this report is not a reward of any kind. The information provided in this report is not a punishment of any kind. The information provided in this report is not a consequence of any kind. The information provided in this report is not a cause of any kind. The information provided in this report is not an effect of any kind. The information provided in this report is not a condition of any kind. The information provided in this report is not a circumstance of any kind. The information provided in this report is not a situation of any kind. The information provided in this report is not a state of any kind. The information provided in this report is not a mode of any kind. The information provided in this report is not a manner of any kind. The information provided in this report is not a means of any kind. The information provided in this report is not a method of any kind. The information provided in this report is not a measure of any kind. The information provided in this report is not a magnitude of any kind. The information provided in this report is not a quantity of any kind. The information provided in this report is not a number of any kind. The information provided in this report is not a value of any kind. The information provided in this report is not a price of any kind. The information provided in this report is not a cost of any kind. The information provided in this report is not a benefit of any kind. The information provided in this report is not a loss of any kind. The information provided in this report is not a gain of any kind. The information provided in this report is not a risk of any kind. The information provided in this report is not a reward of any kind. The information provided in this report is not a punishment of any kind. The information provided in this report is not a consequence of any kind. The information provided in this report is not a cause of any kind. The information provided in this report is not an effect of any kind. The information provided in this report is not a condition of any kind. The information provided in this report is not a circumstance of any kind. The information provided in this report is not a situation of any kind. The information provided in this report is not a state of any kind. The information provided in this report is not a mode of any kind. The information provided in this report is not a manner of any kind. The information provided in this report is not a means of any kind. The information provided in this report is not a method of any kind. The information provided in this report is not a measure of any kind. The information provided in this report is not a magnitude of any kind. The information provided in this report is not a quantity of any kind. The information provided in this report is not a number of any kind. The information provided in this report is not a value of any kind. The information provided in this report is not a price of any kind. The information provided in this report is not a cost of any kind. The information provided in this report is not a benefit of any kind. The information provided in this report is not a loss of any kind. The information provided in this report is not a gain of any kind. The information provided in this report is not a risk of any kind. The information provided in this report is not a reward of any kind. The information provided in this report is not a punishment of any kind. The information provided in this report is not a consequence of any kind. The information provided in this report is not a cause of any kind. The information provided in this report is not an effect of any kind. The information provided in this report is not a condition of any kind. The information provided in this report is not a circumstance of any kind. The information provided in this report is not a situation of any kind. The information provided in this report is not a state of any kind. The information provided in this report is not a mode of any kind. The information provided in this report is not a manner of any kind. The information provided in this report is not a means of any kind. The information provided in this report is not a method of any kind. The information provided in this report is not a measure of any kind. The information provided in this report is not a magnitude of any kind. The information provided in this report is not a quantity of any kind. The information provided in this report is not a number of any kind. The information provided in this report is not a value of any kind. The information provided in this report is not a price of any kind. The information provided in this report is not a cost of any kind. The information provided in this report is not a benefit of any kind. The information provided in this report is not a loss of any kind. The information provided in this report is not a gain of any kind. The information provided in this report is not a risk of any kind. The information provided in this report is not a reward of any kind. The information provided in this report is not a punishment of any kind. The information provided in this report is not a consequence of any kind. The information provided in this report is not a cause of any kind. The information provided in this report is not an effect of any kind. The information provided in this report is not a condition of any kind. The information provided in this report is not a circumstance of any kind. The information provided in this report is not a situation of any kind. The information provided in this report is not a state of any kind. The information provided in this report is not a mode of any kind. The information provided in this report is not a manner of any kind. The information provided in this report is not a means of any kind. The information provided in this report is not a method of any kind. The information provided in this report is not a measure of any kind. The information provided in this report is not a magnitude of any kind. The information provided in this report is not a quantity of any kind. The information provided in this report is not a number of any kind. The information provided in this report is not a value of any kind. The information provided in this report is not a price of any kind. The information provided in this report is not a cost of any kind. The information provided in this report is not a benefit of any kind. The information provided in this report is not a loss of any kind. The information provided in this report is not a gain of any kind. The information provided in this report is not a risk of any kind. The information provided in this report is not a reward of any kind. The information provided in this report is not a punishment of any kind. The information provided in this report is not a consequence of any kind. The information provided in this report is not a cause of any kind. The information provided in this report is not an effect of any kind. The information provided in this report is not a condition of any kind. The information provided in this report is not a circumstance of any kind. The information provided in this report is
not a situation of any kind. The information provided in this report is not a state of any kind. The information provided in this report is not a mode of any kind. The information provided in this report is not a manner of any kind. The information provided in this report is not a means of any kind. The information provided in this report is not a method of any kind. The information provided in this report is not a measure of any kind. The information provided in this report is not a magnitude of any kind. The information provided in this report is not a quantity of any kind. The information provided in this report is not a number of any kind. The information provided in this report is not a value of any kind. The information provided in this report is not a price of any kind. The information provided in this report is not a cost of any kind. The information provided in this report is not a benefit of any kind. The information provided in this report is not a loss of any kind. The information provided in this report is not a gain of any kind. The information provided in this report is not a risk of any kind. The information provided in this report is not a reward of any kind. The information provided in this report is not a punishment of any kind. The information provided in this report is not a consequence of any kind. The information provided in this report is not a cause of any kind. The information provided in this report is not an effect of any kind. The information provided in this report is not a condition of any kind. The information provided in this report is not a circumstance of any kind. The information provided in this report is not a situation of any kind. The information provided in this report is not a state of any kind. The information provided in this report is not a mode of any kind. The information provided in this report is not a manner of any kind. The information provided in this report is not a means of any kind. The information provided in this report is not a method of any kind. The information provided in this report is not a measure of any kind. The information provided in this report is not a magnitude of any kind. The information provided in this report is not a quantity of any kind. The information provided in this report is not a number of any kind. The information provided in this report is not a value of any kind. The information provided in this report is not a price of any kind. The information provided in this report is not a cost of any kind. The information provided in this report is not a benefit of any kind. The information provided in this report is not a loss of any kind. The information provided in this report is not a gain of any kind. The information provided in this report is not a risk of any kind. The information provided in this report is not a reward of any kind. The information provided in this report is not a punishment of any kind. The information provided in this report is not a consequence of any kind. The information provided in this report is not a cause of any kind. The information provided in this report is not an effect of any kind. The information provided in this report is not a condition of any kind. The information provided in this report is not a circumstance of any kind. The information provided in this report is not a situation of any kind. The information provided in this report is not a state of any kind. The information provided in this report is not a mode of any kind. The information provided in this report is not a manner of any kind. The information provided in this report is not a means of any kind. The information provided in this report is not a method of any kind. The information provided in this report is not a measure of any kind. The information provided in this report is not a magnitude of any kind. The information provided in this report is not a quantity of any kind. The information provided in this report is not a number of any kind. The information provided in this report is not a value of any kind. The information provided in this report is not a price of any kind. The information provided in this report is not a cost of any kind. The information provided in this report is not a benefit of any kind. The information provided in this report is not a loss of any kind. The information provided in this report is not a gain of any kind. The information provided in this report is not a risk of any kind. The information provided in this report is not a reward of any kind. The information provided in this report is not a punishment of any kind. The information provided in this report is not a consequence of any kind. The information provided in this report is not a cause of any kind. The information provided in this report is not an effect of any kind. The information

[illegible]

[Home page](#)

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC's audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

<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				No difference
(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?	√		1. The Board of the Company has established the "Code of Business Conduct" and "Code of Ethics" to state the philosophy and principles of ethical corporate management and establish specifications and structures for joint observation.	
(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?"	√		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) 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?	√		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.	
II. Fulfillment of operation in good faith				No difference
(1) Has the Company assessed the ethical record of its partners and stipulated the ethical behavior clause in the contract?	√		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) 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?	√		2. The CEO of the Company takes the lead in promoting ethical corporate management, which collaborates with department heads to promote integrity in operations. The implementation of integrity in operations is reported to the Board of Directors annually and documented in the ESG report.	
(3) Has the Company stipulated policies to prevent the conflict of interest, provided an adequate complaint channel and ensured by its proper implementation?	√		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.	

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC’ s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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. In order to promote the Company's policy of integrity in operations and enhance employees' understanding of relevant laws, educational training courses were conducted in the 2023 year. These courses included topics such as Integrity and Honesty, Introduction to TSRC's Insider Trading Management Measures, Compliance with Fair Trade Laws, Corporate Governance: Everyone's Responsibility (Ethical Integrity, Anti-Corruption, Gifts and Entertainment in Public Office), and Trade Secrets.	No difference
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 dedicated personnel for handling 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 Company 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: As explained above, there is no difference				
VI. Any other important information helpful to comprehend the Company's operation in good faith: None.				

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC’ s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

<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 1, 2023	Securities & Futures Institute	Recent Developments in Civil and Criminal Litigation Cases in Taiwan Related to Directors' and Managers' Duty of Loyalty	3
		October 20, 2023	Securities & Futures Institute	The Role and Responsibilities of the Board of Directors in ESG and Climate Governance	3
Director	John Huang	September 1, 2023	Securities & Futures Institute	Recent Developments in Civil and Criminal Litigation Cases in Taiwan Related to Directors' and Managers' Duty of Loyalty	3
		October 20, 2023	Securities & Futures Institute	The Role and Responsibilities of the Board of Directors in ESG and Climate Governance	3
Director	Arthur Chiang	September 1, 2023	Securities & Futures Institute	Recent Developments in Civil and Criminal Litigation Cases in Taiwan Related to Directors' and Managers' Duty of Loyalty	3
		October 20, 2023	Securities & Futures Institute	The Role and Responsibilities of the Board of Directors in ESG and Climate Governance	3
Director	John T. Yu	May 5, 2023	Taipei Foundation Of Finance	The Metaverse Explosion: The Development of Metaverse and the Future of Virtual Worlds	3
		August 2, 2023	Taiwan Corporate Governance Association	Trends and Risk Management in Digital Technology and Artificial Intelligence	3
Independent Director	Robert Hung	September 1, 2023	Securities & Futures Institute	Recent Developments in Civil and Criminal Litigation Cases in Taiwan Related to Directors' and Managers' Duty of Loyalty	3
		October 20, 2023	Securities & Futures Institute	The Role and Responsibilities of the Board of Directors in ESG and Climate Governance	3
Independent Director	Sean Chao	May 5, 2023	Taiwan Corporate Governance Association	Global Geopolitical Trends and Prospects: Competition Between China and the United States and Cross-Strait Relations	2
		September 1, 2023	Securities & Futures Institute	Recent Developments in Civil and Criminal Litigation Cases in Taiwan Related to Directors' and Managers' Duty of Loyalty	3
		October 20, 2023	Securities & Futures Institute	The Role and Responsibilities of the Board of Directors in ESG and Climate Governance	3

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC’ s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Job title	Name	Date of Training	Organizer	Program(s)	Hours
Independent Director	Rex Yang	September 1, 2023	Securities & Futures Institute	Recent Developments in Civil and Criminal Litigation Cases in Taiwan Related to Directors' and Managers' Duty of Loyalty	3
		October 20, 2023	Securities & Futures Institute	The Role and Responsibilities of the Board of Directors in ESG and Climate Governance	3
Corporate Governance Officer	Calvin Tsai	May 26, 2023	Securities & Futures Institute	Financial Information Most Easily Overlooked by Directors	3
		June 16, 2023	Taiwan Corporate Governance Association	Latest Corporate M&A Regulations: Practical Application and Case Analysis	3
		September 1, 2023	Securities & Futures Institute	Recent Developments in Civil and Criminal Litigation Cases in Taiwan Related to Directors' and Managers' Duty of Loyalty	3
		October 20, 2023	Securities & Futures Institute	The Role and Responsibilities of the Board of Directors in ESG and Climate 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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC' s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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

1. A statement of Internal Control

TSRC Corporation
A statement of Internal Control

Date: March 7, 2024

In accordance with the result of self-evaluation of the internal control system in 2023, 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, 2023 (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 7, 2024 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

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC’ s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

- <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 2023 and until the annual report being published.

1. The important resolutions made by shareholders' regular meetings in 2023	The status of implementation
(1) To adopt the 2022 Business Report and Financial State-ments	Resolutions adopted.
(2) To adopt the 2022 earnings distribution	Resolved, by the Board of Directors, to set July 5, 2023 as the ex-dividend date for the distribution of cash dividends of NT\$1.08 per share and the payment date is July 21, 2023.

2. Important resolutions made by board of directors' meetings	
Date	Important resolutions
March 9, 2023	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.
May 4, 2023	Resolved to approve the financial report for the 1st quarter of FY2023.
July 31, 2023	Resolved to approve the financial report for the 2nd quarter of FY2023.
September 1, 2023	Resolution Passed; The Board of Directors of the Company resolved to increase its shareholding in Shenhua Chemical Industry Co., Ltd. through its wholly-owned subsidiary, Polybus Corporation Pte Ltd. 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.
November 2, 2023	Resolved to approve the financial report for the 3rd quarter of FY2023.
February 1, 2024	The decision to change the accounting firm and the certifying accountant was approved by the board. Resolution Passed; The subsidiary, Shenhua Chemical Industry Co., Ltd., resolved to increase its capitalization with undistributed profits.
March 7, 2024	Resolved to adopt the consolidated financial statements for FY2023. Resolved to adopt the 2024 annual meeting of shareholders. Resolution Passed; To distribute cash dividends for the fiscal year 2023 from earnings and capital surplus.

- <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 2023 and until the annual report being published : None
- <14> In the year of 2023 and as of the date of publication, the resignation and dismissal of the Com-pany's chairman, chief executive officer, chief of accountant, chief financial officer, chief of in-ternal 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 af-filiates:

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	Huang, Po-Shu	January 1, 2023 to De-cember 31, 2023	8,755	5,409	14,164	Non-audit public expenses pri-marily consist of ESG assurance, advisory fees, and tax certification fees.
	Ming Hung Huang					

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC' s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

- <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

(1) Regarding the former CPAs

Replacement Date	Approved by the Board of Directors on February 1st, 2024		
Replacement Reasons and Explanations	In response to operational management needs and to strengthen corporate governance, the accounting firm and signing accountant were replaced starting from the first quarter of 2024.		
Statement on whether the authorizing party or the accountant terminates or rejects the authorization	<div>Parties Involved</div> Status	CPA(s)	Authorizing party
	Termination of appointment	-	-
	No longer accepted (continued) appointment	-	√
	Opinion and reasons for issuing audit reports other than unqualified opinions within the last two years		
	N/A		
Is there any disagreement with the issuer?	Yes		Accounting principles or practices
			Disclosure of financial statements
			Audit scope or procedures
			Others
	N/A	√	
	Description: N/A		
Other items for disclosure (items in Item 1-4 to Item 1-7, Subparagraph 6, Article 10 of the Regulations shall be disclosed)	N/A		

(2) About the Succeeding CPA

Name of CPA firm	Deloitte & Touche Tohmatsu, Taipei, Taiwan, Republic of China
Name of CPA	CPAs Kung Tse-Li and Kuo Li-Yuan
Date of Appointment	Approved by the Board of Directors on February 1st, 2024, replaced from 2024 Q1
Consultation given on accounting treatment or accounting principle adopted for any specific transactions and on possible opinion issued on financial report prior to appointment and results	N/A
Written opinions from successor CPAs with regards to matters with which former CPAs disagreed	N/A

(3) The former CPAs’ response to Article 10, Subparagraph 6, Item 1 and Item 2-3 of the accounting standards: The former CPAs’ replied according to regulations to the incoming accountant and the Company, without any dissent or matters requiring disclosure.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC’ s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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	2023		As of April 9, 2024	
		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.	-	2,000,000	-	-
	Nita Ing	-	-	-	-
	John Huang	-	-	-	-
Director Corporate representative of the director Corporate representative of the director	Han-De Construction Co., Ltd.	-	15,604,000	-	(300,000)
	Arthur Chiang	-	-	-	-
	John T. Yu	-	-	-	-
Independent Director	Robert Hung	-	-	-	-
Independent Director	Sean Chao	-	-	-	-
Independent Director	Rex Yang	-	-	-	-
CEO	Joseph Chai (Note1)	-	-	-	-
Vice President	Edward Wang	-	-	-	-
Vice President	Qiwei Lu	-	-	-	-
Vice President	Kevin Liu	-	-	-	-
Vice President	Brian Hsu	-	-	-	-
Vice President	Peggy Wang	-	-	-	-
Vice President	Kent Emil Kvaal	-	-	-	-
Corporate Governance Officer	Calvin Tsai	-	-	-	-

Note :Shares held through nominees

Information on Equity Transfer and Equity Pledge:

The aforementioned transactions of equity transfer and equity pledge involving directors, executives, and major shareholders are not related parties; therefore, there is no disclosure of this information.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC' s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

IX. Disclosure of Interrelationship among top 10 largest shareholders

April 9, 2024

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: Liu Gui Ying	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. Chairman: MaoShi Corporation	63,093,108	7.64	0	-	0	-	Bunker Industry Inc. Wei-Dar Development Co., Ltd. Tamerton Group Limited Miriton Investment Limited	Related-party	
							Wei-Dar Development Co., Ltd.	Chairman of the same person	
Wei-Dar Development Co., Ltd. Chairman: MaoShi Corporation	53,708,923	6.50	0	-	0	-	Bunker Industry Inc. Han-De Construction Co., Ltd. Tamerton Group Limited Miriton Investment Limited	Related-party	
							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: Lin Fu Xing	36,638,000	4.44	0	-	0	-	No	No	
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. Chairman: Xiong Ming He	19,992,000	2.42	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	
Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	9,883,940	1.20	0	-	0	-	No	No	

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

- I. Company's organization
- II. Information on Board of Directors and major managers
- III. The remuneration of Directors and major managers
- IV. Status of corporate governance implementation
- V. Information regarding TSRC’ s audit fees
- VI. Information on replacement of CPA
- 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
- VIII. Changes in equity of Directors, managers, and major shareholders
- IX. Disclosure of Interrelationship among top 10 largest shareholders
- X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

- I. Capital and shares
- II. Corporate Bonds Status
- III. Preferred stocks Status
- IV. Global depository receipts Status
- V. Employee stock warrants Status
- VI. Restricted Stock Awards Status
- VII. Status of issuance of new shares for mergers or acquisitions of other companies
- VIII. Status of capital utilization

Overview of business operations

Overview of financial status

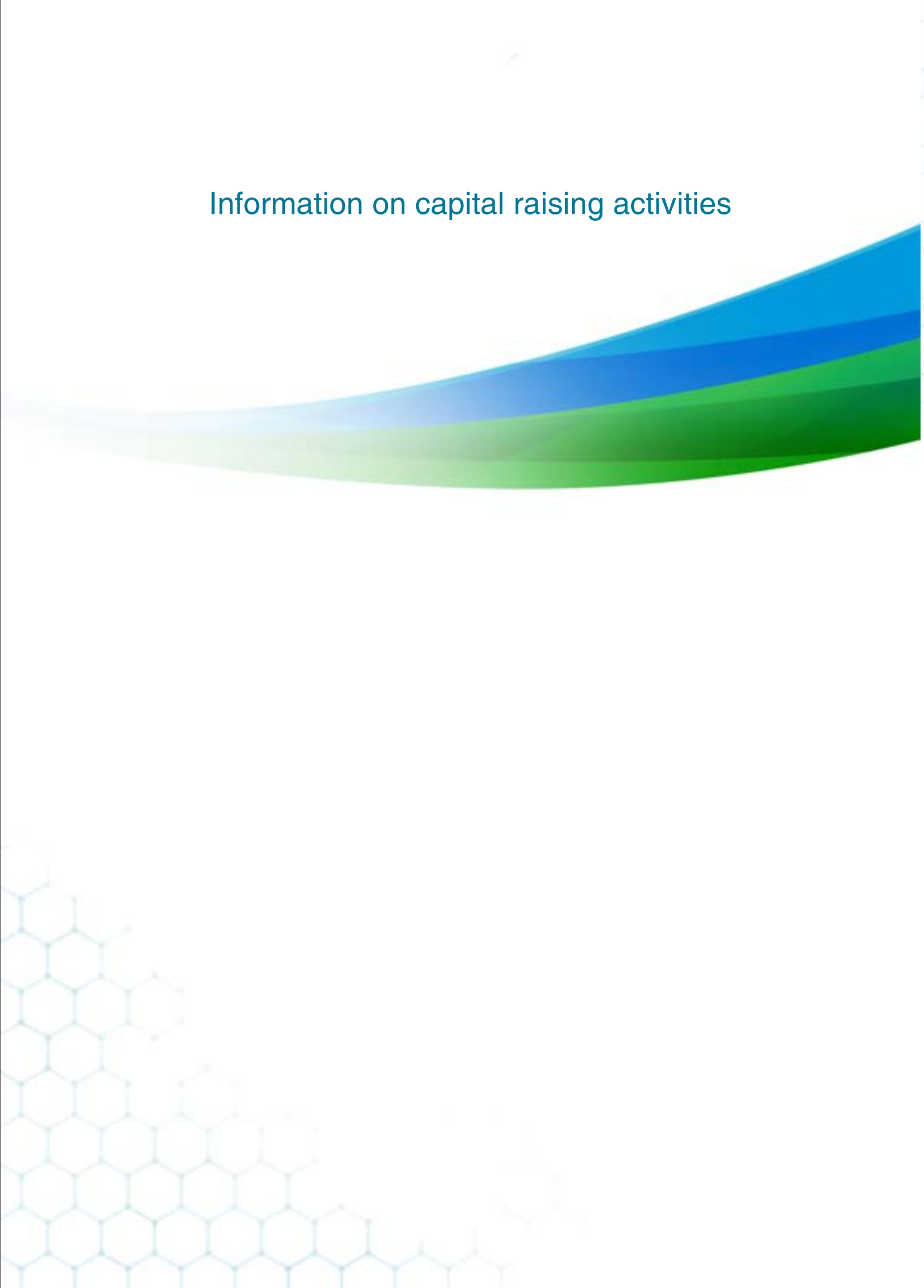
Review and analysis of the Company's financial position and financial performance, and risk management

Special items to be included

Other disclosures

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

Information on capital raising activities



Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

I. Capital and shares

II. Corporate Bonds Status

III. Preferred stocks Status

IV. Global depository receipts Status

V. Employee stock warrants Status

VI. Restricted Stock Awards Status

VII. Status of issuance of new shares for mergers or acquisitions of other companies

VIII. Status of capital utilization

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

I. Capital and shares

<1> Source of capital stock

April 9, 2024

Year/ month	Issue price (NTD)	Authorized stock capital		Paid-in capital		Remarks		
		Shares(s) (1,000 shares)	Amount (NTD 1,000)	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 Com- pany		
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	
Novem- ber 1975	10	40,000	400,000	30,000	300,000	Increase of NTD 100,000,000		
Decem- ber 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 earn- ings NTD 52,380,000 transferred from capital		
Septem- ber 1981	10	110,000	1,100,000	92,300	923,000	Increase of NTD 16,980,000 NTD 173,640,000 transferred from earn- ings		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 trans- ferred 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		
Septem- ber 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 earn- ings NTD 63,945,000 transferred from capital		
Septem- ber 1986	10	164,200	1,642,000	164,200	1,642,000	Increase of NTD 80,463,000 NTD 119,577,000 transferred from earn- ings 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 earn- ings NTD 32,840,000 transferred from capital		

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

- I. Capital and shares
- II. Corporate Bonds Status
- III. Preferred stocks Status
- IV. Global depository receipts Status
- V. Employee stock warrants Status
- VI. Restricted Stock Awards Status
- VII. Status of issuance of new shares for mergers or acquisitions of other companies
- VIII. Status of capital utilization

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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 1988	10	238,319	2,383,199	238,319	2,383,199	NTD 363,539,000 transferred from earn- ings		
August 1989	10	274,068	2,740,679	274,068	2,740,679	NTD 357,480,000 transferred from earn- ings		
October 1991	10	306,956	3,069,560	306,956	3,069,560	NTD 328,881,000 transferred from earn- ings		
August 1995	10	550,000	5,500,000	369,700	3,697,000	NTD 627,440,000 transferred from earn- ings		
July 1997	10	550,000	5,500,000	502,900	5,029,000	NTD 1,332,000,000 transferred from earn- ings		
July 1998	10	750,000	7,500,000	580,487	5,804,870	NTD 775,870,000 transferred from earn- ings		Authorized stock capital includes con- vertible 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 earn- ings		June 29, 1999 Ap- proved 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 earn- ings		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 earn- ings		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 earn- ings		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 earn- ings		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 9, 2024

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

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

- I. Capital and shares
- II. Corporate Bonds Status
- III. Preferred stocks Status
- IV. Global depository receipts Status
- V. Employee stock warrants Status
- VI. Restricted Stock Awards Status
- VII. Status of issuance of new shares for mergers or acquisitions of other companies
- VIII. Status of capital utilization

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

<2> Shareholders' structure

April 9, 2024

Shareholder's Structure Quantity	Government Agencies	Financial Institutions	Other juridical persons	Individual	Foreign Institutions & Natural Persons	Total
Number of persons	5	18	270	81,150	298	81,741
Share(s)	2,005,063	74,350,549	203,470,945	344,455,311	201,428,110	825,709,978
Stake(%)	0.24	9.00	24.65	41.72	24.39	100.00

<3> Diffusion of ownership

Par value NTD10/ April 9, 2024

Range of shares held	Number of shareholders	Shares held	Stake (%)
1- 999	40,226	6,347,447	0.77
1,000- 5,000	28,674	63,979,717	7.75
5,001- 10,000	6,374	48,248,741	5.84
10,001 至 15,000	2,272	28,419,165	3.44
15,001- 20,000	1,282	23,286,999	2.82
20,001- 30,000	1,127	28,391,503	3.44
30,001- 50,000	791	31,506,659	3.82
50,001- 100,000	573	40,112,744	4.86
100,001- 200,000	229	31,813,419	3.85
200,001- 400,000	111	31,168,829	3.77
400,001- 600,000	27	12,934,649	1.57
600,001- 800,000	12	8,409,568	1.02
800,001-1,000,000	2	1,696,000	0.20
1,000,001 above	41	469,394,538	56.85
Total	81,741	825,709,978	100.00

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

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

- I. Capital and shares
- II. Corporate Bonds Status
- III. Preferred stocks Status
- IV. Global depository receipts Status
- V. Employee stock warrants Status
- VI. Restricted Stock Awards Status
- VII. Status of issuance of new shares for mergers or acquisitions of other companies
- VIII. Status of capital utilization

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

<4> Major shareholders

April 9, 2024

Shareholders	Shares	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.		36,638,000	4.44
Tamerton Group Limited		34,578,143	4.19
Hao Ran Foundation		28,171,319	3.41
Cathay Life Insurance Co. Ltd.		19,992,000	2.42
Miriton Investment Limited		14,151,148	1.71
Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds		9,883,940	1.20

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

Unit: NTD

Item		Fiscal year	2023	2022	As of April 9, 2024
Market price per share	Maximum		30.65	41.1	23.80
	Minimum		22.75	25.0	22.05
	Average		25.75	30.21	23.08
Net worth per share	Before distribution		23.52	22.44	-
	After distribution		22.96(Note 1)	21.36	-
Earnings per share	Weighted-average share(s)		825,709,978	825,709,978	825,709,978
	EPS	Before adjustment	0.82	2.16	-
		After adjustment	0.82(Note 1)	2.16	-
Dividends per share	Cash dividend (Note 1)		0.41	1.08	-
	Capital Surplus(Note 1)		0.15	-	-
	Dividends (Note 1)	Dividend distributed from earnings	-	-	-
		Dividend distributed from additional paid-in capital	-	-	-
	Cumulative outstanding dividends(Note 2)		-	-	-
Return on Investment	Price-earnings (P/E) ratio (Note 3)		31.40	13.99	-
	Price-dividend (P/D) ratio(Note 4)		45.98	27.97	-
	Cash dividend yield(Note 5)		2.17	3.57	-

Note 1: The amount decided by the board of directors on March 7, 2024.
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

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

I. Capital and shares

II. Corporate Bonds Status

III. Preferred stocks Status

IV. Global depository receipts Status

V. Employee stock warrants Status

VI. Restricted Stock Awards Status

VII. Status of issuance of new shares for mergers or acquisitions of other companies

VIII. Status of capital utilization

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

<6> Company Dividend Policy and Implementation

1. Dividend policy

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.

In line with the Company's long-term capital planning strategy, and adhering to principles of stability and balance, the Company has allocated 50% to 60% of the after-tax net profit for the fiscal year as cash dividends to shareholders in recent years.
2. Distribution of dividends scheduled at the shareholders' annual meeting

The Board of Directors of the Company, in line with the Company's operational development and considering shareholder interests, intends to distribute a cash dividend of NT\$0.56 per share for the fiscal year 2024. This includes a cash dividend of NT\$0.41 per share and a capital reserve dividend of NT\$0.15 per share. Submitted to the 2024 Shareholders’ Meeting for Report.

<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.

The aforementioned directors may allocate remuneration amounts and methods for employee compensation in accordance with the board’ s resolutions.
2. The amount of the employee's and Directors' remuneration compensation in 2023 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) In 2023, the Company distributed remunerations of employees and remunerations of Directors in cash of NT\$69,010 thousand and 0; 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 2023.
4. The actual distribution of the remunerations of employees and Directors for the preceding year:

In 2022, the Company distributed remunerations of employees in cash of NT\$130,999 thousand and remunerations of Directors in cash of NT\$11,857 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

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

I. Business overview

II. Market overview and production/sales analysis

III. Employees information

IV. Disbursements of environmental protections

V. Labor relations

VI. Cybersecurity Management

VII. Material contracts

Overview of financial status

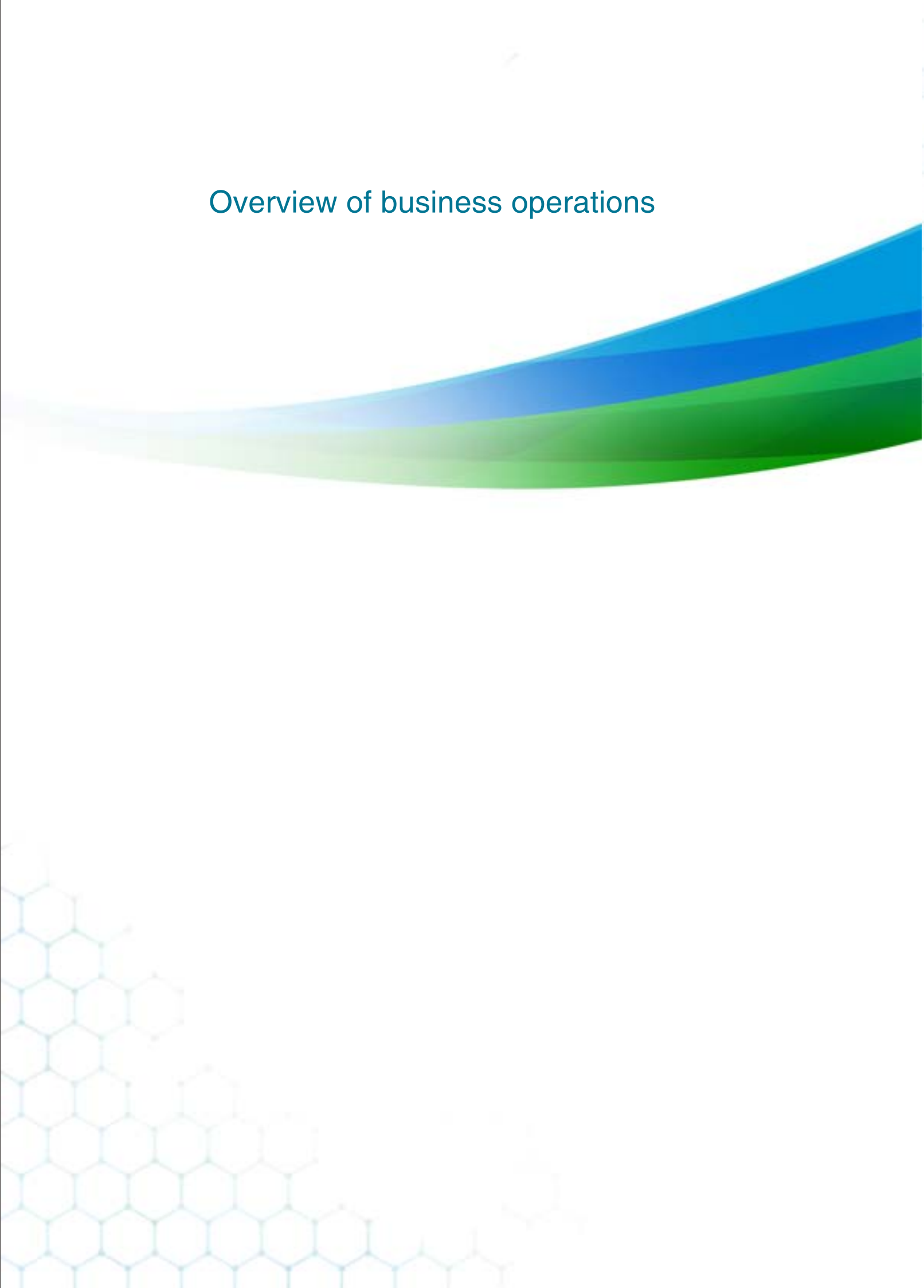
Review and analysis of the Company's financial position and financial performance, and risk management

Special items to be included

Other disclosures

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

Overview of business operations



Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

I. Business overview

II. Market overview and production/sales analysis

III. Employees information

IV. Disbursements of environmental protections

V. Labor relations

VI. Cybersecurity Management

VII. Material contracts

Overview of financial status

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

Special items to be included

Other disclosures

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

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 2023	Total Turnover(%)
Synthetic rubber and elastomers	30,717,472	98
Applied materials	709,417	2
Total	31,426,889	100

3. Planned Developments of New Products

- 1 TSRC is actively advancing next-generation technology platforms, investing in the development of new-generation eco-friendly S-SBR and Li-BR rubber products to meet the growing needs for high-performance and electric vehicle tires.
- 2 The company continues to expand the application areas of BR products to meet the demands of footwear and tire customers, enhancing product performance.
- 3 Development of high-value-added differentiated SBC products is underway, including applications in medical-grade materials and sanitary products.
- 4 Development of functional film materials suitable for medical and electronic products is also progressing, providing customized solutions.

<2> Industry Overview:

1. Global Economic Environment

In 2023, the global economy slowdown continued mainly driven by service sector, while commodity demand has shown the weakness in manufacturing activities. The rise in central bank policy rates to fight inflation and price spike weighted on the private consumption. The demand improvement in advanced economies (Europe/United States) did not materialize as expected. Structural challenges persisted in mainland China, including turbulence in the real estate sector and rising unemployment. The U.S.-China Tech disputes and geopolitical risks further weakened the consumption and investment momentum in mainland China. Moreover, downtown in mainland China was dragged by both global supply chain diversification and production relocation to other Asian regions. The turmoil in the Middle East disrupted global supply chains and exacerbated short-term fluctuations in commodity prices.

Looking into 2024, the challenges continue to weigh on global economy, including lagging impacts of tightening monetary policies and the slowdown of economic growth in mainland China. The uncertainty of geopolitical risks further exacerbates the global inflation. Both the U.S. and European central banks have indicated that the high-interest-rate environment has impacted the economy and will assess the possibility to end the interest rate hike. It is forecasted that global economic growth will remain slow but stable in 2024, along with solid sales momentum in the emerging markets, signs of rebound in the manufacturing sector's new orders index, despite slow recovery in the developed economics. The International Monetary Fund (IMF) and the Organization for Economic Co-operation and Development (OECD) forecast global economic growth rates of 3.1% and 2.9%, respectively.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

I. Business overview

II. Market overview and production/sales analysis

III. Employees information

IV. Disbursements of environmental protections

V. Labor relations

VI. Cybersecurity Management

VII. Material contracts

Overview of financial status

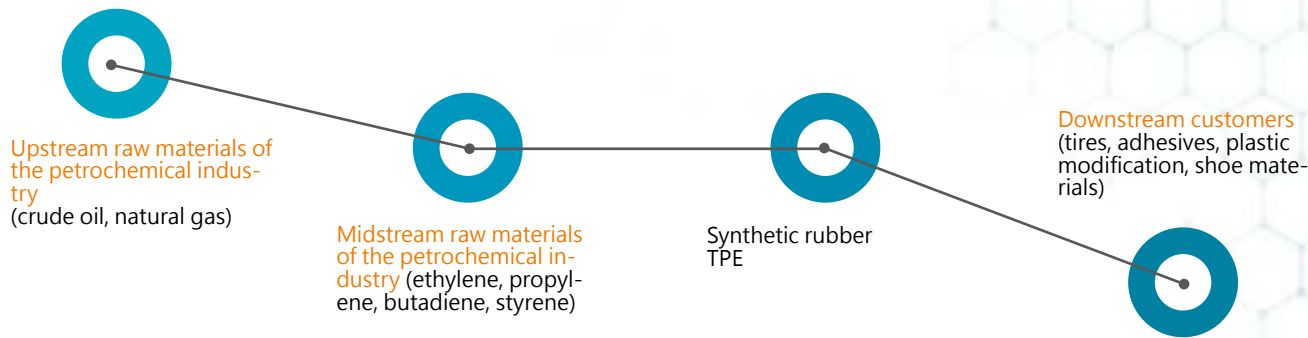
Review and analysis of the Company's financial position and financial performance, and risk management

Special items to be included

Other disclosures

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

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 2023, global automotive industry benefited from the easing of chips supply in the EU/US, resulting in sales volume growth as compared to last year. According to GlobalData, global car sales in 2023 reached 86.58 million units, representing a 9.9% increase as compared to 2022. In 2023, the automotive market in mainland China benefited from various stimulus policies. According to the China Association of Automobile Manufacturers (CAAM) estimates, 2023 car sales in mainland China reached 30.09 million units, representing a 12% increase as compared to the previous year.

Several challenges persisted in 2023, such as global inflation, weak private consumption, and geopolitical conflicts. The consumer spending turned muted. The broad destocking negatively impacted raw materials and dampened the demand for synthetic rubber and thermoplastic elastomers (TPE). Looking ahead to 2024, interest rates is expected to be eased along with gradual easing of global inflation. With the rapid development of electric vehicles in mainland China and the gradual demand recovery in the EU/US automotive markets, downstream tire and rubber demands are expected to increase. At the same time, factors such as increasingly stringent environmental & safety regulations and rising carbon emission costs, coupled with the gradual commissioning of newly-completed production capacity in recent years, may exacerbate the challenges in the chemical industry.

The Company will continue its customer partnership by coordinating the sales, production, and procurement effectively. We work closely with key customers in supply, technical services, logistics, and cost management. In addition, we actively optimize product quality and performance to meet customers' expectations for leading products. Looking ahead, we will continue to drive the development of new technology platforms and applications, accelerate the commercialization of high-value-added products, and develop sustainable product solutions.

<3> Overview of technology and R&D

1. R&D expenses



Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

I. Business overview

II. Market overview and production/sales analysis

III. Employees information

IV. Disbursements of environmental protections

V. Labor relations

VI. Cybersecurity Management

VII. Material contracts

Overview of financial status

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

Special items to be included

Other disclosures

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

2. Successfully developed technology or products

Item	Result
Patents	<ul style="list-style-type: none">There are 20 patents granted for this year.
Development of new generation rubber materials	<ul style="list-style-type: none">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 continue to expand sales
Development of tires for new energy vehicles.	<ul style="list-style-type: none">Development of next-generation rubber material solutions, encompassing application research testing, new energy vehicle tire technology platforms, and product portfolios, provide customers with comprehensive technical knowledge and services, enabling products to obtain certifications from numerous international clients.
Product optimization - ESB/BR	<ul style="list-style-type: none">Optimization of existing BR product formulations and processes, expanding into new application markets to provide customers with better processing performance, helping them save energy and reduce carbon emissions. Our products have been certified by major manufacturers, enhancing commercial sales orders.Evaluating new suppliers for raw materials not only strengthens supply chain stability but also enhances competitive advantages.
Development of high-value Styrene-Butadiene Copolymer (SBC) products	<ul style="list-style-type: none">Completed the development of medical materials; international customers have completed testing and medical certification of the product; and continue to expand salesDeveloped 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.To meet market demand and comply with the latest global regulations, completed the upgrade and update of the entire Vector® SIS product line.
Development of ESG shoe material	<ul style="list-style-type: none">Applied the supercritical fluid technologies to develop application products that align with ESG. international brands are carrying out relevant certifications.Successfully developed balanced midsole materials with lighter weight and high rebound characteristics, which have been certified by customers.
Compounds for medical use	<ul style="list-style-type: none">Optimized the key performance of tubing and films for medical infusion materials, actively striving for certification from leading medical equipment brands.Optimized the key performance of tubing and films for medical infusion materials, actively striving for certification from leading medical equipment brands.
Compounds for special applications	<ul style="list-style-type: none">The protective film has been approved by international major manufacturers and is currently in commercial production, with ongoing collaborative development of innovative applications with customers.
Development of cutting-edge process technologies	<ul style="list-style-type: none">Continuously optimizing existing processes to increase capacity and product quality while reducing energy consumption.Completed optimization of the Vector® SBS production line, simultaneously enhancing production efficiency.Completed the design planning for new the Shenhua plant, introduced next-generation process technology for new line construction, significantly enhancing manufacturing capacity and output.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

- I. Business overview
- II. Market overview and production/sales analysis
- III. Employees information
- IV. Disbursements of environmental protections
- V. Labor relations
- VI. Cybersecurity Management
- VII. Material contracts

Overview of financial status

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

Special items to be included

Other disclosures

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

<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 TS-RC' 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 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) Proactively responding to industry headwinds through stable product quality, close collaboration with customers, and differentiated market positioning with high-value product supply.
 - (6) Developing a timeline for obtaining International Sustainability and Carbon Certification (ISCC PLUS) accreditation for the TPE production bases in Nantong and the United States, showcasing the company's proactive actions in sustainable materials.
 - (7) Introducing bio-based thermoplastic elastomer products to provide a more forward-looking choice for high-performance materials. Dedicated to enhancing the sustainability of high-performance materials through recycling and innovative application solutions.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

I. Business overview

II. Market overview and production/sales analysis

III. Employees information

IV. Disbursements of environmental protections

V. Labor relations

VI. Cybersecurity Management

VII. Material contracts

Overview of financial status

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

Special items to be included

Other disclosures

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

II. Market overview and production/sales analysis

<1> Market Analysis

1. Major sales destinations

Unit: thousand NTD/Metric Ton

Name of product	2023		Exported territories
	Sales volume	Sales amount	
Synthetic rubber and elastomers	532,056	30,717,472	China, USA, Vietnam, Germany, Thailand
Applied materials	8,856	709,417	China, Vietnam, Thailand

2. Market share:

TSRC had ranked NO.7 in the world based on IISRP 2023 Annual Synthetic Rubber Capacity Survey.

3. Industry demand supply and market growth projection

In the near term, the synthetic rubber industry continues to face oversupply. However, automobiles and tires are essential consumer goods, and the long-term market demand is expected to remain stable, providing a solid foundation for the operation of TSRC. The demand for automobiles and tires in the Asian region continues to exhibit higher growth compared to the global average. Our company will enhance profitability through optimization of customer and product portfolios, order allocation, and production line adjustments.

The rapid development of the electric vehicle industry is expected to drive demand for next-generation tire development, emphasizing characteristics such as energy efficiency, durability, and high performance. TSRC will dedicate itself to developing new products and solutions according to customer needs to strategically position itself in the market and seize opportunities. With the rise of ESG awareness, consumers are increasingly focused on energy-saving and carbon-reducing products, particularly in the fields of tires and footwear. Customers are paying more attention to the acquisition of sustainable materials. In 2023, the Company obtained ISCC PLUS certification, demonstrating its ability to provide customers with bio-based materials. In the future, we aim to continue to increase the proportion of sustainable materials to achieve ESG goals.

The continuing demand from an aging population and the gradual transition from PVC to thermoplastic elastomer materials have led to an estimated demand of 40,000 to 50,000 metric tons for Hydrogenated Styrenic Block Copolymer (HSBC) medical products in 2024. Half of this demand is expected to be for infusion bags, with the Chinese market showing a stable growth trend. In the footwear industry, global footwear brands are focusing on low-carbon, circular economy, and supply chain integration initiatives. It is worth noting that Taiwan's footwear industry supply chain is actively planning to expand new production capacities in India and Indonesia. Additionally, the New Energy Vehicles (NEV) industry is experiencing strong growth, benefiting from the strong support of the Chinese government.

The adhesive formulation industry is facing intense price competition, with the market share of the world's top adhesive formulation leaders being eroded by emerging private enterprises in China. Global adhesive formulation manufacturers are increasingly focusing on price sensitivity and are committed to developing products that reduce energy consumption or usage. With the rise of the circular economy and new regulations, the annual compound growth rate of recycled PP is estimated to be 9.3%, which will drive a rapid increase in demand for SEBS-modified materials in post-consumer recycled (PCR) applications.

Impacted by the new capacity of both state-owned and private enterprises in China, the global SBS operating rate has dropped to 62%. Chinese petrochemical companies continue to expand the production capacity of SIS, leading to an oversupply situation. Despite an expected increase in demand due to destocking and growing e-commerce, total demand is projected to be lower than the previous year's levels due to a significant decrease in demand for waterproof materials and mask films in China. The demand for SEBS increased by 3.8% due to moderate growth in the automotive and economic sectors. With the commercial operation of two new production lines by Chinese state-owned petrochemical enterprises in the third quarter of 2023 and the second quarter of 2024, the global operating rate decreased to 52%. Adapting to market changes requires close monitoring to make timely adjustments and responses.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

I. Business overview

II. Market overview and production/sales analysis

III. Employees information

IV. Disbursements of environmental protections

V. Labor relations

VI. Cybersecurity Management

VII. Material contracts

Overview of financial status

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

Special items to be included

Other disclosures

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

4. Competitive positioning, future development factors and actions

The synthetic rubber business of our Company produces E-SBR and BR, which are mature products. The differences between products produced by different manufacturers are not significant, and raw material costs are the key to profitability. Our Company lacks upstream integration advantages, and profitability is significantly affected by raw material trends, especially butadiene. In recent years, there has been a significant increase in butadiene capacity in the Asian region. Coupled with our Company's bargaining power in procurement, we anticipate reducing the cost differential between non-integrated and vertically integrated facilities. Furthermore, the Company actively expands into overseas markets and non-tire sectors, broadening its sales channels.

With the rise in protectionism and geopolitical tensions, the risks to the supply chain have increased. The focus of the supply chain has shifted from optimizing production costs to ensuring diversity and local stability in supply. TSRC has multiple production sites globally, which effectively mitigates the risk of supply disruptions for customers and optimizes costs amid trade disputes or increased carbon fees.

The Advanced Materials Division of the Company anticipates increased market impact due to the gradual introduction of new facilities for Thermoplastic Elastomers (TPE) in China between 2024 and 2025. During the initial operation phase, these new facilities will be in the debugging stage, potentially increasing the probability of market disruption from low-cost supply. Further exacerbating the supply-demand imbalance in the market, creating a situation of adding insult to injury. Simultaneously, facing geopolitical conflicts, relatively high energy prices, and the profound impact of carbon taxes on the international trade landscape, accelerating the restructuring of supply chain industry systems, with a noticeable trend towards regionalization.

At the same time, as sustainable development issues continue to receive attention, more and more companies need to adjust and innovate product development to meet the needs of different industry sectors and align with the trend of sustainable development. Under the requirements of the circular economy, simplifying the types of raw materials in products has become a core focus of development, aimed at increasing recyclability and using recycled materials. These trends help drive customers to shift their raw materials towards high-performance thermoplastic elastomers (TPE) and related downstream applications, thereby accelerating the growth rate of market demand. Therefore, enterprises should pay more attention to the environmental characteristics of their products, including eco-friendly, non-toxic materials, carbon reduction, energy efficiency, lightweight products, and enhanced structural strength. These characteristics not only offer advantages in recyclability but also prolong the material's lifespan, becoming key trends in the development of downstream product applications.

In response to the competition arising from the new capacity in thermoplastic elastomers (TPE), the Company will simultaneously address short-term, long-term, and sustainable benefits, undertaking concrete actions. Furthermore, the company has obtained International Sustainability and Carbon Certification (ISCC PLUS) accreditation and carbon emission licenses in 2023. It will continue to enhance the sustainability of high-performance materials and diversify its portfolio of market and application solutions through various innovative initiatives. Additionally, the Company is focusing on accelerating the development of new high-end technology application solutions for hydrogenated thermoplastic elastomers (TPE) and compounding materials, aiming to break away from price competition and enhance the company's competitiveness.

<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.
-------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

I. Business overview

II. Market overview and production/sales analysis

III. Employees information

IV. Disbursements of environmental protections

V. Labor relations

VI. Cybersecurity Management

VII. Material contracts

Overview of financial status

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

Special items to be included

Other disclosures

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

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	2023			2022		
	Capacity	Output	Output value	Capacity	Output	Output value
Synthetic rubber and elastomers	586,600	521,558	24,686,612	586,600	531,949	27,289,140
Applied materials	23,731	9,443	663,249	23,731	8,077	593,308
Total	610,331	531,001	25,349,861	610,331	540,026	27,882,448

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

Unit: thousand NTD/Metric Ton

Product	2023				2022			
	Domestic		Export		Domestic		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Synthetic rubber and elastomers	345,295	19,967,367	186,761	10,750,105	342,625	21,902,238	170,478	11,217,468
Applied materials	5,781	447,194	3,075	262,223	5,612	449,886	2,363	271,605
Total	351,076	20,414,561	189,836	11,012,328	348,237	22,352,124	172,842	11,489,073

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

I. Business overview

II. Market overview and production/sales analysis

III. Employees information

IV. Disbursements of environmental protections

V. Labor relations

VI. Cybersecurity Management

VII. Material contracts

Overview of financial status

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

Special items to be included

Other disclosures

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

III. Employees information

Year		2023	2022	As of April 9, 2024
Direct workers		884	849	868
Indirect workers		768	779	776
Total		1652	1628	1644
Average age		42.03 (years old)	41.8 (years old)	42.2(years old)
Average seniorities		11.9 (years)	11.8 (years)	12.0 (years)
Education level (%)	Ph.D.	1%	1%	1%
	Master	14%	14%	14%
	Bachelor	66%	65%	67%
	Senior high school	16%	17%	16%
	Below senior high school	3%	3%	2%

IV. Disbursements of environmental protections

Losses for environmental pollution and Punishment

item \ year	2022	Till April 4, 2024
Pollution (Type and procedure)	Air pollution, waste	No
Counterpart, or authority imposing fines	Kaohsiung Environmental Protection Bureau	No
Compensation and fines	NT\$645,000	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.20-112-060002	Article 23 of the Air Pollution Control Act	On March 31, 2023, during an inspection conducted by the Kaohsiung City Environmental Protection Bureau, it was discovered that the air blower of the wastewater collection tank at the Kaohsiung plant (which collects waste gas to the air stripping tower for recovery and then to the activated carbon adsorption tower for treatment before discharge) had a detected value of 2,062 ppm according to the flame ionization detector, which did not comply with Article 13 of the Regulations Governing the Control and Reduction of Volatile Organic Compound Air Pollution and Emissions, indicating ineffective collection of air pollutants. Consequently, penalties were imposed.	NT\$ 450,000	A checklist for the inspection of low-point drainage discharge valves has been established. After closing the drainage valves, inspection is conducted using detection instruments to confirm that the valves are closed and that there is no VOC (Volatile Organic Compounds) leakage.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

I. Business overview

II. Market overview and production/sales analysis

III. Employees information

IV. Disbursements of environmental protections

V. Labor relations

VI. Cybersecurity Management

VII. Material contracts

Overview of financial status

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

Special items to be included

Other disclosures

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

No.	No. of Fine Notification	Regulation or Provision Violated	Disposal	Amount of Fine	Countermeasure
2	Kao-Shi-Huan-Ju-Fei-Chu-Zi No.20-112-120039	Article 32, Paragraph 1, Item 4 of the Air Pollution Control Act	On November 30th, 2023, a leakage of isoprene occurred at the damaged flange of a conveying pipe in the Kaohsiung plant, resulting in the generation of an odor due to the residual isoprene inside the pipe. The Company was fined by the Environmental Protection Bureau pursuant to Article 32, Paragraph 1, Item 4 of the Air Pollution Control Act.	NT\$ 195,000	The operational regulations now include that immediately after unloading from the isoprene tank truck, the unloading pipeline must be purged. After purging the pipeline, the connection hand valve between the unloading pipe and the circulation pipe must be closed to prevent the liquid seal of the unloading pipe or the hazard of residual isoprene self-polymerization in the pipeline. And to prevent the residual isoprene in the transport pipeline.

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. Regarding welfare measures

1.1 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.

1.2 TSRC hosts large annual gatherings and galas each year for better employee relationships.

1.3 Setting up staff cafeteria and subsidizing staff's meals

1.4 Gives employees cash gifts for weddings, childbirth, injuries, and allowances for disease.

1.5 As for the insurance, besides labor and health insurance, TSRC also provides free group insurance that covers employees and their family members.

1.6 Has one nurse for each medical room; and offers medical consultation services with physicians.

1.7 In addition to enhancing employee welfare, the provision of massage services fosters a diverse, equitable, and inclusive workplace environment, contributing to the promotion of DEI (Diversity, Equity, Inclusion) principles.

2. Education and Training

In accordance with internal employee training policies, the Company implements an education and training program based on the annual business objectives, departmental needs, and relevant legal requirements. This program includes courses on general knowledge, professional skills, and managerial abilities for both new hires and existing staff. Training is facilitated through methods such as On-the-Job Training (OJT), Off-the-Job Training (Off-JT), and Self-Development (SD) to achieve continuous learning objectives. The total training expenditure for the fiscal year 2023 amounted to NT\$10.061 million, with an average training cost of approximately NT\$6.1 thousand per person and an average training duration of about 71 hours per person.

3. Retirement System and Its Implementation

To ensure the stability of employees' lives after retirement, the Company has established a Labor Retirement Regulations and formed a Labor Retirement Preparation Fund Supervisory Committee. This committee convenes regular quarterly meetings to oversee the utilization of the retirement fund, safeguarding the interests of colleagues. In the year 2023, a total of four meetings were held to fulfill this responsibility.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

- I. Business overview
- II. Market overview and production/sales analysis
- III. Employees information
- IV. Disbursements of environmental protections
- V. Labor relations
- VI. Cybersecurity Management
- VII. Material contracts

Overview of financial status

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

Special items to be included

Other disclosures

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

Item	Old System	New System
Legal Foundation	Labor Standards Act	Labor Pension Act
Allocation Ratio and Status of Retirement Funds	For employees eligible for retirement under the Labor Standards Act, 2% of their total monthly salary is deducted and deposited monthly into the Taiwan Bank's labor retirement reserve account. Every year, Yuetian Actuarial Consultants is commissioned to conduct actuarial calculations for retirement pensions. At the end of each year, the amount in the labor retirement reserve account is reviewed to determine if it is sufficient to cover the retirement pensions estimated to be required by employees who meet the retirement criteria for that year. If there is an insufficiency, the required retirement contributions will be topped up by the end of March of the following year in accordance with the law. As of the end of December 2023, there were 101 employees subject to the old retirement system, while there were 91 employees subject to both the new and old retirement systems simultaneously.	For employees covered by the Labor Pension Act, the company contributes a percentage ranging from 6% of each employee's monthly total salary according to the Salary Grading Table for Monthly Contributions to the Employee's Individual Pension Account to the individual pension accounts at the Bureau of Labor Insurance. Since the implementation of the Labor Pension Act on July 1, 2005, the proportion of new employees covered by the new retirement pension system among regular employees has been 100%. As of the end of December 2023, a total of 478 employees were covered by the new retirement system.
Qualifications for Retirement Application	Voluntary Retirement: a. Employees aged 55 or above with 15 years of service in the Company b. Employees with 25 years of service in the Company c. Employees aged 60 or above with 10 years of service in the Company Mandatory Retirement: a. Employees aged 65 or above b. Employees who are physically or mentally incapable of performing their duties	As Left
Retirement Application Procedure	Employees eligible for retirement should complete the retirement application form. Upon approval, the re-tirement procedures will be carried out.	As Left
Retirement Pension Payment Standards	For employees covered by the "Labor Standards Act" and eligible for retirement based on their years of service, the retirement pension is calculated as follows: For each year of service, 2 times the basic wage is provided; After completing 15 years of service, an additional 1 times the basic wage is provided for each year beyond 15 years; The total number of basic wages provided is capped at 45; For periods of less than half a year, it is counted as half a year, and for periods exceeding half a year, it is counted as one year. The Company should provide the retirement pension to employees within 30 days from the date of their re-tirement.	When reaching the age of 60, individuals may apply to the Bureau of Labor Insurance to withdraw the accumulated funds from their personal accounts.

4. Measures for preserving employees' rights and interests:

The Company has established a labor union organization, providing diversified communication mechanisms and platforms to maintain harmonious and mutually beneficial labor-management relations. Regular labor-management meetings are held quarterly to facilitate regular and effective communication between labor and management. In 2023, a total of four labor-management meetings were convened to promote regular and effective communication between labor and management.

In addition, through the signing of a collective agreement with the enterprise union at the Kaohsiung factory, arrangements for work schedules and rest days for shift work are stipulated in the collective agreement for both labor and management to adhere to, fostering a friendly and harmonious working environment together.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

I. Business overview

II. Market overview and production/sales analysis

III. Employees information

IV. Disbursements of environmental protections

V. Labor relations

VI. Cybersecurity Management

VII. Material contracts

Overview of financial status

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

Special items to be included

Other disclosures

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

- <2> In 2023 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) 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.

(6) 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. The company has not suffered any losses due to significant cybersecurity incidents

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

- I. Business overview
- II. Market overview and production/sales analysis
- III. Employees information
- IV. Disbursements of environmental protections
- V. Labor relations
- VI. Cybersecurity Management
- VII. Material contracts

Overview of financial status

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

Special items to be included

Other disclosures

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

VII. Material Contracts

April 9, 2024

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 VORONEZHSYNTHETZKAU-CHUK	May 27, 2009 until 10 years after the official production	Authorize for production of thermoplastic elastomers with the annual capacity of 50 thousand metric tons	No
Joint venture	Indian Oil Corporation	April 3, 2010 until termination of the cooperative relationship	The joint venture for production and sales of ESBR plant with the annual capacity of 120 thousand metric tons in India	No
Technology license	Indian Synthetic Rubber Private Ltd.	September 1, 2010 until termination of the cooperative relationship	A license for India Synthetic Rubber Private Limited. to use ESBR technology	No
Joint venture	ARLANXEO Holding B.V	May 7, 2010 until termination of the cooperative relationship	The joint venture for production and sales of NBR plant with the annual capacity of 30 thousand metric tons in China	No
Technology license	ARLANXEO-TSRC (Nantong) Chemical Industrial Co., Ltd	December 1, 2010 until termination of the cooperative relationship	A license for ARLANXEO-TSRC (Nantong) Chemical Industrial Co Ltd. to use NBR technology	No
Technology license	TSRC (Nantong) Industrial Ltd.	January 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.	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

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

- I. Business overview
- II. Market overview and production/sales analysis
- III. Employees information
- IV. Disbursements of environmental protections
- V. Labor relations
- VI. Cybersecurity Management
- VII. Material contracts

Overview of financial status

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

Special items to be included

Other disclosures

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

Nature	Concerned party	Duration	Contents	Restrictive terms
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 Re-location Project” of the Chemical Industrial Park of Nantong Economic & Technological Development Area	No
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	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	May 10, 2023 to May 8, 2026	Loaned NTD 84 million	All amounts borrowed are used as the funds for our green project in compliance with the principles of green loans
Medium-and long-term loan	CTBC Bank	March 27, 2023 to March 27, 2028	Loaned NTD 650 million	Loan amount cannot be drawn again.
Medium-and long-term loan	HSBC Bank (Taiwan) Limited	March 10, 2023 to March 10, 2026	Loaned NTD 500 million	Loan amount cannot be drawn again.
Medium-and long-term loan	Mega Bank	Drawdown date of the limit to five years from the drawdown date	Loaned NTD 500 million	Loan amount cannot be drawn again.
Medium-and long-term loan	Bank of Taiwan	October 26, 2023 to October 26, 2028	Loaned NTD 1500 million	Loan amount cannot be drawn again.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

- I. Condensed balance sheet and statement of comprehensive income for the recent five fiscal years
- II. Financial analysis for the recent five fiscal years
- III. Audit committee's report
- IV. Consolidated financial statements and independent auditors' report for the most recent fiscal year
- V. Individual financial statements and independent auditors' report for the most recent fiscal year
- VI. The impact of financial difficulties in the Company and its affiliates on the Company's financial situation

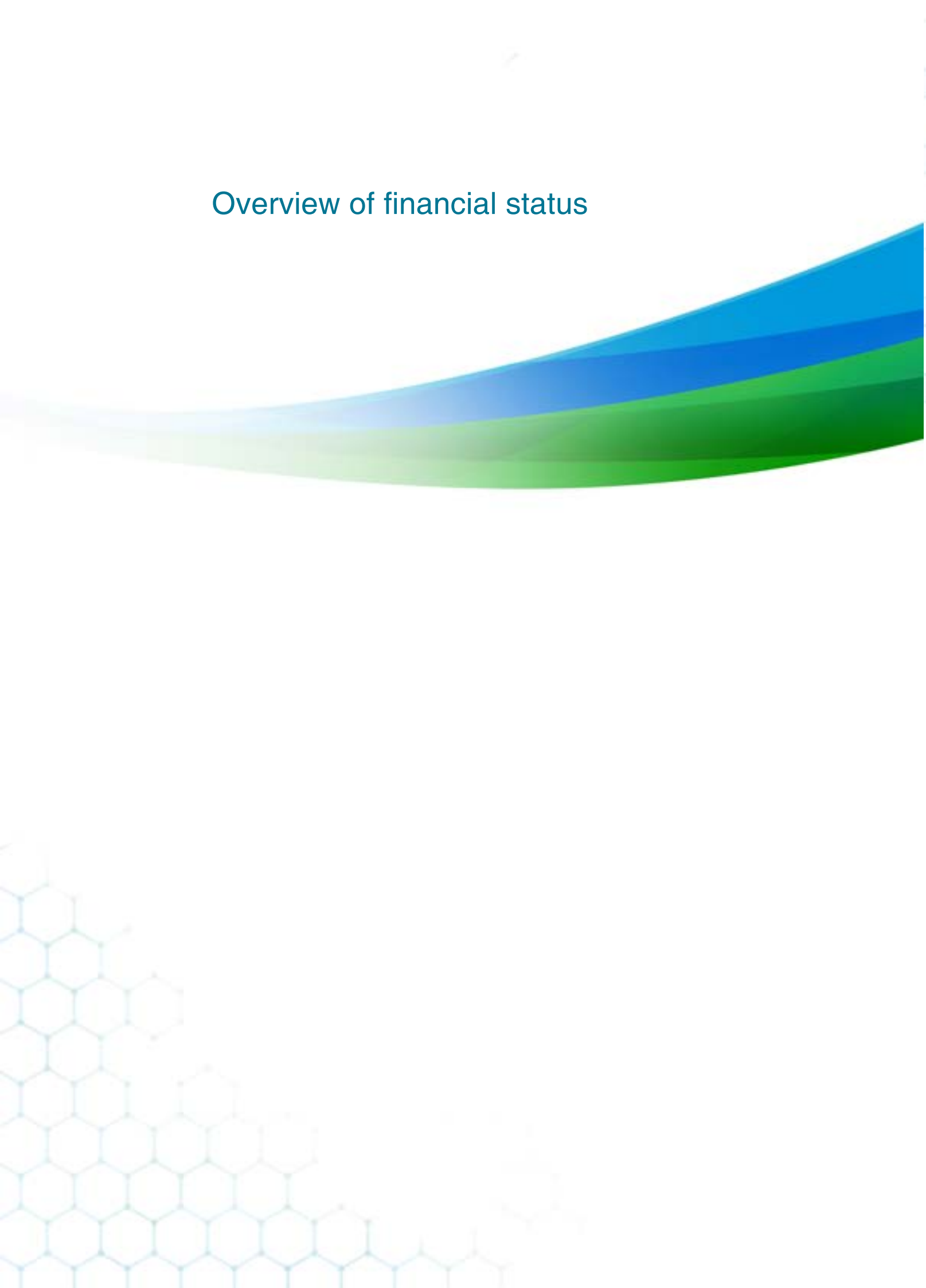
Review and analysis of the Company's financial position and financial performance, and risk management

Special items to be included

Other disclosures

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

Overview of financial status



Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

II. Financial analysis for the recent five fiscal years

III. Audit committee's report

IV. Consolidated financial statements and independent auditors' report for the most recent fiscal year

V. Individual financial statements and independent auditors' report for the most recent fiscal year

VI. The impact of financial difficulties in the Company and its affiliates on the Company's financial situation

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

Special items to be included

Other disclosures

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

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

<1> Condensed balance sheet

Unit: thousand NTD

Fiscal year		Financial information for the recent years				
		Individual				
		2023	2022	2021	2020	2019
Item						
Current assets		3,562,584	3,856,121	3,810,009	3,129,891	4,024,296
Property, plant and equipment		2,963,365	2,877,917	2,866,238	2,978,757	2,727,714
Intangible assets		48,478	66,408	69,112	65,098	44,819
Other assets		21,929,307	20,516,575	18,700,221	16,201,577	17,494,817
Total assets		28,503,734	27,317,021	25,445,580	22,375,323	24,291,646
Current liability	Before distribu- tion	5,060,945	5,769,484	4,225,702	6,037,851	4,813,822
	After distribu- tion	5,523,342(Note)	6,661,251	6,207,406	6,335,107	5,226,677
Non-current liability		4,020,969	3,020,987	3,193,928	2,198,352	4,602,132
Total liability	Before distribu- tion	9,081,914	8,790,471	7,419,630	8,236,203	9,415,954
	After distribu- tion	9,544,311(Note)	9,682,238	9,401,334	8,533,459	9,828,809
Equity attributable to shareholders of the parent		19,421,820	18,526,550	18,025,950	14,139,120	14,875,692
Common stock		8,257,099	8,257,099	8,257,099	8,257,099	8,257,099
Capital surplus	Before distribu- tion	179,833	51,725	50,725	49,531	47,140
	After distribu- tion	55,977	0	0	0	0
Retained earnings	Before distribu- tion	8,782,597	9,007,664	9,154,622	5,552,832	5,917,502
	After distribu- tion	8,444,056(Note)	8,115,897	7,172,918	5,255,576	5,504,647
Other equity		2,202,291	1,210,062	563,504	279,658	653,951
Treasury stock		0	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total sharehold- ers' equity	Before distribu- tion	19,421,820	18,526,550	18,025,950	14,139,120	14,875,692
	After distribu- tion	18,959,423(Note)	17,634,783	16,044,246	13,841,864	14,462,837

Note: the amount decided by the board of directors on March 7, 2024.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

- I. Condensed balance sheet and statement of comprehensive income for the recent five fiscal years
- II. Financial analysis for the recent five fiscal years
- III. Audit committee's report
- IV. Consolidated financial statements and independent auditors' report for the most recent fiscal year
- V. Individual financial statements and independent auditors' report for the most recent fiscal year
- VI. The impact of financial difficulties in the Company and its affiliates on the Company's financial situation

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

Special items to be included

Other disclosures

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

Fiscal year \ Item		Financial information for the recent years				
		Consolidated				
		2023	2022	2021	2020	2019
Current assets		17,140,231	18,466,572	15,463,097	12,437,636	15,365,918
Property, plant and equipment		10,506,134	9,986,972	10,154,640	10,516,517	10,037,395
Intangible assets		739,458	867,813	892,679	1,012,405	1,669,885
Other assets		9,602,554	7,252,176	6,319,347	5,301,824	5,441,725
Total assets		37,988,377	36,573,533	32,829,763	29,268,382	32,514,923
Current liability	Before distribution	10,433,433	11,293,551	8,548,784	9,893,767	9,300,535
	After distribution	10,895,830(Note)	12,185,318	10,530,488	10,191,023	9,713,390
Non-current liability		6,753,150	4,548,719	4,157,161	3,515,956	6,761,665
Total liability	Before distribution	17,186,583	15,842,270	12,705,945	13,409,723	16,062,200
	After distribution	17,648,980(Note)	16,734,037	14,687,649	13,706,979	16,475,055
Equity attributable to shareholders of the parent		19,421,820	18,526,550	18,025,950	14,139,120	14,875,692
Common stock		8,257,099	8,257,099	8,257,099	8,257,099	8,257,099
Capital surplus	Before distribution	179,833	51,725	50,725	49,531	47,140
	After distribution	55,977	0	0	0	0
Retained earnings	Before distribution	8,782,597	9,007,664	9,154,622	5,552,832	5,917,502
	After distribution	8,444,056(Note)	8,115,897	7,172,918	5,255,576	5,504,647
Other equity		2,202,291	1,210,062	563,504	279,658	653,951
Treasury stock		0	0	0	0	0
Non-controlling interest		1,379,974	2,204,713	2,097,868	1,719,539	1,577,031
Total shareholders' equity	Before distribution	20,801,794	20,731,263	20,123,818	15,858,659	16,452,723
	After distribution	20,339,397(Note)	19,839,496	18,142,114	15,561,403	16,039,868

Note: the amount decided by the board of directors on March 7, 2024.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

- I. Condensed balance sheet and statement of comprehensive income for the recent five fiscal years
- II. Financial analysis for the recent five fiscal years
- III. Audit committee's report
- IV. Consolidated financial statements and independent auditors' report for the most recent fiscal year
- V. Individual financial statements and independent auditors' report for the most recent fiscal year
- VI. The impact of financial difficulties in the Company and its affiliates on the Company's financial situation

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

Special items to be included

Other disclosures

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

Condensed statement of comprehensive income

Unit: thousand NTD

Fiscal year Item	Financial information for the recent years				
	Individual				
	2023	2022	2021	2020	2019
Operating revenue	10,449,554	11,291,163	11,150,474	8,344,155	10,856,945
Gross profit	1,456,373	2,140,402	2,171,789	489,887	1,072,357
Operating profit	515,493	1,108,273	1,094,181	(346,968)	129,881
Non-operating income and expenses	412,052	1,120,343	3,247,030	428,824	788,028
Net income before tax	927,545	2,228,616	4,341,211	81,856	917,909
Net income	680,018	1,782,763	3,930,939	(21,891)	740,316
Other comprehensive income (loss)	852,913	698,541	251,953	(304,217)	(368,414)
Total comprehensive income	1,532,931	2,481,304	4,182,892	(326,108)	371,902
Net income attributable to shareholders of the parent	680,018	1,782,763	3,930,939	(21,891)	740,316
Net income attributable to non-controlling interests	0	0	0	0	0
Total comprehensive income attributable to shareholders of the parent	1,532,931	2,481,304	4,182,892	(326,108)	371,902
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0
EPS (Note)	0.82	2.16	4.76	(0.03)	0.90

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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

- I. Condensed balance sheet and statement of comprehensive income for the recent five fiscal years
- II. Financial analysis for the recent five fiscal years
- III. Audit committee's report
- IV. Consolidated financial statements and independent auditors' report for the most recent fiscal year
- V. Individual financial statements and independent auditors' report for the most recent fiscal year
- VI. The impact of financial difficulties in the Company and its affiliates on the Company's financial situation

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

Special items to be included

Other disclosures

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

Unit: thousand NTD

Item \ Fiscal year	Financial information for the recent years				
	Consolidated				
	2023	2022	2021	2020	2019
Operating revenue	31,426,889	33,841,197	32,533,238	24,024,443	28,910,723
Gross profit	3,308,466	5,513,273	6,800,464	2,937,269	3,377,284
Operating profit	947,916	2,674,970	3,928,099	822,315	1,084,861
Non-operating income and expenses	476,167	393,762	1,704,889	(301,644)	169,777
Net income before tax	1,424,083	3,068,732	5,632,988	520,671	1,254,638
Net income	966,927	2,122,241	4,464,305	215,261	817,120
Other comprehensive income (loss)	795,118	719,907	237,266	(282,003)	(439,025)
Total comprehensive income	1,762,045	2,842,148	4,701,571	(66,742)	378,095
Net income attributable to shareholders of the parent	680,018	1,782,763	3,930,939	(21,891)	740,316
Net income attributable to non-controlling interests	286,909	339,478	533,366	237,152	76,804
Total comprehensive income attributable to shareholders of the parent	1,532,931	2,481,304	4,182,892	(326,108)	371,902
Total comprehensive income attributable to non-controlling interests	229,114	360,844	518,679	259,366	6,193
EPS (Note)	0.82	2.16	4.76	(0.03)	0.90

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
2023	Po Shu Huang Ming Hung Huang	Unqualified 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)

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

- I. Condensed balance sheet and statement of comprehensive income for the recent five fiscal years
- II. Financial analysis for the recent five fiscal years
- III. Audit committee's report
- IV. Consolidated financial statements and independent auditors' report for the most recent fiscal year
- V. Individual financial statements and independent auditors' report for the most recent fiscal year
- VI. The impact of financial difficulties in the Company and its affiliates on the Company's financial situation

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

Special items to be included

Other disclosures

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

II. Financial analysis for the recent five fiscal years

Financial analysis

Fiscal year Item		Financial information for the recent years				
		Individual				
		2023	2022	2021	2020	2019
Financial structure	Debt-asset ratio(%)	31.86	32.18	29.16	36.81	38.76
	Ratio of long-term capital to property, plant and equipment(%)	791.09	748.72	740.34	548.47	714.07
Solvency	Current ratio(%)	70.39	66.84	90.16	51.84	83.60
	Quick ratio(%)	29.96	30.67	49.78	26.47	35.99
	Interest coverage ratio(%)	7.04	27.80	74.24	2.04	10.03
Operating ability	Receivables turnover rate (times)	9.37	8.37	8.45	7.94	9.92
	Average collection days for receivables	38.95	43.61	43.20	45.97	36.79
	Inventory turnover rate (times)	4.48	4.94	5.68	4.25	4.17
	Payables turnover rate (times)	12.85	13.43	12.24	10.21	10.97
	Average days of sales	81.47	73.89	64.26	85.88	87.53
	Property, plant and equipment turnover rate (times)	3.58	3.93	3.82	2.92	3.94
	Total assets turnover rate(times)	0.37	0.43	0.47	0.36	0.45
Profitability	Return on assets(%)	2.88	7.01	16.64	0.18	3.38
	Return on equity(%)	3.58	9.75	24.44	(0.15)	4.90
	Ratio of income before tax to paid-in capital (%)	11.23	26.99	52.58	0.99	11.12
	Profit margin before tax (%)	6.51	15.79	35.25	(0.26)	6.82
	EPS (NTD)	0.82	2.16	4.76	(0.03)	0.90
Cash flows	Cash flow ratio (%)	16.37	21.26	18.91	5.23	13.27
	Cash flow adequacy ratio(%)	56.55	47.66	39.62	24.82	32.18
	Cash flow reinvestment ratio(%)	(0.22)	(2.68)	1.83	(0.43)	(0.67)
Leveraging	Operating leverage	8.36	4.13	3.94	(10.74)	37.22
	Financial leverage	1.42	1.08	1.06	0.81	4.59

Reasons for the Changes in Financial Ratios from 2022 to 2023 :

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 is attributed to a reduction in inventory turnover, resulting in a decrease in net cash flow from operating activities.
4. The increase in the cash reinvestment ratio is attributed to a decrease in the amount of cash dividends distributed.
5. The increase in leverage ratios is attributed to a decrease in operating profit.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

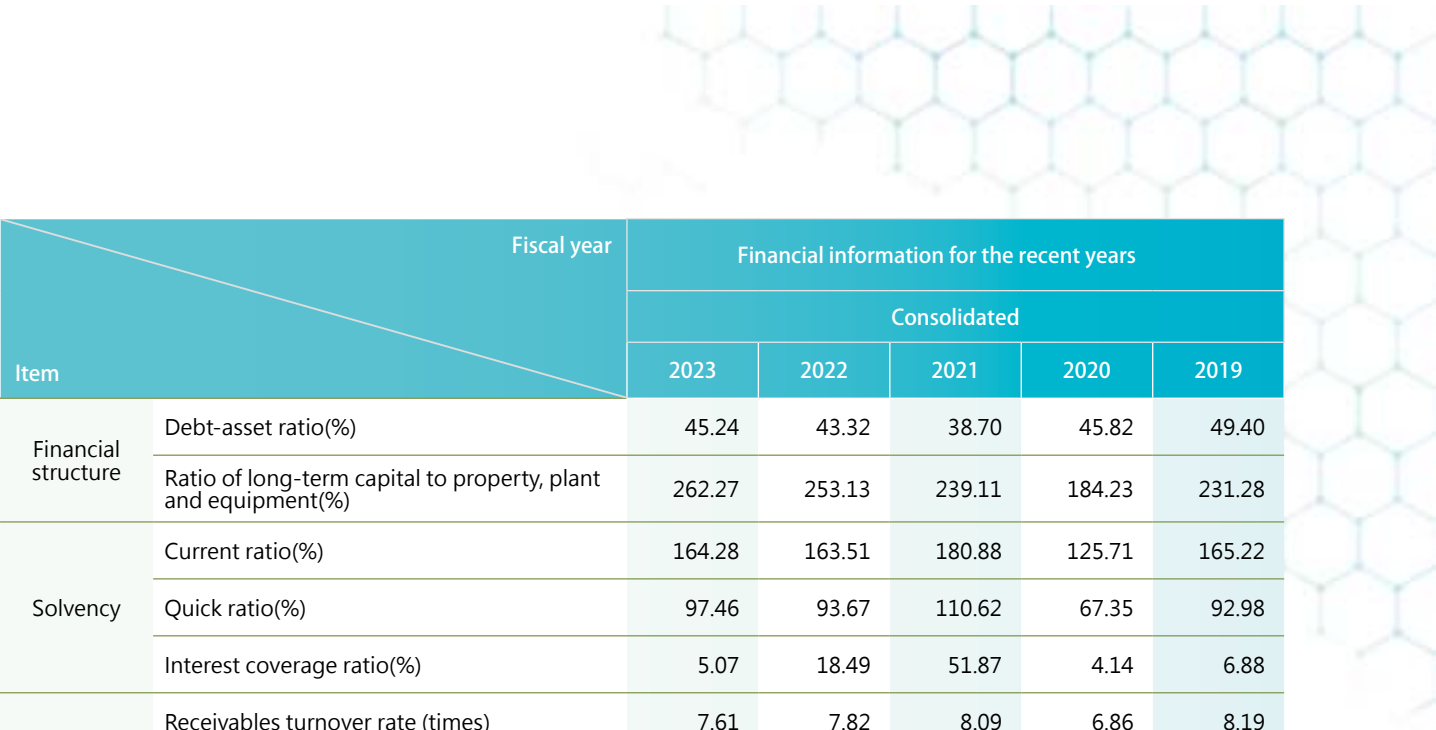
- I. Condensed balance sheet and statement of comprehensive income for the recent five fiscal years
- II. Financial analysis for the recent five fiscal years
- III. Audit committee's report
- IV. Consolidated financial statements and independent auditors' report for the most recent fiscal year
- V. Individual financial statements and independent auditors' report for the most recent fiscal year
- VI. The impact of financial difficulties in the Company and its affiliates on the Company's financial situation

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

Special items to be included

Other disclosures

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



Fiscal year Item		Financial information for the recent years				
		Consolidated				
		2023	2022	2021	2020	2019
Financial structure	Debt-asset ratio(%)	45.24	43.32	38.70	45.82	49.40
	Ratio of long-term capital to property, plant and equipment(%)	262.27	253.13	239.11	184.23	231.28
Solvency	Current ratio(%)	164.28	163.51	180.88	125.71	165.22
	Quick ratio(%)	97.46	93.67	110.62	67.35	92.98
	Interest coverage ratio(%)	5.07	18.49	51.87	4.14	6.88
Operating ability	Receivables turnover rate (times)	7.61	7.82	8.09	6.86	8.19
	Average collection days for receivables	47.96	46.67	45.11	53.20	44.56
	Inventory turnover rate (times)	3.98	4.32	4.95	3.76	3.97
	Payables turnover rate (times)	14.73	17.67	16.18	10.30	12.88
	Average days of sales	91.70	84.49	73.73	97.07	91.93
	Property, plant and equipment turnover rate (times)	3.07	3.36	3.15	2.34	3.07
	Total assets turnover rate(times)	0.84	0.98	1.05	0.78	0.92
Profitability	Return on assets(%)	3.34	6.52	14.66	1.02	3.09
	Return on equity(%)	4.66	10.39	24.81	1.33	4.90
	Ratio of income before tax to paid-in capital (%)	17.25	37.16	68.22	6.31	15.19
	Profit margin before tax (%)	3.08	6.27	13.72	0.90	2.83
	EPS (NTD)	0.82	2.16	4.76	(0.03)	0.90
Cash flows	Cash flow ratio (%)	26.04	19.81	31.61	23.89	27.93
	Cash flow adequacy ratio(%)	84.55	80.24	92.56	78.25	91.81
	Cash flow reinvestment ratio(%)	3.94	0.02	5.88	5.54	5.05
Leveraging	Operating leverage	7.32	3.27	2.40	7.47	5.95
	Financial leverage	1.58	1.07	1.03	1.18	1.21

Reasons for the Changes in Financial Ratios from 2022 to 2023

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 increase in the cash flow ratio is primarily due to inventory management, leading to an increase in net cash flow from operating activities, and a reduction in short-term borrowings as part of financing planning, resulting in a decrease in current liabilities.
4. The increase in the cash reinvestment ratio is attributed to a decrease in the amount of cash dividends distributed.
5. The increase in leverage ratios is attributed to a decrease in operating profit.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

- I. Condensed balance sheet and statement of comprehensive income for the recent five fiscal years
- II. Financial analysis for the recent five fiscal years
- III. Audit committee's report
- IV. Consolidated financial statements and independent auditors' report for the most recent fiscal year
- V. Individual financial statements and independent auditors' report for the most recent fiscal year
- VI. The impact of financial difficulties in the Company and its affiliates on the Company's financial situation

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

Special items to be included

Other disclosures

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

- 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)

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

I.

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

II.

Financial analysis for the recent five fiscal years

III.

Audit committee's report

IV.

Consolidated financial statements and independent auditors' report for the most recent fiscal year

V.

Individual financial statements and independent auditors' report for the most recent fiscal year

VI.

The impact of financial difficulties in the Company and its affiliates on the Company's financial situation

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

Special items to be included

Other disclosures

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

III. Audit Committee's Report

The Board of Directors has prepared and submitted the Company's 2023 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 2024 Annual Shareholders' Meeting

TSRC Corporation

The convener of Audit Committee Sean Chao

Date: March 7, 2024

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

- I. Condensed balance sheet and statement of comprehensive income for the recent five fiscal years
- II. Financial analysis for the recent five fiscal years
- III. Audit committee's report
- IV. Consolidated financial statements and independent auditors' report for the most recent fiscal year
- V. Individual financial statements and independent auditors' report for the most recent fiscal year
- VI. The impact of financial difficulties in the Company and its affiliates on the Company's financial situation

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

Special items to be included

Other disclosures

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

- IV. Consolidated financial statements and independent auditors' report for the most recent fiscal year- Please refer to Page 106.
- V. Individual financial statements and independent auditors' report for the most recent fiscal year-Please refer to Page 174.
- VI. The impact of financial difficulties in the Company and its affiliates on the Company's financial situation-None.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

- I. Financial position
- II. Financial performance
- III. Cash flow analysis
- IV. Impact of major capital expenditures within the most recent fiscal year on financial operations
- 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
- VI. Analysis and assessment of risk management
- VII. Other important matters

Special items to be included

Other disclosures

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

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



Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

- I. Financial position
- II. Financial performance
- III. Cash flow analysis
- IV. Impact of major capital expenditures within the most recent fiscal year on financial operations
- 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
- VI. Analysis and assessment of risk management
- VII. Other important matters

Special items to be included

Other disclosures

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

I. Financial position:

Unit: thousand NTD

Item \ Fiscal year	2023	2022	Amount change	Percentage change (%)
Current assets	17,140,231	18,466,572	(1,326,341)	(7.18)
Property, plant and equipment	10,506,134	9,986,972	519,162	5.20
Intangible assets	739,458	867,813	(128,355)	(14.79)
Other assets	9,602,554	7,252,176	2,350,378	32.41
Total assets	37,988,377	36,573,533	1,414,844	3.87
Current liabilities	10,433,433	11,293,551	(860,118)	(7.62)
Non-current liabilities	6,753,150	4,548,719	2,204,431	48.46
Total liabilities	17,186,583	15,842,270	1,344,313	8.49
Capital stock	8,257,099	8,257,099	0	0.00
Capital Surplus	179,833	51,725	128,108	247.67
Retained earnings	8,782,597	9,007,664	(225,067)	(2.50)
Total shareholders' equity	20,801,794	20,731,263	70,531	0.34

Significant Financial Changes:

1. The increase in other assets is mainly due to the increase in financial assets measured at fair value through other comprehensive income - non-current and the increase in right-of-use assets.
2. The increase in non-current liabilities is due to the increase in long-term borrowings and the receipt of relocation subsidies.
3. The increase in capital surplus is due to the difference between the actual acquisition price of subsidiary shares and their book value.

II. Financial performance:

Analysis and comparison of financial performance

Unit: thousand NTD

Item \ Fiscal year	2023	2022	Amount change	Percentage change (%)
Revenue	31,426,889	33,841,197	(2,414,308)	-7.13%
Operating cost	28,118,423	28,327,924	(209,501)	-0.74%
Gross profit	3,308,466	5,513,273	(2,204,807)	-39.99%
Operating expenses	2,589,146	3,110,621	(521,475)	-16.76%
Other income and expenses	228,596	272,318	(43,722)	-16.06%
Operating profit	947,916	2,674,970	(1,727,054)	-64.56%
Non-operating revenues and gains	476,167	393,762	82,405	20.93%
Net income before tax	1,424,083	3,068,732	(1,644,649)	-53.59%
Less: income tax expenses	457,156	946,491	(489,335)	-51.70%
Net income	966,927	2,122,241	(1,155,314)	-54.44%

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

- I. Financial position
- II. Financial performance
- III. Cash flow analysis
- IV. Impact of major capital expenditures within the most recent fiscal year on financial operations
- 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
- VI. Analysis and assessment of risk management
- VII. Other important matters

Special items to be included

Other disclosures

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

- The changes in 2023 as compared to 2022 and the effects:
1. The decrease in operating income is attributed to weak market demand.
 2. The increase in non-operating income and expenses is due to the better performance of the associated companies in which investments were made.

Sales volume forecast and the basis there of

Unit: Metric Ton

Name of product	2024	
	Sales volume fore cast	Basis
Synthetic rubber and elastomers	543,189	Subject to the requirement of the market and customers forecast
Applied Materials	12,689	Subject to the requirement of the market and customers forecast
Total	555,878	

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
6,333,055	2,717,285	(3,568,115)	(33,634)	5,448,591	-	-

Analysis of change in cash flow in the current year:

- 1.Operating activities:

The main sources of cash inflow are from profit-generating items, amounting to NT\$2,396,037 thousand, as well as net changes in operating assets and liabilities generating a cash inflow of NT\$804,909 thousand, net interest expenses of NT\$113,348 thousand, and income tax payments of NT\$370,313 thousand.
- 2.Investing activities :

The net cash outflow from investing activities amounted to NT\$1,386,310 thousand, primarily due to a net outflow of NT\$1,631,727 thousand for the acquisition and disposal of property, plant, and equipment, dividends received amounting to NT\$171,204 thousand, acquisition of relocation compensation of NT\$730,019 thousand, and an increase in other non-current assets of NT\$655,806 thousand.
- 3.Financing activities:

The net cash outflow from financing activities amounted to NT\$2,181,805 thousand, primarily due to a net outflow of NT\$1,547,651 thousand for short-term borrowings, a net decrease of NT\$250,000 thousand in payable short-term notes, a net inflow of NT\$1,474,510 thousand for long-term borrowings, principal repayments on leases amounting to NT\$168,464 thousand, cash dividends paid of NT\$1,055,102 thousand, acquisition of subsidiary equity of NT\$637,659 thousand, and a return of overdue dividends of NT\$2,561 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
5,448,591	2,210,000	(2,119,000)	5,539,591	-	-

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

I. Financial position

II. Financial performance

III. Cash flow analysis

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

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

VI. Analysis and assessment of risk management

VII. Other important matters

Special items to be included

Other disclosures

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

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	
				2023	2024
New plant of Shen Hua	Self-owned capital and loads from banks	2025	6,086,000	1,771,000	3,487,000
BD storage tank	Self-owned capital	2024	443,000	34,000	80,000
Regenerative catalytic oxidizer	Self-owned capital	2024	79,000	42,000	37,000

<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, The thermal storage type incinerator can meet the requirements for the latest regulations regarding the treatment capacity of exhaust gases.

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

2023	Amount	Accounting for the percentage of net operating revenues (%)	Accounting for the percentage of net profit before taxation (%)
Net interest income (expense)	(115,547)	(0.4)	(8.1)
Net exchange gain (loss)	55,261	0.2	3.9

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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

I. Financial position

II. Financial performance

III. Cash flow analysis

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

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

VI. Analysis and assessment of risk management

VII. Other important matters

Special items to be included

Other disclosures

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

<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	73,000
New Differentiated Polybutadiene Products	46,000
High Value-Added Thermoplastic Elastomer (TPE) Products	132,000
High Performance Materials and Formulas for Footwear	62,000
Medical application blended materials and special film application.	96,000
Advanced Process Technology Development	53,000

<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.

In recent years, the governments worldwide proactively responded to the climate changes and pledged to uphold the Paris Agreement by setting carbon emission targets to deliver on their Net Zero commitment. Being in the carbon-intensive industry with production & commercial base worldwide, TSRC faithfully uphold the Taiwan's Climate Change Response Act, the Sustainable Development Action Plan for Listed Companies, and EU' s Carbon Border Adjustment Mechanism (CBAM). TSRC has set a series of mid-to-long term carbon emission targets, conducts GHG certification, and implement energy-saving & carbon reduction measures. In addition, TSRC continues to strengthen its organization' s sustainability capability, enhances sustainability disclosure, and mitigates impacts on business portfolio and operating cost.

The change in government policies and laws in the country and foreign jurisdiction in the recent years has not impacted 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:

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

- I. Financial position
- II. Financial performance
- III. Cash flow analysis
- IV. Impact of major capital expenditures within the most recent fiscal year on financial operations
- 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
- VI. Analysis and assessment of risk management
- VII. Other important matters

Special items to be included

Other disclosures

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

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

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Special items to be included

- I.

Information related to the Company's affiliates
- II.

State of the Company's conducting private placements of securities
- III.

Holding or disposal of the Company's shares by the Company's subsidiaries
- IV.

Other matters that require additional description



Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

- I. Information related to the Company's affiliates
- II. State of the Company's conducting private placements of securities
- III. Holding or disposal of the Company's shares by the Company's subsidiaries
- IV. Other matters that require additional description

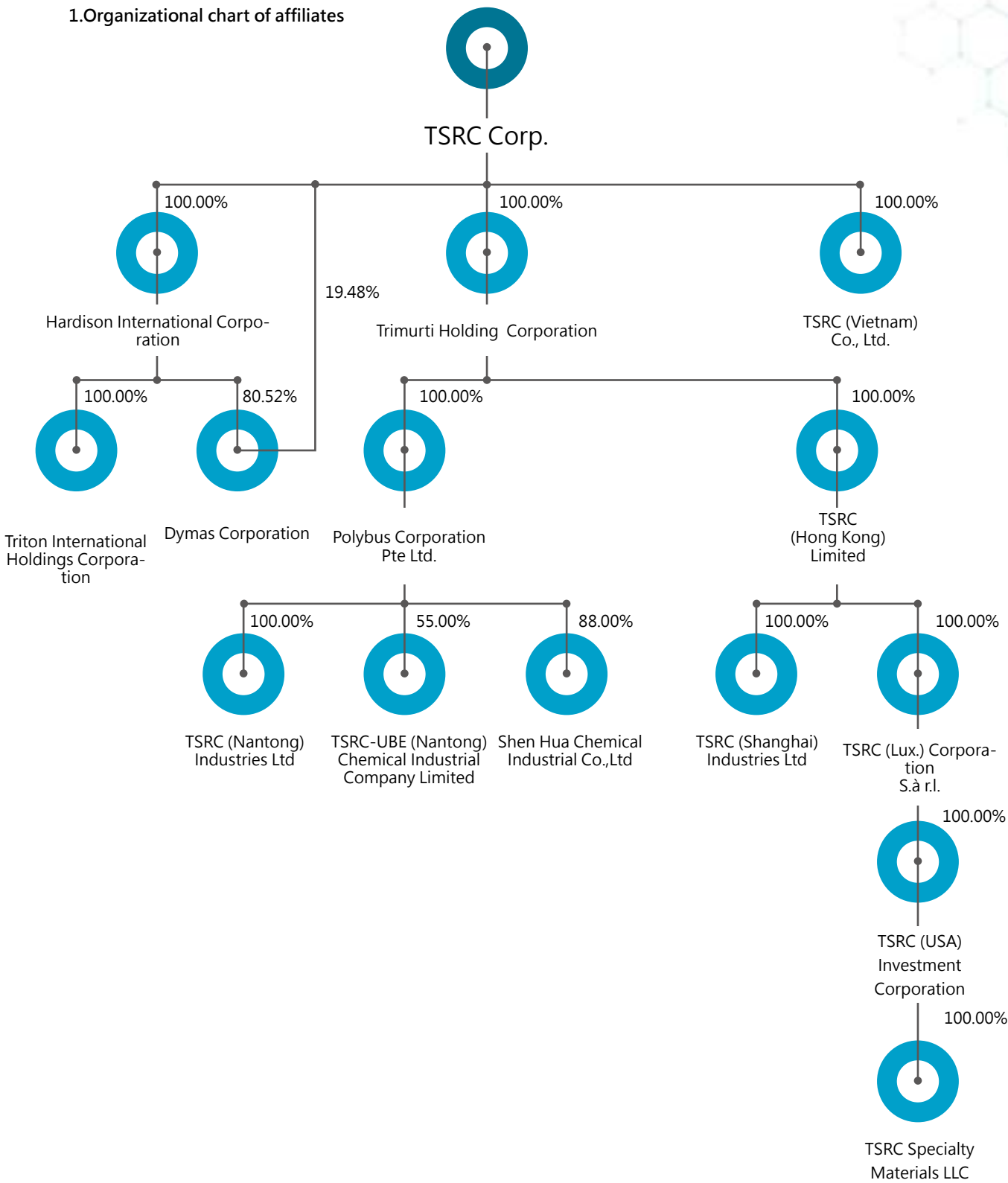
Other disclosures

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

I. Information related to the Company's affiliates

<1> Company's Affiliate Business Report

1.Organizational chart of affiliates



Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

I. Information related to the Company's affiliates

II. State of the Company's conducting private placements of securities

III. Holding or disposal of the Company's shares by the Company's subsidiaries

IV. Other matters that require additional description

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

2. Profiles of the Company's affiliates

December 31, 2023

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	SGD133,728000	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.A 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 City, 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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

I. Information related to the Company's affiliates

II. State of the Company's conducting private placements of securities

III. Holding or disposal of the Company's shares by the Company's subsidiaries

IV. Other matters that require additional description

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

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

December 31, 2023

Name of enterprise	Job title	Name of representative	Shares held	
			Share(s)	Shareholding
Trimurti Holding Corporation	Director	Joseph Chai	-	-
	Director	Kevin Liu	-	-
	Director	Edward Wang	-	-
Hardison International Corporation	Director	Joseph Chai	-	-
	Director	Edward Wang	-	-
Dymas Corporation	Director	Joseph Chai	-	-
	Director	Edward Wang	-	-
Polybus Corporation Pte Ltd	Director	Joseph Chai	-	-
	Director	Kevin Liu	-	-
	Director	Edward Wang	-	-
TSRC (Hong Kong) Limited	Director	Joseph Chai	-	-
	Director	Kevin Liu	-	-
	Director	Edward Wang	-	-
Triton International Holdings Corporation	Director	Joseph Chai	-	-
	Director	Edward Wang	-	-
TSRC (Lux.) Corporation S.A R.L.	Director	Kent Emil Kvaal	-	-
	Director	Edward Wang	-	-
	Director	Brian Hsu	-	-
	Director	David Maria	-	-
	President	Christian Kafka	-	-
TSRC (USA) Investment Corporation	Director	Joseph Chai	-	-
	Director	Edward Wang	-	-
	Director	Brian Hsu	-	-
	President	Joseph Chai	-	-
TSRC Specialty Materials LLC	Director	Joseph Chai	-	-
	Director	Edward Wang	-	-
	Director	Kent Emil Kvaal	-	-
	President	Gordon Requa Little JR	-	-
TSRC (Shanghai) Industries Ltd	Chairman	Wing-Keung Hendrick Lam	-	-
	Director	Chin-Bao Lu	-	-
	Director	Cheng-Nan Lin	-	-
	Supervisor	Edward Wang	-	-
	President	Xiaodong Wu	-	-

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

I. Information related to the Company's affiliates

II. State of the Company's conducting private placements of securities

III. Holding or disposal of the Company's shares by the Company's subsidiaries

IV. Other matters that require additional description

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

Name of enterprise	Job title	Name of representative	Shares held	
			Share(s)	Shareholding
Shen Hua Chemical Industrial Co., Ltd	Chairman	Chao Yang Jiang	-	-
	Director	Cheng-Nan Lin	-	-
	Director	Kevin Liu	-	-
	Director	Brian Hsu	-	-
	Director	Xia ying	-	-
	Director	Edward Wang	-	-
	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 Com-pany Limited	Chairman	Kevin Liu	-	-
	Director	Cheng-Nan Lin	-	-
	Director	Brian Hsu	-	-
	Director	Tokoro Yasunobu	-	-
	Director	Peijun Gu	-	-
	Supervisor	Tsukada Katsuyuki	-	-
	President	Jian Hui Lu	-	-
TSRC (Vietnam) Co., Ltd.	Chairman	Edward Wang	-	-
	Director	Brian Hsu	-	-
	Director	Cheng-Nan Lin	-	-
	Supervisor	Cai yi ting	-	-
	President	Shih Wing Ma	-	-

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

- I. Information related to the Company's affiliates
- II. State of the Company's conducting private placements of securities
- III. Holding or disposal of the Company's shares by the Company's subsidiaries
- IV. Other matters that require additional description

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

6. Overview of operation of affiliates

December 31, 2023
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)
Trimurti Holding Corporation	2,667,752	16,953,644	0	16,953,644	0	(16,607)	457,415	5
Hardison International Corporation	119,753	850,397	0	850,397	0	(96)	40,127	10
Dymas Corporation	183,167	976,536	0	976,536	0	(140)	48,575	8
Polybus Corporation Pte Ltd.	2,842,988	9,977,618	287,277	9,690,341	885,738	8,189	808,368	6
TSRC (Hong Kong) Limited	3,191,830	2,783,328	5,630	2,777,698	0	(548)	(832,182)	(8)
Triton International Holdings Corporation	1,537	57,968	0	57,968	0	(56)	1,083	22
TSRC (Lux.) Corporation S.à r.l.	2,449,000	4,332,931	1,172,817	2,332,381	2,380,876	(141,758)	(866,570)	(12)
TSRC (USA) Investment Corporation	2,952,097	2,693,812	292,534	2,401,278	0	(109,551)	(663,992)	(7)
TSRC Specialty Materials LLC	-	3,250,339	1,580,218	1,670,121	3,980,234	(681,783)	(718,081)	NA
TSRC (Shanghai) Industries Ltd	169,043	400,528	68,678	331,850	497,720	30,971	31,674	NA
Shen Hua Chemical Industrial Co., Ltd	1,266,897	6,514,474	2,462,226	4,052,248	8,057,008	529,334	404,106	NA
TSRC (Nantong) Industries Ltd	3,231,017	5,949,041	1,835,049	4,113,992	5,322,077	421,074	288,861	NA
TSRC-UBE (Nantong) Chemical Industrial Company Limited	1,229,400	2,372,004	385,995	1,986,009	3,364,956	459,164	351,977	NA
TSRC (Vietnam) Co., Ltd.	396,482	556,163	439,424	116,739	39,850	(51,719)	(80,020)	NA

Note: Spot exchange rate on the balance sheet date under the title of assets=USD1:NTD 30.735.
Spot exchange rate on the balance sheet date under the title of income=USD1:NTD 31.1575.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

I. Information related to the Company's affiliates

II. State of the Company's conducting private placements of securities

III. Holding or disposal of the Company's shares by the Company's subsidiaries

IV. Other matters that require additional description

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

<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, 2023 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 7, 2024

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

I. Information related to the Company's affiliates

II. State of the Company's conducting private placements of securities

III. Holding or disposal of the Company's shares by the Company's subsidiaries

IV. Other matters that require additional description

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

<3> Relation Statement

Statement

The 2023 Relation Statement of the Company (from Jan. 1, 2023 to Dec. 31, 2023) 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 7, 2024

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

- I. Information related to the Company's affiliates
- II. State of the Company's conducting private placements of securities
- III. Holding or disposal of the Company's shares by the Company's subsidiaries
- IV. Other matters that require additional description

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

Letter

To TSRC Corporation:

The 2023 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 2023 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 Huang, Po-Shu

KPMG

Taipei, Taiwan (Republic of China)

March 7, 2024

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

I. Information related to the Company's affiliates

II. State of the Company's conducting private placements of securities

III. Holding or disposal of the Company's shares by the Company's subsidiaries

IV. Other matters that require additional description

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

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	26,200,000	Director	Nita Ing, John Huang
Han-De Construction Co., Ltd.		63,093,108	7.64	31,150,000	Director	Arthur 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 2023 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

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Consolidated financial statement

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, 2023 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, "Consolidated Financial Statements." endorsed by the Financial Supervisory Commission of the Republic of China. 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 7, 2024

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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 sheet as of December 31, 2023 and 2022, the consolidated statement 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 material 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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, 2023. 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.



Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

2. Inventory measurement	<p>Please refer to note 4(h), note 5, and note 6(f) for disclosures related to inventory measurement.</p> <p>Description of key audit matter:</p> <p>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.</p> <p>How the matter was addressed in our audit:</p> <p>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.</p> <p>Other Matter</p> <p>TSRC Corporation has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.</p> <p>Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements</p> <p>Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.</p> <p>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.</p> <p>Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.</p> <p>Auditors' Responsibilities for the Audit of the Consolidated Financial Statements</p> <p>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.</p> <p>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:</p> <ol style="list-style-type: none">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.
--------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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 Huang, Po-Shu and Huang, Ming-Hung.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

Expressed in Thousands of New Taiwan Dollars

Assets	December 31, 2023		December 31, 2022 (After adjustment (Note))		January 1, 2022 (After adjustment (Note))	
	Amount	%	Amount	%	Amount	%
Current assets:						
Cash and cash equivalents (note 6(a))	\$ 5,448,591	14	6,333,055	17	4,570,554	14
Current financial assets at fair value through profit or loss (note 6(b))	-	-	14	-	7,702	-
Notes receivable, net (note 6(d))	909,650	2	940,938	3	951,817	3
Accounts receivable, net (note 6(d))	3,366,850	9	3,044,640	8	3,716,841	11
Other receivables (notes 6(e) and 7)	233,833	1	146,483	-	93,834	-
Inventories (note 6(f))	6,652,861	18	7,492,032	20	5,629,817	17
Other current assets (note 6(a))	528,446	1	509,410	2	492,532	3
Total current assets	17,140,231	45	18,466,572	50	15,463,097	48
Non-current assets:						
Financial assets at fair value through other comprehensive income - non-current (note 6(c))	2,411,941	6	1,422,896	4	1,460,586	4
Investments accounted for under equity method (notes 6(g) and 7)	2,576,042	7	2,222,200	6	2,030,573	6
Property, plant and equipment (notes 6(i), 8 and 9)	10,506,134	28	9,986,972	27	10,154,640	31
Right-of-use assets (notes 6(j), 8 and 12(b))	1,628,017	4	959,689	3	867,485	3
Investment property (note 6(k))	1,522,697	4	1,537,423	4	1,552,148	5
Intangible assets (note 6(l))	739,458	2	867,813	3	892,679	3
Deferred income tax assets (note 6(r))	536,615	1	308,747	1	253,434	1
Other non-current assets (notes 8 and 12(b))	927,242	3	801,221	2	155,121	-
Total non-current assets	20,848,146	55	18,106,961	50	17,366,666	53
Total assets	\$ 37,988,377	100	36,573,533	100	32,829,763	100

Note: See accompanying note 6(a) to consolidated financial statements.

See accompanying notes to consolidated financial statements.

Chairman:Nita Ing

Manager:Joseph Chai

Chief Accountant: Hsing-Jung Lin

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Liabilities and Equity	December 31, 2023		December 31, 2022		January 1, 2022	
	Amount	%	Amount	%	Amount	%
Current liabilities:						
Short-term borrowings (note 6(m))	\$ 4,580,149	12	6,079,332	17	4,006,365	12
Short-term commercial paper payable (note 6(m))	-	-	249,704	1	-	-
Current portion of long-term borrowings (notes 6(m) and 8)	1,494,060	4	724,563	2	817,713	2
Current portion of long-term payables (note 6(m))	-	-	349,767	1	-	-
Current financial liabilities at fair value through profit or loss (note 6(b))	18,531	-	36,729	-	356	-
Accounts payable	2,091,719	6	1,634,283	3	1,536,976	5
Accounts payable - related parties (note 7)	59,179	-	33,236	-	1,316	-
Current income tax liabilities	357,994	1	351,748	1	288,186	1
Other payables (notes 6(q), (u) and 7)	1,472,539	4	1,433,551	4	1,560,933	5
Current lease liabilities (note 6(o))	144,672	-	127,731	-	128,928	-
Other current liabilities	214,590	1	272,907	1	208,011	2
Total current liabilities	10,433,433	28	11,293,551	30	8,548,784	27
Non-Current liabilities:						
Long-term bank borrowings (notes 6(m) and 8)	3,182,586	8	2,129,854	6	1,936,219	6
Other long-term borrowings	-	-	-	-	349,922	1
Non-current provision liabilities (notes 6(n), 7 and 12(b))	241,016	1	270,284	1	269,536	1
Non-current income tax liabilities	98,026	-	-	-	-	-
Deferred income tax liabilities (note 6(r))	1,617,177	4	1,383,801	4	1,089,204	3
Non-current lease liabilities (note 6(o))	535,336	1	451,756	1	357,355	1
Other non-current liabilities (notes 6(m), (q) and 12(b))	1,079,009	3	313,024	1	154,925	-
Total non-current liabilities	6,753,150	17	4,548,719	13	4,157,161	12
Total liabilities	17,186,583	45	15,842,270	43	12,705,945	39
Equity attributable to shareholders of the Company (notes 6(c), (h), (q), (r), (s), (y) and 7):						
Common stock	8,257,099	22	8,257,099	23	8,257,099	25
Capital surplus	179,833	-	51,725	-	50,725	-
Retained earnings:						
Legal reserve	4,647,059	12	4,463,584	12	4,073,680	12
Unappropriated earnings	4,135,538	11	4,544,080	12	5,080,942	16
	8,782,597	23	9,007,664	24	9,154,622	28
Other equity:						
Financial statement translation differences for foreign operations	274,823	1	251,770	1	(456,708)	(1)
Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	1,970,137	5	1,004,081	3	1,047,059	3
Gains or losses on hedging instrument	(42,669)	-	(45,789)	-	(26,847)	-
	2,202,291	6	1,210,062	4	563,504	2
Total equity attributable to shareholders of the Company	19,421,820	51	18,526,550	51	18,025,950	55
Non-controlling interests (note 6(h))	1,379,974	4	2,204,713	6	2,097,868	6
Total equity	20,801,794	55	20,731,263	57	20,123,818	61
Total liabilities and equity	\$ 37,988,377	100	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

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

	2023		2022	
	Amount	%	Amount	%
Revenue (notes 6(v) and 7)	\$ 31,426,889	100	33,841,197	100
Operating costs (notes 6(f), (i), (j), (l), (o), (q), (u) and 7)	28,118,423	89	28,327,924	84
Gross profit	3,308,466	11	5,513,273	16
Operating expenses (notes 6(d), (i), (j), (l), (o), (q), (u) and 7):				
Selling expenses	1,130,137	5	1,679,407	5
General and administrative expenses	1,064,844	3	1,041,939	3
Research and development expenses	396,693	1	392,118	1
Reversal of impairment loss determined in accordance with IFRS9	(2,528)	-	(2,843)	-
Total operating expenses	2,589,146	9	3,110,621	9
Other income and expenses, net (notes 6(k), (p), (w) and 7)	228,596	1	272,318	1
Operating profit	947,916	3	2,674,970	8
Non-operating income and expenses (notes 6(g), (i), (o), (x) and 7):				
Interest income	232,025	1	85,130	-
Other income	122,359	-	101,580	-
Other gains and losses	48,424	-	71,818	-
Finance costs	(347,572)	(1)	(175,468)	-
Share of gain of associates and joint ventures accounted for under equity method	420,931	1	310,702	1
Total non-operating income and expenses	476,167	1	393,762	1
Net income before tax	1,424,083	4	3,068,732	9
Less: tax expenses (note 6(r))	457,156	1	946,491	3
Net income	966,927	3	2,122,241	6
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	(13,318)	-	51,983	-
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (loss)	988,993	3	(43,451)	-
Less: Income tax related to components of other comprehensive income (loss) that will not be reclassified to profit or loss	22,937	-	(473)	-
Components of other comprehensive income (loss) that will not be reclassified to profit or loss	952,738	3	9,005	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss				
Exchange differences on translation of foreign financial statements	(167,058)	-	830,598	2
Share of other comprehensive income of associates and joint ventures accounted for using equity method	9,438	-	(119,696)	-
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	(157,620)	-	710,902	2
Other comprehensive income	795,118	3	719,907	2
Total comprehensive income	\$ 1,762,045	6	2,842,148	8
Net income attributable to:				
Shareholders of parent	\$ 680,018	2	1,782,763	5
Non-controlling interests	286,909	1	339,478	1
	\$ 966,927	3	2,122,241	6
Total comprehensive income attributable to:				
Shareholders of parent	\$ 1,532,931	5	2,481,304	7
Non-controlling interests	229,114	1	360,844	1
	\$ 1,762,045	6	2,842,148	8
Basic earnings per share (in New Taiwan Dollars) (note 6(t))	\$ 0.82		2.16	
Diluted earnings per share (in New Taiwan dollars) (note 6(t))	\$ 0.82		2.14	

See accompanying notes to consolidated financial statements.

Chairman:Nita Ing

Manager:Joseph Chai

Chief Accountant: Hsing-Jung Lin

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

	Equity attributable to owners of parent				
	Retained earnings				
	Common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Total
Balance at January 1, 2022	\$ 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
Appropriation and distribution of retained earnings:					
Legal reserve	-	-	183,475	(183,475)	-
Cash dividends	-	-	-	(891,767)	(891,767)
Other changes in capital surplus	-	1,561	-	-	-
Net income	-	-	-	680,018	680,018
Other comprehensive income (loss)	-	-	-	(13,318)	(13,318)
Total comprehensive income (loss)	-	-	-	666,700	666,700
Difference between consideration and carrying amount of subsidiaries acquired	-	126,547	-	-	-
Balance at December 31, 2023	\$ 8,257,099	179,833	4,647,059	4,135,538	8,782,597

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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
(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
-	-	-	-	-	-	-
-	-	-	-	(891,767)	(163,335)	(1,055,102)
-	-	-	-	1,561	-	1,561
-	-	-	-	680,018	286,909	966,927
(102,945)	966,056	3,120	866,231	852,913	(57,795)	795,118
(102,945)	966,056	3,120	866,231	1,532,931	229,114	1,762,045
125,998	-	-	125,998	252,545	(890,518)	(637,973)
274,823	1,970,137	(42,669)	2,202,291	19,421,820	1,379,974	20,801,794

See accompanying notes to consolidated financial statements.

Chairman:Nita Ing

Manager:Joseph Chai

Chief Accountant: Hsing-Jung Lin

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

Expressed in Thousands of New Taiwan Dollars

	2023	2022 (After adjustment (Note))
Cash flows from operating activities:		
Consolidated net income before tax	\$ 1,424,083	3,068,732
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation	1,181,146	1,174,029
Amortization	136,537	133,546
Reversal of impairment loss determined in accordance with IFRS 9	(2,528)	(2,843)
Interest expense	347,572	175,468
Interest income	(232,025)	(85,130)
Dividend income	(122,359)	(101,580)
Share of profit of associates and joint ventures accounted for under equity method	(420,931)	(310,702)
Loss on disposal of property, plant and equipment	6,198	22,349
Transfer to operating costs and inventories	78,344	78,678
Total adjustments to reconcile profit and loss	971,954	1,083,815
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Financial assets at fair value through profit or loss	14	7,688
Notes receivable	31,288	10,879
Accounts receivable	(319,682)	675,044
Other receivables	(72,210)	(52,194)
Inventories	839,171	(1,862,215)
Other current assets	(19,036)	(16,878)
Total changes in operating assets, net	459,545	(1,237,676)
Net changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	(18,198)	36,373
Accounts payable	457,436	97,307
Accounts payable - related parties	25,943	31,920
Other payables	(84,148)	(201,744)
Other current liabilities	(58,317)	64,896
Net defined benefit liability	(305)	(17,784)
Other non-current liabilities	22,953	15,700
Total changes in operating liabilities, net	345,364	26,668
Total changes in operating assets and liabilities, net	804,909	(1,211,008)
Total adjustments	1,776,863	(127,193)
Cash flow from operating activities	3,200,946	2,941,539

Home page
Table of Contents
Letter to the Shareholders
Company profile
Corporate governance report
Information on capital raising activities
Overview of business operations
Overview of financial status
Review and analysis of the Company's financial position and financial performance, and risk management
Special items to be included
Other disclosures
Any circumstances referred to in Paragraph 3(2) of Article 36 of the Securities and Exchange Act which might materially affect shareholders' equity or the price of the Company's securities

	Expressed in Thousands of New Taiwan Dollars	
	2023	2022 (After adjustment (Note))
Interest income received	216,885	85,675
Interest paid	(330,233)	(146,868)
Income taxes paid	(370,313)	(643,172)
Net cash flow from operating activities	2,717,285	2,237,174
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(1,633,630)	(735,701)
Proceeds from disposal of property, plant and equipment	1,903	19,456
Increase in other non-current assets	(655,806)	(21,813)
Increase in other prepayments	-	(596,499)
Dividends received	171,204	199,106
Decrease in restricted assets	730,019	212,166
Net cash used in investing activities	(1,386,310)	(923,285)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	26,259,693	30,608,164
Decrease in short-term borrowings	(27,807,344)	(28,769,190)
Increase in short-term commercial paper payable	1,973,000	1,552,820
Decrease in short-term commercial paper payable	(2,223,000)	(1,305,000)
Proceeds from long-term borrowings	2,728,225	838,510
Repayments of long-term borrowings	(903,715)	(801,143)
Decrease in other long-term commercial paper payable	(350,000)	(5,372)
Repayments of lease liabilities	(168,464)	(152,943)
Cash dividends paid	(1,055,102)	(2,228,062)
Change in non-controlling interests	(637,659)	-
Overaging unclaimed dividends	2,561	-
Net cash used in financing activities	(2,181,805)	(262,216)
Effect of exchange rate changes on cash and cash equivalents	(33,634)	710,828
Net increase (decrease) in cash and cash equivalents	(884,464)	1,762,501
Cash and cash equivalents at beginning of period	6,333,055	4,570,554
Cash and cash equivalents at end of period	\$ 5,448,591	6,333,055

Note: See accompanying note 6(a) to consolidated financial statements.

See accompanying notes to consolidated financial statements.

Chairman:Nita Ing

Manager:Joseph Chai

Chief Accountant: Hsing-Jung Lin

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

TSRC CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2023 and 2022 (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 the Board of Directors and published on March 7, 2024.

(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, 2023:

- 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"

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform – Pillar Two Model Rules"

(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, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"
- Amendments to IAS 21 "Lack of Exchangeability"

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(4) Summary of material policies

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

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

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

(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) Principles of preparation of consolidated financial statements

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

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

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

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

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

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

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

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(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, 2023	December 31, 2022	
TSRC	Trimurti Holding Corporation	Investment	100.00%	100.00%	
TSRC	Hardison International Corporation	Investment	100.00%	100.00%	
TSRC&Hardison International Corporation	Dymas Corporation	Investment	100.00%	100.00%	(Note 1)
TSRC	TSRC (Vietnam) Co., Ltd.	Production and processing of rubber color masterbatch, thermoplastic elastomer and plastic compound products	100.00%	100.00%	
Trimurti Holding Corporation	Polybus Corporation Pte Ltd	International commerce and investment	100.00%	100.00%	
Trimurti Holding Corporation	TSRC (Hong Kong) Limited	Investment	100.00%	100.00%	
TSRC (Hong Kong) Limited	TSRC (Shanghai) Industries Ltd.	Production and sale of 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	88.00%	65.44%	(Note 2)
Polybus Corporation Pte Ltd	TSRC-UBE (Nantong) Chemical Industrial Co., Ltd.	Production and sale of butadiene rubber	55.00%	55.00%	
Polybus Corporation Pte Ltd	TSRC (Nantong) Industries Ltd.	Production and sale of TPE	100.00%	100.00%	
Hardison International Corporation	Triton International Holdings Corporation	Investment	100.00%	100.00%	

Note 1: TSRC owns 19.48% of Dymas' shares and indirectly owns 80.52% of shares via Hardison International Corporation. Total equity holding is 100% through direct and indirect ownership.

Note 2: Polybus Corporation Pte Ltd acquired 22.56% of shares of Shen Hua Chemical Industrial Co., Ltd. from Marubeni Petrochemicals Investment B.V. in November 2023 and increases the equity holding to 88% after the transaction.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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. 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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(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 recognize 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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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	7~30 years
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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(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 lessee

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, 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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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.

The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

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 reverse, 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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(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, 2023	December 31, 2022 (After adjustment)	January 1, 2022 (After adjustment)
Cash on hand	\$ 412	421	390
Checking and savings deposits	828,647	868,815	1,216,344
Time deposits	4,619,532	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	<u>\$ 5,448,591</u>	<u>6,333,055</u>	<u>4,570,554</u>

In accordance with the IFRSs Q&A updated by the Securities and Futures Bureau of the FSC on January 5, 2024, the balance of deposits of \$54,435 thousand, and \$105,799 thousand, in the special account for repatriation of foreign funds on December 31 and January 1, 2022 were reclassified from other current assets to cash and cash equivalents, and the decrease in restricted assets under investment activities in 2022 was adjusted from \$51,364 thousand to 0.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Forward contracts/Swap contracts	\$ -	14
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial liabilities held for trading:		
Derivative instruments not used for hedging		
Forward contracts/Swap contracts	\$ 18,531	36,729

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:

	<u>December 31, 2023</u>		
	<u>Contract amount (thousand dollars)</u>	<u>Currency</u>	<u>Maturity dates</u>
Forward contracts	EUR 5,828/ USD 6,297	EUR/USD	113.01.12~113.02.20
Swap contracts	CNH 18,215/ USD 19,752	EUR/USD	113.01.12~113.03.28
Swap contracts	EUR 20,000/ USD 138	JPY/USD	113.01.12
	<u>December 31, 2022</u>		
	<u>Contract amount (thousand dollars)</u>	<u>Currency</u>	<u>Maturity dates</u>
Forward contracts	EUR 1,240/ USD 1,321	EUR/USD	112.01.11~112.02.13
Swap contracts	TWD 79,905/ USD 2,500	TWD/USD	112.01.31
Swap contracts	EUR 18,655/ USD 18,830	EUR/USD	112.01.03~112.02.21
Swap contracts	JPY 21,000/ USD 153	JPY/USD	112.02.03

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Equity investments at fair value through other comprehensive income:		
Listed stocks (domestic)	\$ 1,263,392	626,837
Unlisted stocks (domestic and overseas)	1,148,549	796,059
Total	\$ 2,411,941	1,422,896

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

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

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

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

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

- (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, 2023			
THB	\$ 755,122	0.9017	680,894
December 31, 2022			
THB	454,224	0.8941	406,122

(d) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	\$ 909,650	940,938
Accounts receivable	3,369,340	3,049,625
Less: allowance for impairment	2,490	4,985
	<u>\$ 4,276,500</u>	<u>3,985,578</u>

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, 2023		
	Gross carrying amount	Weighted-average age ECL rate	Lifetime ECLs
Current	\$ 4,160,953	0.00%~0.02%	535
1 to 30 days past due	115,204	0.00%~0.97%	746
31 to 90 days past due	2,572	28.68%~78.30%	948
More than 90 days past due	261	100%	261
	<u>\$ 4,278,990</u>		<u>2,490</u>
	December 31, 2022		
	Gross carrying amount	Weighted-average age ECL rate	Lifetime ECLs
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
	<u>\$ 3,990,563</u>		<u>4,985</u>

The movement in the allowance for impairment with respect to notes and accounts receivable of the Group was as follows:

	2023	2022
Balance at beginning of the period	\$ 4,985	7,399
Impairment losses reversed	(2,528)	(2,843)
Foreign exchange gain or loss	33	429
Balance at end of the period	<u>\$ 2,490</u>	<u>4,985</u>

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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(e) Other receivables (including related parties)

	December 31, 2023	December 31, 2022
Other receivables - related parties	\$ 46,384	42,870
Other	187,449	103,613
	<u>\$ 233,833</u>	<u>146,483</u>

The aforementioned 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, 2023	December 31, 2022
Raw materials	\$ 2,130,463	2,056,771
Supplies	7,090	10,491
Work in progress	360,455	328,291
Finished goods	4,154,853	5,096,479
Total	<u>\$ 6,652,861</u>	<u>7,492,032</u>

As of December 31, 2023 and 2022, 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:

	2023	2022
Loss (reversal of loss) on decline in market value of inventory	\$ (26,870)	118,928
Loss on raw materials write-off	-	2,331
Income from sale of scrap	(30,003)	(33,690)
Loss on physical count	749	5,249
Unallocated production overhead	753,638	584,618
Total	<u>\$ 697,514</u>	<u>677,436</u>

The Group reversed the allowance for loss on inventory for the years ended December 31, 2023, when the Group sold or used the inventories for which an allowance had been provided for the year ended December 31, 2022.

(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, 2023	December 31, 2022
Associates	\$ 1,001,330	906,310
Joint ventures	1,574,712	1,315,890
	<u>\$ 2,576,042</u>	<u>2,222,200</u>

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

	2023	2022
Associates	\$ 79,698	95,850
Joint ventures	341,233	214,852
	<u>\$ 420,931</u>	<u>310,702</u>

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(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	
			112.12.31	111.12.31
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 Group, is as follows:

	December 31, 2023	December 31, 2022
Current assets	\$ 1,381,586	1,144,407
Non-current assets	1,114,726	566,744
Current liabilities	(546,923)	(183,541)
Non-current liabilities	(509,039)	(194,567)
Equity	\$ 1,440,350	1,333,043
Equity attributable to the Group	\$ 720,175	666,522

	2023	2022
Revenue	\$ 1,773,612	2,203,816
Net income of continued operations	132,559	312,041
Other comprehensive income	-	-
Total comprehensive income	132,559	312,041
Total comprehensive income attributable to the Group	\$ 66,279	156,020

	2023	2022
Beginning balance of the equity of the associate attributable to the Group	\$ 667,783	505,494
Current total comprehensive income of the associate attributable to the Group	66,279	156,020
Other	(13,887)	6,269
Ending balance of the equity of the associate attributable to the Group	\$ 720,175	667,783

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, 2023	December 31, 2022
Balance of not significant associate' s equity	\$ 281,155	238,527

	2023	2022
Attributable to the Group:		
Net income (loss) of continued operations	\$ 13,419	(60,170)
Other comprehensive income	-	-
Total comprehensive income (loss)	\$ 13,419	(60,170)

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(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 country	Proportion of equity and voting right	
			December 31, 2023	December 31, 2022
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 Group, is as follows:

	December 31, 2023	December 31, 2022
Current assets	\$ 2,985,166	2,221,809
Non-current assets	2,441,529	2,350,978
Current liabilities	(1,212,342)	(600,484)
Non-current liabilities	(1,051,409)	(1,372,905)
Equity	<u>\$ 3,162,944</u>	<u>2,599,398</u>
Equity attributable to the Group	<u>\$ 1,581,472</u>	<u>1,299,699</u>

	2023	2022
Revenue	<u>\$ 5,719,953</u>	<u>6,053,206</u>
Net income of continued operations	\$ 680,196	427,752
Other comprehensive income (loss)	5,942	(37,016)
Total comprehensive income	<u>686,138</u>	<u>390,736</u>
Total comprehensive income attributable to the Group	<u>\$ 343,069</u>	<u>195,368</u>

	2023	2022
Beginning balance of the equity of the joint venture attributable to the Group	\$ 1,258,286	1,130,197
Current total comprehensive income of the joint venture attributable to the Group	343,069	195,368
Current dividend received from joint venture	(48,845)	(51,327)
Other	(35,516)	(15,952)
Ending balance of the equity of the joint venture attributable to the Group	<u>\$ 1,516,994</u>	<u>1,258,286</u>

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, 2023	December 31, 2022
Balance of not significant joint venture's equity	<u>\$ 57,718</u>	<u>57,604</u>

	2023	2022
Attributable to the Group:		
Net income of continued operations	\$ 1,135	976
Other comprehensive income	-	-
Total comprehensive income	<u>\$ 1,135</u>	<u>976</u>

(iii) Collateral

As of December 31, 2023 and 2022, the Group did not pledge any collateral on investments accounted for under the equity method.

(h) Material non-controlling interests of subsidiaries

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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, 2023	December 31, 2022
Shen Hua Chemical Industries Co., Ltd.	China	12.00%	34.56%
TSRC-UBE (Nantong) Chemical 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, 2023	December 31, 2022
Current assets	\$ 3,177,332	3,334,434
Non-current assets	3,337,134	1,774,494
Current liabilities	(890,778)	(894,168)
Non-current liabilities	(1,571,440)	(495,653)
Net assets	<u>\$ 4,052,248</u>	<u>3,719,107</u>
Non-controlling interests	<u>\$ 486,270</u>	<u>1,285,323</u>
	2023	2022
Revenue	<u>\$ 8,057,008</u>	<u>8,062,395</u>
Net income	\$ 404,106	332,811
Other comprehensive income (loss)	(165,630)	43,163
Total comprehensive income	<u>\$ 238,476</u>	<u>375,974</u>
Total net income attributable to non-controlling interests	<u>\$ 128,519</u>	<u>115,020</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 91,464</u>	<u>129,936</u>
	2023	2022
Net cash flow from operating activities	\$ 308,494	762,556
Net cash used in investing activities	(908,010)	(540,430)
Net cash flow from (used in) financing activities	376,147	(225,153)
Effect on exchange rate changes on cash and cash equivalents	(7,036)	24,948
Increase (decrease) in cash and cash equivalents	<u>\$ (230,405)</u>	<u>21,921</u>

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

	December 31, 2023	December 31, 2022
Current assets	\$ 1,660,419	1,584,402
Non-current assets	711,584	773,087
Current liabilities	(345,028)	(290,263)
Non-current liabilities	(40,966)	(24,138)
Net assets	<u>\$ 1,986,009</u>	<u>2,043,088</u>
Non-controlling interests	<u>\$ 893,704</u>	<u>919,390</u>
	2023	2022

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Revenue	\$	3,364,956	3,636,256
Net income	\$	351,977	498,796
Other comprehensive income (loss)		(46,089)	14,333
Total comprehensive income	\$	305,888	513,129
Total net income attributable to non-controlling interests	\$	158,390	224,458
Total comprehensive income attributable to non-controlling interests	\$	137,650	230,908
		2023	2022
Net cash flow from operating activities	\$	425,139	627,710
Net cash used in investing activities		(74,625)	(67,813)
Net cash used in financing activities		(345,680)	(445,752)
Effect on exchange rate changes on cash and cash equivalents		(8,671)	12,680
Increase (decrease) in cash and cash equivalents	\$	(3,837)	126,825
Dividends in NCI	\$	(163,335)	-

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(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, 2023	\$ 642,112	156,788	5,010,910
Additions	-	-	-
Disposals	-	-	(997)
Reclassification	-	-	41,215
Effect on changes in exchange rates	20	(105)	(60,043)
Balance at December 31, 2023	<u>\$ 642,132</u>	<u>156,683</u>	<u>4,991,085</u>
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	<u>\$ 642,112</u>	<u>156,788</u>	<u>5,010,910</u>
Depreciation and impairment loss:			
Balance at January 1, 2023	\$ -	110,887	2,811,062
Depreciation	-	8,824	170,730
Disposals	-	-	(237)
Effect on changes in exchange rates	-	(118)	(32,298)
Balance at December 31, 2023	<u>\$ -</u>	<u>119,593</u>	<u>2,949,257</u>
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	<u>\$ -</u>	<u>110,887</u>	<u>2,811,062</u>
Carrying value:			
December 31, 2023	<u>\$ 642,132</u>	<u>37,090</u>	<u>2,041,828</u>
December 31, 2022	<u>\$ 642,112</u>	<u>45,901</u>	<u>2,199,848</u>
January 1, 2022	<u>\$ 639,920</u>	<u>51,265</u>	<u>2,324,303</u>

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

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Machinery	Furniture and fixtures and other equipment	Construction in progress	Total
23,790,687	273,702	790,401	30,664,600
27,816	358	1,722,467	1,750,641
(89,487)	(9,142)	-	(99,626)
494,916	11,102	(603,007)	(55,774)
(167,186)	(1,519)	(18,884)	(247,717)
24,056,746	274,501	1,890,977	32,012,124
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
17,541,670	214,009	-	20,677,628
860,909	16,635	-	1,057,098
(82,534)	(8,754)	-	(91,525)
(103,730)	(1,065)	-	(137,211)
18,216,315	220,825	-	21,505,990
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
5,840,431	53,676	1,890,977	10,506,134
6,249,017	59,693	790,401	9,986,972
6,412,276	65,008	661,868	10,154,640

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(j) Right-of-use assets

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

	Land	Buildings	Machinery	Transportation equipment	Total
Cost:					
Balance at January 1, 2023	\$ 581,608	236,083	422,440	34,181	1,274,312
Additions	612,847	111,349	147,320	7,880	879,396
Write-off	-	(111,892)	-	(5,504)	(117,396)
Lease modification	(31)	(3,615)	-	(958)	(4,604)
Transfer to operating costs and inventories	-	(3,822)	(74,522)	-	(78,344)
Effect on changes in foreign exchange rates	(17,314)	852	(4,655)	(65)	(21,182)
Balance at December 31, 2023	<u>\$ 1,177,110</u>	<u>228,955</u>	<u>490,583</u>	<u>35,534</u>	<u>1,932,182</u>
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
Transfer 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	<u>\$ 581,608</u>	<u>236,083</u>	<u>422,440</u>	<u>34,181</u>	<u>1,274,312</u>
Accumulated depreciation and impairment losses:					
Balance at January 1, 2023	\$ 175,443	117,596	9,652	11,932	314,623
Depreciation	26,590	52,811	19,585	10,336	109,322
Write-off	-	(111,892)	-	(5,504)	(117,396)
Effect on changes in exchange rates	(3,092)	1,071	(257)	(106)	(2,384)
Balance at December 31, 2023	<u>\$ 198,941</u>	<u>59,586</u>	<u>28,980</u>	<u>16,658</u>	<u>304,165</u>
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	<u>\$ 175,443</u>	<u>117,596</u>	<u>9,652</u>	<u>11,932</u>	<u>314,623</u>
Carrying value:					
December 31, 2023	<u>\$ 978,169</u>	<u>169,369</u>	<u>461,603</u>	<u>18,876</u>	<u>1,628,017</u>
December 31, 2022	<u>\$ 406,165</u>	<u>118,487</u>	<u>412,788</u>	<u>22,249</u>	<u>959,689</u>
January 1, 2022	<u>\$ 406,554</u>	<u>69,746</u>	<u>374,699</u>	<u>16,486</u>	<u>867,485</u>

Please refer to note 8 for the pledged and collateral information of Right-of-use assets.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(k) Investment property

	Land	Buildings	Total
Cost:			
Balance as at January 1, 2023	\$ 1,073,579	741,889	1,815,468
Additions	-	-	-
Balance as at December 31, 2023	<u>\$ 1,073,579</u>	<u>741,889</u>	<u>1,815,468</u>
Balance as at January 1, 2022	\$ 1,073,579	741,889	1,815,468
Additions	-	-	-
Balance as at December 31, 2022	<u>\$ 1,073,579</u>	<u>741,889</u>	<u>1,815,468</u>
Depreciation:			
Balance as at January 1, 2023	\$ -	278,045	278,045
Depreciation	-	14,726	14,726
Balance as at December 31, 2023	<u>\$ -</u>	<u>292,771</u>	<u>292,771</u>
Balance as at January 1, 2022	\$ -	263,320	263,320
Depreciation	-	14,725	14,725
Balance as at December 31, 2022	<u>\$ -</u>	<u>278,045</u>	<u>278,045</u>
Carrying value:			
Balance as at December 31, 2023	<u>\$ 1,073,579</u>	<u>449,118</u>	<u>1,522,697</u>
Balance as at December 31, 2022	<u>\$ 1,073,579</u>	<u>463,844</u>	<u>1,537,423</u>
Balance as at January 1, 2022	<u>\$ 1,073,579</u>	<u>478,569</u>	<u>1,552,148</u>
Fair value:			
Balance as at December 31, 2023		\$	<u>3,383,413</u>
Balance as at December 31, 2022		\$	<u>3,347,503</u>
Balance as at January 1, 2022		\$	<u>3,336,956</u>

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	2023	2022
Da'an Dist., Taipei City	2.47%	1.85%

As of December 31, 2023 and 2022, the Group did not pledge any collateral on investment properties.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(l) Intangible asset

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, 2023	\$ 1,049,728	306,213	210,928
Reclassification	-	6,016	-
Effect of changes in exchange rates	(3,817)	(1,439)	185
Balance at December 31, 2023	<u>\$ 1,045,911</u>	<u>310,790</u>	<u>211,113</u>
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	<u>\$ 1,049,728</u>	<u>306,213</u>	<u>210,928</u>
Amortization and impairment losses:			
Balance at January 1, 2023	\$ 758,335	275,348	210,928
Amortization	65,273	17,620	-
Effect of changes in exchange rates	(4,834)	(1,382)	185
Balance at December 31, 2023	<u>\$ 818,774</u>	<u>291,586</u>	<u>211,113</u>
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	<u>\$ 758,335</u>	<u>275,348</u>	<u>210,928</u>
Carrying value:			
December 31, 2023	<u>\$ 227,137</u>	<u>19,204</u>	<u>-</u>
December 31, 2022	<u>\$ 291,393</u>	<u>30,865</u>	<u>-</u>
January 1, 2022	<u>\$ 328,474</u>	<u>24,594</u>	<u>-</u>

(i) Amortization of intangible assets

For the years ended December 31, 2023 and 2022, the amortization of intangible assets are included in the statement of comprehensive income:

	2023	2022
Operating costs	\$ 11,267	10,226
Operating expenses	125,270	123,320
	<u>\$ 136,537</u>	<u>133,546</u>

(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, 2023				The unused credit facilities (include credit lines of bills issued)
	Range of interest rates (%)	Year of maturity	Amount	
Unsecured loans	0.85~6.61	113	<u>\$ 4,580,149</u>	<u>17,296,248</u>
December 31, 2022				The unused credit facilities (include credit lines of bills issued)
	Range of interest rates (%)	Year of maturity	Amount	
Unsecured loans	0.85~5.85	112	<u>\$ 6,079,332</u>	<u>15,451,065</u>

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Patent and trademark	Customer relationship	Non compete agreement	Total
604,390	1,102,417	9,213	3,282,889
-	-	-	6,016
530	970	8	(3,563)
604,920	1,103,387	9,221	3,285,342
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
410,112	751,140	9,213	2,415,076
17,689	35,955	-	136,537
121	173	8	(5,729)
427,922	787,268	9,221	2,545,884
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
176,998	316,119	-	739,458
194,278	351,277	-	867,813
190,903	348,708	-	892,679

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(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	2.06	\$ 250,000
Less: discount on commercial paper payable			296
Total			<u>\$ 249,704</u>

(iii) Long-term borrowings

1) Long-term bank borrowings

December 31, 2023				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Secured loans	CNY	2.85	121	\$ 346,287
Unsecured loans	NTD	1.05~2.16	113~117	3,841,827
Unsecured loans	USD	6.86~7.11	114~117	488,532
Total				<u>\$ 4,676,646</u>
Current				\$ 1,494,060
Non-current				3,182,586
Total				<u>\$ 4,676,646</u>

December 31, 2022				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Secured loans	USD	4.38	112	\$ 66,895
Unsecured loans	NTD	1.05~1.93	112~116	2,285,292
Unsecured loans	USD	5.81~5.89	112~114	502,230
Total				<u>\$ 2,854,417</u>
Current				\$ 724,563
Non-current				2,129,854
Total				<u>\$ 2,854,417</u>

The Group applied for the project loan under "Welcoming the Return of Taiwanese Investment Initiative Act" and was granted a credit of \$478,000 thousand. An amount of \$164,107 thousand and \$185,292 thousand has been drawn as of December 31, 2023 and 2022 respectively. The difference between the market rate of 1.92% and 1.66% and the preferential rate of 1.20% and 1.08% is treated as government subsidy and measured and recognized as deferred income.

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

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	1.87	\$ 350,000
Less: discount on long-term commercial paper payable			233
Less: current portion			349,767
Total			<u>\$ -</u>

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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(n) Non-current provision liabilities

	Guarantees	Demolition and relocation costs	Total
Balance at January 1, 2023	\$ 24,986	245,298	270,284
Reverse in provisions	(24,986)	-	(24,986)
Effect on changes in exchange rates	-	(4,282)	(4,282)
Balance at December 31, 2023	<u>\$ -</u>	<u>241,016</u>	<u>241,016</u>
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	<u>\$ 24,986</u>	<u>245,298</u>	<u>270,284</u>

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, 2023	December 31, 2022
Current	<u>\$ 144,672</u>	<u>127,731</u>
Non-current	<u>\$ 535,336</u>	<u>451,756</u>

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

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest on lease liabilities	<u>\$ 11,685</u>	<u>3,778</u>
Expenses relating to short-term leases	<u>\$ 1,210</u>	<u>11,458</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 20,971</u>	<u>19,185</u>

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

	2023	2022
Total cash outflow for leases	<u>\$ 202,330</u>	<u>187,364</u>

(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, 2023	December 31, 2022
Less than one year	\$ 55,310	66,532
One to two years	22,014	53,990
Two to three years	23,376	16,771
Three to four years	22,283	17,875
Four to five years	16,919	18,119
More than five years	<u>30,687</u>	<u>30,687</u>
Total undiscounted lease payments	<u>\$ 170,589</u>	<u>203,974</u>

In 2023 and 2022, the rental income from investment property amounted to \$71,009 thousand and \$71,624 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, 2023	December 31, 2022
The present value of the defined benefit obligations	\$ 507,991	555,084
Fair value of plan assets	<u>(478,771)</u>	<u>(538,877)</u>
The net defined benefit liability	<u>\$ 29,220</u>	<u>16,207</u>

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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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 \$478,771 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, 2023 and 2022 were as follows:

	2023	2022
Defined benefit obligation as of January 1	\$ 555,084	605,909
Current service costs and interest	11,741	7,868
Remeasurements of net defined benefit liability (asset)		
- Return on plan assets (excluding current interest expense)	3,371	42,851
- Due to changes in financial assumption of actuarial gains or losses	13,318	(51,983)
Benefits paid by the plan	(75,523)	(49,561)
Defined benefit obligation as of December 31	<u>\$ 507,991</u>	<u>555,084</u>

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, 2023 and 2022, were as follows:

	2023	2022
Fair value of plan assets as of January 1	\$ 538,877	519,935
Expected return	7,880	2,533
Remeasurements of net defined benefit liability (asset)		
- Return on plan assets (excluding current interest expense)	3,371	42,851
Contributions made	4,166	23,119
Benefits paid by the plan	(75,523)	(49,561)
Fair value of plan assets as of December 31	<u>\$ 478,771</u>	<u>538,877</u>

4) Expenses recognized in profit or loss

The expenses recognized on profit or loss for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Current service cost	\$ 3,649	4,916
Net interest on the defined benefit liability (asset)	211	419
	<u>\$ 3,860</u>	<u>5,335</u>

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

	2023	2022
Operating costs	\$ 2,325	3,288
Operating expenses	1,535	2,047
	<u>\$ 3,860</u>	<u>5,335</u>

5) Actuarial assumptions

The following are the Group's principal actuarial assumptions:

	December 31, 2023	December 31, 2022
Discount rate	1.375%	1.500%
Future salary increases rate	1.500%	1.500%

The Group expects to make contributions of \$2,200 thousand to the defined benefit plans in the next year starting from the reporting date of 2023.

The Weighted-average duration of the defined benefit plan is 8.62 years for the year ended December 31, 2023.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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, 2023 and 2022, 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, 2023		
Discount rate	\$ (7,872)	8,069
Future salary increase rate	7,731	(7,583)
December 31, 2022		
Discount rate	(9,339)	9,612
Future salary increase rate	9,239	(9,016)

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 \$132,240 thousand and \$115,585 thousand for the years ended December 31, 2023 and 2022, 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, 2023	December 31, 2022
Compensated absence liabilities	\$ 58,464	58,071

(r) Income tax

(i) Income tax expenses

The amounts of the Group's income tax for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Current income tax expense		
Current-period	\$ 483,558	709,889
Adjustment for prior-periods	(8,973)	(3,155)
	474,585	706,734
Deferred tax expense		
Origination and reversal of temporary differences	(17,429)	239,757
Income tax expenses of continued operations	\$ 457,156	946,491

The amounts of the Group's income tax expense (benefit) recognized under other comprehensive income (loss) for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Items that will not be reclassified subsequently to profit or loss:		
Unrealized gains on equity instruments at fair value through other comprehensive income (loss)	\$ 22,937	(473)

Reconciliations of the Group's income tax expense (benefit) and the profit before tax for 2023 and 2022 were as follows:

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

	2023	2022
Income before tax	\$ 1,424,083	3,068,732
Income tax calculated on pretax accounting income at statutory rate	\$ 284,817	613,746
Effect of tax rates in foreign jurisdiction	68,092	82,545
Tax exempt income	(16,674)	(11,814)
Foreign dividend income	41,763	-
Adjustment for prior-periods	(8,973)	(3,155)
Foreign investment income	35,262	182,048
R&D tax credits utilized	(27,764)	(35,339)
Withholding tax of revenue from overseas	49,322	72,767
Adjustment of tax rates	1,972	8,146
Change in unrecognized temporary differences	(1,223)	(34,169)
5% surtax on undistributed earnings	27,524	69,036
Others	3,038	2,680
Total	\$ 457,156	946,491

(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, 2023 and 2022. 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, 2023	December 31, 2022
Aggregate amount of temporary differences related to investments in subsidiaries	\$ 1,562,943	1,398,010
Unrecognized deferred tax liabilities	\$ 312,589	279,602

2) Recognized deferred income tax assets and liabilities

Changes in the amount of deferred income tax assets and liabilities for 2023 and 2022 were as follows:

Deferred tax assets:

	Allowance for inventory valuation	Loss carryforward	Investment tax credit	Others	Total
Balance at January 1, 2023	\$ 63,836	93,788	66,397	84,726	308,747
Recognized in profit or loss	1,213	165,932	(1,961)	62,684	227,868
Balance at December 31, 2023	\$ 65,049	259,720	64,436	147,410	536,615
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

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, 2023	\$ 1,025,428	217,876	56,683	83,814	1,383,801
Recognized in profit or loss	101,195	47,637	-	61,607	210,439
Recognized in other comprehensive loss	-	-	-	22,937	22,937
Balance at December 31, 2023	\$ 1,126,623	265,513	56,683	168,358	1,617,177
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

(iii) Assessment of tax

The tax returns of the Company have been assessed by the tax authorities for all years through 2021.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(iv) Global minimum top-up tax
Luxemburg and Vietnam, where the consolidated subsidiaries are registered, declare new tax rules under the global minimum top-up tax that has come into effect since January 1, 2024. Hence, there is no effect on income tax expense as of December 31, 2023 for the Group. If the new tax rules became effective in 2023, the effect on income tax expense would not be material considering the consolidated subsidiaries recognized pre-tax net losses in 2023 in the said countries of operation.

(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, 2023 and 2022, 825,709,978 shares of ordinary were issued.

(ii) Additional paid-in capital
The components of additional paid-in capital as of December 31, 2023 and 2022, were as follows:

	December 31, 2023	December 31, 2022
Share premium	\$ 849	849
Recognition of changes in ownership interests in subsidiaries	126,547	-
Overaging unclaimed dividends	52,437	50,876
	<u>\$ 179,833</u>	<u>51,725</u>

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.

The Company’ s Board of Directors’ meeting held on March 7, 2024, approved to distribute cash of \$123,856 (representing 0.15 New Taiwan dollars per share), by using capital surplus. The related information can be accessed through the Market Observation Post System website.

(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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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, employee bonuses, capital surplus, and legal reserve distributed wholly or partially 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, 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 approval.

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

The distribution of 2022 and 2021 earnings as dividends to stockholders that were approved by the Company's shareholders' general meetings on May 31, 2023 and June 17, 2022, respectively, were as follows:

	2022		2021	
	Amount per share (NTD)	Total Amount	Amount per share (NTD)	Total Amount
Dividends distributed to ordinary stockholders:				
Cash	\$ 1.08	891,767	2.40	1,981,704

On March 7, 2024, the Company's Board of Directors resolved to appropriate the 2023 earnings. These earnings were appropriated as follows:

	2023	
	Amount per share (NTD)	Total Amount
Dividends distributed to common shareholders:		
Cash	\$ 0.41	338,541

(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, 2023	\$ 251,770	1,004,081	(45,789)	1,210,062
Foreign exchange differences arising from foreign operations	16,735	-	-	16,735
Exchange differences on translation financial statements from investments accounted for using equity method	6,318	-	-	6,318
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	-	966,056	-	966,056
Share of cash flow hedges of associates and joint ventures accounted for under equity method	-	-	3,120	3,120
Balance as of December 31, 2023	\$ 274,823	1,970,137	(42,669)	2,202,291
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

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(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			
	2023	2022	
Net income attributable to common shareholders of the Company	\$ 680,018	1,782,763	
Weighted-average number of common shares (in thousands)	825,710	825,710	
Basic earnings per share (NTD)	\$ 0.82	2.16	
(ii) Diluted earnings per share			
	2023	2022	
Net income attributable to common shareholders of the Company (diluted)	\$ 680,018	1,782,763	
Weighted-average number of common shares (basic) (in thousands)	825,710	825,710	
Impact on potential common shares			
Effect on employees' compensation (in thousands)	3,674	5,788	
Weighted-average number of shares outstanding (diluted) (in thousands)	829,384	831,498	
Diluted earnings per share (NTD)	\$ 0.82	2.14	
(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, 2023 and 2022, the Company recognized the employees' compensation of \$69,010 thousand and \$130,999 thousand, respectively, and the directors' remuneration to be , \$0 and \$11,857 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 2023 and 2022.			
(v) Revenue from contracts with customers			
	2023		
	Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:			
Asia	\$ 22,069,315	701,541	22,770,856
Americas	4,706,024	7,557	4,713,581
Europe	3,431,528	319	3,431,847
Others	510,605	-	510,605
	\$ 30,717,472	709,417	31,426,889
Major product lines:			
Synthetic rubber / elastomers	\$ 30,277,231	-	30,277,231
Applied materials	-	705,747	705,747
Others	440,241	3,670	443,911
	\$ 30,717,472	709,417	31,426,889
	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

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(w) Other income and expenses

	2023	2022
Rental income	\$ 73,481	74,111
Royalty income	123,006	175,992
Net service income	19,063	7,452
Depreciation of investment properties	(14,726)	(14,725)
Net other income	<u>27,772</u>	<u>29,488</u>
Other income and expenses	<u>\$ 228,596</u>	<u>272,318</u>

(x) Non-operating income and expenses

(i) Interest income

The components of the Group's interest income for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Interest income from bank deposits	<u>\$ 232,025</u>	<u>85,130</u>

(ii) Other gains

	2023	2022
Dividend income	<u>\$ 122,359</u>	<u>101,580</u>

(iii) Other gains and losses

	2023	2022
Gains or losses on disposal of property, plant and equipment	\$ (6,198)	(22,349)
Foreign exchange gain or loss, net	53,650	4,783
Gains or losses on financial assets (liabilities) at fair value through profit or loss	1,611	74,062
Other gains and losses	<u>(639)</u>	<u>15,322</u>
Other gains and losses, net	<u>\$ 48,424</u>	<u>71,818</u>

(iv) Finance costs

	2023	2022
Interest expense	<u>\$ 347,572</u>	<u>175,468</u>

(y) Reclassification of components of other comprehensive income

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

	2023	2022
Effective portion of cash flow hedges:		
Net gains (losses) for current year	\$ 18,349	(3,511)
Less: Adjustment of reclassification included in profit or loss	<u>15,229</u>	<u>15,431</u>
Net gains (losses) recognized in other comprehensive income	<u>\$ 3,120</u>	<u>(18,942)</u>

(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, 2023 and 2022, the maximum credit risk exposure amounted to \$12,476,468 thousand, and \$11,998,838 thousand, respectively (after adjustment).

2) Concentration of credit risk

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

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

(ii) Liquidity risk

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

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

	Contractual cash flows	Within 1 years	1 2 years	2 5 years	Over 5 years
December 31, 2023					
Non-derivative financial liabilities					
Short-term borrowings	\$ 4,605,027	4,605,027	-	-	-
Accounts payable (including related parties)	2,150,898	2,150,898	-	-	-
Other payables (including related parties)	1,472,539	1,472,539	-	-	-
Long-term borrowings (including current portion)	4,994,485	1,583,722	642,590	2,333,144	435,029
Lease liabilities	710,119	156,622	127,064	390,119	36,314
Deposits received	45,530	11,247	31,163	-	3,120
Other swap contracts / Other forward contracts:					
Outflow	18,531	18,531	-	-	-
	<u>\$ 13,997,129</u>	<u>9,998,586</u>	<u>800,817</u>	<u>2,723,263</u>	<u>474,463</u>
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 (including related parties)	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	-	-	-
	<u>\$ 13,449,314</u>	<u>10,768,893</u>	<u>1,761,611</u>	<u>828,878</u>	<u>89,932</u>

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

	Foreign currency (thousand dollars)	Exchange rate	NTD
December 31, 2023			
Financial assets:			
Monetary assets:			
USD	\$ 69,654	30.7350	2,140,816
EUR	\$ 13,832	34.0114	470,446
JPY	\$ 263,139	0.2173	57,180
CNY	\$ 23,258	4.3309	100,728
Financial liabilities:			
Monetary liabilities:			
USD	\$ 78,082	30.7350	2,399,850
EUR	\$ 12,761	34.0114	434,019
JPY	\$ 229,265	0.2173	49,819

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

	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
CNY	\$ 31,872	4.4078	140,485
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

2) Sensitivity analysis

The Group's exposure to foreign currency risk arose from cash and cash equivalents, accounts and other receivables, borrowings, and accounts and other payables that were denominated in foreign currencies. If the NTD against the forgin currencies had depreciated / appreciated by 1%, the Group's net income before tax would have decreased/ increased by \$1,145 thousand for the year ended December 31, 2023, the Group's net income before tax would have increased /decreased by \$2,110 thousand for the year ended December 31, 2022, 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, 2023 and 2022, foreign exchange gain (loss) (including Derivative financial instruments for non-hedging profit and loss) amounting to \$55,261 thousand and \$78,845 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 \$92,568 thousand and \$89,337 thousand for the years ended December 31, 2023 and 2022, 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 valued reasonably colse to their fair values. No additional fair value disclosure is required in accordance to the regulations.

	December 31, 2023				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	\$ 1,263,392	1,263,392	-	-	1,263,392
Unlisted stocks (domestic and overseas)	1,148,549	-	-	1,148,549	1,148,549
Subtotal	2,411,941	1,263,392	-	1,148,549	2,411,941
Total	\$ 2,411,941	1,263,392	-	1,148,549	2,411,941
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 18,531	-	18,531	-	18,531

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

	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)	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

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, 2023	\$ 796,059
Total gains:	
Recognized in other comprehensive income	352,490
Balance at December 31, 2023	\$ 1,148,549
Balance at January 1, 2022	\$ 792,446
Total gains:	
Recognized in other comprehensive loss	3,613
Balance at December 31, 2022	\$ 796,059

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	<ul style="list-style-type: none">Multipliers of price-to-earnings ratios as of December 31, 2023 and December 31, 2022 was all 10.90~18.41 and 9.36~17.59, respectivelyMarket liquidity discount rate as of 20%	<ul style="list-style-type: none">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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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

The Group's fair value measurement on financial instruments is reasonable. However, the measurement would be different if different valuation models or valuation parameters are used. For financial instruments using level 3 inputs, if the valuation parameters changed, the impact on other comprehensive income or loss are as follows:

			Other comprehensive income	
	Input	Move up or down	Favorable change	Unfavorable change
December 31, 2023				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	1%	\$ 14,355	(14,355)
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)

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

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Group's Accounts Receivable and Notes Receivable are mainly due from customers in China, each constituting 27% and 23% of the total amount of the receivables as of December 31, 2023, and 2022, respectively.

The sales department and the finance department of the Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes the history of transactions with the Counter-party, its financial position, and geographic considerations. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval; these limits are reviewed on a periodic basis. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a pre-payment 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, 2023 and 2022, 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

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

exchange risk is maintained at an acceptable level.

The Group does not hedge against investments of associates and joint ventures.

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, 2023	December 31, 2022
Total liabilities	\$ 17,186,583	15,842,270
Total equity	20,801,794	20,731,263
Total assets	\$ 37,988,377	36,573,533
Debts ratio	45%	43%

As of December 31, 2023, the Group's debts ratio increases mainly due to the addition in accounts payable and other non-current liabilities (relocation compensation).

(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, 2023 and 2022.

(ad) Reconciliation of liabilities arising from financing activities

Reconciliations of liabilities arising from financing activities for the years ended December 31, 2023 and 2022 was as follows:

	January 1, 2023	Cash flows	Non-cash changes			December 31, 2023
			Foreign exchange movement	Amortization of commercial paper discount	Others	
Long-term borrowings (including current portion)	\$ 2,854,417	1,824,510	(2,281)	-	-	4,676,646
Other long-term borrowings (including current portion)	349,767	(350,000)	-	233	-	-
Short-term borrowings (including short-term commercial paper payable)	6,329,036	(1,797,651)	48,468	296	-	4,580,149
Lease liabilities	579,487	(168,464)	(37,949)	11,685	295,249	680,008
Total liabilities from financing activities	\$ 10,112,707	(491,605)	8,238	12,214	295,249	9,936,803

	January 1, 2022	Cash flows	Non-cash changes			December 31, 2022
			Foreign exchange movement	Amortization of commercial paper discount	Others	
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	-	-	(155)	-	349,767
Short-term borrowings (including short-term commercial paper payable)	4,006,365	2,086,794	233,993	1,884	-	6,329,036

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

	January 1, 2022	Cash flows	Non-cash changes			December 31, 2022
			Foreign exchange movement	Amortization of commercial paper discount	Others	
Lease liabilities	486,283	(152,943)	13,852	3,778	228,517	579,487
Total liabilities from financing activities	\$ 7,596,502	1,971,218	310,963	5,507	228,517	10,112,707

(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
Metropolis Property Management Corporation	Other related parties of the Group
WFV Corporation	"
Continental Engineering Corporation	"
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	The Group recognized associates under equity method
Indian Synthetic Rubber Private Limited	The Group recognized joint venture under equity method
Nantong Qix Storage Co., Ltd.	"
Marubeni Corporation	Corporate director of one consolidated entity
UBE (Shanghai) Ltd.	Subsidiary of other related parties of one consolidated entity
Marubeni Petrochemicals Investment B.V.	Substantive related party

(c) Significant transactions with related parties

(i) Operating revenue

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

	2023	2022
Associates	\$ 4,346	3,412

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:

	2023	2022
Other related parties	\$ 266,957	203,409

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:

	2023	2022
Associates		
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 166,144	172,282

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Joint ventures		
Indian Synthetic Rubber Private Limited	61,738	67,130
Others joint ventures	6,108	6,709
Other related parties		
Others related parties	(12,619)	(18,495)
	<u>\$ 221,371</u>	<u>227,626</u>

(iv) Lease - Rental income

	2023	2022
Associates	\$ 2,472	2,487
Other related parties	4,587	4,489
	<u>\$ 7,059</u>	<u>6,976</u>

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, 2023	December 31, 2022
Other receivables	Associates		
	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 32,853	31,017
Other receivables	Joint ventures		
	Indian Synthetic Rubber Private Limited	13,110	11,227
	Others	421	626
		<u>\$ 46,384</u>	<u>42,870</u>

(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, 2023	December 31, 2022
Accounts payable	Other related parties		
	Marubeni Corporation	\$ 59,179	33,236
Other payables	Associates	16	-
Other payables	Joint ventures	-	1,382
Other payables	Other related parties	1,363	1,578
		<u>\$ 60,558</u>	<u>36,196</u>

(vii) Guarantees

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

	December 31, 2023	December 31, 2022
Associates		
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ -	308,546
Joint ventures		
Indian Synthetic Rubber Private Limited	-	1,022,576
	<u>\$ -</u>	<u>1,331,122</u>

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

	December 31, 2023	December 31, 2022
Associates		
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ -	1,261
Joint ventures		
Indian Synthetic Rubber Private Limited	-	23,725
	<u>\$ -</u>	<u>24,986</u>

(viii) Property transaction

On September 1, 2023, the Board of the Director of the Group decided to acquire 22.56% shares of Shen Hua Chemical Industries Co., Ltd. for \$637,659 thousand (USD 20,500 thousand) from the substantial related party, Marubeni Petrochemicals Investment B.V. The acquisition was completed on November 9, 2023. The difference of \$126,547 thousand between the actual transaction price and the carrying amount of the equity value of Shen Hua Chemical Co., Ltd. is recognized as capital surplus. The financial statement translation difference for foreign operations is adjusted by \$125,998 thousand following the equity acquisition ratio.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(d) Key management personnel transactions
The compensation of the key management personnel comprised the following:

	2023	2022
Short-term employee benefits	\$ 159,934	142,453
Post-employment benefits	1,798	1,329
	<u>\$ 161,732</u>	<u>143,782</u>

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2023	December 31, 2022
Restricted savings deposits (recorded as other non-current assets)	Bank guarantee for electricity usage	\$ 1,204	1,237
Machinery etc. (recorded as property, plant and equipment)	Guarantee for long-term borrowings	84,825	120,802
Land-use right (recorded as Right-of-use assets)	Guarantee for long-term borrowings	591,604	-
		<u>\$ 677,633</u>	<u>122,039</u>

(9) Commitments and contingencies

(a) The unused letters of credit outstanding

	December 31, 2023	December 31, 2022
The Group's unused letters of credit outstanding	<u>\$ 1,318,231</u>	<u>1,123,836</u>

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

	December 31, 2023	December 31, 2022
Total amounts of construction in progress contracts	<u>\$ 4,994,319</u>	<u>1,263,653</u>
Cumulative payments	<u>\$ 2,151,622</u>	<u>448,595</u>

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events

The Group's board of directors resolved the capitalization of retained earnings of USD37.07 million for Shen Hua Chemical Co., Ltd. on February 1, 2024.

(12) Other

(a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By nature \ By function	Year ended December 31, 2023			Year ended December 31, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	1,004,542	757,634	1,762,176	953,878	714,708	1,668,586
Labor and health insurance	115,775	70,802	186,577	108,511	69,220	177,731
Pension	97,938	38,162	136,100	85,351	35,569	120,920
Others (note 1)	213,247	114,179	327,426	243,029	143,983	387,012
Depreciation (note 2)	1,028,777	137,643	1,166,420	1,021,649	137,655	1,159,304
Amortization	11,267	125,270	136,537	10,226	123,320	133,546

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

Note 2: Depreciation expenses excluded expenses for investment property recognized under other income and expenses, amounting to \$14,726 thousand and \$14,725 thousand for the years ended December 31, 2023 and 2022.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(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, 2023	December 31, 2022
Cumulative compensation received	\$ 942,185	212,166
Land-use right price for new location / Prepaid land-use right price for new location	\$ 603,678	596,499
Provision for demolish and relocation	\$ 241,016	245,298

(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, 2023:

(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	75,252	73,625
2	Polybus Corporation Pte Ltd	TSRC (Vietnam) Co., Ltd.	Account receivable related parties	Yes	122,960	61,470

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)	781,500	768,375
0	TSRC	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	6	(Note2)	311,395	-
0	TSRC	Indian Synthetic Rubber Private Limited	6	(Note2)	1,060,738	-
0	TSRC	TSRC (Vietnam) Co., Ltd.	4	(Note2)	634,578	568,599
0	TSRC	TSRC Specialty Materials LLC	4	(Note2)	324,190	-

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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		
73,625	3.1025%	2	-	Operating capital	-		-	165,925	331,850
4,610	6.53%~6.78%	2	-	Operating capital	-		-	1,388,849	2,777,698

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
67,463	-	3.96%	(Note3)	√		
-	-	-	(Note3)			√
-	-	-	(Note3)			
421,070	-	2.93%	(Note3)	√		
-	-	-	(Note3)	√		

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Note 1: The guarantee's relationship with the guarantor is as follows:
(1) A company with which it does business.
(2) A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.
(3) A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.
(4) A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
(5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
(6) A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
(7) Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre construction homes pursuant to the Consumer Protection Act for each other.
Note 2: The guaranteed amount by the Company is limited to 60% of total equity amounting to \$11,653,092 thousand.
Note 3: The aggregate amount of guarantee by the Company is limited to 1.5 times its stockholders' equity, amounting to \$29,132,730 thousand.

(iii) Securities held as of December 31, 2023 (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:

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company
Polybus Corporation Pte Ltd	Shen Hua Chemical Industries Co., Ltd.	Investments accounted for under equity method	Marubeni Petrochemicals Investment B.V.	Sbustantive related party

Note 1:Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD30.735).

(v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the Company's paid-in capital:

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party
Shen Hua Chemical Industries Co., Ltd.	Plant	112.5.30	1,797,200	Payment based on project progress	China Tianchen Engineering Corporation

(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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Unit: thousand NTD

Ending balance				Maximum investment in 2023	Remarks
Number of shares	Book value	Holding percentage	Market value		
12,148,000	1,263,392	2.91%	1,263,392	209,878	
599,999	284,189	5.42%	284,189	65,143	
5,657,000	467,655	3.90%	467,655	64,296	
837,552	<u>396,705</u>	7.57%	<u>396,705</u>	<u>58,678</u>	
	<u><u>2,411,941</u></u>		<u><u>2,411,941</u></u>	<u><u>397,995</u></u>	

Unit: thousand NTD'thousand USD

Beginning Balance		Purchases		Sales				Ending Balance	
Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
-	760,015 (USD24,728)	-	630,068 (USD20,500)	-	-	-	-	-	1,390,083 (USD45,228)

Unit: thousand NTD

Relationship with the Company	If the Counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
	Owner	Relationship with the Company	Date of transfer	Amount			
Unrelated Parties	NA	NA	NA	-	NA	For the purpose of factory relocation and manufacture.	-

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(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
Shen Hua Chemical Industries Co., Ltd.	Marubeni Corporation	A director of TSRC-UBE (Nantong) Chemical Industries Ltd.
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

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

Note 2: Until March 7, 2024.

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

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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	256,368	11.93%	70 days	-		(37,637)	(9.40)%	
Sale	(256,368)	(2.45)%	70 days	-		37,637	3.31%	
Purchase	372,812	13.89%	70 days	-		(35,221)	(7.53)%	
Sale	(372,812)	(3.57)%	70 days	-		35,221	3.10%	
Purchase	153,109	2.52%	14 days	-		(23,406)	(4.84)%	
Purchase	272,050	31.77%	40 days	-		(52,306)	(32.24)%	
Sale	(272,050)	(5.11)%	40 days	-		52,306	7.07%	
Purchase	518,457	60.55%	40 days	-		(98,560)	(60.76)%	
Sale	(518,457)	(6.43)%	40 days	-		98,560	6.66%	
Purchase	491,973	22.90%	90 days	-		(115,516)	(28.85)%	
Sale	(491,973)	(12.36)%	90 days	-		115,516	23.14%	
Purchase	1,388,782	64.63%	70 days	-		(248,186)	(61.99)%	
Sale	(1,388,782)	(26.09)%	70 days	-		248,186	33.53%	

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		
248,186	6.09	-		176,844	-
115,516	3.96	-		88,077	-

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(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 (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
1	TSRC (Nantong) Industries Ltd.	TSRC-UBE (Nantong) Chemical Industries Ltd.	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
4	TSRC (Lux.) Corporation S.A R.L.	TSRC	2
5	TSRC (Shanghai) Industries Ltd.	TSRC (Nantong) Industries Ltd.	3

Note 3: Company numbering is as follows:
(1) Parent company - 0.
(2) Subsidiary starts from 1.
Note 4: 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 5: 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 6: 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, 2023 (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

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Unit: thousand NTD

Transaction details			
Account name	Amount	Trading terms	Percentage of the total consolidated revenue or total assets
Other income and expenses	72,302	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.23%
Sales revenue	256,368	"	0.82%
Sales revenue	63,466	"	0.20%
Sales revenue	372,812	"	1.19%
Other income and expenses	60,332	The transaction is not significantly different from normal transactions, and the collection terms were about six months	0.19%
Other receivable	91,665		0.24%
Sales revenue	77,615	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.25%
Sales revenue	272,050	"	0.87%
Accounts receivable	52,306	"	0.14%
Sales revenue	1,388,782	"	4.42%
Accounts receivable	248,186	"	0.65%
Other income and expenses	310,427	"	0.99%
Sales revenue	491,973	The transaction is not significantly different from normal transactions, and the collection terms were about three months	1.57%
Accounts receivable	115,516	"	0.30%
Sales revenue	518,457	The transaction is not significantly different from normal transactions, and the collection terms were about two months	1.65%
Accounts receivable	98,560	"	0.26%
Other income and expenses	43,176	The transaction is not significantly different from normal transactions, and the collection terms were about six months	0.14%
Entrusted loans	73,625	The loan term was one year	0.19%

Unit: thousand NTD/thousand USD/thousand EUR

Original cost		Ending balance			Maximum investment amount in 2023	Net income (loss) of investee	Investment income (loss)	Remarks
December 31, 2023	December 31, 2022	Shares	Percentage of ownership	Book value				
1,005,495	1,005,495	86,920,000	100.00%	16,953,644	1,005,495	457,415	457,415	(Note3)
109,442	109,442	3,896,305	100.00%	850,397	109,442	40,127	40,127	(Note3)

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Name of investor	Name of investee	Address	Scope of business
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 City, 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
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 NTD30.735; EUR1 to NTD34.0114).

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: The transaction has already been written off 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, 2023
Shen Hua Chemical Industries Co., Ltd.	Production and sale of synthetic rubber products	1,266,897 (USD41,220)	(2)a.	-
Changzhou Asia Pacific Co-generation Co., Ltd.	Power generation and sale of electricity and steam	709,979 (USD23,100)	(2)c.	117,777 (USD3,832)
TSRC (Shanghai) Industries Ltd.	Production and sale of compounding materials	169,043 (USD5,500)	(2)b.	120,481 (USD3,920)
Nantong Qix Storage Co., Ltd.	Storehouse for chemicals	92,205 (USD3,000)	(2)d.	46,103 (USD1,500)
TSRC-UBE (Nantong) Chemical Industrial Co., Ltd.	Production and sale of synthetic rubber products	1,299,400 (USD40,000)	(2)a.	30,735 (USD1,000)
TSRC (Nantong) Industries Ltd.	Production and sale of TPE	3,231,017 (USD105,125)	(2)a.	204,326 (USD6,648)
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	Production and sale of NBR	1,376,928 (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.

Home page
Table of Contents
Letter to the Shareholders
Company profile
Corporate governance report
Information on capital raising activities
Overview of business operations
Overview of financial status
Review and analysis of the Company's financial position and financial performance, and risk management
Special items to be included
Other disclosures
Any circumstances referred to in Paragraph 3(2) of Article 36 of the Securities and Exchange Act which might materially affect shareholders' equity or the price of the Company's securities

Original cost		Ending balance			Maximum investment amount in 2023	Net income (loss) of investee	Investment income (loss)	Remarks
December 31, 2023	December 31, 2022	Shares	Percentage of ownership	Book value				
38,376	38,376	1,161,004	19.48%	186,077	87,926	48,575	9,462	(Notes 2 and 3)
387,585	387,585	-	100.00%	116,739	387,585	(80,020)	(80,020)	(Note3)
2,630,947 (USD85,601)	2,000,879 (USD65,101)	133,728,000	100.00%	9,690,341	1,999,122	808,368	808,368	(Note3)
3,191,830 (USD103,850)	3,191,830 (USD103,850)	103,850,000	100.00%	2,777,698	3,189,026	(832,182)	(832,182)	(Note3)
905,853 (USD29,473)	905,853 (USD29,473)	222,861,375	50.00%	1,516,994	905,057	680,196	340,098	-
2,546,420 (EUR74,870)	2,546,420 (EUR74,870)	74,869,617	100.00%	2,332,381	2,449,000	(866,570)	(866,570)	(Note3)
2,952,097 (USD96,050)	2,952,097 (USD96,050)	130	100.00%	2,401,278	2,949,503	(663,992)	(663,992)	(Note3)
6,719,193 (USD218,617)	6,719,193 (USD218,617)	-	100.00%	1,670,121	6,713,291	(718,081)	(718,081)	(Note3)
1,537 (USD50)	1,537 (USD50)	50,000	100.00%	57,968	1,535	1,083	1,083	(Note3)
147,497 (USD4,799)	147,497 (USD4,799)	4,798,566	80.52%	790,459	147,368	48,575	39,113	(Note3)
346,844 (USD11,285)	147,497 (USD4,799)	7,522,337	37.78%	281,155	346,540	139,673	13,419	-

Unit: thousand NTD/thousand USD

Investment flow during current-period		Cumulative investment (amount) from Taiwan as of December 31, 2023	Net income (losses) of investee	Direct / indirect investment holding percentage	Maximum investment in 2023	Investment income (loss)	Book value	Accumulated remittance of earnings in current-period
Remittance amount	Repatriation amount							
-	-	-	404,106	88.00%	828,329	275,587	3,583,141 (Note2)	4,786,340
-	-	117,777 (USD3,832)	- (Note6)	- (Note6)	117,777 (Note6)	- (Note6)	- (Note6)	358,308
-	-	120,481 (USD3,920)	31,674	100.00%	169,043	31,674	331,850 (Note2)	-
-	-	46,103 (USD1,500)	2,271	50.00%	46,103	1,135	57,718 (Note)	74,060
-	-	30,735 (USD1,000)	351,977	55.00%	714,670	193,587	1,092,305 (Note2)	208,813
-	-	204,326 (USD6,648)	288,861	100.00%	3,231,017	288,861	4,113,992 (Note2)	440,864
-	-	-	132,559	50.00%	688,464	66,279	720,175 (Note3)	-

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

- 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 NTD30.735).

Note 5: The transactions within the Group were eliminated in the consolidated financial statements.

Note 6: Asia Pacific Energy Development Company Limited, which is invested by the Group, disposed of all its shares of Changzhou Asia Pacific Co generation Co., Ltd. The transaction was completed in November 2023.

(ii) Limitation on investment in Mainland China:

Unit: thousand NTD/thousand USD

Company name	Accumulated investment amount in Mainland China as of December 31, 2023	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
TSRC	519,422 (USD16,900)	6,394,355 (USD208,048) (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 NTD30.735).

(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:

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

	2023			
	Synthetic rubber	Non-synthetic rubber	Others	Total
Revenue:				
Revenue from external customers	\$ 30,717,472	709,417	-	31,426,889
Interest revenue	213,120	1,170	17,735	232,025
Total revenue	\$ 30,930,592	710,587	17,735	31,658,914
Interest expenses	\$ 318,394	29,178	-	347,572
Depreciation and amortization	\$ 1,186,857	116,100	14,726	1,317,683
Share of profit of equity accounted investees (associates and jointly controlled entities)	\$ 406,377	-	14,554	420,931
Reportable segment profit or loss	\$ 1,547,151	(181,978)	58,910	1,424,083
Reportable segment assets and liabilities (note)	\$ -	-	-	-

	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)	\$ -	-	-	-

Note1: 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	2023	2022
Revenue from external customers:		
China	\$ 13,338,059	13,445,972
United States	4,276,708	4,430,779
Taiwan	2,509,566	3,024,108
Vietnam	2,053,940	2,306,385
Germany	1,461,100	1,678,279
Thailand	1,436,766	1,698,054
Indonesia	723,776	737,503
Japan	539,547	732,579
Other countries	5,087,427	5,787,538
Total	\$ 31,426,889	33,841,197

Geographical information	December 31, 2023	December 31, 2022
Non-current assets:		
China	\$ 8,428,608	7,270,699
Taiwan	4,797,454	4,622,912
United States	1,535,154	1,609,869
Other countries	562,332	649,638
Total	\$ 15,323,548	14,153,118

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 2023 and 2022, the Group had no major customer who constituted 10% or more of net sales.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Independent Auditors’ Report

To the Board of Directors of TSRC Corporation:

Opinion

We have audited the financial statements of TSRC Corporation(“the Company”), which comprise the balance sheet as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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, 2023. 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

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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 Huang, Po-Shu and Huang, Ming-Hung.

KPMG
Taipei, Taiwan (Republic of China)
March 7, 2024

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

TSRC CORPORATION

Balance Sheets

December 31, 2023 and 2022

Assets	Expressed in Thousands of New Taiwan Dollars					
	December 31, 2023		December 31, 2022 (After adjustment (Note))		January 1, 2022 (After adjustment (Note))	
	Amount	%	Amount	%	Amount	%
Current assets:						
Cash and cash equivalents (note 6(a))	\$ 119,128	-	449,796	1	245,914	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))	1,049,429	4	995,385	4	1,398,583	5
Account receivable - related parties (notes 6(d) and 7)	86,396	-	100,132	-	203,040	1
Other receivables (notes 6(e) and 7)	198,389	1	178,753	1	202,063	1
Inventories (note 6(f))	1,992,764	7	2,030,094	7	1,670,515	7
Other current assets (note 6(a))	116,478	1	101,947	1	87,324	-
Total current assets	3,562,584	13	3,856,121	14	3,810,009	15
Non-current assets:						
Non-current financial assets at fair value through other comprehensive income (note 6(c))	2,015,236	7	1,186,280	4	1,220,669	5
Investments accounted for under equity method (notes 6(g) and 7)	18,106,857	64	17,619,614	65	15,833,863	62
Property, plant and equipment (notes 6(h) and 9)	2,963,365	10	2,877,917	11	2,866,238	11
Right-of-use assets (note 6(i))	190,273	1	92,967	-	43,833	-
Investment property (notes 6(j) and (n))	1,522,697	5	1,537,423	6	1,552,148	6
Intangible assets (note 6(k))	48,478	-	66,408	-	69,112	-
Deferred income tax assets (note 6(p))	21,603	-	32,094	-	28,187	-
Other non-current assets	72,641	-	48,197	-	21,521	-
Total non-current assets	24,941,150	87	23,460,900	86	21,635,571	84
Total assets	\$ 28,503,734	100	27,317,021	100	25,445,580	100

Note: See accompanying note 6(a) to parent company only financial statements.

See accompanying notes to parent company only financial statements.

Chairman:Nita Ing

Manager:Joseph Chai

Chief Accountant: Hsing-Jung Lin

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Expressed in Thousands of New Taiwan Dollars

Liabilities and Equity	December 31, 2023		December 31, 2022		January 1, 2022	
	Amount	%	Amount	%	Amount	%
Current liabilities:						
Short-term borrowings (note 6(l))	\$ 1,936,291	7	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))	1,377,267	5	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))	1,227	-	3,665	-	93	3
Accounts payables (note 7)	828,910	3	572,469	2	789,029	-
Current income tax liabilities	185,206	1	218,541	2	33,039	3
Other payable (notes 6(o), (s) and 7)	628,205	2	669,505	2	726,615	-
Current lease liabilities (note 6(m))	42,991	-	33,906	-	38,323	-
Other current liabilities	60,848	-	68,190	-	33,550	-
Total current liabilities	5,060,945	18	5,769,484	21	4,225,702	17
Non-current liabilities:						
Long-term bank borrowings (note 6(l))	2,464,560	9	1,762,740	7	1,745,756	7
Other long-term borrowings	-	-	-	-	349,922	1
Non-current provision liabilities (note 7)	-	-	24,986	-	27,757	-
Non-current income tax liabilities	98,026	-	-	4	-	-
Deferred income tax liabilities (note 6(p))	1,263,147	4	1,139,433	-	959,693	4
Non-current lease liabilities (note 6(m))	147,737	1	59,190	-	6,124	-
Other non-current liabilities (notes 6(l) and (o))	47,499	-	34,638	-	104,676	-
Total non-current liabilities	4,020,969	14	3,020,987	11	3,193,928	12
Total liabilities	9,081,914	32	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	29	8,257,099	30	8,257,099	32
Capital surplus	179,833	1	51,725	-	50,725	-
Retained earnings:						
Legal reserve	4,647,059	15	4,463,584	16	4,073,680	16
Unappropriated earnings	4,135,538	15	4,544,080	17	5,080,942	20
	8,782,597	30	9,007,664	33	9,154,622	36
Other equity:						
Financial statement translation differences for foreign operations	274,823	1	251,770	1	(456,708)	(2)
Unrealized gain on financial assets measured at fair value through other comprehensive income	1,970,137	7	1,004,081	4	1,047,059	5
Gains or losses on hedging instrument	(42,669)	-	(45,789)	-	(26,847)	-
	2,202,291	8	1,210,062	5	563,504	3
Total equity	19,421,820	68	18,526,550	68	18,025,950	71
Total liabilities and equity	\$ 28,503,734	100	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

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

TSRC CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

	2023		2022	
	Amount	%	Amount	%
Revenue (notes 6(t) and 7)	\$ 10,449,554	100	11,291,163	100
Operating costs (notes 6(f), (h), (i), (k), (m), (o), (s) and 7)	9,001,724	86	9,145,145	81
Gross profit from operations	1,447,830	14	2,146,018	19
Less: Unrealized gain on affiliated transactions	(8,543)	-	5,616	-
Gross profit	1,456,373	14	2,140,402	19
Operating expenses (notes 6(d), (h), (i), (k), (m), (o), (s) and 7):				
Selling expenses	405,037	4	568,938	5
General and administrative expenses	541,539	5	524,158	5
Research and development expenses	264,125	3	270,613	2
Reversal of impairment loss determined in accordance with IFRS 9	(806)	-	(4)	-
Total operating expenses	1,209,895	12	1,363,705	12
Other income and expenses, net (notes 6(j), (n), (o), (u) and 7)	269,015	3	331,576	3
Operating profit	515,493	5	1,108,273	10
Non-operating income and expenses (notes 6(m), (v) and 7):				
Interest income	3,558	-	2,587	-
Other income	100,898	1	77,924	1
Other gains and losses	34,172	-	41,891	-
Finance costs	(153,560)	(1)	(83,145)	(1)
Share of profit from the subsidiaries, the associates and joint ventures	426,984	4	1,081,086	10
Total non-operating income and expenses	412,052	4	1,120,343	10
Net income before tax	927,545	9	2,228,616	20
Less: Income tax expenses (note 6(p))	247,527	2	445,853	4
Net income	680,018	7	1,782,763	16
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	(13,318)	-	51,983	-
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	828,956	8	(34,389)	-
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	160,037	1	(9,062)	-
Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	22,937	-	(473)	-
Components of other comprehensive income that will not be reclassified to profit or loss	952,738	9	9,005	-
Items that may be reclassified subsequently to profit or loss				
Financial statements translation differences for foreign operations	(102,945)	(1)	708,478	6
Share of other comprehensive income of subsidiaries accounted for using equity method	3,120	-	(18,942)	-
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	(99,825)	(1)	689,536	6
Other comprehensive income	852,913	8	698,541	6
Total comprehensive income	\$ 1,532,931	15	2,481,304	22
Basic earnings per share (in New Taiwan dollars) (note 6(r))	\$ 0.82		2.16	
Diluted earnings per share (in New Taiwan dollars) (note 6(r))	\$ 0.82		2.14	

See accompanying notes to parent company only financial statements.

Chairman:Nita Ing

Manager:Joseph Chai

Chief Accountant: Hsing-Jung Lin

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

TSRC CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

	Total other equity interest				
	Retained earnings				
	Common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Total
Balance at January 1, 2022	\$ 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
Appropriation and distribution:					
Legal reserve	-	-	183,475	(183,475)	-
Cash dividends	-	-	-	(891,767)	(891,767)
Other changes in capital surplus	-	1,561	-	-	-
Net income	-	-	-	680,018	680,018
Other comprehensive income (loss)	-	-	-	(13,318)	(13,318)
Total comprehensive income (loss)	-	-	-	666,700	666,700
Difference between consideration and carrying amount of subsidiaries acquired	-	126,547	-	-	-
Balance at December 31, 2023	\$ 8,257,099	179,833	4,647,059	4,135,538	8,782,597

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Expressed in Thousands of New Taiwan Dollars

Total other equity interest				
Financial statements translation differences for foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on effective portion of cash flow hedges	Total	Total equity
(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
-	-	-	-	-
-	-	-	-	(891,767)
-	-	-	-	1,561
-	-	-	-	680,018
(102,945)	966,056	3,120	866,231	852,913
(102,945)	966,056	3,120	866,231	1,532,931
125,998	-	-	125,998	252,545
274,823	1,970,137	(42,669)	2,202,291	19,421,820

See accompanying notes to parent company only financial statements.

Chairman:Nita Ing

Manager:Joseph Chai

Chief Accountant: Hsing-Jung Lin

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

TSRC CORPORATION

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

Expressed in Thousands of New Taiwan Dollars

	2023	2022 (After adjustment (Note))
Cash flows from (used in) operating activities:		
Net income before tax	\$ 927,545	2,228,616
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation	260,766	258,354
Amortization	21,459	24,139
Reversal of impairment loss determined in accordance with IFRS 9	(806)	(4)
Interest expense	153,560	83,145
Interest income	(3,558)	(2,587)
Dividend income	(100,898)	(77,924)
Share of profit of subsidiaries accounted for under equity method	(426,984)	(1,081,086)
Gain on disposal of property, plant and equipment	-	(120)
Unrealized gain on affiliated transactions	(8,543)	5,616
Amortization to operating costs and inventories	31,059	31,109
Unearned revenue from technology provided to investee	27,242	12,265
Total adjustments to reconcile profit and loss	(46,703)	(747,093)
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Financial assets at fair value through profit or loss	14	699
Notes receivable	-	1,857
Accounts receivable	(53,238)	403,202
Accounts receivable - related parties	13,736	102,908
Other receivables	(19,659)	24,331
Inventories	37,330	(359,579)
Other current assets	(14,531)	(14,623)
Total changes in operating assets, net	(36,348)	158,795
Net changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	(2,438)	3,572
Accounts payable	256,441	(216,560)
Other payables	(42,152)	(69,649)
Other current liabilities	(7,342)	34,640
Net defined benefit liability	(305)	(17,784)
Other non-current liabilities	(152)	(271)
Total changes in operating liabilities, net	204,052	(266,052)
Total changes in operating assets and liabilities, net	167,704	(107,257)

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Expressed in Thousands of New Taiwan Dollars		
	2023	2022 (After adjustment (Note))
Total adjustments	121,001	(854,350)
Cash provided by operating activities	1,048,546	1,374,266
Interest income received	3,581	2,566
Interest paid	(152,229)	(66,000)
Income taxes paid	(71,568)	(84,045)
Net cash flows from operating activities	828,330	1,226,787
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for under equity method	-	(44,843)
Acquisition of property, plant and equipment	(316,251)	(264,960)
Proceeds from disposal of property, plant and equipment	-	120
Increase in other non-current assets	(24,444)	(26,676)
Dividends received	309,711	77,924
Net cash used in investing activities	(30,984)	(258,435)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	17,832,260	20,691,474
Decrease in short-term borrowings	(18,977,154)	(19,815,342)
Increase in short-term commercial paper payable	1,973,000	1,555,000
Decrease in short-term commercial paper payable	(2,223,000)	(1,307,180)
Proceeds from long-term borrowings	2,077,720	539,031
Repayments of long-term borrowings	(521,185)	(399,495)
Decrease in other long-term borrowings	(350,000)	(5,372)
Payment of lease liabilities	(50,449)	(48,523)
Cash dividends paid	(891,767)	(1,974,063)
Over-aging unclaimed dividends	2,561	-
Net cash used in financing activities	(1,128,014)	(764,470)
Net increase (decrease) in cash and cash equivalents	(330,668)	203,882
Cash and cash equivalents at beginning of period	449,796	245,914
Cash and cash equivalents at end of period	\$ 119,128	449,796

Note: See accompanying note 6(a) to parent company only financial statements.

See accompanying notes to parent company only financial statements.

Chairman:Nita Ing

Manager:Joseph Chai

Chief Accountant: Hsing-Jung Lin

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

TSRC CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2023 and 2022 (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 7, 2024.

(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, 2023:

- 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"

The Company has initially adopted the new amendment, which do not have a significant impact on its financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform – Pillar Two Model Rules"

(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, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"
- Amendments to IAS21 "Lack of Exchangeability"

(4) Summary of material 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).

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(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. 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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(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 lessee

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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(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

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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, 2023	December 31, 2022 (After adjustment)	January 1, 2022 (After adjustment)
Checking and savings deposits	\$ 119,128	270,009	215,914
Commercial paper with reverse sell agreements	-	179,787	30,000
Cash and cash equivalents per statements of cash flow	<u>\$ 119,128</u>	<u>449,796</u>	<u>245,914</u>

In accordance with the IFRSs Q&A updated by the Securities and Futures Bureau of the FSC on January 5, 2024, the balance of deposits of \$54,435 thousand, and \$105,799 thousand, in the special account for repatriation of foreign funds on December 31, and January 1, 2022 were reclassified from other current assets to cash and cash equivalents, and the decrease in restricted assets under investment activities in 2022 was adjusted from \$51,364 thousand to 0.

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, 2023	December 31, 2022
Mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Forward contracts / Swap contracts	<u>\$</u>	<u>14</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial liabilities held for trading:		
Derivative instruments not used for hedging		
Forward contracts / Swap contracts	<u>\$ 1,227</u>	<u>3,665</u>

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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, 2023				
	Contract amount (thousand dollars)	Currency	Maturity dates	
Forward contracts	EUR 1,100 USD /1,189	EUR/USD	113.01.12~113.02.16	
Swap contracts	EUR 150 USD /159	EUR/USD	113.01.12	
Swap contracts	JPY 20,000 USD /138	JPY/USD	113.01.12	

December 31, 2022				
	Contract amount (thousand dollars)	Currency	Maturity dates	
Forward contracts	EUR 950 USD /1,012	EUR/USD	112.01.11~112.02.13	
Swap contracts	TWD 79,905 USD /2,500	TWD/USD	112.01.31	
Swap contracts	EUR 100 USD /105	EUR/USD	112.01.09	
Swap contracts	JPY 21,000 USD /153	JPY/USD	112.02.03	

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

	December 31, 2023	December 31, 2022
Equity investments at fair value through other comprehensive income:		
Listed stocks (domestic)	\$ 1,263,392	626,837
Unlisted stocks (domestic and overseas)	751,844	559,443
Total	<u>\$ 2,015,236</u>	<u>1,186,280</u>

(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, 2023			
THB	\$ 315,170	0.9017	284,189
December 31, 2022			
THB	189,583	0.8941	169,506

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

	December 31, 2023	December 31, 2022
Accounts receivable	\$ 1,049,852	996,614
Accounts receivable - related parties	86,396	100,132
Less: allowance for impairment	423	1,229
	<u>\$ 1,135,825</u>	<u>1,095,517</u>

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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, 2023		
	Gross carrying amount	Weighted-average ECL rate	Lifetime ECLs
Current	\$ 1,135,999	0.00%~0.02%	174
More than 90 days past	249	100%	249
	<u>\$ 1,136,248</u>		<u>423</u>

	December 31, 2022		
	Gross carrying amount	Weighted-average ECL rate	Lifetime ECLs
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
	<u>\$ 1,096,746</u>		<u>1,229</u>

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

	2023	2022
Balance at beginning of the period	\$ 1,229	1,233
Impairment losses reversed	(806)	(4)
Balance at end of the period	<u>\$ 423</u>	<u>1,229</u>

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, 2023	December 31, 2022
Other receivables - related parties	\$ 131,956	136,605
Other	66,433	42,148
	<u>\$ 198,389</u>	<u>178,753</u>

As of December 31, 2023 and 2022, 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, 2023	December 31, 2022
Raw materials	\$ 609,384	475,560
Supplies	3,275	3,006
Work in progress	135,666	123,261
Finished goods	1,234,778	1,417,621
Merchandise	9,661	10,646
Total	<u>\$ 1,992,764</u>	<u>2,030,094</u>

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

As of December 31, 2023 and 2022, 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:

	2023	2022
Loss on (reversal of) decline in market value of inventory	\$ (28,298)	12,141
Loss on physical inventory, net	-	2,213
Income from sale of scrap	(27,754)	(28,980)
Unallocated production overhead	119,375	127,015
Total	<u>\$ 63,323</u>	<u>112,389</u>

The Company reversed the allowance for loss on inventory for the year period ended December 31, 2022, when the Company sold or used the inventories for which an allowance had been provided previously.

(g) Investments accounted for under the equity method

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

	December 31, 2023	December 31, 2022
Subsidiaries	<u>\$ 18,106,857</u>	<u>17,619,614</u>

Please refer to the consolidated financial statements for the year ended December 31, 2023. As of December 31, 2023 and 2022, the Company did not pledge any collateral on investments accounted for under the equity method.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(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, 2023	\$ 619,804	85,030	1,231,022
Additions	-	-	-
Disposals	-	-	-
Reclassification	-	-	-
Balance at December 31, 2023	<u>\$ 619,804</u>	<u>85,030</u>	<u>1,231,022</u>
Balance at January 1, 2022	\$ 619,804	85,030	1,229,777
Additions	-	-	-
Disposals	-	-	-
Reclassification	-	-	1,245
Balance at December 31, 2022	<u>\$ 619,804</u>	<u>85,030</u>	<u>1,231,022</u>
Depreciation and impairment loss:			
Balance at January 1, 2023	\$ -	75,234	986,243
Depreciation	-	2,486	25,015
Disposal	-	-	-
Balance at December 31, 2023	<u>\$ -</u>	<u>77,720</u>	<u>1,011,258</u>
Balance at January 1, 2022	\$ -	72,749	958,186
Depreciation	-	2,485	28,057
Disposal	-	-	-
Balance at December 31, 2022	<u>\$ -</u>	<u>75,234</u>	<u>986,243</u>
Carrying value:			
December 31, 2023	<u>\$ 619,804</u>	<u>7,310</u>	<u>219,764</u>
December 31, 2022	<u>\$ 619,804</u>	<u>9,796</u>	<u>244,779</u>
January 1, 2022	<u>\$ 619,804</u>	<u>12,281</u>	<u>271,591</u>

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, 2023	\$ 1,929	78,263	13,845	3,292	97,329
Additions	-	-	147,319	1,837	149,156
Write-off	-	-	-	(375)	(375)
Lease modification	(31)	(1,873)	-	(1,387)	(3,291)
Amortization to operating costs and inventories	-	(3,822)	(27,237)	-	(31,059)
Balance at December 31, 2023	<u>\$ 1,898</u>	<u>72,568</u>	<u>133,927</u>	<u>3,367</u>	<u>211,760</u>
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	<u>\$ 1,929</u>	<u>78,263</u>	<u>13,845</u>	<u>3,292</u>	<u>97,329</u>

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Machinery	Furniture and fixtures	Prepayments for equipment and construction in progress	Total
9,628,425	110,179	498,361	12,172,821
-	-	317,517	317,517
(51,221)	(4,882)	-	(56,103)
155,505	4,643	(163,677)	(3,529)
<u>9,732,709</u>	<u>109,940</u>	<u>652,201</u>	<u>12,430,706</u>
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)
<u>9,628,425</u>	<u>110,179</u>	<u>498,361</u>	<u>12,172,821</u>
8,134,679	98,748	-	9,294,904
195,280	5,759	-	228,540
(51,221)	(4,882)	-	(56,103)
<u>8,278,738</u>	<u>99,625</u>	<u>-</u>	<u>9,467,341</u>
8,008,046	89,744	-	9,128,725
187,473	9,199	-	227,214
(60,840)	(195)	-	(61,035)
<u>8,134,679</u>	<u>98,748</u>	<u>-</u>	<u>9,294,904</u>
<u>1,453,971</u>	<u>10,315</u>	<u>652,201</u>	<u>2,963,365</u>
<u>1,493,746</u>	<u>11,431</u>	<u>498,361</u>	<u>2,877,917</u>
<u>1,478,381</u>	<u>20,030</u>	<u>464,151</u>	<u>2,866,238</u>

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

	Land	Building	Machinery	Transportation equipment	Total
Accumulated depreciation and impairment losses:					
Balance at January 1, 2023	\$ 1,076	2,484	-	802	4,362
Depreciation	312	16,089	-	1,099	17,500
Write-off	-	-	-	(375)	(375)
Balance at December 31, 2023	<u>\$ 1,388</u>	<u>18,573</u>	<u>-</u>	<u>1,526</u>	<u>21,487</u>
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	<u>\$ 1,076</u>	<u>2,484</u>	<u>-</u>	<u>802</u>	<u>4,362</u>
Carrying value:					
December 31, 2023	<u>\$ 510</u>	<u>53,995</u>	<u>133,927</u>	<u>1,841</u>	<u>190,273</u>
December 31, 2022	<u>\$ 853</u>	<u>75,779</u>	<u>13,845</u>	<u>2,490</u>	<u>92,967</u>
January 1, 2022	<u>\$ 1,279</u>	<u>21,201</u>	<u>20,365</u>	<u>988</u>	<u>43,833</u>

(j) Investment property

	Land	Buildings	Total
Cost:			
Balance as at January 1, 2023	\$ 1,073,579	741,889	1,815,468
Additions	-	-	-
Balance as at December 31, 2023	<u>\$ 1,073,579</u>	<u>741,889</u>	<u>1,815,468</u>
Balance as at January 1, 2022	\$ 1,073,579	741,889	1,815,468
Additions	-	-	-
Balance as at December 31, 2022	<u>\$ 1,073,579</u>	<u>741,889</u>	<u>1,815,468</u>
Depreciation:			
Balance as at January 1, 2023	\$ -	278,045	278,045
Depreciation	-	14,726	14,726
Balance as at December 31, 2023	<u>\$ -</u>	<u>292,771</u>	<u>292,771</u>
Balance as at January 1, 2022	\$ -	263,320	263,320
Depreciation	-	14,725	14,725
Balance as at December 31, 2022	<u>\$ -</u>	<u>278,045</u>	<u>278,045</u>
Carrying value:			
Balance as at December 31, 2023	<u>\$ 1,073,579</u>	<u>449,118</u>	<u>1,522,697</u>
Balance as at December 31, 2022	<u>\$ 1,073,579</u>	<u>463,844</u>	<u>1,537,423</u>
Balance as at January 1, 2022	<u>\$ 1,073,579</u>	<u>478,569</u>	<u>1,552,148</u>
Fair value:			
Balance as at December 31, 2023			<u>\$ 3,383,413</u>
Balance as at December 31, 2022			<u>\$ 3,347,503</u>
Balance as at January 1, 2022			<u>\$ 3,336,956</u>

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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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	2023	2022
Da'an Dist., Taipei City	2.47%	1.85%

As of December 31, 2023 and 2022, the Company did not pledge any collateral on investment properties.

(k) st and amortization of the intangible assets of the Company were as follows:

	Industrial technology	Computer software	Total
Costs:			
Balance at January 1, 2023	\$ 107,213	225,660	332,873
Reclassification	-	3,529	3,529
Balance at December 31, 2023	<u>\$ 107,213</u>	<u>229,189</u>	<u>336,402</u>
Balance at January 1, 2022	\$ 107,213	204,225	311,438
Reclassification	-	21,435	21,435
Balance at December 31, 2022	<u>\$ 107,213</u>	<u>225,660</u>	<u>332,873</u>
Amortization:			
Balance at January 1, 2023	\$ 68,030	198,435	266,465
Amortization	6,545	14,914	21,459
Balance at December 31, 2023	<u>\$ 74,575</u>	<u>213,349</u>	<u>287,924</u>
Balance at January 1, 2022	\$ 58,353	183,973	242,326
Amortization	9,677	14,462	24,139
Balance at December 31, 2022	<u>\$ 68,030</u>	<u>198,435</u>	<u>266,465</u>
Carrying value:			
December 31, 2023	<u>\$ 32,638</u>	<u>15,840</u>	<u>48,478</u>
December 31, 2022	<u>\$ 39,183</u>	<u>27,225</u>	<u>66,408</u>
January 1, 2022	<u>\$ 48,860</u>	<u>20,252</u>	<u>69,112</u>

(i) In 2023 and 2022, the amortization of intangible assets were as follows:

	2023	2022
Operating costs	\$ 8,576	8,253
Operating expenses	12,883	15,886
	<u>\$ 21,459</u>	<u>24,139</u>

(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, 2023			The unused credit facilities (include credit lives of bills issued)
	Range of interest rates (%)	Year of maturity	Amount	
Unsecured loans	1.80~6.37	113	<u>\$ 1,936,291</u>	<u>8,200,799</u>

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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	112	\$ 3,081,185	6,883,274

(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	2.06	\$	250,000
Less: Discount on commercial paper payable				296
Total			\$	249,704

(iii) Long-term borrowings

December 31, 2023				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Unsecured loans	NTD	1.05~2.16	113~117	\$ 3,841,827
Current				\$ 1,377,267
Non-current				2,464,560
Total				\$ 3,841,827

December 31, 2022				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Unsecured loans	NTD	1.05~1.93	112~116	\$ 2,285,292
Current				\$ 522,552
Non-current				1,762,740
Total				\$ 2,285,292

The Company applied for the project loan under "Welcoming the Return of Taiwanese Investment Initiative Act" and was granted a credit of \$478,000 thousand in 2020. An amount of \$164,107 thousand and \$185,292 thousand has been drawn as of December 31, 2023 and 2022, respectively. The difference between the market rate of 1.92% and 1.66% and the preferential rate of 1.20% and 1.08% is treated as government subsidy and measured and recognized as 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	1.87	\$	350,000
Less: Discount on Long-term commercial paper payable				233
Less: current portion				349,767
Total			\$	-

(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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(m) Lease liabilities

The Company's lease liabilities were as follow:

	December 31, 2023	December 31, 2022
Current	\$ 42,991	33,906
Non-current	\$ 147,737	59,190

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

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest on lease liabilities	\$ 2,216	514
Expenses relating to short-term leases	\$ 921	694
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 509	870

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

	2023	2022
Total cash outflow for leases	\$ 54,095	50,601

(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, 2023	December 31, 2022
Less than one year	\$ 52,875	63,921
One to two years	22,014	51,378
Two to three years	23,376	16,771
Three to four years	22,283	17,875
Four to five years	16,919	18,119
More than five years	30,687	30,687
Total undiscounted lease payments	\$ 168,154	198,751

In 2023 and 2022, the rental income from investment property amounted to \$71,009 thousand and \$71,624 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, 2023	December 31, 2022
The present value of the defined benefit obligations	\$ 507,991	555,084
Fair value of plan assets	(478,771)	(538,877)
The net defined benefit liability	\$ 29,220	16,207

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

1) Composition of plan assets

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

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$478,771 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 obligation

The movements in present value of the Company's defined benefit obligation for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Defined benefit obligation as of January 1	\$ 555,084	605,909
Current service costs and interest	11,741	7,868
Remeasurements of net defined benefit liability (asset)		
- Return on plan assets (excluding current interest expense)	3,371	42,851
- Due to changes in financial assumption of actuarial gains (losses)	13,318	(51,983)
Benefits paid by the plan	(75,523)	(49,561)
Defined benefit obligation as of December 31	<u>\$ 507,991</u>	<u>555,084</u>

3) Movements in fair value of plan assets

The movements in the fair value of the plan assets for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Fair value of plan assets as of January 1	\$ 538,877	519,935
Expected return	7,880	2,533
Remeasurements of net defined benefit liability (asset)		
- Return on plan assets (excluding current interest expense)	3,371	42,851
Contributions made	4,166	23,119
Benefits paid by the plan	(75,523)	(49,561)
Fair value of plan assets as of December 31	<u>\$ 478,771</u>	<u>538,877</u>

4) Expenses recognized in profit or loss

The expenses recognized on profit or loss for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Current service cost	\$ 3,649	4,916
Net interest on the defined benefit liability (asset)	211	419
	<u>\$ 3,860</u>	<u>5,335</u>
	2023	2022
Operating costs	\$ 2,325	3,288
Operating expenses	1,286	1,646
Other income and expenses	249	401
	<u>\$ 3,860</u>	<u>5,335</u>

5) Actuarial assumptions

The following are the Company's principal actuarial assumptions at the reporting dates:

	December 31, 2023	December 31, 2022
Discount rate	1.375%	1.500%
Future salary increases rate	1.500%	1.500%

The Company expects to make contributions of \$2,200 thousand to the defined benefit plans in the next year starting from the reporting date of 2023.

The Weighted-average duration of the defined benefit plan is 8.62 years for the year ended December 31, 2023.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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, 2023 and 2022, 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, 2023		
Discount rate	\$ (7,872)	8,069
Future salary increase rate	7,731	(7,583)
December 31, 2022		
Discount rate	(9,339)	9,612
Future salary increase rate	9,239	(9,016)

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 \$29,663 thousand and \$28,265 thousand for the years ended December 31, 2023 and 2022, respectively. Payments were made to the Bureau of Labor Insurance.

(iii) Short-term employee benefit liabilities

	December 31, 2023	December 31, 2022
Compensated absence liabilities	\$ 31,511	32,814

(p) Income tax

(i) Income tax expenses

The amounts of the Company's income tax expenses for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Current income tax expense		
Current-period	\$ 143,188	259,716
Adjustment for prior-periods	(6,929)	9,831
	136,259	269,547
Deferred tax expense		
Origination and reversal of temporary differences	111,268	176,306
Income tax expenses of continued operations	\$ 247,527	445,853

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

The amounts of the Company's income tax expenses recognized under other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Items that will not be reclassified subsequently to profit or loss:		
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income	22,937	(473)

Reconciliations of the Company's income tax expense (benefit) and the profit before tax for 2023 and 2022 were as follows:

	2023	2022
Income before tax	\$ 927,545	2,228,616
Income tax using the Company's domestic tax rate	\$ 185,509	445,723
Tax exempt income	(16,673)	(11,814)
Foreign dividend income	41,763	-
Adjustment for prior-periods	(6,929)	9,831
R&D tax credits utilized	(25,000)	(29,889)
Change in unrecognized temporary differences	(1,223)	(34,169)
Controlled Foreign Company income	35,262	-
5% surtax on undistributed earnings	27,524	69,036
Others	7,294	(2,865)
Total	\$ 247,527	445,853

(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, 2023 and 2022. 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, 2023	December 31, 2022
Aggregate amount of temporary differences related to investments accounted for under the equity method	\$ 1,562,943	1,398,010
Unrecognized deferred tax liabilities	\$ 312,589	279,602

2) Recognized deferred income tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

Deferred tax assets:

	Allowance for inventory valuation	Loss carry-forward	Others	Total
Balance at January 1, 2023	\$ 14,050	12,265	5,779	32,094
Recognized in profit or loss	(5,660)	(4,051)	(780)	(10,491)
Balance at December 31, 2023	\$ 8,390	8,214	4,999	21,603
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

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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, 2023	\$ 1,025,428	33,366	56,683	23,956	1,139,433
Recognized in profit or loss	101,195	(1,040)	-	622	100,777
Recognized in other comprehensive income	-	-	-	22,937	22,937
Balance at December 31, 2023	<u>\$ 1,126,623</u>	<u>32,326</u>	<u>56,683</u>	<u>47,515</u>	<u>1,263,147</u>
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	<u>\$ 1,025,428</u>	<u>33,366</u>	<u>56,683</u>	<u>23,956</u>	<u>1,139,433</u>

(iii) Assessed of tax

The tax returns of the Company have been assessed by the tax authorities through 2021.

(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, 2023 and 2022, 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, 2023	December 31, 2022
Share premium	\$ 849	849
Recognition of changes in ownership interests in subsidiaries	126,547	-
Over-aging unclaimed dividends	<u>52,437</u>	<u>50,876</u>
	<u>\$ 179,833</u>	<u>51,725</u>

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.

The Company’ s Board of Directors’ meeting held on March 7, 2024, approved to distribute cash of \$123,856 (representing 0.15 New Taiwan dollars per share), by using capital surplus. The related information can be accessed through the Market Observation Post System website.

(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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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, employee bonuses, capital surplus, and legal reserve distributed wholly or partially 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, 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 2022 and 2021 earnings as dividends to stockholders that were approved by the Company's shareholders' general meetings on May 31, 2023 and June 17, 2022, respectively, were as follows:

	2022		2021	
	Amount per share (NTD)	Total amount	Amount per share (NTD)	Total amount
Dividends distributed to common shareholders:				
Cash	\$ 1.08	<u>891,767</u>	2.40	<u>1,981,704</u>

On March 7, 2024., the Company's Board of Directors resolved to appropriate the 2023 earnings as follows:

	2023	
	Amount per share (NTD)	Total amount
Dividends distributed to common shareholders:		
Cash	\$ 0.41	<u>338,541</u>

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(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, 2023	\$ 251,770	1,004,081	(45,789)	1,210,062
Foreign exchange differences arising from foreign operation	23,053	-	-	23,053
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	-	828,956	-	828,956
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, subsidiaries accounted for using equity method	-	137,100	-	137,100
Share of other comprehensive income of investments accounted for under equity method, losses on effective portion of cash flow hedges	-	-	3,120	3,120
Balance as of December 31, 2023	<u>\$ 274,823</u>	<u>1,970,137</u>	<u>(42,669)</u>	<u>2,202,291</u>
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	-	(34,389)	-	(34,389)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, subsidiaries accounted for using equity method	-	(8,589)	-	(8,589)
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	<u>\$ 251,770</u>	<u>1,004,081</u>	<u>(45,789)</u>	<u>1,210,062</u>

(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

	2023	2022
Net income attributable to common shareholders of the Company	<u>\$ 680,018</u>	<u>1,782,763</u>
Weighted-average number of common shares (in thousands)	<u>825,710</u>	<u>825,710</u>
Basic earnings per share (in NTD)	<u>\$ 0.82</u>	<u>2.16</u>

(ii) Diluted earnings per share

	2023	2022
Net income attributable to common shareholders of the Company (diluted)	<u>\$ 680,018</u>	<u>1,782,763</u>
Weighted-average number of common shares (basic) (in thousands)	825,710	825,710
Impact on potential common shares		
Effect on employees' compensation (in thousands)	3,674	5,788
Weighted-average number of shares outstanding (diluted) (in thousands)	<u>829,384</u>	<u>831,498</u>
Diluted earnings per share (in NTD)	<u>\$ 0.82</u>	<u>2.14</u>

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(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, 2023 and 2022, the Company recognized the employees' compensation of \$69,010 thousand and \$130,999 thousand, respectively, and the directors' remuneration of \$0 thousand and \$11,857 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 2023 and 2022.

(t) Revenue from contracts with customers

	2023		
	Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:			
Asia	\$ 8,006,852	222,505	8,229,357
Americas	1,384,531	-	1,384,531
Europe	756,584	-	756,584
Others	79,082	-	79,082
	<u>\$ 10,227,049</u>	<u>222,505</u>	<u>10,449,554</u>
Major product lines:			
Synthetic rubber / elastomers	\$ 9,820,291	-	9,820,291
Applied materials	-	218,313	218,313
Others	406,758	4,192	410,950
	<u>\$ 10,227,049</u>	<u>222,505</u>	<u>10,449,554</u>
	2022		
	Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:			
Asia	\$ 9,273,943	244,249	9,518,192
Americas	1,107,137	166	1,107,303
Europe	537,825	-	537,825
Others	127,843	-	127,843
	<u>\$ 11,046,748</u>	<u>244,415</u>	<u>11,291,163</u>
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
	<u>\$ 11,046,748</u>	<u>244,415</u>	<u>11,291,163</u>

(u) Other income and expenses

The components of the Company's other income and expenses for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Rental income	\$ 71,009	71,624
Royalty income	191,215	248,645
Net service income	5,531	7,200
Depreciation of investment properties	(14,726)	(14,725)
Net other income (losses)	15,986	18,832
Other income and expenses	<u>\$ 269,015</u>	<u>331,576</u>

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(v) Non-operating income and expenses

(i) Interest income

The components of the Company's interest income for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Interest income from bank deposits	\$ 3,558	2,587

(ii) Other gains

	2023	2022
Dividend income	\$ 100,898	77,924

(iii) Other gains and losses

The components of the Company's other gains and losses for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Gain on disposal of property, plant and equipment, net	\$ -	120
Foreign exchange gain (loss), net	34,620	32,053
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	(633)	9,498
Other gain (loss)	185	220
Other gains and losses, net	\$ 34,172	41,891

(iv) Finance costs

	2023	2022
Interest expense	\$ 153,560	83,145

(w) Reclassification of components of other comprehensive income

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

	2023	2022
Effective portion of cash flow hedges:		
Net gains (losses) for current year	\$ 18,349	(3,511)
Less: Adjustment of reclassification included in profit or loss	15,229	15,431
Net gains (losses) recognized in other comprehensive income	\$ 3,120	(18,942)

(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, 2023 and 2022, the maximum credit risk exposure amounted to \$3,483,488 thousand and \$2,925,270 thousand, respectively (after adjustment).

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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(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, 2023					
Non-derivative financial liabilities					
Short-term borrowings	\$ 1,942,431	1,942,431	-	-	-
Accounts payable	828,910	828,910	-	-	-
Other payable	629,464	629,464	-	-	-
Long-term borrowings (including current portion)	4,006,658	1,441,966	483,401	2,081,291	-
Lease liabilities	198,465	45,859	42,390	110,049	167
Deposits received	16,874	11,247	-	2,507	3,120
Derivative financial liabilities					
Other swap contracts / Other forward contracts:					
Outflow	1,227	1,227	-	-	-
	<u>\$ 7,624,029</u>	<u>4,901,104</u>	<u>525,791</u>	<u>2,193,847</u>	<u>3,287</u>
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	-	12,537	-	4,267
Derivative financial liabilities					
Other swap contracts / Other forward contracts:					
Outflow	3,665	3,665	-	-	-
	<u>\$ 7,398,031</u>	<u>5,529,304</u>	<u>1,324,725</u>	<u>539,472</u>	<u>4,530</u>

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

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(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 ate	NTD
December 31, 2023			
Financial assets:			
Monetary assets:			
USD	\$ 28,501	30.7350	875,978
EUR	\$ 1,627	34.0114	55,337
JPY	\$ 42,148	0.2173	9,159
CNY	\$ 16,915	4.3309	73,257
Financial liabilities:			
Monetary liabilities:			
USD	\$ 38,811	30.7350	1,192,856
EUR	\$ 1,595	34.0114	54,248
JPY	\$ 22,835	0.2173	4,962
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

2) Sensitivity analysis

The Company's exposure to foreign currency risk arose from cash and cash equivalents, accounts and other re-
ceivables, 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 un-
changed. The Company's net income before tax would have decreased / increased by \$2,383 thousand and \$843
thousand for the years ended December 31, 2023 and 2022, 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:

	2023		2022	
	Foreign exchange gain (loss)	Average exchange rate	Foreign exchange gain (loss)	Average exchange rate
NTD	\$ 34,620	-	32,053	-

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(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 \$57,781 thousand and \$53,665 thousand for the years ended December 31, 2023 and 2022, respectively, with all other variable factors remaining constant. This is mainly due to the Company's borrowing at floating rates.

(v) Fair value

1) Categories and fair value of financial instruments

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

December 31, 2023					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	\$ 1,263,392	1,263,392	-	-	1,263,392
Unlisted stocks (domestic and overseas)	751,844	-	-	751,844	751,844
Total	<u>\$ 2,015,236</u>	<u>1,263,392</u>	<u>-</u>	<u>751,844</u>	<u>2,015,236</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	<u>\$ 1,227</u>	<u>-</u>	<u>1,227</u>	<u>-</u>	<u>1,227</u>
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	<u>1,186,280</u>	<u>626,837</u>	<u>-</u>	<u>559,443</u>	<u>1,186,280</u>
Total	<u>\$ 1,186,294</u>	<u>626,837</u>	<u>14</u>	<u>559,443</u>	<u>1,186,294</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	<u>\$ 3,665</u>	<u>-</u>	<u>3,665</u>	<u>-</u>	<u>3,665</u>

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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

3) Reconciliation of Level 3 fair values

	Unquoted equity instruments	
Balance at January 1, 2023	\$	559,443
Total gains recognized:		
In other comprehensive income		192,401
Balance at December 31, 2023	\$	751,844
Balance at January 1, 2022	\$	552,529
Total gains recognized:		
In other comprehensive income		6,914
Balance at December 31, 2022	\$	559,443

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	<ul style="list-style-type: none">Multipliers of price-to-earnings ratios as of December 31, 2023 and 2022 were 10.90~18.41 and 9.36~17.59, respectivelyMarket liquidity discount rate as of December 31, 2023 and 2022 was both 20%	<ul style="list-style-type: none">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.

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

The Company’s fair value measurement on financial instruments is reasonable. However, the measurement would be different if different valuation models or valuation

parameters are used. For financial instruments using level 3 inputs, if the valuation

parameters changed, the impact on other comprehensive income or loss are as follows:

	Input	Move up or down	Other comprehensive income	
			Favorable change	Unfavorable change
December 31, 2023				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	1%	\$ 9,396	(9,396)
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)

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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(y) Financial risk management	
(i) Overview	<p>The Company is exposed to the following risks arising from financial instruments:</p> <p>1) Credit risk</p> <p>2) Liquidity risk</p> <p>3) Market risk</p> <p>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.</p>
(ii) Risk management framework	<p>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.</p> <p>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.</p> <p>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.</p>
(iii) Credit risk	<p>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.</p> <p>1) Trade and other receivables</p> <p>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 2023 and 2022, there was no geographical concentration of credit risk regarding the Company's revenue.</p> <p>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.</p> <p>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.</p> <p>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.</p>

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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, 2023 and 2022, 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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(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, 2023	December 31, 2022
Total liabilities	\$ 9,081,914	8,790,471
Less: cash and cash equivalents	-	-
Total equity	19,421,820	18,526,550
Total assets	\$ 28,503,734	27,317,021
Debts ratio	32%	32%

There is no significant difference between the debts ratio as of December 31, 2023 and December 31, 2022.

(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, 2023 and 2022.

(ab) Reconciliation of liabilities arising from financing activities

Reconciliations of liabilities arising from financing activities for the years ended December 31, 2023 and 2022 were as follows:

	January 1, 2023	Cash flows	Non-cash changes			December 31, 2023
			Foreign exchange movement	Amortization of commercial paper discount	Others	
Long-term borrowings (including current portion)	\$ 2,285,292	1,556,535	-	-	-	3,841,827
Other long-term borrowings (including current portion)	349,767	(350,000)	-	233	-	-
Short-term borrowings (including short-term commercial paper payable)	3,330,889	(1,391,918)	(2,976)	296	-	1,936,291
Lease liabilities	93,096	(50,449)	-	2,216	145,865	190,728
Total liabilities from financing activities	<u>\$ 6,059,044</u>	<u>(235,832)</u>	<u>(2,976)</u>	<u>2,745</u>	<u>145,865</u>	<u>5,968,846</u>

	January 1, 2022	Cash flows	Non-cash changes			December 31, 2022
			Foreign exchange movement	Amortization of commercial paper discount	Others	
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	<u>\$ 4,745,178</u>	<u>1,105,308</u>	<u>104,285</u>	<u>7,615</u>	<u>96,658</u>	<u>6,059,044</u>

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(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	"
TSRC (Hong Kong) Limited	"
TSRC (Shanghai) Industries Ltd.	"
TSRC (Lux.) Corporation S.A R.L.	"
TSRC (USA) Investment Corporation	"
TSRC Specialty Materials LLC	"
Polybus Corporation Pte Ltd.	"
Shen Hua Chemical Industries Co., Ltd.	"
TSRC-UBE (Nantong) Chemical Industries Ltd.	"
TSRC (Nantong) Industries Ltd.	"
Triton International Holdings Corporation	"
TSRC (Vietnam) Co., Ltd.	"
Metropolis Property Management Corporation	Other related parties of the Company
WFV Corporation	"
Continental Consulting Limited Company	"
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	The subsidiary recognized associates under equity method
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:

	2023	2022
Subsidiaries	\$ 707,006	708,045

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:

	2023	2022
Subsidiaries	\$ 24,308	28,299

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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) Company provided management, technologies and IT services to its subsidiaries, associates, and joint ventures. The amounts recognized as other income and expenses and the investment accounted for under equity method were as follows:

	2023	2022
Subsidiaries		
TSRC (Nantong) Industries Ltd.	\$ 81,863	91,987
Other subsidiaries	45,304	44,643
Associates		
Other associates	30,949	16,652
Joint ventures		
Indian Synthetic Rubber Private Limited	61,439	67,842
	<u>\$ 219,555</u>	<u>221,124</u>

- 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, 2023 and 2022, the services amounted to \$122,442 thousand and \$93,492 thousand, respectively, and were recorded under operating costs and operating expenses.

(iv) Leases - Rent income

	2023	2022
Other related parties	<u>\$ 4,587</u>	<u>4,489</u>

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

As the result of the aforementioned transactions, payment on behalf of others and factory construction expenses, the details of the Company's receivables to related parties were as follows:

Account	Type of related parties	December 31, 2023	December 31, 2022
	Subsidiaries		
Accounts receivable - related parties	Polybus Corporation Pte Ltd.	\$ 11,111	15,031
Accounts receivable - related parties	TSRC (Lux.) Corporation S.A R.L.	37,637	42,656
Accounts receivable - related parties	TSRC Specialty Materials LLC	35,221	35,349
Accounts receivable - related parties	Other subsidiaries	<u>2,427</u>	<u>7,096</u>
		<u>86,396</u>	<u>100,132</u>
	Subsidiaries		
Other receivables	TSRC (Nantong) Industries Ltd.	91,665	94,058
Other receivables	Other subsidiaries	9,031	14,181
	Associates		
Other receivables	Other associates	18,150	17,139
	Joint ventures		
Other receivables	Others joint ventures	<u>13,110</u>	<u>11,227</u>
		<u>131,956</u>	<u>136,605</u>
		<u>\$ 218,352</u>	<u>236,737</u>

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(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, 2023	December 31, 2022
Accounts payables	Subsidiaries	\$ 9,225	2,982
Other payables	Other subsidiaries	38,904	75,846
	Joint ventures		
Other payables	Others joint ventures	-	1,382
Other payables	Other related parties	483	102
		39,387	77,330
		<u>\$ 48,612</u>	<u>80,312</u>

(vii) Guarantees

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

	December 31, 2023	December 31, 2022
Subsidiaries		
TSRC (Vietnam) Co., Ltd.	\$ 568,599	555,815
TSRC (USA) Investment Corporation	768,375	460,620
TSRC Specialty Materials LLC	-	307,080
Associates		
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	-	308,546
Joint ventures		
Indian Synthetic Rubber Private Limited	-	1,022,576
	<u>\$ 1,336,974</u>	<u>2,654,637</u>

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

	December 31, 2023	December 31, 2022
Associates		
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ -	1,261
Joint ventures		
Indian Synthetic Rubber Private Limited	-	23,725
	<u>\$ -</u>	<u>24,986</u>

(d) Key management personnel transactions

The compensation of the key management personnel comprised the following:

	2023	2022
Short-term employee benefits	\$ 124,073	105,079
Post-employment benefits	774	620
	<u>\$ 124,847</u>	<u>105,699</u>

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(8) Pledged assets: None.

(9) Commitments and contingencies

(a) The unused letters of credit outstanding

	December 31, 2023	December 31, 2022
The Company's unused letters of credit outstanding	\$ 940,490	855,116

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

	112.12.31	111.12.31
The total amounts of construction in progress contracts	\$ 496,819	433,400
Cumulative payments	\$ 398,309	349,118

(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 nature \ By function	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary (note 1)	358,186	422,180	780,366	358,684	394,508	753,192
Labor and health insurance	38,392	34,421	72,813	38,671	33,123	71,794
Pension (note 2)	16,917	15,300	32,217	17,237	14,636	31,873
Directors' remuneration	-	17,626	17,626	-	23,064	23,064
Others (note 3)	57,786	67,866	125,652	94,559	92,957	187,516
Depreciation (note 4)	177,861	68,179	246,040	169,548	74,081	243,629
Amortization	8,576	12,883	21,459	8,253	15,886	24,139

Note 1: Salary includes base salary, overtime pay, performance bonus, year end bonus and pay in lieu of untaken annual leave, etc.
Note 2: Pension expenses excluded expenses for employees on international assignments amounting to \$1,306 thousand and \$1,727 thousand for the years ended December 31, 2023 and 2022, respectively.
Note 3: Other employee benefit includes meal expenses, employee welfare, training fees and employee compensation.
Note 4: Depreciation expenses excluded expenses for investment property recognized under other income and expenses, amounting to \$14,726 and thousand \$14,725 thousand for the years ended December 31, 2023 and 2022, respectively.

The Company's number of employees for the years ended December 31, 2023 and 2022 and additional information on employee benefits are as follows :

	2023	2022
Number of employees	669	676
Number of directors who were not employees	6	6
The average employee benefit	\$ 1,525	1,559
The average salaries and wages	\$ 1,177	1,124
The average of employee salary cost adjustment as follows	4.72%	
Supervisor remuneration	\$ -	-

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(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, 2023 to December 31, 2023:

(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	75,252	73,625
4	TSRC (Hong Kong) Limited	TSRC (Vietnam) Co., Ltd.	Account receivable - related parties	Yes	122,960	61,470

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% 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 are 100% owned by TSRC.

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

Note 5: Nature of financing activities is as follows:

- (1) if there are transactions between these two parties, the number is "1".
- (2) if it is necessary to loan to other parties, the number is "2".

(ii) Guarantees and endorsements for other parties:

No.	Name of Company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for one party	Highest balance for guarantees and endorsements during the year	Ending balance of guarantees and endorsements
		Name	Relationship with the Company			
0	TSRC	TSRC (USA) Investment Corporation	4	(Note2)	781,500	768,375
0	TSRC	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	6	(Note2)	311,395	-
0	TSRC	Indian Synthetic Rubber Private Limited	6	(Note2)	1,060,738	-
0	TSRC	TSRC (Vietnam) Co., Ltd.	4	(Note2)	634,578	568,599
0	TSRC	TSRC Specialty Materials LLC	4	(Note2)	324,190	-

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) 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 \$11,653,092 thousand.

Note 3: The aggregate amount of guarantee by the Company is limited to 1.5 times its stockholders' equity, amounting to \$29,132,730 thousand.

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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		
73,625	3.1025%	2	-	Operating capital	-		-	165,925	331,850
4,610	6.53%~6.78%	2	-	Operating capital	-		-	1,388,849	2,777,698

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
67,463	-	3.96%	(Note3)	√		
-	-	-	(Note3)			√
-	-	-	(Note3)			
421,070	-	2.93%	(Note3)	√		
-	-	-	(Note3)	√		

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

(iii) Securities held as of December 31, 2023 (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:

Name of company	Category and name of security	Account name	Name of Counter-party	Relationship with the company
Polybus Corporation Pte Ltd	Shen Hua Chemical Industries Co., Ltd.	Investments accounted for under equity method	Marubeni Petrochemicals Investment B.V.	Substantive related party

Note 1: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD30.735).

(v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party
Shen Hua Chemical Industries Co., Ltd.	Plant	112.5.30	1,797,200	Payment based on project progress	China Tianchen Engineering Corporation

(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 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

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Unit: thousand NTD

Ending balance				Remarks
Number of shares	Book value	Holding percent-age	Market value	
12,148,000	1,263,392	2.91%	1,263,392	
599,999	284,189	5.42%	284,189	
5,657,000	467,655	3.90%	467,655	
837,552	396,705	7.57%	396,705	
	2,411,941		2,411,941	

Unit: thousand NTD/thousand USD

Beginning Balance		Purchases		Sales				Ending Balance	
Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
-	760,015 (USD24,728)	-	630,068 (USD20,500)	-	-	-	-	-	1,390,083 (USD45,228)

Unit: thousand NTD

Relationship with the Company	If the Counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
	Owner	Relationship with the Company	Date of transfer	Amount			
Unrelated Parties	NA	NA	NA	-	NA	For the purpose of factory relocation and manufacture.	-

Unit: thousand NTD

Transaction details				Status and reason for deviation from arm's -length transaction		Account / note receivable (payable)		Re-marks
Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
Purchase	256,368	11.93%	70 days	-		(37,637)	(9.40)%	
Sale	(256,368)	(2.45)%	70 days	-		37,637	3.31%	
Purchase	372,812	13.89%	70 days	-		(35,221)	(7.53)%	
Sale	(372,812)	(3.57)%	70 days	-		35,221	3.10%	

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Name of Company	Counter-party	Relationship
Shen Hua Chemical Industries Co., Ltd.	Marubeni Corporation	A director of TSRC-UBE (Nantong) Chemical Industries Ltd.
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

(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 7, 2024.

(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 2023 (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 City, 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

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Transaction details				Status and reason for deviation from arm's -length transaction		Account / note receivable (payable)		Re- marks
Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
Purchase	153,109	2.52%	14 days	-		(23,406)	(4.84)%	
Purchase	272,050	31.77%	40 days	-		(52,306)	(32.24)%	
Sale	(272,050)	(5.11)%	40 days	-		52,306	7.07%	
Purchase	518,457	60.55%	40 days	-		(98,560)	(60.76)%	
Sale	(518,457)	(6.43)%	40 days	-		98,560	6.66%	
Purchase	491,973	22.90%	90 days	-		(115,516)	(28.85)%	
Sale	(491,973)	(12.36)%	90 days	-		115,516	23.14%	
Purchase	1,388,782	64.63%	70 days	-		(248,186)	(61.99)%	
Sale	(1,388,782)	(26.09)%	70 days	-		248,186	33.53%	

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		
248,186	6.09	-		176,844	-
115,516	3.96	-		88,077	-

Unit: thousand NTD/thousand USD/thousand EUR

Original cost		Ending balance			Net income (loss) of investee	Investment income (loss)	Remarks
December 31, 2023	December 31, 2022	Shares	Percentage of ownership	Book value			
1,005,495	1,005,495	86,920,000	100.00%	16,953,644	457,415	457,415	Subsidiary
109,442	109,442	3,896,305	100.00%	850,397	40,127	40,127	Subsidiary
38,376	38,376	1,161,004	19.48%	186,077	48,575	9,462	Subsidiary (note 2)
387,585	387,585	-	100.00%	116,739	(80,020)	(80,020)	Subsidiary
2,630,947 (USD85,601)	2,000,879 (USD65,101)	133,728,000	100.00%	9,690,341	808,368	808,368	Indirectly owned subsidiary

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

Name of investor	Name of investee	Address	Scope of business
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 TPE
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	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 NTD30.735; EUR1 to NTD34.0114).

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%.

- (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, 2023
Shen Hua Chemical Industries Co., Ltd.	Production and sale of synthetic rubber products	1,266,897 (USD41,220)	(2)a.	-
Changzhou Asia Pacific Co-generation Co., Ltd.	Power generation and sale of electricity and steam	709,979 (USD23,100)	(2)c.	117,777 (USD3,832)
TSRC (Shanghai) Industries Ltd.	Production and sale of compounding materials	169,043 (USD5,500)	(2)b.	120,481 (USD3,920)
Nantong Qix Storage Co., Ltd.	Storehouse for chemicals	92,205 (USD3,000)	(2)d.	46,103 (USD1,500)
TSRC-UBE (Nantong) Industries Ltd.	Production and sale of synthetic rubber products	1,229,400 (USD40,000)	(2)a.	30,735 (USD1,000)
TSRC (Nantong) Industries Ltd.	Production and sale of TPE	3,231,017 (USD105,125)	(2)a.	204,326 (USD6,648)
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	Production and sale of NBR	1,376,928 (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.

[Home page](#)

[Table of Contents](#)

[Letter to the Shareholders](#)

[Company profile](#)

[Corporate governance report](#)

[Information on capital raising activities](#)

[Overview of business operations](#)

[Overview of financial status](#)

[Review and analysis of the Company's financial position and financial performance, and risk management](#)

[Special items to be included](#)

[Other disclosures](#)

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

Original cost		Ending balance			Net income (loss) of investee	Investment income (loss)	Remarks
December 31, 2023	December 31, 2022	Shares	Percentage of ownership	Book value			
3,191,830 (USD103,850)	3,191,830 (USD103,850)	103,850,000	100.00%	2,777,698	(832,182)	(832,182)	Indirectly owned subsidiary
905,853 (USD29,473)	905,853 (USD29,473)	222,861,375	50.00%	1,516,994	680,196	340,098	-
2,546,420 (EUR74,870)	2,546,420 (EUR74,870)	74,869,617	100.00%	2,332,381	(866,570)	(866,570)	Indirectly owned subsidiary
2,952,097 (USD96,050)	2,952,097 (USD96,050)	130	100.00%	2,401,278	(663,992)	(663,992)	Indirectly owned subsidiary
6,719,193 (USD218,617)	6,719,193 (USD218,617)	-	100.00%	1,670,121	(718,081)	(718,081)	Indirectly owned subsidiary
1,537 (USD50)	1,537 (USD50)	50,000	100.00%	57,968	1,083	1,083	Indirectly owned subsidiary
147,497 (USD4,799)	147,497 (USD4,799)	4,798,566	80.52%	790,459	48,575	39,113	Indirectly owned subsidiary
346,844 (USD11,285)	346,844 (USD11,285)	7,522,337	37.78%	281,155	139,673	13,419	-

Unit: thousand NTD/thousand USD

Investment flow during current-period		Cumulative investment (amount) from Taiwan as of December 31, 2023	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						
-	-		404,106	88.00%	275,587 (Note2)	3,583,141	4,786,340
-	-	117,777 (USD3,832)	- (Note5)	- (Note5)	- (Note5)	- (Note5)	358,308
-	-	120,481 (USD3,920)	31,674	100.00%	31,674 (Note2)	331,850	-
-	-	46,103 (USD1,500)	2,271	50.00%	1,135 (Note2)	57,718	74,060
-	-	30,735 (USD1,000)	351,977	55.00%	193,587 (Note2)	1,092,305	208,813
-	-	204,326 (USD6,648)	288,861	100.00%	288,861 (Note2)	4,113,992	440,864
-	-		132,559	50.00%	66,279 (Note3)	720,175	-

Home page

Table of Contents

Letter to the Shareholders

Company profile

Corporate governance report

Information on capital raising activities

Overview of business operations

Overview of financial status

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

Special items to be included

Other disclosures

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

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 NTD30.735).
Note 5:Asia Pacific Energy Development Company Limited, which is invested by the Group, disposed of all its shares of Changzhou Asia Pacific Co generation Co., Ltd. The transaction was completed in November 2023.

(ii) Limitation on investment in Mainland China:

Unit: thousand NTD / thousand USD

Accumulated investment amount in Mainland China as of December 31, 2023	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
519,422 (USD16,900)	6,394,355 (USD208,048) (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.

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 NTD30.735).

(iii) Significant transactions:

Please refer to the year 2023 consolidated financial statements.

(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

Please refer to the year 2023 consolidated financial statements.