

# 2022

International CSRC Investment  
Holdings Co., Ltd.  
2022 Annual Report

MOPS (Market Observation Post System) website:  
<https://mops.twse.com.tw>

CSRC website: <http://www.csrcgroup.com>

Publication date: April 1<sup>st</sup>, 2023



**Spokesperson**

Name: Po-Sung, Huang

Title: President

Tel: 886-2-2531-6556 ext. 20221

E-mail: [Sinclair.huang@csrcgroup.com](mailto:Sinclair.huang@csrcgroup.com)

**Deputy Spokesperson**

Name: Chia-Wen, Lee

Title: Assistant Vice President

Tel: 886-2-2531-6556 ext. 20236

E-mail: [jasmine@csrcgroup.com](mailto:jasmine@csrcgroup.com)

**Headquarters**

Address: 8F, No. 113, Sec. 2, Chung Shan N. Rd., Taipei City 104, Taiwan

Tel: 886-2- 2531-6556

**Stock Transfer Agent**

Stock Transfer Agent, CTCB Bank

Address: 5F, No. 83, Sec. 1, Chongqing S. Rd., Taipei City 100, Taiwan

Website: <http://www.chinatrust.com.tw>

Tel: 886-2-6636-5566

**Auditors**

Auditors: Tza-Li, Gung and Hsiu-Chun, Huang at Deloitte & Touche

Address: 20F, No. 100, Songkran Rd., Taipei City 110, Taiwan

Website: <http://www.deloitte.com.tw>

Tel.: 886-2-2725-9988

**Overseas Securities Exchange**

Nil.

**Corporate Website**

<http://www.csrcgroup.com>

## Index

<b>1</b>	<b>Chairman's Address.....</b>	<b>1</b>
<b>2</b>	<b>Company Profile</b>	
2.1	Date of Incorporation.....	3
2.2	Company History.....	3
<b>3</b>	<b>Corporate Governance Report</b>	
3.1	Organization.....	7
3.2	Information regarding Board of Directors and Key Managers.....	11
3.3	Remuneration of Directors, President, and Vice Presidents.....	24
3.4	Corporate Governance Status .....	29
3.5	Information on the Audit Fee for CPAs.....	83
3.6	Information on Replacement of CPAs.....	83
3.7	The Chairman, President, and Managers in Charge of Finance or Accounting Hold Any Positions within CPAs or its Affiliates in the Most Recent Year.....	84
3.8	Net Change in Shareholdings by Directors, Managers, Major Shareholders In the Most Recent Year and by the Date of Report Publication.....	84
3.9	Related Party Relationship among the Company's Top Ten Shareholders...	85
3.10	Ownership of Shares in Affiliated Enterprises.....	87
<b>4</b>	<b>Company Shares and Fund Raising</b>	
4.1	Capital and Shares.....	88
4.2	Issuance of Corporate Bonds.....	91
4.3	Issuance of Preferred stock.....	91
4.4	Issuance of Global Depositary Shares.....	91
4.5	Employee Stock Options.....	91
4.6	Restricted Stock Awards .....	91
4.7	Issuance of New Shares Due to the Company's Mergers or Acquisitions...	91
4.8	Implementation of the Company's Fund Raising and Utilization .....	91
<b>5</b>	<b>Operational Highlights</b>	
5.1	Business Activities.....	92
5.2	Market, Production and Sales.....	98
5.3	Employees Data in the Past Two Years.....	105
5.4	Environmental Protection Expenditure.....	105
5.5	Labor-Management Relations.....	107
5.6	Information Security Management.....	108
5.7	Important Contracts.....	112

<b>6</b>	<b>Financial Standing</b>	
6.1	Five- Year Condensed Financial Information.....	113
6.2	Five-Year Financial Analysis.....	117
6.3	Audit Committee’s Review Report.....	120
6.4	2022 Consolidated Financial Statements.....	121
6.5	2022 Parent Company Only Financial Statements.....	121
6.6	Financial Difficulties Experienced by the Company and Its Affiliates ...	121
<b>7</b>	<b>Review of Financial Position, Financial Performance, and Risk Management</b>	
7.1	Financial Position.....	122
7.2	Financial Performance.....	123
7.3	Cash Flow.....	123
7.4	Major Capital Expenditures and Impact on Financials and Operations ....	124
7.5	Investment Policy, Main Reasons for Profit or Loss, Improvement Plan and Investment Plan in the Coming Year.....	124
7.6	Risk Analysis and Assessment.....	125
7.7	Other Material Information.....	129
<b>8</b>	<b>Special Notes</b>	
8.1	Information of the Affiliates.....	130
8.2	Private Placement Securities in the Most Recent Years.....	135
8.3	Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years.....	135
8.4	Other Matters That Require Additional Description.....	135
<b>9</b>	<b>Events with Material Impacts on Equity or Stock Price as Specified in Item 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the Previous Year and by the Date of Report Publication.....</b>	<b>135</b>
<b>10</b>	<b>Appendix</b>	
10.1	Appendix I 2022 Consolidated Financial Statements.....	136
10.2	Appendix II 2022 Parent Company Only Financial Statements.....	219

# 1. Chairman's Address

Despite the world has gradually walked out of the haze of COVID-19 in 2022, the overall economic and political situation were still tense. The outbreak of the Russia–Ukraine War and the lockdown policy adopted in China resulted in obstruction in the logistics and transportation and supply chain risks, thus increasing the risk over instability of the global supply chain and geopolitical conflicts. Meanwhile, the Fed Reserve lifted interest rate consecutively and its tight monetary policy has increased enterprises' operating costs and depressed the global economy. In such difficulty environment, CSRC keeps focusing on carbon black, its core profession. Aside from rescheduling the production capacity flexibly and enhancing the proficiency, CSRC makes the best effort to improve and accelerate the R&D momentum and committed to developing the new products, such as high-end specialty carbon black and green carbon black which helps diversifies the product portfolios. Moreover, CSRC put more effort in the raw materials and produce the new “eco-friendly recycled carbon black” through the cooperation with the waste tire recycling and scrapping service providers, in order to satisfy the industry supply chain's requirements toward sustainable materials and work together to practice the carbon neutrality in 2050.

In carbon black business, the new factory in India, Gujarat, has started the production successfully by the end of 2022, as the second production base following the Delhi Factory in India. The Turkish Factory invested through joint venture with the Turkey-based industrial group, OYAK, is still under construction. Both factories are expected to satisfy the needs of customers from Asian and European markets in the future. Notwithstanding, the Phenix Factory in the USA failed to obtain the approval for extension from the Environmental Protection Agency (EPA). Considering that continued investment of costs does not satisfy shareholders' expectation toward returns, the Board of Directors approved the Factory's suspension of operation. The carbon black demand should be fulfilled by the factories in Ponca, Oklahoma and in Sunray, Texas through improving the production capacity and efficiency.

For R&D of products, CSRC continues to build the R&D momentum for the carbon black products. Among other things, the method for fast measurement of the contents of polycyclic aromatic hydrocarbons (PAHs) in carbon black has been granted the patent right in 2022, set a fastest record to require a patent within 3 years and a milestone for Linyuan R&D Center since its open in December 2019. Meanwhile, the reactors, reaction devices and its processing system modified after applying carbon black “EREBOS” to eco-friendly modified ink coatings were also granted the patent rights at the beginning of 2023 successfully.

We also commit to invest in R&D of green carbon black proactively. Troubled by the extreme weather, more than 130 countries in the world have announced the promotion of net zero emissions. In response to the carbon neutrality trend, international leading car makers also proposed corresponding plans, requiring suppliers to achieve the net zero emission goal earlier. As a result, the international leading tire industry had to deal with challenges emerging successively, including the implementation of a certain proportion of sustainable materials before 2030. As a carbon black plant which plays a key role dedicated to enhancement of functions and main component of tires, CSRC is committed to realizing social responsibility and sustainable vision by reducing carbon from the source. In 2022, the “Eco-friendly Recycling Carbon Black” has been launched for the first time, which used the recycled carbon black and pyrolysis oil generated from waste tires in the production process to satisfy the tire and rubber industry's demand for sustainable raw materials. We also continue to work with target customers to develop new LH carbon black tire application formula technology to satisfy the two claims of electric

vehicle tires for low rolling resistance and high wear resistance.

At the same time, CSRC continues to invest capital in carbon black for high-rank special applications and demonstrates the results achieved by it successively. In 2022, the sales volume of shielding materials for wires and cables has grown significantly from 2021. Meanwhile, color master batch products were also launched into the market of key customers successfully, thus contributing further to the operation. The application of carbon black to eco-friendly modified ink coatings adopted the eco-friendly modification method to satisfy the high-quality claim of oil ink coating products. As a result, it received the honor for “19th National Brand Yushan Awards.” In the future, it is expected to develop the markets of ink coatings and electronic materials.

Additionally, CSRC also received the special honor for “Excellent Enterprise Award” of the “19th National Brand Yushan Awards.” The 2021 ESG report also received the two major awards, including the TCSA-Taiwan Top 100 Sustainable Model Enterprise Award and ESG Report Gold Prize.

CSRC’s consolidated operating revenue was NT\$23.36829 billion, and consolidated profit after tax, NT\$662.98 million, with the EPS of NT\$0.7 per share in 2022. The total output volume of carbon black was 417,000 tons.

Looking forward to 2023, even though the threat posed by the epidemic is not the same as before, the sluggish purchase power posed some impact to the economic growth. Besides, the Fed lift interest rates and its tight monetary policy may cause lagged effect, the economic stagnation in Europe and downside risks in other regions. CSRC will remain skittish and consolidate at every step when focusing on the R&D and innovation of carbon black, deal with the current risk over climate changes by re-building the new value chain, and co-create the sustainable value for customers with its core competence.

We are honored and pleased to offer CSRC Annual Report.

**Kung-Yi, Koo**  
**Chairman**

## 2. Company Profile

### 2.1 Date of Incorporation: June 15 1973

(Company name changed on October 15 2018, and registered as “International CSRC Investment Holdings Co., Ltd”)

### 2.2 Company History

- 1973 The Company was founded by 18 entrepreneurs, including Lin Bo-Shou and Koo Chen-Fu, and entered into the “Agreement on Licensing of Patent and Right of Use of Special Technology” with the Continental Carbon Company of the USA for the establishment of a carbon black plant.
- 1975 The completion of the carbon black plant at Lin Yuan Industrial Park in Kaohsiung County.
- 1981 Completion of the 2nd production line.
- 1985 Completion of the gaseous waste boiler with the offering of steam for sale.
- 1986 The Company listed its stock on the Taiwan Stock Exchange for trading on July 15.
- 1988 CS Development & Investment Corp. was approved for the establishment with principal business in investment.
- 1991 Acquisition of a penicillin plant in north England.
- 1993
  - Completion of the 3rd production line.
  - Completion of the cogeneration power plant.
  - Upgrade the CIS.
  - Acquisition of the equity shares of Consolidated Resource Company.
- 1994 Accredited with the ISO -9002 quality system by BSMI and BVQI of France.
- 1995 Acquisition of Continental Carbon Company of the USA.
- 1996 Completion of the edible pig skin gelatin plant.
- 1997
  - Acquisition of Synpac-Kingdom Pharmaceutical Co., Ltd.
  - Accredited with the ISO-14001 environmental management system.
- 1998
  - Won the 9<sup>th</sup> National Outstanding Quality Award.
  - E-One Moli Energy Corp. was approved to establish for the business of manufacturing and sale of Lithium battery and battery pack.
- 2000
  - Acquisition of the Maanshan carbon black plant in Anhui, China.
  - Acquisition of the carbon black plant in New Delhi, India.
  - Sale of the penicillin G plant of English.
  - E-one Moli Energy Corp. completion of the 1st assembly line at South Taiwan Science-Based Industrial Park with monthly production capacity of 1 million quadrate cells.
- 2001
  - Acquisition of Anshan carbon black plant in Liaoning, China.
  - Sole Energy Tech Corp. was approved to establish for the business of assembly and sale of Lithium battery.
- 2002
  - Won the 2<sup>nd</sup> Sustainability Award from the Ministry of Economic Affairs.
  - Renovation and expansion of the carbon black plant in Maanshan, China, was completed.

- 2003 The gelatin plant was accredited with the HACCP standards and has successfully developed the production process of fish skin gelatin.
- 2004
- Renovation and expansion of the carbo black plants in New Delhi, India and Anshan, China were completed.
  - E-One Moli Energy Corp. was approved by TPEx for listing on the “Emerging Stock Market” for trading.
- 2005
- Upgrade of production capacity at Linyuan Plant of Kaohsiung, and Maanshan Plant in Anhui.
  - The gelatin plant was offered for disposal.
- 2006
- The licensed orphan drug for Pompe disease, Myozyme, was approved by FDA of the USA for launching to market and patent registration.
  - Completion of the new production line at Maanshan Plant with 40,000 tons capacity in October.
- 2007
- Myozyme, manufactured and distributed by Genzyme of the USA was approved for patent registration in the EU in February.
  - Raising additional capital for battery manufacturer, E-One Moli Energy Corp.
- 2009 Accredited with the TS16949 quality management system of automotive industry
- 2010
- The licensed orphan drug for Pompe disease, Lumizyme, has been approved by the FDA of USA for using by late-onset Pompe disease patients.
  - Investment for the establishment of CSRC China (Chongqing) Corporation.
  - The Phase II of the plant for E-One Moli Energy Corp. was completed at Southern Taiwan Science Park.
- 2011 CSRC China (Chongqing) Corporation started to sell steam.
- 2012
- Myozyme, which is manufactured and distributed by Genzyme of the USA, was patented in Japan.
  - The carbon black plant in New Delhi, India had successfully increased its production capacity.
  - The Auditing Committee was established on June 27 to replace the supervisors and perform their function.
- 2013 The construction of the Luzhu Plant of Synpac-Kingdom Pharmaceutical Co., Ltd. was completed at the end of 2013.
- 2014
- Synpac-Kingdom Pharmaceutical Co., Ltd. disposed the property at Tucheng, New Taipei.
  - CSRC China (Chongqing) Corporation started selling carbon black.
  - Synpac-Kingdom Pharmaceutical Co., Ltd. completed the accreditation of PIC/S GMP.
- 2015 E-One Moli Energy Corp. ceased the trading of securities at TPEx from April 30.
- 2016 The activation of the SCR denitration system at Chongqing Plant, and the SCR denitration system for environmental protection at Maanshan Plant was under testing.
- 2017 The disposition of the equity of subsidiary Synpac-Kingdom Pharmaceutical Co., Ltd.



- 2018
- The carbon black division in Taiwan was spun off to Linyuan Advanced Materials Technology Co., Ltd. while the biotechnological technology division was spun off to Circular Commitment Company.
  - The Company changed the name into “International CSRC Investment Holdings Co., Ltd.” in line with the spin-off and transformation into a holding company.
  - The establishment of a new carbon black plant, the Continental Carbon Eco Technology Private Limited in Gujarat, India.
  - Liquidation of subsidiary, Sole Energy Tech Corp. was completed.
- 2019
- The shareholders’ interim meeting of E-One Moli Energy Corp. decided to sign a share conversion contract with TCC Recycle Energy Technology Company. After the registration for the change of shares was completed, TCC Recycle Energy Technology Company owned 100% shares of E-One Moli Energy Corp.
  - Participated in the cash capital increase raised by TCC Recycle Energy Technology Company.
  - The board of directors signed an agreement with Turkish industrial group Ordu Yardimlasma Kurumu to establish a joint venture company in Turkey, engaging in the carbon black business in that country.
  - Carbon Black R & D Center of Linyuan Advanced Materials Technology Co., Ltd. was officially opened.
  - Details of awards in 2019
    - CSRC won the EcoVadis Corporate Social Responsibility Silver Medal.
    - CSRC won the TCSA Taiwan Enterprise Sustainability Award-Corporate Sustainability Report Gold Award, and the Taiwan Sustainable Enterprise Comprehensive Performance Excellence Award.
    - Linyuan Advanced Materials Technology Co., Ltd. won the TCIA Circular Economy Achievement Award
    - Linyuan Advanced Materials Technology Co., Ltd. won the OEMA Top Ten Outstanding and Potential Enterprise Golden Torch Award-Innovative Design of the Year with carbon black product - Continex LH10.
- 2020
- Details of awards in 2020
    - CSRC won 4 TCSA awards, including Corporate Performance Award, Chinese Report Gold Medal, English Report Silver Award, and Innovation Growth Award.
    - Linyuan Advanced Materials Technology Co., Ltd. won the 2020 Asia Responsible Enterprise Awards (AREA) – Green Leadership.
    - Linyuan Advanced was honored by the Happy Enterprise Golden Prize conferred upon it by the Kaohsiung Labor Affairs Bureau in terms of wages and advancement and is certified as a “Happy Enterprise.”
    - CSRC’s brand concept of rebirth, and circular economy won the B2B Industry Silver Award of the Asia Pacific Chinese PR Award.
- 2021
- The Board of Directors of TCC Recycle Energy Technology Company (“TCC Recycle Energy“) approved a cash capital increase of NT\$10 billion

to support its operational needs. The Company and its subsidiaries waive the subscription right of share issuance for cash capital increase of TCC Recycle Energy, which resulted in the decrease in the Company and its subsidiary's ownership in TCC Recycle Energy. The Company and its subsidiary lost control over TCC Recycle Energy and also indirectly lost control over TCC Recycle Energy's subsidiary, E-One Moli Energy Corp., and its subsidiary.

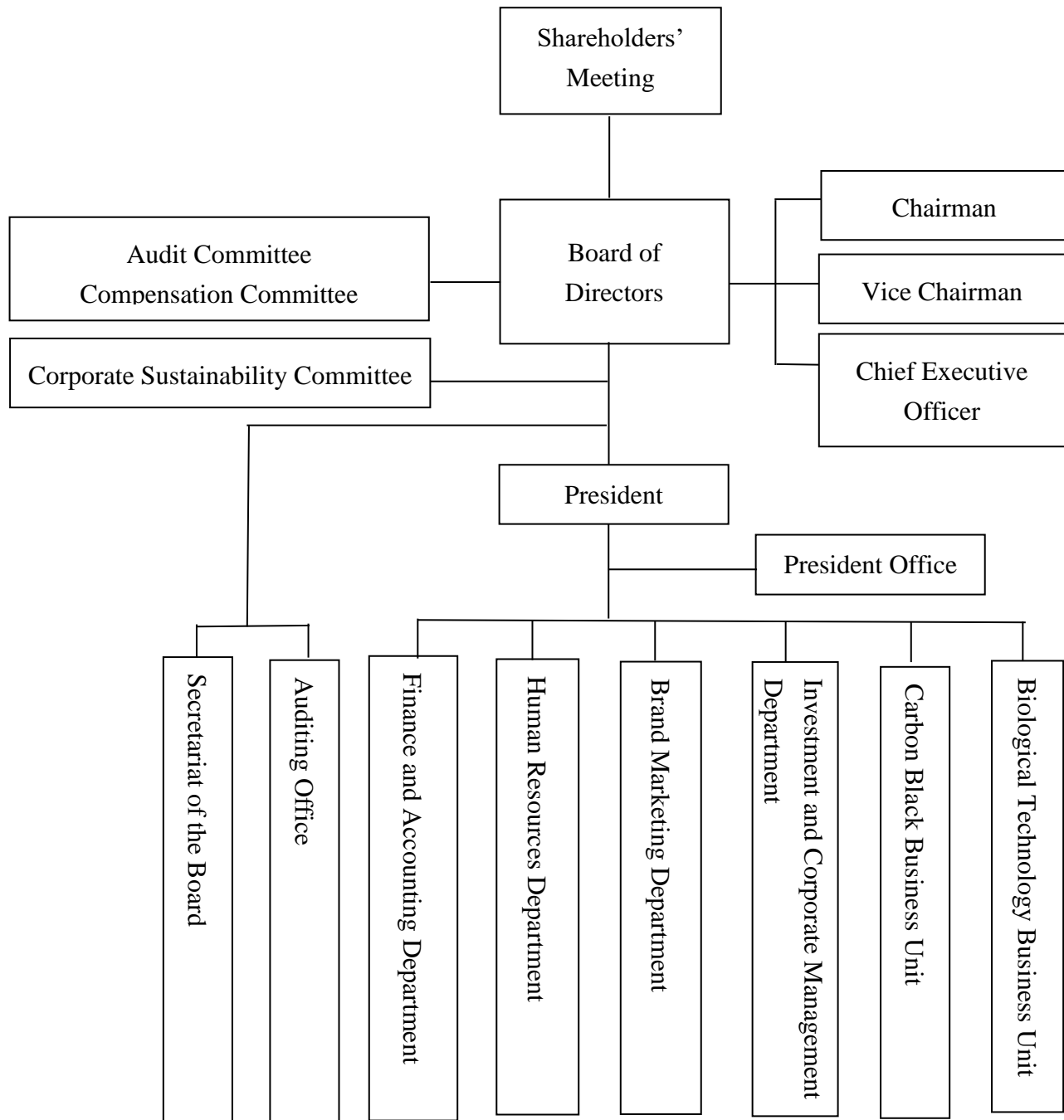
- The Company and its subsidiaries reached a settlement with Genzyme Corporation regarding the European and U.S. royalty disputes for patents licensed in Europe and the U.S..
- Details of awards in 2021
  - Corporate Sustainability Practice Awards  
CSRC won the “2021 TCSA” Outstanding Performance Award and Gold Award for the Traditional Manufacturing Sector with its Sustainability Report and the 2021 TSAA.  
Other Awards: The Asia Corporate Excellence & Sustainability Awards (ACES) 2021-Top Green Companies in Asia.
  - Green Products Innovation Awards  
The “Continex LH series - low rolling resistance and high wear resistance carbon black” won a total of three awards, namely the 18th National Brand Yushan Award, the National Industrial Innovation Award, and the International Innovation Awards 2021  
The “Low Halogen Content Heat-resistant and Anti-aging Carbon Black –SATIN BLACK JE7750” was honored by the 18th National Brand Yushan Award.

- 2022
- Continental Carbon Eco Technology Private Limited, a subsidiary established in Gujarat, India, completed its first production line in the third quarter and started production in October.
  - Phenix plant of the subsidiary Continental Carbon Company (“CCC”) was not able to complete the facilities stipulated in the Consent Decree between CCC and the U.S. Environmental Protection Agency and took the initiative to suspend its production on December 31, 2022.
  - Details of awards in 2022
    - Corporate Sustainability Practice Awards  
Benchmark corporate social responsibility award, Taiwan Corporate Sustainability Awards (TCSA) – Taiwan Top 100 Sustainability Model Enterprise Award, Gold Standard Sustainability Reporting, 19<sup>th</sup> National Brand Yushan Award – Outstanding Enterprise
    - Green Products Innovation Awards  
Linyuan Advanced Materials Technology Co., Ltd., a subsidiary of CSRC Group was awarded the 19<sup>th</sup> National Brand Yushan Award for its EREBOS series carbon black, an eco-friendly modified ink and coating application.

### 3. Corporate Governance Report

#### 3.1 Organization

##### 3.1.1 Organizational structure



### 3.1.2 Major departments and their scope of operation

Department	Main responsibilities
Carbon Black Business Unit	Well-seasoned in the production of carbon black from the residue of the coal and petrochemical industries to make the best contribution to the rubber industry, and the residual gas that could be used for power generation. The products could be extensively used in tires and rubber products, which cover all aspects of people's daily lives.
Biological Technology Business Unit	Research and development of biological technologies and drugs for achieving the goal of upgrading the quality of living for human beings through the breakthrough of core technology.
President Office	<ol style="list-style-type: none"> <li>1. Research and recommendation of corporate organization and system.</li> <li>2. Administer and coordinate all operations of the Company and the performance of the assigned duties of all functional departments.</li> <li>3. Supervise corporate development in the future and the pursuit of corporate objective.</li> <li>4. Implement operation analysis, internal control, staff operation and planning, and secretarial works.</li> <li>5. Assistance on the implementation of significant decision-making issues.</li> <li>6. Overall planning and implementation of the information management system.</li> <li>7. Public Affairs.</li> <li>8. Design of business development plan.</li> <li>9. Investment planning and the analysis and implementation of individual investment projects.</li> <li>10. The planning and management of investee operations.</li> <li>11. Supervision of the subsidiaries and investee operations in the management of business, production, research and development, and procurement.</li> <li>12. The planning and implementation of general affairs, administering of miscellaneous affairs, repair and maintenance, and asset management.</li> <li>13. Implementation of legal affairs, lawsuits, legal advice, contracts and document review, and management of intellectual property rights for the Company.</li> <li>14. Other assigned duties.</li> </ol>
Finance and Accounting Department	<ol style="list-style-type: none"> <li>1. The planning and implementation of accounting policy and system.</li> <li>2. Budget control, cost review, and the planning and implementation of the bookkeeping and accounting system.</li> <li>3. The planning and implementation of fund appropriation and utilization.</li> <li>4. Assistance in the analysis and implementation of investment plans and direct investment.</li> </ol>



Department	Main responsibilities
	<ol style="list-style-type: none"> <li>5. The planning and implementation of financial and accounting management of the investee operations.</li> <li>6. Keeping perpetual record on fixed assets.</li> <li>7. Other assigned duties.</li> </ol>
Human Resources Department	<ol style="list-style-type: none"> <li>1. The planning and review of organization and staffing.</li> <li>2. The planning and implementation of human resource management and salary policy.</li> <li>3. The planning of human resources and training of employees.</li> <li>4. The planning and implementation of recruitment.</li> <li>5. The planning and execution of salary policy and system.</li> <li>6. The planning and implementation of employee insurance and benefits.</li> <li>7. Maintaining and updating of personnel information.</li> <li>8. The planning and implementation of employee relationship policy.</li> <li>9. The supervision and benefits of human resource management of all departments at all levels.</li> </ol>
Brand Marketing Department	<ol style="list-style-type: none"> <li>1. The application, design and monitoring of the use of CIS, application for and management of trademarks.</li> <li>2. Collection of market related information as reference for related decision-making.</li> <li>3. The planning and implementation of marketing events.</li> <li>4. Cultivation of relation with external industry associations and the professional media.</li> <li>5. Assistance to all projects pertaining to the new direction of corporate development.</li> <li>6. Other assigned duties.</li> </ol>
Investment and Corporate Management Department	<ol style="list-style-type: none"> <li>1. The implementation and integration of all special projects of the Company, including the management of the investment and strategic planning.</li> <li>2. Evaluation and management of related direct investment of the Company.</li> <li>3. The administering and setting of the annual business and strategic objective.</li> <li>4. Administering the making, evaluation, and implementation of the plans and projects of the Company.</li> <li>5. Coordination of the operations of all departments and the design of related systems.</li> <li>6. Assistance in mapping out the objective for the development and corporate strategy of the Company in the future, and supervise the pursuit of the strategy.</li> </ol>
Auditing Office	<ol style="list-style-type: none"> <li>1. Design and planning of internal control systems.</li> <li>2. Implementation and evaluation of internal control systems.</li> <li>3. Develop and execute internal audit plan, submit audit report, and report the execution result to the Board of Directors.</li> </ol>

Department	Main responsibilities
Secretariat of the Board	<ol style="list-style-type: none"> <li>1. Planning and execution of convening matters for the Shareholder's Meeting.</li> <li>2. Agenda arrangement and records compilation and storage and functioning of meetings of the Board of Directors, Audit Committee, or other functional committees.</li> <li>3. Planning and implementation of dividend policy and share registration business.</li> <li>4. Other assigned duties.</li> </ol>

### 3.2 Information regarding Board of Directors and Key Managers

#### 3.2.1 (1) Director information (18<sup>th</sup> term in office: from July 7, 2021 to July 6, 2024)

The shareholding information is based on the insider shareholding information after change as of April 1, 2023: Unit: Share

Title	Nationality or Place of Registration	Name	Gender	Ages	Date of Election	Term	Date of First Election	Shares Held When Elected		Shares Currently Elected		Shares Held by Spouse and Minor		Shares Held by Others		Education and Experience	Current Position in Other Companies	Spouse or Immediate Family Holding Managerial Position			Remarks (Note 1)
								Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman	ROC	Kung-Yi, Koo (Representative of Taiwan Cement Corporation)	Male	31-50	2021.7.7	3	2000.10.17	153,476,855	15.59	153,476,855	15.59	0	0	0	0	MBA, Wharton College, University of Pennsylvania, USA Vice President, Morgan Stanley Investment Banking Vice Chairman, Taiwan Cement Corporation Chairman, Taiwan Prosperity Chemical Corporation	CSRC Group CEO Director and Assistant Vice President, Taiwan Cement Corporation Chairman, Linyuan Advanced Materials Technology Co., Ltd. Chairman, Circular Commitment Company Chairman, Yuncheng Investment Corp. Chairman, CS Development & Investment Corp. Chairman, Consolidated Resource Company Chairman, Taiwan Transport & Storage Co., Ltd. Director, Synpac (North Carolina), Inc. Manager, Synpac Verture Capital L.P. Manager, SVC Management, LLC Manager, SVC Services, LLC Chairman, Synpac GP Corporation Chairman, CCC USA Corporation Chairman, Continental Carbon Company Director, Continental Carbon Nanotechnologies, Inc. Director, CSRC (BVI) Ltd. Director, CSRC (Singapore) Pte. Ltd. Director, Synpac Ltd. Director, E-ONE MOLI ENERGY CORP. Director, TCC Recycle Energy Technology Co., Ltd. Director, Ho-Ping Power Company Director, Chiefolk Company Limited Director, Hong Kong Cement Company Limited Director, Kong On Cement Holdings Ltd. Supervisor, TCC New (Hangzhou) Management Co., Limited. Director, China Steel Chemical Corporation	Nil	Nil	Nil	(Note 1)
								0	0	0	0	0	0	0	0						

Title	Nationality or Place of Registration	Name	Gender	Ages	Date of Election	Term	Date of First Election	Shares Held When Elected		Shares Currently Elected		Shares Held by Spouse and Minor		Shares Held by Others		Education and Experience	Current Position in Other Companies	Spouse or Immediate Family Holding Managerial Position			Remarks (Note 1)
								Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Director	ROC	Guo-Hong, Yeh (Representative of Taiwan Cement Corporation)	Male	31-50	2021.7.7	3	2000.10.17	153,476,855	15.59	153,476,855	15.59	0	0	0	0	MA in Accounting, National Taipei University	Senior Assistant Vice President and Accounting Chief Officer, Taiwan Cement Corp. Director, TCC Green Energy Corporation Director, TCC Jiaqien Green Energy Corporation Director, TCC Yunkai Green Energy Corporation Director, TCC Lianxin Green Energy Corporation Director, TCC Zhanghe Green Energy Corporation Director, TCC Kaocheng Green Energy Corporation Director, TCC Nanchong Green Energy Corporation Director, Chang-Wang Wind Power Co., Ltd. Director, TCC Pingzhi Green Energy Corporation Director, Chia-Ho Green Energy Corporation Director, TCC Dongli Green Energy Corporation Director, Jiangsu TCC Investment Co. Ltd. Director, TCC (Liaoning) Cement Company Limited Director, TCC (Hangzhou) Resource Recycling Technology Co., Ltd. Director, TCC International Holdings Limited Director, TCC International Limited Supervisor, Energy Helper TCC Corporation Supervisor, Xinchang Investment Corp. Supervisor, TCEC Corporation Supervisor, TCC Information Co., Ltd. Supervisor, Tai Jie Transport Co., Ltd. Supervisor, TCC Energy Storage Technology Corporation Supervisor, TCC Sustainable Energy Investment Corporation Supervisor, Kuan-Ho Refractories Industry Corp. Supervisor, E-ONE MOLI ENERGY CORP. Supervisor, TCC Recycle Energy Technology Co., Ltd. Supervisor, Moil Quantum Energy Corporation Supervisor, Tuo Shan Recycle Technology Company Supervisor, Hoping Industrial Port	Nil	Nil	Nil	Nil
								0	0.00	0	0.00	0	0	0	0						



Title	Nationality or Place of Registration	Name	Gender	Ages	Date of Election	Term	Date of First Election	Shares Held When Elected		Shares Currently Elected		Shares Held by Spouse and Minor		Shares Held by Others		Education and Experience	Current Position in Other Companies	Spouse or Immediate Family Holding Managerial Position			Remarks (Note 1)
								Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
																	Corporation Supervisor, ONYX Ta-Ho Environmental Services Co., Ltd. Supervisor, TCC Jingzhou Cement Company Limited Supervisor, Guangan TCC Jiuyuan Environmental Technology Co., Ltd. Supervisor, TCC (Huaihua) Cement Company Limited Supervisor, TCC Huaihua Concrete Company Limited Supervisor, TCC Jurong Cement Company Limited Supervisor, TCC Jiangsu Mining Industrial Company Limited Supervisor, TCC Fuzhou Cement Company Limited Supervisor, TCC Fuzhou Yangyu Port Co., Ltd. Supervisor, TCC Jiuyuan (Xuyong) Environmental Technology Co., Ltd. Supervisor, Beijing TCC Environmental Technology Co., Ltd. Supervisor, TCC Yongren (Hangzhou) Environmental Protection Technology Co., Ltd. Supervisor, TCC Yongren (Hangzhou) Environmental Technology Co., Ltd. Supervisor, TCC Yongren (Hangzhou) Renewable Resources Technology Co., Ltd. Supervisor, TCC Yongren (Hangzhou) Renewable Resources Developmnet Co., Ltd. Supervisor, TCC Chiho (Hangzhou) Environmental Protection Co., Ltd. Supervisor, TCC (Guangdong) Renewable Resources Technology Co., Ltd., etc.				Nil
Director	ROC	Chi-Wen, Chang	Male	51-70	2021.7.7	3	2021.7.7	0	0	100,000	0.01	0	0	0	0	Master of Accounting and Administration, California State University, Fresno Director, Taiwan Cement Corporation Director and President, Sanco Investments Limited Lecturer/Part-time faculty, San Jose State University/University of San Francisco/Golden Gate University Business Consultant, Small Business Development Center Manager, Business Client, Wells Fargo Bank Tax Expert, Grant Thornton International Personal Wealth Planner, Investors Diversified Services (IDS)	Nil	Nil	Nil		

Title	Nationality or Place of Registration	Name	Gender	Ages	Date of Election	Term	Date of First Election	Shares Held When Elected		Shares Currently Elected		Shares Held by Spouse and Minor		Shares Held by Others		Education and Experience	Current Position in Other Companies	Spouse or Immediate Family Holding Managerial Position			Remarks (Note 1)
								Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
																	Office Manager, Security Pacific National Bank				
Director	ROC	Nan-Chou, Lin (Representative of Pei Yang Co. Ltd.)	Male	51-70	2021.7.7	3	2021.7.7	500,000	0.05	1,024,000	0.10	0	0	0	0	Master's Degree, Australia LA TROBE University Director, Taiwan Cement Corporation	Chairman, Shixiang Investment Co., Ltd. Chairman, Pei Yang Co., Ltd.	Nil	Nil	Nil	Nil
								108,065	0.01	108,065	0.01	0	0	0	0						
Independent Director	ROC	Tzu-Nan, Chia	Male	Over 71	2021.7.7	3	2021.7.7	0	0	0	0	0	0	0	0	MBA, University of Southern California Department of Accounting, Soochow University Independent Director, Taiwan Cement Corporation Independent Director, Taiwan Prosperity Chemical Corporation Independent Director, Chia Hsin Cement Corp. Independent Director, Ta-Ho Maritime Corporation	Director and President, Chia Hsin Ready-Mixed Concrete Corporation	Nil	Nil	Nil	
Independent Director	ROC	Yen-Wei, Ding	Male	31-50	2021.7.7	3	2018.6.26	0	0	0	0	0	0	0	0	College Lasalle Hotel & Restaurant Management President, Regent Hotel Group Director and President, Silks Palace	Director and President, FDC International Hotels Corp.	Nil	Nil	Nil	
Independent Director	ROC	Liang, Chang	Male	Over 71	2021.7.7	3	2021.7.7	0	0	0	0	0	0	0	0	Ph. D of Economics, State University of New York at Albany Chairman, Jardine Caldbeck Limited (Jardines Group) Taiwan Executive Director, Lehman Brothers Inc. President, Bankers Trust Company, Taiwan Director, TSRC Corporation Director, Kian Shen Corporation Director, Cathay Financial Holding Co., Ltd. Independent Director, HSBC Bank (Taiwan) Limited	Director, Yulon Motor Co., Ltd. Director, Yulon Finance Corporation Supervisor, Yulon Management Enterprise Co., Ltd. Independent Director, My Humble House Hospitality Management Consulting Co., Ltd. Independent Director, Ho-Ping Power Company	Nil	Nil	Nil	

Title	Nationality or Place of Registration	Name	Gender	Ages	Date of Election	Term	Date of First Election	Shares Held When Elected		Shares Currently Elected		Shares Held by Spouse and Minor		Shares Held by Others		Education and Experience	Current Position in Other Companies	Spouse or Immediate Family Holding Managerial Position			Remarks (Note 1)
								Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
																Independent Director, Cathay Real Estate Development Co., Ltd. Director, Maxigen Biotech Inc.					

Note 1: When the Company's Chairman and President or his/her equivalent (a top manager) are the same person, or spouse or relative within one degree of kinship to the other, the reason, rationality, necessity and relevant information of the corresponding measures should be disclosed (e.g. the number of independent directors should be increased and there should be more than half of the directors who are not also employees or managers): CSRC Group has 25 entities, and the Group itself is a holding company, which made it different from general listed companies, and each subsidiary has different business activity. The Chairman reports to the Board of Directors and is in charge of operation management, important decision-making, and promotion the sustainable development of the Company. The Chief Executive Officer of the Group is in place in order to centrally manage all affairs of the Company and respective affiliates, implement the resolutions of the Board of Directors and supervise the managers of the Company and affiliates, which are different from the duties of the Company's president. To enhance the Corporate Governance, the Company will select one independent director on May 30, 2023.

Table 1: Major shareholders of the institutional shareholders

April 1, 2023

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders
Taiwan Cement Corporation	Chia Hsin Cement Corp. (3.56%), Chinatrust Investment Co., Ltd. (3.13%), Labor Retirement Reserve Fund (1.80%), Yuanta Taiwan Dividend Plus ETF Account (1.78%), Chia Hsin International Corporation (1.74%), Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF Account (1.70%), International CSRC Investment Holdings Co., Ltd. (1.69%), Heng Qiang Investment Co., Ltd. (1.67%), Taiwan Life Insurance Co., Ltd. (1.64%), Department of Government Employees Insurance, Bank of Taiwan (1.46%)
Pei Yang Co., Ltd.	Nan-Chou, Lin (100%)

Note: The data above are disclosed according to the information provided by respective institutional shareholders as of April 1, 2023 and the information available at the Department of Commerce, MOEA.



Table 2: Major shareholders of the institutional shareholders exhibited in Table 1

April 1, 2023

Name of Institutional Shareholder	Major Shareholders of the Institutional Shareholders
Chia Hsin Cement Corp.	Chia Hsin International Co., Ltd. (16.44%), Song Zuo Investment Co., Ltd. (8.88%), Yong-Ping, Chang (5.39%), Taiwan Cement Corporation (3.54%), Ta-Ho Maritime Corporation (3.32%), Kang Hao Industrial Co., Ltd. (2.23%), Chia Hsin Foundation (1.92%), Zuo You Investment Co., Ltd.(1.89%), Kuo-Hui, Ku (1.74%), Chia Hsin Ready-Mixed Concrete Corporation (1.70%)
Chinatrust Investment Co., Ltd.	Heng Qiang Investment Co., Ltd. (23.38%), Fupin Investment Co., Ltd. (23.33%), Taiwan Cement Corporation (9.36%), International CSRC Investment Holdings Co., Ltd. (4.48%), TCC Investment Co., Ltd. (3.45%), Hoping Industrial Port Corporation (3.31%), Kun Qing International Development Co., Ltd. (2.97%), Qiao Tai Investment Co., Ltd. (2.95%), Chung Ho Textile Co., Ltd. (2.31%), Ta-Ho Maritime Corporation (2.09%)
Labor Retirement Reserve Fund	Not Applicable
Yuanta Taiwan Dividend Plus ETF Account	Not Applicable
Chia Hsin International Corporation	Chia Hsin Cement Corp. (87.18%), Chia Hsin Construction & Development Corp. (10.41%), Jia Min Co., Ltd. (0.52%), Song Zuo Investment Co., Ltd. (0.42%), Ru-Ping, Chang (0.25%), Yong-Ping, Chang (0.22%), Zhong-Lian, Zhong (0.19%), Zuo You Investment Co., Ltd. (0.16%), An-Ping, Chang (0.12%), Jian-Guo, Wang (0.11%)
Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF Account	Not Applicable
International CSRC Investment Holdings Co., Ltd.	Taiwan Cement Corporation (15.59%), Chinatrust Investment Corp. (4.29%), TCC Investment Co., Ltd. (2.23%), CS Development & Investment Corp. (1.50%), Special Investment Account of Vanguard Emerging Markets ETC in custody of J.P. Morgan Chase Bank Taipei Branch (1.21%), Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds in custody of J.P. Morgan Chase Bank N.A., Taipei Branch (1.17%), Union Cement Traders, Inc. (1.16%), Investment Account of Norwegian Central Bank in custody of Citibank Taiwan (1.09%), TransGlobe Life Insurance Co., Ltd. (1.02%), Investment account of Poluning Development National Fund Co., Ltd. in custody of Citibank Taiwan (0.78%)
Heng Qiang Investment Co., Ltd.	Tien-Yi, Huo (49.5%), Kung-Kai, Koo (24.9%), Hsuan-Hui, Koo (25.5995%), Fupin Investment Co., Ltd. (0.0005%)
Taiwan Life Insurance Co., Ltd.	CTBC Financial Holding Co., Ltd. (100.00%)
Department of Government Employees Insurance, Bank of Taiwan	Not Applicable

Note: The above information is provided by respective institutional shareholders. The Company just disclosed the information as provided.

(2) Directors' professional qualification and independent directors' independence status

Criteria Name	Professional Qualification and Experience (Note 1)	Independence Status	Number of Taiwanese Public Companies Concurrently Serving as the Independent Director
Kung-Yi, Koo	<p>The Chairman of the Company and CEO of the Group</p> <p>Mr. Kung-Yi, Koo is the Chairman of the Company and also serves as the director of TCC and director of China Steel Chemical Corporation.</p> <p>Mr. Kung-Yi, Koo once served as the Vice Chairman of TCC and Chairman of Taiwan Prosperity Chemical Corporation as well as the director of multiple public companies and is capable professionally in terms of operational management, leadership skill and decision-making, crisis management, industrial knowledge, corporate sustainability, M&amp;A investment, and global market perspective. After he took office as Chairman of the Company, he managed to help the Company grow steadily and reach out to the world and lead the Company towards sustainable developments and operations.</p>	Not a spouse or within the second degree of kinship relationship between or among the Directors.	-
Guo-Hong, Yeh	<p>Director of the Company</p> <p>Mr. Guo-Hong, Yeh is a director of the Company and also serves as the Senior Assistant Vice President of TCC and director of affiliates of the TCC Group.</p> <p>As the Senior Assistant Vice President of TCC, Mr. Guo-Hong, Yeh has advanced knowledge of the Group and is capable professionally in terms of finance, banking, operational management, crisis management, industrial knowledge, corporate sustainability, M&amp;A investment, and global market perspective. The Company will continue to take advantage of his expertise while he continues to help with major decision-making processes at the Company's Board of Directors along with other directors so that the Company can grow better and fulfill its sustainable development goals.</p>		-
Chi-Wen, Chang	<p>Director of the Company</p> <p>Mr. Chi-Wen, Chang is a director of the Company and also serves as the Chairman of Hsin He Investment Co., Limited.</p> <p>Having served as a director of TCC for years, Mr. Chi-Wen, Chang is capable professionally in terms of financial administration, operational management, leadership skill, crisis management, industrial knowledge, corporate sustainability, and global market perspective. The Company will continue to take advantage of his expertise while he continues to help with major decision-making processes at the Company's Board of Directors along with other directors so that the Company can grow better and fulfill its sustainable development goals.</p>		-

Name \ Criteria	Professional Qualification and Experience (Note 1)	Independence Status	Number of Taiwanese Public Companies Concurrently Serving as the Independent Director
Nan-Chou, Lin	<p>Director of the Company</p> <p>Mr. Nan-Chou, Lin is a director of the Company and also serves as the Chairman of Pei Yang Co., Ltd..</p> <p>Having served as a director of TCC for years, Mr. Nan-Chou, Lin is capable professionally in terms of financial administration, operational management, leadership skill, crisis management, industrial knowledge, corporate sustainability, and global market perspective. The Company will continue to take advantage of his expertise while he continues to help with major decision-making processes at the Company's Board of Directors along with other directors so that the Company can grow better and fulfill its sustainable development goals.</p>		-
Yen-Wei, Ding	<p>The Company's independent director, Audit Committee member, Compensation Committee member.</p> <p>Mr. Yen-Wei Ding currently serves as a director and the President of FDC International Hotels Corporation and was once the President of the Regent Hotel Group. He is capable professionally in terms of operational management, crisis management, industrial knowledge, corporate sustainability, and global market perspective. While serving as the Company's independent director, he provides proper advice and guidance on the Company's finance, operational analysis and investment. Mr. Yen-Wei, Ding's professionalism is valued while he continues to supervise the operation of the Company.</p>	<p>For the independent directors listed as left columns,</p> <ol style="list-style-type: none"> <li>1. all are eligible in terms of independence as independent director and</li> <li>2. conform to independence status"</li> </ol> <p>(1) The independent director, their spouse, or relatives within the second degree do not hold shares of the Company.</p> <p>(2) They are not the director, supervisor, or employee of a company related in a specific way to the Company (refer to the requirements in Article 6 Paragraph 1 Sub-paragraphs 5-8 of the Regulations Governing the Appointment and Exercise of Powers by the</p>	-
Tzu-Nan, Chia	<p>The Company's independent director, Compensation Committee convener, and Audit Committee convener.</p> <p>Mr. Tzu-Nan, Chia has served as a director (or independent director) of multiple public companies in different industrial sectors, such as director of TCC, and independent director of Taiwan Prosperity Chemical Corporation, and Ta-Ho Maritime Corporation and is currently the President of Chia Hsin Ready-Mixed Concrete Corporation. He is capable professionally in terms of operational management, leadership skill, crisis management, industrial knowledge, corporate sustainability, and global market perspective. While serving as the Company's independent director, he provides proper advice and guidance on the Company's operation, finance, and operational analysis. Mr. Tzu-Nan, Chia's professionalism is valued while he continues to supervise the operation of the Company.</p>		-

Name \ Criteria	Professional Qualification and Experience (Note 1)	Independence Status	Number of Taiwanese Public Companies Concurrently Serving as the Independent Director
Liang, Chang	<p>The Company's independent director, Audit Committee member, Compensation Committee member</p> <p>Mr. Liang, Chang has served as a director (or independent director) of multiple public companies in different industrial sectors and is currently an independent director of My Humble House Hospitality Management Consulting Co., Ltd. and Ho-Ping Power Company. He is capable professionally in terms of accounting, auditing, industrial knowledge, cross-national M&amp;A, corporate sustainability, and global market perspective. While serving as the Company's independent director, he provides proper advice and guidance on the Company's operation and development, financial management, and operational analysis. Mr. Liang, Chang's professionalism is valued while he continues to supervise the operation of the Company.</p>	<p>Compensation Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.</p> <p>(3) They did not receive rewards for services such as commerce, legal affairs, finance, and accounting service provided to the Company or its affiliates over the past 2 years.</p>	2

Note 1: None of the conditions indicated under Article 30 of the Company Act.

### (3) Board diversity and independence

#### (1) Composition of the Company's Board of Directors

The 18<sup>th</sup> term of the Company's Board of Directors consists of seven directors (including three independent directors, accounting for 1/3 of the Board) and 3 of them are 31 to 50 years old while 4 of them are above 51 years old.

The candidate nomination system pursuant to Article 192-1 of the Company Act is adopted for the election of the Company's directors. The directors are elected out of the list of candidates during the shareholders' meeting. The Company's Board of Directors is held at least once a quarter and a meeting may be called for at any time in case of emergency.

#### (2) The Company's Board of Directors follows a diversity policy:

Under a diversity policy, the Company's Board of Directors requires different professional backgrounds and experiences besides the knowledge and skills needed to fulfill its duties. Board members are capable professionally in terms of finance, commerce, banking, M&A, risk management, marketing, accounting and financial operational management. Multiple directors are the Chairman or a director of public companies. The abundant knowledge, personal insights, and judgment about business operation of the directors as well as their enriched leadership skill and decision-making capability are highly valued by the Company. The Board of Directors is qualified with the following capabilities:

1. Operational judgment capabilities
2. Accounting and financial analysis capabilities
3. Operational management capabilities, including the management of the operation of subsidiaries
4. Crisis management capability
5. Industrial knowledge
6. Global market perspective
7. Leadership skill
8. Decision-making capability
9. Risk management knowledge and skills

The 18<sup>th</sup> term of the Board of Directors highly values diversity. The Board is composed of industry and academia experts with a background and industry experience in finance, commerce, banking, M&A, risk management, operational management and professional capabilities in business management, global market, risk management, accounting and financial analysis, laws and ESG. Directors Kung-Yi, Koo, Nan-Chou, Lin, Chi-Wen, Chang, Liang, Chang and Yen-Wei, Ding have rich industry experience, and directors Guo-Hong, Yeh and Tzu-Nan, Chia have rich financial and accounting experience. The Company continues to arrange various continuing education courses for board members to

improve their decision-making quality and supervisory capability to strengthen the capacity of the board. In the future, the Company will pay even more attention to gender equality in the composition of the board, and will prioritize finding female director candidates to join the board. It is expected that the Company will have more than one female director.

Overall management goals:

- (3) The Company's Board of Directors directs the Company's strategies, supervises the management of the Company, and is responsible for the Company and its shareholders. For the various operations and arrangements of the corporate governance system, the Board of Directors shall exercise its functions as required by law, the Articles of Incorporation, or according to the resolutions made by shareholders' meetings. The Company also emphasizes gender equality in the composition of the board and aims to have at least one female director of the board members in the future.

- (4) Meeting:

The 18th term of the Board of Directors held fifteen times meetings from July 7, 2021 to April 1, 2023, with an attendance rate of directors being 97%. The directors listen to reports from the management team during Board of Directors meetings and gave guidance and recommendations. The directors maintained optimal communications with the management team to jointly work for the best interest of the shareholders.

- (5) Independence:

The Board of Directors of the Company consists of seven directors, three of which are independent directors (accounting for 43%) and 14% of the directors who serves as manager of the Company, and female directors account for 0% of the board seats. As of December 31, 2022, all of independent directors comply with the regulations of the Securities and Futures Bureau and none of the circumstances prescribed in paragraph 3 and paragraph 4, Article 26-3 of the Securities Exchange Act exist among the directors and independent directors. Please refer to page 18-20 of the Annual Report - Directors' Professional Qualification and Independent Directors' Independence Status for the independence status of the Board of Directors of the Company. As to the education, gender and work experience, please refer to page 11-15 of the Annual Report - Information of directors.

- (6) Core competence of directors:

Title	Directors	Date of Election	Nationality	Gender	Terms of independent director			Age			Industry experience						Professional capabilities				
					Less than 3 years	3-9 years	Over 9 years	31-50	51-70	Over 71	Finance	Commerce	Banking	, M&A	Risk management	Operational management	Business management	Global market perspective	Risk management	Accounting and financial analysis	ESG
Chairman	Kung-Yi, Koo	July 7, 2021	ROC	Male	-			○			○	○	○	○	○	○	○	○	○	○	○
Director	Guo-Hong, Yeh		ROC	Male				○			○	○		○	○	○	○	○	○	○	○
Director	Chi-Wen, Chang		ROC	Male					○		○	○				○	○	○	○	○	
Director	Nan-Chou, Lin		ROC	Male					○		○	○				○	○	○	○	○	
Independent Director	Tzu-Nan, Chia		ROC	Male	○					○	○	○		○	○	○	○	○	○	○	
Independent Director	Yen-Wei, Ding		ROC	Male		○		○			○	○			○	○	○	○	○	○	○
Independent Director	Liang, Chang		ROC	Male	○					○	○	○	○	○	○	○	○	○	○	○	○

Remarks:

Ratio of directors who are also employees of the Company	1/7 (14%)
Ratio of independent directors	3/7 (43%)
Ratio of female directors	0 (0%)

### 3.2.2 Information of key managers

As of April 1, 2023

Title	Nationality or Registration	Name	Gender	Date Effective	Shares Held Directly		Shares Held by Spouse & Minor		Shares Held in the Name of Others		Education and Experience	Current Position in Other Companies	Spouse or Immediate Family Holding Position as President or Vice President			Remarks (Note 1)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation-ship	
CEO	ROC	Kung-Yi, Koo	Male	2019.08.13	0	0	0	0	0	0	MBA, Wharton College, University of Pennsylvania, USA Vice President, Morgan Stanley Investment Banking Vice Chairman, Taiwan Cement Corporation Chairman, Taiwan Prosperity Chemical Corporation	Director and Assistant Vice President, Taiwan Cement Corporation Chairman, Linyuan Advanced Materials Technology Co., Ltd. Chairman, Circular Commitment Company Chairman, Yuncheng Investment Corp. Chairman, CS Development & Investment Corp. Chairman, Consolidated Resource Company Chairman, Taiwan Transport & Storage Co., Ltd. Director, Synpac (North Carolina), Inc. Manager, Synpac Verture Capital L.P. Manager, SVC Management, LLC Manager, SVC Services, LLC Chairman, Synpac GP Corporation Chairman, CCC USA Corporation Chairman, Continental Carbon Company Director, Continental Carbon Nanotechnologies, Inc. Director, CSRC (BVI) Ltd. Director, CSRC (Singapore) Pte. Ltd. Director, Synpac Ltd. Director, E-ONE MOLI ENERGY CORP. Director, TCC Recycle Energy Technology Co., Ltd. Director, Ho-Ping Power Company Director, Chiefolk Company Limited Director, Hong Kong Cement Company Limited Director, Kong On Cement Holdings Ltd. Supervisor, TCC New (Hangzhou) Management Co., Limited. Director, China Steel Chemical Corporation	Nil	Nil	Nil	(Note 1)
President	ROC	Po-Sung, Huang	Male	2017.4.01	0	0	0	0	0	0	EMBA, Finance and Management, National Cheng Chi University Department of Accounting, Soochow University	Director and President, CS Development & Investment Corp. Director and President, Consolidated Resource Company Director and President, Yun Cheng Investment Corp. Director and President, CSRC China Corporation Director and President, CSRC China (Anshan) Corporation Director and President, CSRC China (Chongqing) Corporation Director, Linyuan Advanced Materials Technology Co., Ltd. Director and President, Circular Commitment Company Director, CSRC (BVI) Ltd. Director, CSRC (Singapore) Pte. Ltd. Director, Synpac Ltd. Director, Continental Carbon Company	Nil	Nil	Nil	Nil



Title	Nationality or Registration	Name	Gender	Date Effective	Shares Held Directly		Shares Held by Spouse & Minor		Shares Held in the Name of Others		Education and Experience	Current Position in Other Companies	Spouse or Immediate Family Holding Position as President or Vice President			Remarks (Note 1)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation-ship	
												Director, CCC Dutch B.V. Director, Continental Carbon Eco Technology Private Limited Director, Continental Carbon India Private Limited Director, OYAK Carbon Black Investments B.V. Director, E-One Moli Holdings (Canada) Ltd.				Nil
Assistant Vice President	ROC	Tsung-Min, Chen (Note 2)	Male	2018.3.26	0	0	0	0	0	0	Master, Chemical Engineering, National Tsinghua University	Director, Consolidated Resource Company Independent Director, Geneferm Biotechnology Co., Ltd. Director, Continental Carbon Eco Technology Private Limited Director, Continental Carbon India Private Limited	Nil	Nil	Nil	
Assistant Vice President	ROC	Mei-Lan, Chien	Female	2020.10.26	0	0	0	0	0	0	Master, Department of Psychology, National Chung Cheng University	Nil	Nil	Nil	Nil	
Senior Manager	ROC	Chun-Yi, Lai (Note 2)	Male	2018.02.02	0	0	0	0	0	0	Master, Department of Chemistry, National Tsinghua University	Director, Linyuan Advanced Materials Technology Co., Ltd. Director, CSRC China Corporation Director, CSRC China (Anshan) Corporation Director, OYAK Carbon Black Investments B.V., etc.	Nil	Nil	Nil	
Assistant Vice President and Chief Accounting Officer	ROC	Chia-Wen, Lee	Female	2018.11.13	0	0	0	0	0	0	Department of Accounting, Soochow University	Supervisor, CS & Development Investment Corp. Supervisor, CSRC China Corporation Supervisor, CSRC China (Anshan) Corporation Supervisor, CSRC China (Chongqing) Corporation Director, Continental Carbon India Private Limited.	Nil	Nil	Nil	
Chief Internal Auditor	ROC	Wei-Shen, Hung	Male	2019.03.01	0	0	0	0	0	0	Department of Accounting, Fu Jen Catholic University	Nil	Nil	Nil	Nil	
Chief Corporate Governance Officer	ROC	I-Chen, Tsai	Female	2020.08.12	1,130	0	0	0	0	0	Master, International Commercial Law, University of Glasgow	Nil	Nil	Nil	Nil	

Note 1: When the President or his/her equivalent (a top manager) and the Chairman are the same person, or spouse or relative within one degree of kinship to the other, the reason, rationality, necessity and relevant information of the corresponding measures should be disclosed (e.g. the number of independent directors should be increased and there should be more than half of the directors who are not also employees or managers): CSRC Group has 25 entities, and the Group itself is a holding company, which made it different from general listed companies, and each subsidiary has different business activity. The Chairman reports to the Board of Directors and is in charge of operation management, important decision-making, and promotion the sustainable development of the Company. The Chief Executive Officer of the Group is in place in order to centrally manage all affairs of the Company and respective affiliates, implement the resolutions of the Board of Directors and supervise the managers of the Company and affiliates, which are different from the duties of the Company's president. To enhance the Corporate Governance, the Company will select one independent director on May 30, 2023.

Note 2: The carbon black segment in Taiwan was spun off to Linyuan Advanced Materials Technology Co., Ltd. on October 1, 2018, and these people were served at Linyuan Advanced Materials Technology Co., Ltd. after the spin-off.

### 3.3 Remuneration of Directors, President, and Vice Presidents

#### 3.3.1 Remuneration of directors and independent directors

Unit: NT\$ thousands

Title	Name	Director's Remuneration								Amount and Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Amount and Total Compensation (A+B+C+D+E+F +G) to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Severance Pay (B)		Reward of Directors (C) (Note 1)		Business Execution Expenses (D)				Salary, Bonus, and Allowances (E)		Severance Pay (F)		Employee Compensation (G) (Note 1)						
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Chairman	Taiwan Cement Corporation	9,000	10,440	0	0	5,000	5,000	169	529	14,169	15,969	0	0	0	0	0	0	0	0	14,169	15,969	Nil
	Representative: Kung-Yi, Koo																					
Director	Taiwan Cement Corporation																					
	Representative: Guo-Hong, Yeh																					
Director	Chi-Wen, Chang																					
Director	Pei Yang Co., Ltd.																					
	Representative: Nan-Chou, Lin																					
Independent Director	Yen-Wei, Ding (Note 2)	3,600	3,600	0	0	0	0	137	137	3,737	3,737	0	0	0	0	0	0	0	0	3,737	3,737	Nil
Independent Director	Tzu-Nan, Chia (Note 2)																					
Independent Director	Liang, Chang (Note 2)																					

Note 1: Remunerations to Directors in 2022 was approved by the Board.

Note 2: Regarding independent directors' remuneration payment policies, systems, standards and structure, and in accordance with their responsibilities, risks, time invested and other factors, describe the relevance to the amount of remuneration:

The remuneration policy for directors and independent directors of the Company is in accordance with Article 23 of the Company's Articles of Incorporation. "Remuneration of directors of the Company is to be authorized by the board of directors according to the degree of directors' participation in the operation of the Company and the value of their contribution combined with customary levels agreed to by domestic and foreign peers."

Note 3: Except for the compensation listed in the above table, the compensation that directors received by offering services (such as serving as a consultant instead of an employee) for companies in the financial statements: Nil.

Directors' remuneration brackets table

Range of Remuneration Paid to the Company's Directors	Name of Directors			
	Total of (A+B+C+D)		The sum total of (A+B+C+D+E+F+G)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Less than NT\$1,000,000	Guo-Hong, Yeh, Pei Yang Co., Ltd.	Guo-Hong, Yeh, Pei Yang Co., Ltd.	Guo-Hong, Yeh, Pei Yang Co., Ltd.	Guo-Hong, Yeh, Pei Yang Co., Ltd.
NT\$1,000,000 (inclusive) – NT\$2,00,000,000 (exclusive)	Chi-Wen, Chang, Nan-Zhou, Lin, Yen-Wei, Ding, Tzu-Nan, Chia, Liang, Chang	Chi-Wen, Chang, Nan-Zhou, Lin, Yen-Wei, Ding, Tzu-Nan, Chia, Liang, Chang	Chi-Wen, Chang, Nan-Zhou, Lin, Yen-Wei, Ding, Tzu-Nan, Chia, Liang, Chang	Chi-Wen, Chang, Nan-Zhou, Lin, Yen-Wei, Ding, Tzu-Nan, Chia, Liang, Chang
NT\$2,000,000 (inclusive) – NT\$3,500,000 (exclusive)				
NT\$3,500,000 (inclusive) – NT\$5,000,000 (exclusive)	Taiwan Cement Corporation	Taiwan Cement Corporation	Taiwan Cement Corporation	Taiwan Cement Corporation
NT\$5,000,000 (inclusive) – NT\$10,000,000 (exclusive)	Kung-Yi, Koo	Kung-Yi, Koo	Kung-Yi, Koo	Kung-Yi, Koo
NT\$10,000,000 (inclusive) – NT\$15,000,000 (exclusive)				
NT\$15,000,000 (inclusive) – NT\$30,000,000 (exclusive)				
NT\$30,000,000 (inclusive) – NT\$50,000,000 (exclusive)				
NT\$50,000,000 (inclusive) – NT\$100,000,000 (exclusive)				
More than NT\$100,000,000				
Total	9	9	9	9

### 3.3.2 Remunerations of chief executive officer and president

Unit: NT\$ thousands

Title	Name	Salary (A)		Severance Pay (B)		Bonus and Allowances (C)		Employee Compensation (D) (Note 3)				Amount and Ratio of Total Compensation (A+B+C+D) to Net Income (%)		Compensation Paid to CEO and the President from an Invested Company Other than the Company's Subsidiary
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
Chief Executive Officer (Note 1)	Kung-Yi, Koo	5,679	7,119	108	108	713	1,073	306	0	306	0	6,806 1.00%	8,606 1.27%	0
President	Po-Sung, Huang													

Note 1: Kung-Yi, Koo was appointed chief executive officer on August 13, 2019.

Note 2: Remunerations to employees in 2022 was approved by the Board.

#### Individual key managers' compensation brackets table

Range of Compensation Paid to the Company's Chief Executive Officer, and President	Name of Chief Executive Officer and President	
	The Company	Companies in the consolidated financial statements
Under NT\$1,000,000	Kung-Yi, Koo	
NT\$1,000,000 (inclusive)- NT\$2,000,000 (exclusive)		Kung-Yi, Koo
NT\$2,000,000 (inclusive)- NT\$3,500,000 (exclusive)		
NT\$3,500,000(inclusive) - NT\$5,000,000 (exclusive)		
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	Po-Sung, Huang	Po-Sung, Huang
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)		
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)		
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive)- NT\$100,000,000 (exclusive)		
Over NT\$100,000,000		
Total	2	2

3.3.3 Does the circumstances in Sub-item “a” or in Sub-item “e” of Item 2 Paragraph 3 Article 10 of the Regulations apply to the Company? If so, the Company shall disclose the individual remuneration paid to each of its top five management personnel: Nil.

3.3.4 Compensation of managers

Unit: NT\$ thousands

	Title	Name	Employee Compensation in Stock	Employee Compensation in Cash (Note)	Total	Ratio of Total Amount to Net Income (%)
Managers	Chief Executive Officer	Kung-Yi, Koo	0	802	802	0.12%
	President	Po-Sung, Huang				
	Assistant Vice President	Mei-Lan, Chien				
	Assistant Vice President and Chief Accounting Officer	Chia-Wen, Lee				
	Chief Internal Auditor	Wei-Shen, Hung				
	Chief Corporate Governance Officer	I-Chen, Tsai				

Note 1: Remunerations to employees in 2022 was approved by the Board..

Note 2: The Company is a holding company and the above compensation of managers only included the Company's information. Compensation of Tsung-Min, Chen, Assistant Vice President, and Chun-Yi, Lai, Senior Manager, was for Linyuan Advanced Materials Technology Co., Ltd.; therefore, it was not disclosed in the above table.

3.3.5 Compare and explain the Company's and all Companies in the consolidated financial statements of the total amount of remuneration of the Company's directors, supervisors, Chief Executive Officer, Presidents and Vice Presidents as the percentage of the net income after tax in the past two years, including the policies, standards, combination of remuneration, setting remuneration procedures; and the relevance of the business performance and the future risks.

Title	Remuneration of the Company as the percentage of net income after tax			
	2022		2021	
	The Company	The Company	The Company	Companies in the consolidated financial statements
Directors (including Independent Directors)	2.64%	2.90%	0.66%	0.71%
Chief Executive Officer and President	1.00%	1.27%	0.25%	0.31%

The remuneration to directors is based on Article 23 of the Articles of Incorporation. Rewards to directors for duties fulfilled are based on the involvement and devotion of each director and are decided by the Board of Directors with reference to the common practice in the industry. In addition, with profits for the year, the Company will allocate no more than 1% of such profits as required by Article 28 of the Articles of Incorporation to be the remuneration to directors. Independent directors are not included in the distribution of remuneration to directors.

Remuneration to managers includes the respective payments and bonuses determined according to the Company's compensation policy and guidelines to empathize with employees and reward them for their hard work. Bonuses of managers are approved depending on the annual operational performance, financial status, operational status, and the evaluation results in accordance with the Performance Management Measures. In addition, with profits for the year, the Company will allocate 0.01% to 3% of such profits as required by Article 28 of the Articles of Incorporation to be the remuneration to employees.

The Company's overall salary and compensation policy is according to industry practice, the Company's operational result and organization structure. It will be adjusted timely based on industry practice, dynamics, the overall economic and the change in industry prosperity and government regulations, if necessary, and in consideration with the planning of the use of capital in the future. The distribution of remuneration to employees and directors was in accordance with Articles of Incorporation to minimize possible risk in the future.

### 3.4 Corporate Governance Status

#### 3.4.1 Operation of the Board of Directors

The 18<sup>th</sup> term Board of Directors held ten times meetings from January 1, 2022 to April 1, 2023. The record of the Directors' attendance was as follows:

Title	Name	No. of Meetings Attended	No. of Meetings Attended by proxy	Meeting Attendance Rate (%)	Remarks
Chairman	Taiwan Cement Corporation Representative: Kung-Yi, Koo	10	0	100%	
Director	Taiwan Cement Corporation Representative: Guo-Hong, Yeh	10	0	100%	
Director	Chi-Wen, Chang	9	1	90%	
Director	Pei Yang Co., Ltd. Representative: Nan-Zhou, Lin	9	1	90%	
Independent Director	Tzu-Nan, Chia	10	0	100%	
Independent Director	Yen-Wei, Ding	10	0	100%	
Independent Director	Liang, Chang	10	0	100%	

Other matters that are required to be disclosed:

- If any of the following circumstances occurs, specify the dates of the meeting, session, content of the motion, all Independent Directors' opinions, and the Company's response to Independent Directors' opinions:  
(1)Matters referred to in Article 14-3 of the Securities and Exchange Act:  
The Company has set up its Audit Committee and hence it is not applicable.  
(2)Other matters involving objections or reservation expressed by Independent Directors which have been recorded or stated in a written statement: Nil.
- If there are directors' avoidance of motions in conflict of interest, specify the names of the directors, content of the motions, the reason for avoidance and voting:

Date of meeting	Contents of motion	Reason for avoidance and voting
2022.4.12 The 7 <sup>th</sup> meeting of the 18 <sup>th</sup> term of Board of Directors	Discussion on motion no. 1: Proposal for the compensation to the employees and remuneration to the directors in 2021.	Discussion Process: Except for the independent directors, all attending other directors and managers sidestepped from the discussion. Resolution: Except for the independent directors, all other directors sidestepped from the discussion and the meeting was chaired by Tzu-Nan, Chia. The proposal was resolved in the 5 <sup>th</sup> meeting of the 5 <sup>th</sup> term of the Compensation Committee and it has been approved unanimously by other independent directors who present at the meeting with the inquiry of chairperson.
	Discussion on motion no. 2: Proposal of the proportion of remuneration to the directors in 2021.	Discussion Process: Except for the independent directors, all other directors and managers sidestepped from the discussion. Resolution: Except for the independent directors, all other directors sidestepped from the discussion and the meeting was chaired by Tzu-Nan, Chia. The proposal was resolved in the 5 <sup>th</sup> meeting of the 5 <sup>th</sup> term of the Compensation Committee and it has been approved unanimously by other independent directors who present at the meeting with the inquiry of chairperson.

Date of meeting	Contents of motion	Reason for avoidance and voting
	Discussion on motion no. 3: The distribution of incentives for the Company's managers in 2021.	Discussion Process: All attending managers sidestepped from the discussion. Resolution: The proposal was resolved in the 5 <sup>th</sup> meeting of the 5 <sup>th</sup> term of the Compensation Committee and it has been approved unanimously by other board members who present at the meeting with the inquiry of the chairperson.
2022.12.5 The 12 <sup>th</sup> meeting of the 18th term of Board of Directors	Discussion on motion no. 5: The annual routine salaries adjustments for the Company's managers in 2023.	Discussion Process: All attending managers sidestepped from the discussion. Resolution: The proposal was resolved in the 6 <sup>th</sup> meeting of the 5 <sup>th</sup> term of the Compensation Committee and it has been approved unanimously by other board members who present at the meeting with the inquiry of the chairperson.
2023.1.10 The 13 <sup>th</sup> meeting of the 18th term of Board of Directors	Discussion on motion no. 1: The distribution of incentives for the Company's managers in 2022.	Discussion Process: All attending managers sidestepped from the discussion. Resolution: The proposal was resolved in the 7 <sup>th</sup> meeting of the 5 <sup>th</sup> term of the Compensation Committee and it has been approved unanimously by other board members who present at the meeting with the inquiry of the chairperson.
2023.3.29 The 15 <sup>th</sup> meeting of the 18th term of Board of Directors	Discussion on motion no. 1: Proposal for the compensation to the employees and remuneration to the directors in 2022.	Discussion Process: Except for the independent directors, all attending other directors sidestepped from the discussion. Resolution: Except for the independent directors, all other directors sidestepped from the discussion and the meeting was chaired by Liang, Chang. The proposal was resolved in the 8 <sup>th</sup> meeting of the 5 <sup>th</sup> term of the Compensation Committee and it has been approved unanimously by other independent directors who present at the meeting with the inquiry of chairperson.
	Discussion on motion no. 2: Proposal of the proportion of remuneration to the directors in 2022.	Discussion Process: Except for the independent directors, all attending other directors sidestepped from the discussion. Resolution: Except for the independent directors, all other directors sidestepped from the discussion and the meeting was chaired by Liang, Chang. The proposal was resolved in the 8 <sup>th</sup> meeting of the 5 <sup>th</sup> term of the Compensation Committee and it has been approved unanimously by other independent directors who present at the meeting with the inquiry of chairperson.
	Discussion on motion no. 3: The distribution of compensation to the employees for the Company's managers in 2022.	Discussion Process: Except for the independent directors, all attending other directors sidestepped from the discussion. Resolution: Except for the independent directors, all other directors sidestepped from the discussion and the meeting was chaired by Liang, Chang. The proposal was resolved in the 8 <sup>th</sup> meeting of the 5 <sup>th</sup> term of the Compensation Committee and it has been approved unanimously by other independent directors who present at the meeting with the inquiry of chairperson.



### 3 Implementation of self-assessment by the Company's Board of Directors

Assessment Cycle	Assessment Period	Assessment Scope	Assessment Method	Assessment Items
Performed once per year (Internal assessment)	From January 1, 2022 to December 31, 2022	Performance evaluation of the Board of Directors, the individual directors and the Functional Committee	Self-assessment of the Board of Directors, the individual directors and the Functional Committee	<p>The Board of Directors are assessed on the following aspects:</p> <ol style="list-style-type: none"> <li>1. Involvement in the Company's operation.</li> <li>2. Enhancement of the quality of decision-making of the Board of Directors.</li> <li>3. The composition and structure of the Board of Directors.</li> <li>4. Election of board members and continuing knowledge development.</li> <li>5. Internal controls.</li> </ol> <p>The individual's directors are assessed on the following six aspects:</p> <ol style="list-style-type: none"> <li>1. Understanding of the Company's goals and mission.</li> <li>2. Awareness of director's duties.</li> <li>3. Involvement in the Company's operation.</li> <li>4. Internal relationship and communication.</li> <li>5. Director's professionalism and continuing knowledge development.</li> <li>6. Internal controls.</li> </ol> <p>The Functional Committee is assessed in the following five aspects:</p> <ol style="list-style-type: none"> <li>1. Involvement in the Company's operation.</li> <li>2. Awareness of the Functional Committee's duties.</li> <li>3. Enhancement of the quality of decision-making of the Functional Committee.</li> <li>4. Composition of the Functional Committee and election of its members.</li> <li>5. Internal controls.</li> </ol>
Performed every three years (External assessment)	From January 1, 2022 to December 31, 2022	Composition, guidance, authorization, supervision, communication and self-discipline of the Board of Directors, as well as internal control and risk management	The Company's 2022 assessment for the Board of Director's performance evaluation and the self-assessments by individual board member was completed by the end of January 2023. The Company engaged KPMG Advisory Services Co., Ltd. to conduct 2022 Board of Directors' performance evaluation implementation. The evaluation result was "excellent," according to the report issued by KPMG Advisory Services Co., Ltd. on February 10, 2023 and the aforementioned matter has been reported to the Board of Directors on February 23, 2023.	<p>The evaluation conducted by external experts includes nine aspects: construction an effective Board of Directors, effective operation of the Board of Directors, professional development and training, corporate vision, performance of duties, management of the executives level, creation of corporate culture, communication with stakeholders and performance evaluation.</p> <p>The self-evaluation of individual board member's performance is assessed in the followings six aspects: alignment with the goals and missions of the Company, awareness of the duties of a director, professional development and continuing education, performance of duties, involvement in the operation of the Company, and management of internal relationship and communication. The evaluation combines data analysis and survey questionnaires, and performance evaluation reports are issued based on the results.</p> <p>The evaluation result was "excellent."</p> <p>External experts' recommendations:</p> <ol style="list-style-type: none"> <li>1. Consider adding seats of female directors during the reelection of directors in the future.</li> <li>2. Plan and establish risk management-related policies and operating procedures, regularly perform risk assessments, and plan annual risk monitor focus, which is included in the Audit Committee's regular supervision tasks. The implementation of the aforementioned risk management measures shall be reported to the Board of Directors every year.</li> </ol>

Supplementary information:

- (1) Board of Director's external and self-assessment performance evaluation report results was published on the Company's website.
- (2) Each time the Company convenes a Board of Directors, the director will take the time to attend. Attendance rate in the most recent year and as of April 1, 2023 was 97%.

Pursuant to Article 3 of the "Board Performance Evaluation Guidelines": The evaluation of the Company's Board of Director performance shall be carried out by external professional independent institutions or team of experts and scholars at least once every three years. The internal and external evaluation shall be completed before the end of the first quarter in the following year. To enhance the operation of the Board of Director and corporate governance, the Company annually conducts external professional independent institutions or team of experts and scholars to perform external performance evaluation starting from 2022. The Company engaged KPMG Advisory Services Co., Ltd. to conduct 2022 external evaluation on the Board of Directors in 2023. The evaluation result was "excellent," and the aforementioned matter has been announced on the Company's website.

4 The objectives of strengthening the functionality of the Board of Directors in current and most recent year and assessment on the implementation

- (1) To enhance the objectives of the Board of Director's functionality, the Company established the Compensation Committee and Audit Committee on December 27, 2011 and June 27, 2012, respectively.
- (2) The Board of Directors emphasize the diversity in the composition of the members with the qualified knowledge, skills, and professional background of the industry required. After listening the regular presentation of the management team, directors will provide the instructions and recommendation, and maintain good communication with the management team to pursue the optimize interest for shareholders.
- (3) The 18<sup>th</sup> term Board of Directors held ten meetings from January 1, 2022 to April 1, 2023, which is in conformity to the requirement that at least one meeting is held in each quarter. Important motions were posted on MOPS and also announced on the Company's website for information transparency.
- (4) The Board of Directors is committed to establish a sound governance system, enhancing the function of supervision and improving the management function, which is in conformity to the Rule of Procedure for the Board Meetings.
- (5) Other board governance
  - 1) With regard to corporate governance: Corporate Governance Evaluation Report
  - 2) With regard to legal matters: The Company's Chief Corporate Governance Officer and Secretary of the Board timely notify the directors about the update of laws and regulation by email or other way or ask for CPAs and attorneys to explain matters to directors face to face before or during meetings.
  - 3) Director training: The Company regularly invites experts every year to provide courses for directors to update the latest laws and current affairs. The Company held one training in September 2022.

### 3.4.2 Operation of the Audit Committee

The 4<sup>th</sup> term Audit Committee held nine meetings from January 1, 2022 to April 1, 2023, and independent directors' attendance was as follows:

Title	Name	No. of Meetings Attended	No. of Meetings Attended by proxy	Meeting Attendance Rate (%)	Remarks
Independent Director	Tzu-Nan, Chia	9	0	100%	Convener
Independent Director	Yen-Wei, Ding	9	0	100%	
Independent Director	Liang, Chang	9	0	100%	

Other matters that are required to be disclosed:

1. If any of the following circumstances occurs, specify the dates of the Audit Committee meeting, sessions, contents of the motion, adverse opinions, qualified opinions, or significant suggestions from independent directors, resolutions of the Audit Committee, and the Company's response to the Audit Committee's opinions:

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act

Audit Committee meeting date	Contents of motion	Audit Committee resolution	The Company's response to the Audit Committee
2022.4.12 The 6 <sup>th</sup> meeting of the 4 <sup>th</sup> term of Audit Committee	1. To adjust the guarantee by endorsement for financing purpose provided by the Company to its affiliates.	It was approved unanimously by all attending members	It was approved unanimously by all attending directors.

Audit Committee meeting date	Contents of motion	Audit Committee resolution	The Company's response to the Audit Committee
2022.6.23 The 8 <sup>th</sup> meeting of the 4 <sup>th</sup> term of Audit Committee	1.The Company and its subsidiaries waived the subscription right of share issuance for cash capital increase of TCC Recycle Energy Technology Company.	It was approved unanimously by all attending members	It was approved unanimously by all attending directors.
	2.To adjust the guarantee by endorsement for financing purpose provided by the Company to its affiliates.	It was approved unanimously by all attending members	It was approved unanimously by all attending directors.
2022.8.9 The 9 <sup>th</sup> meeting of the 4 <sup>th</sup> term of Audit Committee	1.To adjust the guarantee by endorsement for financing purpose provided by the Company to its affiliates.	It was approved unanimously by all attending members	It was approved unanimously by all attending directors.
2022.11.9 The 10 <sup>th</sup> meeting of the 4 <sup>th</sup> term of Audit Committee	1.To adjust the guarantee by endorsement for financing purpose provided by the Company to its affiliates.	It was approved unanimously by all attending members	It was approved unanimously by all attending directors.
2022.12.15 The 11 <sup>th</sup> meeting of the 4 <sup>th</sup> term of Audit Committee	1.To adjust the guarantee by endorsement for financing purpose provided by the Company to its affiliates.	It was approved unanimously by all attending members.	It was approved unanimously by all attending directors.
2023.2.23 The 12 <sup>th</sup> meeting of the 4 <sup>th</sup> term of Audit Committee	1.2022 Parent Company-only Financial Statements and Consolidated Financial Statements.	It was approved unanimously by all attending members.	It was approved unanimously by all attending directors.
	2.The appointment of the CPAs to conduct financial audits of the Company's 2023 financial statements.	It was approved unanimously by all attending members.	It was approved unanimously by all attending directors.
	3.2022 Declaration of Internal Control System.	It was approved unanimously by all attending members.	It was approved unanimously by all attending directors.
2023.3.29 The 13 <sup>th</sup> meeting of the 4 <sup>th</sup> term of Audit Committee	1.To adjust the guarantee by endorsement for financing purpose provided by the Company to its affiliates.	It was approved unanimously by all attending members.	It was approved unanimously by all attending directors.

(2) Other resolution which were made by over two-third of the board of directors but not approved by the Audit Committee: Nil.

2.If there are independent directors' avoidance of motions in conflict of interest, specify the names, contents of the motion, the reason for avoidance and voting: Nil.

3. Communication between the independent directors, the Chief Internal Auditor and the CPAs , which should include the material items, channels, and results of the audits on the corporate finance and/or operations, etc.:

- (1) The Chief Internal Auditor sends out the audit reports and follow-up reports to the convener of Audit Committee for review at least once a month, and present the audit findings, improvement of audit deficiencies, and the financial position and operation of the Company. The convener shall comment on the audit report.
- (2) The Chief Internal Auditor has presented the findings of internal audit to the Audit Committee. The Company's CPAs have presented the audit method, scope, material audit adjustments, and its contents to the Audit Committee. The CPAs are also required to periodically communicate to the Audit Committee and maintain adequate communication with independent auditors. Other than the communications in the meeting, the Chief Internal Auditor and CPAs contact and communicate with the Audit Committee directly if needed. The communication channel between the Audit Committee and the independent auditors functioned well.
- (3) The communications between the Independent Directors and the Chief Internal Auditor and CPAs are specified in the table below and disclosed in the corporate governance section of the Company's official website.

Meeting Date	With the Chief Internal Auditor		With the CPAs	
	Matters communicated	Outcome	Matters communicated	Outcome
2022.2.25	1. Audit results of three subsidiaries in China. 2. 2021 Declaration of Internal Control System.	1. Noted. 2. Issues found from previous communication have been improved.	1. The CPAs reported supplementary information of 2021 financial statements and key audit matters. 2. Reported on regulatory changes. 3. The CPAs communicated and discussed with the participants.	Noted
2022.5.10	1. Reported the execution result of the operation of Compensation Committee. 2. Reported the audit of internal controls by TWSE.	1. Noted. 2. Issues found from previous communication have been improved.	1. The CPAs reported supplementary information of 2022Q1 consolidated financial statements. 2. The CPAs communicated and discussed with the participants.	Noted
2022.8.9	1. Reported the execution result of safety and health of Linyuan Advanced Materials Technology Co., Ltd..	1. Noted. 2. Issues found from previous communication have been improved.	1. The CPAs reported supplementary information of 2022Q2 consolidated financial statements. 2. The CPAs communicated and discussed with the participants.	Noted
2022.11.9	1. 2023 Audit Plan 2. Reported the execution result of procurement procedures of CSRC China (Chongqing) Corporation.	1. Noted. 2. Issues found from previous communication have been improved.	1. The CPAs reported supplementary information of 2022Q3 consolidated financial statements. 2. The CPAs communicated and discussed with the participants.	Noted
2022.12.15	-	-	1. The CPAs reported 2022 audit plan and communication of key audit matters. 3. The CPAs communicated and discussed with the participants.	Noted
2023.2.23	1. Reported the execution result of financial income and expenditures procedures of CSRC China Corporation. 2. Reported the execution result of inventories management procedures of CSRC China (Anshan) Corporation. 3. 2022 Declaration of Internal Control System.	1. Noted. 2. Issues found from previous communication have been improved.	1. The CPAs reported supplementary information of 2022 financial statements and key audit matters. 2. Reported on regulatory changes. 3. The CPAs communicated and discussed with the participants.	Noted

### 3.4.3 Implementation of corporate governance

Evaluation Items	Implementation Status			Deviation and reason from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
1. Does the Company follow “Corporate Governance Best Practice Principles for TWSE Listed/TPEX Listed Companies” to establish and disclose its corporate governance practices?	✓		The Company has enacted the “Corporate Governance Best Practice Principles” in accordance with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” established by Taiwan Stock Exchange (TWSE) and Taipei Stock Exchange (TPEX), and posted it on the company website and Market Observation Post System (MOPS) for shareholders’ enquiries. Maintaining conformity with related laws and regulations, the Company has established an effective corporate governance framework to protect the rights and interests of shareholders, strengthen the competencies of the Board of Directors, respect the rights and interests of stakeholders, and enhance information transparency.	Nil
2. Shareholding Structure & Shareholder’s Rights				
(1) Does the Company establish its Internal Operation Procedure for responding to the shareholders’ suggestions, concerns, disputes, and litigation matters, and implement based on the procedure?	✓		(1) The Company has established and implemented an investor relations mechanism in which the spokesperson and its deputy receiving the suggestions and queries from shareholders and resolve disputes. Related departments will also receive the suggestions from shareholders and handle disputes if necessary.	Nil
(2) Does the Company possess a list of major shareholders and beneficial owners of these major shareholders?	✓		(2) The Company has Secretariat under the Board and stock affairs agent to keep track of the shareholding of directors, managers and major shareholders holding 10% or more of the shares.	Nil
(3) Has the Company built and executed a risk management and firewall system between the Company and its affiliates?	✓		(3)1.The establishment of the Company’s Procedures of Related Party Transactions and Management was approved by the Board of Directors held on February 23, 2023. If any related party transactions that are carried out in accordance with the policy are submitted to the Board of Directors for approvals and then reported to the most recent shareholder general meeting after the fiscal year ends. 2.The Company and its affiliates maintain financial independence, including transaction banks and credit limits, and receivables and payables between the Company and its affiliates are settled on schedule.	Nil
(4) Has the Company established internal rules prohibiting insiders trading on undisclosed information?	✓		(4)The Company has established the policy for the Insider Trading Prevention Measures, which prohibits insiders, such as directors, managers, or employees from trading the Company’s securities during the lock-in period within 30 days before the annual financial statements and within 15 days before the quarterly	Nil

Evaluation Items	Implementation Status			Deviation and reason from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			<p>financial statements are announced. The Company has also established the “Procedure for Handling Material Information” and “Code of Ethics and Business Conduct” with applicability covering directors, managers, and employees of the Company. Strictly abide by and execute the confidentiality procedures for the internal material information, which regulating the members to sidestep from all the conflicts of interests related to their position; they are also prohibited to utilize or leak the undisclosed material information known to them to others, as a prevention of insider trading.</p> <p>The Company conducts education and promotion of the “Operating Procedures for Management of Prevention of Insider Trading”, “Procedures for Handling Material Information” and relevant laws and regulations for its current directors, managers and employees at least once a year. Newly elected directors and managers are offered relevant education and training three months after being appointed, and new hires are offered the relevant education during their pre-employment training period.</p> <p>We have conducted a 3-hour education course on November 21, 2022 for a total of 40 people, including current directors, managers and employees. The content of the course includes the confidentiality of material information, the causes and the judgement process for insider trading, case studies of transactions, scope of internal material information, confidentiality operations, public operations, and violations.</p> <p>After the course session is over, the slides and audio-visual files were placed in the internal system for reference by those who did not attend the session that day.</p>	
<p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Has the Board established a diversity policy and specific management goal and has it been implemented accordingly?</p>	✓		<p>(1) 1. The Company’s Board of Directors approved the “Corporate Governance Best-Practice Principles” at the 13<sup>th</sup> meeting of the 17<sup>th</sup> session of the Board of Directors held on March 20, 2020, and established policies on diversity in Chapter 3 “Strengthen the Functioning of the Board of Directors.” The structure of the Company’s Board of Directors is determined by choosing an appropriate number of board members in consideration of its business scale, the shareholdings of its major shareholders, and practical operational needs.</p> <p>2. The Company’s Board of Directors follows a diversity policy: Under a diversity policy, the Company’s Board of Directors requires different professional backgrounds and experiences besides the knowledge and skills</p>	Nil

Evaluation Items	Implementation Status			Deviation and reason from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			<p>needed to fulfill its duties. Board members are capable professionally in terms of finance, commerce, banking, M&amp;A, risk management, marketing, accounting and financial, operational management. Multiple directors are the Chairman or a director of listed companies. The abundant knowledge, personal insights, and judgment about business operation of the directors as well as their enriched leadership skill and decision-making capability are highly valued by the Company. The Board of Directors shall be qualified with the following capabilities:</p> <ol style="list-style-type: none"> <li>1. Operational judgment capabilities.</li> <li>2. Accounting and financial analysis capabilities.</li> <li>3. Operational management capabilities, including the management of the operation of the subsidiaries</li> <li>4. Crisis management capabilities.</li> <li>5. Industry knowledge.</li> <li>6. Global market perspective</li> <li>7. Leadership skills.</li> <li>8. Decision-making capabilities.</li> <li>9. Risk management knowledge and capabilities.</li> </ol> <p>The 18<sup>th</sup> term of the Board of Directors highly values diversity. The Board is composed of industry and academia experts with a background and industry experience in finance, commerce, banking, M&amp;A, risk management, operational management and professional capabilities in business management, global market, risk management, accounting and financial analysis, laws and ESG. Directors Kung-Yi, Koo, Nan-Chou, Lin, Chi-Wen, Chang, Liang, Chang and Yen-Wei, Ding have rich industry experience, and directors Guo-Hong, Yeh and Tzu-Nan, Chia have rich financial and accounting experience. The Company continues to arrange various continuing education courses for board members to improve their decision-making quality and supervisory capability to strengthen the capacity of the board. In the future, the Company will pay even more attention to gender equality in the composition of the board, and will prioritize finding female director candidates to join the board. It is expected that the Company will have more than one female director.</p> <p>Overall management goals:</p> <p>1)The Company's Board of Directors directs the Company's strategies, supervises the management of the Company, and is responsible for the Company and its shareholders. For the various operations and arrangements of</p>	

Evaluation Items	Implementation Status			Deviation and reason from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(2) Does the Company plan to set up other functional committees rather than the Compensation Committee and Audit Committee required by law?	✓		<p>the corporate governance system, the Board of Directors shall exercise its functions as required by law, the Articles of Incorporation, or according to the resolutions made by shareholders' meetings. The Company also emphasizes gender equality in the composition of the Board of Directors and aims to have at least one female director of the board members in the future.</p> <p>2)The Board of Directors supports and monitors actions taken by the management to increase the ratio of female senior executives. Please refer to page 20-21 of the Annual Report - Board diversity and independence for details.</p> <p>(2) In the 4<sup>th</sup> meeting of the 17<sup>th</sup> term of Board of Directors, a "Corporate Sustainability Development Committee" was established to achieve the sustainable development as well as ethical management and execution of social responsibility. The Committee will report implementation status in the monthly business meeting, or the ad hoc meetings are convened from time to time as needed.</p>	Nil
(3) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis, reported the results of performance to the Board of Directors, and use the results as reference for directors' remuneration and renewal?	✓		<p>(3) In the 22<sup>th</sup> meeting of the 16<sup>th</sup> term of Board of Directors, the Company has established the "Guidelines of Assessment for the Board of Directors' Performance" and the annual assessments are conducted regularly. Pursuant to Article 3 of the "Board Performance Evaluation Guidelines": The evaluation of the Company's Board of Director performance shall be carried out by external professional independent institutions or team of experts and scholars at least once every three years. The Company engaged KPMG Advisory Services Co., Ltd. to conduct 2022 external evaluation of the Board of Directors in 2023 and the evaluation result was "excellent." 2022 assessment for the Board of Director's performance was completed on January 31, 2023 and has been reported in the 14<sup>th</sup> meeting of the 18<sup>th</sup> term of Board of Directors. It was published on the Company's website as well.</p> <p>Five major aspects are included in measuring the assessments of the Board of Directors:</p> <ol style="list-style-type: none"> <li>1. Involvement in the Company's operation.</li> <li>2. Enhancement of the quality of decision-making of the Board of Directors.</li> <li>3. The composition and structure of the Board of Directors.</li> <li>4. Election of board members and continuing knowledge development.</li> <li>5. Internal controls.</li> </ol> <p>The individual's directors are assessed at least on the following six aspects:</p>	Nil



Evaluation Items	Implementation Status			Deviation and reason from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
(4) Does the Company regularly evaluate its external auditor's independence?	✓		<p>1. Understanding of the Company's goals and mission.</p> <p>2. Awareness of director's duties.</p> <p>3. Involvement in the Company's operation.</p> <p>4. Internal relationship and communication.</p> <p>5. Directors' professionalism and continuing knowledge development</p> <p>6. Internal controls.</p> <p>The Functional Committee is assessed at least on the following five aspects:</p> <p>1. Involvement in the Company's operation.</p> <p>2. Awareness of the Functional Committee' duties.</p> <p>3. Enhancement of the quality for decision-making of the Functional Committee.</p> <p>4. Composition of the Functional Committee and election of its members.</p> <p>5. Internal controls.</p> <p>The results of 2022 assessment of the Board of Director was shown as below:</p> <p>I. The average scores of the self-assessment of the Board was 5 points (total 5 points).</p> <p>II. The average scores of the self-assessment of Board members was 5 points (total 5 points).</p> <p>The overall evaluation results for the Board's performance was "excellent."</p> <p>The above self-assessment will be used as a reference when evaluating the salary and remuneration of Board members, as well as the nomination of Board of Directors in the future.</p> <p>The results of 2022 assessment of the Functional Committee were shown as below:</p> <p>I. The average scores of the self-assessment of the Audit Committee was 5 points</p> <p>II. The average scores of the self-assessment of the Compensation Committee was 5 points</p> <p>The Company completed the internal performance assessment of the Audit Committee and reported to the Board of Directors on February 23, 2023. Detail information please refer the Company website in the corporate governance section on and page 31 of the Annual Report – Implementation of self-assessment by the Company's Board of Directors.</p> <p>(4) 1.The Audit Committee regularly assesses the independence of CPAs every year and reports the evaluation results to the Board of Directors.</p> <p>2.The Company's Audit Committee evaluates the independence and suitability</p>	Nil

Evaluation Items	Implementation Status			Deviation and reason from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
			of the CPAs every year. In addition to requiring the CPAs to provide the independence statement and audit quality indicators (AQIs) report, assessment is conducted based on the disclosure framework and templates of AQI announced by the Financial Supervisory Commission of the Executive Yuan on August 19, 2021 as an objective reference for companies and Audit Committee to appoint CPAs. It has been confirmed that the CPAs has no other financial interests and business relationship with the Company except for the services fees of the certification of the financial statements and corporate income tax return. CPAs' family members do not violate the independence requirements as well. By referring to the AQIs, it is confirmed that the auditing experience and training hours of the CPAs and CPA firm is better than industry average. In the next three years, digital audit tools will also be incorporated into the works to improve the audit quality. After the assessment results in the most recent year was discussed and approved by the Audit Committee on February 23, 2023, and it was submitted to the Board of Directors to approve the evaluation of independence and suitability of CPAs on February 23, 2023. Please refer to note 1.	
4. Does the Company appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, assisting directors 'compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings)?	✓		<p>On March 22, 2019, the Board of Directors appointed one Chief Corporate Governance Officer from the head of legal office to oversee the corporate governance unit. She is qualified with the required experience in legal affairs, finance, stock affairs, or corporate governance-related affairs of a public company for at least three years and the assigned duties are specific as below.</p> <p>(1) Report to the Board of Directors at least once a year: Corporate governance achievement was reported to the Board of Directors on February 23, 2023.</p> <p>(2) Ensure the Board members are aware of the Company's material information on a timely basis. Notify the Board members promptly as material information is released by the Company.</p> <p>(3) Periodically notify Board members the latest laws and regulations update concerning the operation of the Company and corporate governance.</p> <p>(4) Conducting continuing education and training that may be provided at home and it consists of at least 6 credits for Board members annually. Evaluate the purchase of proper "liability insurance for directors and important staff" and report such information to the Board of Directors.</p> <p>(5) Hold communication meetings among CPAs, independent directors, auditors, and accounting head from time to time to implement the internal audit.</p>	Nil

Evaluation Items	Implementation Status			Deviation and reason from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
			<p>Related communication meeting minutes is kept for the reference of Board of Directors.</p> <p>(6) Preparing the Board of Directors' meeting agenda and notifying directors seven days in advance. Convening the meeting and providing meeting materials, and remind the specific director in advance if recusal in case of conflicting interests is required. Complete the meeting minutes within 20 days after the Board of Directors' meeting date.</p> <p>(7) Periodically evaluating the performance of the Board of Directors and individual directors according to the Company's "Board of Directors and Functional Committee Performance Evaluation Policy" to implement the corporate governance and having an external organization to perform the evaluation at least once every three years.</p> <p>(8) Registering the date of the shareholders' meeting in advance as required by law, preparing the notice, the rules of procedure, and the meeting minutes within the regulatory timeframe and completing change registration after the Articles of Incorporation are revised or after the directors are re-elected.</p> <p>(9) Promoting corporate governance-related matters and assist to provide the directors with the information and materials required to perform assigned duties.</p>	
5. Has the Company established a means of communications with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers, etc.) or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' questions on corporate responsibilities?	✓		<p>The function heads of the Company respond within them of authority and responsibility</p> <p>A section for investors and stakeholders has been set up at the official website at <a href="http://www.csrgroup.com">http://www.csrgroup.com</a> for proper response to the stakeholders as a channel of communication with the Company.</p>	Nil
6. Has the Company appointed a professional registrar for its Shareholders' Meetings?	✓		The Company has appointed CTBC Bank Stock Transfer Agent as registrar to handle the affairs related to Shareholders' Meetings.	Nil
7.Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	✓		(1)The Company has set up an Investors section at the official website ( <a href="http://www.csrgroup.com">http://www.csrgroup.com</a> ) covering the financial and operational information. The related information is also disclosed at MOPS. MOPS. The Company also publishes the Sustainability Report annually and posts at MOPS and the Company's official website.	Nil
(2) Does the Company use other information disclosure	✓		(2)The Company has designated both spokesperson and deputy spokesperson	Nil

Evaluation Items	Implementation Status			Deviation and reason from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
<p>channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors' conference etc.)?</p> <p>(3) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and declare the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?</p>	✓		<p>and appointed in-charge staff to declare various financial and operation information at MOPS and the official website. The video of investor conference is also be posted at the Company's official website.</p> <p>(3) 2022 financial statements of the Company were approved by the Board of Directors on February 23, 2023 and material information was published at the same day. The complete financial statements was published on February 24, 2023. Therefore, announcement and publication were within two months after the end of a fiscal year. The Company follows the relevant laws to announce and report financial statements and the operating status of each month before the prescribed deadline in accordance with the relevant laws. Please refer to MOPS for further information disclosure. (<a href="http://mops.twse.com.tw/mops/web/index">http://mops.twse.com.tw/mops/web/index</a>).</p>	Nil
<p>8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?</p>	✓		<p>(1) Proper and humanization management culture to the employees has been in place with concern for the rights and benefits of the employees and the employees are eligible for health insurance, labor insurance, medical insurance, accident insurance, bonus, welfare committee, complete training and continuing education, routine communications meetings, and wellness from the Company. A safe and healthy workplace has also been provided with routine fire safety inspection to keep a sound work environment.</p> <p>(2) The rights of the suppliers and stakeholders: The Company has maintained sound relations and communication channels with suppliers, customers, and employees, and respect and protect their rights.</p> <p>(3) All directors pay close attention to the update of applicable laws.</p> <p>(4) Management team reports to the Board of Directors on the operation and financials periodically.</p> <p>(5) Rules and regulations have been implemented as required by law for internal management and the various risk management and assessment is also be performed.</p> <p>(6) The Company has purchased Directors and Officers Liability Insurance to protect Directors from personal liability and financial loss deriving from legal actions raised by a third party due to their performance of the assigned duties.</p> <p>(7) Continuing education of Directors of the 18<sup>th</sup> term of Boards is in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE and TPEX Listed Companies" in 2022 and</p>	Nil

Evaluation Items	Implementation Status			Deviation and reason from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			to the date this report was printed: 1) The Directors and Supervisors (replaced by Independent Directors) have selected appropriate courses in continuing education in line with their professional background, and please refer to the details in Note 2.	

9. Please indicate the improvement that has been done for the results of the corporate governance evaluation issued by the Center for Corporate Governance of TWSE in the most recent year and provide priority measures for those items that have not yet been improved.

Actions taken to improve the measures of 8<sup>th</sup> Corporate Governance Evaluation System

Item No.	Governance Evaluation Item	Improvement and Implementation Status
1.6	Is the Company's general shareholders' meeting held before the end of May?	The Company's 2022 General Shareholders' Meeting was held on May 27.
2.2	Has the Company formulated a policy on diversity of board members and disclosed the specific management objectives and disclosed the implementation of the diversity policy on the Company's website and annual report?	The Company already provided detailed information on its official website in corporate governance section.
2.9	Does the Company have a plan for succession of members of its Board of Directors and important management in place and disclose such information on its website or in the annual report?	The Company already provided detailed information on its official website in human resource section.
2.28	Has the Company defined how its internal audit staff is appointed, dismissed, and evaluated and how their compensation and remuneration will be submitted to the Board of Directors or be signed off by the Audit Head and then approved by the Chairman and disclosed such information on its website?	The Company already established the "Procedures for the appointment or dismissal, evaluation, and salary rewards of the Internal Auditor" on May 11, 2021 and provided detailed information on its official website in the corporate governance section.
3.4	Does the Company release its Annual Financial Statements within two months after the end of the fiscal year?	The Company's Board of Directors already approved 2021 financial statements on February 25, 2022 and material information was released on the same day. The complete financial statements was published on February 25, 2022.
3.12	Does the Company's annual report disclose a specific and clear dividend policy?	The Company already disclosed it completely in the annual report.
3.14	Does the Company's annual report disclose the connection between performance evaluation and remuneration of directors and managers?	The Company already disclosed it completely in the annual report.

Prioritized items pending improvement of the 8<sup>th</sup> Corporate Governance Evaluation Index:

Item No.	Governance Evaluation Item	Improvement and Implementation Status
2.6	Does the Company's Board of Directors include at least one female directors?	It is still under the planning.

Item No.	Governance Evaluation Item	Improvement and Implementation Status
2.7	Does the number of the independent directors account for more than half of the board seats?	It is still under the planning.
3.8	Does the Company spontaneously release financial forecasts and statements for the four quarters without corrections by the competent authority in related processes or deficiencies marked down by the Taiwan Stock Exchange or Taipei Exchange?	The Company will perform internal evaluations.
3.13	Are the individual remuneration of directors and supervisors disclosed spontaneously in the Company's annual report?	The Company will perform internal evaluations.

Note 1: Criteria of Assessment of CPAs' Independence

1. Assessment in accordance with the Bulletin of Norm of Professional Ethics for Certified Public Accountant No. 10 "Integrity, objectivity and independence" and the evaluation is as the below.

Indicator	Assessment Result	Qualified of Independence
1. Is there any direct or significant indirect financial interests between CPAs and the Company?	No	Yes
2. Is there any financing or guarantee relationship between CPAs and the Company or the Directors?	No	Yes
3. Is there any close business relationship and potential employment relations between CPAs and the Company?	No	Yes
4. Does CPAs and the audit team hold the position as Directors, managers, or positions with significant influence on audit during the audit period of the Company?	No	Yes
5. Does CPAs provide the Company non-audit services that will directly influence on audit?	No	Yes
6. Does CPAs act as broker of stocks or other securities issued by the Company?	No	Yes
7. Does CPAs also defend the Company in legal actions or negotiate the conflicts with any third party on behalf of the Company?	No	Yes
8. Is the CPAs a relative of anyone of the Company's Directors, managers, or personnel who have significant influence on audit?	No	Yes

2. Assessment in accordance with the Bulletin of Norm of Professional Ethics for Certified Public Accountant No. 10 "Integrity, objectivity and independence"

No.	AQI	Measure Focus	Note
1	Non-audit service	Impact on the independence of the proportion of non-audit service fees.	(Note 1)
2	Customer familiarity	Impact on the independence for the cumulative number of years the CPA firm has certified the annual financial statements of the audit client.	(Note 2)

(Note 1) The Company's non-audit service fees accounted for 20.8% of the service fees in 2021, and there is no concern with impact on the independence of the CPAs.

(Note 2) Deloitte & Touche has served as the Company's CPA firm for the certification of financial statements for 29 years. European Union and some countries or regions have regulations for mandatory rotation of CPA firms, but Taiwan, the US, Japan and Hong Kong have no such requirements, and instead adopting the rotation of CPAs to ensure the independence of CPAs. Therefore, Deloitte & Touche has complied with the requirements of the TWSQC1 and the IESBA in rotating CPAs for publicly listed, OTC and emerging stock companies once CPAs complete the 7-year term service to further reduce the impact on customer familiarity of audit quality.

Note 2: Continuing Education and Training of Directors of the Company

Title	Name	Host by	Course	Date	Duration	Compliance with Requirement
Chairman	Kung-Yi, Koo	Taiwan Institute for Sustainable Energy	Corporate net zero sustainability planning and outlook (water resources, carbon rights, energy)	2022.09.28	6	Yes
Director	Guo-Hong, Yeh	Taiwan Institute for Sustainable Energy	Corporate net zero sustainability planning and outlook (water resources, carbon rights, energy)	2022.09.28	6	Yes
Director	Chi-Wen, Chang	Taiwan Institute for Sustainable Energy	Corporate net zero sustainability planning and outlook (water resources, carbon rights, energy)	2022.09.28	6	Yes
Director	Nan-Chou, Lin	Taiwan Institute for Sustainable Energy	Corporate net zero sustainability planning and outlook (water resources, carbon rights, energy)	2022.09.28	6	Yes
Independent Director	Tzu-Nan, Chia	Taiwan Institute for Sustainable Energy	Corporate net zero sustainability planning and outlook (water resources, carbon rights, energy)	2022.09.28	6	Yes
Independent Director	Yen-Wei, Ding	Taiwan Corporate Governance Association	New trend of retail power – digitalization driving zero time delay consumption	2022.12.13	3	Yes
			Disclosure of material news and responsibilities of directors and supervisors	2022.12.13	3	Yes
Independent Director	Liang, Chang	Securities & Futures Institute	Latest development on domestic practices of insider trading and countermeasures of enterprises	2022.05.11	3	Yes
		Taiwan Corporate Governance Association	Legal risks and responses of corporate directors – from perspectives of corporate investment and financing	2022.09.07	3	Yes
			How the board of directors supervises ESG risks to create sustainable enterprise competitive advantages	2022.09.07	3	Yes
All directors		Lin San-Yuan Law Firm	Insider trading case analysis	2022.11.21	3	The Company held corporate governance courses for directors, managers, and employees

### 3.4.4 Composition, duties, and operation of the Compensation Committee:

At the 17<sup>th</sup> meeting of the 14<sup>th</sup> term of the Board of Directors on December 27, 2011, it was resolved to establish an "Articles of the Compensation Committee" and set up the Compensation Committee to assist the Board of Directors in implementing and evaluating the Company's overall remuneration, welfare policies, and the compensation of directors and managers. The Compensation Committee is professional and objective in evaluating, establishing, and reviewing the remuneration policies, systems, standards, and structure of directors and managers.

#### 1. Compensation Committee information

Title	Criteria Name	Professional Qualification and Experience	Independence Status	Number of Taiwanese Public Companies Concurrently Serving as a Compensation Committee Member
Independent Director	Tzu-Nan, Chia	The Company's independent director and convener of Compensation Committee and Audit Committee.  Mr. Tzu-Nan, Chia had served as independent director of Taiwan Prosperity Chemical Corporation and Compensation Committee convener for more than 10 years and possesses the professional insights required for the appointment/dismissal of managers, the reward system, staffing, and compensation guidelines. His professionalism is highly valued for continued supervision over the Company's operations.	For the independent directors listed as left columns, 1. all are eligible in terms of independence required for Compensation Committee and completely conform to independence status (1)The independent director, their spouse, or their relatives within the second degree are not the director, supervisor, or employee of the Company or any other affiliates.	0
Independent Director	Yen-Wei, Ding	The Company's independent director and Compensation Committee and Audit Committee member.  Mr. Yen-Wei, Ding already served two terms as a member of the Company's Compensation Committee and has served as the convener. He has advanced knowledge of the Company. He has also served as President among other positions in other public companies. He possesses professional insights needed for the various guidelines, manager appointment/dismissal, reward system, staffing, and compensation guidelines in the Company. His professionalism is highly valued for continued supervision over the Company's operations.	(2)The independent director, their spouse, or relatives within the second degree do not hold shares of the Company. (3)They are not the director, supervisor, or employee of a company related in a specific way to the Company (refer to the requirements in Article 6 Paragraph 1 Sub-paragraphs 5-8 of the Regulations Governing the Appointment and Exercise of Powers by the Compensation Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.	0
Independent Director	Liang, Chang	The Company's independent director and Compensation Committee and Audit Committee member.  Mr. Liang, Chang currently serves as independent director of My Humble House Hospitality Management Consulting Co., Ltd. and Compensation Committee member and has served as a director in other public companies for more than 10 years. He possesses the professional insights required for the reward system, staffing, and	(4) They did not receive rewards for	1



Title	Criteria	Professional Qualification and Experience	Independence Status	Number of Taiwanese Public Companies Concurrently Serving as a Compensation Committee Member
	Name			
		compensation guidelines. His professionalism is highly valued for continued supervision over the Company's operations.	services such as commerce, legal affairs, finance, and accounting service provided to the Company or its affiliates over the past 2 years.	

## 2. Operation of the Compensation Committee

(1) The Compensation Committee is consisted of three members.

(2) The 5<sup>th</sup> term of Compensation Committee was from August 12, 2021 to July 6, 2024. The Compensation Committee held five (A) meetings from January 1, 2022 to April 1, 2023 and the qualifications and attendance record of members is as follows:

Title	Name	No. of Meetings Attended (B)	No. of Meetings Attended by proxy	Meeting Attendance Rate (%) (B/A)	Remarks
Convener	Tzu-Nan, Chia	5	0	100%	
Member	Yen-Wei, Ding	5	0	100%	
Member	Liang, Chang	5	0	100%	

Other matters that are required to be disclosed:

1.The Compensation Committee held five meetings in February 2022, April 2022, December 2022, January 2023 and March 2023. The discussions included:

- Distribution of 2021 performance bonus and incentives to managers.
- 2021 compensation of employees, including managers, and remuneration of directors.
- Proposal of 2022 performance bonus and incentives to managers.
- Managers salary adjustment proposal for 2023.
- 2022 compensation of employees, including managers, and remuneration of directors.

The aforementioned matters have been reviewed and approved by the Compensation Committee and submitted to the Board of Directors for further approval.

2.If the members have objections or qualified opinions on the resolutions of the Compensation Committee on record or in written declaration, specify the meeting date, session, content of the motion, all members' opinions, and the response to members' opinion (in the event that the compensation and remuneration approved by the Board of Directors are better than as advised by the Compensation Committee, the difference and the reason shall be specified): Nil.

3.If the members have objections or qualified opinions on the resolutions of the Compensation Committee on record or in written declaration, specify the meeting date, session, content of the motion, all members' opinions, and the response to members' opinion: Nil.

### 3.4.5 Implementation of social responsibility and deviation from the corporate social responsibility best practice principles for the TWSE and TPEX listed companies and reasons

Evaluation Items	Implementation status			Deviation and Reason from the Corporate Social Responsibility Best Practice Principles for the TWSE and TPEX Listed Companies
	Yes	No	Summary	
1.Does the Company have a governance structure for sustainability development and a dedicated (or ad-hoc) sustainable development organization with Board of Directors authorization for senior management, which is reviewed by the Board of Directors?	✓		<p>In order to ensure fulfillment of corporate social responsibilities, in 2018 the Company, has set up the “The Establishment Procedure of Enterprise Sustainable Development Committee” and established “Corporate Sustainable Development Committee” under the Board of Directors to take charge of reviewing the Sustainability Report, finalizing respective annual ESG goals, tracking and reflecting upon the implementation efficacy of respective ESG goals so as to ensure fulfillment of the corporate social responsibilities of the Company. The Committee holds the meeting at least once a year. Meanwhile, to reinforce the link between corporate social responsibilities and corporate management beliefs, the Company has the Chairman to serve as the Chairman of the Committee and the General Manager as the Vice Chairman. The top supervisor at each responsible unit is a member of each group. Besides, members and group leaders will always attend the meetings, the Chairman may invite members of respective groups to attend a specific meeting held according to the proposals being discussed. For each group, the group leader shall assign one secretary to take charge of correspondence, communication, and coordination over duties the specific group is in charge of and providing related materials for the duties that the group is in charge of.</p> <p>Under the Committee are the ethical corporate management group, the circular manufacturing group, the sustainable environment and product group, the employee care group, and the social care group. Meanwhile, regulations such as the “Corporate Social Responsibility Best Practice Principles”, “Corporate Governance Best Practice Principles”, and “Ethical Corporate Management Best-Practice Principles” are established separately to ensure integration of ideas about corporate social responsibilities in daily operations of the Company.</p> <p>In 2022, the results of sustainable development implementation and future work plans was reported to the Board of Directors three times by the Committee. The content includes: (1) planning of</p>	Nil

Evaluation Items	Implementation status			Deviation and Reason from the Corporate Social Responsibility Best Practice Principles for the TWSE and TPEx Listed Companies
	Yes	No	Summary	
			annual GHG inventory and verification; (2) summary and control of GHG-related work progress; (3) summary of progress on water cycles and energy management projects. After understanding the impact on the relevant government regulations of the Company's operations, the Board of Directors reviews and supervises the progress of the strategy, urges the management team to make adjustments when necessary, continues to promote the ESG program, strengthen the corporate constitution and achieve the sustainable goals.	
2.Does the Company follow materiality principle to conduct risk assessments for environmental, social and corporate governance topics related to company operations, and establish risk management related policy or strategy?	✓		<p>The boundaries of risk assessment for data disclosed by the Company are focused on the Company and include the Company, the subsidiary Linyuan Advanced Materials Technology Co., Ltd. (Hereinafter referred to as "Linyuan Advanced") and CSRC China (Maanshan) Corporation (hereinafter referred to as "Maanshan"). In 2021, the Company conducted key issue analysis, and derived 21 sustainability issues of concern based on industry characteristics, sustainable development trends, comparisons with domestic and foreign industry peers, etc. Through identification, analysis and confirmation, we finally converged the issues of concern to 12 major issues. We then formulated sustainable goals. Through audit of internal performance indicators and peer performance comparison, we regularly reviewed relevant implementation and results to strengthen management and supervision.</p> <p>Based on the determined risks, related risk management policies or strategies are defined as follows:</p> <p>1. Environmental issues</p> <p>Environmental impacts and management:</p> <p>1)The Company has been ISO 14001-certified for environmental management since 1997 and the certification is renewed periodically.</p> <p>2) After the Paris Agreement, climate change has been an issue that many governments and enterprises must cope with proactively. As the domestic and overseas regulations regarding the emission of greenhouse gases get stricter and stricter, natural disasters brought about by extreme weathers will impact operating sites directly and accordingly the financial standing of the Company. In light of this,</p>	Nil

Evaluation Items	Implementation status			Deviation and Reason from the Corporate Social Responsibility Best Practice Principles for the TWSE and TPEX Listed Companies
	Yes	No	Summary	
			<p>the Company, Linyuan Advanced, and Maanshan, in 2020, discussed during project meetings how to proactively identify risks and opportunities following the framework of the Task Force on Climate-related Financial Disclosures (TCFD) and set related goals to gradually slow down climate change. The Company also publicly supported the TCFD in June 2021 and completed signing the TCFD. In order to understand the impact of climate change on the Company's operations, we gradually focus on and control major risks and opportunities through the following identification measures. First of all, we derived 17 risks and 6 opportunities related to the petrochemical industry based on the industry characteristics, and then handed them over to each head of factory and department to conduct literature analysis, case studies, collect domestic and foreign regulations and market/technology trends, etc., to fully understand the impact of climate risks and opportunities. Three aspects, time scope (short, intermediate and long), possibility of occurrence of the issues, and degree of impact on operations were then evaluated to summarize key potential climate risks and opportunities, and a climate change risk and opportunity matrix was used to identify and rank relevant risks. Finally, three major risk and two opportunity issues were identified. Internal discussions then added three opportunity issues. Finally, the senior management reviewed the identification results to confirm the relevant risks and opportunities and take relevant countermeasures.</p> <p>The Company, through respective plants and respective departments, identifies risks and opportunities of climate change of interest and stipulates countermeasures and periodically reports identified results to the Corporate Sustainable Development Committee. The Corporate Sustainable Development Committee, on the other hand, stipulates control measures and action plans for respective risks and opportunities concerning climate change and reports the implementation efficacy each year to the Board of Directors. The Corporate Sustainable Development Committee will also periodically report to the Chairman core climate risks the Company facing and the countermeasures so the Chairman can</p>	

Evaluation Items	Implementation status			Deviation and Reason from the Corporate Social Responsibility Best Practice Principles for the TWSE and TPEX Listed Companies
	Yes	No	Summary	
			<p>have thorough knowledge of climate-related risks to decide related management policies, and supervise its implementation.</p> <p>The Company introduced the climate-related risk and opportunity identification mechanism in 2020 to have a comprehensive inventory check and evaluate the impacts of respective risks and opportunities on the Company's operations and manage it accordingly. According to the evaluation findings, the Top 3 potential risks that shall be paid attention to by the Company include "severity of increased extreme weather events" that is part of physical risks and "increased price with greenhouse gas emissions" and "shift in consumer/customer preferences" that are part of the transition risks. "Participation in renewable energy programs and improved energy efficiency" and "use of more efficient production and delivery procedures", on the other hand, are the top 2 potential opportunities identified by us. The three additional opportunity items include "use of low-emission energy," "proper use of water resources" and "recycling." The Company will come up with corresponding countermeasures to identified climate-related risks and opportunities and periodically follow up on the implementation efficacy. In addition, we will continue to focus on emerging climate-related risks and opportunities to hopefully strengthen the resilience to climate change of the Company in its operations and to effectively reduce the impacts of its operations on the environment.</p> <p>3)The subsidiary Linyuan Advanced completed its carbon emission evaluation and was ISO 14064-1 certified and continued with its carbon reduction measures according to the findings from organized inventory checks certification.</p> <p>2.Social Issues</p> <p>(1) Occupational safety</p> <p>1) Safety and health policies</p> <p>The Company highly values the safety and health of all employees in the workplace and looks at proper occupational safety and health education and prevention against accidents as its highest guiding principle. Environmental, Health and Safety Center of the subsidiary Linyuan Advanced centrally manages the safety and health regulations for the carbon black business group, prepares</p>	

Evaluation Items	Implementation status			Deviation and Reason from the Corporate Social Responsibility Best Practice Principles for the TWSE and TPEx Listed Companies
	Yes	No	Summary	
			<p>the strategies, and monitors the environmental safety performance of respective operating units that it is responsible for. Except for Environmental, Health and Safety Center, Linyuan Advanced also set up Occupational Safety and Health Committee and the factory head serves as the Chairman. For the Safety and Health Committee of Linyuan Advanced, there are a total of 21 members, including 12 employee representatives and 9 representatives who are not employees but are subject to control of Linyuan Advanced or whose workplace is controlled by Linyuan Advanced. The Occupational Safety and Health Committee holds the meeting once every three months to communicate and discuss primarily occupational safety and health policies, management and implementation plans, environmental monitoring plans, safety and health audit matters, occupational disaster survey reports, management performance, and other matters concerning occupational safety and health management.</p> <p>2)Subsidiary Linyuan Advanced was ISO 45001 and TOSHMS certified and subsidiary Maanshan has obtained ISO 45001 certification. Both Linyuan Advanced and Maanshan regularly accept internal and external audits.</p> <p>3)Occupational safety and health educational trainings and fire prevention drills are held periodically each year to improve employees' emergency response capabilities and enhance their self safety management ability.</p> <p>(2)Product quality and management procedure Subsidiary Linyuan Advanced set its own quality management guidelines and created a quality management system based on customer demand for the sake of fulfilling customer satisfaction. The systematic quality management procedure ensures consistency in the control over quality of products. Meanwhile, the "five-stage quality control model" includes detailed operational items for each stage to effectively ensure product quality and to be followed in the implementation and improvement of the quality management system. The quality management system includes planning and implementation of internal audits to ensure that quality management is enforced at each department and cross-check fulfillment of packaging laws and regulations. Some</p>	

Evaluation Items	Implementation status			Deviation and Reason from the Corporate Social Responsibility Best Practice Principles for the TWSE and TPEX Listed Companies
	Yes	No	Summary	
			<p>contractors will visit the plants for second-party audits each year, too. Besides internal product management, external third-party testing has been ongoing. The carbon black produced by Linyuan Advanced was certified by the IATF 16949:2016 Quality Management System Standard for the Automotive industry in 2017 (valid through 2020) and the certificate was renewed at the end of 2020 (valid through 2023) and was certified by ISO 9001:2015 Quality Management System again in 2018 (valid through 2021) and the certificate was renewed by 2021 (valid through 2024). The carbon black produced by Maanshan was certified by the IATF 16949:2016 Quality Management System Standard for the Automotive industry in 2018 (valid through 2021) as well, and the certificate was renewed by 2021 (valid through 2024), to ensure fulfillment and implementation of systemic improvements.</p> <p>(3)Product safety label All production processes follow international environmental protection standards to strike an optimal balance among corporate developments, ESG responsibilities, and environmental protection. Meanwhile, to ensure the right of customers and consumers to know, we periodically update the Material Safety Data Sheet (MSDS) of our products that gives an overview of the latest product safety characteristics, waste management method, among other product safety information and provide it to customers spontaneously for their reference.</p> <p>3. Corporate Governance (1)Compliance 1)By establishing a corporate governance organization and implementation of the internal control mechanism, efforts are made to ensure that all staff and processes of the Company are in compliance with applicable regulatory requirements. 2)The Company continues to invest in technology and R&amp;D in its main carbon black business. In line with the Company's operating objectives, the Company develops an intellectual property management strategy, encourages employees to innovate and conduct independent research to improve product quality and brand image. The Company aims to implement the concept and</p>	

Evaluation Items	Implementation status			Deviation and Reason from the Corporate Social Responsibility Best Practice Principles for the TWSE and TPEX Listed Companies
	Yes	No	Summary	
			<p>philosophy of circular economy.</p> <p>a) Patent management The Company encourages innovation, establishes patent incentive regulations, motivates employees to apply for inventions, and establishes patent review application policy. The Company controls the quality of its patent application through internal review procedures for individual patent application. Through education and training, the Company establishes and cultivates the concept of intellectual property rights protection among its employees.</p> <p>b) Trademark management The Company actively files trademark applications around the world based on its global marketing strategy. It also reviews the necessity of trademark maintenance to manage trademarks efficiently.</p> <p>c) Copyright management The Company advocates and established correct copyright awareness among its employees when necessary, and requires them to abide by the Copyright Act in order to prevent any infringement of copyright of others.</p> <p>d) Trade secret management When dealing with projects or purchases involving technology development or technical cooperation, the Company requires its business partners to sign a non-disclosure agreement. In the employment contracts stated that employees may be under the obligation not to disclose the Company's trade secrets during or after their employment. The Company has formulated the information security policies and related regulations governing information management in order to enhance information security.</p> <p>(2) Reinforced functions of directors 1) According to the operational direction of the Company and the latest laws, regulations, and current events, the Company regularly invites experts each year to educate directors and provides course information from time to time to directors for choosing as part of their continuing education. 2) In order to protect directors against risks while they perform their duties, the Company has them covered by "Director Liability</p>	



Evaluation Items	Implementation status			Deviation and Reason from the Corporate Social Responsibility Best Practice Principles for the TWSE and TPEX Listed Companies
	Yes	No	Summary	
			<p>Insurance” each year and periodically discusses the coverage involved to ensure that the payable amount and underwriting scope meet their needs and presents the information to the Board of Directors.</p> <p>(3)Communication with stakeholders The Company values the balance among stakeholders in terms of their rights and obligations towards one another (including shareholders, employees, customers, upstream and downstream contractors, banks, and creditors). Besides maintaining optimal communications with respective stakeholders, there are the exclusive sections for investors and stakeholders on the Company’s website (<a href="http://www.csrgroup.com">http://www.csrgroup.com</a>) to ensure proper response to the stakeholders as a channel of communication with the Company.</p>	
<p>3. Environmental Topic</p> <p>(1) Has the Company set an environmental management system designed to industry characteristics?</p>	✓		<p>The value chain of carbon black is a typical example of a circular economy. The raw materials of carbon black are the residues (bottom oil) produced during oil refinery in the upper-stream petrochemical and steel industry. With our special processes, we transform these low-value waste materials into high-value carbon black, and additional products of green and clean energy such as steam and electricity. This not only reduces wastes, and environmental pollutions risks, but also promotes new industries and technologies, in creating a model of the circular economy. In additional, general furnaces can only 600- 800 degree Celsius, which still generates pollutants after industrial wastes are incinerated. In contrast, the reactor chamber of the carbon black production process is as high as 1,800 degrees Celsius. Toxic substances that damage the environment such as dioxin may be removed from bottom oil when burned at high temperature. In addition, due to industrial characteristics, the following environmental resources are established:</p> <p>(1)Schedule regular equipment maintenance fees and routine maintenance of pollution prevention equipment (2)The monitoring system is online, and the wastewater and air pollution discharge status can be monitored at any time</p>	Nil

Evaluation Items	Implementation status			Deviation and Reason from the Corporate Social Responsibility Best Practice Principles for the TWSE and TPEX Listed Companies
	Yes	No	Summary	
(2)Is the Company committed to improving resource efficiency and the use of renewable materials with low environment impact?	✓		<p>(3)De-SOx equipment and machinery are installed in the plant area with low-spread facilities to reduce air quality load</p> <p>(4)Boilers are installed with low NOx burner and flue gas recirculation equipment, and new SNCR/ SCR denitration systems are added.</p> <p>(5)Oil and gas collection systems are installed in oil tanks</p> <p>(6)Regularly update filter bags and equipment with hidden dangers to reduce dust emissions</p> <p>Since 1997, the environmental management system has been in place according to ISO14001 and has been certified. Meanwhile, greenhouse gas inventory checks have been ongoing as required by ISO14064-1. Related data are disclosed in the Sustainability Report and the Company's website (<a href="https://www.csrgroup.com/governanceTw4-1-1.html">https://www.csrgroup.com/governanceTw4-1-1.html</a>).</p> <p>The energy used is mainly derived from heavy oil and electricity. Therefore, in order to implement energy management in response to the issues of climate change and energy depletion, the carbon black plant regularly budgets to invest in compliant, high-efficiency and low-pollution machinery and equipment to increase the operating yield and production yield, and reduce the output of defective waste. In this way, it improves equipment efficiency and enhances resource utilization efficiency year by year.</p> <p>In addition, to reduce energy consumption and increase steam output, high-temperature air preheater and boiler design has been invested and completed in 2021 and 2022 for the renewal of some air preheaters of two production lines and introduced the De-SOx/De-NOx technology to the front-end processes so as to meet environmental protection needs and fulfill social responsibilities. The goal by 2025 is to have all motors replaced with IE3-series</p>	Nil

Evaluation Items	Implementation status			Deviation and Reason from the Corporate Social Responsibility Best Practice Principles for the TWSE and TPEX Listed Companies
	Yes	No	Summary	
(3) Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?	✓		<p>high-performance energy-saving ones and all newly purchased motors in 2021 meet the criteria. Replacement of motors continued throughout 2022.</p> <p>The effort to promote green manufacturing and reduction of waste continued. The reutilization rate of waste in 2022 was 37.5%.</p> <p>After the Paris Agreement, climate change has been an issue that many governments and enterprises must cope with proactively. In order to reinforce the link between corporate social responsibilities and corporate management beliefs, the Company established the Corporate Sustainable Development Committee. The Chairman of the Board of Directors serves as the Chairman of the Committee and the General Manager as its Vice Chairman. As the domestic and overseas regulations regarding the emission of greenhouse gases get stricter, natural disasters brought by extreme weathers will have the impact on operating sites directly. Both will impact the Company's financial performance. Therefore, the Company is actively identifying risks and opportunities and establishing objectives regarding energy conservation and carbon reduction so as to mitigate climate change risk.</p> <p>In order to understand the impact of climate change on the Company's operations, we gradually focus on and control major risks and opportunities through the following identification measures. First of all, we derived 17 risks and 6 opportunities related to the chemical industry based on the industry characteristics, and then handed them over to each head of factory and department to conduct literature analysis, case studies, collect domestic and foreign regulations and market/technology trends, etc., to fully understand the impact of climate risks and opportunities. Three aspects, time scope (short, intermediate and long), possibility of occurrence of the issues, and degree of impact on operations were then evaluated to summarize key potential climate risks and opportunities, and a climate change risk and opportunity matrix was used to identify and rank relevant risks. Finally, three major risk and two opportunity issues were identified. Internal discussions then added three opportunity issues (including proper use of water resources under the category of</p>	Nil

Evaluation Items	Implementation status			Deviation and Reason from the Corporate Social Responsibility Best Practice Principles for the TWSE and TPEX Listed Companies
	Yes	No	Summary	
			<p>effective use of resources, recycling, and the use of low-emission energy under the category of energy). Finally, the senior management reviewed the identification results of the abovementioned three major risks and five major opportunities to confirm the relevant risks and opportunities and take relevant countermeasures. The relevant response strategies are as follows:</p> <p>(1)Risk - price increase in the emission of greenhouse gases Countermeasure: (a) In order to precisely keep track of greenhouse gas emissions of Linyuan Advanced and Maanshan, greenhouse gas inventory checks are performed each year. (b) Process equipment is replaced to improve fuel efficiency.</p> <p>(2)Risk - shift in consumer/customer preferences Countermeasure: EcoVadis questionnaire is proactively completed and the greenhouse gas emission inventory check is performed each year and respective emission reduction projects are defined based on the inventory check findings.</p> <p>(3)Risk - severity of increased extreme weather events (floods, droughts) Countermeasure: (a) Maanshan has prepared its flood prevention response plan and holds drills periodically while at the same time cooperating with the local government in China on emergency measures during the flood season each year. In addition, Maanshan joins the flood prevention working group of the Cihu High-tech Industrial Development Zone and attends periodic meetings to keep track of the latest news at all times. Any situation will be reported to the factory head in the first place and emergency measures will be activated. (b) Linyuan Advanced will adopt the following measures: 1)In response to the government's water restriction action through the implementation of water restrictions and production shut-down SOP, a specific number of production lines or reactors has been temporarily suspended according to different water restriction levels.</p>	

Evaluation Items	Implementation status			Deviation and Reason from the Corporate Social Responsibility Best Practice Principles for the TWSE and TPEX Listed Companies
	Yes	No	Summary	
			<p>2)Coordinate with steam customers to reduced supply of steam to reduce the water consumption of Linyuan Advanced. To calculate the cost-effectiveness through the water-restricted shut-down in 1) and rent a water vehicle to go to Pingtung Reservior and Mudan Reservior to fetch water.</p> <p>(4)Opportunity - participation in renewable energy projects and energy efficiency improvement</p> <p>Countermeasure:</p> <p>(a)Maanshan promotes the improvement projects to meet the requirements for B-level enterprises and achieved the goal as recognition of B-level enterprise in 2021. Maanshan will continue to receive regular annual evaluations.</p> <p>(b) Linyuan Advanced will adopt the following measures:</p> <p>1. Linyuan Advanced purchased solar panels originally leased by Chailease and completed the electricitymeter lease contract with Taiwan Power Corporation om January 7, 2023.</p> <p>2.The planned use of bio-fuel and waste tire recovery pyrolysis oil as an alternative to fossil oil is implemented this year.</p> <p>(5)Opportunity - use low-emission energy</p> <p>Countermeasure:</p> <p>(a)Waste heat generated in the operation of Maanshan is used for power generation. It can supply the power required for the operation by itself or the extra surplus electricity can be sent out for sale over the national grid.</p> <p>(b) Linyuan Advanced's recycling process exhaust gas is converted into steam for power generation supplying this to neighboring plants or for its own operations.</p> <p>(6)Opportunity – use more efficient production and distribution prcesses</p> <p>Countermeasure:</p> <p>(a) In addition to the two items of demagnetization equipment for packaging magnetic rows and magnetic separators, the Maanshan has completed the installation of two automatic demagnetization device for each production line in 2021.</p> <p>(b) Linyuan Advanced increased the furnace temperature of the reactor by upgrading the APH so that the carbon black can be bruned more completely and thereby reducing the fuel</p>	

Evaluation Items	Implementation status			Deviation and Reason from the Corporate Social Responsibility Best Practice Principles for the TWSE and TPEX Listed Companies
	Yes	No	Summary	
(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 management or other waste management?	✓		<p>consumption.</p> <p>(7)Opportunity – make good use of water resouces Countermeasure: (a)Maanshan recycled process of wastewater in 2020. After purification in the one-site sewage treatment plant, more than 80% was recycled in the processing. The rest could be used for ground sanitary flushing and other purposed to replace the use of tap water. (b) Through the water balance of Linyuan Advanced, recovered water from the cooling water tower is sent back to the desulfurization tower, with external drainage of the air dryer in the steam and power area is recycled, the wastewater from the aeration tank is recycled, and the pure water manufacturing equipment is recycled for backwash water recovery.</p> <p>8)Opportunity – recycle and reuse Countermeasure: (a) Maanshan began rentingpallets, and the pallet leasing company will be responsible for recycling the pallets. It reduces the purchasing cost of pallets. (b) Linyuan Advanced replaced the use of wooden pallets to plastic pallets.</p> <p>1.Greenhouse gas management The Company puts great emphasis on the control of greenhouse gases. Subsidiary Linyuan Advanced obtains the statement of verification per ISO 14064-1 Greenhouse Gases, through the greenhouse gas inspection by third party each year. The inspection results serve as the basis for internal greenhouse gas management and for clarifying the operating efficacy of production equipment and the benefits of the operating procedure so that they may be adequately adjusted. In response to climate risk, the management always pays attention to the greenhouse gas-related requirements of Environmental Protection Administration and strictly complies with them. As the subsidiary is required by the Environmental Protection Administration to be in the first group of greenhouse gas reporting corporates, the inspection results not only serve as a reference for the subsequent greenhouse gas management, but are</p>	Nil

Evaluation Items	Implementation status			Deviation and Reason from the Corporate Social Responsibility Best Practice Principles for the TWSE and TPEX Listed Companies
	Yes	No	Summary	
			<p>also reported in the greenhouse gas registration platform. Greenhouse gas emissions for the past two years are as follows:  The emissions in 2021 came to 285,788 tons and the unit carbon emissions were 2.734 kg of CO<sub>2</sub>e/kg. The unit carbon emissions for Scope 1 were 2.658 kg of CO<sub>2</sub>e/kg and those for Scope 2 were 0.076 kg of CO<sub>2</sub>e/kg.  The emissions in 2022 came to 249,827 tons and the unit carbon emissions were 2.581 kg of CO<sub>2</sub>e/kg. The unit carbon emissions for Scope 1 were 2.345 kg of CO<sub>2</sub>e/kg and those for Scope 2 were 0.235 kg of CO<sub>2</sub>e/kg.  Carbon emissions in 2022 dropped 12.58% compared to last year. For the Company's carbon reduction goal, it is a reduction of 25% from the base year of 2016 by 2025 and 13.9% was fulfilled in 2022. The inventory check data of 2022 are expected to be verified by July 2023.</p> <p>2. Water consumption management  We strictly control the use of water resources and continue to improve the efficiency of the water cycle, avoid overuse of water, which is harmful to the environment, and promote a water balance program. The program includes a cooperation with neighboring plants since 2020. Our steam is sold to the neighboring plants, their condensate, produced from their production process, is transferred back to the subsidiary Linyuan Advanced for reuse. This has greatly expanded the impact of water circulation.  Water consumption data for the past two years are as follows:  2021: 1,258,388 tons.  2022: 1,269,862 tons.</p> <p>3. Waste treatment  The Company lays emphasis on the philosophy of the circular economy of reuse and handle our industrial waste properly, comply with the requirements of various related laws and regulations, and proactively seek opportunities for reuse of resources. In accordance with the relevant laws and regulation of environmental protection, the wastes undergo internal preliminary treatment, and then are outsourced to waste disposal contractors for subsequent treatment.</p>	

Evaluation Items	Implementation status			Deviation and Reason from the Corporate Social Responsibility Best Practice Principles for the TWSE and TPEx Listed Companies
	Yes	No	Summary	
			<p>Waste statistics for the past two years are as follows:</p> <p>Maanshan:</p> <p>2021:The overall weight of waste was 1,699 tons and hazardous business waste was 224.482 tons. The reutilization rate was 86.8%.</p> <p>2022:The overall weight of waste was 2,090.8 tons and hazardous business waste was 386.3 tons. The reutilization rate was 81.5%.</p> <p>Linyuan Advanced:</p> <p>2021:The overall weight of waste was 1,259 tons and there was no hazardous business waste. The reutilization rate was 52%.</p> <p>2022:The overall weight of waste was 1,494.15 tons and hazardous business waste was 181.46 tons. The reutilization rate was 37.5%.</p> <p>The Company's goal for waste management is to increase the proportion of waste recycling year over year. Since 2022, Linyuan Advanced has promoted the use of waste refractory bricks to make low strength backfill materials. The total weight of waste refractory bricks reused in 2022 was 103.12 tons, which effectively improved the efficiency of recycling.</p>	
<p>4.Social Issues</p> <p>(1) Does the Company establish policies and procedures in compliance with regulations and internationally recognized human rights principles?</p>	✓		<p>The Company follows the spirit and basic principles of international human rights conventions including the United Nations Global Compact, the United Nations Universal Declaration of Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work in formulating its own International CSRC Human Rights Policy. After being personally signed by the Chairman, the announcement has been posted on the Company's official website and in related public information.</p> <p>The Company's human rights management policy and specific solution is summarized as below.</p>	Nil



Evaluation Items	Implementation status			Deviation and Reason from the Corporate Social Responsibility Best Practice Principles for the TWSE and TPEX Listed Companies								
	Yes	No	Summary									
			<table> <tr> <th>Human rights management policy</th> <th>Specific solutions</th> </tr> <tr> <td>Diversity, inclusion, and equal job opportunities</td> <td> <p>The Company complies with all national labor laws, prohibits child labor, forced labor, and employment discrimination, and commits to creating a diverse, open, equal and harassment-free work environment.</p> <p>In order to protect the rights and interests of the physically and mentally handicapped and in response to the People with Disabilities Rights Protection Act of the Ministry of Health and Welfare, we have hired people with disabilities (the number is more than the statutory requirements) and installed accessible restroom and wheelchair ramps to overcome obstacles to improve the working environment for the employees with disabilities.</p> </td> </tr> <tr> <td>Provide a safe and healthy work environment</td> <td> <p>In order to ensure a safe work environment for employees, the Company implements measures such as patrol inspections held every month and parallel investigations on the causes of occupational accidents. The contents include electrical safety, and component inspections for machine safety.</p> </td> </tr> <tr> <td>Emphasize two-way communication and respect the freedom of assembly and association of employees</td> <td> <p>The Company offers diverse internal communication channels, including mailbox of the HR department and the factory head, regular employee–employer meetings, employee seminars, internal website information announcements, employee satisfaction surveys, etc., to listen to the opinions and voices of employees.</p> </td> </tr> </table>	Human rights management policy	Specific solutions	Diversity, inclusion, and equal job opportunities	<p>The Company complies with all national labor laws, prohibits child labor, forced labor, and employment discrimination, and commits to creating a diverse, open, equal and harassment-free work environment.</p> <p>In order to protect the rights and interests of the physically and mentally handicapped and in response to the People with Disabilities Rights Protection Act of the Ministry of Health and Welfare, we have hired people with disabilities (the number is more than the statutory requirements) and installed accessible restroom and wheelchair ramps to overcome obstacles to improve the working environment for the employees with disabilities.</p>	Provide a safe and healthy work environment	<p>In order to ensure a safe work environment for employees, the Company implements measures such as patrol inspections held every month and parallel investigations on the causes of occupational accidents. The contents include electrical safety, and component inspections for machine safety.</p>	Emphasize two-way communication and respect the freedom of assembly and association of employees	<p>The Company offers diverse internal communication channels, including mailbox of the HR department and the factory head, regular employee–employer meetings, employee seminars, internal website information announcements, employee satisfaction surveys, etc., to listen to the opinions and voices of employees.</p>	
Human rights management policy	Specific solutions											
Diversity, inclusion, and equal job opportunities	<p>The Company complies with all national labor laws, prohibits child labor, forced labor, and employment discrimination, and commits to creating a diverse, open, equal and harassment-free work environment.</p> <p>In order to protect the rights and interests of the physically and mentally handicapped and in response to the People with Disabilities Rights Protection Act of the Ministry of Health and Welfare, we have hired people with disabilities (the number is more than the statutory requirements) and installed accessible restroom and wheelchair ramps to overcome obstacles to improve the working environment for the employees with disabilities.</p>											
Provide a safe and healthy work environment	<p>In order to ensure a safe work environment for employees, the Company implements measures such as patrol inspections held every month and parallel investigations on the causes of occupational accidents. The contents include electrical safety, and component inspections for machine safety.</p>											
Emphasize two-way communication and respect the freedom of assembly and association of employees	<p>The Company offers diverse internal communication channels, including mailbox of the HR department and the factory head, regular employee–employer meetings, employee seminars, internal website information announcements, employee satisfaction surveys, etc., to listen to the opinions and voices of employees.</p>											

Evaluation Items	Implementation status			Deviation and Reason from the Corporate Social Responsibility Best Practice Principles for the TWSE and TPEX Listed Companies
	Yes	No	Summary	
			<div> <div>Assist employees in maintain ohysical and mental health and work-life balance</div> <div>           The Company provides annual health checks and high-standard fitness facilities.            The implementation of the vacation system To encourage employees to value work-life balance (five consecutive days off).            The Company offers comprehensive care for employees. The Employee Assistance Program (EAP) was launched in 2020 to provide employees with resources and assistance.         </div> </div>	
(2) Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?	✓		<p>In order to provide employees with competitive salary and rewards, we conduct external salary market surveys every year to understand the industry standard, and evaluate individual expertise and capabilities for calculation of salary to ensure that employees’ pay levels are competitive and in line with the external market standard. Before taking into account external competition, internal fairness and legality, the Company provides a diverse and competitive reward system to attract, retain, develop, and motivate outstanding talent.</p> <p>In addition to the fixed salary, the Company also offers qualified employees with performance rewards and bonuses to effectively link to the Company’s operating results, the performance of each plant, and individual performance, to improve team morale, increase productivity in the organization, and ensure that the overall rewards and incentives are more competitive to attract outstanding talents to join. According to the “Measures for the Approval and Issuance of Annual Bonuses for Employees” of the Company, a system of annual festival bonus and annual performance bonus has been established. The annual festival bonus includes year-end bonus, Dragon Boat Festival, Mid-Autumn Festival and annual performance bonus, while the annual performance bonus is paid to the employees based on the Company’s annual operating performance and personal work performance and contribution; in addition, employees who have</p>	Nil

Evaluation Items	Implementation status			Deviation and Reason from the Corporate Social Responsibility Best Practice Principles for the TWSE and TPEX Listed Companies
	Yes	No	Summary	
			<p>served for more than one year will be paid with two months' salary as a year-end bonus every year, and a half-monthly salary will be paid as a bonus during annual festivals such as the Dragon Boat Festival and Mid-Autumn Festival. For employees with less than one year of service, the annual bonus will be calculated based on the number of working days. According to Article 28 of the Articles of Incorporation of the Company, if there is a profit before tax before deducting compensation of employees and remuneration of Directors, the Company shall appropriate:</p> <p>(1) Compensation of employees: 0.01% ~3%.</p> <p>(2) Remuneration of Directors: no more than 1%.</p> <p>When there are accumulative deficits, this Company shall retain the amount to cover up the deficits before appropriating rewards for employees and directors has specified in sub-paragraphs 1 and 2 in the foregoing paragraph.</p> <p>In addition, in setting up an employee stock ownership trust plan, colleagues can choose to withdraw a certain amount from their salary income each month and the Company will withdraw the same amount to be given to participating colleagues as a reward. The Company has its Employee Welfare Committee in place to plan respective benefits for its people, such as group and individual travel subsidies, birthday gift certificates, festival coupons (three major festivals), children scholarships, and also free health examinations. In terms of the leave system, fully-paid sick leave of 10 days a year is available, which is better than the regulatory requirement.</p> <p>The Company values diversification, tolerance, and equal opportunities in the workplace. Job responsibilities and promotions are equal and not affected by the gender, sexual orientation, or ethnicity.</p> <p>1. The ratio of female employees of the Company and its subsidiary Linyuan Advances was around 22% on average and that of female supervisors is also over 20% in 2022.</p> <p>2. In practice, the Company and its subsidiary Linyuan Advanced also hire more disabled people and minorities than legally required.</p>	

Evaluation Items	Implementation status			Deviation and Reason from the Corporate Social Responsibility Best Practice Principles for the TWSE and TPEX Listed Companies
	Yes	No	Summary	
(3) Does the Company provide employees with a safe and healthy work environment with regular safe and health training?	✓		<p>The Company values and perpetuates the education and training of occupational safety and health, and conducts related drills. In addition, the Company has also provided training on topics pertaining to the work environment, equipment, and the management of hazardous substances for the employees for their occupational safety and health. In addition, it provides colleagues with management education and training on the work environment, equipment, and hazardous substances to ensure a safe workplace for and good mental health of our employees. Occupational hazards over the past two years are as follows:</p> <p>Maanshan:</p> <p>2021: The frequency of disabling injuries was 7.93. The severity of disabling injuries was 188. Three cases of occupational hazards were reported and it affected 3 people, which accounted for 1.54% of all employees in 2021.</p> <p>2022: The frequency of disabling injuries was 5.61. The severity of disabling injuries was 188. Two cases of occupational hazards were reported and it affected 2 people, which accounted for 1.02% of all employees in 2021.</p> <p>Linyuan Advances:</p> <p>2021: The frequency of disabling injuries was 4.43. The severity of disabling injuries was 170. Six cases of occupational hazards were reported and it affected 6 people, which accounted for 2.83% of all employees in 2021.</p> <p>2022: The frequency of disabling injuries was 2.29. The severity of disabling injuries was 16. One case of occupational hazards was reported and it affected 1 person, which accounted for 0.51% of all employees in 2021.</p> <p>In order to ensure a safe workplace for its employees, the Company practices monthly themed circuit inspections and conducts concurrent investigations of causes of occupational hazards.</p> <p>Educational training and communication efforts over the past two years are as follows:</p> <p>Maanshan:</p> <p>2021: 3,600 people completed the industrial safety training and it consisted of 3,600 man-hours.</p>	Nil

Evaluation Items	Implementation status			Deviation and Reason from the Corporate Social Responsibility Best Practice Principles for the TWSE and TPEX Listed Companies
	Yes	No	Summary	
			<p>2022:4,316 people completed the industrial safety training and it consisted of 4,342 man-hours.</p> <p>Linyuan Advances:  2021:614 people completed the industrial safety training and it consisted of 1,503 man-hours.  2022:722 people completed the industrial safety training and it consisted of 1,416.5 man-hours. Internal and external resources were combined so that the employees could grow together with the Company. External experts were invited to give lectures and outstanding internal staff are being educated to serve as lecturers so that the outstanding corporate culture, important knowledge at work, and professional skills may be passed down.  In order to prevent against operational hazards, hazardous activities, services, or facilities that the loss of safety or health of people or monetary loss of the Company, the Company has obtained ISO/CNS 45001: 2018 certification and follows the management system requirements and guidelines. Meanwhile, quality of the process flow followed is ensured through periodic internal and external confirmatory audits.</p>	
(4)Has the Company established effective career development training plans?	✓		The relationship between employee development and Company sustainability is inseparable, necessitating us to proceed with a “Goal-oriented, and Well-Planned” approach. The Company has always been committed to creating a diverse learning and working environment. Based on three major aspects of management, specialization and general knowledge, we integrate internal and external resources to provide employees with a variety of learning channels. At the same time, we are committed to the experience succession of outstanding and senior employees and building an internal knowledge database, so that employees can grow their skills more effectively and accurately, and develop their career according to personal planning and the Company’s needs.	Nil
(5)Does the Company’s product and service comply with related regulations and international rules for customers’ health and safety, privacy, sales, labelling and set policies to protect consumers’ rights and consumer appeal procedures?	✓		Complies with government regulations, product importing country regulations and relevant international standards, and marks the batch, production date, product name, origin, safety, and other regulatory requirements on the product packaging. It also adds add	Nil

Evaluation Items	Implementation status			Deviation and Reason from the Corporate Social Responsibility Best Practice Principles for the TWSE and TPEX Listed Companies
	Yes	No	Summary	
			<p>hazard signs to explain hazard warning messages and preventive measures. If the regulations are revised, the content of the product label shall be amended in time. Regularly update the product safety data sheet (SDS) and provide reference basis for the latest product safety features, disposal methods, etc. to avoid misuse by customers. At the same time, in line with national transportation regulations, carefully handle all types of transportation permit qualification certificates before distributing products. No violations related to product safety labels occurred in 2022. For each customer's consultation, related procurement content and business behavior information, including quotation information and transaction price, documents, emails, text contact records are all set to control authority, and regularly promote the concept of confidentiality of customer information to related colleagues.</p> <p>To ensure customer opinions are properly handled with records in system, we develop customer complaint management with tracking system. Also we establish a technical support team to provide technical support to customers and improve handling practice accordingly. When customers have doubts about products, high-standard tests for safeguarding purpose will be performed to help customers clarify quality issues and figure out a solution. By doing so, a long-term trustworthy customer supply and demand relationship will be formed.</p> <p>"Regulations Governing the Management of Sales Customers' Credit" is established in place and accordingly evaluates customers on related risk items periodically and controls related risks through the SAP system.</p>	
(6) Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?	✓		<p>In the contract between the Company and the supplier, suppliers are required to abide by contractors' work safety, health and environmental management rules and penalties, contractor safety and health commitment, workplace environmental hazards notification slips, and other specifications. At the same time, the government's occupational safety and health regulations should be followed. In the Supplier Integrity and Social Responsibility Commitment, suppliers are asked not to hire child labor and to protect basic human rights of employees they hire (including, without limitation, labor rights, freedom of assembly, and International Labor Organization conventions) by providing them reasonable compensation and legitimate work conditions.</p>	Nil

Evaluation Items	Implementation status			Deviation and Reason from the Corporate Social Responsibility Best Practice Principles for the TWSE and TPEX Listed Companies
	Yes	No	Summary	
			The Company has the “Supplier Evaluation Procedure” in place and accordingly evaluates suppliers on related risk items periodically and controls related risks through the SAP system.	
5. Does the Company refer to international reporting rules or guidelines to publish CSR Report to disclose non-financial information of the Company? Has the said Report acquire 3rd certification party verification or statement of assurance?	✓		<p>1. The Company’s ESG report is prepared in accordance with the core option of the GRI Sustainability Reporting Standards (GRI Standards) of the Global Reporting Initiative (GRI), and adopts the “Sustainability Accounting Standards – Chemicals” indicators announced by the Sustainability Accounting Standards Board (SASB) of the US for disclosure. It is based on the principles of openness, transparency and integrity, so that stakeholders can understand our sustainable development strategy, investment and performance.</p> <p>2. In order to ensure the correctness and transparency of the information disclosed by the Company, the data and materials in this report are managed internally by various responsible departments with reference to regulatory standards, and specific information has been certified by external parties. The data or information disclosed in this report is provided by the responsible departments and confirmed by the CSR report compilation team. After being sent to the head of each department, it is approved by the Chairman. The Company engaged PricewaterhouseCoopers Taiwan to conduct external independent and effective assurance. PwC conducts audit based on the sustainability performance selected for the preparation of reports in accordance with the GRI standards and the “Assurance cases not part of historical financial information audit or review” of the Assurance Guideline Bulletin #1 published by the Accounting Research and Development Foundation, and the CPAs issue a statement of assurance. For the scope and conclusion of the assurance, please refer to the assurance report in the appendix section of the ESG report.</p> <p>3. The above corporate social responsibility report has been disclosed on the Company’s website and on the Market Observation Post System for investors to query.</p>	Nil
<p>6. If the Company has established its corporate social responsibility code of practice according to “Listed Companies Corporate Social Responsibility Best Practice Principles,” please describe the operational status and deviations.</p> <p>(I) It was resolved by the 13<sup>th</sup> meeting of the 14<sup>th</sup> term of Board of Directors to pass the “Corporate Social Responsibility Best Practice Principles”. All subsidiaries are also committed to the environmental protection concept of “environmental protection is responsibility, not cost,” and take corporate social responsibility as their own duty.</p>				

Evaluation Items	Implementation status			Deviation and Reason from the Corporate Social Responsibility Best Practice Principles for the TWSE and TPEx Listed Companies
	Yes	No	Summary	
(II) The Company duly respects social ethics and pays attention to stakeholders’ right, and highly values environmental protection, society and corporate governance while pursuing for sustainable development and profit for the best of social responsibility as a corporate citizen. It was resolved by the Board of Directors on November 13, 2018 to establish CSRC Corporate Sustainable Development Committee to complete the implementation of corporate social responsibility.				
(III) The Company regularly review the implementation in accordance with the code and improve accordingly. There has been no difference in the implementation so far.				
7. Other important information to facilitate better understanding of the Company’s implementation of corporate social responsibility.				
1.Environmental protection				
1)Energy and greenhouse gas management				
As a member of the global village and the local community, the Company is a long-term observer of global climate change and air quality in the surroundings and hopes to slow down the greenhouse gas effect, honor accountable production, and protect the health of surrounding residents by properly managing in-process discharge of gaseous pollutants. In order to minimize the negative impacts of air pollutants such as greenhouse gases and volatile organic compounds (VOCs), sulfur oxide (SOx), nitrogen oxide (NOx), particulate pollutants (total suspended particulates, TSPs) generated during production of carbon black on climate change and air quality of adjacent communities, the Company embarks on various emission reduction efforts through energy and greenhouse gas management and air pollutant prevention.				
In terms of energy management, the Company continues to repair or eliminates in-process high-energy-consumption equipment. In the future, high-performance motors meeting the national standards will be adopted comprehensively to enhance the energy efficiency. In addition, Linyuan Advanced generates power by recycling process tail gases from waste heat boilers on the production line and converting them to steam. In 2022, co-generation accounted for 28% of the overall power consumption of Linyuan Advanced. For Maanshan, on the other hand, the self-generated electricity accounts for 131.5% and residual electricity is available to be connected to the grid and be supplied accordingly.				
In terms of greenhouse gas management, to support the Paris Climate Agreement, the Company has set the following goals: The greenhouse gas emissions of Linyuan Advanced will drop 30% from the base year of 2016 by 2030 and those of Maanshan 26% from the base year of 2016 by 2030.				
The Company periodically tallies the energy consumption of Linyuan Advanced and Maanshan to be the criteria for modification of its energy policy. At present, energy management aims primarily to periodically devote high-performance and low-pollution machines and equipment for improving the efficiency of electrical consumption during the production process. Meanwhile, the operational yield rate and production rate will continue to be enhanced and output of defective waste is to be reduced for improved efficiency in the utilization of resources. Adjustment of the energy structure is continued, too. Following the circular economy model, heat is repeatedly used for maximized value and to increase waste heat power generation.				
For the Company’s carbon black business, the raw oil burns and goes through pyrolysis in reactors and generates carbon black as well as VOCs, SOx, NOx, and particulate pollutants (TSP). In order to reduce air pollution while carbon black is being produced, we monitor greenhouse gas emissions at all times, and based on the data, the Company proactively implements air pollution reduction measures. Linyuan Advanced spent a total of NTD 2.83 million air pollution fee, NTD 1.64 million on specific facilities to help monitor air pollution and air quality in industrial areas in 2022 and invested NTD 11.49 million in the replacement of bag duct collectors used in No. 3 EBF line of the carbon black production process. Maanshan invested RMB 700 thosuand in the maintenance and care of waste gas CEMS so as to further reduce the emission of air pollutants and in response to the environmental protection regulatory requirements that are getting stricter and stricter each day.				
2)Duties of the Safety and Environmental Protection Center				
(1) Formulating EHS policies, establishing KPIs objectives, standard training, and researching and introducing new standards for the electronic management system.				
(2) Interpreting EHS regulations, promoting standardization, and monitors major risks.				
(3) Managing changes in EHS policies, and setting technical standards.				
3)Environmental management system				
In alignment with the international environmental protection requirement, the ISO 14001 environmental management system was introduced in 1997 and the ISO 14064-1				



Evaluation Items	Implementation status			Deviation and Reason from the Corporate Social Responsibility Best Practice Principles for the TWSE and TPEx Listed Companies
	Yes	No	Summary	
certification for greenhouse gas inventory checks was obtained. For plants in China, the ISO 14001 management systems are introduced as well. Meanwhile, they are supervised and reviewed by the local quality certification center on a yearly basis for enhanced management quality in terms of energy conservation, environmental protection, and production process and to improve directions to be followed in the planning of solutions, to consolidate environmental protection policies, and to minimize environmental impacts. For the raw materials, processes and products, the highest management principle is to care for the environment and cherish resources.				
2.Human right				
The Company holds training and exercise drills on safety and health at regular intervals for the safety and health of the employees at workplace in accordance with applicable procedures, and provided education related to the work environment, equipment, and the management of hazardous substances for their safety and health.				
3.Community participation, social contribution, social service, and social charity				
1)Education care: The Company and its subsidiary Linyuan Advanced promote the “Shi Min Education Foundation“ jointly with Taiwan Cement Corp. and works closely with the schools located near carbon black plants as part of it continued commitment to the nurturing of the development of students, promoting diversity of vision and enhancing their willingness to learn. Furthermore, sponsorship is given to students from financially disadvantaged families and long-term scholarship programs at schools to help lift the financial burdens of the disadvantaged families and encourage outstanding students to further their study, hoping that they may become outstanding talent in society someday.				
2) Ecology conservation: The Company understands the importance of coexistence between civilization and nature. To protect biodiversity, the Company donated and established the “Dr. Cecilia Koo Botanic Conservation Center” jointly with Taiwan Cement Corp., Ho-Ping Power Company, and Jiantan Temple Foundation in 2007. The Botanic Conservation Center is located in the tropic of Gaoshu Town, Pingtung County. The Center is committed to the conservation of tropical and sub-tropical plants around the world in the aim to sustain the biodiversity of the Earth.				
3)Voluntary ocean conservation campaign: A beach cleanup was organized in November 2021 for the Shanwei Beach together with Shanwei Elementary School; nearly a hundred employees and their dependents took part.				
4)Culture promotion: C. F. Koo Foundation was founded by Mr. Chen-Fu, Koo (Kung-Liang), Director General of the Koos Group in 1988. It was founded with joint donations from the Company and the Taiwan Cement Corp. The Foundation arranges exchange and promotes activities among academic institutions and private enterprises around the world. The purpose of the Foundation is to promote the business management of the Taiwanese industries, medical research, arts and culture and related activities through international (including cross-strait) exchange activities. The Foundation regularly invites renowned Peking Opera artist, Pao-Chun, Li, and the elite of Peking Opera to present exquisite classical performances. It also organizes performance tours to Europe, the US, Japan, and other countries to advocate traditional Chinese culture. Besides this, the Foundation also cooperate with various art and culture organizations to deliver diverse performances and promote performance and art exchange. During the pandemic period, the C.F. Koo Foundation continued to promote cultural preservation in the three areas of program production, theater management, and lecture promotion in the face of the challenging environment.				
5)Green gold campaign to promote and popularize ideas of circular economy, environmental protection, and sustainability through fundamental education:				
The Company’s awareness of its corporate social responsibilities is not simply giving but also education that runs deep so that ideas about being green, environmentally friendly, and sustainable development take root in the heart of our next generation, which is the greatest gift to the environment and the society. At the same time, it is expected that by elaborating on our chemistry specialization, we can inspire children’s imagination of their future growth and development through diverse and open learning methods such as relaxed and interesting tours of our R&D experimental equipment and carbon black hands-on experience activities.				
● “CSRC Group x Chemistry Fun Tour” circular economy chemistry demo vehicle popular science activity				
The Company collaborated with Tamkang University to develop a chemistry experiment teaching tool, carbon black stick. The carbon black materials made from the process based on circular economy are used as part of the design of the experiment, and conductive and high-impedance carbon black ink is provided for students to draw conductive				

Evaluation Items	Implementation status			Deviation and Reason from the Corporate Social Responsibility Best Practice Principles for the TWSE and TPEX Listed Companies
	Yes	No	Summary	
<p>circuits and linear maze patterns on drawing paper. Once the carbon black ink dries out, students exchange their maze cards and find the correct route with a conductive probe. The experiment demonstrates the diverse chemical properties of carbon black on drawing papers.</p> <p>The carbon black stick experiment based on the philosophy of circular economy is offered at the 2022 3<sup>rd</sup> Anniversary of Taiwan Science Festival. During the event, a total of 373 teams of children and parents completed the experiment. The 2022 popular science camp event was organized in 9 schools. Around 30 children joined the event per school.</p> <p>● Nurturing chemistry pioneers. Dialogue between Shanwei Elementary School and doctoral researchers</p> <p>The employees of the Company formed a team of volunteering chemistry lecturers to interact with the sixth graders from Shanwei Elementary School in Linyuan District, Kaohsiung City at our research center. The lecturers started with fractionation tower equipment used in the petrochemical industry, explaining how carbon black production adds value to the oil in the bottom of the tower, which eliminates environmentally harmful substances, and produces additional steam and electricity. The lecture emphasized the importance of recycling and maximizing resource utilization. The lecturers also shared with the students the daily life of a chemical engineer, which inspired children's imagination for their future development.</p> <p>● Becoming a creator of circular economy – Drawing competition “Green Gold Little Scientist”</p> <p>In the “Green Gold Little Scientist” circular economy drawing competition, elementary school students in Tainan City, Kaohsiung City and Pingtung County were invited to have brainstorming sessions. They extended the story of the Company's “Little Scientists Carbon Reduction Action to Saves the Planet” to draw their own comic strip on a single sheet of paper. A total of 350 drawings were submitted, and a total of 20 winning works were selected from the coloring category and creativity category. It was hoped that holding of a drawing competition would advocate circular economy issues and raise school children's awareness of environmental protection.</p> <p>6) Awards</p> <p>The Company, known as a circular economy and green sustainable company, continues to consolidate circular economy and sustainability in its operations, and create sustainable value with customers with our core capabilities. The Company has developed value-added niche carbon black products, which can be applied to electric vehicle tires, rubber-plastic composite materials, ink coatings, and precision electronics and has actively created a green and sustainable enterprise with success, and various long-term achievements have won awards.</p> <p>● Awards recognizing the Company's corporate sustainability practices</p> <p>Benchmark corporate social responsibility award, Taiwan Corporate Sustainability Awards (TCSA) – Taiwan Top 100 Sustainability Model Enterprise Award, Gold Standard Sustainability Reporting.</p> <p>● 19<sup>th</sup> National Brand Yushan Award – Outstanding Enterprise</p> <p>Based on the circular economy model of the Company's own carbon black production, we actively follow the carbon reduction trends around the world and apply our core capabilities to pave a sustainable road. In the aspect of environment, we put green manufacturing into practice and enhance our production efficiency. We have introduced our new circular economy model, which is a collaboration with waste tire recycling and cracking vendors, the raw materials, and then applies the Company's exclusive carbon black process technology to give recovered carbon black and pyrolysis oil a new life, which becomes a part of our efforts for the Earth's sustainability. In the aspect of society, we improve our communication with employees and reinforce family member insurance policies. During the pandemic, we provided more assistance to our employees by improving the overall welfare benefits. We maintain community relations, and adhere to the philosophy of social care and education. We are committed to environmental protection and chemistry education for children, and enrooting the philosophy of sustainability of circular economy by the continuous promotion of our green gold actions. In the aspect governance, we create value of diversity, and adhere to integrity and responsibility as our principle. We reinforce the management of environment, labor rights, health and safety, ethics and the management teams of our supply chain, hoping to expand our influence on sustainability. The Company actively put corporate sustainability into practice to build a better society for the present and the future generations, and looks forward to becoming a force lifting the society upward on the road to sustainability.</p> <p>● Awards recognizing green product innovation</p> <p>19th National Brand Yushan Award for EREBOS series carbon black, an eco-friendly modified ink and coating application</p>				

Evaluation Items	Implementation status			Deviation and Reason from the Corporate Social Responsibility Best Practice Principles for the TWSE and TPEX Listed Companies
	Yes	No	Summary	
<p>The Company’s subsidiary Linyuan Advanced Materials Technology Co., Ltd. (LAMT) was awarded in the 19th National Brand Yushan Award for its EREBOS series carbon black, an eco-friendly modified ink and coating application. It is a carbon black product specifically developed for the green transformation of the ink and coating industry. The highlight is that it is produced by green processes. The surface polarity can be adjusted in many ways according to the needs of the downstream applications. It maintains high quality and good dispersion in various formulations.</p> <p>The process technology behind the EREBOS series of carbon black is based on the patent of LAMT for carbon black post-modification reactor system, which performs post-modification treatment on the original carbon black. It can immediately adjust various parameters of the post-modification reactions, effectively improving the quality and production efficiency of modified carbon black products. Compared with the conventional method of using modification with strong acid, this new modification technology does not generate waste gas and waste liquid. With this approach, we are committed to sparing no efforts in environmental protection, and we start with the production of energy-saving and eco-friendly ink and coating products, and work with our clients to put sustainability into practice.</p>				

### 3.4.6 Implementation of Integrity Management Guidelines

Evaluation Items	Implementation Status			Deviation and Reason between the Corporate Governance Principles Implemented by the Company and the Principles
	Yes	No	Summary	
1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measure				
(1) Does the company have a clear ethical corporate management policy approved by its Board of Directors, and by laws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	✓		(1) The Company has established the “Integrity Management Guidelines” approved by the Board of Directors to guideline on corporate conduct and ethics on March 18, 2011. To have employees, managers, and Directors know and comply with it, the Company holds education program periodically every year, includes it as a part of the internal control system, and posts it at the official website. The first point of brand value of the Company is persistent to commitment and implementation detail is as follows: 1.Integrity – Persist to the commitment to customers and stakeholders 2.Respect – Maintain positive relation with customers and stakeholders 3.Quality – Assure superior product quality 4.Responsibility – Do not miss the correction of minor defect in full effort 5.Flexibility – Serve customers and stakeholders and hear their needs in positive attitude	Nil
(2) Whether the Company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	✓		(2) The Company’s “Integrity Management Guidelines” expressly prohibits giving or receiving bribes, providing illegal political contributions, or improper charitable donations or sponsorships, unreasonable gifts, hospitality or other improper benefits. It also prohibits infringement of intellectual property rights and prevention of dishonest behavior such as damage to interested parties, such as products or services. Preventive measures have been taken in all instances, in order to carrying out education and promotion to implement the integrity management policy.	Nil
(3) Whether the Company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies?	✓		(3) In order to prevent the occurrence of dishonesty, the Company has set up “Integrity Management Guidelines”, “Professional Code of Ethics”, “Insider Trading Policy”, and a Reporting System for Violation Against Employment Ethics, i.e., whistleblower system. It is performed through internal controls, routine audits and other methods to reduce the risk of various types of dishonesty.	Nil
2. Ethic Management Practice				
(1) Whether the company has assessed the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business	✓		(1) When signing contract with agents, suppliers, customers or other business counterparties, the contract shall cover compliance with ethical corporate management policy, and provisions stating that the Company may terminate or	Nil

Evaluation Items	Implementation Status			Deviation and Reason between the Corporate Governance Principles Implemented by the Company and the Principles
	Yes	No	Summary	
contracts?			cancel the contracts at any time in the event of dishonest conduct by the counterparties.	
(2) Whether the company has set up a unit which is dedicated to promoting the company's ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?	✓		(2) For the effective implementation of ethical corporate management, the corporate governance function is responsible for the ethics management policy, prevention, supervision, implementation, and reports to the Audit Committee and the Board of Directors on a regular basis (at least once a year). Items reported included: a) To help combine honesty and moral values as part of the Company's operational strategy and to prepare related preventive measures to ensure honest operations as required by law. b) To periodically analyze and evaluate risks of dishonest behaviors within the scope of operation and to accordingly establish solutions to prevent against dishonest behaviors and establish task-related standard operating procedures and behavioral guides within respective solutions. c) To plan internal organization, configuration, and job responsibilities and to have mutual check and balance mechanisms in place for operational activities at relatively high risks of dishonest acts within the scope of operation. d) To promote and coordinate communication and training on the integrity policy. e) To plan a reporting system that helps ensure effective implementation. f) To help the Board of Directors and the management inspect and evaluate whether preventive measures established to ensure honest operations have been working effectively and to evaluate related operating procedures periodically for compliance, with a report produced.	Nil
(3) Whether the company has established policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	✓		(3) The Company has its "Professional Code of Ethics" in place. Public affairs shall be handled in an objective and efficient way and it is disallowed to help themselves, their spouse, parents, children, or relatives within the second degree of kinship obtain unjustified interests taking advantage of the position they hold in the Company. When the above parties of the affiliates are in a funds-lending relationship with the Company or the Company serves as their guarantor or transacts significant assets with or purchases or sales to the affiliates, related directors and managers of the Company shall spontaneously brief to the Company whether there are potential conflicts of interest involved or not.	Nil
(4) To implement relevant policies on ethical conducts, has the company established effective accounting and internal control systems, audit plans based on the assessment of	✓		(4)The Company has set up an assessment mechanism for risk of dishonest conducts, and assesses business activities with a higher risk of dishonesty within the business scope. The Company has established effective accounting policies and	Nil

Evaluation Items	Implementation Status			Deviation and Reason between the Corporate Governance Principles Implemented by the Company and the Principles
	Yes	No	Summary	
<p>unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically?</p> <p>(5) Does the company provide internal and external ethical conduct training programs on a regular basis?</p>	✓		<p>internal control policies, and prohibits any external accounts or secret accounts. Such matters shall be available for review at any time to ensure the effectiveness of the design an execution of such policy.</p> <p>The Company's internal control office shall prepare audit plans based on the assessment results of risk of dishonest conducts. The audit plans shall include audit target, scope, items and frequency, especially the compliance with prevention plans. The Company may engage CPAs to conduct the audit work, or external experts when required.</p> <p>(5) The Company periodically holds educational training and communicates to directors, managers, employees, and parties with substantial control. In 2022, the Company offered different courses related to ethical management based on different roles and tasks. Relevant personnel in the procurement process went through appropriate training in requisition, purchasing and contracting to fully understand the consequences of purchasing behaviors that violate the principle of ethics. Managerial officers, the Corporate Sustainability Committee and the management teams focus on sustainable management and auditing practices to create a business environment good for corporate sustainability. A total of 153 people has received a total of 635 hours of training.</p>	Nil
<p>3. Implementation of Compliant Procedures</p> <p>(1) Does the company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?</p>	✓		<p>(1)The Company has included ethical corporate management and moral behavior as part of its management strategies and defined related measures to prevent against violations of such values as required by law. To prevent the damage to rights and interests of shareholders, employees and partners, the Company has set forth a Reporting System for Violation of Professional Ethics in order to maintain the Company's credibility, safeguard of property, and prevent corruption, theft, embezzlement, misconduct, fraud, or other unethical and dishonest behaviors. It stipulates the Company's reporting pipeline and processing procedures to optimize corporate governance and ensure the legal rights of the informant and related personals.</p> <p>1. E-mail reporting inbox: <a href="mailto:mp.buster@csrcgroup.com">mp.buster@csrcgroup.com</a>.</p> <p>2. Report by correspondence: deliver to International CSRC Investment Holdings Co., Ltd., 8F., No. 113, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City</p> <p>Attention: Internal Audit Office</p> <p>3. Report on site: internal audit office of the Company.</p>	Nil

Evaluation Items	Implementation Status			Deviation and Reason between the Corporate Governance Principles Implemented by the Company and the Principles
	Yes	No	Summary	
(2) Whether the company has established standard operation procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?	✓		(2)The Company has set forth a "Reporting System for Violation Against Employment Ethics." If the complaint involves employees, it should be reported to the department head and president. If it involves directors or senior executives, it should be reported to an independent director or supervisor. The responsible unit of the Company and the supervisor or person reported in the preceding paragraph shall immediately investigate the relevant facts. Assistance will be provided by regulatory compliance or other relevant departments, if necessary.	Nil
(3) Does the company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?	✓		(3)The Company has set forth "Reporting System for Violation Against Employment Ethics." Appropriate encryption, confidentiality measures and restricted access rights will be adopted for the identity of the informant and the report content. The Company also promises to protect the whistleblower from improper complainant due to the report. For further information on the aforementioned reports and complaints, visit the official website of the Company.	Nil
4. Information Disclosure Does the company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System ("MOPS")?	✓		Our internal website, in both Chinese and English as the below, provides information on ethical management philosophy, corporate culture, and management policies. Company website ( <a href="http://www.csrgroup.com">http://www.csrgroup.com</a> ) English website ( <a href="http://www.csrgroup.com/?lang=en">http://www.csrgroup.com/?lang=en</a> )	Nil
5. If the company has established corporate governance policies based on Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe any discrepancy between the policies and their implementation. It was resolved by the 13 <sup>th</sup> of the 14 <sup>th</sup> term Board of Directors to establish "Integrity Management Guidelines" of the Company. The corporate governance function is responsible for the supervision of the execution of ethical corporate management policy and reports to the Board of Directors regularly (at least once a year).				
6. Other important information to facilitate better understanding of the company's corporate conduct and ethics compliance practice. 1) The Company pays attention to the developments in domestic and international regulations concerning ethical corporate management at all times. The 18 <sup>th</sup> meeting of the 17 <sup>th</sup> term Board of Directors approved the amendments to Integrity Management Guidelines to improve the efficacy in implementing ethical corporate management. 2)The major banks of the Company and its affiliates are financial institutions with good credit rating and certain scales. In addition, the Company has established the Customers Sales Credit Management Regulations and Suppliers Evaluation Procedure and performed the customers and suppliers evaluation regularly by accessing related risk items and perform control with the SAP systems.				

### 3.4.7 The method of inquiry of the ethical corporate governance best practice principles and related rules and regulations established by the Company.

It was resolved by the 16<sup>th</sup> meeting of the 2<sup>th</sup> term Board of Directors to amend the corporate governance best practice principles. The modification of ethic code of conduct and other related rules and regulations was resolved by the 16<sup>th</sup> meeting of the 6<sup>th</sup> term Board of Directors. For further information, visit the section of <http://www.csrgroup.com>.

### 3.4.8 Disclose other important information to facilitate better understanding of the Company’s corporate conduct and ethics compliance practice:

(1) The Company timely discloses material information and holds investors conference regularly.

(2) The 9<sup>th</sup> meeting of the 16<sup>th</sup> term of Board of Directors resolved to amend the “Procedure for Applying the Halt and Resumption of Transactions,” “Corporate Governance Best Practice Principles” and resolved to amend the “Corporate Social Responsibility Best Practice Principles” in its 14<sup>th</sup> meeting and resolved to institute the “Guidelines of Assessment for the BOD’s Performance” in its 22<sup>nd</sup> meeting.

(3) The Company has compiled the Corporate Social Responsibility Report containing the disclosure of financial information and on corporate social responsibility. For further information, visit the official website of the Company and MOPS.

(4) The managers of the Company have taken continuing education and training related to corporate governance and is specified below:

Title	Name	Host by	Course	Date	Duration	Compliance with Requirement
CEO	Kung-Yi, Koo	Taiwan Institute for Sustainable Energy	Corporate net zero sustainability planning and outlook (water resources, carbon rights, energy)	2022.09.28	6	Yes
President	Po-Sung, Huang	Taiwan Institute for Sustainable Energy	Corporate net zero sustainability planning and outlook (water resources, carbon rights, energy)	2022.09.28	6	Yes
Assistant Vice President	Mei-Lan, Chien	Taiwan Institute for Sustainable Energy	Corporate net zero sustainability planning and outlook (water resources, carbon rights, energy)	2022.09.28	6	Yes
Assistant Vice President and Chief Accounting Officer	Chia-Wen, Lee	Accounting Research and Development Foundation	Continuing Training Course for Chief Accounting Officers of Securities Issuers, Securities Dealers, and TWSE	2022.09.05-2022.09.06	12	Yes
		Taiwan Institute for Sustainable Energy	Corporate net zero sustainability planning and outlook (water resources, carbon rights, energy)	2022.09.28	6	Yes
Chief Internal Auditor	Wei-Shen, Hung	Association of Certified Fraud Examiners, Taiwan Chapter	How should supervisors identify whether a commercial transaction complies with business practices	2022.04.29	3	Yes
			Fraud case study and design and implementation of internal control	2022.06.24	3	Yes
			See the truth from the tax authority’s perspective-discussion from CFC and related-party transactions	2022.09.16	3	Yes
		The Institute of Internal Auditors-Chinese Taiwan	Auditing skills and practices	2022.10.12	6	Yes
			How internal auditors interpret business performance and risks from IFRS financial statements	2022.10.18	6	Yes
		Taiwan Institute for Sustainable Energy	Corporate net zero sustainability planning and outlook (water resources, carbon rights, energy)	2022.09.28	6	Yes
Chief Corporate Governance Officer	I-Chen, Tsai	Taiwan Institute for Sustainable Energy	Corporate net zero sustainability planning and outlook (water resources, carbon rights, energy)	2022.09.28	6	Yes
		Taiwan Corporate Governance Association	Analysis of managerial control change and prevention strategies	2022.11.15	3	Yes
			Corporate social responsibility – On governance from the perspective of human rights policy	2022.11.22	3	Yes



Title	Name	Host by	Course	Date	Duration	Compliance with Requirement
All directors		Lin San-Yuan Law Firm	Insider trading case analysis	2022.11.21	3	The Company held corporate governance courses for directors, managers, and employees

### 3.4.9 The implementation of the internal control system

#### 3.4.9.1. Internal Control System Statement

International CSRC Investment Holdings Co., Ltd.

#### Internal Control System Statement

February 23, 2023

The Company has conducted internal audit in accordance with the Internal Control System covering the period of January 1 to December 31, 2022, and hereby declares as follows:

1. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), reliability of financial reporting, and compliance with applicable laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three goals mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes corrective actions as soon as a deficiency is identified.
3. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the “Regulations”). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring. Each element further contains several items. Please refer to the Regulations for details.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the evaluation mentioned in the preceding paragraph, the Company believes that as of December 31, 2022, its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, reliability of financial reporting, and compliance with applicable laws and regulations, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.
6. This Statement will become a major part of the content of the Company's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement of declaration has been approved by the Board on February 23, 2023 with presence of 7 Directors in common consent.

International CSRC Investment Holdings Co., Ltd.

Chairman: Kung-Yi, Koo

President: Po-Sung, Huang

3.4.9.2. If CPAs was engaged to conduct a special audit of internal control system, disclose the CPA audit report: Nil.

3.4.10 In the most recent year and as of the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the company or its internal personnel, any sanctions imposed by the company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements: Nil.

3.4.11 Important resolutions of the Shareholders Meeting and Board of Directors' Meeting in the most recent year to the day this report was printed:

Review of the resolutions of 2022 Shareholders' Meeting

Major resolutions			
Date	Proposal	Resolution	Results
2022.5.27 Shareholders Meeting	1. To approve 2021 business report and financial statements.	Proposal by BOD was resolved and approved by voting.	Approval of 2021 business report and financial statements.
	2.To approve 2021 distribution of earnings proposal.	Proposal by BOD was resolved and approved by voting.	It was approved to distribute the cash dividend NT\$ 196,946,725 (NT\$ 0.2 per share) of 2021 earnings. The ex-dividend date was June 29, 2022 and cash dividend distribution date was July 21, 2022.
	3.Approval of the proposal for amending part of the Company's Articles of Incorporation.	Proposal by BOD was approved by voting.	It was published on MOPS and the Company's official website on May 27, 2022.
	4.Approval of the proposal for amending part of the Company's Procedures for the Acquisition and Disposal of Assets.	Proposal by BOD was approved by voting.	It was published on MOPS and the Company's official website on May 27, 2022.

Major Resolutions of the Board of Directors' Meeting in 2022 and by the report publication date:

Date of meeting	Major resolutions
2022.2.25	<ol style="list-style-type: none"> <li>1. Resolved and approved 2021 Business Report.</li> <li>2. Resolved and approved 2021 Parent-Company-Only Financial Statements and Consolidated Financial Statements.</li> <li>3. Resolved and approved replacement of CPAs.</li> <li>4. Resolved and approved the appointment of the CPAs to conduct financial audits of the Company's 2022 financial statements.</li> <li>5. Resolved and approved the Company to increase the investment in CSRC (BVI) Ltd. and reinvested in CSRC (Singapore) Pte. Ltd., to indirectly have capital injection in cash to CSRC China (Anshan) Corporation and total capital increase was USD 20 million.</li> <li>6. Resolved and approved the renewal of credit limit for financing with the following financial institutions of the Company.</li> <li>7. Resolved and approved the adjustments to the guarantee by endorsement for financing purpose provided by the Company to its affiliates.</li> <li>8. Resolved and approved the amendment of part of the Company's Procedures for the Acquisition and Disposal of Assets.</li> <li>9. Resolved and approved the amendment of part of the Company's Articles of Incorporation.</li> <li>10. Resolved and approved the convention of the Company's 2022 Shareholders' Meeting.</li> </ol>

Date of meeting	Major resolutions
	11. Resolved and approved the acceptance of shareholder proposal for convention of the Company's 2022 Shareholders' Meeting. 12. Resolved and approved 2021 "Declaration of Internal Control System" of the Company. 13. Resolved and approved the proposal of distribution of 2021 performance bonuses to managers.
2022.4.12	1. Resolved and approved the proposal for the compensation of the employees and remuneration of the Directors in 2021. 2. Resolved and approved the ratio of remuneration to the Directors in 2021. 3. Resolved and approved the performance bonus and remuneration for the managers in 2021. 4. Resolved and approved the proposal for earnings distribution in 2021. 5. Resolved and approved the renewal of credit limit for financing with the following financial institutions of the Company. 6. Resolved and approved the adjustments to the guarantee by endorsement for financing purpose provided by the Company to its affiliates.
2022.5.10	1. Resolved and approved the Company's 2022Q1 Consolidated Financial Statements. 2. Resolved and approved the adjustment of the venue for the 2022 Shareholders' Meeting.
2022.6.23	1. Resolved and approved the Company and its subsidiaries waived the subscription right of share issuance for cash capital increase of TCC Recycle Energy Technology Company. 2. Resolved and approved the renewal of credit limit for financing with the following financial institutions of the Company. 3. Resolved and approved the adjustments to the guarantee by endorsement for financing purpose provided by the Company to its affiliates.
2022.8.9	1. Resolved and approved the Company's 2022Q2 Consolidated Financial Statements. 2. Resolved and approved Synpac (North Carolina), Inc. lending money to CCC Dutch B.V so that CCC Dutch could increase the investment in DutchCo to indirectly have capital injection in cash to TurkCo. Total capital increase was of USD 11 million. 3. Resolved and approved the renewal of credit limit for financing with the following financial institutions of the Company. 4. Resolved and approved the adjustments to the guarantee by endorsement for financing purpose provided by the Company to its affiliates.
2022.11.9	1. Resolved and approved the Company's 2022Q3 Consolidated Financial Statements. 2. Resolved and approved the renewal of credit limit for financing with the following financial institutions of the Company. 3. Resolved and approved the adjustments to the guarantee by endorsement for financing purpose provided by the Company to its affiliates. 4. Resolved and approved 2023 Internal Audit Plan.
2022.12.15	1. Resolved and approved the 2023 operating budget and capital expenditure. 2. Resolved and approved the renewal of credit limit for financing with the following financial institutions of the Company. 3. Resolved and approved the adjustments to the guarantee by endorsement for financing purpose provided by the Company to its affiliates. 4. Resolved and approved the amendment of part of the Company's Procedures for Handling Material Inside Information. 5. Resolved and approved the 2023 routine salary adjustments proposal of managers.
2023.2.23	1. Resolved and approved 2022 Business Report. 2. Resolved and approved 2022 Parent Company-Only Financial Statements and Consolidated Financial Statements. 3. Resolved and approved the Company's Procedures of Related-Party Transactions and Management. 4. Resolved and approved the appointment of the CPAs to conduct the audit of the Company's 2023 financial statements. 5. Resolved and approved the Company's CPAs firms offering the audit of financial statements services, Deloitte & Touche, to provide the non-audit services of the Company and its subsidiaries. 6. Resolved and approved the renewal of credit limit for financing with the following financial institutions of the Company.

Date of meeting	Major resolutions
	7. Resolved and approved the convention of the Company's 2023 Shareholders' Meeting. 8. Resolved and approved the acceptance of shareholder proposal for convention of the Company's 2023 Shareholders' Meeting. 9. Resolved and approved 2022 "Declaration of Internal Control System" of the Company.
2023.3.29	1. Resolved and approved the proposal for the compensation of the employees and remuneration of the Directors in 2022. 2. Resolved and approved the ratio of remuneration to the Directors in 2022. 3. Resolved and approved the performance bonus and remuneration for the managers in 2022. 4. Resolved and approved the proposal for earnings distribution in 2022. 5. Resolved and approved the adjustments to the guarantee by endorsement for financing purpose provided by the Company to its affiliates. 6. Resolved and approved the proposed election of one candidate for Independent Director. 7. Resolved and approved the nomination and evaluation of one candidate for Independent Director. 8. Resolved and approved the supplementary information of the convention way of 2023 Shareholders' Meeting and related matters.

3.4.12 Major issues of record or written statements made by any Directors dissenting to important resolutions passed by the Board of Directors in the most recent year and by the date of report publication: Nil.

3.4.13 Summary of resignation or relief of the Company's Chairman, President, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, Corporate Governance Officer, and Chief R& D Officer in the most recent year and by the date of report publication: Nil

### 3.5 Information on the Audit Fee for CPAs

Currency: NTD thousands

Name of CPA office	Names of CPA	CPA Audit Period	Audit fee	Non-audit fee	Total	Remarks
Deloitte & Touche	Tza-Li, Gung Hsiu-Chun, Huang	2022	3,342	1,445	4,787	Non-audit fee includes income tax certification, advisory, Group master file report, transfer pricing report, etc.

1. If the CPA firm changes, and the audit fee paid in the year of such change is reduced from the audit fee of the previous year: Not applicable.
2. If the audit fee is reduced by more than 10% from last year, reason for the reduction of the audit fee should be disclosed: Not applicable.

### 3.6. Information on Replacement of CPAs:

#### 3.6.1 Regarding the former CPA:

Replacement date	2022.02.25		
Replacement reasons and explanations	Replacement was made in line with the internal rotation of duties of accounting firm whereby Dien-Sheng, Chang, CPA and Tza - Li, Gung, CPA, were replaced by Tza-Li, Gung, CPA and Hsiu -Chun, Huang, CPA, respectively. Tza-Li, Gung, CPA and Hsiu -Chun, Huang, CPA assumed the duties as external auditors for the audit of financial statements of the Company since 2022.		
Describe whether the Company terminated or the CPA did not	Status	Parties	CPA
			The Company

accept the appointment	Termination of appointment		Nil	Nil
	Declined to (continue) accept the appointment		Nil	Nil
Auditor’s Report with the issuance of unqualified opinion in the last 2 years and the reason	Nil			
Holds different opinions with the company	Yes	-	Accounting principles or practice	
		-	Disclosure of financial statement	
		-	Audit scope or procedure	
		-	Others	
	Nil	✓		
	Note			
Other disclosures	Nil			

### 3.6.2 Regarding the successor CPA:

Name of accounting firm	Deloitte & Touche
Names of CPAs	Tza-Li, Gung, CPA, and Hsiu-Chun, Huang, CPA
Date of appointment	2022.02.25
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	Nil
Different opinion of the successor CPAs from the preceding CPAs in writing.	Nil

### 3.6.3 Preceding CPA's reply pursuant to Article 10-VI-(I) and (II)-3 of the Regulations Governing Information to be Published in Annual Reports of Public Companies: Nil.

### 3.7 The Chairman, President, and Managers in Charge of Finance and Accounting Financial or Accounting Hold Any Positions within CPAs or its Affiliates in the Most Recent Year: Nil.

### 3.8 Net Change in Shareholdings by Directors, Managers, and Major Shareholders in the Most Recent Year and by the Date of Report Publication.

#### 3.8.1 Changes in shareholding of the Directors, managers, and major shareholders

Title	Name	2022		2023.1.1 – 2023.4.1	
		Net change in shareholding	Net change in shares pledged	Net change in shareholding	Net change in shares pledged
Chairman	Taiwan Cement Corporation Representative: Kung-Yi, Koo	0	0	0	0
Director	Taiwan Cement Corporation Representative: Guo-Hong, Yeh				
Shareholders with more than 10% of the shares	Taiwan Cement Corporation				

Title	Name	2022		2023.1.1 – 2023.4.1	
		Net change in shareholding	Net change in shares pledged	Net change in shareholding	Net change in shares pledged
Director	Chi-Wen, Chang	0	0	0	0
Director	Pei Yang, Co., Ltd. Representative: Nan-Chou, Lin	524,000	0	0	0
Independent Director	Tzu-Nan, Chia	0	0	0	0
Independent Director	Liang, Chang	0	0	0	0
Independent Director	Yen-Wei, Ding	0	0	0	0
Chief Executive Officer	Kung-Yi, Koo	0	0	0	0
President	Po-Sung, Huang	0	0	0	0
Assistant Vice President	Tsung-Min, Chen	0	0	0	0
Assistant Vice President	Mei-Lan, Chien	0	0	0	0
Senior Manager	Chun-Yi, Lai	0	0	0	0
Assistant Vice President and Chief Accounting Officer	Chia-Wen, Lee	0	0	0	0
Chief Internal Auditor	Wei-Shen, Hung	0	0	0	0
Chief Corporate Governance Officer	I-Chen, Tsai	0	0	0	0

3.8.2 Shares trade or pledged with related parties: Nil.

### 3.9 Related Party Relationship among the Company's Top Ten Shareholders

As of April 1, 2023

Name	Share Held		Shares Held by Spouse and Minors		Shares Held in the Name of Others		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Taiwan Cement Corporation Representative: An-Ping, Chang	153,476,855	15.59%	-	-	-	-	TCC Investment Co. Ltd.	The same Chairman	
	85,943	0.01%	1,327,262	0.13%	-	-	Union Cement Traders, Inc.	The same Chairman	
Chinatrust Investment Co., Ltd. Representative: Tien-Yi, Hou	42,217,748	4.29%	-	-	-	-	Nil	Nil	
	7,473,322	0.76%					Nil	Nil	
TCC Investment Co., Ltd. Representative: An-Ping, Chang	22,008,505	2.23%	-	-	-	-	Taiwan Cement Corporation	The same Chairman	
	85,943	0.01%	1,327,262	0.13%	-	-	Union Cement Traders, Inc.	The same Chairman	
CS Development & Investment Corp. Representative: Kung-Yi, Koo	14,734,663	1.50%	-	-	-	-	Taiwan Cement Corporation	The same Director	
	-	-	-	-	-	-	Nil	Nil	

Name	Share Held		Shares Held by Spouse and Minors		Shares Held in the Name of Others		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Special Investment Account of Vanguard Emerging Markets ETC in custody of Morgan Chase Bank Taipei Branch	11,881,270	1.21%	-	-	-	-	Nil	Nil	
Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds in custody of JPMorgan Chase Bank N.A., Taipei Branch	11,535,159	1.17%	-	-	-	-	Nil	Nil	
Union Cement Traders, Inc. Representative: An-Ping, Chang	11,463,551	1.16%	-	-	-	-	Taiwan Cement Corporation	The same Chairman	
	85,943	0.01%	1,327,262	0.13%	-	-	TCC Investment Co. Ltd.	The same Chairman	
Investment Account of Norwegian Central Bank in custody of Citibank Taiwan	10,756,335	1.09%	-	-	-	-	Nil	Nil	
TransGlobe Life Insurance Inc. Representative: Teng-De, Peng	10,055,670	1.02%	-	-	-	-	Nil	Nil	
	-	-	-	-	-	-	Nil	Nil	
Investment account of Poluning Development National Fund Co., Ltd. in custody of Citibank Taiwan	7,656,798	0.78%	-	-	-	-	Nil	Nil	



### 3.10 Ownership of Shares in Investees

As of December 31, 2022; Unit: share

Investee (Note)	Ownership by the Company		Ownership by Directors, Managers and Directly/Indirectly Owned Subsidiaries		Total Ownership	
	Shares	%	Shares	%	Shares	%
CCC USA Corp.	158,334	66.67%	79,166	33.33%	237,500	100.00%
CCC Dutch B.V.	50,000	100.00%	0	0.00%	50,000	100.00%
CSRC (BVI) Ltd.	541,090,790	100.00%	0	0.00%	541,090,790	100.00%
Linyuan Advanced Materials Technology Co., Ltd.	99,532,900	100.00%	0	0.00%	99,532,900	100.00%
Circular Commitment Company	9,000,000	100.00%	0	0.00%	9,000,000	100.00%
Yuncheng Investment Corp.	52,173,842	94.69%	183,066	0.33%	52,356,908	95.02%
CS Development & Investment Corp.	40,382,500	100.00%	0	0.00%	40,382,500	100.00%
Synpac (North Carolina) Inc.	11,500,000	88.46%	1,425,300	10.96%	12,925,300	99.42%
Synpac Ltd.	8,100,000	75.00%	2,700,000	25.00%	10,800,000	100.00%
Consolidated Resource Company	164,440	100.00%	0	0.00%	164,440	100.00%
TCC Recycle Energy Technology Co., Ltd.	388,962,582	13.67%	2,228,450,786	78.33%	2,617,413,368	92.00%

Note: The Company's investment in investees is accounted for using the equity method.

## 4. Company Shares and Fund Raising

### 4.1. Capital and Shares

#### 4.1.1 (1) Equity sources

As of April 1, 2023; Unit: Shares

Types of shares	Authorized Capital			Remarks
	Issued shares (TWSE listed)	Un-issued shares	Total	
Registered common shares	984,733,625	1,015,266,375	2,000,000,000	

#### 4.1.1 (2) Capital formation

As of April 1, 2023; Unit: Shares

Year Month	Issued price (NTD)	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount (NTD)	Shares	Amount (NTD)	Sources of capital	Capital increased by assets other than cash	Others
2019.09	10	2,000,000,000	20,000,000,000	984,733,625	9,847,336,250	Capitalization of retained earnings NT\$1,132,879,390	Nil	Note 1

Note 1: It was approved by Jing-Shou-Shang-Zi No. 10801125670 on September 11, 2019.

#### 4.1.2 Shareholding structure

As of April 1, 2023

Type of Shareholders	Government Institutions	Financial Institutions	Other Institutions	Individuals	Foreign institutions and Individuals	Total
Number of shareholders	2	10	307	100,272	213	100,804
Shareholding	42,948	12,814,833	272,491,766	576,924,707	122,459,371	984,733,625
Holding Percentage	0.00%	1.30%	27.67%	58.59%	12.44%	100.00%

#### 4.1.3 Distribution of shareholdings

As of April 1, 2023

Category	Number of Shareholders	Shares	Percentage
1-999	47,977	4,768,226	0.48%
1,000-5,000	34,323	76,098,512	7.73%
5,001-10,000	8,361	63,695,850	6.47%
10,001-15,000	3,196	39,840,374	4.05%
15,001-20,000	1,908	34,579,161	3.51%
20,001-30,000	1,769	44,399,673	4.51%
30,001-40,000	885	31,124,451	3.16%
40,001-50,000	568	26,104,236	2.65%
50,001-100,000	1,010	72,226,106	7.33%
100,001-200,000	457	63,370,332	6.44%
200,001-400,000	190	53,242,368	5.41%
400,001-600,000	70	34,338,750	3.49%
600,001-800,000	19	12,936,796	1.31%
800,001-1,000,000	13	11,791,357	1.20%
1,000,001 and above	58	416,217,433	42.26%
Total	100,804	984,733,625	100.00%

#### 4.1.4 List of major shareholders

As of April 1, 2023

Shareholders	Total shares owned	Ownership percentage
Taiwan Cement Corporation	153,476,855	15.59%
Chinatrust Investment Co. Ltd.	42,217,748	4.29%
TCC Investment Co. Ltd.	22,008,505	2.23%
CS Development & Investment Co.	14,734,663	1.50%
Special Investment Account of Vanguard Emerging Markets ETC in custody of Morgan Chase Bank Taipei Branch	11,881,270	1.21%
Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds in custody of JPMorgan Chase Bank N.A., Taipei Branch	11,535,159	1.17%
Union Cement Traders, Inc.	11,463,551	1.16%
Investment Account of Norges Central Bank in custody of Citibank Taiwan	10,756,335	1.09%
TransGlobe Life Insurance Inc.	10,055,670	1.02%
Investment account of Poluning Development National Fund Co., Ltd. in custody of Citibank Taiwan	7,656,798	0.78%

#### 4.1.5 Market price per share, net value, earnings & dividend for last two years

Unit: thousands shares; NTD

Item \ Year			2021	2022	2023 (As of April 1)
Market price per share	Highest		32.90	28.55	21.20
	Lowest		22.10	18.45	19.15
	Average		26.65	23.00	20.21
Net value per share	Before distribution		34.50	34.67	NA
	After distribution		34.30	NA	NA
Earnings per share	Weighted average shares		969,999	969,999	NA
	Earnings per share	Before distribution	3.50	0.70	NA
		After distribution	3.50	NA	NA
Dividend per share	Cash dividend		NT\$ 0.2	Note 1	NA
	Stock dividend	From retained earnings	-	Note 1	NA
		From capital surplus	-	Note 1	NA
	Accumulated unpaid dividends		-	-	NA
Analysis on ROI (Note 2)	P/E ratio		7.61	32.85	NA
	P/D ratio		133.25	Note 1	NA
	Cash dividends yield		0.75%	Note 1	NA

Note 1: The proposal for the earnings distribution in 2022 is pending for the resolution by 2023 Annual Shareholder's Meeting.

Note 2: P/E ratio = Average market price /Earnings per share.

P/D ratio = Average market price /Cash dividends per share.

Cash dividend yield = Cash dividends per share/Average market price.

#### 4.1.6 Dividend policy and implementation

##### 4.1.6.1 Dividends policy

Under the dividend policy as set forth in the Articles, where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit unless the legal reserve has reached the Corporation's paid-in capital, and then any remaining profit together with any undistributed retained earnings, setting aside or reversing a special reserve in accordance with the laws and regulations if necessary, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. The Company may also opt to transfer retained earnings to capital and distribute share dividends to finance its working capital requirements and major investment plans, but the cash dividend payout ratio should be up to 20% of common dividends.

##### 4.1.6.2 Proposed distribution of dividend

The Board of Directors adopted a proposal for 2022 earnings distribution on March 29, 2023 as the followings. The proposed earnings distribution will take effect upon the approval of shareholders at the Annual Shareholders' Meeting in 2023.

Unit: NTD	
Item	Amount
Beginning balance of unappropriated retained earnings	6,807,042,004
Add: Remeasurement of defined benefit obligation	7,986,601
Unappropriated retained earnings - adjusted	6,815,028,605
Add: Net income of 2022	679,381,622
Less: Special reserve appropriation	(3,498,782)
Less: Legal reserve appropriation	(68,736,822)
Retained earnings available for distribution	7,422,174,623
Less: Distributed items	
Cash dividend (NT\$ 0.1/share)	(98,473,363)
Ending balance of unappropriated retained earnings	7,323,701,260

##### 4.1.7 Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: Nil.

##### 4.1.8 Compensation of employees and remuneration of Directors

1. Compensation of employees and remuneration of Directors stipulated in the Articles of Incorporation:

According to Article 28 of the Articles of Incorporation of the Company, if there is a profit before tax before deducting compensation of employees and remuneration of Directors, the Company shall appropriate:

- (1) Compensation of employees: 0.01% ~3%.
- (2) Remuneration of Directors: no more than 1%.

When there are accumulative deficits, this Company shall retain the amount to cover up the deficits before appropriating rewards for employees and directors has specified in sub-paragraphs 1 and 2 in the foregoing paragraph.

2. The standard of estimating employee compensation and remuneration of Directors, the standard of distributing employees' compensation in the form of stock bonus, and the accounting treatment of difference between the actual distribution amount and the estimate amount:

- (1) The estimate basis for the compensation to employees and remuneration to Directors in 2022: Estimate was made on the basis of the aforementioned Articles of Incorporation and approved

by the Board of Directors on March 29, 2023. It will be reported to the 2023 Shareholders Meeting.

(2)The calculation base if employees' compensation is distributed in stock bonus: Nil.

(3)The accounting treatment of difference between the actual distribution amount and the estimate amount:

If there would be any differences between the actual distribution and estimate amount, the differences would be treated as changes in accounting estimates and recognized as profit or loss in following year.

3. The distribution of earnings resolved by the Board of Directors

(1)If the actual amount of compensation of employees and remuneration of Directors is different from the estimate amount of expenses being recognized in the year, disclose the amount of difference, the reason for the difference and the solution.

It was resolved by the Board of Directors on March 29, 2023 that the compensation to employees was NT\$1,702,530 and remuneration to the Director was NT\$5,000,000. There is no difference between the actual distribution amount and the estimate amount.

(2)The proportion that the amount of employees' compensation distributed in stock bonus to net income stated in this year financial statement or individual financial reports, and the total amount employee compensation: Nil.

4. The compensation of employees and remuneration of Directors in the previous year.

Unit: NTD

	Board Resolution	Actual Distribution	Difference
Compensation of employees	3,012,540	3,012,540	0
Remuneration of Directors	10,000,000	10,000,000	0

4.1.9 Buyback of common stock: Nil.

4.2 Issuance of Corporate Bonds: Nil.

4.3 Issuance of Preferred Stock: Nil.

4.4 Issuance of Global Depositary Shares: Nil.

4.5 Employee Stock Options: Nil.

4.6 Restricted Stock Awards to Key Employees: Nil.

4.7 Issuance of New Shares Due to the Company's Mergers or Acquisitions: Nil.

4.8 Implementation of the Company's Fund Raising and Utilization: Nil.

## 5. Operational Highlights

### 5.1 Business Activities

#### 5.1.1 Business scope

##### 5.1.1.1 Major businesses operation

As each subsidiary is engaged in different business scope, the business scope of the Company and its subsidiaries include two major categories listed as follows:

##### Carbon Black

1. Synthetic rubber manufacturing
2. Other rubber product manufacturing
3. Industrial rubber product manufacturing
4. CHP (Combined Heat and Power) industry
5. Heat energy supply industry
6. Other wholesale business.
7. International trade.
8. Others not prohibited or restricted by law except for those requiring special permission.

##### Biotechnology

Biotechnology services

##### 5.1.1.2 Revenue portfolio

Unit: NT\$ thousands

Major divisions	Revenue in 2022	% of total revenue
Carbon black	21,724,571	92.97%
Biotechnology	1,332,863	5.70%
Others	310,851	1.33%
Total	23,368,285	100.00%

##### 5.1.1.3 Current main products and services

Carbon black: Manufacturing and selling of carbon black and steam.

Biotechnology: Biotechnology services.

##### 5.1.1.4 New products and services development

##### Carbon Black

1. Development of carbon black for low rolling resistance of energy-saving car tires.
2. Development of carbon black for industrial rubber products with high cleanliness requirements.
3. Development of carbon black with high blackness and high dispersibility used in engineering plastics and fiber applications.
4. Development of carbon black for ink and coating.
5. Conductive carbon black for shielding materials, anti-static ESD, and lithium battery applications.
6. Development of fuel-efficient equipment and method.
7. Numerical calculation development and modification of traditional reactor design to reduce consumption of oil in production process.
8. Commissioning and installation of production line high-temp air pre-heaters to reduce the heat wasted from the water spray to bring down temperature during the carbon black process.
9. Energy saving and carbon reduction: adjustment of equipment, process for improving the efficient use of resources and high recycling rate of materials.
10. Mix natural gas with lower carbon emissions as the heat source of carbon black reactor, which at the same time improve the cleanliness of carbon black.

11. Boiler steam capacity removal bottleneck project, boiler steam power generation.
12. High-temperature pre-sintering reactor refractory construction method to reduce fuel consumption during the heating process of the oven, further improving the quality of carbon black and reducing fuel consumption in production process.
13. Industry–academia collaboration: Collaboration with university professors in the field of combustion to simulate the flow of flue gas during carbon black production and apply the results to the development of carbon black production process and reactors; use numerical simulation CFD to study and optimize flue gas recycling and low-nitrogen burner NO<sub>x</sub> reduction practices, and nozzle device which reduces sludge deposition in oil tanks.
14. Development of analytical methods for the rapid measurement of polycyclic aromatic hydrocarbons (PAHs) and technologies for the production of Low PAHs products.
15. Development of carbon black post-modification reactor, and post-modification carbon black mass production.
16. ISO 17025 certification of trace elements(ppb) analysis technology.
17. Development of raw material oil analysis technology.
18. Development of rubber and tire application evaluation technology.
19. Development of plastic application evaluation technology.
20. Conductive carbon black for lithium batteries.

#### Biotechnology

1. Corporate with hospitals and research units in the development of new drugs.
2. Royalty income from orphan drugs for Pompe disease.

### 5.1.2 Industry overview

#### 5.1.2.1 Progress and development of the industry

##### Carbon Black

Carbon Black is made under incomplete combustion of hydrocarbon compounds to obtain very fine carbon black powder after separation from gaseous products. Carbon black could help to reinforce the stiffness, tensile strength, abrasiveness and tearing strength of rubber products, and is used as a reinforcement agent of all rubbers particularly tires. Carbon black is in deep dark color with high coverage capacity, which is also used as an ideal dye for black color. According to the information released by Freedonia, more than 67% of the carbon black demand in market is used in tire manufacturing and about 24% is used in other rubber products such as rubber hose and transmission belt. The remaining 9% is used in printing ink, paints and dyes.

Manufactured through two major systems, namely, the thermal decomposition method and the incomplete combustion method. Lamp Black is the oldest method of making carbon black (could be traced back to the time before 2000 AD that China made ink from pine soot). A few is still using this method or similar method to produce carbon black for printing ink. From 1970 onward, most carbon black is furnace black because of its high efficiency in production, strong continuity and easy to control. At present, about 95% of carbon black is made from furnace black worldwide and the key material is mostly heavy petroleum oil family (generally, the bottom oil which is the residue stayed at the tank bottom of nature gas or crude oil distillation tower), or creosote oil (creosote oil is obtained by distillation of coal tar, while coal tar is a by-product from coking process of the furnace of steel mills), or carbon black oil which is the blend of coal tar distillate with asphalt. It will undergo incomplete combustion in a closed reactor, which will give carbon black and flammable gas called tail gas, and will be separated by filter bag house after cooling. The reaction rate is controlled by steam or water spraying. The tail gas contains CO and hydrogen which can contribute calories, so that most carbon black manufacturers will use the tail gas to generate heat and steam or electricity.

## Carbon black manufacturing method

Manufacturing categories	Manufacturing method	Key materials
Thermal decomposition method	The larger size of carbon black obtained through thermal decomposition in the furnace.	Natural gas (mainly) or petroleum
	The carbon black obtained from the thermal decomposition of acetylene called Acetylene Black.	Acetylene
Incomplete combustion method	Channel Method (condensate of flame on the surface of steel materials is known as Channel Black).	Natural gas, aromatic oil
	Furnace Method is the production of carbon black with the use of creosote oil or carbon black oil in heating range or electric arc, which is called furnace black, and accounted for almost 95% of the world total production.	Aromatic hydrocarbons
	Lamp, pine smoke method, known as Lamp Black.	Animal grease and turpentine

Source: Handbook of Carbon Black (Jpn), 1995.

Carbon black is dimensional and in low density that a container could not accommodate a large quantity of the product. As such, the cost of delivery is high. Carbon black is non-toxic but black in color, and may cause pollution in the course of transport easily. Furthermore, it is highly absorbent to moisture and water when exposed to the atmosphere, which makes it difficult to keep the quality. These factors make long distance transportation of carbon black difficult and most countries produce this item in the self-sufficiency mode.

The unique feature of plastic products makes carbon black irreplaceable by other materials. As such, market growth is in stable development. In the wake of globalization, the production of tires and industrial rubber products tend to relocate from regions of high production cost to regions of low production cost. Under this trend, carbon black manufacturers spare no effort in deploying their production facilities along the Pacific Rim, South America and Eastern Europe. The rapid economic growth in the newly emerged economies such as China and India over the last few years paved the way for the rapid development of the automotive industry. The total production volume of automobiles in these two countries enjoyed sustainable high growth in the last 5 years, which is better than any other regions. Under these circumstances, major automobile manufacturers and tire manufacturers of the world tend to invest in China and India as foreign investors or in equity joint-ventures in the automobile market of the two countries. This trend helps to boost the demand for carbon black in China and India.

## Biotechnology

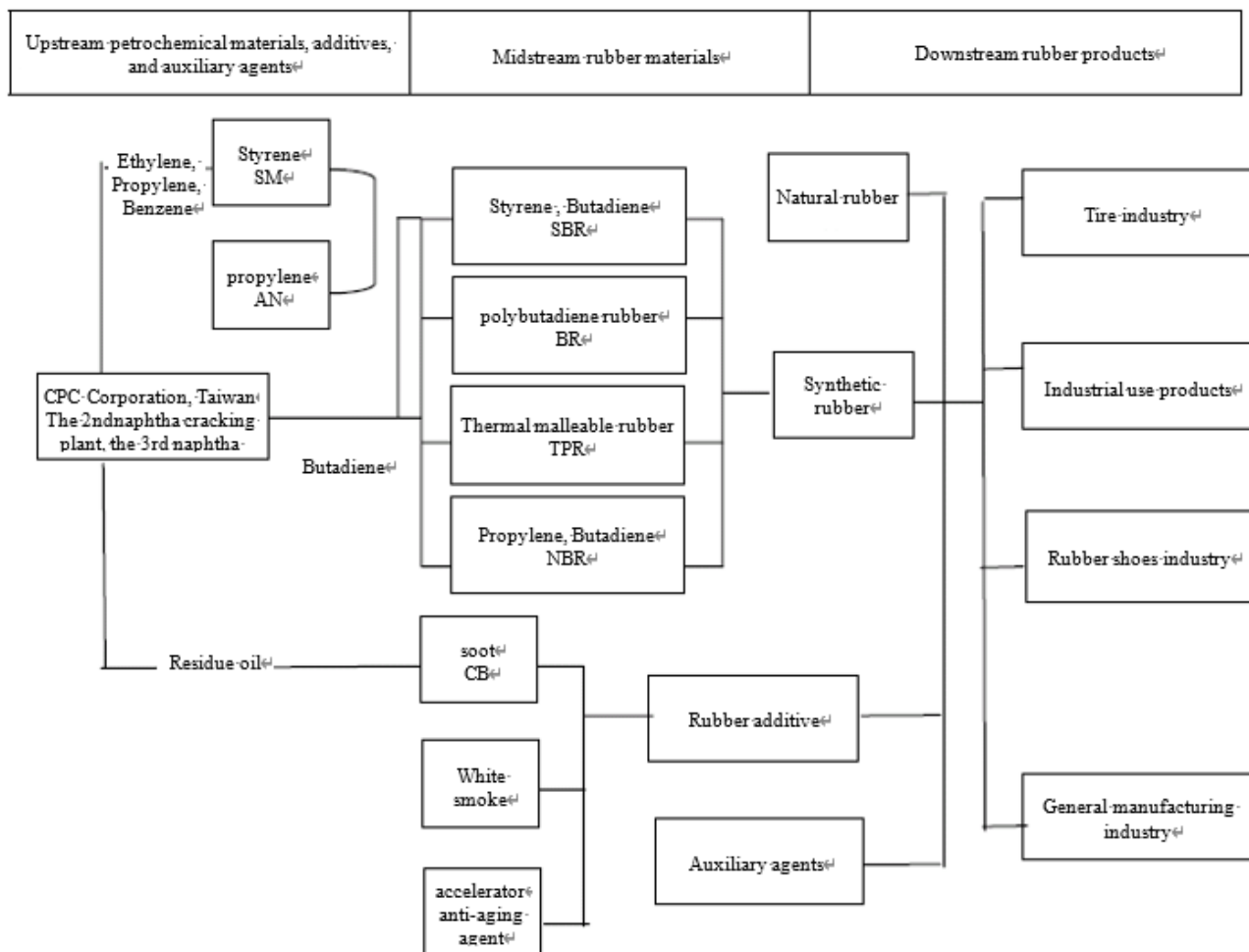
Global economic development has slowed in recent years but still benefited from an increase in the total number of elderly individuals. This has been coupled with the approval of launching new drugs to markets in many countries, and the additional expenditures of the newly emerged economies for upgrading their medical and healthcare quality. These contributed to the growth of the world drug market. Further to the expansion of market brought about by the sale of drugs in existence in market, the launch of new drugs to market also help to increase the size of sale in the internal market of drugs. For example: the approval for launching to market of drugs not satisfying medical needs for the time being, or, the replacement of drugs with better treatment effect, which could help to maintain or create business opportunity in market. There is exclusivity of biological drugs for the treatment of critical illness such as cancer and auto immunotherapy. The treatment effect is better than the traditional small molecule chemistry drugs and also causes lesser side effect. As such, the market share of biological drugs increased over time after launching to market. According to the IQVIA “The Global Use of Medicines 2022 Outlook through 2026”, in 2021, global biopharmaceutical market sales reached approximately USD 385 billion or accounted for 27% of the global market for prescription drugs and OTC drugs. Further growth is anticipated with the increase in the quantity of biological drugs in market and the high acceptance of the drugs in market.



### 5.1.2.2 Correlation of the industry supply chain

#### Carbon Black

The primary source of materials for carbon black is petroleum products and coal tar, and mostly petroleum-based feedstock is used in Taiwan. The downstream industries of the rubber industry are tires and rubber shoes, and industrial products of which tire manufacturing remains the principal business. The products of carbon black include automobile tires, motorcycle tires, and bicycle tires.



Source: ChemNET Project, Rubber Industry Research Report.

#### Biotechnology

In addition to royalty income from existing Pompe disease orphan drug rights, the Company cooperate with hospitals and other research units to develop new drugs.

### 5.1.2.3 Development trends

#### Carbon Black

Most top-notch tire manufacturers of the world have committed significant human resources in the development of high-performance tires to improve braking capacity, abrasion-resistance and low rolling resistance and the durability of the products in design. Likewise, the Company spares no effort in producing LH carbon black for reducing the rolling resistance of tires that help to improve fuel efficiency and improve the durability of tires. In addition, subsidiaries Linyuan Advanced Materials Technology Co., Ltd., CSRC China Corporation, and CSRC China (Anshan) Corporation have also completed the accreditation of the REACH standard with the issuance of related certificates for alignment with the advanced nations in the EU for the requirement of the content of hazardous substances contained in products under the RoHS (hazardous metals) standards. We have also obtained the KKDik certification for the future market plans in Turkey. In addition, Linyuan Advanced Materials Technology Co., Ltd. has started the registration of existing carbon black chemical substance standards

in 2019 to comply with the regulations. It also started the K-REACH plans in 2020.

Carbon black is also extensively used in plastics, printing ink, and coating industry as color fixing agent. This special purpose carbon black is known as “special carbon” the profit of which is higher than the common carbon black prepared by the furnace method for use in regular rubber products. As such, special carbon and LH carbon black will be the core business of the Company for further commitment of resources in development. The preliminary development of special carbon mainly focuses on the application of general-purpose plastics, and gradually expands to the market of engineering plastics and wire and cable shielding materials applications, and it has made preliminary progress in the promotion of the applications of inks and coatings. For 2023, there will be continuous growth in the abovementioned markets, and we will also introduce a series of products for conductive carbon black.

#### Biotechnology

The statistics of IQVIA (The Global Use of Medicines 2022 Outlook through 2026) shows that the global medicine market size in 2021 reached around USD 1.42 trillion, with a growth around 12.51% compared to 2019. The sales in advanced countries was USD 1.05 trillion and accounted for 74% of global medicine market. Emerging and low-income countries accounted for 26%. It is expected that the global medicine market will be growing at a compound annual rate of 3%~6% from 2022 to 2026.

### 5.1.2.4 Competition

#### Carbon Black

The carbon black production is just next to Cabot, Birla, Orion, Blackcat of Jiangxi, and Tokai Carbon, and ranked the 6<sup>th</sup> place of the world. Taiwan imports carbon black from Mainland China, Korea and Thailand for the time being. The carbon black from Mainland China flooded into Taiwan under the zero-tariff treatment under ECFA in cost advantage, and Korea has a lot of new production capacity for export in recent years. These have taken part of the share in the low-price market. The competition is keen. The black carbon in India was hit hardly by the imports from Mainland China and Korea, and is excessive in supply. The supply and demand of carbon black in North America is in equilibrium. The excessive supply of carbon black in the market of Mainland China resulted in cut-throat competition among the suppliers, which in turn shifts the competitive edge to the cost of raw materials. As a result, profit fluctuates. Therefore, the special carbon market, which has less competitors will be the battlefield. Currently, Chinese manufacturers are investing large amounts of recourses in the aim to take a bite out of market share.

#### Biotechnology

The higher entrance barrier of biological drugs attracts less number of entrants. Moreover, new competitors cannot easily break the brand consciousness established by the original development pharmaceutical manufacturers.

### 5.1.3 Technology and R&D

In the most recent year and as of the date of publication of the annual report, R&D expenses and the successful development of technologies or products:

#### 5.1.3.1 R&D expense

Unit: NT\$ thousands		
Item/year	2022	January 1, 2023 till April 1, 2023
R&D expense	190,864	48,899

#### 5.1.3.2 The successful development of technologies or products:

##### Carbon Black

1. Carbon black for fuel-efficient limousine low rolling resistance tires
2. Carbon black for high cleanliness rubber products
3. Carbon black for high emission plastic materials
4. Carbon black for new inks
5. Research and development of heavy oil spraying adjustable system – carbon black conversion system upgrade project
6. Production line optimization and recycled use of energy line – online boilers recycling product thermal value.
7. Obtained patent for new refractory materials for reactors in Taiwan, and is currently applying for patent in China.
8. Low fuel consumption soft carbon black production reactor has been put into mass production testing
9. Started online testing of analytical methods for the rapid measurement of polycyclic aromatic hydrocarbons (PAHs), and started the patent application process.
10. The development of the carbon black post-modification reactor has started trial production and been awarded an invention patent in Taiwan.
11. Laboratory carbon black unique analytical technique was ISO 17025-certified
12. Completed development of the evaluation technology of low rolling resistance tire.
13. Completed development of the evaluation technology of conductive plastic.
14. Carbon black for polypropylene fiber coloring has been developed.

#### 5.1.4 Long-term and short-term business development plans

##### Carbon Black

We made full effort in upgrading the quality of technologies and method of manufacturing, and also engaged in joint-venture projects with the government and the industry for the research and development of high-tech thick margin products. We will also continue the work on energy saving and reduction of consumption for increasing the profit margin while expanding production capacity. The subsequent plans are specified below:

##### Short-term plan

1. Integration of related operation process through the ERP system for the overall improvement of the system performance.
2. Engagement in joint venture with major customers in the development of low rolling resistance tire carbon black for meeting the needs of hybrid vehicles.
3. Continuation in the development of high cleanliness carbon black for using in different types of motor vehicles and daily use rubber products, and the dyes for plastic injection and molding.
4. Investment in air preheating system at high temperature and boiler design for reducing the consumption of energy and increasing the output of steam.
5. Completion of the assessment of desulfurization technology of smoke for meeting environmental protection requirement and performing corporate social responsibility. Completion of the installation of De-SO<sub>x</sub> and De-NO<sub>x</sub> equipment at four plants across the straits.
6. Integration of the information, Internet, and GPS positioning system to create a smart management structure, build a PDA inspection system, E-production management, and environmental monitoring system. This helps to keep the status of production at all plants over the world in control with mobile phone or tablet PC anywhere.
7. The establishment of the R&D center, recruiting colleagues with expertise in devoting themselves to the development of new products and improving technical services.
8. Surface-treatment carbon black, after trial production, showed some successful examples and we expect the sales will be growing gradually.

##### Long-term plan

The Company will continue to develop new products and technologies with additional value in responding to the needs of the industry and environmental protection worldwide. Through the

improvement of the manufacturing method, the direction for research and development will be the upgrade of quality of products in existence and the establishment of product application technologies. In addition, the Company will continue to invest in the human resources and materials in research and development to customer satisfaction in products and services, and provide solutions to the customers for tackling with their problem, including:

1. Development of process and equipment in the country for reducing the cost of production and investment.
2. Continuation in the exchanges with the academics and the customers for creating product value.
3. Continuation in fostering technology services for in-depth exploration of the application side of technologies.
4. Targeting key customers and industries for full-range promotion of products with high added value.
5. Strengthen E-platform for production control data to allow engineers and the management staff to understand the problems on the production line, and map out appropriate measures for tackling the problem promptly. This will help to upgrade product quality, reduce equipment damage rate and bolster the management of information in carbon black production process.
6. With the assistance of TCC Information System Corp., information on carbon black production, cogeneration operations and inventory at four plants across the straits could be integrated for setting up the situation system. The corporate headquarters and the technology personnel could “understanding everything everywhere without going outdoor” through this system. In addition, this system also helps to keep the situations at the four plants across the straits under control.
7. A more global carbon black production base layout, providing integrated supporting services for cross-regional customers.

#### Biotechnology

Keeping a proper balance of joint venture at early stage for reducing risk and at latter stage for maximization of profit. Considering that if a drug fails to develop before the authorization is completed, it will not generate any revenue. Therefore, the Company will continue to cooperate with hospitals and other research units to develop new drugs to enhance the value of the Company.

## 5.2 Market, Production and Sales

### 5.2.1 Market analysis

#### 5.2.1.1 Sales by region

Unit: NTD thousands

Year	2021		2022	
Region	Amount	% of total sales	Amount	% of total sales
The Americas	11,693,372	47.50%	11,043,823	47.26%
Asia	11,922,238	48.43%	11,294,359	48.33%
Others	1,001,126	4.07%	1,030,103	4.41%
Total	24,616,736	100.00%	23,368,285	100.00%

#### 5.2.1.2 Market share

##### Carbon Black

There are carbon black production locations all over the world with one carbon black plant in Taiwan, three in Mainland China, two in the USA, and two in India. The production scale of carbon black in 2023 is 857,000 tons, which made the Company ranked at the 6th place of the world. The stable development of good quality customers has been underway and will help to improve the sale volume and increase market share for better profit of the Company.

### 5.2.1.3 Future market supply and demand and future growth

#### Carbon Black

According to the estimate of the compound growth rate of the market by region, although there are adverse factors such as COVID-19, the decline of the automobile market and the trade barrier; however, global carbon black demand still shows a steady growth trend of 3.7%. In North America, there are still some new tire factories invested by the United States and Mexico and the compound annual growth rate is 2.3%. Asia is driven by emerging markets such as Thailand, Vietnam and Indonesia with the overall growth rate still 4.2%. Out of this, although the growth rate of mainland China shows signs of slowing down year by year, it is still benefiting from the development of inland cities and the huge domestic demand market and its growth momentum reaches 4.2%. Meanwhile, growth in India is 5.6%.

In terms of special carbon, Notch Consulting believed that the market compound growth rate from 2021 to 2026 would be about 6.6%. However, the demand for ESD in niche markets such as conductive plastics growing in response to the increase in the semiconductor industry can reach a compound annual growth rate of 9.8%. In response to the future growth of electric vehicles, it is estimated that the compound annual growth rate of lithium battery demand can reach 27.2%.

It is estimated to growth at a compound annual growth rate (CAGR) of 9% to 12%, and the market in 2026 will reach US\$306 billion.

#### Biotechnology

Cancer drugs account for the largest portion on the global medicine market. According to the IQVIA research report, the Top 3 therapeutic drugs in 2026 were cancer drugs, hypoglycemic drugs, and immunosuppressants, of which the cancer drugs market is the largest one. The compound annual growth rate (CAGR) is 9%~12% and expects to reach at USD 306 billion in 2026.

### 5.2.1.4 Competitive advantage

#### Carbon Black

1. The cost of production of carbon black is more or less the same worldwide. The competitive edge of is steam and electric power, which could be recused and for sale. This helps to significantly reduce the relative cost. Other plants without carbon black cogeneration facilities cannot be compared in this regard.
2. Deliver the products by PP (polypropylene) jumbo bag and encourages the customers to use these means of transportation for mitigating pollution to the environment and reducing waste, and cutting down the cost of packing. In addition, hearty post-delivery service is also provided to satisfy the needs of the customers and motivate them to buy through long-term and stable cooperative relation.
3. Great success has been achieved in the development of “special carbon” in the last few years, which will be favorable for improving the market share and profit, especially in the Taiwanese market, in the future. We expect to achieve a stable market share in Taiwan.
4. The residual gas generated from the production process of carbon black could be converted into steam for use at the carbon black plant and also for selling to other neighboring chemical plants. This arrangement helps to bring in more revenue, mitigate pollution, and remains one competitive edge.
5. Being in the process of development energy efficient production technology to upgrade its competitive power, increase the market share more quickly, and for the best of ROI.
6. Establish long-term partnership, and cooperates with its major customers to develop new carbon black products for tires to achieve a win-win result.

#### Biotechnology

The Company will continuously cooperate with hospitals and other research units to develop new drugs and the establishment of joint-venture relationship with international biomedical firm to enhance the Company’s ability on the commercialization of biomedical drugs.

### 5.2.1.5 Favorable and unfavorable factors for long-term development and the response

#### Carbon Black

##### 1. Favorable factors

- (1) The Company's Linyuan Advanced Materials Technology Co., Ltd. is the only carbon black manufacturer in Taiwan with stable market for domestic sale. For helping the customers to reduce cost and prevent pollution, we spared no effort in encouraging the customers to accept delivery in bulk packing over the last few years. This contributes to the significant increase of market share.
- (2) The customers are mostly famous international big tire manufacturers. As such, we have been focused on intensifying the cooperation with cross-border cooperation with the first line customers.
- (3) There are eight carbon black production bases in Asia and North America, and has upgraded its global competitive power through joint purchase, information integration, and sharing of research findings.
- (4) REACH has been successfully registered and will gear up to enter the EU market. Further to the former market of Asia and North America, we will extend to the markets of Europe and South America for diversification of the risk of a single market.

##### 2. Unfavorable factors

- (1) The import of carbon black from Mainland China is charged at zero-tariff after ECFA has come into effect. The domestic market was impacted by the low price product since then.

Response: Provide full-range post-delivery commercial and technical services to the customers, and effect flexible shipment to the demand of the customers so as to reduce the burden of inventory holding and the lead-time. In addition, the Company will cultivate positive interaction with the customers, cooperate with the international layout of CSRC to provide customers with multi-point supply supporting solutions, and strengthen the interdependence and the Company itself to withstand the pressure of competition from imported goods.

- (2) The impact in the export market from low-price competition from China, Korea, India, and Thailand.

Response: Understand the needs of the customers thoroughly, assist the customers in improving the product recipe to improve the competitive power of products, continue the research and development of special grade products and to enhance the added value of products. Our plan is showing results for the initial stages in 2021.

- (3) The residual oil at tower bottom, a raw material of carbon black, is also vulnerable to international oil price.

Response: A. Negotiate with upstream suppliers how oil price shall be determined in order to minimize impacts from fiercely fluctuating international oil prices.  
B. Research for the improvement of oil product quality to upgrade production efficiency and reduce the cost of oil.  
C. Improve the production technology to upgrade production performance.

#### Biotechnology

The development of new drugs is a typical form of technology industry that entails high investment, high risk, and high return, which dictates large sum of capital investment. In addition, several forms of uncertainties including the probability of success in clinical practice, and the receptiveness of market for the drugs and others have to be confronted

##### 1. Favorable factors

Establishment of joint-venture relationship with international biomedical firms for maximizing the opportunity in market and profit.

##### 2. Unfavorable factors

The cost of research and development of biomedical drugs is high and time-consuming, which dictates for lucrative capital investment. In addition, the scope of this industry covers several areas of technologies at a relatively higher level, which makes it difficult to yield result on due time with guarantee of the probability for growth. The thriving of the biological agents industry over the years has resulted in keen competition.

Response: Through the mode of joint development with the research units, the Company could divide thin the risk deriving from research and development. The Company will move forward to

form strategic alliance through technology licensing to maximize the opportunity for the development of international business.

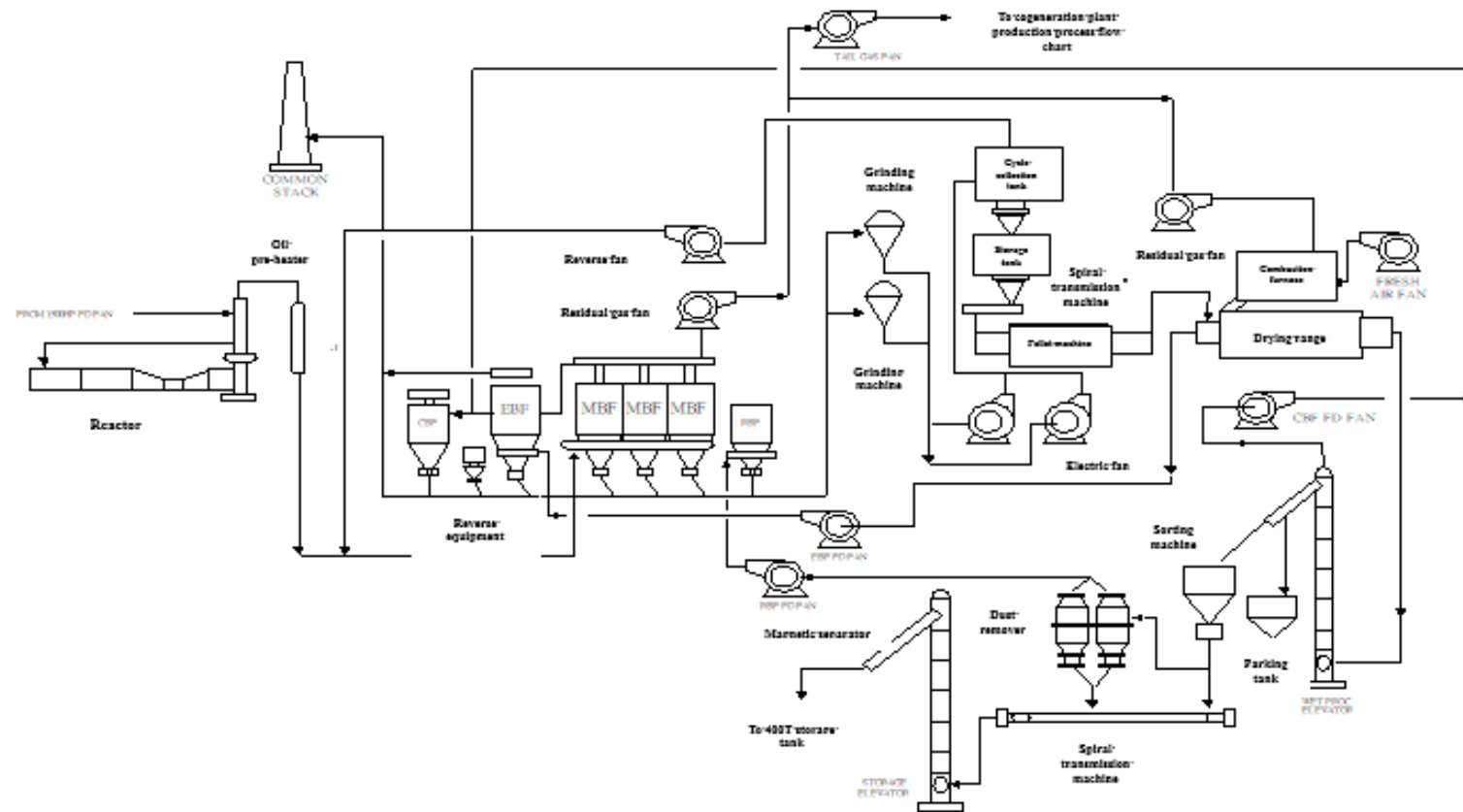
### 5.2.2 Core application of major products and manufacturing processes

#### Carbon Black

##### 1. Core application of major items

An appropriate quantity of carbon black added to rubber will help improve its tensile strength, abrasion resistance, and durability. Carbon black is mainly used to improve the quality and performance of rubber products. About 80% of the carbon black manufactured are used in tires and the remainder will be used for the making of transmission belt and triangular belts. Carbon black is at very high intensity of black color and with high emissivity, which is used as an ideal dye of black color. Therefore, special carbon black is also used in paint, printing ink, dyes, and master batch of color.

## 2. Manufacturing process





### 5.2.3 Supply of key materials

#### Carbon Black

The key materials for carbon black are input oil (also known as residual oil at tower bottom), creosote oil, and coal tar. We are in a long-term supply contract with most raw material suppliers. The supply of carbon black input oil in Taiwan is mostly from the ethylene tar plant of CPC in Kaohsiung and the carbon creosote oil from CSC, imported anthracene oil, carbon black oil or ethylene tar under a flexible procurement strategy. For the proper control over imported oil, the Company has rented one oil storage tank of 5000 KI in Kaohsiung for flexible appropriation. The access to material oils in different regions depends on the proximity to the steel mills and tar plants in the regions for stable sources of supplies for production.

#### Biotechnology

Biotechnology business is cooperated with research institutions in the research and development on new drugs and does not purchase any kind of raw materials.

### 5.2.4 Key suppliers and customers accounting for more than 10% of the total purchase and sales

#### 1. Key suppliers

Unit: NT\$ thousands; %

Item	2021				2022			
	Name	Amount	% of total purchase	Relationship with CSRC	Name	Amount	% of total purchase	Relationship with CSRC
1	Supplier A	-	-	-	Supplier A <small>(Note)</small>	2,259,861	12	-
2	Others	16,722,481	100	-	Others	15,859,794	88	-
	Total purchase	16,722,481	100	-	Total purchase	18,119,655	100	-

Note: In order to purchase carbon black oil from various oil plant at a competitive price, the Company's subsidiary has engaged Supplier A to coordinate the purchase of oil and logistic starting from 2022.

#### 2. Key customers

Unit: NT\$ thousands; %

Item	2021				2022			
	Name	Amount	% of total sales	Relationship with CSRC	Name	Amount	% of total sales	Relationship with CSRC
1	Customer A	2,094,554	9	Nil	Customer A	2,927,398	12	Nil
2	Customer B	4,563,149	19	Nil	Customer B	1,332,863	6	Nil
4	Others	17,959,033	72	Nil	Others	19,108,024	82	Nil
	Total sales	24,616,736	100	-	Total sales	23,368,285	100	-

### 5.2.5 Production volume and value in the last two years

#### Carbon Black

Unit: NT\$ thousands

Production volume and value Main product	Year	2021			2022		
		Capacity	Volume	Value	Capacity	Volume	Value
Carbon Black (ton)		790,000	502,160	16,226,969	790,000	416,316	19,596,198

### Battery

Unit: NT\$ thousands

Production volume and value Main product	Year	2021 (Note)			2022		
		Capacity	Volume	Value	Capacity	Volume	Value
Cylindrical battery (1,000 pcs, 1,000 sets)		31,733	30,563	1,788,983	-	-	-
Prismatic battery (1,000 pcs, 1,000 sets)		5,600	1,914	163,096	-	-	-
Battery pack (1,000 pcs, 1,000 sets)		-	57	58,739	-	-	-
Total		37,333	32,534	2,010,818	-	-	-

Note: The Company and its subsidiaries lost control over TCC Recycle Energy Technology Company, the battery business unit, in August 2021 and the battery business unit has not been included in the consolidated financial statements starting from the date of losing control and it was accounted for using the equity method instead.

### 5.2.6 Sales volume and value in the past two years

#### Carbon Black

Unit: NT\$ thousands

Sales volume and value Main product	Year	2021				2022			
		Domestic		Export		Domestic		Export	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Carbon Black (ton)		59,942	2,197,981	425,185	15,045,022	58,875	2,999,444	364,717	18,725,127

Note: Domestic sale refers to sales in Taiwan, and the sales value includes the selling of steam.

### Battery

Unit: NT\$ thousands

Sales volume and value Main products	Year	2021 (Note)				2022			
		Domestic		Export		Domestic		Export	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Cylindrical battery (1,000 pcs, 1,000 sets)		2,496	153,530	29,086	1,810,275	-	-	-	-
Prismatic battery (1,000 pcs, 1,000 sets)		69	7,096	1,710	152,822	-	-	-	-
Battery pack (1,000 pcs, 1,000 sets)		1	2,300	55	120,865	-	-	-	-
Others		-	-	-	4,941	-	-	-	-
Total		2,566	162,926	30,851	2,088,903	-	-	-	-

Note: The Company and its subsidiaries lost control over TCC Recycle Energy Technology Company, the battery business unit, in August 2021 and the battery business unit has not included in the consolidated financial statements starting from the date of losing control and it was accounted for using the equity method instead.

### 5.3 Employees Data in the Past Two Years

Year		2021	2022	January 1, 2023 till April 1, 2023
Total employees numbers		1,290	1,356	1,348
Average age		39.77	39.58	39.5
Average years of service		8.31	7.16	7.16
Education Distribution	PhD	0.70%	0.74%	0.89%
	Master's Degree	8.84%	9.00%	8.98%
	College	45.58%	49.26%	50.59%
	Senior High School	40.31%	37.09%	34.79%
	Below Senior High School	4.57%	3.91%	4.75%

### 5.4 Environmental Protection Expenditure

The environmental policy is, "Be harmonious and coexist with the environment in sustainable development for society."

#### 5.4.1 Accreditation and participation in environmental protection:

Being a diversified chemical manufacturer, we are concerned for the environment with respect to the materials, production process and products. The previous use of resources is the supreme principle of corporate management. In addition, we keep proper balance between economic benefit and environmental concern under the spirit of sustainability, and always seeks to mitigate the impact on the environment through reinforcing the awareness of pollution prevention and continued improvement of the environment. In 1987, we introduced the environmental management system in line with the world development trend, and has been accredited with the ISO 14001:2015 in environmental management. Through the implementation of this system, we expect to enhance its performance in environmental protection, alleviate the pressure from external interest groups, upgrade the efficiency of energy consumption and energy saving, reduction of industrial waste, and commitment to the recycle and reuse of the resources so as to strengthen the competitive power of the enterprise.

#### 5.4.2 Environmental protection expenditures and the investment in green energy machinery and equipment:

For a long time, we have paid close attention to mitigating the impact on the environment in its operation from the stage of material preparation, manufacturing, storage, transportation, use, and dumping as its fundamental principle. We never ceases to perform its responsibility to the country and society as a corporate citizen. In practice, the assessment on De-SO<sub>x</sub>, De-NO<sub>x</sub>, and odor removal of flue gas has been completed and De-SO<sub>x</sub>, De-NO<sub>x</sub> and odor elimination systems has been installed at its subsidiary, Linyuan Advanced. In addition, annual maintenance and upgrade of the performance of its equipment has also been conducted to make pollution control perfect. The control of the emission of air pollutants is even stricter than the standards of the government for the continued and effective protection of the environment.

The amount of investment in environmental protection desulfurization and denitrification equipment of each subsidiary in 2020, 2021, and 2022 was NTD 453,275 thousand, NTD 657,043 thousand, and NTD 439,668 thousand, respectively.

The Company invested NTD 33,780 thousand in installing solar panel power generation system equipment in 2022. Its roof insulation decreases the temperature in-house, lowers the electric fee burden due to the air conditioners, saves energy, and decreases carbon emissions. The power generation is 493 MWh in the current year. It is equal to the benefit of reducing carbon emissions by 251 tons, the annual electricity consumption of 141 households, or the annual carbon adsorption of 23,979 trees. The Company plans to continuously invest in the construction of solar panel power generation system equipment.

#### 5.4.3 The priority work of environmental protection in the future:

1. Reinforce the elimination and renewal of process equipment, operational management, staff training, and inspections and repairs. In 2022, the air compressors used in U3 line was replaced, the drying system was modified, and the main air supply unit in U4 line and the boiler technology in the U6 line was improved to save electricity and water, increase energy efficiency, recover heat energy and reduce air pollutants. The Company will continue to evaluate the renovation of other equipment and pipelines.
2. Upgrade and improve the dust collection system and air pollution control equipment control technology to ensure that environmental protection equipment can effectively reduce environmental impact.
3. Proceed to the control of air and water pollution, and update with necessary addition of the facilities for handling industrial waste for meeting the needs in the future.
4. Improve daily management of air pollution control equipment operations, wastewater treatment and discharge operations, and waste removal and transportation.
5. Improve the recycle and reuse of office waste and keeping a green zone at the plant site.
6. The SCR and SNCR denitration equipment was completed and was commissioned in 2019 to answer to the emission criteria that are getting stricter and stricter each day. De-SO<sub>x</sub> and De-NO<sub>x</sub> were completely planned for the flue gas process in 2020 and addition of preventive and treatment equipment began in 2021; the SCR and FGD preventive and treatment equipment was devoted to front-end processes to answer to the environmental protection requirements that will get stricter and stricter in the future. Solar equipment was purchased in 2022 to contribute to environmental protection and carbon reduction. The Company will be monitoring the development trend of remediation technology and various pollution regulations.

#### 5.4.4 Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions):

From 2022 to the date of publication of the annual report on April 1, 2023, a total fines of NT\$300 thousand was imposed based on violation of environmental protection regulations.

Subsidiary Linyuan Advanced Materials Technology Co., Ltd.

Item	Disposition date and reference no.	Disposition authorities	Articles of laws violated and content of the disposition (brief description of people, matters, time, place, and issues involved)	Response
1	2022/8/10 Environmental Protection Bureau of Kaohsiung City Government Ji-Zi Document #11137999500	Environmental Protection Bureau, Kaohsiung City Government	During the carbon black production process, the connection between the granulator and the drying furnace is clogged, causing particulate pollutants to escape from the product sampling port of the granulator. Although water is immediately sprayed to suppress the escape, the collection is not effective, further causing air pollution.	Repair the faulty equipment that causes particulate pollutants to escape, so as to restore the operation to normal.
2	2022/10/19 Environmental Protection Bureau of Kaohsiung City Government Kong-Zi Document #11139944800	Environmental Protection Bureau, Kaohsiung City Government	Bag dust collectors were opened for maintenance due to faulty operations. However, the collected carbon black (particulate pollutants) were dispersed to the air from the openings for maintenance.	Emergency repair was done to the bag dust collectors. Guidance was given to maintenance personnel to prevent conducts that may cause escape of pollutants in the future.

## 5.5 Labor-Management Relations

Employee benefits handled by the Company and Employee Welfare Committee includes:

1. Better than the statutory vacation system and flexible working hours; increased volunteer leave; encouragement for colleagues to participate in social welfare services; caring and giving back to society.
2. Employees, their spouses and children were added to the group insurance policy (premiums were paid by the Company) to further make up for the protection of the labor insurance. For employees who travel overseas for business trips, we purchase travel insurance policies to give them the most comprehensive protection. We also have insurance policies for only retirees, and we subsidize part of the premium to show our continuing care.
3. Provide annual health check-ups and high-standard fitness facilities, for comprehensive management and promotion of colleagues' health.
4. The Company establishes an employee shareholding trust plan. Employees can choose to withdraw a certain amount from their salary every month. At the same time, the Company will deposit the same amount as a reward for participating employees. In 2021, the solution of overweight allocation for retiring people and single entry allocated at an increased value was further introduced to care for employees by helping them plan for their retirement. The periodical fixed-amount investments in the Company's shares are meant to inspire employees so that they will continue to work hard. By linking employees' interests together with shareholders' interests, it creates a win-win-win situation for the Company, the employees, and the shareholders.
5. Provide multiple welfare programs to formulate various subsidies including child scholarship grants and group / individual travel subsidies, dinner allowance, study grants and birthdays, festivals, wedding and funerals, and subsidy programs such as emergency relief to meet the needs of employees.

For the effective development of talent, and in response to international development and future operational needs, the Company has launched a global elite training program to cultivate mobile, pioneering potential talent; and it also emphasizes on-the-job training of colleagues. According to training management methods, provide diverse learning resources and channels and encourage colleagues to learn independently to improve personal performance and potential. Includes on-the-job training, classroom training, work instruction, mentoring systems, work rotation, and industry-university cooperation. Continuously launch different learning programs, shape the learning atmosphere, and achieve the goals of organizational growth and employee capacity improvement.

The Company has established the "Employee Pension Reserve Supervisory Committee" and appropriate fund to the pension reserve in the account at the Bank of Taiwan regularly. In addition, the committee also convenes regularly to review the appropriation and use of the reserve for the protection of the rights of the employees. The Company allocates 6% of the monthly salaries to the individual pension accounts of the employees who elect to adopt the new system of labor retirement at Labor Insurance Bureau for the protection of their rights.

During the year of 2022 and as of the date of publication of the annual report, the Company has not suffered significant losses due to labor disputes (including labor inspection results or violations of the Labor Standards Act).

## 5.6 Information Security Management:

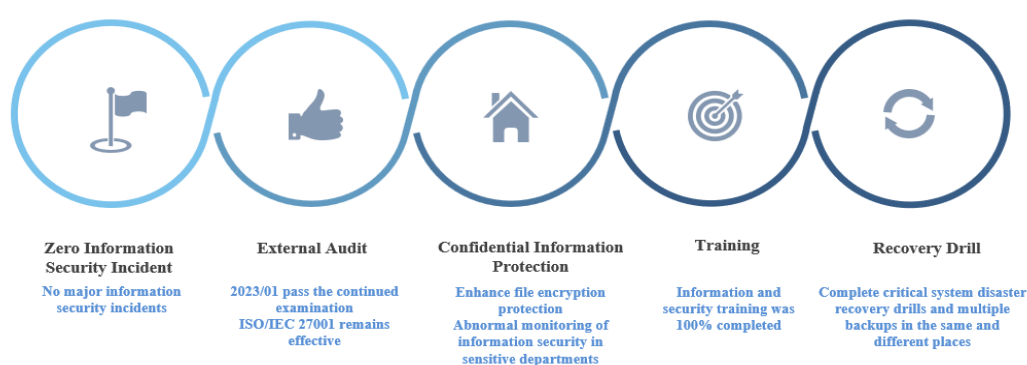
### 5.6.1 Information security risk management framework, information security policy, substantial management plans, and resources devoted to manage information security, etc.

#### 1. Policies

The Company adheres to the concept of sustainable management and follows the Company's brand value and core value. The Company has striven to coexist with the environment in recent years, and actively invested in product research and development and innovation. In the process of continuous growth, cybersecurity and smart data protection are our promises to society, shareholders and business partners. The Company takes pride in becoming an industry benchmark and sets a good example in terms of cybersecurity implementation. In order to ensure that the Company's internal information and information systems are properly protected, the ISO/IEC 27001:2013 standard is followed to promote and reinforce the cybersecurity management system. The Company has continued to improve the effectiveness of the system to provide more secure and stable information services.

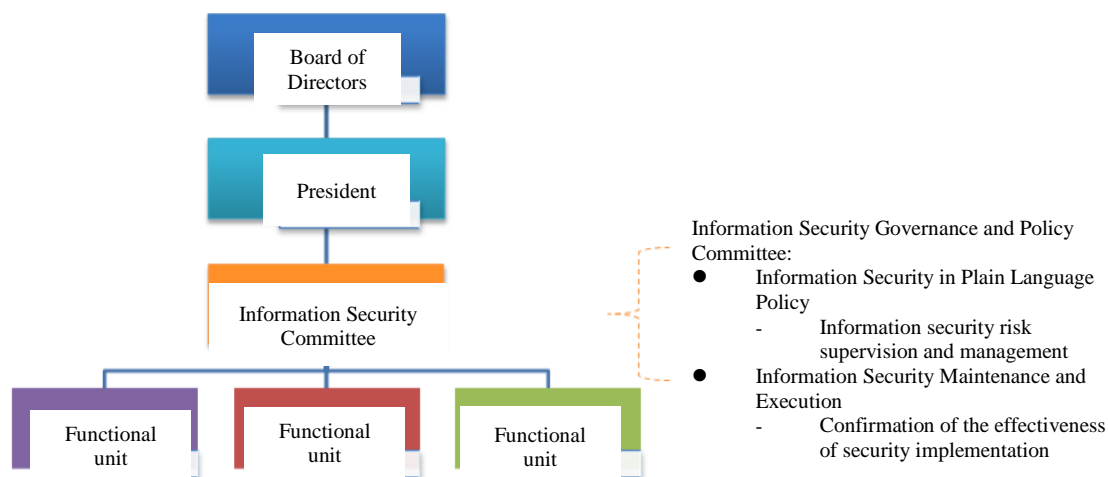
#### 2. Goal and action

- A. There were no major information security incidents throughout the year, which ensured the information used in the Company's information services and business partners with the most complete protection.
- B. To adhere to the requirements of ISO/IEC 27001: 2013, there was no deficiency in December 2021 and the information security was approved through external continued review audit and the ISO/IEC 27001: 2013 remains effective
- C. The core business system disaster recovery is conducted once a year to ensure the effectiveness of backup procedures and data backup. Actual drills are run to ensure the smooth connection of information system services to prevent the risk of disasters and serve as the basis for our sustainable operation.
- D. The Company classifies and categorizes all data, and adopts strict data leakage protection measures and monitors for sensitive data stored or transmitted to ensure the security of business secrets.
- E. Reduction of impacts of the cyber security breach incidents including damage, theft, leakage, manipulation, misuse and infringement.
- F. Improvement of the confidentiality, integrity, and availability of all information service system operations.



### 3. Organizational structure

The Information Security Management Committee was established in 2022. The Information Security Management Committee meets once a year to get an update on advancement and progress for the year in terms of the information security management system in the organization. The Committee reports to the Board of Directors at the end of each year on the Company's maintenance of information security for the year. For 2022, the Committee has reported to the 12<sup>th</sup> meeting of the 18<sup>th</sup> term of the Board of Directors.



### 4. Information security enhancement

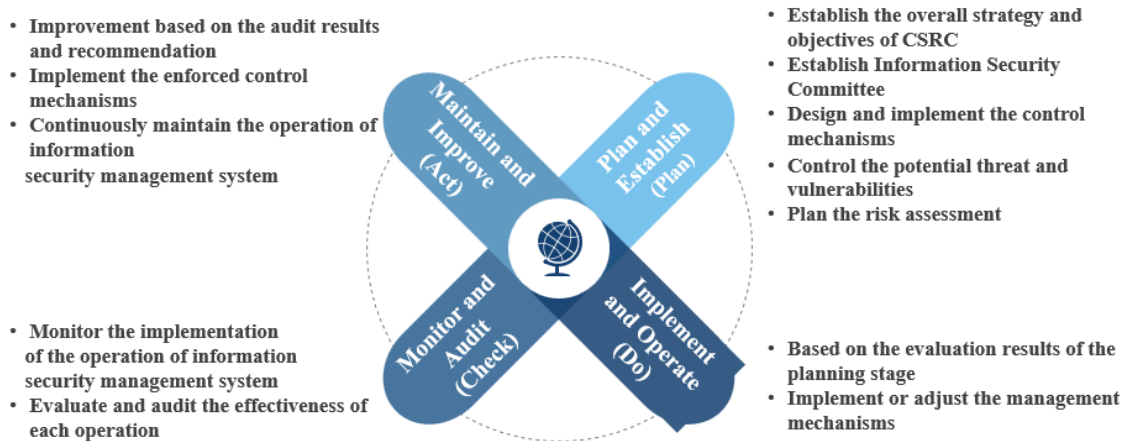
In response to the needs for work from home during the pandemic, home office connection security, data access security, and physical environment control are the information security issues of concern for the Company in 2022. In response to the increasing demand for the remote work practices as pandemic control measures, the Company have strengthened the connection security of remote work. Software-based two-factor authentication has been incorporated into our work. Passwords and mobile dynamic passwords are used to prevent password leak and hacking, which effectively solves the problem with account numbers and passwords being stolen and ensures the security of the organization's internal network.

### 5. Awareness about information security among employees

A good information security environment cannot sustain without the employees' information security awareness. In order to continuously strengthen and enhance the employees' information security awareness, the information security unit holds information security education and training sessions every year to introduce basic concepts and latest trends of information security and the newest hacker attacks. In addition, the Company has also established an information security platform and regularly provided updates on information security incidents and attack methods for the employees. The information security units also send out information security announcements from time to time to remind the employees on the changes in information security rules and possible behaviors that come with risks to reduce the probability of information security incidents.

### 6. Operation mechanism

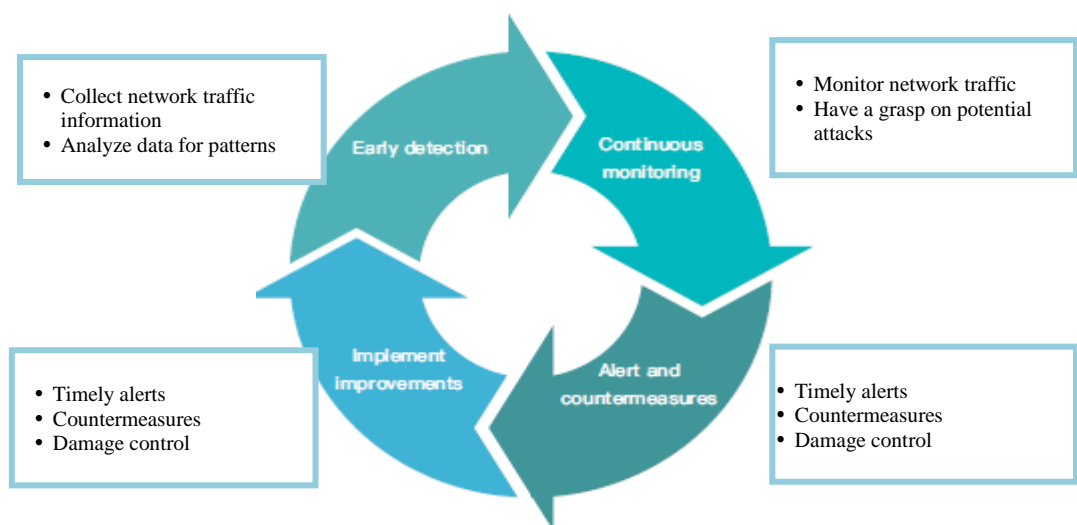
The Company adopts the principle of zero trust to implement inside-outside information security protection measures for a defense that covers breadth and depth. The Company is committed to preventing attacks from various aspects affecting the operational stability of the Company's systems. The Company builds the employees' information security awareness through education and training sessions and periodic announcements, and evaluate the appropriateness and effectiveness of cybersecurity policies and operations. Project plans are drawn up to continuously reinforce the protection measures and reduce cybersecurity risks. The Company follows the ISO/IEC 27001:2013 standard and adopts the Plan-Do-Check-Act (PDCA) cycles to establish and implement our cybersecurity management system. The Company maintains its effective operation and continues to find areas for further improvement and establishes secure and stable information system services.



## 7. Information risk management

In order to understand the information security risk in the organization, the Information Security Management Committee reviews and evaluates information assets and re-approves the information asset class in the organization and acceptable risk level each year and evaluates risks according to the level on respective fronts of information security in order to improve high-risk items inside the organization. In addition, the information security risk will be evaluated and followed up constantly with regards to abnormal events inside the organization and external information security events and issues.

- (1) Plan and Evaluate: Evaluate risks with regards to threats and weaknesses undermining information asset security, and current control mechanisms according to ISO/IEC 27001:2013.
- (2) Establish and Implement: Design, establish, and enforce expected control mechanisms based on risk assessment results.
- (3) Examine and Review: Periodically implement risk evaluations and internal information security audit to ensure the validity of the information security management system. Information security management is consolidated through review by the management.
- (4) Track and Constantly Improve: Enforce corrective and preventive measures, improve and enforce expected control mechanisms, and provide colleagues with information security educational trainings based on audit results.



## 8. Information security audit

In order to ensure that the information security management system prepared according to ISO27001:2013 can run and be enforced effectively, related information security organizations and responsibilities are specified to ensure that various tasks for the management, implementation,



and inspection of the information security management system can be carried out and maintained. The information security audit and managerial review meeting are held at least once a year in the organization to ensure the suitability, adequacy, and effectiveness in the operation of the information security management system.

- (1) Implement and execute internal and external audit procedures per ISO/IEC 27001:2013.
- (2) Implement and manage the information security audit and alert system.
- (3) Correct and constantly advance the information security management system and improvement items
- (4) Advocate the information security education and analyze law compliance

#### 9. Information Security Procedure and Regulatory Compliance

The Company shall establish relevant management standards in accordance with the information security management requirements, and set up operations management standards for specific business areas. Exceptions or information security incidents that occur during daily business performance are reported to departments handling cybersecurity, auditing and management issues. In addition, except for the internal management procedure of the Company, respective subsidiaries shall periodically review personal data privacy protection and other information security standards and requirements and ensure compliance with applicable laws and regulations as well as provisions to avoid violations of applicable information security laws and regulations and contractual obligations.

#### 10. Development of information security technology

Cybersecurity is a topic of major concern for companies. The Company has followed the Group's strategy in the improvement of planning for information security technology development. The implementation includes reinforcing protection against information security attacks, real-time detection of and effective blocking against external threats, and reducing the risk of leakage of sensitive data as the focus areas of information security development.

The Company's cybersecurity technology development and operational planning are also strengthened based on the three major elements of cybersecurity, recent common cybersecurity risks and cybersecurity issues involved in the future business strategic planning. It includes remote office information security risks, improvement of personnel information security awareness, enhancement of system availability, protection of sensitive data, management of privileged accounts, event recording and analysis, cloud environment security assessment, etc. The relevant enhancements are described as follows:

- (1) In response to the pandemic control measures, the Company adopts two-factor authentication for remote secure connections to improve information security management and control of network connections.
- (2) Improve employees' awareness of information security and reduce the risk of information security incidents caused by personnel negligence through education, training and drills.
- (3) Build network traffic and behavior analysis to improve security of our external services.
- (4) Build a smart data protection area to strengthen the monitoring of data access and use in the core businesses.
- (5) Reinforce the control of our files transmitted to outside parties. The Company only provides transmission methods legally authorized by the Group, and establishes file transmission rules to reinforce the monitoring to prevent data leakage.
- (6) Strengthen the physical security the core business areas and adopt two-factor authentication for access to protect the Group's important assets and information.
- (7) The stability of respective core systems is ensured through the system surveillance tool.
- (8) Remote backup rehearsals and recovery rehearsals are performed periodically of core systems to ensure timely recovery in case of any information security incident.

5.6.2 From 2022 to the date of publication of the annual report, the Company had not suffered losses due to major information security incidents.

## 5.7 Important Contracts

Agreement Nature	Contracting party	Contract term	Main contents	Restrictive clause
Materials purchase agreements	CPC Corporation, Taiwan	January 1, 2023 to December 31, 2023	Purchase of carbon black feed of the subsidiary	Guarantee purchase volume
	China Steel Chemical Corporation	January 1, 2023 to December 31, 2023	Purchase of creosote oil 15 of the subsidiary	Guarantee purchase volume
	China Steel Chemical Corporation	January 1, 2023 to December 31, 2023	Purchase of creosote oil 12 of the subsidiary	Guarantee purchase volume
	China Steel Chemical Corporation	January 1, 2023 to December 31, 2023	Purchase of creosote oil 14 of the subsidiary	Guarantee purchase volume
	BASF-YPC Company Limited	January 1, 2023 to December 31, 2023	Purchase of ethylene tar of the subsidiary	Guarantee purchase volume
	Angang Steel Co., Ltd.	January 1, 2023 to December 31, 2023	Purchase of anthracene oil for the subsidiary	Guarantee purchase volume
	Wuhu Xinxing Pipes	January 1, 2023 to June 30, 2023	Purchase of coal tar for the subsidiary	Guarantee purchase volume
	Magang Auseya Co., Ltd.	January 1, 2023 to June 30, 2023	Purchase of carbon black feed for the subsidiary	Guarantee purchase volume
	Tongling Pacific Special Materials Co., Ltd.	January 1, 2023 to December 31, 2023	Purchase of carbon black feed for the subsidiary	Guarantee purchase volume
Syndication loan agreements	CTBC Bank	November 4, 2016 to November 4, 2023	Syndicated loans of Continental Carbon Company	Restrictions of financial ratios
	CTBC Bank	December 7, 2021 to December 7, 2026	Syndicated loans of Continental Carbon Company	Restrictions of financial ratios

## 6. Financial Highlights and Analysis

### 6.1 Five-Year Condensed Financial Information

#### 6.1.1 Condensed consolidated balance sheet

Unit: NT\$ thousands

Item \ Year		Financial information for the most recent five years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		28,454,557	27,406,938	24,456,288	28,342,201	27,871,259
Property, plant and equipment		13,817,462	15,619,453	17,541,705	16,733,941	19,316,463
Intangible assets		494,752	438,670	355,811	281,613	254,802
Other assets		7,167,367	8,146,703	7,833,423	12,155,566	10,963,292
Total assets		49,934,138	51,611,764	50,187,227	57,513,321	58,405,816
Current liabilities	Before distribution	11,095,422	11,912,420	13,242,794	14,666,805	12,980,282
	After distribution	12,402,591	12,109,367	13,341,267	14,863,752	(Note 2)
Non-current liabilities		6,583,390	5,405,862	3,124,871	7,625,698	9,867,077
Total liabilities	Before distribution	17,678,812	17,318,282	16,367,665	22,292,503	22,847,359
	After distribution	18,985,981	17,515,229	16,466,138	22,489,450	(Note 2)
Equity attributable to shareholders of the Parent		29,591,091	30,190,864	29,862,418	33,464,892	33,625,346
Capital stock		8,714,457	9,847,336	9,847,336	9,847,336	9,847,336
Capital surplus		8,894,609	8,900,326	8,903,273	8,904,961	8,952,852
Retained earnings	Before distribution	8,212,476	6,933,135	7,465,716	10,769,738	11,260,160
	After distribution	5,772,428	6,736,188	7,367,243	10,572,791	(Note 2)
Other equity		4,059,637	4,800,155	3,936,181	4,232,945	3,855,086
Treasury stock		(290,088)	(290,088)	(290,088)	(290,088)	(290,088)
Non-controlling interests		2,664,235	4,102,618	3,957,144	1,755,926	1,933,111
Total equity	Before distribution	32,255,326	34,293,482	33,819,562	35,220,818	35,558,457
	After distribution	30,948,157	34,096,535	33,721,089	35,023,871	(Note 2)

Note 1: The financial information has been audited by CPAs.

Note 2: The proposal in 2022 profit distribution is pending for resolution by the Annual Shareholder's Meeting.

### 6.1.2 Condensed consolidated statement of comprehensive income

Unit: NT\$ thousands (Except EPS: NT\$)

Item \ Year	Financial information for the most recent five years (Note 1)				
	2018	2019	2020	2021	2022
Operating revenue	24,431,724	22,270,936	17,105,502	24,616,736	23,368,285
Gross profit	6,576,872	4,328,189	3,540,174	6,944,446	3,272,826
Operating income	4,630,135	2,150,494	1,404,460	5,176,837	1,739,487
Non-operating income and expenses	(61,254)	(60,046)	19,735	178,451	(266,961)
Income before income tax	4,568,881	2,090,448	1,424,195	5,355,288	1,472,526
Income from continued segment	3,252,459	1,165,528	676,010	3,431,840	662,982
Net income	3,252,459	1,165,528	676,010	3,431,840	662,982
Other comprehensive income (net of income tax)	522,452	679,639	(955,182)	262,434	(176,287)
Total comprehensive income	3,774,911	1,845,167	(279,172)	3,694,274	486,695
Net income attributable to shareholders of the Parent	2,994,196	1,167,839	726,555	3,395,441	679,382
Net income attributable to non-controlling interests	258,263	(2,311)	(50,545)	36,399	(16,400)
Total comprehensive income attributable to shareholders of the Parent	3,494,838	1,901,225	(134,446)	3,699,259	309,510
Total comprehensive income attributable to non-controlling interests	280,073	(56,058)	(144,726)	(4,985)	177,185
Earnings per share	3.70	1.20	0.75	3.50	0.70

Note 1: The financial information has been audited by CPAs.

Note 2: Earnings per share in 2018 was adjusted retroactively.

### 6.1.3 Condensed parent company only balance sheet

Unit: NT\$ thousands

Year		Financial information for the most recent five years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		9,398,786	6,320,439	4,450,384	3,750,759	4,208,993
Property, plant and equipment		19,136	25,802	21,154	20,268	19,638
Other assets		21,964,323	29,157,519	30,244,150	36,355,998	36,858,570
Total assets		31,382,245	35,503,760	34,715,688	40,127,025	41,087,201
Current liabilities	Before distribution	258,355	3,451,544	2,677,498	2,596,249	1,045,073
	After distribution	1,565,524	3,648,491	2,775,971	2,793,196	(Note 2)
Non-current liabilities		1,532,799	1,861,352	2,175,772	4,065,884	6,416,782
Total liabilities	Before distribution	1,791,154	5,312,896	4,853,270	6,662,133	7,461,855
	After distribution	3,098,323	5,509,843	4,951,743	6,859,080	(Note 2)
Equity attributable to shareholders of the Parent		29,591,091	30,190,864	29,862,418	33,464,892	33,625,346
Capital stock		8,714,457	9,847,336	9,847,336	9,847,336	9,847,336
Capital surplus		8,894,609	8,900,326	8,903,273	8,904,961	8,952,852
Retained earnings	Before distribution	8,212,476	6,933,135	7,465,716	10,769,738	11,260,160
	After distribution	5,772,428	6,736,188	7,367,243	10,572,791	(Note 2)
Other equity		4,059,637	4,800,155	3,936,181	4,232,945	3,855,086
Treasury stock		(290,088)	(290,088)	(290,088)	(290,088)	(290,088)
Total equity	Before distribution	29,591,091	30,190,864	29,862,418	33,464,892	33,625,346
	After distribution	28,283,922	29,993,917	29,763,945	33,267,945	(Note 2)

Note 1: The financial information has been audited by CPAs.

Note 2: The proposal in 2022 profit distribution is pending for resolution by the Annual Shareholder's Meeting.

#### 6.1.4 Condensed parent company only statement of comprehensive income

Unit: NT\$ thousands (Except EPS: NT\$)

Item \ Year	Financial information for the most recent five years (Note 1)				
	2018	2019	2020	2021	2022
Operating revenue	3,467,441	1,608,427	1,219,809	4,234,930	1,189,857
Gross profit	1,507,092	1,608,427	1,219,809	4,234,930	1,189,857
Operating income	1,083,095	1,440,048	1,071,557	4,081,984	1,047,240
Non-operating income and expenses	2,579,395	33,791	(7,261)	(78,310)	(8,992)
Income before income tax	3,662,490	1,473,839	1,064,296	4,003,674	1,038,248
Income from continued segment	2,994,196	1,167,839	726,555	3,395,441	679,382
Net income	2,994,196	1,167,839	726,555	3,395,441	679,382
Other comprehensive income (net of income tax)	500,642	733,386	(861,001)	303,818	(369,872)
Total comprehensive income	3,494,838	1,901,225	(134,446)	3,699,259	309,510
Earnings per share	3.70	1.20	0.75	3.50	0.70

Note 1: The financial information has been audited by CPAs.

Note 2: Earnings per share in 2018 was adjusted retroactively.

#### 6.1.5 CPAs and auditor's opinions in the most recent five years

Year	Names of CPAs	Auditor's Opinion
2018	Mei-Hui, Wu; Cheng-Hung, Kuo	Unqualified opinion with the paragraph on emphasis of other matters
2019	Mei-Hui, Wu; Yi-Chun, Wu	Unqualified opinion with the paragraph on emphasis of other matters
2020	Mei-Hui, Wu; Yi-Chun, Wu	Unqualified opinion with the paragraph on emphasis of other matters
2021	Dien-Sheng, Chang; Tza-Li, Gung	Unqualified opinion with the paragraph on emphasis of other matters
2022	Tza-Li, Gung; Hsiu-Chun, Huang	Unqualified opinion with the paragraph on emphasis of other matters

Note: CPA changed in 2019, 2021 and 2022 was in coordination to internal rotation and adjustment of the CPA firm.

## 6.2. Five-Year Financial Analysis

### 6.2.1 Consolidated financial analysis

<div> <div></div> <div>Year</div> </div> <div>Item</div>		Financial analysis for the most recent five years (Note 1)				
		2018	2019	2020	2021	2022
Financial structure	Liabilities to assets ratio (%)	35.40	33.55	32.61	38.76	39.11
	Long-term fund to property, plant, and equipment ratio (%)	277.90	254.16	210.60	256.04	235.16
Ability to repay debts	Current ratio (%)	256.45	230.07	184.67	193.24	214.71
	Quick ratio (%)	222.13	201.11	165.45	171.87	188.12
	Times interest earned (times)	13.95	7.98	9.98	28.53	3.96
Ability to operate	Accounts receivable turnover (times)	4.56	4.43	4.20	5.55	4.60
	Average collection turnover	80.04	82.39	86.90	65.76	79.34
	Inventory turnover (times)	6.29	5.62	5.22	7.07	6.72
	Accounts payable turnover (times)	13.98	14.95	12.61	17.04	23.25
	Inventory turnover days	58.02	64.94	69.92	51.62	54.31
	Property, plant and equipment turnover (times)	1.89	1.50	1.03	1.43	1.29
	Total assets turnover (times)	0.56	0.43	0.33	0.45	0.40
Profitability	Return on assets (%)	8.12	2.62	1.47	6.60	1.52
	Return on equity (%)	12.33	3.50	1.98	9.94	1.87
	Pre-tax income to paid-in capital ratio (%)	52.42	21.22	14.46	54.38	14.95
	Net profit ratio (%)	13.31	5.23	3.95	13.94	2.83
	Earnings per share (NTD)	3.70	1.20	0.75	3.50	0.70
Cash flow	Cash flow ratio (%)	29.89	46.47	24.64	26.25	5.86
	Cash flow adequacy ratio (%)	84.21	92.69	86.55	93.62	81.11
	Cash reinvestment ratio (%)	4.03	7.67	5.83	6.82	0.94
Leverage	Operating leverage	2.23	3.49	4.44	1.84	3.98
	Financial leverage	1.08	1.16	1.12	1.03	1.39

Analysis of deviation of 2022 vs. 2021 over 20%:

1. Decrease in times interest earned and pre-tax income to paid-in capital ratio: It was mainly due to the decrease in pre-tax income this year.
2. Increase in average collection turnover: It was mainly resulting from the recognition of royalty income from settlements in the previous year.
3. Increase in accounts payable turnover ratio: It mainly came from the increase in cost of goods sold due to the soaring oil cost this year.
4. Decrease in return on assets %, return on equity %, net profit margin and earnings per share: It primarily came from the decrease in net profit this year.
5. Decrease in cash flow ratio and the cash reinvestment ratio: It was mainly due to the decrease in net cash flow from operating activities.
6. Increase in financial leverage and operating leverage: It mainly came from the decrease in operating profit this year.

Note 1: The financial information has been audited by CPAs.

Note 2: The above calculation formula is shown below.

## 6.2.2 Parent company only financial analysis

Item \ Year		Financial analysis for the most recent five years (Note 1)				
		2018	2019	2020	2021	2022
Financial structure	Liabilities to assets ratio (%)	5.70	14.96	13.98	16.60	18.16
	Long-term fund to property, plant, and equipment Ratio (%)	162,645.74	124,223.76	151,452.16	185,172.56	203,901.25
Ability to repay debts	Current ratio (%)	3,637.93	183.11	166.21	144.46	402.74
	Quick ratio (%)	3,637.48	183.07	166.17	144.43	402.67
	Times interest earned (times)	14,592.59	79.59	45.22	163.79	22.06
Ability to operate	Accounts receivable turnover (times)	10.37	619.93	-	-	-
	Average collection turnover	35.19	0.58	-	-	-
	Inventory turnover (times)	24.59	-	-	-	-
	Accounts payable turnover (times)	18.13	-	-	-	-
	Inventory turnover days	14.84	-	-	-	-
	Property, plant and equipment turnover (times)	8.63	71.58	51.95	204.47	59.63
	Total assets turnover (times)	0.13	0.04	0.03	0.11	0.02
Profitability	Return on assets (%)	11.28	3.53	2.12	9.12	1.77
	Return on equity (%)	12.17	3.90	2.41	10.72	2.02
	Pre-tax income to paid-in capital ratio (%)	42.02	14.96	10.80	40.65	10.54
	Net profit ratio (%)	86.35	72.60	59.56	80.17	57.09
	Earnings per share (NTD)	3.70	1.20	0.75	3.50	0.70
Cash flow	Cash flow ratio (%)	308.19	19.84	9.94	10.63	25.71
	Cash flow adequacy ratio (%)	90.27	82.51	78.16	83.25	71.08
	Cash reinvestment ratio (%)	(Note 2)	(Note 2)	0.21	0.47	0.17
Leverage	Operating leverage	2.61	1.11	1.13	1.03	1.13
	Financial leverage	1.00	1.01	1.02	1.00	1.04

Analysis of deviation of 2022 vs. 2021 over 20%:

1. Decrease in return on assets, return on equity, net profit margin and earnings per share: It was mainly due to the decrease in profit this year.
2. Decrease in times interest earned and pre-tax income to paid-in capital ratio: It mainly resulted from the decrease in pre-tax income this year.
3. Decrease in property, plant and equipment turnover and total asset turnover: It mainly came from the decrease in operating revenue this year.
4. Increase in current ratio, quick ratio and cash flow ratio: It was primarily resulting from the decrease in current liabilities.
5. Decrease in cash reinvestment ratio: It was mainly due to the decrease in the short-term borrowings to increase the working capital in response to future long-term capital planning.

Note 1: The financial information has been audited by CPAs.

Note 2: The ratio turned negative and it is not presented as it is meaningless for comparison.

Note 3: On October 1, 2018, the Company spun-off its domestic carbon black operation and biotechnology operation to subsidiaries of Linyuan Advanced Materials Technology Co., Ltd. and Circular Commitment Company. As such, it resulted in the change of many financial ratios over 20%.

Note 4: The above calculation formula is shown below.



1. Financial structure:
  - (1) Liabilities to assets ratio =  $\text{Total liabilities} / \text{Total assets}$ .
  - (2) Long-term fund to property, plant, and equipment ratio =  $(\text{Total equity} + \text{Non-current liabilities}) / \text{Net property, plant, and equipment}$ .
2. Ability to repay debts:
  - (1) Current ratio =  $\text{Current assets} / \text{Current liabilities}$ .
  - (2) Quick ratio =  $(\text{Current assets} - \text{Inventory} - \text{Prepayments}) / \text{Current liabilities}$ .
  - (3) Times interest earned =  $\text{EBIT} / \text{Interest expense}$ .
3. Ability to operate:
  - (1) Accounts receivable turnover =  $\text{Net sales} / \text{Average trade receivables}$ .
  - (2) Average collection turnover =  $365 / \text{Accounts receivable turnover}$ .
  - (3) Inventory turnover =  $\text{Cost of goods sold} / \text{Average inventory}$ .
  - (4) Accounts payable turnover =  $\text{Net sales} / \text{Average trade payables}$ .
  - (5) Inventory turnover days =  $365 / \text{Inventory turnover}$ .
  - (6) Property, plant, and equipment turnover =  $\text{Net sales} / \text{Net average property, plant, and equipment}$ .
  - (7) Total assets turnover =  $\text{Net sales} / \text{Total average assets}$ .
4. Profitability:
  - (1) Return on assets =  $[\text{Net income} + \text{Interest expense} \times (1 - \text{Tax rate})] / \text{Average total assets}$ .
  - (2) Return on equity =  $\text{Net income} / \text{Total average equity}$ .
  - (3) Net profit ratio =  $\text{Net income} / \text{Net sales}$ .
  - (4) Earnings per share =  $(\text{Income attributable to shareholders of the Parent} - \text{Preferred stock dividends}) / \text{Weighted average outstanding shares}$ .
5. Cash flow:
  - (1) Cash flow ratio =  $\text{Net cash flows from operations} / \text{Current liabilities}$ .
  - (2) Net cash flow adequacy ratio =  $\text{Net cash flow from operation in the last 5 years} / (\text{Capital expenditures} + \text{Increase in inventory} + \text{Cash dividends}) \text{ in the last 5 years}$ .
  - (3) Cash reinvestment ratio =  $(\text{Net cash flow from operation} - \text{Cash dividends}) / (\text{Gross property, plant, and equipment} + \text{Long-term investment} + \text{Other non-current assets} + \text{Working capital})$ .
6. Leverage:
  - (1) Operating leverage =  $(\text{Net operating income} - \text{Variable operating cost and expense}) / \text{Operating income}$ .
  - (2) Financial leverage =  $\text{Operating income} / (\text{Operating income} - \text{Interest expenses})$ .

### 6.3. Audit Committee's Review Report

#### Audit Committee's Review Report

The Board of Directors of International CSRC Investment Holdings Co., Ltd. has prepared the Company's 2022 Business Report, Consolidated and Parent Company Only Financial Statements, and the proposal for the allocation of earnings. The CPA firm Deloitte & Touche was retained to audit the Company's Financial Statements and it has issued an audit report on the Financial Statements. The Business Report, Financial Statements, and the earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of International CSRC Investment Holdings Co., Ltd. According to Article 14-4 of the Securities Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To

INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD.

2023 Annual General Shareholders' Meeting

International CSRC Investment Holdings Co., Ltd.

Chairman of the Audit Committee: Joseph Chia

March 29, 2023



6.4 Consolidated Financial Statements Audited by CPAs of 2022.

Please refer to 10.1 Appendix I.

6.5 Parent Company Only Financial Statements Audited by CPAs of 2022.

Please refer to 10.2 Appendix II.

6.6 Financial difficulties experienced by the Company and its affiliates.

Nil.

## 7. Review of Financial Position, Financial Performance, and Risk Management

### 7.1 Financial Position

Unit: NT\$ thousands

Item \ Year	2022	2021	Difference	%
Current assets	27,871,259	28,342,201	(470,942)	(2)
Property, plant and equipment	19,316,463	16,733,941	2,582,522	15
Intangible assets	254,802	281,613	(26,811)	(10)
Other assets	10,963,292	12,155,566	(1,192,274)	(10)
Total assets	58,405,816	57,513,321	892,495	2
Current liabilities	12,980,282	14,666,805	(1,686,523)	(11)
Non-current liabilities	9,867,077	7,625,698	2,241,379	29
Total liabilities	22,847,359	22,292,503	554,856	2
Shareholders equity attributable to the Parent	33,625,346	33,464,892	160,454	0
Capital stock	9,847,336	9,847,336	-	0
Capital surplus	8,952,852	8,904,961	47,891	1
Retained earnings	11,260,160	10,769,738	490,422	5
Other equity	3,855,086	4,232,945	(377,859)	(9)
Treasury stock	(290,088)	(290,088)	-	0
Non-controlling interests	1,933,111	1,755,926	177,185	10
Total equity	35,558,457	35,220,818	337,639	1
Analysis of deviation of 2022 vs. 2021 over 20%:				
1. Increase in non-current liabilities was mainly due to the reduction of short-term borrowings and the increase of long-term borrowings in response to long-term capital planning.				

## 7.2 Financial Performance

Unit: NT\$ thousands

Item \ Year	2022	2021	Difference	%
Operating revenue	23,368,285	24,616,736	(1,248,451)	(5)
Operating costs	(20,095,459)	(17,672,290)	2,423,169	14
Gross profit	3,272,826	6,944,446	(3,671,620)	(53)
Operating expenses	(1,533,339)	(1,767,609)	(234,270)	(13)
Operating income	1,739,487	5,176,837	(3,437,350)	(66)
Non-operating income and expenses	(266,961)	178,451	(445,412)	(250)
Income before income tax	1,472,526	5,355,288	(3,882,762)	(73)
Income tax expense	(809,544)	(1,923,448)	(1,113,904)	(58)
Net income	662,982	3,431,840	(2,768,858)	(81)
Net income attributable to shareholders of the Parent	679,382	3,395,441	(2,716,059)	(80)
Analysis of deviation of 2022 vs. 2021 over 20%:				
1. The decrease in gross profit, operating income, income before income tax, income tax expense, net income, and net income attributable to shareholders of the Parent was mainly resulting from the revenue recognition of the biotechnology business due to royalties settlement reached in Europe and the US arbitration with Genzyme Corporation.				
2. The decrease in non-operating income and expenses was mainly due to the decrease in gain from disposal of subsidiaries this year.				

## 7.3 Cash Flow

### 7.3.1 Analysis of consolidated cash flows in the most recent year

Unit: NT\$ thousands

Beginning Cash Balance	Net Cash Flows from Operating Activities	Net Cash Flows from Investing and Financing Activities	Effects of Exchange Rate Changes on Cash	Ending Cash Balance	Plan for Cash Shortage	
					Investment Plan	Financing Plan
10,761,870	761,455	2,770,922	654,720	14,948,967	-	-
1. Analysis of cash flows changes:						
(1) Net cash provided by operating activities was mainly from the net income in the current period.						
(2) Net cash provided by investing activities was mainly due to the time deposits with maturity more than three months was transferred to cash upon maturity.						
(3) Net cash provided by financing activities was mainly came from the increase in borrowings from banks.						
2. Plan for cash shortage: Not applicable.						

### 7.3.2 Remedial actions for cash shortfall: Nil.

### 7.3.3 Liquidity analysis of cash flows for next year

Unit: NT\$ thousands

Beginning Cash Balance	Expected Net Cash Flows from Operating Activities	Expected Net Cash from Investing and Financing Activities	Expected Ending Cash Balance	Plan for Cash Shortage	
				Investment Plan	Financing Plan
14,948,967	2,399,115	(1,562,176)	15,785,906	-	-
1. Analysis of the cash flows changes:					
(1) Net cash provided by operating activities was mainly from the net income from operation.					
(2) Net cash used in investing activities mainly came from the acquisition of property, plant and equipment.					
(3) Net cash used in financing activities was mainly resulting from the repayment of borrowings from banks.					
2. Plan for cash shortage and liquidity analysis: Not applicable.					

## 7.4 Major Capital Expenditures and Impact on Financials and Operations

Except for the routine capital expenditures, major non-routine capital expenditures in 2022 include the following:

1. The construction of carbon black plant of the India subsidiary, Continental Carbon Eco Technology Private Limited.
2. Each subsidiary of carbon black business continuously improves the environmental equipment to be in line with the local government policy.

In 2022, total capital expenditure was 3.16 billion. The non-routine capital expenditures listed above are expect to generate additional revenue for the Company.

## 7.5 Investment Policy, Main Reasons for Profit or Loss, Improvement Plan, and Investment Plan in the Coming Year

### 7.5.1 Investment policy

The investment policy of the Company is in line with the operation extension and strategic development plan whereby domestic and overseas investments will be made as planned under tolerable risks for the expansion of business territory and management of the business. Through vertical or horizontal integration, and diversification in operation, the Company seeks to diversify operation risk in the industry and improve the profit with maximization of the return on investment in favor of the shareholders.

### 7.5.2 Main reasons for profit or loss

With respect to the Company's subsidiaries in 2022, the sales of carbon black business in the US continued to grow due to the demand for tire replacement, and India and Taiwan also showed stable performance. In China, the reduction in steel output and transportation restrictions have driven the price of coal tar, but the demand for tires downstream remained weak, which made it difficult to pass on cost and pressured the business of carbon black, which resulted in the loss of carbon black business this year. As to the biotechnology business, it reached a settlement with Genzyme on the European and American royalty disputes arising from the authorized patent rights in Europe and the US in 2021, which resulted in a decrease in profit in the current period. The battery business benefited from process and efficiency improvement, which led to an increase in overall production capacity, and the strong demand in the market has greatly driven up the revenue to turn losses into profits.

### 7.5.3 Improvement plan

Looking forward to 2023, the following measures will be taken in near future to improve its profitability:

#### Carbon Black

1. Simplification of the production and operation in Mainland China through the production of standardized niche products.
2. Integration of technologies for the whole group.
3. Access to the sources of oil supply with competitive edge.
4. Expansion of the export market and industries beyond tire manufacturing.
5. Focus on and broaden the clientele base of top customers in the market.
6. Application of the real-time electronic system to work in conjunction with PDA for bolstering shop floor management.
7. Promoting the globalization and invest in new factories in Turkey.

### 7.5.4 Investment plan in the coming year

The Company anticipates the investment plans in the coming year still in conformity to the needs of the strategic development plan so as to enlarge the scale and location of operation under the principle of vertical integration and technology development. The strategic aim is to make the product line of the Company perfect to bolster competitive advantage. The Company will consider any other investment in other fields rather than carbon black or related industries only if the investment is beneficial to the subsequent development and operation of the Company.

In order to achieve the Company's global vision and strategy, it was resolved by the Board of Directors in 2019 to establish a joint venture company with Turkey Ordu Yardimlasma Kurumu Group to engage in the carbon black business in Turkey. As of the publication date of the annual report, the accumulated investment amount is USD 19 million.

## 7.6 Risk Analysis and Assessment

### 7.6.1 Impact on the Company's profit and loss from the fluctuation of interest rates, exchange rates, and inflation, and the Company's future countermeasures

1. In terms of interest rate, the inflation rate of major economies remained high, making future trends highly uncertain. Most central banks may continue to raise interest rates. As for China, which faced less pressure from inflation, will continue to adopt loose monetary policies due to economic slowdown. It is expected that Taiwan's interest rate may continue to go up in order to reduce domestic price pressures. Fluctuations in interest rates in Taiwan, the US and China will affect the Company's interest income from cash equivalent, financial assets and the interest expenses resulting from the settlement of liabilities. The Company continues to monitor the market to adjust its liability positions or enter into fixed interest rates instruments to hedge potential interest rate risks.
2. In terms of exchange rates, the Company is mainly affected by currency fluctuations related to the USD, CNY, and EUR. The Company has adopted a net position through natural hedging and by constantly monitoring fluctuations in foreign exchange rates to timely execute the buying/selling of foreign exchange settlement, forwards, or adjustments its position in foreign currency debts to hedge foreign exchange risks. The above hedge methods could assist to reduce the exchange risks. The Company determines which method to use based on the market status and hedging cost. The fluctuations of exchange rates has a minimum effect on the Company's operations.
3. In terms of inflation, looking ahead to 2023, global consumption in 2023 will decrease and supply chain bottlenecks will be improved. It is expected that the global inflation rate will decline quarter by quarter. According to the latest forecast by the Directorate General of Budgets, Accounting and Statistics of the Executive Yuan, Taiwan's CPI growth rate will be 2.16% in 2023. As such, the inflation will have limited influence on the Company's profit and loss.

### 7.6.2 The policy regarding high risk and high leverage investment, offering lending, endorsement and guarantee, and derivative investments, and the main reason for profit or loss

1. The Company and its subsidiaries did not make any high risk and high leverage investments in the most recent year.
2. The Company and its subsidiaries only offered lending, endorsement and guarantee to its affiliates, all of which maintain normal finance operations that are in accordance with the regulations of Securities and Futures Bureau and the Company's "Procedure for Loaning of Funds" and "Procedure for Guarantee/Endorsement" of the Company. It is unlikely that loss will be incurred.
3. All financial instruments the Company and its subsidiaries entered into were strictly for hedging the risk of exchange rate and material cost resulting from the operations and it was executed in accordance with "Procedure for the Acquisition or Disposal of Assets" of the Company. There are no other transactions rather than hedging.

### 7.6.3 Future R&D plan and projected R&D expenditure

#### Carbon Black

1. Development of low hysteresis loss carbon black.
2. Development of ultra-wear-resisting carbon black.
3. Development of carbon black for high cleanliness rubber products.
4. Development of carbon black for high emissivity black plastics and fiber plastics.
5. Development of carbon black for ink.
6. Development of highly conductive carbon black.
7. Upgrade the energy performance index and utilization.
8. Development of new reactors and its materials, and production method.
9. Improvement of performance and durability of materials for carbon black process equipment.
10. Development of carbon black post-modification reactor.
11. Development of conductive additive for Li-ion batteries.
12. Development of the automatic purification system for conductive carbon.
13. The development of ultra-clean carbon black used in the coloring of food contact plastic

- materials and plastic high-pressure water pipes.
- 14. Eco-friendly recycled carbon black.
- 15. Preliminary research and development of equipment for producing hydrogen and carbon black with plasma and methane or gas form hydrocarbon.
- 16. 3D printing photosensitive resin and color paste.

A budget of NT\$245,997 thousand is expected for supporting the aforementioned R&D plans.

#### 7.6.4 Influence associated with domestic and international important policies and regulation changes on the Company's financial and business

The relevant department of the Company continues to pay attention to changes in domestic and international policies and regulation, and timely assesses the impact on the Company's financial and business, and takes appropriate response. As of the date of publication of the annual report, relevant domestic and international important policy and regulation changes have no immediate, obvious, and significant impact on the Company's financial and business.

#### 7.6.5 Influence of the change in the technology, including information security risk, and industrial environment on the Company's financial results and countermeasures

Over the past few years, the carbon neutralization trend had two major impacts on the Company's products. One is the change in demand for the performance of tires while electric vehicles market is growing rapidly. To respond to this trend on the market, the Company developed the LH series of products that feature low rolling resistance for increased mileage of electric vehicles to replace existing traditional carbon black and also improved wear resistance to support greater vehicle weight. The other is the end users' demand for reducing carbon emissions. The Company focuses on three priorities, and it is reuse materials, replace petrochemical raw oil, and reduce fuels. Develop recycled carbon materials as raw materials to reduce carbon emissions and meet the end market requirement for labeling recycled materials. Develop biomass raw oil to replace partial existing ethylene tar and coal tar. Update the air pre-heating system, and add online boilers to improve energy efficiency and to reduce the amount of fuel used.

In response to the amount of attention paid to the environment and the digital management trend, strategies adopted for the time being are as follows:

1. Perfect high-performance pollution prevention equipment to accomplish ultra-clean emissions and configure a digital system to transmit the operational status in real time and to allow immediate troubleshooting.
2. Switch from "circular economy" to "low-carbon circular economy", including "waste recycling and reutilization", "waste water recycling and reutilization", use of "recycled and reutilized" raw materials and supplies, use of energy-saving electrical and mechanical equipment, and optimization of processes and parameters to reduce consumption of energy and resources.
3. Build a digital "carbon emission management system" for the transparency and digitalization of carbon reduction.
4. Build an assuring workplace, including the introduction of process safety management (PSM), optimization of the workplace, on-site healthcare service, etc., covering all aspects, including the system, the environment, and the staff.

Please refer to 5.6 Information Security Management for the risk from information security risk.

#### 7.6.6 Influence of the change in corporate image on corporate crisis management

The core value of "Commitment, Synergy, Rebirth, Creativity" is the fundamental principle of the Company. In addition, the Company never ceases to observe applicable laws of the government, refine product development and service, and fortify operation management. With outstanding operation performance and sound corporate governance, the Company has established a professional, outstanding, and trustworthy image among the customers and investors at home and abroad for long time. For maintaining and upgrading the corporate image, the Company makes ceaseless effort in making contribution to the economy, environment, and society to show its determination of sustainability as a good corporate citizen.

The Company pays close attention to any political and economic event with significant effect, related industries and competitive situation and proceeds to dynamic analysis of the situations as reference for decision-making to avoid possible influence on the image of the Company. This will



help to prevent possible crisis.

Potential crises that may affect corporate image include earthquake, fire, and occupational hazards and related accidents will be kept under control through related preventive measures and the establishment of related operation procedures for internal control, and intensification of training and exercise drills. The Company also announces the internal control system and related rules and regulations governing risk management, and continues to reinforce the capacity of risk detection, and responds quickly to any signs of possible risks for effective prevention.

For the proper implementation of corporate social responsibility, the Company has established the International CSRC Sustainable Development Committee. The function of this committee covers integrity governance, circular manufacturing, sustainable environment and products, employee care, and social concern with related work teams. Through inter-organization cooperation and resource integration to converge the effort across the group, the Company could properly perform the operation and pursue corporate social responsibility. The Company can eliminate possible hidden risk and could maintain its performance in operation and corporate image.

7.6.7 Expected benefits and potential risks of mergers and acquisitions: Nil.

7.6.8 Expected benefits and potential risks of factory expansion

In order to better improve the layout of the global sales base, the Company launched a new plant project in India in 2018 and hopes to use the individual production advantages of different countries to increase its competitive niche and expand production capacity. Relevant department of the Company continues to monitor the progress of plant construction and market development in order to increase the return on investment and reduce investment risks.

7.6.9 Potential risks from the concentration of purchase and sales

1. Purchase: the major ingredients for carbon black are ethylene tar, creosote oil and coal tar.

(1) The plants in Taiwan continue to maintain positive and stable cooperative relations with major oil product suppliers in Taiwan, and also import oil products to maintain fair competition among the existing suppliers.

(2) Further to maintaining positive cooperative relations with the suppliers in relevant regions, the plants also continue to develop possible cooperation with other suppliers to avoid over concentration of purchase for the lowest cost of purchase.

2. Sales: the major customers are big tire manufacturers for the time being. They are financially healthy and with normal account settlement. The sales department has credit limit control over all the customers, and regularly performs the credit information check of the customers. The risk of over concentration of sales is very low.

7.6.10 Influence and potential risk of the massive transaction or conversion of the shares by directors or major shareholders holding more than 10% shares: Nil.

7.6.11 Influence and risks of management team change: Nil.

7.6.12 Litigious or non-litigious events:

Major litigious events, non-litigious events, or administrative remedies with confirmed verdicts in recent years and by the date of report publication or in progress by the date of report publication of directors, presidents, actual principals, and shareholders holding over 10% of the shares of the company, subsidiaries, or affiliates, with results that may cause significant impact to the rights and interests of shareholders or the stock price.

1. The taxation authorities of India demanded our subsidiary Continental Carbon India Private Limited (CC IPL) to pay excise tax on steam and electricity. CC IPL has provided relevant taxation documents and records and filed an appeal. The case is still in proceeding.

2. Continental Carbon Company (CCC), our subsidiary in the USA, received a notification from the US Environmental Protection Agency (EPA) that all carbon black plants in the United States must meet standards for desulfurization, denitrification and removal of airborne particulate matter. To comply with the law of the USA in air pollution control, EPA etc. notified CCC that an agreement with the US Environmental Protection Administration has been reached on 23 March 2015. CCC promised (1) to complete the installation of related

environmental protection equipment in different phases by December 31 2022 to comply with the requirements of emission standard, and (2) to launch an environmental protection plan. Considering the consequent delay in the contractors' progress and the continuous rise in the prices of raw materials on the global market, if CCC continues to build the environmental protection facilities at the Phenix plant, it is estimated that approximately more than US\$100 million will additionally be incurred. After careful evaluation by CCC, based on a comprehensive assessment on pooling its North American production capacity to improve capacity utilization, the reduction of various emission levels and the cost effectiveness of different measures, CCC's board of director decided via a board resolution on December 14, 2022 not to continue the construction of the Phenix plant's AQCS facilities originally planned under the agreement with the U.S. EPA, but to replace it with other plan, and CCC has been in constant communication with and has applied to the U.S. EPA for an extension and modification of the plan. However, CCC has taken the initiative to suspend its production and operation at the Phenix plant on December 31, 2022 as CCC still has not yet got the EPA's approval of the extension by December 31, 2022. CCC has notified the EPA to deal with relevant procedures in accordance with the laws and Consent Decree.

3. The Company and its US subsidiaries Synpac Venture Capital, L.P., etc. and Genzyme signed a global regional licensing agreement for the patent rights of orphan drugs for Pompe disease in March 2000. Genzyme raised a dispute concerning the calculation of royalties in Europe in May 2019 and in the beginning of June it filed an arbitration application with the American Arbitration Association regarding the concern about how royalties are calculated in Europe. The arbitration procedure began in October (the "Europe Arbitration"). Separately, in February 2020 Genzyme disputed one of the patent rights in the United States (that will expire on February 26, 2023) and the term of Genzyme's US regional royalty payment obligations, and claimed that Genzyme's US regional royalty payment obligation will terminate on July 10, 2021. It filed an arbitration claim with the American Arbitration Association for the aforementioned dispute (the "US Arbitration" and collectively with the Europe Arbitration as "AAA Arbitration"). In light of the extensive amount of time, costs, and various resources that have to be devoted while trying to get an arbitration from the American Arbitration Association and the uncertainties associated with the arbitration outcome, after having taken into consideration the maximum interests for the shareholders and the Company, the Board of Directors of the Company decided on November 11, 2021 to settle with Genzyme and signed the Settlement Agreement for the dispute over patent rights and royalties in Europe and the US involved in the AAA arbitration. Genzyme agrees to pay the Company and its subsidiary Synpac USD 180 million (the settlement amount) in order to resolve the dispute between the parties over the value of patent royalties. After the Settlement Agreement was signed, the AAA Arbitration was dismissed from the American Arbitration Association accordingly.

#### 7.6.13 Other material risks:

##### Risk management and opportunities of climate change

1. After the Paris Agreement, climate change has been an issue that many governments and enterprises must cope with proactively. As the domestic and overseas regulations regarding the emission of greenhouse gases get stricter and stricter, natural disasters brought about by extreme weathers will impact operating sites directly and accordingly the Company. In this regard, the Company introduced the climate-related risk and opportunity identification mechanism to have a comprehensive inventory check of and evaluate the impacts of respective risks and opportunities on the Company's operations and manage them accordingly.
2. According to the evaluation findings, the Top 3 potential risks that shall be the regulatory risk of "Increase in the price of greenhouse gas emissions," the market risk of "The transfer of consumer/customer preferences" and the physical risk of "Severity of extreme weather events." The "Participation in renewable energy programs and energy efficiency improvements" and "Use of more efficient production and distribution processes" are the top two potential opportunities we have identified. The Company will propose corresponding response strategies based on the identification results of climate-related risks and opportunities, and regularly track the implementation results. In addition, we will continue to pay attention to emerging climate-related risks and opportunities, hoping to reinforce the Company's

operational resilience against climate change and effectively reduce the impact of the operational process on the environment.

#### 7.7 Other Material Information: Nil.

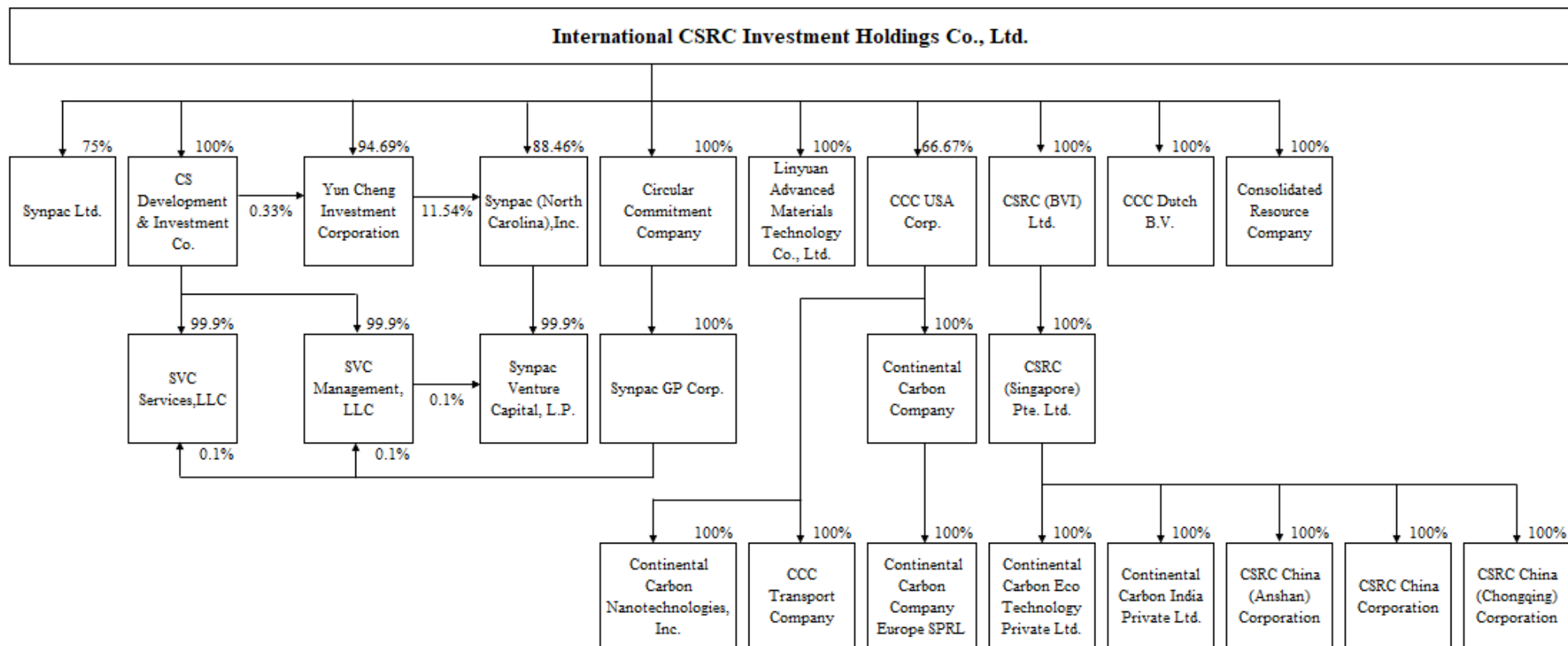
## 8. Special Notes

### 8.1 Information of the Affiliates

#### 8.1.1 Consolidated business report

##### 1. Organizational chart of the affiliates

As of December 31, 2022



## 2. Data of the affiliates

As of December 31, 2022/Unit: NT\$/Foreign currency thousands

Affiliate	Date of incorporation	Place of registration	Paid-in Capital	Business activities
Linyuan Advanced Materials Technology Co., Ltd.	2018.05.03	Kaohsiung City	NT\$995,329	Carbon black production and sales
Circular Commitment Company	2018.10.08	Taipei City	NT\$90,000	Biotechnology services and Investment
CS Development & Investment Co.	1988.06.01	Taipei City	NT\$403,825	Investment
Consolidated Resource Company	1987.03.16	Taipei City	NT\$164,440	Carbon masterbatch and carbon black processing and sales
Yun Cheng Investment Corporation	2017.11.01	Taipei City	NT\$551,029	Investment
Synpac Ltd.	1991.06.17	BVI	US\$10,800	Investment
Synpac (North Carolina), Inc.	1996.07.03	USA	US\$13,000	Investment
Synpac Venture Capital L.P.	2006.07.14	USA	US\$522	Investment
Synpac GP Corporation	2017.06.28	USA	US\$20	Investment
SVC Management. LLC	2006.07.14	USA	US\$272	Investment Consultation
SVC Services, LLC	2006.07.14	USA	US\$0.1	Investment Service
CCC USA Corp.	1995.06.30	USA	US\$155,000	Investment
Continental Carbon Company	1995.06.30	USA	US\$230,000	Carbon black production and sales
CCC Transport Company	1996.08.02	USA	US\$10	Carbon black transport
Continental Carbon Nanotechnologies, Inc.	2009.08.12	USA	US\$6,200	Carbon nanotubes production and sales
Continental Carbon Company Europe SPRL	2014.10.16	Belgium	US\$24	Carbon black sales
CSRC (BVI) Ltd.	1999.12.23	BVI	US\$541,091	Investment
CSRC (Singapore) Pte. Ltd.	1997.02.08	Singapore	US\$599,973	Investment
Continental Carbon India Private Ltd.	2000.12.01	India	INR 5,305,381	Carbon black production and sales
Continental Carbon Eco Tech Private Ltd.	2018.10.10	India	INR 19,933,909	Carbon black production and sales
CCC Dutch B.V.	2020.01.14	Netherlands	EUR\$50	Investment
CSRC China Corporation	2000.01.28	China	US\$53,500	Carbon black production and sales
CSRC China (Anshan) Corporation	2001.04.18	China	US\$134,850	Carbon black production and sales
CSRC China (Chongqing) Corporation	2010.09.21	China	US\$46,100	Carbon black production and sales

3. A company assumed to be controlled, subordinated or there would be same shareholders with the parent company:

As stated in the above table.

4. Business and the operating scale of the Company's subsidiaries:

Carbon black production and sales, biotechnology and related production and sales.

## 5. Information of directors, supervisors, and presidents of affiliates

As of April 1, 2023; share:%

Enterprise Name	Occupational Title	Name or Representative	Type of shares	
			Shareholding	Percentage
Linyuan Advanced Materials Technology Co., Ltd.	Chairman Director Supervisor President	Kung-Yi, Koo Po-Sung, Huang; Chun-Yi, Lai Li-Wen, Tsai Kai-Nan, Huang	99,532,900	100.00%
Circular Commitment Company	Chairman Director Supervisor President	Kung-Yi, Koo Po-Sung, Huang; Chi-Heng, Huang Li-Wen, Tsai Po-Sung, Huang	9,000,000	100.00%
CS Development & Investment Co.	Chairman Director, President Director Supervisor	Kung-Yi, Koo Po-Sung, Huang Li-Wen, Tsai Chia-Wen, Lee	40,382,500	100.00%
Consolidated Resource Company	Chairman Director Supervisor President	Kung-Yi, Koo Po-Sung, Huang; Tsung-Min, Chen Li-Wen, Tsai Po-Sung, Huang	164,440	100.00%
Yun Cheng Investment Corporation	Chairman Director Supervisor President	Kung-Yi, Koo Po-Sung, Huang; Li-Wen, Tsai Wei-Lun, Kao Po-Sung, Huang	52,356,908	95.02%
Synpac Ltd.	Director	Kung-Yi, Koo; Po-Sung, Huang	8,100,000	75.00%
Synpac (North Carolina), Inc.	Chairman Director	Kung-Yi, Koo Wei-Lun, Kao	12,925,300	99.42%
Synpac Venture Capital L.P.	Manager	Kung-Yi, Koo	US\$522	99.42%
Synpac GP Corporation	Director	Kung-Yi, Koo; Li-Wen, Tsai	1,000	100.00%
SVC Management, LLC	Manager	Kung-Yi, Koo	US\$272	100.00%
SVC Services, LLC	Manager	Kung-Yi, Koo	US\$0.10	100.00%
CCC USA Corp.	Chairman Director, President Director	Kung-Yi, Koo Dennis Joseph Hetu Tien-Fu, Chao	158,334	66.67%
Continental Carbon Company	Chairman Director, President Director Director	Kung-Yi, Koo Dennis Joseph Hetu Tien-Fu, Chao; Po-Sung, Huang; Li-Wen, Tsai	100,867	66.67%
CCC Transport Company	Director, President Director	Dennis Joseph Hetu Tien-Fu, Chao	6,667	66.67%
Continental Carbon Nanotechnologies, Inc.	Director, President Director	Dennis Joseph Hetu Kung-Yi, Koo; Tien-Fu, Chao	667	66.67%
Continental Carbon Company Europe SPRL	Director Director	Dennis Joseph Hetu Marco Gruss	667	66.67%
CSRC (BVI) Ltd.	Director	Kung-Yi, Koo; Po-Sung, Huang	541,090,790	100.00%
CSRC (Singapore) Pte. Ltd.	Director Director	Kung-Yi, Koo; Po-Sung, Huang Baey Cheng Song	823,840,447	100.00%
Continental Carbon India Private Ltd.	Director Director Director	Po-Sung, Huang; Tsung-Min, Chen Chia-Wen, Lee Raghvinder Singh	408,390,640	100.00%
Continental Carbon Eco Tech Private Ltd.	Director Director Director	Po-Sung, Huang; Tsung-Min, Chen Hao-Jan, Chiu Raghvinder Singh	1,993,390,927	100.00%
CCC Dutch B.V.	Director	Po-Sung, Huang	50,000	100.00%
CSRC China Corporation	Chairman Director Supervisor President	Tien-Fu, Chao Po-Sung, Huang; Chun-Yi, Lai Chia-Wen, Lee Po-Sung, Huang	US\$53,500	100.00%
CSRC China (Anshan) Corporation	Chairman Director Supervisor President	Tien-Fu, Chao Po-Sung, Huang; Chun-Yi, Lai Chia-Wen, Lee Po-Sung, Huang	US\$134,850	100.00%
CSRC China (Chongqing) Corporation	Chairman Director Supervisor President	Tien-Fu, Chao Po-Sung, Huang; Hung-Wei, Ho Chia-Wen, Lee Po-Sung, Huang	US\$46,100	100.00%

6. Operation of the affiliates

As of 2022.12.31 /Unit: NT\$ thousands								
Enterprise Name	Authorized Capital	Total Assets	Total Liabilities	Net Worth	Revenue	Operating Income	Income in Current Period (after taxation)	Earnings per share (NTD)
CS Development & Investment Co.	403,825	2,132,875	221,054	1,911,821	46,280	44,224	45,803	1.13
Consolidated Resource Company	164,440	296,469	60,235	236,234	20,362	(1,842)	11,073	67.34
Linyuan Advanced Materials Technology Co., Ltd.	995,329	3,491,832	1,087,751	2,404,081	4,751,637	664,758	571,899	5.75
Circular Commitment Company	90,000	1,047,965	428,802	619,163	470,660	462,065	439,142	48.79
Yun Cheng Investment Corporation	551,029	1,908,444	438,660	1,469,784	146,859	127,129	84,986	1.54
Synpac Ltd.	331,668	28,253	35	28,218	0	(128)	131	0.01
CCC Dutch B.V.	1,636	492,378	508,609	(16,231)	0	(1,454)	(74,017)	(1,480.34)
Synpac (North Carolina), Inc.	399,230	11,956,508	129,016	11,827,492	0	(2,315)	950,202	73.09
Synpac Venture Capital L.P.	16,029	7,006,011	301,510	6,704,501	862,202	861,835	952,776	Nil
SVC Management. LLC	8,352	1,725,584	1,095,177	630,407	0	(3,794)	11,127	Nil
SVC Services, LLC	3	25,964	3,777	22,187	4,295	0	0	Nil
Synpac GP Corporation	614	870	136	734	0	0	(24)	(24.00)
CCC USA Corp.	4,760,050	6,399,284	2,832	6,396,452	0	(1,021)	(61,993)	(261.02)
Continental Carbon Company	7,063,300	14,249,391	7,839,712	6,409,679	10,441,881	359,845	(55,020)	(363.65)
CCC Transport Company	307	396,169	438,484	(42,315)	52,224	3,951	(3,845)	(384.50)
Continental Carbon Nanotechnologies, Inc.	190,402	20,183	(2,787)	22,970	0	0	(89)	(89.00)
Continental Carbon Company Europe SPRL	737	723,966	708,699	15,267	969,522	(17,078)	1,192	1,192.00
CSRC (BVI) Ltd.	16,616,898	9,435,588	1,853,185	7,582,403	0	(148)	(1,029,068)	(1.90)
CSRC (Singapore) Pte. Ltd.	18,425,163	9,409,693	1,091	9,408,602	0	(2,635)	(997,663)	(1.21)
CSRC China Corporation	1,642,985	2,952,932	2,297,162	655,770	1,906,846	(222,016)	(287,708)	Nil
CSRC China (Anshan) Corporation	4,141,244	2,162,219	1,810,809	351,410	1,356,472	(357,948)	(417,032)	Nil
CSRC China (Chongqing) Corporation	1,415,731	1,428,608	1,138,054	290,554	794,294	(185,065)	(219,067)	Nil
Continental Carbon India Private Ltd.	1,969,405	1,255,938	447,528	808,410	2,427,517	105,048	32,130	0.08
Continental Carbon Eco Tech Private Ltd.	7,399,644	7,777,482	489,028	7,288,454	16,077	(120,739)	(103,453)	(0.05)

8.1.2 Declaration of consolidated financial statements of International CSRC Investment Holdings Co., Ltd. and subsidiaries:

Declaration of consolidation of financial statements of affiliates.

The entities that are required to be included in the combined financial statements of affiliates as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are all the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10 “Consolidated Financial Statements”. In addition, relevant information required to be disclosed in the combined financial statements has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, International CSRC Investment Holdings Co., Ltd. and its subsidiaries did not prepare a separate set of combined financial statements of affiliates.

Very truly yours,

International CSRC Investment Holdings Co., Ltd.

Kung-Yi, Koo

Chairman

February 23, 2023



8.1.3 Report of affiliate: Nil.

8.2 Private Placement Securities in the Most Recent Years: Nil.

8.3 Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years:

Unit: NT\$ thousands; share; %

Names of subsidiaries	Paid-in Capital	Sources of Capital	Proportion of Shareholdings	Date of Acquisition or Disposition	Quantity and Number of Shares Acquired	Quantity and Amount of Shares Disposed	Investment Gains/Losses	Quantity and amount of shareholding to the day of report was publication.	Pledge Under Lien	The Company Undertakes Endorsements/Guarantees in Favor of Subsidiaries	Amount of Loans to the Subsidiaries
CS Development & Investment Co.	403,825	Equity capital	100%	Nil	Nil	Nil	Nil	14,734,663 shares NT\$291,010 thousand	Nil	200,000	Nil

8.4 Other Matters That Require Additional Description: Nil.

**9. Events with Material Impacts on Equity or Stock Price as Specified in Item 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the Previous Year and by the Date of Report Publication: Nil.**

## 10.1 Appendix I 2022 Consolidated Financial Statements



**勤業眾信**

勤業眾信聯合會計師事務所  
11073 台北市信義區松仁路100號20樓

Deloitte & Touche  
20F, Taipei Nan Shan Plaza  
No. 100, Songren Rd.,  
Xinyi Dist., Taipei 11073, Taiwan

Tel :+886 (2) 2725-9988  
Fax: +886 (2) 4051-6888  
www.deloitte.com.tw

### INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
International CSRC Investment Holdings Co., Ltd.

#### Opinion

We have audited the accompanying consolidated financial statements of International CSRC Investment Holdings Co., Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to the Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

#### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public 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 for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Group's consolidated financial statements for the year ended December 31, 2022 are stated as follows:

#### Validity of Operating Revenue from Customers of Carbon Black Segment

The operating revenue of the carbon black business was NT\$21,724,571 thousand, accounted for 93% of the Group's operating revenue in 2022 and is the main operating segment in the Group. The increase in operating revenue of the carbon black segment in 2022 was mainly due to soaring in raw material prices, market supplies and economic conditions. Therefore, we analyzed the sales of carbon black segment and sorted by customers' individual variance of revenue between two years and identified the validity of the transactions of front-end growth customers as a key audit matter in 2022.

For the accounting policies, accounting estimates, estimation uncertainty and disclosure related to the validity of recognition of operating revenue, refer to Notes 4 and 39.

We understood and conducted control tests on the effectiveness of internal controls related to the validity of operating revenue recognition of the carbon black segment; sampled and inspected whether an original sales orders existed for each sales in the carbon black segment and confirmed the revenue was consistent with sales order; inspected whether delivery notes were properly received, and the product and quantities on the delivery notes were consistent with invoices. In addition, we confirmed the accounts receivable balance of front-end growth customers in the carbon black segment at the end-of-period and conducted alternative procedures for those who could not respond to the confirmation letters on time. The alternative procedures included checking the evidence of transactions and observing the status of subsequent receipts.

#### **Other Matter**

Among the subsidiaries included in the consolidated financial statements, the consolidated financial statements of CCC USA Corp. and its subsidiaries, and financial statements of Continental Carbon India Pvt Ltd. and Continental Carbon Eco Tech Pvt Ltd. were not audited by us, but such statements were audited by other auditors. Our opinion, insofar as it relates to the amounts included for these subsidiaries, is based solely on the reports of other auditors. The total assets of these subsidiaries constituted 39% (NT\$22,698,362 thousand) and 32% (NT\$18,422,691 thousand) of the consolidated total assets as of December 31, 2022 and 2021, respectively, and operating revenue constituted 56% (NT\$13,124,062 thousand) and 38% (NT\$9,281,428 thousand) of consolidated operating revenue for the years ended December 31, 2022 and 2021, respectively.

We have also audited the parent company only financial statements of International CSRC Investment Holdings Co., Ltd. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion with other matter paragraph.

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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 entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 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 audits resulting in this independent auditors' report are Tza-Li Gung and Hsiu-Chun Huang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 23, 2023

#### Notice to Readers

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

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

# INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 14,948,967	26	\$ 10,761,870	19
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	616,362	1	613,072	1
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 34)	2,422,093	4	2,933,293	5
Notes receivable, net (Notes 4, 9 and 34)	1,244,073	2	1,042,900	2
Accounts receivable, net (Notes 4, 9 and 34)	3,930,972	7	3,599,672	7
Current tax assets (Notes 4 and 26)	25,117	-	186,467	-
Inventories (Notes 4, 10 and 34)	3,201,423	5	2,779,836	5
Other financial assets - current (Notes 11, 33 and 34)	409,177	1	5,520,182	9
Other current assets (Note 19)	<u>1,073,075</u>	<u>2</u>	<u>904,909</u>	<u>1</u>
Total current assets	<u>27,871,259</u>	<u>48</u>	<u>28,342,201</u>	<u>49</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	4,930,601	8	6,285,404	11
Investments accounted for using the equity method (Notes 4 and 13)	4,575,579	8	4,443,604	8
Property, plant and equipment (Notes 4 and 14)	19,316,463	33	16,733,941	29
Right-of-use assets (Notes 4 and 15)	679,075	1	649,451	1
Investment properties (Notes 4 and 16)	321,337	1	338,869	1
Goodwill (Notes 4 and 17)	244,086	-	206,597	-
Other intangible assets (Notes 4 and 18)	10,716	-	75,016	-
Deferred tax assets (Notes 4 and 26)	302,895	1	329,515	1
Prepayments for equipment (Notes 4 and 14)	10,783	-	4,062	-
Net defined benefit assets (Notes 4 and 22)	5,813	-	4,608	-
Other financial assets - non-current (Note 34)	87,394	-	72,033	-
Other non-current assets (Notes 4 and 19)	<u>49,815</u>	<u>-</u>	<u>28,020</u>	<u>-</u>
Total non-current assets	<u>30,534,557</u>	<u>52</u>	<u>29,171,120</u>	<u>51</u>
TOTAL	<u>\$ 58,405,816</u>	<u>100</u>	<u>\$ 57,513,321</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 20 and 34)	\$ 8,861,357	15	\$ 9,567,451	17
Short-term bills payable (Note 20)	9,977	-	349,605	1
Contract liabilities - current (Note 24)	224,207	-	1,271,390	2
Notes payable	-	-	3,319	-
Trade payables	674,323	1	832,702	2
Trade payables to related parties (Note 33)	92,616	-	128,925	-
Other payables (Notes 21 and 33)	2,106,709	4	2,098,608	3
Current tax liabilities (Notes 4 and 26)	329,671	1	253,381	1
Lease liabilities - current (Notes 4 and 15)	38,015	-	46,936	-
Current portion of long-term borrowings (Note 20)	500,000	1	-	-
Other current liabilities	<u>143,407</u>	<u>-</u>	<u>114,488</u>	<u>-</u>
Total current liabilities	<u>12,980,282</u>	<u>22</u>	<u>14,666,805</u>	<u>26</u>
NON-CURRENT LIABILITIES				
Contract liabilities - non-current (Note 24)	-	-	202,086	-
Long-term borrowings (Note 20)	5,579,700	10	3,585,464	7
Provisions - non-current (Notes 4 and 22)	16,100	-	16,561	-
Deferred tax liabilities (Notes 4 and 26)	3,970,781	7	3,512,955	6
Lease liabilities - non-current (Notes 4 and 15)	139,257	-	91,572	-
Net defined benefit liabilities (Notes 4 and 22)	52,841	-	59,444	-
Other non-current liabilities	<u>108,398</u>	<u>-</u>	<u>157,616</u>	<u>-</u>
Total non-current liabilities	<u>9,867,077</u>	<u>17</u>	<u>7,625,698</u>	<u>13</u>
Total liabilities	<u>22,847,359</u>	<u>39</u>	<u>22,292,503</u>	<u>39</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 23)				
Ordinary shares	<u>9,847,336</u>	<u>17</u>	<u>9,847,336</u>	<u>17</u>
Capital surplus	<u>8,952,852</u>	<u>15</u>	<u>8,904,961</u>	<u>16</u>
Retained earnings				
Legal reserve	3,120,433	5	2,780,184	5
Special reserve	645,316	1	645,316	1
Unappropriated earnings	<u>7,494,411</u>	<u>13</u>	<u>7,344,238</u>	<u>13</u>
Total retained earnings	<u>11,260,160</u>	<u>19</u>	<u>10,769,738</u>	<u>19</u>
Other equity	<u>3,855,086</u>	<u>7</u>	<u>4,232,945</u>	<u>7</u>
Treasury shares	<u>(290,088)</u>	<u>-</u>	<u>(290,088)</u>	<u>(1)</u>
Total equity attributable to owners of the Corporation	33,625,346	58	33,464,892	58
NON-CONTROLLING INTERESTS	<u>1,933,111</u>	<u>3</u>	<u>1,755,926</u>	<u>3</u>
Total equity	<u>35,558,457</u>	<u>61</u>	<u>35,220,818</u>	<u>61</u>
TOTAL	<u>\$ 58,405,816</u>	<u>100</u>	<u>\$ 57,513,321</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' report dated February 23, 2023)

# INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4, 24 and 33)	\$ 23,368,285	100	\$ 24,616,736	100
OPERATING COSTS (Notes 10, 25 and 33)	<u>20,095,459</u>	<u>85</u>	<u>17,672,290</u>	<u>72</u>
GROSS PROFIT	<u>3,272,826</u>	<u>15</u>	<u>6,944,446</u>	<u>28</u>
OPERATING EXPENSES (Notes 9, 22, 25 and 33)				
Selling and marketing expenses	429,720	2	474,429	2
General and administrative expenses	926,583	4	911,699	4
Research and development expenses	190,864	1	352,165	1
Expected credit (reversal gain) loss	<u>(13,828)</u>	<u>-</u>	<u>29,316</u>	<u>-</u>
Total operating expenses	<u>1,533,339</u>	<u>7</u>	<u>1,767,609</u>	<u>7</u>
INCOME FROM OPERATIONS	<u>1,739,487</u>	<u>8</u>	<u>5,176,837</u>	<u>21</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 13, 25 and 29)				
Interest income	142,617	1	36,176	-
Other income	307,909	1	378,709	2
Other gains and losses	(285,315)	(1)	(3,924)	-
Finance costs	(498,091)	(2)	(197,403)	(1)
Share of profit (loss) of associates and joint ventures	<u>65,919</u>	<u>-</u>	<u>(35,107)</u>	<u>-</u>
Total non-operating income and expenses	<u>(266,961)</u>	<u>(1)</u>	<u>178,451</u>	<u>1</u>
INCOME BEFORE INCOME TAX	1,472,526	7	5,355,288	22
INCOME TAX EXPENSE (Notes 4 and 26)	<u>(809,544)</u>	<u>(4)</u>	<u>(1,923,448)</u>	<u>(8)</u>
NET INCOME	<u>662,982</u>	<u>3</u>	<u>3,431,840</u>	<u>14</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	7,294	-	15,230	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(1,866,002)	(8)	878,238	4
Share of the other comprehensive profit or loss of associates and joint ventures accounted for using the equity method	(878)	-	(634)	-

(Continued)

# INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	\$ 1,663,152	7	\$ (625,702)	(3)
Share of the other comprehensive profit or loss of associates and joint ventures accounted for using the equity method	20,147	-	(4,698)	-
Other comprehensive (loss) income	(176,287)	(1)	262,434	1
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>\$ 486,695</b>	<b>2</b>	<b>\$ 3,694,274</b>	<b>15</b>
<b>NET INCOME ATTRIBUTABLE TO:</b>				
Owners of the Corporation	\$ 679,382	3	\$ 3,395,441	14
Non-controlling interests	(16,400)	-	36,399	-
	<u>\$ 662,982</u>	<u>3</u>	<u>\$ 3,431,840</u>	<u>14</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of the Corporation	\$ 309,510	1	\$ 3,699,259	15
Non-controlling interests	177,185	1	(4,985)	-
	<u>\$ 486,695</u>	<u>2</u>	<u>\$ 3,694,274</u>	<u>15</u>
<b>EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 27)</b>				
Basic	<u>\$ 0.70</u>		<u>\$ 3.50</u>	
Diluted	<u>\$ 0.70</u>		<u>\$ 3.50</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' report dated February 23, 2023)

(Concluded)



# INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Equity attributable to Owners of the Corporation (Note 23)										
	Retained Earnings					Other Equity		Treasury Shares	Total	Non-controlling Interests	Total Equity
						Exchange Differences on Translation of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
BALANCE AT JANUARY 1, 2021	\$ 9,847,336	\$ 8,903,273	\$ 2,707,231	\$ 645,316	\$ 4,113,169	\$ (1,418,303)	\$ 5,354,484	\$ (290,088)	\$ 29,862,418	\$ 3,957,144	\$ 33,819,562
Appropriation of the 2020 earnings											
Legal reserve	-	-	72,953	-	(72,953)	-	-	-	-	-	-
Cash dividends distributed - NT\$0.1 per share	-	-	-	-	(98,473)	-	-	-	(98,473)	-	(98,473)
Balance after appropriation	9,847,336	8,903,273	2,780,184	645,316	3,941,743	(1,418,303)	5,354,484	(290,088)	29,763,945	3,957,144	33,721,089
Parent's appropriation of cash dividends to subsidiaries	-	1,473	-	-	-	-	-	-	1,473	-	1,473
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	(2,191,701)	(2,191,701)
Changes in percentage of ownership interests in subsidiaries	-	215	-	-	-	-	-	-	215	-	215
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(4,532)	(4,532)
Net income for the year ended December 31, 2021	-	-	-	-	3,395,441	-	-	-	3,395,441	36,399	3,431,840
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	7,054	(581,309)	878,073	-	303,818	(41,384)	262,434
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	3,402,495	(581,309)	878,073	-	3,699,259	(4,985)	3,694,274
BALANCE AT DECEMBER 31, 2021	9,847,336	8,904,961	2,780,184	645,316	7,344,238	(1,999,612)	6,232,557	(290,088)	33,464,892	1,755,926	35,220,818
Appropriation of the 2021 earnings											
Legal reserve	-	-	340,249	-	(340,249)	-	-	-	-	-	-
Cash dividends distributed - NT\$0.2 per share	-	-	-	-	(196,947)	-	-	-	(196,947)	-	(196,947)
Balance after appropriation	9,847,336	8,904,961	3,120,433	645,316	6,807,042	(1,999,612)	6,232,557	(290,088)	33,267,945	1,755,926	35,023,871
Changes in capital surplus from investments in associates for using the equity method	-	44,944	-	-	-	-	-	-	44,944	-	44,944
Parent's appropriation of cash dividends to subsidiaries	-	2,947	-	-	-	-	-	-	2,947	-	2,947
Net income for the year ended December 31, 2022	-	-	-	-	679,382	-	-	-	679,382	(16,400)	662,982
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	7,987	1,487,514	(1,865,373)	-	(369,872)	193,585	(176,287)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	687,369	1,487,514	(1,865,373)	-	309,510	177,185	486,695
BALANCE AT DECEMBER 31, 2022	\$ 9,847,336	\$ 8,952,852	\$ 3,120,433	\$ 645,316	\$ 7,494,411	\$ (512,098)	\$ 4,367,184	\$ (290,088)	\$ 33,625,346	\$ 1,933,111	\$ 35,558,457

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' report dated February 23, 2023)

# INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,472,526	\$ 5,355,288
Adjustments for:		
Depreciation	1,197,834	944,891
Amortization	90,537	104,901
Expected credit (reversal gain) loss	(13,828)	29,316
Net gain on financial assets at fair value through profit or loss	(3,290)	(1,078)
Interest expense	496,128	194,460
Interest income	(142,617)	(36,176)
Dividend income	(3,315)	(7,299)
Compensation costs of share-based payments	39,476	39,720
Share of (loss) profit of associates and joint ventures	(65,919)	35,107
Loss on disposal and retirement of property, plant and equipment	5,023	5,965
Net gain on disposal of subsidiary	-	(414,053)
Gain on disposal of investments accounted for using equity method	(1,843)	-
Impairment loss recognized (reversal gain) on non-financial assets	411,332	(27,651)
Unrealized loss (gain) on foreign exchange	7,160	(11,130)
Others	-	2,812
Changes in operating assets and liabilities		
Notes receivable	(201,173)	(732,503)
Accounts receivable	(322,934)	(549,629)
Accounts receivable from related parties	-	160
Inventories	(483,397)	(1,728,013)
Other current assets	(168,166)	(535,245)
Other financial assets	(138,744)	(60,940)
Contract liabilities	(1,249,269)	1,485,395
Notes payable	(3,319)	(6,083)
Trade payables	(158,321)	235,535
Trade payables to related parties	(36,309)	26,083
Other payables	(41,555)	289,552
Provisions	(461)	(1,165)
Other current liabilities	28,919	388,786
Net defined benefit assets and liabilities	1,272	(8,619)
Cash generated from operations	715,747	5,018,387
Interest received	133,166	82,010
Income tax paid	(87,458)	(1,248,975)
Net cash generated from operating activities	761,455	3,851,422
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	-	(14,418)
Acquisition of joint venture	-	(459,318)

(Continued)

# INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Net cash flow on disposal of subsidiary	\$ -	\$ (1,624,517)
Acquisition of property, plant and equipment	(3,159,605)	(3,275,615)
Proceeds from disposal of property, plant and equipment	128	1,870
Payments of right-of-use assets	-	(1,127)
Decrease in other financial assets	5,243,839	1,185,726
Increase in other non-current assets	(48,032)	(10,528)
Decrease (increase) in prepayments for equipment	29,980	(90,668)
Dividends received	<u>3,315</u>	<u>7,299</u>
Net cash generated from (used in) investing activities	<u>2,069,625</u>	<u>(4,281,296)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Decrease) increase in short-term borrowings	(706,094)	3,174,342
(Decrease) increase in short-term bills payable	(339,628)	199,740
Proceeds from long-term borrowings	4,686,350	1,356,018
Repayments of long-term borrowings	(2,162,869)	(500,871)
Repayment of the principal portion of lease liabilities	(42,164)	(50,155)
(Decrease) increase in other non-current liabilities	(49,218)	61,186
Cash dividends paid	(194,000)	(97,000)
Interest paid	<u>(491,080)</u>	<u>(282,117)</u>
Net cash generated from financing activities	<u>701,297</u>	<u>3,861,143</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>654,720</u>	<u>(272,878)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>4,187,097</u>	<u>3,158,391</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR</b>	<u>10,761,870</u>	<u>7,603,479</u>
<b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>	<u>\$ 14,948,967</u>	<u>\$ 10,761,870</u>

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' report dated February 23, 2023)

(Concluded)

# **INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD. AND SUBSIDIARIES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

---

### **1. GENERAL INFORMATION**

International CSRC Investment Holdings Co., Ltd. (formerly China Synthetic Rubber Corporation) (the “Corporation”) was incorporated on June 15, 1973 with a factory located inside the Linyuan Petrochemical Industrial Zone in Kaohsiung City, which produces carbon black, a material for tire and other rubber products. The power and steam co-generation system started operations in December 1993. The Corporation also engages in biotechnology research and development. The Corporation’s shares are listed on the Taiwan Stock Exchange.

The Corporation spun off and assigned the business related to the domestic Carbon Black Business (including assets, liabilities and business) to the Corporation’s wholly-owned subsidiary, Linyuan Advanced Materials Technology Co., Ltd., the business related to the Biotechnology Business (including assets, liabilities and business) to the Corporation’s wholly-owned subsidiary to be newly established, Circular Commitment Company. After the spin-off, the Corporation transformed into an investment holding Corporation. The spin-off was approved in the shareholders’ meeting on June 26, 2018. The Corporation applied for continuing its listing on the Taiwan Stock Exchange. The application was approved by the Taiwan Stock Exchange on July 17, 2018 with Official Letter No. 1070012290. The spin-off record date was scheduled on October 1, 2018.

Approved by the Ministry of Economic Affairs on October 15, 2018, China Synthetic Rubber Corporation is renamed as “International CSRC Investment Holdings Co., Ltd.” The Corporation continues its listing with same stock code: 2104. The Chinese stock short name will be “International CSRC.”

The consolidated financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar.

### **2. APPROVAL OF FINANCIAL STATEMENTS**

The consolidated financial statements were approved by the Corporation’s Board of Directors on February 23, 2023.

### **3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS**

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IFRS (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

<b>New IFRSs</b>	<b>Effective Date Announced by IASB</b>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)
Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.	
Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.	
Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.	

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.	
Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.	

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **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 and IFRSs as endorsed and issued into effect by the FSC.

##### **b. Basis of preparation**

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments measured at fair value, payables arising from cash settled share-based payments and net defined benefit abilities recognized at the present value of defined benefit abilities less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

##### **c. Classification of current and non-current assets and liabilities**

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

##### **d. Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e. its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

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

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the fair value of any investment retained in the former subsidiary at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on the cost on initial recognition of an investment in an associate.

See Note 12, Tables 8 and 9 for detailed information on subsidiaries (including the percentages of ownership and main business).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting consolidated financial statements, the functional currencies of the Group entities (including subsidiaries, associates and joint ventures in other countries that use currency different from the currency of the Corporation.) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income and attributed to the owners of the Corporation and non-controlling interests as appropriate.

If the Group disposes of entire interest of the foreign operation, or disposes of partial interest in the subsidiary of the foreign operation but loses control, or the retained interest after the disposal of the joint arrangement or associate of the foreign operation becomes a financial asset and is treated with the accounting policy of the financial instrument, all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

If the partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences will be re-attributed to the subsidiary's non-controlling interests, and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

Inventories consist of finished goods, semi-finished goods, work-in-process, raw materials and supplies and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sales. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost at the closing date.

g. Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate and joint venture. The Group also recognizes its share in the changes in the equity of the associate and the joint venture.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate and a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.



When the Group subscribes for additional new shares of an associate and a joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate and joint venture. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate and a joint venture equals or exceeds its interest in that associate and joint venture (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate and joint venture), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate and joint venture.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and joint venture. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

#### h. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation on property, plant and equipment is recognized mainly using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rentals.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

k. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

l. Impairment of property, plant and equipment, right-of-use asset, investment properties and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation. If corporate assets could be allocated to cash-generating units on a reasonable and consistent basis of allocation, they would be allocated to the individual cash-generating units. On the contrary, they would be allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

m. Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and equity instruments at FVTOCI.

i. Financial asset at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified or it is designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 32.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents and accounts receivable at amortized cost, are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and
- ii) Financial asset that has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period after the impairment.

Cash equivalents include time deposits and repurchase agreements collateralized by commercial papers with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivables).

The Group always recognizes lifetime Expected Credit Loss (i.e. ECL) for accounts receivable.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for financial assets stated above with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Corporation's own equity instruments is recognized in and deducted directly from equity and is calculated on a weighted-average amount basis by type of stock. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Corporation's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All the financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

n. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

o. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Sale of goods

Revenue from the sale of goods comes from the sales of carbon black goods and battery products. Sales of carbon black goods and battery products are recognized as revenue when the goods satisfy the mode agreed with the customers, such as the mode of FOB and CIF, because it is the time when the customers have full discretion over the manner of distribution and price to sell the goods, have the primary responsibility for sales to future customers and bear the risks of obsolescence. Accounts receivable are recognized concurrently.

2) Royalties

The Group signed a patent licensing contract, granting the licensee subsequent development, manufacturing and sales rights. According to the nature and form of the license contract, the Group determines that the license of the patent is the acquisition of intellectual property rights existing during the license period, and recognizes revenue during the contract period.

Royalties calculated on sales basis are recognized as revenue when the performance obligations have been satisfied and the sales actually occurred.

p. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Under relevant leases, initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms.

q. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

r. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

s. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liabilities (assets) are recognized as employee benefit expenses in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

### 3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for a defined benefit plan except that remeasurement is recognized in profit or loss.

#### t. Cash-settled share-based payments arrangements

For cash-settled share-based payments, a liability is recognized for the goods or services acquired, measured initially at the fair value of the liability incurred. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss.

#### u. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

##### 1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

##### 2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits for purchases of machinery, equipment and technology and research and development and education and training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group and the associates are able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable



that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### 3) Current and deferred taxes for the period

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, and in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates in cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Bank deposits	\$ 11,403,335	\$ 6,741,971
Cash equivalent (investments with original maturities less than 3 months)		
Repurchase agreements collateralized by commercial papers	2,209,615	2,125,271
Time deposits	1,335,635	1,893,755
Cash on hand	<u>382</u>	<u>873</u>
	<u>\$ 14,948,967</u>	<u>\$ 10,761,870</u>

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	\$ 616,362	\$ 613,072

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
<u>Current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 2,422,093	\$ 2,933,293
<u>Non-current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 4,165,326	\$ 5,322,378
Unlisted shares	765,275	963,026
	\$ 4,930,601	\$ 6,285,404

These investments in equity instruments are held for medium to long-term purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI.

Dividend income, partially recognized as net operating revenue, from financial assets at FVTOCI were \$285,481 thousand and \$540,822 thousand in 2022 and 2021, respectively, and the assets have not been derecognized in the current year.

The financial asset at FVTOCI pledged as collateral for bank borrowings were set out in Note 34.

## 9. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	December 31	
	2022	2021
<u>Notes receivable</u>		
Notes receivable	\$ 1,244,073	\$ 1,042,900
Less: Allowance for impairment loss	-	-
	\$ 1,244,073	\$ 1,042,900
<u>Accounts receivable</u>		
Accounts receivable	\$ 4,089,378	\$ 3,770,246
Less: Allowance for impairment loss	(158,406)	(170,574)
	\$ 3,930,972	\$ 3,599,672

The average credit period of sales of goods was 30-60 days. In order to minimize credit risk, the management of the Group has delegated proper personnel in accordance with the division of duties responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivables. The expected credit losses on accounts receivables are estimated using a provision matrix by reference to past collecting experience of the debtor, an analysis of the debtor's current financial position and adjusted for general economic conditions of the industry in which the debtors operate. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer of carbon black segments, the allowance for impairment loss based on past due status is not further distinguished according to the Group's different customer base.

The Group recognizes a full allowance for impairment loss of each individual accounts receivable or writes off accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery of the receivables. For accounts receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the allowance for impairment loss of notes receivable and accounts receivable by provision matrix.

#### December 31, 2022

	Not Past Due	Past Due					Total
		Less than 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	
Expected credit loss rate	0%	0%-11%	17%-64%	100%	100%	100%	
Gross carrying amount	\$ 4,643,930	\$ 519,053	\$ 61,601	\$ 2,768	\$ 1,847	\$ 104,252	\$ 5,333,451
Allowance for impairment loss (Lifetime ECL)	(5,888)	(14,302)	(29,349 )	(2,768)	(1,847)	(104,252)	(158,406)
Amortized cost	<u>\$ 4,638,042</u>	<u>\$ 504,751</u>	<u>\$ 32,252</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,175,045</u>

#### December 31, 2021

	Not Past Due	Past Due					Total
		Less than 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	
Expected credit loss rate	0%-1%	0%-10%	47%-100%	100%	100%	100%	
Gross carrying amount	\$ 4,176,296	\$ 488,531	\$ 14,337	\$ 1,682	\$ 2,457	\$ 129,843	\$ 4,813,146
Allowance for impairment loss (Lifetime ECL)	(3,450)	(22,825)	(10,317)	(1,682)	(2,457)	(129,843)	(170,574)
Amortized cost	<u>\$ 4,172,846</u>	<u>\$ 465,706</u>	<u>\$ 4,020</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,642,572</u>

The movements of the allowance for impairment loss of notes receivable and accounts receivable were as follows:

	<b>For the Year Ended December 31</b>					
	<b>2022</b>			<b>2021</b>		
	<b>Notes Receivable</b>	<b>Accounts Receivable</b>	<b>Total</b>	<b>Notes Receivable</b>	<b>Accounts Receivable</b>	<b>Total</b>
Balance at January 1	\$ -	\$ 170,574	\$ 170,574	\$ -	\$ 152,303	\$ 152,303
Add: (Reversal of) impairment loss recognized	-	(13,828)	(13,828)	-	29,316	29,316
Less: Amount written off	-	(5)	(5)	-	(33)	(33)
Disposal of subsidiary	-	-	-	-	(4,666)	(4,666)
Effect of exchange rate differences	-	1,665	1,665	-	(6,346)	(6,346)
Balance at December 31	<u>\$ -</u>	<u>\$ 158,406</u>	<u>\$ 158,406</u>	<u>\$ -</u>	<u>\$ 170,574</u>	<u>\$ 170,574</u>

The notes receivable and accounts receivable pledged as collateral for bank borrowings were set out in Note 34.

## 10. INVENTORIES

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Finished goods	\$ 1,442,661	\$ 1,354,038
Semi-finished goods	51,791	60,419
Work in progress	-	70
Raw materials	1,377,532	1,077,758
Supplies	261,447	222,014
Inventory in transit	<u>67,992</u>	<u>65,537</u>
	<u>\$ 3,201,423</u>	<u>\$ 2,779,836</u>

The nature of the cost of goods sold were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Cost of inventories sold	\$ 18,861,919	\$ 17,066,148
Provision (reversal) of inventory	61,810	(154,061)
Unallocated fixed overhead	<u>1,171,730</u>	<u>760,203</u>
	<u>\$ 20,095,459</u>	<u>\$ 17,672,290</u>

Previous reversal was as a result of deduction of inventories for the year ended December 31, 2021.

Unallocated fixed overhead includes related expenditures resulting from factories shutdown due to COVID-19.

The inventories pledged as collateral for bank borrowings were set out in Note 34.

## 11. OTHER FINANCIAL ASSETS - CURRENT

	December 31	
	2022	2021
Pledged bank deposits	\$ 385,880	\$ 211,638
Pledged time deposits	8,322	9,153
Others	14,975	40,191
Time deposits (original maturities more than 3 months)	-	5,259,200
	<u>\$ 409,177</u>	<u>\$ 5,520,182</u>

The market rate intervals of time deposits with original maturities more than 3 months were as follows:

	December 31	
	2022	2021
Time deposits with original maturities more than 3 months	-	0.15%-0.20%

The other financial assets - current pledged as collateral were set out in Note 34.

## 12. SUBSIDIARIES

### a. Subsidiaries included in consolidated financial statements

Investor	Investee	Main Business	% of Ownership		Remark
			2022	2021	
International CSRC Investment Holdings Co., Ltd.	CSRC (BVI) Ltd.	Investment	100.00	100.00	-
	CS Development & Investment Co.	Investment	100.00	100.00	-
	Consolidated Resource Co.	Carbon masterbatch and carbon black processing and sales	100.00	100.00	-
	Linyuan Advanced Materials Technology Co., Ltd.	Carbon black production and sales	100.00	100.00	-
	Circular Commitment Company	Biotechnology services and investment	100.00	100.00	-
	CCC Dutch B.V.	Investment	100.00	100.00	-
	Yun Cheng Investment Corporation	Investment	94.69	94.69	-
	Synpac (North Carolina), Inc.	Investment	88.46	88.46	-
	Synpac Ltd.	Investment	75.00	75.00	-
	CCC USA Corp.	Investment	66.67	66.67	-
CSRC (BVI) Ltd.	CSRC (Singapore) Pte. Ltd.	Investment	100.00	100.00	-
CSRC (Singapore) Pte. Ltd.	Continental Carbon Eco Tech Pvt Ltd.	Carbon black production and sales	0.01	0.01	-
	CSRC China Corporation	Carbon black production and sales	100.00	100.00	-
	CSRC China (Anshan) Corporation	Carbon black production and sales	100.00	100.00	-
	CSRC China (Chongqing) Corporation	Carbon black production and sales	100.00	100.00	-
	Continental Carbon India Pvt Ltd.	Carbon black production and sales	100.00	100.00	-
	Continental Carbon Eco Tech Pvt Ltd.	Carbon black production and sales	99.99	99.99	-
	SVC Services, LLC	Investment service	99.90	99.90	-
CS Development & Investment Co.	SVC Management, LLC	Investment consultation	99.90	99.90	-
	Yun Cheng Investment Corporation	Investment	0.33	0.33	-
Circular Commitment Company	Synpac GP Corporation	Investment	100.00	100.00	-
Synpac GP Corporation	SVC Services, LLC	Investment service	0.10	0.10	-
	SVC Management, LLC	Investment consultation	0.10	0.10	-
Yun Cheng Investment Corporation	Synpac (North Carolina), Inc.	Investment	11.54	11.54	-
Synpac (North Carolina), Inc.	Synpac Venture Capital, L.P.	Investment	99.90	99.90	-
SVC Management, LLC	Synpac Venture Capital, L.P.	Investment	0.10	0.10	-
CCC USA Corp.	Continental Carbon Company	Carbon black production and sales	100.00	100.00	-
	CCC Transport Company	Carbon black transport	100.00	100.00	-
	Continental Carbon Nanotechnologies, Inc.	Carbon nanotubes production and sales	100.00	100.00	-
	Continental Carbon Company Europe SPRL	Carbon black sales	100.00	100.00	-

### b. Subsidiaries excluded from consolidated financial statements: None.

### c. There are no subsidiaries that have material non-controlling interests.

### 13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
Investment in associate	\$ 4,118,878	\$ 3,974,104
Investment in joint venture	<u>456,701</u>	<u>469,500</u>
	<u>\$ 4,575,579</u>	<u>\$ 4,443,604</u>

a. Investment in associate

	December 31	
	2022	2021

Associate that is not individually material

TCC Recycle Energy Technology Company	<u>\$ 4,118,878</u>	<u>\$ 3,974,104</u>
---------------------------------------	---------------------	---------------------

Aggregate information of associate that is not individually material

	For the Year Ended December 31	
	2022	2021
The Group's share of:		
Net gain (loss) from continuing operations	\$ 94,257	\$ (17,912)
Other comprehensive income (loss)	<u>3,730</u>	<u>(4,775)</u>
Total comprehensive income (loss)	<u>\$ 97,987</u>	<u>\$ (22,687)</u>

The Board of Directors of the former subsidiary, TCC Recycle Energy Technology Company, approved a cash capital increase of NT\$10 billion on May 14, 2021. The Board of Directors of the Group approved on August 12, 2021 to waive the subscription right of share issuance for cash capital increase of TCC Recycle Energy Technology Company. The shareholding ratio of the Group was reduced from 61.97% to 24.30%. The Group has lost control of TCC Recycle Energy Technology Company after evaluation. Therefore, TCC Recycle Energy Technology Company and its subsidiaries should not be included in the consolidated financial report starting from the date of losing control. In addition, the residual investment was evaluated using the fair value on the date of losing control and it was accounted for using the equity method (associate). Please refer to Note 31 for additional information.

Additionally, the Board of Directors of TCC Recycle Energy Technology Company approved a cash capital increase of NT\$12 billion on June 21, 2022. The Board of Directors of the Group approved on June 23, 2022 to waive the subscription of share issuance for cash capital increase of TCC Recycle Energy Technology Company. The shareholding ratio of the Group was reduced from 24.30% to 14.05%. Although the shareholding ratio of the Group is less than 20%, the Group still has significant influence on TCC Recycle Energy Technology Company. Therefore, the investment in TCC Recycle Energy Technology Company is still accounted for using the equity method. The cumulative exchange difference resulting from the disposal of the TCC Recycle Energy Technology Company was \$1,843 thousand and was reclassified into other gains and losses according to the proportion of disposal.

b. Investment in joint venture

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Joint venture that is not individually material</u>		
Continental Carbon OYAK (Netherlands) B.V.	<u>\$ 456,701</u>	<u>\$ 469,500</u>
<u>Aggregate information of joint venture that is not individually material</u>		
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
The Group's share of:		
Net loss from continuing operations	\$ (28,338)	\$ (17,195)
Other comprehensive income (loss)	<u>15,539</u>	<u>(557)</u>
Total comprehensive loss	<u>\$ (12,799)</u>	<u>\$ (17,752)</u>

**14. PROPERTY, PLANT AND EQUIPMENT**

	<b>Land</b>	<b>Buildings</b>	<b>Equipment</b>	<b>Other Equipment</b>	<b>Property under Construction</b>	<b>Total</b>
<u>Cost</u>						
Balance at January 1, 2021	\$ 685,736	\$ 5,309,236	\$ 18,400,710	\$ 1,262,466	\$ 8,291,293	\$ 33,949,441
Additions	-	4,775	26,847	745	3,329,817	3,362,184
Disposals and retirements	-	-	(187,093)	(10,799)	-	(197,892)
Reclassification	-	26,966	3,414,070	76,044	(3,417,484)	99,596
Disposal of subsidiary	(84,427)	(2,376,360)	(3,963,062)	(379,327)	(225,196)	(7,028,372)
Effect of exchange rate differences	<u>(1,734)</u>	<u>(43,541)</u>	<u>(305,599)</u>	<u>(10,671)</u>	<u>(263,080)</u>	<u>(624,625)</u>
Balance at December 31, 2021	<u>\$ 599,575</u>	<u>\$ 2,921,076</u>	<u>\$ 17,385,873</u>	<u>\$ 938,458</u>	<u>\$ 7,715,350</u>	<u>\$ 29,560,332</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2021	\$ -	\$ 2,131,908	\$ 13,285,654	\$ 990,174	\$ -	\$ 16,407,736
Depreciation expense	-	127,992	684,744	54,629	-	867,365
Impairment loss	-	-	-	-	104,919	104,919
Disposals and retirements	-	-	(179,622)	(10,435)	-	(190,057)
Disposal of subsidiary	-	(970,097)	(2,866,125)	(303,623)	-	(4,139,845)
Effect of exchange rate differences	<u>-</u>	<u>(16,484)</u>	<u>(201,498)</u>	<u>(5,740)</u>	<u>(5)</u>	<u>(223,727)</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 1,273,319</u>	<u>\$ 10,723,153</u>	<u>\$ 725,005</u>	<u>\$ 104,914</u>	<u>\$ 12,826,391</u>
Carrying amounts at January 1, 2021	<u>\$ 685,736</u>	<u>\$ 3,177,328</u>	<u>\$ 5,115,056</u>	<u>\$ 272,292</u>	<u>\$ 8,291,293</u>	<u>\$ 17,541,705</u>
Carrying amounts at December 31, 2021	<u>\$ 599,575</u>	<u>\$ 1,647,757</u>	<u>\$ 6,662,720</u>	<u>\$ 213,453</u>	<u>\$ 7,610,436</u>	<u>\$ 16,733,941</u>
<u>Cost</u>						
Balance at January 1, 2022	\$ 599,575	\$ 2,921,076	\$ 17,385,873	\$ 938,458	\$ 7,715,350	\$ 29,560,332
Additions	-	9,526	115,090	26,277	3,012,033	3,162,926
Disposals and retirements	-	(5,318)	(27,191)	(21,196)	-	(53,705)
Reclassification	-	10,717	4,201,381	18,901	(4,267,700)	(36,701)
Effect of exchange rate differences	<u>7,570</u>	<u>146,461</u>	<u>1,268,674</u>	<u>47,467</u>	<u>226,039</u>	<u>1,696,211</u>
Balance at December 31, 2022	<u>\$ 607,145</u>	<u>\$ 3,082,462</u>	<u>\$ 22,943,827</u>	<u>\$ 1,009,907</u>	<u>\$ 6,685,722</u>	<u>\$ 34,329,063</u>

(Continued)

	Land	Buildings	Equipment	Other Equipment	Property under Construction	Total
Accumulated depreciation and impairment						
Balance at January 1, 2022	\$ -	\$ 1,273,319	\$ 10,723,153	\$ 725,005	\$ 104,914	\$ 12,826,391
Depreciation expense	-	95,107	964,963	56,144	-	1,116,214
Impairment loss	-	-	112,682	240	236,600	349,522
Disposals and retirements	-	(4,786)	(22,620)	(21,148)	-	(48,554)
Effect of exchange rate differences	-	59,468	662,369	38,363	8,827	769,027
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 1,423,108</u>	<u>\$ 12,440,547</u>	<u>\$ 798,604</u>	<u>\$ 350,341</u>	<u>\$ 15,012,600</u>
Carrying amounts at January 1, 2022	<u>\$ 599,575</u>	<u>\$ 1,647,757</u>	<u>\$ 6,662,720</u>	<u>\$ 213,453</u>	<u>\$ 7,610,436</u>	<u>\$ 16,733,941</u>
Carrying amounts at December 31, 2022	<u>\$ 607,145</u>	<u>\$ 1,659,354</u>	<u>\$ 10,503,280</u>	<u>\$ 211,303</u>	<u>\$ 6,335,381</u>	<u>\$ 19,316,463</u>
						(Concluded)

The Group expected the future cash inflow of part of the property under construction would decrease and estimated the recoverable amounts using the value in use of the relevant assets would be less than the carrying amounts. Therefore, the Group recognized impairment loss of \$104,919 thousand for the year ended December 31, 2021 and it was accounted for as other gains and losses.

In addition, the Phenix plant of the subsidiary, CCC, recognized assets impairment loss of \$349,522 thousand (accounted for as other gains or loss) in 2022 due to the suspension of operations; refer to Note 35(d).

The above items of property, plant and equipment are depreciated on straight-line basis and declining balance basis over the estimated useful lives of the assets as follows:

a. Straight-line basis

Buildings	
Main buildings and improvements	3 to 61 years
Electro - mechanical equipment	10 years
Engineering system	10 years
Network equipment	10 years
Equipment	3 to 22 years
Other equipment	2 to 13 years

b. Declining balance basis

Equipment	10%-20%
Other equipment	30%

Prepayments for equipment are the fixed assets that the Group have received but not yet accepted.



## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amounts</u>		
Land	\$ 508,356	\$ 514,655
Buildings	12,914	45,071
Machinery	19,010	21,056
Transportation equipment	<u>138,795</u>	<u>68,669</u>
	<u>\$ 679,075</u>	<u>\$ 649,451</u>
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Additions to right-of-use assets	<u>\$ 982</u>	<u>\$ 26,687</u>
Depreciation charge for right-of-use assets		
Land	\$ 8,276	\$ 13,175
Buildings	18,883	10,651
Machinery	2,390	2,340
Transportation equipment	<u>34,539</u>	<u>33,827</u>
	<u>\$ 64,088</u>	<u>\$ 59,993</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2022 and 2021.

### b. Lease liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amounts</u>		
Current	<u>\$ 38,015</u>	<u>\$ 46,936</u>
Non-current	<u>\$ 139,257</u>	<u>\$ 91,572</u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Land	8.00%	8.00%
Buildings	4.50%-7.82%	4.00%-7.82%
Machinery	3.80%	3.80%
Transportation equipment	4.50%-5.75%	2.30%-5.25%

c. Material lease-in activities and terms

Prior to the commencement of the lease, the subsidiaries in China and India leased land use rights from the People's Republic of China and Republic of India by prepaid lease payments. It was recognized under the right-of-use assets upon obtaining the land certificate, and depreciated on a straight-line basis during the lease period.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 16.

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Expenses relating to short-term leases	\$ 38,838	\$ 39,237
Expenses relating to low-value asset leases	\$ 2,188	\$ 2,157
Total cash outflow for leases	\$ 90,852	\$ 99,736

The Group leases certain buildings, office equipment and transportation equipment which qualify as short-term leases and certain office equipment which qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

## 16. INVESTMENT PROPERTIES

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Cost</u>		
Balance at January 1	\$ 487,430	\$ 487,430
Balance at December 31	\$ 487,430	\$ 487,430
<u>Accumulated depreciation</u>		
Balance at January 1	\$ (148,561)	\$ (131,028)
Depreciation expense	(17,532)	(17,533)
Balance at December 31	\$ (166,093)	\$ (148,561)
Carrying amount at January 1	\$ 338,869	\$ 356,402
Carrying amount at December 31	\$ 321,337	\$ 338,869

The investment properties held by the Group are depreciated by the straight-line basis over the estimated useful lives of 9-51 years.

The lease periods of the abovementioned investment properties were from November 20, 2017 to November 19, 2027 and with an option to extend for an additional 5 years. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Year 1	\$ 26,868	\$ 25,200
Year 2	26,868	25,200
Year 3	26,868	25,200
Year 4	26,868	25,200
Year 5	23,777	25,200
Year 6 onwards	<u>-</u>	<u>22,407</u>
	<u>\$ 131,249</u>	<u>\$ 148,407</u>

As of December 31, 2022 and 2021, the determination of fair value was not performed by independent qualified professional valuers. The management of the Group used the valuation model that market participants would use in determining the fair value, and the fair value was measured using Level 3 inputs. The valuation was arrived at with reference to the cost approach in the Regulations on Real Estate Appraisal. Cost approach refers to an approach used in estimating the value of the subject property by deducting the accrued depreciation or other items due to be subtracted from the reproduction cost. The fair value of investment properties was \$327,887 thousand and \$345,653 thousand on December 31, 2022 and 2021, respectively.

## 17. GOODWILL

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Cost</u>		
Balance at January 1	\$ 563,458	\$ 576,573
Effect of exchange rate differences	<u>49,674</u>	<u>(13,115)</u>
Balance at December 31	<u>\$ 613,132</u>	<u>\$ 563,458</u>
<u>Accumulated impairment</u>		
Balance at January 1	\$ (356,861)	\$ (360,078)
Effect of exchange rate differences	<u>(12,185)</u>	<u>3,217</u>
Balance at December 31	<u>\$ (369,046)</u>	<u>\$ (356,861)</u>
Carrying amounts at January 1	<u>\$ 206,597</u>	<u>\$ 216,495</u>
Carrying amounts at December 31	<u>\$ 244,086</u>	<u>\$ 206,597</u>

## 18. OTHER INTANGIBLE ASSETS

	<b>Patents</b>	<b>Technology License Agreements</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2021	\$ 704,824	\$ 6,000	\$ 710,824
Disposal of subsidiary	<u>-</u>	<u>(6,000)</u>	<u>(6,000)</u>
Balance at December 31, 2021	<u>\$ 704,824</u>	<u>\$ -</u>	<u>\$ 704,824</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2021	\$ (565,508)	\$ (6,000)	\$ (571,508)
Amortization expense	(42,809)	-	(42,809)
Impairment loss	(21,491)	-	(21,491)
Disposal of subsidiary	<u>-</u>	<u>6,000</u>	<u>6,000</u>
Balance at December 31, 2021	<u>\$ (629,808)</u>	<u>\$ -</u>	<u>\$ (629,808)</u>
Carrying amounts at January 1, 2021	<u>\$ 139,316</u>	<u>\$ -</u>	<u>\$ 139,316</u>
Carrying amounts at December 31, 2021	<u>\$ 75,016</u>	<u>\$ -</u>	<u>\$ 75,016</u>
<u>Cost</u>			
Balance at January 1, 2022	<u>\$ 704,824</u>	<u>\$ -</u>	<u>\$ 704,824</u>
Balance at December 31, 2022	<u>\$ 704,824</u>	<u>\$ -</u>	<u>\$ 704,824</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2022	\$ (629,808)	\$ -	\$ (629,808)
Amortization expense	<u>(64,300)</u>	<u>-</u>	<u>(64,300)</u>
Balance at December 31, 2022	<u>\$ (694,108)</u>	<u>\$ -</u>	<u>\$ (694,108)</u>
Carrying amounts at January 1, 2022	<u>\$ 75,016</u>	<u>\$ -</u>	<u>\$ 75,016</u>
Carrying amounts at December 31, 2022	<u>\$ 10,716</u>	<u>\$ -</u>	<u>\$ 10,716</u>

The Group have decided not to recognize the U.S. royalty as revenue after July 10, 2021. It is expected the future cash inflow generated by the patents would decrease, which will cause the patents' recoverable amount less than its' carrying amount. Therefore, the Group recognized impairment loss of \$105,438 thousand of these patents during July 1, 2021 to September 30, 2021. Additionally, the Group reached a settlement agreement with Genzyme Corporation regarding the royalty obligations dispute in November 2021, so the Group started to recognize the U.S. royalty as revenue since November 2021 and expected that the patents' recoverable amount would be more than its carrying amount. Therefore, the Group reversed the aforementioned impairment loss of \$83,947 thousand of these patents. The total amount of impairment loss recognized in 2021 was \$21,491 thousand. Please refer to Note 35(c). The recognition and reversal of relevant impairment loss was accounted for as other gains and losses for the year ended 2021.

The above items of other intangible assets were amortized on a straight-line basis over the estimated useful lives of the assets as follows:

Patents	14 to 15 years
Technology license agreements	4 to 15 years

## 19. OTHER ASSETS

	December 31	
	2022	2021
Excess VAT paid	\$ 818,647	\$ 547,276
Prepayments for purchases	210,767	253,791
Other prepayments	40,139	99,432
Deferred expenses	49,851	28,034
Others	<u>3,486</u>	<u>4,396</u>
	<u>\$ 1,122,890</u>	<u>\$ 932,929</u>
Current	\$ 1,073,075	\$ 904,909
Non-current	<u>49,815</u>	<u>28,020</u>
	<u>\$ 1,122,890</u>	<u>\$ 932,929</u>

## 20. BORROWINGS

### a. Short-term borrowings

	December 31	
	2022	2021
<u>Secured borrowings (Note 34)</u>		
Bank loans	\$ 829,170	\$ 664,320
<u>Unsecured borrowings</u>		
Credit borrowings	<u>8,032,187</u>	<u>8,903,131</u>
	<u>\$ 8,861,357</u>	<u>\$ 9,567,451</u>
Interest rates	0.75%-7.95%	0.75%-4.90%

### b. Short-term bills payable

	December 31	
	2022	2021
Commercial paper	\$ 10,000	\$ 350,000
Less: Unamortized discount on bills payable	<u>(23)</u>	<u>(395)</u>
	<u>\$ 9,977</u>	<u>\$ 349,605</u>
Interest rate	1.96%	0.93%-0.95%
Due date	2023.2.17	2022.3.25

c. Long-term borrowings

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Credit borrowings	\$ 6,079,700	\$ 3,585,464
Less: Current portions	<u>(500,000)</u>	<u>-</u>
Long-term borrowings	<u>\$ 5,579,700</u>	<u>\$ 3,585,464</u>
Interest rate	1.13%-6.38%	1.00%-2.11%
Due date	2028.10.13	2028.10.13

On November 23, 2016, Continental Carbon Company (“CCC”) entered into a five-year syndicated loan agreement with ChinaTrust Commercial Bank and other eight banks.

According to the loan agreement, after 2.5 years from the first use of the loan facility to nine months before the expiration, a written application for extension of the credit period for two years can be made to the management bank if there is no breach of contract. CCC filed an application to the management bank, ChinaTrust Commercial Bank, on February 1, 2021 and granted an extension in November 2021 for long-term borrowings to be repaid by installments before November 23, 2023. The agreement required the association guarantor (the Corporation) to meet specific financial ratios of current ratio, the ratio of total liabilities to net tangible assets, the interest coverage ratio and net tangible assets based on the semi-annual and annual consolidated financial statements during the loan period. CCC had settled the non-revolving loan amounts in May 2022, but there are still the revolving loan facilities of \$19,000 thousand available for use.

On December 7, 2021, CCC entered into a new three-year syndicated loan agreement with ChinaTrust Commercial Bank and other seven banks. According to the loan agreement, after 2 years from the first use of the loan facility to six months before the expiration, a written application for extension of the credit period for two years can be made to the management bank if there is no breach of contract. The agreement required the association guarantor (the Corporation) to meet specific financial ratios of current ratio, the ratio of total liabilities to net tangible assets, the interest coverage ratio and net tangible assets based on the semi-annual and annual consolidated financial statements during the loan period.

The Corporation did not violate the above financial ratio requirements base on the annual consolidated financial statements for the years ended December 31, 2022 and 2021.

## 21. OTHER PAYABLES

	December 31	
	2022	2021
Payable for purchase of equipment, construction and repairing construction	\$ 561,710	\$ 576,953
Payable for research fee	341,347	366,175
Payable for salaries and bonuses	276,148	287,022
Payable for professional fee	265,393	264,834
Payable for cash-settled share-based payment transactions	177,853	139,989
Payable for tax	18,683	100,541
Payable for transportation and selling expenses	42,043	68,404
Payable for water and electricity	25,498	18,349
Compensation payable to directors	5,000	10,000
Others	393,034	266,341
	<u>\$ 2,106,709</u>	<u>\$ 2,098,608</u>

## 22. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

The Corporation, Linyuan Advanced Materials Technology Co., Ltd. (“Linyuan Advanced”), Circular Commitment Company (“Circular Commitment”), and the former subsidiary E-One Moli Energy Corp. (“E-One”) adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.

The subsidiary, Continental Carbon Company (CCC), provides a defined-contribution pension plan for all employees. CCC is required to make matching contributions equal to 3% to 6% of participants’ salaries.

CSRC China Corporation, CSRC China (Anshan) Corporation, and CSRC China (Chongqing) Corporation as the investee owned by CSRC (Singapore) Pte. Ltd., which are indirectly owned by CSRC (BVI) Ltd., have adopted a pension plan under the laws and regulations of China. Under the plan, the subsidiaries are required to contribute a specified percentage of payroll cost to the retirement benefit scheme to manage the funds.

### b. Defined benefit plans

The Corporation, Linyuan Advanced, Circular Commitment adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation and Linyuan Advanced contribute amounts equal to 8.7%, 8.7% and 2.0% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee, respectively. Pension contributions are deposited in the Bank of Taiwan in the committee’s name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the “Bureau”); the Group has no right to influence the investment policy and strategy.

The subsidiary, Continental Carbon Company (CCC) has provided pension plans and post-retirement health insurance benefits to its employees since 1996, and related liabilities had been estimated.

Continental Carbon India Pvt Ltd. ("CCIL") and Continental Carbon Eco Tech Pvt Ltd. ("CCET") provide pension plan and compensated absences to its employees, and related liabilities had been estimated.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Present value of defined benefit obligation	\$ 264,710	\$ 310,663
Fair value of plan assets	<u>(217,682)</u>	<u>(255,827)</u>
Net defined benefit liabilities	<u>\$ 47,028</u>	<u>\$ 54,836</u>
Defined benefit assets	<u>\$ (5,813)</u>	<u>\$ (4,608)</u>
Defined benefit liabilities	<u>\$ 52,841</u>	<u>\$ 59,444</u>

Movements in net defined benefit liabilities were as follows:

	<b>Present Value of Defined Benefit Obligation</b>	<b>Fair Value of Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2021	<u>\$ 386,895</u>	<u>\$ (282,404)</u>	<u>\$ 104,491</u>
Service cost			
Current service cost	2,792	-	2,792
Net interest expense (income)	<u>7,800</u>	<u>(668)</u>	<u>7,132</u>
Recognized in profit or loss	<u>10,592</u>	<u>(668)</u>	<u>9,924</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(18,100)	(18,100)
Actuarial loss - changes in demographic assumptions	2,641	-	2,641
Actuarial (gain) loss - changes in financial assumptions	(14,633)	24	(14,609)
Actuarial loss - experience adjustments	7,234	-	7,234
Others	<u>7,604</u>	<u>-</u>	<u>7,604</u>
Recognized in other comprehensive income	<u>2,846</u>	<u>(18,076)</u>	<u>(15,230)</u>
Contributions from the employer	-	(18,543)	(18,543)
Benefits paid	(14,445)	14,445	-
Liabilities extinguished on settlement	(22,526)	22,526	-
Exchange differences on foreign plans	(6,756)	4,857	(1,899)
Disposal of subsidiary	(38,315)	14,408	(23,907)
Other	<u>(7,628)</u>	<u>7,628</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 310,663</u>	<u>\$ (255,827)</u>	<u>\$ 54,836</u>

(Continued)



	<b>Present Value of Defined Benefit Obligation</b>	<b>Fair Value of Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2022	<u>\$ 310,663</u>	<u>\$ (255,827)</u>	<u>\$ 54,836</u>
Service cost			
Current service cost	2,926	-	2,926
Net interest expense (income)	<u>1,731</u>	<u>(841)</u>	<u>890</u>
Recognized in profit or loss	<u>4,657</u>	<u>(841)</u>	<u>3,816</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,213)	(7,213)
Actuarial loss - changes in demographic assumptions	(9)	-	(9)
Actuarial gain - changes in financial assumptions	(27,336)	30,803	3,467
Actuarial loss - experience adjustments	2,189	-	2,189
Others	<u>(5,728)</u>	<u>-</u>	<u>(5,728)</u>
Recognized in other comprehensive income	<u>(30,884)</u>	<u>23,590</u>	<u>(7,294)</u>
Contributions from the employer	-	(2,100)	(2,100)
Benefits paid	(19,029)	18,585	(444)
Liabilities extinguished on settlement	(19,883)	19,883	-
Exchange differences on foreign plans	<u>19,186</u>	<u>(20,972)</u>	<u>(1,786)</u>
Balance at December 31, 2022	<u>\$ 264,710</u>	<u>\$ (217,682)</u>	<u>\$ 47,028</u> (Concluded)

Through the defined benefit plans under the Labor Standards Law, the Corporation is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rate(s)	1.13%-7.43%	0.38%-7.15%
Expected rate(s) of salary increase	2.00%-5.00%	2.00%-5.00%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rate(s)		
0.25% increase	<u>\$ (2,240)</u>	<u>\$ (2,609)</u>
0.25% decrease	<u>\$ 2,457</u>	<u>\$ 2,816</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 2,135</u>	<u>\$ 2,523</u>
0.25% decrease	<u>\$ (2,032)</u>	<u>\$ (2,412)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
The expected contributions to the plan for the next year	<u>\$ 4,862</u>	<u>\$ 4,344</u>
The average duration of the defined benefit obligation	2.1-17.6 years	2.9-12.5 years

The Group's other long-term employee benefits were \$7,730 thousand and \$8,191 thousand as of December 31, 2022 and 2021, respectively, and was included in the consolidated balance sheet under provisions - non-current.

## 23. EQUITY

### a. Ordinary shares

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Number of shares authorized (in thousands)	<u>2,000,000</u>	<u>2,000,000</u>
Shares authorized	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>984,734</u>	<u>984,734</u>
Shares issued	<u>\$ 9,847,336</u>	<u>\$ 9,847,336</u>
Surplus	<u>8,529,343</u>	<u>8,529,343</u>
	<u>\$ 18,376,679</u>	<u>\$ 18,376,679</u>

The issued ordinary shares, with a par value of NT\$10, carry one voting right per share and carry a right to dividends.

b. Capital surplus

	2022	2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	\$ 8,529,343	\$ 8,529,343
Treasury shares transactions	249,189	246,242
May be used to offset a deficit only (2)		
Changes in percentage of ownership interests in subsidiaries	107,235	107,235
Changes in interests in associates or joint ventures accounted for using the equity method	44,944	-
May not be used for any purpose		
Employee share options	22,141	22,141
	<u>\$ 8,952,852</u>	<u>\$ 8,904,961</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus).
- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries and associates resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries and associates accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Articles, where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit unless the legal reserve has reached the Corporation's paid-in capital, and then any remaining profit together with any undistributed retained earnings, setting aside or reversing a special reserve in accordance with the laws and regulations if necessary, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders.

The Corporation may also opt to transfer retained earnings to capital and distribute share dividends to finance its working capital requirements and major investment plans, but the cash dividend payout ratio should be up to 20% of the total dividends to be distributed to ordinary shareholders. For the policies on distribution of compensation of employees and remuneration of directors, please refer to Note 25 (g).

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Corporation.

The appropriations of earnings for 2021 and 2020 were approved in the shareholders' meetings on May 27, 2022 and July 7, 2021, respectively; the amounts were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>For the Year Ended</b>		<b>For the Year Ended</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Legal reserve	\$ 340,249	\$ 72,953	\$ -	\$ -
Cash dividends	196,947	98,473	0.20	0.10

The appropriation of earnings for 2022 will be proposed in the next meeting of the Board of Directors.

d. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 1,755,926	\$ 3,957,144
Attributable to non-controlling interests		
Share of (loss) profit for the period	(16,400)	36,399
Exchange difference on translating foreign operations	195,785	(49,091)
Unrealized (loss) gain on financial assets at FVTOCI	(2,011)	165
Remeasurement on defined benefit plans	(189)	7,542
Disposal of subsidiary	-	(2,191,701)
Cash dividends distributed by subsidiaries	-	(4,532)
Balance at December 31	<u>\$ 1,933,111</u>	<u>\$ 1,755,926</u>

e. Treasury shares

<b>(Shares in Thousands)</b>				
<b>Purpose</b>	<b>Number of Shares at January 1</b>	<b>Increase During the Period</b>	<b>Decrease During the Period</b>	<b>Number of Shares at December 31</b>
<u>2022</u>				
Shares held by its subsidiary	<u>14,735</u>	<u>-</u>	<u>-</u>	<u>14,735</u>
<u>2021</u>				
Shares held by its subsidiary	<u>14,735</u>	<u>-</u>	<u>-</u>	<u>14,735</u>

The subsidiary, CS Development & Investment Co., acquired the Corporation's shares with book value of \$290,088 thousand. As of December 31, 2022 and 2021, the market value of the treasury shares was \$286,589 thousand and \$415,517 thousand, respectively. A subsidiary holding treasury shares, shall have shareholders' rights, except that subsidiary holding over 50% of the shares has no rights to participate in any share issuance for cash and to vote.

## 24. REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Revenue from contracts with customers		
Revenue from the sales of goods	\$ 21,724,571	\$ 19,494,832
Revenue from royalties	-	1,292,970
Revenue from settlement royalties	1,332,863	3,270,179
Other operating revenue	<u>310,851</u>	<u>558,755</u>
	<u>\$ 23,368,285</u>	<u>\$ 24,616,736</u>

### a. Contract information

#### 1) Revenue from the sales of goods

Revenue from the sales of goods comes from the sales of carbon black goods and battery products. Goods are sold at their respective fixed amounts as agreed in the contracts.

#### 2) Revenue from royalties

Revenue from royalties is the royalties received on sales basis in exchange for the patent licensing.

#### 3) Revenue from settlement royalties

Revenue from settlement royalties is the settlement royalties received from a settlement agreement regarding the royalty obligation disputes. Please refer to Note 35 (c).

### b. Contract balances

	<b>December 31, 2022</b>	<b>December 31, 2021</b>	<b>January 1, 2021</b>
Accounts receivable (Note 9)	<u>\$ 4,089,378</u>	<u>\$ 3,770,246</u>	<u>\$ 3,732,235</u>
Contract liabilities - current			
Settlement royalties	\$ 224,207	\$ 1,271,390	\$ -
Contract liabilities - non-current	<u>-</u>	<u>202,086</u>	<u>-</u>
	<u>\$ 224,207</u>	<u>\$ 1,473,476</u>	<u>\$ -</u>

## 25. INCOME BEFORE INCOME TAX

Net income from continuing operations included the following:

a. Other income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Government grants income (Note 29)	\$ 92,124	\$ 181,956
Claim income	85,775	63,783
Technology licensing income	64,818	57,167
Dividend income	3,315	7,299
Rental income	544	6,373
Others	<u>61,333</u>	<u>62,131</u>
	<u>\$ 307,909</u>	<u>\$ 378,709</u>

b. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Bank deposits	<u>\$ 142,617</u>	<u>\$ 36,176</u>

c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Net gain on fair value change of financial assets held for trading	\$ 3,290	\$ 1,078
Net gain on disposal of subsidiary (Note 31)	-	414,053
Gain on disposal of associate (Note 13)	1,843	-
Net foreign exchange gains (losses)	177,515	(86,357)
Loss on disposal and retirement of property, plant and equipment	(5,023)	(5,965)
Impairment loss on property, plant and equipment (Note 14)	(349,522)	(104,919)
Impairment loss on intangible assets (Note 18)	-	(21,491)
Others	<u>(113,418)</u>	<u>(200,323)</u>
	<u>\$ (285,315)</u>	<u>\$ (3,924)</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Interest expense (excluded in capitalized interest)	\$ 488,502	\$ 187,077
Interest on lease liabilities	7,626	7,383
Other finance costs	<u>1,963</u>	<u>2,943</u>
	<u>\$ 498,091</u>	<u>\$ 197,403</u>

Information about capitalized interest was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Capitalized interest	\$ 3,321	\$ 86,569
Capitalization rate	1.28%	1.81%
e. Depreciation and amortization		
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Property, plant and equipment	\$ 1,116,214	\$ 867,365
Investment properties	17,532	17,533
Other intangible assets	64,300	42,809
Right-of-use assets	64,088	59,993
Deferred expenses	<u>26,237</u>	<u>62,092</u>
	<u>\$ 1,288,371</u>	<u>\$ 1,049,792</u>
An analysis of depreciation by function		
Operating costs	\$ 1,102,130	\$ 840,544
Operating expenses	<u>95,704</u>	<u>104,347</u>
	<u>\$ 1,197,834</u>	<u>\$ 944,891</u>
An analysis of amortization by function		
Operating costs	\$ 4,921	\$ 44,181
Operating expenses	<u>85,616</u>	<u>60,720</u>
	<u>\$ 90,537</u>	<u>\$ 104,901</u>

f. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Post-employment benefits		
Defined contribution plans	\$ 63,890	\$ 78,393
Defined benefit plans (Note 22)	<u>3,816</u>	<u>9,924</u>
	<u>67,706</u>	<u>88,317</u>
Cash-settled share-based payments (Note 28)	<u>39,476</u>	<u>39,720</u>
Other employee benefits	<u>1,478,386</u>	<u>1,890,497</u>
Total employee benefits expense	<u>\$ 1,585,568</u>	<u>\$ 2,018,534</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,034,487	\$ 1,293,984
Operating expenses	<u>551,081</u>	<u>724,550</u>
	<u>\$ 1,585,568</u>	<u>\$ 2,018,534</u>

g. Compensation of employees and remuneration of directors

The Corporation accrued compensation of employees and remuneration of directors at the rates 0.01%-3% and not higher than 1%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors.

For the years ended December 31, 2022 and 2021, the compensation of employees and the remuneration of directors were as follows:

Amount

	<b><u>For the Year Ended December 31</u></b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
Compensation of employees	\$ 1,703	\$ 3,013
Remuneration of directors	\$ 5,000	\$ 10,000

The compensation of employees and the remuneration of directors for the year ended December 31, 2022 will be approved in the next meeting of the Board of Directors; the compensation of employees and the remuneration of directors for the year ended December 31, 2021 were approved by the Corporation's Board of Directors on April 12, 2022.

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate and adjusted in the following year.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors resolved by the Corporation's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 26. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	<b><u>For the Year Ended December 31</u></b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
Current tax		
In respect of the current year	\$ 191,611	\$ 1,171,701
Income tax on unappropriated earnings	151,799	26,710
Adjustments for prior years	(18,312)	3,034
	<u>325,098</u>	<u>1,201,445</u>
Deferred tax		
In respect of the current year	501,295	717,883
Others	(16,849)	4,120
	<u>484,446</u>	<u>722,003</u>
Income tax expense recognized in profit or loss	<u>\$ 809,544</u>	<u>\$ 1,923,448</u>



A reconciliation of accounting profit and income tax expense was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Income before income tax from continuing operations	\$ <u>1,472,526</u>	\$ <u>5,355,288</u>
Income tax expense calculated at the statutory rate	\$ 487,611	\$ 1,820,197
Tax-exempt income	(83,111)	(194,477)
Unrecognized loss carryforwards and deductible temporary differences	304,123	207,981
Income tax on unappropriated earnings	151,799	26,710
Non-deductible expenses in determining taxable income	9,448	9,488
Effect of tax rate changes	(42,014)	50,515
Adjustments for prior years' tax	<u>(18,312)</u>	<u>3,034</u>
Income tax expense	\$ <u>809,544</u>	\$ <u>1,923,448</u>

b. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax assets		
Prepaid tax	\$ -	\$ 141,198
Tax refund receivable	<u>25,117</u>	<u>45,269</u>
	\$ <u>25,117</u>	\$ <u>186,467</u>
Current tax liabilities		
Income tax payable	\$ <u>329,671</u>	\$ <u>253,381</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2022

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Exchange Differences</b>	<b>Disposal of Subsidiary</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>					
Temporary differences					
Provision for inventories	\$ 3,115	\$ (382)	\$ 83	\$ -	\$ 2,816
Defined benefit obligation	22,686	(10,057)	2,178	-	14,807
Allowance for impaired receivables	1,710	257	195	-	2,162
Loss carryforwards	33,518	35,958	4,761	-	74,237
Foreign tax credits	4,602	(2,162)	439	-	2,879
Contract liabilities	194,679	(181,062)	15,834	-	29,451
Others	<u>69,205</u>	<u>96,934</u>	<u>10,404</u>	<u>-</u>	<u>176,543</u>
	\$ <u>329,515</u>	\$ <u>(60,514)</u>	\$ <u>33,894</u>	\$ <u>-</u>	\$ <u>302,895</u>

(Continued)

	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Disposal of Subsidiary	Closing Balance
<u>Deferred tax liabilities</u>					
Temporary differences					
Unappropriated earnings of subsidiaries	\$ 3,256,334	\$ 287,695	\$ -	\$ -	\$ 3,544,029
Property, plant and equipment	32,866	155,720	8,326	-	196,912
Others	<u>81,007</u>	<u>(2,634)</u>	<u>8,719</u>	<u>-</u>	<u>87,092</u>
	3,370,207	440,781	17,045	-	3,828,033
Reserve for land value increment tax	<u>142,748</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,748</u>
	<u>\$ 3,512,955</u>	<u>\$ 440,781</u>	<u>\$ 17,045</u>	<u>\$ -</u>	<u>\$ 3,970,781</u>
(Concluded)					

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Disposal of Subsidiary	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Provision for inventories	\$ 4,377	\$ (1,249)	\$ (13)	\$ -	\$ 3,115
Defined benefit obligation	23,731	(383)	(662)	-	22,686
Allowance for impaired receivables	2,236	(469)	(57)	-	1,710
Loss carryforwards	48,648	(13,927)	(1,203)	-	33,518
Foreign tax credits	35,379	(30,137)	(640)	-	4,602
Contract liabilities	-	196,993	(2,314)	-	194,679
Others	<u>73,753</u>	<u>(1,920)</u>	<u>(1,977)</u>	<u>(651)</u>	<u>69,205</u>
	<u>\$ 188,124</u>	<u>\$ 148,908</u>	<u>\$ (6,866)</u>	<u>\$ (651)</u>	<u>\$ 329,515</u>

Deferred tax liabilities

Temporary differences					
Unappropriated earnings of subsidiaries	\$ 2,382,539	\$ 873,795	\$ -	\$ -	\$ 3,256,334
Property, plant and equipment	36,549	(2,688)	(995)	-	32,866
Others	<u>87,725</u>	<u>(4,316)</u>	<u>(2,402)</u>	<u>-</u>	<u>81,007</u>
	2,506,813	866,791	(3,397)	-	3,370,207
Reserve for land value increment tax	<u>142,748</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,748</u>
	<u>\$ 2,649,561</u>	<u>\$ 866,791</u>	<u>\$ (3,397)</u>	<u>\$ -</u>	<u>\$ 3,512,955</u>

d. Significant items for which no deferred tax assets have been recognized

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Loss carryforwards	\$ 567,263	\$ 504,913
Loss on investment accounted for using the equity method	\$ 1,736,413	\$ 1,534,162
Tax differences in depreciation	\$ 99,007	\$ 90,692

e. Information about unused investment credits and unused loss carryforwards

As of December 31, 2022, loss carryforwards comprised of:

Laws and Statutes	Items	Remaining Creditable Amount	Expiry Year
Income Tax Law (China)	Loss carryforwards	\$ 21,253	2023
		176,959	2024
		185,133	2025
		81,637	2026
Income Tax Law (United States)	Loss carryforwards	24,535	2024
		17	2027
		21,054	2029
		53,166	No expiry year (indefinitely)
Income Tax Law (India)	Loss carryforwards	12,523	2023
		21,438	2024
		38,800	2028
		<u>4,985</u>	2029
		<u>\$ 641,500</u>	

f. Income tax assessments

Income tax returns of the following companies had been assessed by tax authorities:

- 1) CS Development & Investment Co. - through 2020
- 2) Yun Cheng Investment Corporation - through 2020
- 3) Consolidated Resource Co. - through 2020
- 4) Circular Commitment Company - through 2020
- 5) Linyuan Advanced Materials Technology Co., Ltd. - through 2020
- 6) The Corporation - through 2020

## 27. EARNINGS PER SHARE

		<b>Unit: NT\$ Per Share</b>	
		<b>For the Year Ended December 31</b>	
		<b>2022</b>	<b>2021</b>
Basic earnings per share			
Total basic earnings per share		<u>\$ 0.70</u>	<u>\$ 3.50</u>
Diluted earnings per share			
Total diluted earnings per share		<u>\$ 0.70</u>	<u>\$ 3.50</u>

The earnings and weighted average number of ordinary shares used in the computation of earnings per share were as follows:

### Net Income for the Year

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Income attributable to owners of the Corporation	\$ 679,382	\$ 3,395,441
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>-</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share from continuing operations	<u>\$ 679,382</u>	<u>\$ 3,395,441</u>

### Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Weighted average number of ordinary shares used in computation of basic earnings per share	969,999	969,999
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>102</u>	<u>114</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>970,101</u>	<u>970,113</u>

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 28. CASH-SETTLED SHARE-BASED PAYMENTS ARRANGEMENTS

Information on employee share appreciation rights issued by CCC, the Corporation's subsidiary for the years ended December 31, 2022 and 2021, were as follows:

	<b>For the Year Ended December 31</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Number of Rights (In Thousands)</b>	<b>Weighted-average Exercise Price (NT\$)</b>	<b>Number of Rights (In Thousands)</b>	<b>Weighted-average Exercise Price (NT\$)</b>
Balance at January 1	152	\$ 2,857	125	\$ 2,521
Right granted	29	3,958	28	3,411
Right waived	(2)	3,550	-	-
Rights exercised	<u>(14)</u>	<u>2,729</u>	<u>(1)</u>	<u>2,418</u>
Balance at December 31	<u>165</u>		<u>152</u>	

(Continued)

	For the Year Ended December 31			
	2022		2021	
	Number of Rights (In Thousands)	Weighted- average Exercise Price (NT\$)	Number of Rights (In Thousands)	Weighted- average Exercise Price (NT\$)
Rights exercisable, end of period	<u>124</u>		<u>119</u>	
Weighted-average fair value of rights granted (\$)	<u>\$ 1,398</u>		<u>\$ 1,186</u>	
				(Concluded)

The Corporation's subsidiary, CCC, issued share appreciation rights ("SARs") to certain employees, and paid the intrinsic value of the SARs in cash to the employees at the date of exercise, in accordance with the contract. The fair value of the SARs was determined using the Black-Scholes pricing model.

The Group recorded total expenses of \$39,476 thousand and \$39,720 thousand in respect of the SARs for the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, the Group recorded liabilities of \$177,853 thousand and \$139,989 thousand, respectively, and the total intrinsic values of the vested SARs were \$177,853 thousand and \$139,989 thousand, respectively.

## 29. GOVERNMENT GRANTS

In addition to those disclosed in other notes, the government grants obtained by the Group are as follows:

Due to the implication of the COVID-19, the Corporation's subsidiary, CCC, had applied to U.S. Government for "Paycheck Protection Program" loan ("PPP Loan") amounting to \$59,610 thousand and \$163,848 thousand, which were received in April 2021 and May 2020, respectively, and were accounted for long-term borrowings in the accompanying financial statements. The application for loan forgiveness of PPP Loan were approved in January 2022 and June 2021, and were accounted for other income in the accompanying financial statements.

## 30. CAPITAL MANAGEMENT

The Group manages and maintains sufficient capital to expand operations and meet related capital expenditure. The Group manages its capital to maintain the profitability and financial structure, and ensure that it has sufficient financial resources to fund its working capital, capital expenditures, debt repayments and the payment of dividends to shareholders.

## 31. DISPOSAL OF SUBSIDIARY

The Board of Directors of the former subsidiary, TCC Recycle Energy Technology Company, approved a cash capital increase of NT\$10 billion on May 14, 2021. The Board of Directors of the Group approved on August 12, 2021 to waive the subscription right of share issuance for cash capital increase of TCC Recycle Energy Technology Company. The shareholding ratio of the Group was reduced from 61.97% to 24.30%. The Group has lost control of TCC Recycle Energy Technology Company after evaluation.

a. Analysis of assets and liabilities on the date control was lost

	<b>TCC Recycle Energy Technology</b>
Current assets	
Cash and cash equivalents	\$ 1,624,517
Accounts receivables	450,314
Accounts receivables from related parties	68,291
Other financial assets - current	27,001
Inventories	1,289,974
Current tax assets	47
Other current assets	252,430
Non-current assets	
Property, plant and equipment	2,888,527
Right-of-use assets	81,113
Prepayments for equipment	526,675
Other financial assets - non-current	7,407
Other non-current assets	74,249
Current liabilities	
Short-term borrowings	(11,129)
Trade payables	(409,988)
Current portion of long-term borrowings	(300,000)
Other payables	(284,605)
Other current liabilities	(398,270)
Non-current liabilities	
Deferred tax liabilities	(371)
Lease liabilities - non-current	(83,358)
Net defined benefit liabilities	(23,774)
Other non-current liabilities	<u>(15,966)</u>
Disposal of net assets	<u>\$ 5,763,084</u>

b. Net gain on disposal of subsidiary

	<b>TCC Recycle Energy Technology</b>
The fair value of interests held by the Group	\$ 3,996,575
Disposal of net assets	(5,763,084)
Non-controlling interests	2,191,701
Reclassification of other comprehensive income in respect of subsidiary	<u>(11,139)</u>
Net gain on disposal of subsidiary	<u>\$ 414,053</u>

The Group's net gain on disposal of TCC Recycle Energy Technology Company was accounted for other gains and losses in the accompanying financial statements.

## 32. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments that are not measured at fair value

The disclosures of fair value are not required for financial instruments that are not measured at fair value with carrying value approximating fair value.

### b. Fair value of financial instruments that are measured at fair value on a recurring basis

#### 1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets				
Mutual funds	\$ 616,362	\$ -	\$ -	\$ 616,362
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	\$ 6,564,167	\$ -	\$ 23,252	\$ 6,587,419
Domestic unlisted shares	-	-	765,275	765,275
	\$ 6,564,167	\$ -	\$ 788,527	\$ 7,352,694

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets				
Mutual funds	\$ 613,072	\$ -	\$ -	\$ 613,072
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	\$ 8,222,679	\$ -	\$ 32,992	\$ 8,255,671
Domestic unlisted shares	-	-	963,026	963,026
	\$ 8,222,679	\$ -	\$ 996,018	\$ 9,218,697

No transfers between Levels 1 and 2 in 2022 and 2021.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2022

<b>Financial Assets</b>	<b>Financial Assets at Fair Value Through Profit or Loss</b>	<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>Total</b>
Balance at January 1, 2022	\$ -	\$ 996,018	\$ 996,018
Recognized in other comprehensive loss (included in unrealized loss on financial assets at FVTOCI)	-	(207,491)	(207,491)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 788,527</u>	<u>\$ 788,527</u>

For the year ended December 31, 2021

<b>Financial Assets</b>	<b>Financial Assets at Fair Value Through Profit or Loss</b>	<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>Total</b>
Balance at January 1, 2021	\$ -	\$ 900,629	\$ 900,629
Recognized in other comprehensive income (included in unrealized gain on financial assets at FVTOCI)	-	95,389	95,389
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 996,018</u>	<u>\$ 996,018</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

	<b>Fair Value at December 31, 2022</b>	<b>Valuation Techniques</b>	<b>Significant Unobservable Inputs</b>	<b>Range (Average Weighted)</b>	<b>The Relationship Between Inputs and Fair Value</b>
Financial assets at FVTOCI Equity instruments	\$ 788,527	Market approach	P/B Lack of liquidity discount	0.85-2.78 20%-40%	When the higher income multiplier, the higher of fair value; when the higher lack of liquidity discount, the lower of fair value
		Balance sheet method	Lack of liquidity discount	10%	When the higher lack of liquidity discount, the lower of fair value

	<b>Fair Value at December 31, 2021</b>	<b>Valuation Techniques</b>	<b>Significant Unobservable Inputs</b>	<b>Range (Average Weighted)</b>	<b>The Relationship Between Inputs and Fair Value</b>
Financial assets at FVTOCI Equity instruments	\$ 996,018	Market approach	P/B Lack of liquidity discount	0.85-2.93 20%-40%	When the higher income multiplier, the higher of fair value; when the higher lack of liquidity discount, the lower of fair value
		Balance sheet method	Lack of liquidity discount	10%	When the higher lack of liquidity discount, the lower of fair value



c. Categories of financial instruments

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Financial assets</u>		
Mandatorily classified as at FVTPL (1)	\$ 616,362	\$ 613,072
Financial assets at amortized cost (2)	20,620,583	20,996,657
Financial assets at FVTOCI (3)	7,352,694	9,218,697
<u>Financial liabilities</u>		
Amortized cost (4)	17,824,682	16,566,074

- 1) The balances included financial assets at fair value through profit or loss - current.
- 2) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable, other financial assets - current, and other financial assets - non-current.
- 3) The balances included financial assets at fair value through other comprehensive income - current and financial assets at fair value through other comprehensive income - non-current.
- 4) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, notes payable, trade payables, trade payables to related parties, other payables, and long-term borrowings (included current portion).

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, beneficiary certificates, accounts receivable, trade payables, borrowings and lease liabilities. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 37.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollars.

The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts the translation at the end of the reporting period for a 1% change in foreign currency rates. Had the New Taiwan dollars strengthened/weakened by 1% against U.S. dollars, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would decrease/increase by \$13,126 thousand and \$17,896 thousand, respectively.

In management's opinion, sensitivity analysis was unrepresentative of the inherent foreign exchange risk. The exposure at the end of the reporting period did not reflect the exposure during the period because sales are seasonal.

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Fair value interest rate risk		
Financial assets	\$ 3,574,667	\$ 9,308,493
Financial liabilities	7,470,566	6,204,919
Cash flow interest rate risk		
Financial assets	11,789,215	6,953,609
Financial liabilities	7,657,740	7,436,109

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would increase/decrease by \$20,657 thousand and decreased/increased \$2,413 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments. The Group adopted sensitivity analysis to measure the equity price risk.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, the pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would increase/decrease by \$367,635 thousand and \$460,935 thousand, respectively, as a result of the changes in financial assets at fair value through other comprehensive income.

## 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The accounts receivable of the Group covers a large number of customers and spreads across different industries and geographical regions. The Group continuously evaluates the business and financial status of the customers and monitors the collection of accounts receivable.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's concentration of credit risk of 51% and 50% in total accounts receivable as of December 31, 2022 and 2021, respectively, was related to the Group's five largest customers.

## 3) Liquidity risk

The Group manages liquidity risk by maintaining a level of cash and cash equivalents, high liquidity in securities, and adequate reserves for bank loan facilities, deemed adequate to ensure the Group maintain enough financial flexibility. As of December 31, 2022 and 2021, the amounts of unused financing facilities were \$16,812,548 thousand and \$15,024,167 thousand, respectively.

### Liquidity and interest risk rate tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables excluded interest cash flows.

### December 31, 2022

	On Demand or Less than 1 Year	1-2 Years	2-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 2,873,648	\$ -	\$ -	\$ -	\$ 2,873,648
Lease liabilities	44,224	39,819	93,902	25,837	203,782
Variable interest rate borrowings	4,308,040	488,889	2,683,033	177,778	7,657,740
Fixed interest rate borrowings	<u>5,063,294</u>	<u>1,930,000</u>	<u>300,000</u>	<u>-</u>	<u>7,293,294</u>
	<u>\$ 12,289,206</u>	<u>\$ 2,458,708</u>	<u>\$ 3,076,935</u>	<u>\$ 203,615</u>	<u>\$ 18,028,464</u>

Additional information about the maturity analysis for total financial liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15+ Years	Total
Lease liabilities	\$ 44,224	\$ 133,721	\$ 18,028	\$ 930	\$ 6,879	\$ 203,782
Variable interest rate borrowings	4,308,040	3,171,922	177,778	-	-	7,657,740
Fixed interest rate borrowings	<u>5,063,294</u>	<u>1,930,000</u>	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>7,293,294</u>
	<u>\$ 9,415,558</u>	<u>\$ 5,235,643</u>	<u>\$ 495,806</u>	<u>\$ 930</u>	<u>\$ 6,879</u>	<u>\$ 15,154,816</u>

December 31, 2021

	<b>On Demand or Less than 1 Year</b>	<b>1-2 Years</b>	<b>2-5 Years</b>	<b>5+ Years</b>	<b>Total</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 3,063,554	\$ -	\$ -	\$ -	\$ 3,063,554
Lease liabilities	51,491	41,583	31,133	35,549	159,756
Variable interest rate borrowings	3,906,005	2,730,104	-	800,000	7,436,109
Fixed interest rate borrowings	<u>6,011,051</u>	<u>55,360</u>	<u>-</u>	<u>-</u>	<u>6,066,411</u>
	<u>\$ 13,032,101</u>	<u>\$ 2,827,047</u>	<u>\$ 31,133</u>	<u>\$ 835,549</u>	<u>\$ 16,725,830</u>

Additional information about the maturity analysis for total financial liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15+ Years</b>	<b>Total</b>
Lease liabilities	\$ 51,491	\$ 72,716	\$ 27,641	\$ 465	\$ 7,443	\$ 159,756
Variable interest rate borrowings	3,906,005	2,730,104	800,000	-	-	7,436,109
Fixed interest rate borrowings	<u>6,011,051</u>	<u>55,360</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,066,411</u>
	<u>\$ 9,968,547</u>	<u>\$ 2,858,180</u>	<u>\$ 827,641</u>	<u>\$ 465</u>	<u>\$ 7,443</u>	<u>\$ 13,662,276</u>

e. Transfers of financial assets

The Group transferred a portion of its banker's acceptance bills in mainland China to some of its suppliers in order to settle the trade payables to these suppliers. As the Group has transferred substantially all risks and rewards relating to these bills receivable, it derecognized the full carrying amount of the bills receivable and the associated trade payables. However, if the derecognized bills receivable are not paid at maturity, the suppliers have the right to request that the Group pay the unsettled balance; therefore, the Group still has continuing involvement in these bills receivable.

The maximum exposure to loss from the Group's continuing involvement in the derecognized bills receivable is equal to the face amounts of the transferred but unsettled bills receivable, and as of December 31, 2022 and 2021, the face amounts of these unsettled bills receivable were \$639,787 thousand and \$315,863 thousand, respectively. The unsettled bills receivable will be due in 5 months and 5 months after December 31, 2022 and 2021, respectively. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair values of its continuing involvement are not significant.

During the years ended December 31, 2022 and 2021, the Group did not recognize any gains or losses upon the transfer of the banker's acceptance bills. No gains or losses were recognized from the continuing involvement, both during the period or cumulatively.

### 33. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Group and its related parties have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

#### a. The Group's related parties and their relationship

Related Party Name	Relationship with the Group
China Steel Chemical Corporation	The Group acts as key management personnel of the entity
Taiwan Cement Corporation	Same key management personnel
Taiwan Transport & Storage Corporation	Same key management personnel
TCC Information Systems Corporation	Same key management personnel
Taiwan Prosperity Chemical Corporation	Same key management personnel (Note 1)
Ta-Ho Maritime Corporation	Same key management personnel
Fuzhou TCC Information Technology Corporation	Same key management personnel
TCC Green Energy Corporation	Same key management personnel
Taiwan Cement (Yingde) Co.	Same key management personnel
Kuan-Ho Refractories Industry Corporation	Same key management personnel
Dr. Cecilia Koo Botanic Conservation and Environmental Protection Foundation	Related party in substance
FDC International Hotels Corporation	Related party in substance
L'Hotel De Chine Corporation	Related party in substance
E-One Moli Energy Corporation	Associate (Note 2)
OYAK Synthetic Carbon Products Industry and Trade Corporation (OYAK Synthetic Carbon)	Joint venture (Note 3)

Note 1: Taiwan Prosperity Chemical Corporation was not the Group's related party starting from August 17, 2021.

Note 2: E-One Moli Energy Corporation became an associate company from the date that the Group has lost control of TCC Recycle Energy Technology Company.

Note 3: OYAK Synthetic Carbon is a 100% owned subsidiary of a joint venture company, Continental Carbon OYAK (Netherlands) B.V.

#### b. Operating transactions

The prices and payment terms were comparable with those for third parties. Rental of lease agreements with related parties was based on market price and the payment terms were determined at general condition.

	Sale of Goods	
	For the Year Ended December 31	
	2022	2021
Same key management personnel	\$ -	\$ 67,644

		<b>Purchase of Goods</b>	
		<b>For the Year Ended December 31</b>	
		<b>2022</b>	<b>2021</b>
The Group acts as key management personnel of the entity		\$ 1,352,689	\$ 1,288,174
Same key management personnel		<u>12,447</u>	<u>13,626</u>
		<u>\$ 1,365,136</u>	<u>\$ 1,301,800</u>
		<b>Overhead and Operating Expenses</b>	
		<b>For the Year Ended December 31</b>	
		<b>2022</b>	<b>2021</b>
Same key management personnel		\$ 225,113	\$ 226,136
Related party in substance		<u>875</u>	<u>1,397</u>
		<u>\$ 225,988</u>	<u>\$ 227,533</u>
		<b>Other Income</b>	
		<b>For the Year Ended December 31</b>	
		<b>2022</b>	<b>2021</b>
OYAK Synthetic Carbon		\$ -	\$ 4,294
Associate		<u>-</u>	<u>40</u>
		<u>\$ -</u>	<u>\$ 4,334</u>
		<b>Trade Payables to Related Parties</b>	
		<b>December 31</b>	
		<b>2022</b>	<b>2021</b>
China Steel Chemical Corporation		\$ 91,378	\$ 127,344
Same key management personnel		<u>1,238</u>	<u>1,581</u>
		<u>\$ 92,616</u>	<u>\$ 128,925</u>
The outstanding trade payables to related parties are unsecured.			
		<b>Other Payables</b>	
		<b>December 31</b>	
		<b>2022</b>	<b>2021</b>
Related party in substance		\$ 28,000	\$ 28,005
Same key management personnel		<u>12,272</u>	<u>20,842</u>
		<u>\$ 40,272</u>	<u>\$ 48,847</u>
		<b>Other Receivables (Included in Other Financial Assets - Current)</b>	
		<b>December 31</b>	
		<b>2022</b>	<b>2021</b>
OYAK Synthetic Carbon		<u>\$ -</u>	<u>\$ 27,680</u>

c. Compensation of key management personnel

The compensation of directors and other key management personnel was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term employee benefits	\$ 61,237	\$ 118,732
Post-employment benefits	402	374
Share-based payments	<u>17,600</u>	<u>39,720</u>
	<u>\$ 79,239</u>	<u>\$ 158,826</u>

### 34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for certain short-term borrowings, long-term borrowings, performance guarantees, and other credit accommodations.

	<b>December 31</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Shares (Thousands)</b>	<b>Amount</b>	<b>Shares (Thousands)</b>	<b>Amount</b>
Notes and accounts receivable	-	\$ 2,685,624	-	\$ 1,866,276
Inventories	-	941,798	-	759,130
Pledged bank deposits (included in other financial assets - current)	-	385,880	-	211,638
Pledged time deposits (included in other financial assets - current and non-current)	-	29,417	-	30,267
Financial assets at fair value through other comprehensive income - current				
Taiwan Cement Corporation	4,100	<u>137,965</u>	4,100	<u>196,800</u>
		<u>\$ 4,180,684</u>		<u>\$ 3,064,111</u>

### 35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2022 and 2021 were as follows:

- Under a contract effective January 1 to December 31, 2023, Linyuan Advanced Materials Technology Co., Ltd. ("Linyuan Advanced") should buy approximately 6,000 tons of oil per month from China Petroleum Corporation. The guarantees provided by banks for the aforementioned contracts amounted to \$150,000 thousand during February 1, 2023 to January 31, 2024.
- Linyuan Advanced entered into agreements with China Steel Chemical Corporation ("China Steel") as follows: (1) under a contract effective January 1 to December 31, 2023, Linyuan Advanced should buy approximately 3,100 tons of carbolic oil 15 per month from China Steel. (2) under a contract effective January 1 to December 31, 2023, Linyuan Advanced should buy 2,500 tons of carbolic oil 12 per month from China Steel. The guarantees provided by banks for the aforementioned contracts amounted to \$130,000 thousand.

- c. In November 1998, Synpac (North Carolina), Inc. (“Synpac NC”) entered into a right of first refusal agreement with Genzyme Corporation (“Genzyme”) in which Synpac NC granted Genzyme, in exchange for US\$1,000 thousand, a right to enter into a development and commercialization agreement. In March 2000, Genzyme exercised its right and entered into an agreement with Synpac NC for Genzyme to have the sub-license to use the technology and intellectual property rights on the prevention and therapy of Pompe Disease. For this license, Genzyme paid Synpac NC an upfront payment in amount of US\$19,500 thousand. Under the license agreement, Genzyme will continue developing the technology and will be responsible for obtaining regulatory approval of New Drug as well as the manufacture, commercialization and distribution of any licensed product. After the licensed product launching, Synpac NC is entitled to receive royalties on net sales, and upon each achievement of milestone from Genzyme. Synpac NC transferred its rights of licensed patents on Pompe Disease to Synpac Venture Capital, L.P. in 2006. Synpac Venture Capital, L.P. started to recognize license revenue in the fourth quarter of 2006.

In May 2019, the Sub-Licensee Genzyme’s notice of doubts about the calculation of royalty. At the beginning of June, Genzyme noticed its doubts about the calculation of royalty and filed a demand for arbitration to American Arbitration Association (“AAA”). The procedure of Arbitration began in October 2019 (“Europe Arbitration”). The aforementioned arbitration about royalty of patent licensed in Europe, the royalties have been paid by Genzyme from March to December in 2018 in accordance with the License Agreement. The payment of Europe royalties in 2019 Q1 was delayed for few months and Genzyme had filed a demand for arbitration. However, Genzyme still paid Europe royalties in 2019 Q1 on August 20, 2019. In November and December 2019, Genzyme actively expressed that they intent to discuss the proposal of settlement with Synpac regarding disputed Europe royalties of patents licensed and would provide proposals in few weeks after December 2, 2019. However, Genzyme breached its promise and did not provide any proposals before the end of December 2019. Afterwards, Genzyme provided a proposal showing no sincerity for settlement on February 2, 2020. Therefore, the Corporation has held the BOD meeting on February 12, 2020 and the BOD has resolved that the disputed Europe royalties after 2020 would not be recognized as revenue.

According to the letter issued by the Accounting Research and Development Foundation as response to the Group’s query, if there are signs of significant changes in facts and circumstances, the Group should reevaluate whether the revenue contributed by the contract still meets all requirements of paragraph 9 of IFRS 15. Despite the legal opinion that through arbitration the possibility of receiving past due unpaid royalties still exists, the Group considered Genzyme’s willingness to pay the whole royalty in accordance with the License Agreement has already changed significantly, and would not meet all the requirements of paragraph 9 of IFRS 15 through reassessment. Thus, it was decided not to recognize royalty revenue from 2019 Q2 to Q4 through 2020.

Genzyme raised a dispute about validity of period of one of the patents in the United States (this patent will expire on February 26, 2023) and its obligation to pay royalty in the U.S., and claimed that its obligation to pay royalty in the U.S. will expire on July 10, 2021. Genzyme filed a demand for arbitration to American Arbitration Association (“AAA”) about the aforementioned dispute (“US Arbitration”; both arbitrations collectively as “AAA Arbitrations”).

The Accounting Research and Development Foundation of Taiwan explained that if there are signs of significant changes in facts and circumstances, a company should reevaluate whether the revenue contributed by a contract still meets all requirements of paragraph 9 of IFRS 15 - Revenue from Contracts with Customers. Paragraph 9 includes a criteria that in making a collectability assessment, an entity should consider the customer's ability and intention to pay the contractual consideration. In the pending arbitration between the Group and Genzyme, the arbitration panel will decide whether Genzyme must pay the Group the U.S. royalty after July 10, 2021, as required by the parties' License Agreement. Although Genzyme's royalty obligations for the third quarter is not due for payment until November 30, 2021, given Genzyme's dispute of royalty obligations, the Group has decided, for the time being, not to recognize as revenue such royalty obligations of Genzyme after July 10, 2021. The decision is based on the reasons above and the financial and accounting principles of maintaining stability and remaining conservative.



The Corporation considered the significant time, cost and resources that have been spent and would be spent on the AAA Arbitrations, as well as the uncertainty of the arbitration result and the best interests of shareholders and the Corporation; therefore, the Corporation reached a settlement agreement with Genzyme regarding the disputes over the royalty obligation of Genzyme concerning patents licensed in Europe and the U.S. The settlement agreement was approved by the Board of Directors of the Corporation on November 11, 2021. Genzyme agreed to pay the Company and its subsidiaries US\$180 million as a compromise of the amount in dispute. The parties have requested dismissal of the AAA arbitrations.

- d. CCC received notification that require carbon black plants in the U.S. have to conform to the standard of desulfurization denigration and dislodging particulate matter from U.S. Environment Protection Agency. To comply with U.S. air pollution laws, CCC agreed with U.S. Environment Protection Agency (“EPA”) after received notification from the agency on March 23, 2015. CCC promised that (1) construct related environmental protection equipment by installments to conform to the regulations of emission standards before December 31, 2022; (2) Promote environmental protection projects. The Sunray plant and Ponca plant of CCC had built relevant environmental protection equipment within the deadline. However, due to the impact of Covid-19, CCC has applied to the U.S. EPA for an extension of the agreed period under the above-referenced Consent Decree with the U.S. EPA. Although the current COVID-19 epidemic has slowed down, raw material prices on the global market remain high. Considering the consequent delay in the contractors’ progress and the continuous rise in the prices of raw materials on the global market, if CCC continues to build the environmental protection facilities at the Phenix plant, it is estimated that approximately more than US\$100 million will additionally be incurred. After careful evaluation by CCC, based on a comprehensive assessment on pooling its North American production capacity to improve capacity utilization, the reduction of various emission levels and the cost effectiveness of different measures, CCC may not continue the construction of the Phenix plant’s AQCS facilities originally planned under the agreement with the U.S. EPA but adopt other alternative measures. CCC has been in constant communication with and has applied to the U.S. EPA for an extension and modification of the plan.

However, as of December 31, 2022, CCC still failed to obtain EPA's approval to extend the agreed period of the Consent Decree or modify the plan. The Phenix plant has taken the initiative to suspend its operations and follow the local regulations to handle this matter.

- e. In January 2019, Continental Carbon Eco Tech Pvt Ltd. (“CCET”), the subsidiary of the Corporation, signed the contract for the construction of a turnkey project for the carbon black factory and the contract price was approximately US\$60,000 thousand without tax. In December 2020, the Board of Directors of the Corporation approved the supplementary contract for the construction of a turnkey project for the carbon black factory of CCET and the contract was signed in December 2020. The amounts invested in this project would increase by US\$105,000 thousand without tax. Total engineering contract price is US\$165,000 thousand without tax. However, the actual total project cost is still subject to the final calculation according to the actual quantity and amount after the completion of the design, equipment procurement, and construction at various stages. As of December 31 2022, 99.39% of the construction has been completed. The accumulated construction cost paid is US\$192,162 thousand (INR14,009,816 thousand) without tax.
- f. The Board of Directors of the Corporation’s subsidiary, CCET, resolved to lease the oil tank storage facilities located in Adani Hazira Port in India from ADANI HAZIRA PORT LTD. (“APHL”) on February 1, 2023 for operation purposes. APHL shall modify the facilities and have them ready for the use with functions requested by CCET within one year starting from the execution date of the contract. The lease term is ten years from the date of APHL delivering the oil tanks (“Effective Date”). The lock-in-period is six years from the Effective Date of the contract and CCET is liable to pay the rent compensation if CCET terminates the contract during the lock-in-period. CCET will recognize the right-of-use assets after APHL modifies the oil tank facilities and has them available for use and delivers it to CCET. The estimated amount of right-of-use assets is approximately INR2,267,131 thousand (approximately NT\$838,839 thousand).

### 36. OTHER ITEMS

The Group has assessed the economic implication of COVID-19 and determined that there were no significant impacts on the Group's financial statements as of the date the consolidated financial statements were authorized for issue. The Group will continue to monitor developments of the pandemic and assess the related impacts.

### 37. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group entities' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2022

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 54,254	30.71 (USD:NTD)	\$ 1,666,155
USD	6,870	6.9646 (USD:RMB)	210,967
USD	1,145	0.9386 (USD:EUR)	<u>35,166</u>
			<u>\$ 1,912,288</u>

Financial liabilities

Monetary items			
USD	209	30.71 (USD:NTD)	\$ 6,421
USD	2,778	6.9646 (USD:RMB)	85,321
USD	16,539	0.9386 (USD:EUR)	<u>507,917</u>
			<u>\$ 599,659</u>

December 31, 2021

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 78,229	27.680 (USD:NTD)	\$ 2,165,387
USD	4,135	6.3757 (USD:RMB)	114,455
USD	379	0.8838 (USD:EUR)	<u>10,499</u>
			<u>\$ 2,290,341</u>

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 958	27.680 (USD:NTD)	\$ 26,516
USD	616	6.3757 (USD:RMB)	17,058
USD	16,517	0.8838 (USD:EUR)	<u>457,200</u>
			<u>\$ 500,774</u> (Concluded)

For the years ended December 31, 2022 and 2021, net foreign exchange gains (losses) were \$177,515 thousand and \$(86,357) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

### 38. SEPARATELY DISCLOSED ITEMS

#### a. Information about significant transactions and investees:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held. (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (Table 4)
- 5) Acquisition of individual real estate at costs of at least NT \$300 million or 20% of the paid-in capital. (Table 5)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 6)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 7)
- 9) Trading in derivative instruments. (None)
- 10) Intercompany relationships and significant intercompany transactions. (Table 10)
- 11) Information on investees. (Table 8)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 9)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year. (Table 6)
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year. (Table 6)
  - c) The amount of property transactions and the amount of the resultant gains or losses. (None)
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes. (Table 2)
  - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds. (Table 1)
  - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services. (None)
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (Table 11)

### 39. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments are carbon black, biotechnology, battery product and others.

The Board of Directors of the Group approved on August 12, 2021 to waive the subscription right of share issuance for cash capital increase of TCC Recycle Energy Technology Company. The shareholding ratio of the Group was reduced from 61.97% to 24.30%. The Group has lost control of TCC Recycle Energy Technology Company after evaluation. Therefore, TCC Recycle Energy Technology Company and its subsidiaries should not be included in the consolidated financial report starting from the date of losing control. In addition, the residual investment was evaluated using the fair value on the date of losing control and it was accounted for using the equity method (associate). Therefore, the Group discontinued to recognize the battery segment from the date of losing control.

a. Segment revenue and results

	For the Year Ended December 31, 2022				
	Carbon Black	Biotechnology	Battery Product	Others	Total
Segment revenues	\$ 21,724,571	\$ 1,332,863	\$ -	\$ 310,851	\$ 23,368,285
Segment income	\$ 339,322	\$ 1,253,730	\$ -	\$ 146,435	\$ 1,739,487
Interest income					142,617
Other income					307,909
Other gains and losses					(285,315)
Finance costs					(498,091)
Share of profit or loss of associate and joint venture for using the equity method					65,919
Income before income tax					\$ 1,472,526
Depreciation and amortization expenses					\$ 1,288,371

	For the Year Ended December 31, 2021				
	Carbon Black	Biotechnology	Battery Product	Others	Total
Segment revenues	<u>\$ 17,243,003</u>	<u>\$ 4,563,149</u>	<u>\$ 2,251,829</u>	<u>\$ 558,755</u>	<u>\$ 24,616,736</u>
Segment income (losses)	<u>\$ 442,121</u>	<u>\$ 4,500,812</u>	<u>\$ (149,640)</u>	<u>\$ 383,544</u>	\$ 5,176,837
Interest income					36,176
Other income					378,709
Other gains and losses					(3,924)
Finance costs					(197,403)
Share of profit or loss of associate and joint venture for using the equity method					<u>(35,107)</u>
Income before income tax					<u>\$ 5,355,288</u>
Depreciation and amortization expenses					\$ 1,049,792

The segment revenue reported was generated from external customers. There were no intersegment sales for the years ended December 31, 2022 and 2021.

Segment profit represented the profit before income tax earned by each segment without the allocation of interest income, interest expense, other non-operating income and expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment assets and liabilities

	December 31, 2022			
	Carbon Black	Biotechnology	Others	Total
Total segment assets	\$ 33,202,151	\$ 10,651,579	\$ 14,552,086	\$ 58,405,816
Total segment liabilities	\$ 13,950,191	\$ 4,175,107	\$ 4,722,061	\$ 22,847,359

	<b>December 31, 2021</b>			
	<b>Carbon Black</b>	<b>Biotechnology</b>	<b>Others</b>	<b>Total</b>
Total segment assets	<u>\$ 29,041,284</u>	<u>\$ 12,880,204</u>	<u>\$ 15,591,833</u>	<u>\$ 57,513,321</u>
Total segment liabilities	<u>\$ 12,920,424</u>	<u>\$ 5,145,981</u>	<u>\$ 4,226,098</u>	<u>\$ 22,292,503</u>

c. Geographical information

The Group operates in two principal geographical areas: Asia and America.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	<b>Revenue from External Customers</b>		<b>Non-current Assets</b>	
	<b>For the Year Ended December 31</b>		<b>December 31</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
America	\$ 11,043,823	\$ 11,693,372	\$ 9,631,050	\$ 9,367,092
Asia	11,294,359	11,922,238	11,088,619	8,740,897
Others	<u>1,030,103</u>	<u>1,001,126</u>	<u>4,575,579</u>	<u>4,443,604</u>
	<u>\$ 23,368,285</u>	<u>\$ 24,616,736</u>	<u>\$ 25,295,248</u>	<u>\$ 22,551,593</u>

Non-current assets excluded financial instruments, deferred tax assets and defined benefit assets.

d. Information about major customers

Revenues from the carbon black segment were \$21,724,571 thousand and \$17,243,003 thousand for the years ended December 31, 2022 and 2021, respectively; the amounts included the following:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Largest customer	\$ 2,927,398	\$ 2,094,554
Second customer	2,223,554	1,528,592
Third customer	<u>1,541,717</u>	<u>1,716,262</u>
	<u>\$ 6,692,669</u>	<u>\$ 5,339,408</u>

The largest carbon black customer contributed more than 10% of the Group's revenue in 2022.

No other single carbon black customer contributed 10% or more to the Group's revenue in 2021.

TABLE 1

INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
1	CSRC China Corporation	CSRC China (Anshan) Corporation	Other receivables from related parties	Yes	\$ 901,200 (RMB 200,000)	\$ 881,600 (RMB 200,000)	\$ 80,282 (RMB 18,213)	3.70%	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 1,883,036 (Note 1)	\$ 3,766,072 (Note 1)	-
		CSRC China (Chongqing) Corporation	Other receivables from related parties	Yes	90,120 (RMB 20,000)	88,160 (RMB 20,000)	-	-	Short-term financing	-	Operating capital	-	-	-	1,883,036 (Note 1)	3,766,072 (Note 1)	-
2	Synpac (North Carolina), Inc.	Continental Carbon Company	Other receivables from related parties	Yes	1,288,600 (US\$ 40,000)	1,228,400 (US\$ 40,000)	675,620 (US\$ 22,000)	6.01%	Short-term financing	-	Operating capital	-	-	-	16,272,646 (Note 2)	32,545,291 (Note 2)	-
		CCC Transport Company	Other receivables from related parties	Yes	322,150 (US\$ 10,000)	307,100 (US\$ 10,000)	276,390 (US\$ 9,000)	6.24%	Short-term financing	-	Operating capital	-	-	-	16,272,646 (Note 2)	32,545,291 (Note 2)	-
		CCC Dutch B.V.	Other receivables from related parties	Yes	885,913 (US\$ 27,500)	844,525 (US\$ 27,500)	506,715 (US\$ 16,500)	4.27%	Short-term financing	-	Operating capital	-	-	-	16,272,646 (Note 2)	32,545,291 (Note 2)	-
		SVC Management, LLC	Other receivables from related parties	Yes	1,074,850 (US\$ 35,000)	1,074,850 (US\$ 35,000)	1,074,850 (US\$ 35,000)	3.39%-4.27%	Short-term financing	-	Operating capital	-	-	-	16,272,646 (Note 2)	32,545,291 (Note 2)	-
		CSRC (BVI) Ltd.	Other receivables from related parties	Yes	1,932,900 (US\$ 60,000)	1,842,600 (US\$ 60,000)	1,842,600 (US\$ 60,000)	3.86%	Short-term financing	-	Operating capital	-	-	-	16,272,646 (Note 2)	32,545,291 (Note 2)	-

Note 1: The financing limit of financing provided by CSRC China (Chongqing), CSRC China and CSRC China (Anshan) to direct and indirect wholly owned subsidiaries of the Corporation for each borrower is 200% of the lender’s net equity on its latest financial statements. The aggregate financing limit is 400% of the lender’s net equity on its current financial statements.

Note 2: The financing limit of financing provided by Synpac (North Carolina), Inc. to direct and indirect wholly owned subsidiaries of the Corporation for each borrower is 150% of the lender’s net equity on its latest financial statements. The aggregate financing limit is 300% of the lender’s net equity on its latest financial statements.

Note 3: The consolidated subsidiaries’ ending balances were excluded from the consolidation.

**TABLE 2**

**INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD. AND SUBSIDIARIES**

**ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
1	International CSRC Investment Holdings Co., Ltd.	Consolidated Resource Co.	Note 1	\$ 34,839,503	\$ 100,000	\$ 100,000	\$ -	\$ -	0.29%	\$ 52,259,255 (Note 3)	Yes	No	No	-
		CS Development & Investment Co.	Note 1		200,000	200,000	-	-	0.57%		Yes	No	No	-
		Continental Carbon India Pvt Ltd.	Note 1		2,759,273	1,556,026	291,292	-	4.47%		Yes	No	No	-
		Continental Carbon Eco Tech Pvt Ltd.	Note 1		1,863,126	1,863,126	429,814	-	5.35%		Yes	No	No	-
		Continental Carbon Company	Note 1		9,756,225	7,186,140	5,128,570	-	20.63%		Yes	No	No	-
		CSRC China Corporation	Note 1		3,989,888	3,884,175	2,109,857	-	11.15%		Yes	No	Yes	-
		CSRC China (Chongqing) Corporation	Note 1		1,816,050	1,796,945	890,280	-	5.16%		Yes	No	Yes	-
		CSRC China (Anshan) Corporation	Note 1		2,489,380	2,489,380	1,409,873	-	7.15%		Yes	No	Yes	-
		Yun Cheng Investment Corporation	Note 1		100,000	100,000	-	-	0.29%		Yes	No	No	-

Note 1:   Subsidiary in which the Corporation directly or indirectly owns more than 50% of its voting shares.

Note 2:   For guarantees provided to a counter-party which a business relationship exists with the Corporation, the endorsement guarantee amount is limited up to 50% of total transactions amount in the recent year. In addition, the limit on endorsement guarantee is up to 100% of the Corporation’s net equity based on latest financial statements.

Note 3:   The aggregate endorsement/guarantee amount of the Corporation is limited to 150% of its net equity based on its latest financial statements.



TABLE 3

## INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD. AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars and U.S. Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note 1)	
International CSRC Investment Holdings Co., Ltd.	<u>Ordinary share(s)</u>							
	China Steel Chemical Corporation	The Corporation is one of its directors	Financial assets at fair value through other comprehensive income - current	11,759,096	\$ 1,240,585	4.96	\$ 1,240,585	-
	Taiwan Cement Corporation	Same with key management personnel	Financial assets at fair value through other comprehensive income - non-current	113,896,285	3,832,610	1.59	3,832,610	-
	O-Bank	-	Financial assets at fair value through other comprehensive income - non-current	19,489,522	163,517	0.71	163,517	-
	China Investment Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	14,152,796	417,649	4.48	417,649	-
	Videoland Television Network	-	Financial assets at fair value through other comprehensive income - non-current	6,437,457	277,776	5.64	277,776	-
	<u>Preferred share(s)</u>							
	Taiwan Cement Corporation - preferred share	Same with key management personnel	Financial assets at fair value through other comprehensive income - non-current	2,000,000	94,200	-	94,200	-
	O-Bank - preferred share	-	Financial assets at fair value through other comprehensive income - non-current	1,755,895	17,489	-	17,489	-
	<u>Mutual fund(s)</u>							
	Cathay Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	24,417,838	308,134	-	308,134	-
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	20,054,548	308,228	-	308,228	-
CS Development & Investment Co.	<u>Ordinary share(s)</u>							
	Taiwan Cement Corporation	Same with key management personnel	Financial assets at fair value through other comprehensive income - current	30,860,136	1,038,443	0.43	1,038,443	(Note 2)
	International CSRC Investment Holdings Co., Ltd.	100.00% parent company	Financial assets at fair value through other comprehensive income - non-current	14,734,663	286,589	1.50	286,589	-
	Yieh United Steel Corporation	-	Financial assets at fair value through other comprehensive income - non-current	349,906	1,900	0.01	1,900	-
	<u>Preferred share(s)</u>							
Consolidated Resource Co.	Taiwan Cement Corporation - preferred share	Same with key management personnel	Financial assets at fair value through other comprehensive income - current	782,130	36,838	-	36,838	-
	<u>Ordinary share(s)</u>							
	Taiwan Cement Corporation	Same with key management personnel	Financial assets at fair value through other comprehensive income - current	1,850,161	62,258	0.03	62,258	-
Yun Cheng Investment Corporation	<u>Preferred share(s)</u>							
	Taiwan Cement Corporation - preferred share	Same with key management personnel	Financial assets at fair value through other comprehensive income - current	933,521	43,969	-	43,969	-
Yun Cheng Investment Corporation	<u>Ordinary share(s)</u>							
	China Investment Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,367,000	69,850	0.75	69,850	-
	PhytoHealth Corporation	-	Financial assets at fair value through other comprehensive income - non-current	1,793,584	34,258	0.90	34,258	-
Synpac Ltd.	MegaPro Biomedical Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,276,334	21,352	3.95	21,352	-
	<u>Ordinary share(s)</u>							
Synpac Ltd.	Glade Remedies Private Limited	23% investee	Financial assets at fair value through other comprehensive income - non-current	23	US\$ -	23.00	US\$ -	-

Note 1: Listed shares were measured by closing price of December 31, 2022. Unlisted shares, emerging market shares and funds were measured by valuation techniques and inputs applied for Level 3 fair value, please refer to Note 32.

Note 2: Please refer to Note 34 for the detail of financial assets pledged as collateral.

TABLE 4

INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars and U.S. Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Other Adjustments	Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal		Shares	Amount
International CSRC Investment Holdings Co., Ltd.	CSRC (BVI) Ltd.	Investments accounted for using equity method	Original subscription of a registered share	Directly 100%-owned subsidiary	501,090,790	\$ 7,519,928	40,000,000	\$ 1,140,751	-	\$ -	\$ -	\$ -	\$ (1,078,347) (Note)	541,090,790	\$ 7,582,332
CSRC (BVI) Ltd.	CSRC (Singapore) Pte Ltd.	Investments accounted for using equity method	Original subscription of a registered share	Directly 100%-owned subsidiary	686,898,447	US\$ 270,077	136,942,000	US\$ 100,000	-	-	-	-	US\$ (63,708) (Note)	823,840,447	US\$ 306,369
CSRC (Singapore) Pte Ltd.	Continental Carbon Eco Tech Pvt Ltd.	Investments accounted for using equity method	Original subscription of a registered share	Directly 100%-owned subsidiary	1,371,928,092	US\$ 183,786	621,462,500	US\$ 80,000	-	-	-	-	US\$ (26,454) (Note)	1,993,390,592	US\$ 237,332
CSRC (Singapore) Pte Ltd.	CSRC China (Anshan) Corporation	Investments accounted for using equity method	Original subscription of a registered share	Directly 100%-owned subsidiary	-	US\$ 6,069	-	US\$ 20,000	-	-	-	-	US\$ (14,626) (Note)	-	US\$ 11,443

Note: The amount included share of the profit (loss) of subsidiaries accounted for using the equity method, exchange differences on translating foreign operations, and so on.

**TABLE 5**

**INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD. AND SUBSIDIARIES**

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars and INR Dollars)**

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Continental Carbon Eco Tech Pvt Ltd.	Carbon black factory construction project	2022.01.01-2022.12.31	INR 5,626,015 ≈ 2,134,600	Based on the contract terms and project status	CINDA Engineering & Construction Private Limited	-	-	-	-	\$ -	Bidding price, price comparison and price negotiation	India carbon black plant construction	None

Note: The average exchange rate for the year ended December 31, 2022 was INR1=NT\$0.379416.

TABLE 6

INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts/Trade Receivable (Payables)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Linyuan Advanced Materials Technology Co., Ltd.	China Steel Chemical Corporation	The Corporation is one of its directors	Purchase	\$ 1,352,689	44	Payable on the 15th of the next month	-	-	Trade payables \$ (91,378)	(38)	-
Continental Carbon Company	Continental Carbon Company Europe SPRL	Same ultimate parent company	Sale	732,450	7	Receivable on the 120th day	-	-	Accounts receivable 316,380	12	Note
Continental Carbon Company Europe SPRL	Continental Carbon Company	Same ultimate parent company	Purchase	732,450	76	Payable on the 120th day	-	-	Trade payables (316,380)	(45)	Note
CSRC China Corporation	CSRC China (Chongqing) Corporation	Same ultimate parent company	Sale	122,464	6	Receivable on the 120th day	-	-	Accounts receivable 89,975	15	Note
CSRC China (Chongqing) Corporation	CSRC China Corporation	Same ultimate parent company	Purchase	122,464	13	Payable on the 120th day	-	-	Trade payables (89,975)	(75)	Note

Note: The consolidated subsidiaries' ending balances were excluded from the consolidation.

**TABLE 7**

**INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD. AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
CSRC China Corporation	CSRC China (Anshan) Corporation	Same ultimate parent company	Other receivable \$ 157,287	Note 2	\$ -	-	\$ -	\$ -
Synpac (North Carolina), Inc.	Continental Carbon Company	Same ultimate parent company	Other receivable 682,160	Note 2	-	-	-	-
	CCC Transport Company	Same ultimate parent company	Other receivable 277,204	Note 2	-	-	-	-
	CCC Dutch B.V.	Same ultimate parent company	Other receivable 507,917	Note 2	-	-	-	-
	SVC Management, LLC	Same ultimate parent company	Other receivable 1,076,052	Note 2	-	-	1,330	-
	CSRC (BVI) Ltd.	Same ultimate parent company	Other receivable 1,853,170	Note 2	-	-	18,176	-
Continental Carbon Company	Continental Carbon Company Europe SPRL	Same ultimate parent company	Account receivable 316,380	-	-	-	156,287	-

Note 1: The consolidated subsidiaries’ ending balances were excluded from the consolidation.

Note 2: It was the transaction resulting from financing provided to others (including interest).

TABLE 8

## INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
 FOR THE YEAR ENDED DECEMBER 31, 2022  
 (In Thousands of New Taiwan Dollars, U.S. Dollars and Canadian Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee (Note 1)	Share of Profits (Loss) (Note 1)	Note
				December 31, 2022 (Note 1)	December 31, 2021 (Note 1)	Shares	%	Carrying Amount (Note 1)			
International CSRC Investment Holdings Co., Ltd.	CSRC (BVI) Ltd.	B.V.I.	Investment	\$ 16,354,420	\$ 15,213,669	541,090,790	100.00	\$ 7,582,332	\$ (1,029,068)	\$ (1,029,392)	Note 2
	CS Development & Investment Co.	Taipei, Taiwan	Investment	198,569	198,569	40,382,500	100.00	1,625,231	45,803	42,856	Note 2
	Consolidated Resource Co.	Taipei, Taiwan	Carbon masterbatch and carbon black processing and sales	195,878	195,878	164,440	100.00	236,234	11,073	11,075	Note 2
	Linyuan Advanced Materials Technology Co., Ltd.	Kaohsiung, Taiwan	Carbon black production and sales	1,600,100	1,600,100	99,532,900	100.00	2,400,023	571,899	567,883	Note 2
	Circular Commitment Company	Taipei, Taiwan	Biotechnology services and investment	90,000	90,000	9,000,000	100.00	619,163	439,142	439,142	Note 2
	CCC Dutch B.V.	Dutch	Investment	130,261	90,861	50,000	100.00	(16,230)	(74,017)	(74,017)	Note 2
	Yun Cheng Investment Corporation	Taipei, Taiwan	Investment	991,041	991,041	52,173,842	94.69	1,391,738	84,986	80,473	Note 2
	Synpac (North Carolina), Inc.	U.S.A.	Investment	3,053,037	3,053,037	11,500,000	88.46	10,473,316	950,202	776,249	Note 2
	Synpac Ltd.	B.V.I.	Investment	211,425	211,425	8,100,000	75.00	21,163	131	98	Note 2
	CCC USA Corp.	U.S.A.	Investment	3,066,826	3,066,826	158,334	66.67	3,705,843	(61,993)	(41,329)	Note 2
	TCC Recycle Energy Technology Company	Taipei, Taiwan	Battery, electric generator and electronic components production and sales	3,963,684	3,963,684	388,962,582	13.67	4,008,596	414,595	91,735	Note 2
CSRC (BVI) Ltd.	CSRC (Singapore) Pte. Ltd.	Singapore	Investment	US\$ 601,091 ≡ 18,459,505	US\$ 501,091 ≡ 15,388,505	823,840,447	100.00	US\$ 306,369 ≡ 9,408,592	US\$ (33,473) ≡ (997,663)	Note 3	Note 2
	Continental Carbon Eco Tech Pvt Ltd.	India	Carbon black production and sales	US\$ - ≡ 1	US\$ - ≡ 1	335	0.01	US\$ - ≡ -	US\$ (3,471) ≡ (103,453)	Note 3	Note 2
CSRC (Singapore) Pte. Ltd.	Continental Carbon India Pvt Ltd.	India	Carbon black production and sales	US\$ 96,949 ≡ 2,977,304	US\$ 96,949 ≡ 2,977,304	408,390,634	100.00	US\$ 26,448 ≡ 812,218	US\$ 1,078 ≡ 32,130	Note 3	Note 2
	Continental Carbon Eco Tech Pvt Ltd.	India	Carbon black production and sales	US\$ 269,300 ≡ 8,270,203	US\$ 189,300 ≡ 5,813,403	1,993,390,592	99.99	US\$ 237,332 ≡ 7,288,466	US\$ (3,471) ≡ (103,453)	Note 3	Note 2
CS Development & Investment Co.	SVC Services, LLC	U.S.A.	Investment service	4	4	-	99.99	22,165	-	Note 3	Note 2
	SVC Management, LLC	U.S.A.	Investment consultation	8,885	8,885	-	99.99	629,776	11,127	Note 3	Note 2
	TCC Recycle Energy Technology Company	Taipei, Taiwan	Battery, electric generator and electronic components production and sales	105,046	105,046	10,583,923	0.37	108,524	414,595	Note 3	Note 2
	Yun Cheng Investment Corporation	Taipei, Taiwan	Investment	10,775	10,775	183,066	0.33	4,850	84,986	Note 3	Note 2
Consolidated Resource Co.	TCC Recycle Energy Technology Company	Taipei, Taiwan	Battery, electric generator and electronic components production and sales	1,685	1,685	166,631	0.01	1,758	414,595	Note 3	Note 2
Circular Commitment Company	Synpac GP Corporation	U.S.A.	Investment	602	602	1,000	100.00	733	(24)	Note 3	Note 2
Synpac GP Corporation	SVC Services, LLC	U.S.A.	Investment service	US\$ 1 ≡ 31	US\$ 1 ≡ 31	-	0.10	US\$ 1 ≡ 31	US\$ - ≡ -	Note 3	Note 2
	SVC Management, LLC	U.S.A.	Investment consultation	US\$ 11 ≡ 338	US\$ 11 ≡ 338	-	0.10	US\$ 21 ≡ 645	US\$ 373 ≡ 11,127	Note 3	Note 2
Yun Cheng Investment Corporation	Synpac (North Carolina), Inc.	U.S.A.	Investment	150,000	150,000	1,500,000	11.54	1,435,766	950,202	Note 3	Note 2
Synpac (North Carolina), Inc.	Synpac Venture Capital, L.P.	U.S.A.	Investment	US\$ 2,250 ≡ 69,098	US\$ 2,250 ≡ 69,098	-	99.90	US\$ 215,964 ≡ 6,632,254	US\$ 31,967 ≡ 952,776	Note 3	Note 2
SVC Management, LLC	Synpac Venture Capital, L.P.	U.S.A.	Investment	US\$ 2 ≡ 61	US\$ 2 ≡ 61	-	0.10	US\$ 2,353 ≡ 72,261	US\$ 31,967 ≡ 952,776	Note 3	Note 2
CCC USA Corp.	Continental Carbon Company	U.S.A.	Carbon black production and sales	US\$ 204,000 ≡ 6,264,840	US\$ 204,000 ≡ 6,264,840	151,300	100.00	US\$ 208,716 ≡ 6,409,668	US\$ (1,846) ≡ (55,020)	Note 3	Note 2
	CCC Transport Company	U.S.A.	Carbon black transport	US\$ 10 ≡ 307	US\$ 10 ≡ 307	10,000	100.00	US\$ (1,378) ≡ (42,318)	US\$ (129) ≡ (3,845)	Note 3	Note 2
	Continental Carbon Nanotechnologies, Inc.	U.S.A.	Carbon nanotubes production and sales	US\$ 6,200 ≡ 190,402	US\$ 6,200 ≡ 190,402	1,000	100.00	US\$ 748 ≡ 22,971	US\$ (3) ≡ (89)	Note 3	Note 2

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee (Note 1)	Share of Profits (Loss) (Note 1)	Note
				December 31, 2022 (Note 1)	December 31, 2021 (Note 1)	Shares	%	Carrying Amount (Note 1)			
Continental Carbon Company	Continental Carbon Company Europe SPRL	Belgium	Carbon black sale	US\$ 24 ≡ 737	US\$ 24 ≡ 737	1,000	100.00	US\$ 497 ≡ 15,263	US\$ 40 ≡ 1,192	Note 3	Note 2
CCC Dutch B.V.	Continental Carbon OYAK (Netherland) B.V.	Dutch	Investment	US\$ 19,000 ≡ 583,490	US\$ 19,000 ≡ 583,490	25	50.00	EUR 13,958 ≡ 456,701	EUR (1,807) ≡ (56,676)	Note 3	-

Note 1:     The average exchange rates for the year ended December 31, 2022 were US\$1=NT\$29.805, EUR1=NT\$31.360; the exchange rates on December 31, 2022 were US\$1=NT\$30.710, EUR1=32.720.

Note 2:     The consolidated subsidiaries’ ending balances were excluded from the consolidation.

Note 3:     The share of profits/losses of the investee company is not reflected herein as such amount is already included in the share of profits/losses of the investor company.

(Concluded)

**TABLE 9**

**INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD. AND SUBSIDIARIES**

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars and U.S. Dollars)**

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outflow	Inflow							
CSRC China Corporation	Carbon black production and sale	US\$ 53,500 ≡ 1,642,985	Indirect	US\$ 56,441 ≡ 1,733,303	\$ -	\$ -	US\$ 56,441 ≡ 1,733,303	US\$ (9,653) ≡ (287,708) (Note 1)	100.00	US\$ (9,653) ≡ (287,708) (Note 1)	US\$ 21,379 ≡ 656,549	\$ -	-
CSRC China (Anshan) Corporation	Carbon black production and sale	US\$ 134,850 ≡ 4,141,244	Indirect	US\$ 102,750 ≡ 3,155,453	US\$ 20,000 ≡ 614,200	-	US\$ 122,750 ≡ 3,769,653	US\$ (13,922) ≡ (417,032) (Note 1)	100.00	US\$ (13,992) ≡ (417,032) (Note 1)	US\$ 11,443 ≡ 351,415	-	-
CSRC China (Chongqing) Corporation	Carbon black production and sale	US\$ 46,100 ≡ 1,415,731	Indirect	US\$ 46,100 ≡ 1,415,731	-	-	US\$ 46,100 ≡ 1,415,731	US\$ (7,350) ≡ (219,067) (Note 1)	100.00	US\$ (7,350) ≡ (219,067) (Note 1)	US\$ 9,461 ≡ 290,547	-	-

	Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA (Note 3)
International CSRC Investment Holdings Co., Ltd.	\$ 6,918,687	\$ 7,290,278 (US\$ 237,391)	\$ 20,175,207

Note 1: Investment gain (loss) was based on financial statements audited by the Corporation’s auditors.

Note 2: Except for the profit (loss) in the current period which is based on the average exchange rates for the year ended December 31, 2022 were US\$1=NT\$29.805; the rest of the amounts are based on the exchange rates on December 31, 2022 were US\$1=NT\$30,710.

Note 3: The investment limit is 60% of the Corporation’s net equity.



TABLE 10

## INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD. AND SUBSIDIARIES

## INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Transaction Company	Counterparty	Relationship (Note 2)	Transaction Details (Notes 3 and 5)			
				Financial Statement Accounts	Amount	Payment Terms	% to Total Sales or Assets
0	International CSRC Investment Holdings Co., Ltd.	Linyuan Advanced Materials Technology Co., Ltd.	1	Current tax assets	\$ 150,836	(Note 4)	-
		Circular Commitment Company	1	Current tax assets	19,699	(Note 4)	-
		Continental Carbon Company	1	Management fee income	79,049	(Note 4)	-
		Continental Carbon Company	1	Other receivables from related parties	19,537	(Note 4)	-
1	CSRC (BVI) Ltd.	Synpac (North Carolina), Inc.	3	Other payables to related parties	1,853,170	(Note 4)	3
		Synpac (North Carolina), Inc.	3	Interest expense	31,395	(Note 4)	-
2	CSRC China Corporation	CSRC China (Anshan) Corporation	3	Accounts receivable from related parties	34,661	(Note 4)	-
		CSRC China (Anshan) Corporation	3	Other receivables from related parties	157,287	(Note 4)	-
		CSRC China (Anshan) Corporation	3	Interest revenue	16,220	(Note 4)	-
		CSRC China (Chongqing) Corporation	3	Accounts receivable from related parties	89,975	(Note 4)	-
		CSRC China (Chongqing) Corporation	3	Operating revenue	122,464	(Note 4)	1
		Linyuan Advanced Materials Technology Co., Ltd.	3	Trade payables to related parties	33,876	(Note 4)	-
		Linyuan Advanced Materials Technology Co., Ltd.	3	Operating costs	34,160	(Note 4)	-
3	CSRC China (Anshan) Corporation	CSRC China Corporation	3	Trade payables to related parties	34,661	(Note 4)	-
		CSRC China Corporation	3	Other payables to related parties	157,287	(Note 4)	-
		CSRC China Corporation	3	Interest expense	16,220	(Note 4)	-
		Consolidated Resource Co.	3	Operating costs	11,206	(Note 4)	-
		Linyuan Advanced Materials Technology Co., Ltd.	3	Trade payables to related parties	24,193	(Note 4)	-
		Linyuan Advanced Materials Technology Co., Ltd.	3	Operating costs	25,125	(Note 4)	-
4	CSRC China (Chongqing) Corporation	CSRC China Corporation	3	Operating costs	122,464	(Note 4)	1
		CSRC China Corporation	3	Trade payables to related parties	89,975	(Note 4)	-
5	Linyuan Advanced Materials Technology Co., Ltd.	International CSRC Investment Holdings Co., Ltd.	3	Current tax liabilities	150,836	(Note 4)	-
		CSRC China (Anshan) Corporation	3	Accounts receivable from related parties	24,193	(Note 4)	-
		CSRC China (Anshan) Corporation	3	Operating revenue	25,125	(Note 4)	-
		CSRC China Corporation	3	Accounts receivable from related parties	33,876	(Note 4)	-
		CSRC China Corporation	3	Operating revenue	34,160	(Note 4)	-
6	Circular Commitment Company	International CSRC Investment Holdings Co., Ltd.	2	Current tax liabilities	19,699	(Note 4)	-
7	Consolidated Resource Co.	CSRC China (Anshan) Corporation	3	Operating revenue	11,206	(Note 4)	-

(Continued)

No. (Note 1)	Transaction Company	Counterparty	Relationship (Note 2)	Transaction Details (Notes 3 and 5)			
				Financial Statement Accounts	Amount	Payment Terms	% to Total Sales or Assets
8	Synpac (North Carolina), Inc.	Continental Carbon Company	3	Other receivables from related parties	\$ 682,160	(Note 4)	1
		Continental Carbon Company	3	Interest revenue	22,255	(Note 4)	-
		CCC Transport Company	3	Other receivables from related parties	277,204	(Note 4)	-
		CCC Dutch B.V.	3	Other receivables from related parties	507,917	(Note 4)	1
		CCC Dutch B.V.	3	Interest revenue	13,375	(Note 4)	-
		SVC Management, LLC	3	Other receivables from related parties	1,076,052	(Note 4)	2
		CSRC (BVI) Ltd.	3	Other receivables from related parties	1,853,170	(Note 4)	3
		CSRC (BVI) Ltd.	3	Interest revenue	31,395	(Note 4)	-
9	SVC Management, LLC	SVC Services, LLC	3	Trade payables to related parties	14,518	(Note 4)	-
		Synpac (North Carolina), Inc.	3	Other payables to related parties	1,076,052	(Note 4)	2
10	SVC Services, LLC	SVC Management, LLC	3	Accounts receivable from related parties	14,518	(Note 4)	-
11	Continental Carbon Company	International CSRC Investment Holdings Co., Ltd.	2	Management fee	79,049	(Note 4)	-
		International CSRC Investment Holdings Co., Ltd.	2	Other payables to related parties	19,537	(Note 4)	-
		Synpac (North Carolina), Inc.	3	Other payables to related parties	682,160	(Note 4)	1
		Synpac (North Carolina), Inc.	3	Interest expense	22,255	(Note 4)	-
		Continental Carbon Company Europe SPRL	3	Accounts receivable from related parties	316,380	(Note 4)	1
		Continental Carbon Company Europe SPRL	3	Operating revenue	732,450	(Note 4)	3
		Continental Carbon Company Europe SPRL	3	Sales expense	23,129	(Note 4)	-
		CCC Transport Company	3	Operating costs	52,224	(Note 4)	-
12	Continental Carbon Company Europe SPRL	Continental Carbon Company	3	Trade payables to related parties	316,380	(Note 4)	1
		Continental Carbon Company	3	Operating costs	732,450	(Note 4)	3
		Continental Carbon Company	3	Non-operating income	23,129	(Note 4)	-
13	CCC Transport Company	Continental Carbon Company	3	Operating revenue	52,224	(Note 4)	-
		Synpac (North Carolina), Inc.	3	Other payables to related parties	277,204	(Note 4)	-
14	CCC Dutch B.V.	Synpac (North Carolina), Inc.	3	Other payables to related parties	507,917	(Note 4)	1
		Synpac (North Carolina), Inc.	3	Interest expense	13,375	(Note 4)	-

Note 1: The types of transaction companies are identified by the following numbers in the “No.” column:

- a. 0 - parent company;
- b. 1 to 14 - subsidiary.

Note 2: The flow of transactions are identified by the following numbers in the “Relationship” column:

- a. 1 - from parent company to subsidiary;
- b. 2 - from subsidiary to parent company;
- c. 3 - between subsidiaries.

(Continued)

Note 3: The ratio of consolidated revenue/assets depends on the account to which it belongs. The profit and loss account is a percentage of consolidated revenue while the assets/liabilities are a percentage of consolidated total assets.

Note 4: The transaction terms are comparable with those for third parties.

Note 5: A transaction is disclosed if it amounts to more than \$10,000 thousand.

(Concluded)

**TABLE 11****INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD. AND  
SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Taiwan Cement Corporation	153,476,855	15.59

Note: The percentage of ownership of major shareholders included in the table should be more than 5%, which was calculated based on the total number of ordinary shares, preference shares and treasury shares owned in the last trading day of the quarter that were traded in and registered electronically and was prepared by the Taiwan Depository & Clearing Corporation. In addition, the share capital and the actual number of traded shares with the completion of electronic registration stated in the consolidated financial statements, which may be different due to compilation basis.



勤業眾信

勤業眾信聯合會計師事務所  
11073 台北市信義區松仁路100號20樓

Deloitte & Touche  
20F, Taipei Nan Shan Plaza  
No. 100, Songren Rd.,  
Xinyi Dist., Taipei 11073, Taiwan

Tel :+886 (2) 2725-9988  
Fax:+886 (2) 4051-6888  
www.deloitte.com.tw

The Board of Directors and Shareholders  
International CSRC Investment Holdings Co., Ltd.

### Opinion

We have audited the accompanying financial statements of International CSRC Investment Holdings Co., Ltd. (the “Corporation”), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation 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 for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Corporation's financial statements for the year ended December 31, 2022 are stated as follows:

**Validity of Occurrence of Operating Revenue from Major Customers of Carbon Black Segment Under Equity Method**

---

The investments accounted for using the equity method on December 31, 2022 was NT\$32,047,409 thousand. Among subsidiaries accounted for using the equity method, the investment of the carbon black business was NT\$13,908,202 thousand and accounted for 43% of the equity method investment. The operating revenue of the carbon black business was NT\$21,724,571 thousand, accounted for 93% of the Group's operating revenue in 2022 and is the main operating segment in the Group. The increase in operating revenue of the carbon black segment in 2022 was mainly due to soaring in raw material prices, market supplies and economic conditions. Therefore, we analyzed the sales of carbon black business and sorted by customers' individual variance of revenue between two years and identified the validity of the transactions of front-end growth customers as a key audit matter in 2022.

For the accounting policies, accounting estimates, estimation uncertainty and disclosure related to the validity of recognition of operating revenue, refer to Notes 4, 9 and the Corporation's consolidated financial statements Note 39.

We understood and conducted control tests on the effectiveness of internal controls related to the validity of operating revenue recognition of the carbon black segment; sampled and inspected whether an original sales order existed for each sale in the carbon black segment and confirmed the revenue was consistent with sales orders; inspected whether delivery notes were properly received and the product and quantities on the delivery notes were consistent with invoices. In addition, we confirmed the accounts receivable balance of front-end growth customers in the carbon black segment at the end-of-period and conducted alternative procedures for those who could not respond to the confirmation letters on time. The alternative procedures included checking the evidence of transactions and observing the status of subsequent receipts.

**Other Matter**

Subsidiaries accounted for using the equity method included CCC USA Corp. and its subsidiaries, Continental Carbon India Pvt Ltd., and Continental Carbon Eco Tech Pvt Ltd.; the financial statements of such subsidiaries were not audited by us, but were audited by other auditors. Our opinion, insofar as it relates to the amounts included for these subsidiaries, is based solely on the reports of other auditors. The total amounts of the investments in these subsidiaries accounted for using the equity method constituted 29% (NT\$11,806,527 thousand) and 23% (NT\$9,238,438 thousand) of the total assets as of December 31, 2022 and 2021, respectively, and total share of profit from the investment constituted 11% (loss NT\$112,771 thousand) and 5% (profit NT\$202,488 thousand) of income before income tax for the years ended December 31, 2022 and 2021, respectively.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, where applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the 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 Corporation's financial reporting process.

### **Auditors' Responsibilities for the Audit of the 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the 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 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 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 auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 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 audits resulting in this independent auditors' report are Tza-Li Gung and Hsiu-Chun Huang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 23, 2023

#### Notice to Readers

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

*For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.*



# INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD.

## BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,158,242	5	\$ 1,417,994	4
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	616,362	2	613,072	1
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	1,240,585	3	1,416,971	3
Current tax assets (Notes 4 and 17)	170,535	-	251,718	1
Other financial assets - current (Note 22)	22,539	-	50,057	-
Other current assets	730	-	947	-
Total current assets	4,208,993	10	3,750,759	9
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	4,803,241	12	6,116,320	15
Investments accounted for using the equity method (Notes 4 and 9)	32,047,409	78	30,228,764	76
Property, plant and equipment (Notes 4 and 10)	19,638	-	20,268	-
Right-of-use assets (Notes 4 and 11)	1,041	-	2,123	-
Deferred tax assets (Notes 4 and 17)	154	-	-	-
Net defined benefit assets (Notes 4 and 14)	5,813	-	4,608	-
Other non-current assets	912	-	4,183	-
Total non-current assets	36,878,208	90	36,376,266	91
<b>TOTAL</b>	<b>\$ 41,087,201</b>	<b>100</b>	<b>\$ 40,127,025</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 12)	\$ -	-	\$ 1,800,000	4
Short-term bills payable (Note 12)	-	-	299,696	1
Notes payable	-	-	3,319	-
Other payables (Notes 13 and 22)	237,681	-	241,954	1
Current tax liabilities (Notes 4 and 17)	306,140	1	249,958	1
Lease liabilities - current (Notes 4 and 11)	1,069	-	1,054	-
Current portion of long-term borrowings (Note 12)	500,000	1	-	-
Other current liabilities	183	-	268	-
Total current liabilities	1,045,073	2	2,596,249	7
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note 12)	3,400,000	9	1,300,000	3
Provisions - non-current (Notes 4 and 14)	902	-	809	-
Deferred tax liabilities (Notes 4 and 17)	2,949,819	7	2,697,945	7
Lease liabilities - non-current (Notes 4 and 11)	-	-	1,069	-
Other non-current liabilities	66,061	-	66,061	-
Total non-current liabilities	6,416,782	16	4,065,884	10
Total liabilities	7,461,855	18	6,662,133	17
<b>EQUITY (Note 15)</b>				
Ordinary shares	9,847,336	24	9,847,336	24
Capital surplus	8,952,852	22	8,904,961	22
Retained earnings				
Legal reserve	3,120,433	8	2,780,184	7
Special reserve	645,316	2	645,316	2
Unappropriated earnings	7,494,411	18	7,344,238	18
Total retained earnings	11,260,160	28	10,769,738	27
Other equity	3,855,086	9	4,232,945	11
Treasury shares	(290,088)	(1)	(290,088)	(1)
Total equity	33,625,346	82	33,464,892	83
<b>TOTAL</b>	<b>\$ 41,087,201</b>	<b>100</b>	<b>\$ 40,127,025</b>	<b>100</b>

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche auditors' report dated February 23, 2023)

# INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD.

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4 and 22)	\$ 1,189,857	100	\$ 4,234,930	100
GROSS PROFIT	1,189,857	100	4,234,930	100
OPERATING EXPENSES (Notes 14, 16 and 22)				
General and administrative	142,617	12	152,946	4
INCOME FROM OPERATIONS	1,047,240	88	4,081,984	96
NON-OPERATING INCOME AND EXPENSES (Notes 4, 16 and 22)				
Interest income	9,589	1	3,329	-
Other income	18,694	1	21,907	1
Other gains and losses	12,003	1	(78,953)	(2)
Finance costs	(49,278)	(4)	(24,593)	(1)
Total non-operating income and expenses	(8,992)	(1)	(78,310)	(2)
INCOME BEFORE INCOME TAX	1,038,248	87	4,003,674	94
INCOME TAX EXPENSE (Notes 4 and 17)	(358,866)	(30)	(608,233)	(14)
NET INCOME	679,382	57	3,395,441	80
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4 and 14)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	1,004	-	79	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(1,489,465)	(125)	733,930	17
Share of the other comprehensive profit or loss of subsidiaries and associates accounted for using the equity method	(368,925)	(31)	151,118	4
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	1,487,514	125	(581,309)	(14)
Other comprehensive income (loss)	(369,872)	(31)	303,818	7
TOTAL COMPREHENSIVE INCOME (LOSS)	\$ 309,510	26	\$ 3,699,259	87

(Continued)

# INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD.

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

---

	2022		2021	
	Amount	%	Amount	%
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 18)				
Basic	<u>\$ 0.70</u>		<u>\$ 3.50</u>	
Diluted	<u>\$ 0.70</u>		<u>\$ 3.50</u>	

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche auditors' report dated February 23, 2023)

(Concluded)

# INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD.

## STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Number of Shares (In Thousands of Shares)	Amount	Capital Surplus (Notes 4 and 15)	Retained Earnings (Note 15)			Exchange Differences on Translating Foreign Operations	Other Equity (Note 4)		Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares (Notes 4 and 15)	
BALANCE AT JANUARY 1, 2021	984,734	\$ 9,847,336	\$ 8,903,273	\$ 2,707,231	\$ 645,316	\$ 4,113,169	\$ (1,418,303)	\$ 5,354,484	\$ (290,088)	\$ 29,862,418
Appropriation of the 2020 earnings										
Legal reserve	-	-	-	72,953	-	(72,953)	-	-	-	-
Cash dividends distributed - NT\$0.1 per share	-	-	-	-	-	(98,473)	-	-	-	(98,473)
Balance after appropriation	984,734	9,847,336	8,903,273	2,780,184	645,316	3,941,743	(1,418,303)	5,354,484	(290,088)	29,763,945
Parent's appropriation of cash dividends to subsidiaries	-	-	1,473	-	-	-	-	-	-	1,473
Changes in percentage of ownership interests in subsidiaries	-	-	215	-	-	-	-	-	-	215
Net income for the year ended December 31, 2021	-	-	-	-	-	3,395,441	-	-	-	3,395,441
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	7,054	(581,309)	878,073	-	303,818
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	3,402,495	(581,309)	878,073	-	3,699,259
BALANCE AT DECEMBER 31, 2021	984,734	9,847,336	8,904,961	2,780,184	645,316	7,344,238	(1,999,612)	6,232,557	(290,088)	33,464,892
Appropriation of the 2021 earnings										
Legal reserve	-	-	-	340,249	-	(340,249)	-	-	-	-
Cash dividends distributed - NT\$0.2 per share	-	-	-	-	-	(196,947)	-	-	-	(196,947)
Balance after appropriation	984,734	9,847,336	8,904,961	3,120,433	645,316	6,807,042	(1,999,612)	6,232,557	(290,088)	33,267,945
Changes in capital surplus from investment in associates for using the equity method	-	-	44,944	-	-	-	-	-	-	44,944
Parent's appropriation of cash dividends to subsidiaries	-	-	2,947	-	-	-	-	-	-	2,947
Net income for the year ended December 31, 2022	-	-	-	-	-	679,382	-	-	-	679,382
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	7,987	1,487,514	(1,865,373)	-	(369,872)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	687,369	1,487,514	(1,865,373)	-	309,510
BALANCE AT DECEMBER 31, 2022	984,734	\$ 9,847,336	\$ 8,952,852	\$ 3,120,433	\$ 645,316	\$ 7,494,411	\$ (512,098)	\$ 4,367,184	\$ (290,088)	\$ 33,625,346

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche auditors' report dated February 23, 2023)

# INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,038,248	\$ 4,003,674
Adjustments for:		
Depreciation	1,711	2,011
Amortization	3,271	5,442
Net gain on financial assets at fair value through profit or loss	(3,290)	(1,078)
Interest expense	49,278	24,593
Interest income	(9,589)	(3,329)
Share of profit or loss of subsidiaries and associates	(864,773)	(3,344,424)
Loss on disposal and retirement of property, plant and equipment	1	-
Gain on disposal of investments accounted for using equity method	(1,794)	-
Net gain on disposal of subsidiary	-	(403,036)
Unrealized loss (gain) on foreign exchange	2,193	(431)
Changes in operating assets and liabilities		
Other current assets	217	126
Other financial assets - current	234,863	(1,634)
Notes payable	(3,319)	-
Other payables	(6,155)	40,280
Provisions	93	(77)
Other current liabilities	(85)	(30)
Net defined benefit assets	(201)	(199)
Cash generated from operations	440,669	321,888
Interest received	8,568	6,400
Income tax paid	(180,533)	(52,227)
Net cash generated from operating activities	268,704	276,061
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash outflow on acquisition of subsidiaries	(1,180,151)	(2,972,070)
Decrease in other financial assets - current	-	600,000
Dividends received	1,394,553	767,875
Net cash generated from (used in) investing activities	214,402	(1,604,195)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in short-term borrowings	(1,800,000)	(500,000)
(Decrease) increase in short-term bills payable	(299,696)	199,720
Proceeds from long-term borrowings	2,600,000	1,300,000
Repayment of the principal portion of lease liabilities	(1,054)	(1,131)
Cash dividends paid	(196,947)	(98,473)
Interest paid	(45,161)	(24,071)
Net cash generated from financing activities	257,142	876,045

(Continued)

# INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

---

	2022	2021
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 740,248	\$ (452,089)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>1,417,994</u>	<u>1,870,083</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 2,158,242</u>	<u>\$ 1,417,994</u>

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche auditors' report dated February 23, 2023)

(Concluded)

# **INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD.**

## **NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

---

### **1. GENERAL INFORMATION**

International CSRC Investment Holdings Co., Ltd. (formerly China Synthetic Rubber Corporation) (the “Corporation”) was incorporated on June 15, 1973 with a factory located inside the Linyuan Petrochemical Industrial Zone in Kaohsiung City, which produces carbon black, a material for tire and other rubber products. The power and steam co-generation system started operations in December 1993. The Corporation also engages in biotechnology research and development. The Corporation’s shares are listed on the Taiwan Stock Exchange.

The Corporation spun off and assigned the business related to the domestic Carbon Black Business (including assets, liabilities and business) to the Corporation’s wholly-owned subsidiary, Linyuan Advanced Materials Technology Co., Ltd., the business related to the Biotechnology Business (including assets, liabilities and business) to the Corporation’s wholly-owned subsidiary to be newly established, Circular Commitment Company. After the spin-off, the Corporation transformed into an investment holding Corporation. The spin-off was approved in the shareholders’ meeting on June 26, 2018. The Corporation applied for continuing its listing on the Taiwan Stock Exchange. The application was approved by the Taiwan Stock Exchange on July 17, 2018 with Official Letter No. 1070012290. The spin-off record date was scheduled on October 1, 2018.

Approved by the Ministry of Economic Affairs on October 15, 2018, China Synthetic Rubber Corporation is renamed as “International CSRC Investment Holdings Co., Ltd.”. The Corporation continues its listing with same stock code: 2104. The Chinese stock short name will be “International CSRC.”

The financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar.

### **2. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the Corporation’s Board of Directors on February 23, 2023.

### **3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS**

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Corporation’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

<b>New IFRSs</b>	<b>Effective Date Announced by IASB</b>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the financial statements were authorized for issue, the Corporation assessed the application of other standards and interpretations did not have material impact on the Corporation’s financial position and financial performance.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the financial statements were authorized for issue, the Corporation is continuously assessing the possible impact that the application of other standards and interpretations will have on the Corporation’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.



#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a. Statement of compliance

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

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair values and net defined benefit assets recognized at the fair value of plan assets less the present value of the defined benefit obligation.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly; and
- 3) Level 3 inputs are unobservable inputs for the assets or liabilities.

When preparing these parent company only financial statements, the Corporation used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Corporation in its financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the financial statements of the Corporation, transactions in currencies other than the Corporation's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting financial statements, the functional currencies of the Corporation entities (including subsidiaries and associates in other countries that use currency different from the currency of the Corporation.) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

If the company disposes of entire interest of the foreign operation, or disposes of partial interest in the subsidiary of the foreign operation but loses control, or the retained interest after the disposal of the joint arrangement or associate of the foreign operation becomes a financial asset and is treated with the accounting policy of the financial instrument, all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

If the partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences will be re-attributed to the subsidiary's non-controlling interests, and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Investments in subsidiaries

The Corporation uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Corporation.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the Corporation's share of equity of subsidiaries.

Changes in the Corporation's ownership interest in a subsidiary that do not result in the Corporation losing control of the subsidiary are accounted for as equity transactions. The Corporation recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Corporation's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Corporation's net investment in the subsidiary), the Corporation continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Corporation assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Corporation recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Corporation loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Corporation had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to the Corporation.

f. Investments in associates

An associate is an entity over which the Corporation has significant influence and which is not a subsidiary.

Corporation uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the associate. The Corporation also recognizes the changes in the Corporation's share of the equity of associates.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Corporation subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Corporation's proportionate interest in the associate. The Corporation records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Corporation's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associates are reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Corporation's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Corporation's net investment in the associate), the Corporation discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Corporation has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Corporation discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture, the Corporation continues to apply the equity method and does not remeasure the retained interest.

g. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

Depreciation of property, plant and equipment is recognized mainly using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Impairment of property, plant and equipment and right-of-use asset

At the end of each reporting period, the Corporation reviews the carrying amounts of its property, plant and equipment and right-of-use asset, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

i. Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is mandatorily classified or it is designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 21.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents and accounts receivable at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and
- ii) Financial assets that have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period after the impairment.

Cash equivalents include time deposits and repurchase agreements collateralized by commercial papers with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Corporation may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Corporation's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivables).

The Corporation always recognizes lifetime Expected Credit Losses (i.e. ECLs) for accounts receivable.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Corporation recognizes an impairment gain or loss in profit or loss for financial assets stated above with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Corporation are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Corporation are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Corporation's own equity instruments is recognized in and deducted directly from equity and is calculated on a weighted-average basis by type of stock. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Corporation's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All the financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liabilities derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

j. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

k. Revenue recognition

The Corporation identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

The primary business activity of the Corporation is to manage investees, with investment revenue and service revenue being the main sources of revenue.

l. Leases

At the inception of a contract, the Corporation assesses whether the contract is, or contains, a lease.

The Corporation as lessee

The Corporation recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Corporation uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms.

m. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.



Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liabilities (assets) are recognized as employee benefit expenses in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Corporation's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

### 3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for a defined benefit plan except that remeasurement is recognized in profit or loss.

## n. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

### 1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

### 2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits for purchases of machinery, equipment and technology and research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Corporation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the period

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, and in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Corporation's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Corporation considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Checking accounts and demand deposits	\$ 408,320	\$ 82,854
Cash equivalents (investments with original maturities less than 3 months)		
Repurchase agreements collateralized by commercial papers	1,749,872	1,335,090
Cash on hand	<u>50</u>	<u>50</u>
	<u>\$ 2,158,242</u>	<u>\$ 1,417,994</u>

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	<u>\$ 616,362</u>	<u>\$ 613,072</u>

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
<u>Current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 1,240,585	\$ 1,416,971
<u>Non-current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 4,107,816	\$ 5,247,595
Unlisted shares	695,425	868,725
	<u>\$ 4,803,241</u>	<u>\$ 6,116,320</u>

Dividend income from financial assets at FVTOCI was of \$244,241 thousand and \$431,266 thousand in 2022 and 2021, respectively, and the assets have not been derecognized in the current year.

## 9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
Investments in subsidiaries	\$ 28,038,813	\$ 26,361,031
Investments in associate	<u>4,008,596</u>	<u>3,867,733</u>
	<u>\$ 32,047,409</u>	<u>\$ 30,228,764</u>

### a. Investments in subsidiaries

	December 31	
	2022	2021
Unlisted subsidiaries		
CSRC (BVI) Ltd.	\$ 7,582,332	\$ 7,519,928
CS Development & Investment Co.	1,625,231	1,836,647
Consolidated Resource Co.	236,234	257,906
Linyuan Advanced Materials Technology Co., Ltd.	2,400,023	1,864,089
Circular Commitment Company	619,163	1,516,860
CCC Dutch B.V.	(16,230)	22,521
Yun Cheng Investment Corporation	1,391,738	1,229,391
Synpac (North Carolina), Inc.	10,473,316	8,724,703
Synpac Ltd.	21,163	18,984
CCC USA Corp.	<u>3,705,843</u>	<u>3,370,002</u>
	<u>\$ 28,038,813</u>	<u>\$ 26,361,031</u>

At the ended of reporting period, the Corporation ownership interests and voting right in subsidiaries were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Unlisted subsidiaries		
CSRC (BVI) Ltd.	100.00	100.00
CS Development & Investment Co.	100.00	100.00
Consolidated Resource Co.	100.00	100.00
Linyuan Advanced Materials Technology Co., Ltd.	100.00	100.00
Circular Commitment Company	100.00	100.00
CCC Dutch B.V.	100.00	100.00
Yun Cheng Investment Corporation	94.69	94.69
Synpac (North Carolina), Inc.	88.46	88.46
Synpac Ltd.	75.00	75.00
CCC USA Corp.	66.67	66.67

The share of profit or loss and other comprehensive income of the subsidiaries accounted for using the equity method for the years ended December 31, 2022 and 2021 were calculated based on the subsidiaries' financial statements which have been audited for the same periods.

b. Investment in associate

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Associate that is not individually material		
TCC Recycle Energy Technology Company	<u>\$ 4,008,596</u>	<u>\$ 3,867,733</u>
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
The Corporation's share of:		
Net income (loss) from continuing operations	\$ 91,735	\$ (16,916)
Other comprehensive loss	<u>3,630</u>	<u>(4,647)</u>
	<u>\$ 95,365</u>	<u>\$ (21,563)</u>

The Board of Directors of the former subsidiary, TCC Recycle Energy Technology Company, approved cash capital increase of NT\$10 billion on May 14, 2021. The Board of Directors of the Group approved on August 12, 2021 to waive the subscription of share issuance for cash capital increase of TCC Recycle Energy Technology Company. The shareholding ratio of the Company was reduced from 60.30% to 23.65%. The Group has lost control of TCC Recycle Energy Technology Company after evaluation. Therefore, TCC Recycle Energy Technology Company and its subsidiaries should not be included in the consolidated financial report starting from the date of losing control. In addition, the residual investment was evaluated using the fair value on the date of losing control and it was accounted for using the equity method (associate). Please refer to Note 20 for additional information.

Additionally, the Board of Directors of TCC Recycle Energy Technology Company approved a cash capital increase of NT\$12 billion on June 21, 2022. The Board of Directors of the Group approved on June 23, 2022 to waive the subscription of share issuance for cash capital increase of TCC Recycle Energy Technology Company. The shareholding ratio of the Company was reduced from 23.65% to 13.67%. Although the shareholding ratio of the Company is less than 20%, the Company still has significant influence on TCC Recycle Energy Technology Company. Therefore, the investment in TCC Recycle Energy Technology Company is still accounted for using the equity method. The cumulative exchange difference resulting from the disposal of TCC Recycle Energy Technology Company was \$1,794 thousand and was reclassified into other gains and losses according to the proportion of disposal.

The share of profit or loss and other comprehensive income of the associate accounted for using the equity method for the years ended December 31, 2022 and 2021 was calculated based on the associate's financial statements which have been audited for the same periods.

## 10. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Other Equipment	Total
<u>Cost</u>				
Balance at January 1, 2021	\$ 19,099	\$ 2,361	\$ 19,685	\$ 41,145
Balance at December 31, 2021	\$ 19,099	\$ 2,361	\$ 19,685	\$ 41,145
<u>Accumulated depreciation</u>				
Balance at January 1, 2021	\$ -	\$ 2,361	\$ 17,630	\$ 19,991
Depreciation expense	-	-	886	886
Balance at December 31, 2021	\$ -	\$ 2,361	\$ 18,516	\$ 20,877
Carrying amounts at January 1, 2021	\$ 19,099	\$ -	\$ 2,055	\$ 21,154
Carrying amounts at December 31, 2021	\$ 19,099	\$ -	\$ 1,169	\$ 20,268
<u>Cost</u>				
Balance at January 1, 2022	\$ 19,099	\$ 2,361	\$ 19,685	\$ 41,145
Retirement	-	-	(15,730)	(15,730)
Balance at December 31, 2022	\$ 19,099	\$ 2,361	\$ 3,955	\$ 25,415
<u>Accumulated depreciation</u>				
Balance at January 1, 2022	\$ -	\$ 2,361	\$ 18,516	\$ 20,877
Depreciation expense	-	-	629	629
Retirement	-	-	(15,729)	(15,729)
Balance at December 31, 2022	\$ -	\$ 2,361	\$ 3,416	\$ 5,777
Carrying amounts at January 1, 2022	\$ 19,099	\$ -	\$ 1,169	\$ 20,268
Carrying amounts at December 31, 2022	\$ 19,099	\$ -	\$ 539	\$ 19,638

No impairment assessment was performed for the years ended December 31, 2022 and 2021 as there was no indication of impairment.

The above items of property, plant and equipment are depreciated on straight-line basis over the estimated useful lives of the assets as follows:

Buildings	4 to 55 years
Other equipment	3 to 12 years

## 11. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amount</u>		
Transportation equipment	\$ <u>1,041</u>	\$ <u>2,123</u>
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Additions to right-of-use assets	\$ <u>-</u>	\$ <u>2,163</u>
Depreciation charge for right-of-use assets		
Transportation equipment	\$ <u>1,082</u>	\$ <u>1,125</u>

### b. Lease liability

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amount</u>		
Current	\$ <u>1,069</u>	\$ <u>1,054</u>
Non-current	\$ <u>-</u>	\$ <u>1,069</u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Transportation equipment	5.25%	5.25%

### c. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Expenses relating to short-term lease	\$ <u>5,903</u>	\$ <u>6,194</u>
Total cash outflow for leases	\$ <u>7,044</u>	\$ <u>7,336</u>

The Corporation leases certain buildings and office equipment which qualify as short-term leases. The Corporation has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

## 12. BORROWINGS

### a. Short-term borrowing

	December 31	
	2022	2021
Credit borrowings	\$ -	\$ 1,800,000
Interest rates	-	0.75%-0.98%

### b. Short-term bills payable

	December 31	
	2022	2021
Commercial paper	\$ -	\$ 300,000
Less: Unamortized discounts on bills payable	-	(304)
	<u>\$ -</u>	<u>\$ 299,696</u>
Interest rates	-	0.93%-0.94%
Due date	-	2022.03.11

### c. Long-term borrowings

	December 31	
	2022	2021
Credit borrowings	\$ 3,900,000	\$ 1,300,000
Less: Current portions	<u>(500,000)</u>	<u>-</u>
Long-term borrowings	<u>\$ 3,400,000</u>	<u>\$ 1,300,000</u>
Interest rates	1.61%-2.15%	1.13%-1.15%
Due date	2028.10.13	2028.10.13

## 13. OTHER PAYABLES

	December 31	
	2022	2021
Payable for professional fee	\$ 64,065	\$ 63,831
Payable for salaries and bonuses	55,555	65,274
Other payable to related parties (Note 22)	28,234	28,781
Payable for compensation of employees and remuneration of directors	6,703	13,013
Others	<u>83,124</u>	<u>71,055</u>
	<u>\$ 237,681</u>	<u>\$ 241,954</u>

## 14. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

The Corporation adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

### b. Defined benefit plans

The Corporation adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation contributes amounts equal to 8.7% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Corporation has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Corporation's defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Present value of defined benefit obligation	\$ 4,411	\$ 4,601
Fair value of plan assets	<u>(10,224)</u>	<u>(9,209)</u>
Net defined benefit assets	<u>\$ (5,813)</u>	<u>\$ (4,608)</u>

Movements in net defined benefit assets were as follows:

	<b>Present Value of Defined Benefit Obligation</b>	<b>Fair Value of Plan Assets</b>	<b>Net Defined Benefit Assets</b>
Balance at January 1, 2021	\$ 4,485	\$ (8,815)	\$ (4,330)
Service cost			
Current service cost	56	-	56
Net interest expense (income)	<u>17</u>	<u>(34)</u>	<u>(17)</u>
Recognized in profit or loss	<u>73</u>	<u>(34)</u>	<u>39</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(122)	(122)
Actuarial loss - changes in demographic assumptions	75	-	75
Actuarial loss - experience adjustments	<u>(32)</u>	<u>-</u>	<u>(32)</u>
Recognized in other comprehensive income	<u>43</u>	<u>(122)</u>	<u>(79)</u>
Contributions from the employer	<u>-</u>	<u>(238)</u>	<u>(238)</u>
Balance at December 31, 2021	<u>\$ 4,601</u>	<u>\$ (9,209)</u>	<u>\$ (4,608)</u>

(Continued)



	<b>Present Value of Defined Benefit Obligation</b>	<b>Fair Value of Plan Assets</b>	<b>Net Defined Benefit Assets</b>
Balance at January 1, 2022	\$ 4,601	\$ (9,209)	\$ (4,608)
Service cost			
Current service cost	61	-	61
Net interest expense (income)	17	(35)	(18)
Recognized in profit or loss	78	(35)	43
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(736)	(736)
Actuarial loss - changes in financial assumptions	(164)	-	(164)
Actuarial loss - experience adjustments	(104)	-	(104)
Recognized in other comprehensive income	(268)	(736)	(1,004)
Contributions from the employer	-	(244)	(244)
Balance at December 31, 2022	\$ 4,411	\$ (10,224)	\$ (5,813) (Concluded)

Through the defined benefit plans under the Labor Standards Law, the Corporation is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rate(s)	1.125%	0.375%
Expected rate(s) of salary increase	2.000%	2.000%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rate(s)		
0.25% increase	\$ <u>(51)</u>	\$ <u>(64)</u>
0.25% decrease	\$ <u>53</u>	\$ <u>66</u>
Expected rate(s) of salary increase		
0.25% increase	\$ <u>51</u>	\$ <u>63</u>
0.25% decrease	\$ <u>(50)</u>	\$ <u>(62)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
The expected contributions to the plan for the next year	\$ <u>248</u>	\$ <u>242</u>
The average duration of the defined benefit obligation	2.1 years	2.9 years

The Corporation's other long-term employee benefits were \$902 thousand and \$809 thousand (included in the balance sheet under provisions - non-current) as of December 31, 2022 and 2021, respectively.

## 15. EQUITY

### a. Ordinary shares

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Number of shares authorized (in thousands)	<u>2,000,000</u>	<u>2,000,000</u>
Shares authorized	\$ <u>20,000,000</u>	\$ <u>20,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>984,734</u>	<u>984,734</u>
Shares issued	\$ <u>9,847,336</u>	\$ <u>9,847,336</u>
Surplus	<u>8,529,343</u>	<u>8,529,343</u>
	\$ <u>18,376,679</u>	\$ <u>18,376,679</u>

The issued ordinary shares, with a par value of NT\$10, carry one voting right per share and carry a right to dividends.

b. Capital surplus

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Issuance of ordinary shares	\$ 8,529,343	\$ 8,529,343
Treasury shares transactions	249,189	246,242
<u>May be used to offset a deficit only (2)</u>		
Changes in percentage of ownership interests in subsidiaries	107,235	107,235
Changes in interests in associates accounted for using the equity method	44,944	-
<u>May not be used for any purpose</u>		
Employee share options	<u>22,141</u>	<u>22,141</u>
	<u>\$ 8,952,852</u>	<u>\$ 8,904,961</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus).
- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries and associates resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries and associates accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Articles, where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit unless the legal reserve has reached the Corporation's paid-in capital, and then any remaining profit together with any undistributed retained earnings, setting aside or reversing a special reserve in accordance with the laws and regulations if necessary, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders.

The Corporation may also opt to transfer retained earnings to capital and distribute share dividends to finance its working capital requirements and major investment plans, but the cash dividend payout ratio should be up to 20% of the total dividends to be distributed to ordinary shareholders. For the policies on distribution of compensation of employees and remuneration of directors, please refer to Note 16(g).

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Corporation.

The appropriations of earnings for 2021 and 2020 that were approved in the shareholders' meetings on May 27, 2022 and July 7, 2021, respectively, were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>For the Year Ended December 31</b>		<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Legal reserve	\$ 340,249	\$ 72,953	\$ -	\$ -
Cash dividends	196,947	98,473	0.20	0.10

The appropriation of earnings for 2022 will be proposed in the next meeting of Board of Directors.

d. Treasury shares

<b>(Shares in Thousands)</b>				
<b>Purpose</b>	<b>Number of Shares at January 1</b>	<b>Increase During the Period</b>	<b>Decrease During the Period</b>	<b>Number of Shares at December 31</b>
<u>2022</u>				
Shares held by its subsidiaries	<u>14,735</u>	<u>-</u>	<u>-</u>	<u>14,735</u>
<u>2021</u>				
Shares held by its subsidiaries	<u>14,735</u>	<u>-</u>	<u>-</u>	<u>14,735</u>

A subsidiary, CS Development & Investment Co., acquired the Corporation's shares with book value of \$290,088 thousand. As of December 31, 2022 and 2021, the market value of treasury shares was \$286,589 thousand and \$415,517 thousand, respectively. A subsidiary holding treasury shares shall have shareholders' rights, except that a subsidiary holding over 50% of the shares has no rights to participate in any share issuance for cash and to vote.

## 16. INCOME BEFORE INCOME TAX

Net income from continuing operations includes the following:

a. Other income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Remuneration of directors and supervisors	\$ 16,608	\$ 15,303
Others	<u>2,086</u>	<u>6,604</u>
	<u>\$ 18,694</u>	<u>\$ 21,907</u>

b. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Bank deposits	<u>\$ 9,589</u>	<u>\$ 3,329</u>

c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Net foreign exchange gains (losses)	\$ 9,467	\$ (2,752)
Net gain on financial assets at fair value through profit or loss	3,290	1,078
Loss on retirement of property, plant and equipment	(1)	-
Others	<u>(753)</u>	<u>(77,279)</u>
	<u>\$ 12,003</u>	<u>\$ (78,953)</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Interest expense	\$ 49,191	\$ 24,582
Interest on lease liabilities	<u>87</u>	<u>11</u>
	<u>\$ 49,278</u>	<u>\$ 24,593</u>

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Property, plant and equipment	\$ 629	\$ 886
Right-of-use assets	1,082	1,125
Deferred expenses	<u>3,271</u>	<u>5,442</u>
	<u>\$ 4,982</u>	<u>\$ 7,453</u>
An analysis of depreciation by function		
Operating expenses	<u>\$ 1,711</u>	<u>\$ 2,011</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 3,271</u>	<u>\$ 5,442</u>

f. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Post-employment benefits (Note 14)		
Defined contribution plans	\$ 1,707	\$ 1,647
Defined benefit plans	<u>43</u>	<u>39</u>
	1,750	1,686
Other employee benefits	<u>68,766</u>	<u>81,244</u>
Total employee benefits expense	<u>\$ 70,516</u>	<u>\$ 82,930</u>
An analysis of employee benefits expense by function		
Operating expenses	<u>\$ 70,516</u>	<u>\$ 82,930</u>

g. Compensation of employees and remuneration of directors

The Corporation accrued compensation of employees and remuneration of directors at the rates of 0.01%-3% and no higher than 1% of net profit before income tax, respectively.

For the years ended December 31, 2022 and 2021, the compensation of employees and the remuneration of directors were as follows:

Amount

	<b><u>For the Year Ended December 31</u></b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
Compensation of employees	\$ <u>1,703</u>	\$ <u>3,013</u>
Remuneration of directors	\$ <u>5,000</u>	\$ <u>10,000</u>

The compensation of employees and the remuneration of directors for the year ended December 31, 2022 will be proposed in the next meeting of the Corporation's Board of Directors. The compensation of employees and the remuneration of directors for the year ended December 31, 2021 were approved by the Corporation's Board of Directors on April 12, 2022.

If there is a change in the proposed amounts after the annual financial statements were authorized for issue, the differences will be recorded as a change in the accounting estimate and adjusted in the following year.

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on employees' compensation and remuneration of directors resolved by the Corporation's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 17. INCOME TAXES

a. Major components of income tax expense recognized in profit or loss are as follows:

	<b><u>For the Year Ended December 31</u></b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
Current tax		
In respect of the current year	\$ (16,679)	\$ (7,350)
Income tax on unappropriated earnings	143,265	26,710
Adjustments for prior years	<u>(19,440)</u>	<u>(247)</u>
	<u>107,146</u>	<u>19,113</u>
Deferred tax		
In respect of the current year	<u>251,720</u>	<u>589,120</u>
Income tax expense recognized in profit or loss	\$ <u>358,866</u>	\$ <u>608,233</u>

A reconciliation of accounting profit and income tax expense is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Income before income tax from current year	<u>\$ 1,038,248</u>	<u>\$ 4,003,674</u>
Income tax expense calculated at the statutory rate	\$ 207,650	\$ 800,735
Non-deductible expenses in determining taxable income	9,258	8,914
Tax-exempt income	(296,144)	(485,540)
Income tax on unappropriated earnings	143,265	26,710
Unrecognized deductible temporary differences	143,742	43,831
Tax receivable due from subsidiaries with consolidated tax return	170,535	213,830
Adjustments for prior years' tax	<u>(19,440)</u>	<u>(247)</u>
Income tax expense recognized in profit or loss	<u>\$ 358,866</u>	<u>\$ 608,233</u>

b. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax assets		
Tax refund receivable	\$ -	\$ 37,888
Tax receivable due from subsidiaries with consolidated tax return	<u>170,535</u>	<u>213,830</u>
	<u>\$ 170,535</u>	<u>\$ 251,718</u>
Current tax liabilities		
Income tax payable	<u>\$ 306,140</u>	<u>\$ 249,958</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2022

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Closing Balance</b>
<u>Deferred tax liabilities</u>			
Temporary differences			
Others	<u>\$ -</u>	<u>\$ 154</u>	<u>\$ 154</u>
Temporary differences			
Unappropriated earnings of subsidiaries	\$ 2,697,654	\$ 252,165	\$ 2,949,819
Others	<u>291</u>	<u>(291)</u>	<u>-</u>
	<u>\$ 2,697,945</u>	<u>\$ 251,874</u>	<u>\$ 2,949,819</u>

For the year ended December 31, 2021

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Closing Balance</b>
<u>Deferred tax liabilities</u>			
Temporary differences			
Unappropriated earnings of subsidiaries	\$ 2,108,614	\$ 589,040	\$ 2,697,654
Others	<u>211</u>	<u>80</u>	<u>291</u>
	<u>\$ 2,108,825</u>	<u>\$ 589,120</u>	<u>\$ 2,697,945</u>

d. Significant items for which no deferred tax assets have been recognized

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Investments loss accounted for using the equity method	<u>\$ 1,736,413</u>	<u>\$ 1,534,162</u>

e. Income tax assessments

Income tax returns through 2020, have been assessed by the tax authorities.

## 18. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Basic earnings per share		
Total basic earnings per share	<u>\$ 0.70</u>	<u>\$ 3.50</u>
Diluted earnings per share		
Total diluted earnings per share	<u>\$ 0.70</u>	<u>\$ 3.50</u>

The earnings and weighted average number of ordinary shares used in the computation of earnings per share were as follows:

### Net Income for the Year

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Earnings used in the computation of basic earnings per share	\$ 679,382	\$ 3,395,441
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>-</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share from continuing operations	<u>\$ 679,382</u>	<u>\$ 3,395,441</u>



**Number of Shares (In Thousands)**

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Weighted average number of ordinary shares used in computation of basic earnings per share	969,999	969,999
Effect of potentially dilutive ordinary shares:		
Compensation of Employees	<u>102</u>	<u>114</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>970,101</u>	<u>970,113</u>

If the Corporation offered to settle the compensation of employees in cash or shares, the Corporation assumed the entire amount of the compensation will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

**19. CAPITAL MANAGEMENT**

The Corporation manages and maintains sufficient capital to expand operations and meet related capital expenditure. The Corporation manages its capital to maintain the profitability and financial structure, and ensure that it has sufficient financial resources to fund its working capital, capital expenditures, debt repayments and the payment of dividends to shareholders.

**20. DISPOSAL OF SUBSIDIARY**

The Board of Directors of the former subsidiary, TCC Recycle Energy Technology Company, approved a cash capital increase of NT\$10 billion on May 14, 2021. The Board of Directors of the Corporation approved on August 12, 2021 to waive the subscription right of share issuance for cash capital increase of TCC Recycle Energy Technology Company. The shareholding ratio of the Corporation was reduced from 60.30% to 23.65%. The Corporation has lost control of TCC Recycle Energy Technology Company after evaluation. For information about disposal of TCC Recycle Energy Technology Company, please refer to Note 31 to the consolidated financial statements.

**21. FINANCIAL INSTRUMENTS**

- a. Fair value of financial instruments that are not measured at fair value

The disclosures of fair value are not required for financial instruments that are not measured at fair value with carrying value approximating fair value.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Non-derivative financial assets				
Mutual funds	\$ <u>616,362</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>616,362</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	\$ 5,348,401	\$ -	\$ -	\$ 5,348,401
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>695,425</u>	<u>695,425</u>
	<u>\$ 5,348,401</u>	<u>\$ -</u>	<u>\$ 695,425</u>	<u>\$ 6,043,826</u>

December 31, 2021

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Non-derivative financial assets				
Mutual funds	\$ <u>613,072</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>613,072</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	\$ 6,664,566	\$ -	\$ -	\$ 6,664,566
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>868,725</u>	<u>868,725</u>
	<u>\$ 6,664,566</u>	<u>\$ -</u>	<u>\$ 868,725</u>	<u>\$ 7,533,291</u>

There were no transfers between Levels 1 and 2 in 2022 and 2021.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2022

<b>Financial Assets</b>	<b>Financial Assets at Fair Value Through Profit or Loss</b>	<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>Total</b>
Balance at January 1, 2022	\$ -	\$ 868,725	\$ 868,725
Recognized in other comprehensive income (included in unrealized gain/(loss) on financial assets at FVTOCI)	-	(173,300)	(173,300)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 695,425</u>	<u>\$ 695,425</u>

For the year ended December 31, 2021

<b>Financial Assets</b>	<b>Financial Assets at Fair Value Through Profit or Loss</b>	<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>Total</b>
Balance at January 1, 2021	\$ -	\$ 789,705	\$ 789,705
Recognized in other comprehensive income (included in unrealized gain/(loss) on financial assets at FVTOCI)	-	79,020	79,020
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 868,725</u>	<u>\$ 868,725</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

	<b>Fair Value at December 31, 2022</b>	<b>Valuation Techniques</b>	<b>Significant Unobservable Inputs</b>	<b>Range (Average Weighted)</b>	<b>The Relationship Between Inputs and Fair Value</b>
Financial assets at FVTOCI Equity instruments	\$ 695,425	Market approach	P/B Lack of liquidity discount	0.82 20%	When the higher income multiplier, the higher of fair value; when the higher lack of liquidity discount, the lower of fair value
		Balance sheet method	Lack of liquidity discount	10%	When the higher lack of liquidity discount, the lower of fair value

	<b>Fair Value at December 31, 2021</b>	<b>Valuation Techniques</b>	<b>Significant Unobservable Inputs</b>	<b>Range (Average Weighted)</b>	<b>The Relationship Between Inputs and Fair Value</b>
Financial assets at FVTOCI Equity instruments	\$ 868,725	Market approach	P/B Lack of liquidity discount	0.85 20%	When the higher income multiplier, the higher of fair value; when the higher lack of liquidity discount, the lower of fair value
		Balance sheet method	Lack of liquidity discount	10%	When the higher lack of liquidity discount, the lower of fair value

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Financial assets</u>		
Mandatorily classified as at FVTPL (1)	\$ 616,362	\$ 613,072
Financial assets at amortized cost (2)	2,180,781	1,468,051
Financial assets at FVTOCI (3)	6,043,826	7,533,291
<u>Financial liabilities</u>		
Amortized cost (4)	4,137,681	3,644,969

- 1) The balances included financial assets at fair value through profit or loss - current.
- 2) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents and other financial assets - current.
- 3) The balances included financial assets at fair value through other comprehensive income - current and financial assets at fair value through other comprehensive income - non-current.
- 4) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bill payable, note payable, other payables and long-term borrowings (included current portion).

d. Financial risk management objectives and policies

The Corporation's major financial instruments include equity investments, beneficiary certificates and borrowings. The Corporation's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Corporation through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Corporation's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There had been no change to the Corporation's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 25.

Sensitivity analysis

The Corporation was mainly exposed to the U.S. dollars.

The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts the translation at the end of the reporting period for a 1% change in foreign currency rates. When New Taiwan dollars strengthen/weaken 1% against U.S. dollars, the Corporation's pre-tax profit for the years ended December 31, 2022 and 2021 would decrease/increase by \$865 thousand and \$1,180 thousand, respectively.

In management's opinion, sensitivity analysis was unrepresentative of the inherent foreign exchange risk. The exposure at the end of the reporting period did not reflect the exposure during the period because sales are seasonal.

b) Interest rate risk

The Corporation was exposed to interest rate risk because the Corporation holds financial assets and liabilities at floating interest rates.

The carrying amount of the Corporation's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Fair value interest rate risk		
Financial assets	\$ 1,749,872	\$ 1,335,090
Financial liabilities	2,201,069	1,501,819
Cash flow interest rate risk		
Financial assets	408,320	82,854
Financial liabilities	1,700,000	1,900,000

Sensitivity analysis

The sensitivity analyses below were determined based on the Corporation's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Corporation's pre-tax profit for the years ended December 31, 2022 and 2021 would decrease/increase by \$6,458 thousand and \$9,086 thousand, respectively.

c) Other price risk

The Corporation was exposed to equity price risk through its investments in listed equity securities. Equity investments are held for strategic rather than trading purposes. The Corporation does not actively trade these investments. The Corporation adopted sensitivity analysis to measure the equity price risk.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, the pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would increase/decrease by \$302,191 thousand and \$376,665 thousand, respectively, as a result of the changes in financial assets at fair value through other comprehensive income.

## 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Corporation. As at the end of the reporting period, the Corporation's maximum exposure to credit risk which will cause a financial loss to the Corporation due to failure of counterparties to discharge an obligation could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

## 3) Liquidity risk

The Corporation manages liquidity risk by maintaining a level of cash and cash equivalents, high liquidity in securities, and adequate reserves for bank loan facilities, deemed adequate to ensure the Corporation maintain enough financial flexibility. For the years ended December 31, 2022 and 2021, the amounts of unused financing facilities were \$6,853,250 thousand and \$7,587,600 thousand, respectively.

### Liquidity and interest risk rate tables

The following table details the Corporation's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay. The tables excluded interest cash flows.

#### December 31, 2022

	Less than 1 Year	1-2 Years	2-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 237,681	\$ -	\$ -	\$ -	\$ 237,681
Lease liabilities	1,099	-	-	-	1,099
Variable interest rate borrowings	500,000	488,889	533,333	177,778	1,700,000
Fixed interest rate borrowings	-	1,900,000	300,000	-	2,200,000
	<u>\$ 738,780</u>	<u>\$ 2,388,889</u>	<u>\$ 833,333</u>	<u>\$ 177,778</u>	<u>\$ 4,138,780</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15+ Years	Total
Lease liabilities	\$ 1,099	\$ -	\$ -	\$ -	\$ -	\$ 1,099
Variable interest rate borrowings	500,000	1,022,222	177,778	-	-	1,700,000
Fixed interest rate borrowings	-	2,200,000	-	-	-	2,200,000
	<u>\$ 501,099</u>	<u>\$ 3,222,222</u>	<u>\$ 177,778</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,901,099</u>

#### December 31, 2021

	Less than 1 Year	1-2 Years	2-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 245,273	\$ -	\$ -	\$ -	\$ 245,273
Lease liabilities	1,142	1,099	-	-	2,241
Variable interest rate borrowings	600,000	500,000	-	800,000	1,900,000
Fixed interest rate borrowings	1,499,696	-	-	-	1,499,696
	<u>\$ 2,346,111</u>	<u>\$ 501,099</u>	<u>\$ -</u>	<u>\$ 800,000</u>	<u>\$ 3,647,210</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15+ Years	Total
Lease liabilities	\$ 1,142	\$ 1,099	\$ -	\$ -	\$ -	\$ 2,241
Variable interest rate borrowings	600,000	500,000	800,000	-	-	1,900,000
Fixed interest rate borrowings	<u>1,499,696</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,499,696</u>
	<u>\$ 2,100,838</u>	<u>\$ 501,099</u>	<u>\$ 800,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,401,937</u>

## 22. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Corporation and related parties are disclosed below.

- a. The Corporation's related parties and their relationship

Related Party Name	Relationship with the Corporation
CS Development & Investment Co.	Subsidiary
Consolidated Resource Co.	Subsidiary
Linyuan Advanced Materials Technology Co., Ltd.	Subsidiary
Yun Cheng Investment Corporation	Subsidiary
Circular Commitment Company	Subsidiary
Continental Carbon Company (CCC)	Subsidiary
Taiwan Cement Corporation	Same key management personnel
Taiwan Transport & Storage Corporation	Same key management personnel
TCC Green Energy Corporation	Same key management personnel
Taiwan Prosperity Chemical Corporation	Same key management personnel (1)
Dr. Cecilia Koo Botanic Conservation and Environmental Protection Foundation (Dr. Cecilia Koo Foundation)	Management personnel in substance
FDC International Hotels Corporation	Management personnel in substance
L'Hotel De Chine Corporation	Management personnel in substance
E-One Moli Energy Corp.	Associate (2)
OYAK Synthetic Carbon Products Industry and Trade Corporation (OYAK Synthetic Carbon)	Joint venture (3)

- 1) Taiwan Prosperity Chemical Corporation was not the Corporation's related party starting from August 17, 2021.
- 2) E-One Moli Energy Corporation became associate company from the date the Company lost control of TCC Recycle Energy Technology Company.
- 3) OYAK Synthetic Carbon is a 100% owned subsidiary of a joint venture company, Continental Carbon OYAK (Netherlands) B.V.

b. Operating transactions

The prices and payment terms were comparable with those for third parties. Rental of lease agreements with related parties was based on market price and the payment terms were determined at general condition.

		<b>Service Fee Revenue</b>	
		<b>For the Year Ended December 31</b>	
		<b>2022</b>	<b>2021</b>
Subsidiaries		\$ 79,049	\$ 56,204
		<b>General and Administrative Expenses</b>	
		<b>For the Year Ended December 31</b>	
		<b>2022</b>	<b>2021</b>
Same key management personnel		\$ 5,486	\$ 5,472
Management personnel in substance		271	369
		<u>\$ 5,757</u>	<u>\$ 5,841</u>
		<b>Other Income</b>	
		<b>For the Year Ended December 31</b>	
		<b>2022</b>	<b>2021</b>
Subsidiaries		\$ 389	\$ 1,341
OYAK Synthetic Carbon		-	4,294
Associate		-	40
		<u>\$ 389</u>	<u>\$ 5,675</u>
		<b>Other Receivable (Included in Other Financial Assets - Current)</b>	
		<b>December 31</b>	
		<b>2022</b>	<b>2021</b>
CCC		\$ 19,537	\$ 14,812
Subsidiaries		8	81
Same key management personnel		5	16
OYAK Synthetic Carbon		-	27,680
Linyuan Advanced Materials Technology Co., Ltd.		-	7,333
		<u>\$ 19,550</u>	<u>\$ 49,922</u>
		<b>Other Payables</b>	
		<b>December 31</b>	
		<b>2022</b>	<b>2021</b>
Dr. Cecilia Koo Foundation		\$ 28,000	\$ 28,000
Same key management personnel		234	595
Subsidiaries		-	181
Management personnel in substance		-	5
		<u>\$ 28,234</u>	<u>\$ 28,781</u>



c. Endorsements/guarantees provided

Information about endorsements/guarantees provided to subsidiary, please refer to Table 2.

d. Compensation of key management personnel

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Short-term employee benefits	\$ 23,900	\$ 28,909
Post-employment benefits	<u>108</u>	<u>108</u>
	<b><u>\$ 24,008</u></b>	<b><u>\$ 29,017</u></b>

The remuneration of directors and other key management is determined by the Remuneration Committee in accordance with individual performance and market trends.

## 23. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Except for those disclosed in other notes, please refer to Note 35 to the consolidated financial statements.

## 24. OTHER ITEMS

The Corporation has assessed the economic implication of COVID-19 and determined that there were no significant impacts on the Corporation's financial statements as of the date the financial statements were authorized for issue. The Corporation will continue to monitor developments of the pandemic and assess the related impacts.

## 25. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Corporation's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2022

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 2,835	30.71 (USD:NTD)	<u>\$ 87,070</u>
Non-monetary items			
Investments in subsidiaries accounted for using the equity method			
USD	709,302	30.71 (USD:NTD)	<u>\$ 21,782,654</u>
<u>Financial liabilities</u>			
Monetary items			
USD	18	30.71 (USD:NTD)	<u>\$ 557</u>

December 31, 2021

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 4,913	27.680 (USD:NTD)	<u>\$ 135,986</u>
Non-monetary items			
Investments in subsidiaries accounted for using the equity method			
USD	709,307	27.680 (USD:NTD)	<u>\$ 19,633,617</u>
<u>Financial liabilities</u>			
Monetary items			
USD	651	27.680 (USD:NTD)	<u>\$ 18,022</u>

The significant foreign exchange gains (losses) were as follows:

	<b>2022</b>		<b>2021</b>	
<b>Foreign Currencies</b>	<b>Average Exchange Rate</b>	<b>Net Foreign Exchange (Losses) Gains</b>	<b>Average Exchange Rate</b>	<b>Net Foreign Exchange (Losses) Gains</b>
USD	29.805 (USD:NTD)	\$ 9,467	28.009 (USD:NTD)	\$ (2,752)

## 26. SEPARATELY DISCLOSED ITEMS

### a. Information about significant transactions and investees:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held. (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (Table 4)
- 5) Acquisition of individual real estate at costs of at least NT \$300 million or 20% of the paid-in capital. (Table 5)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 6)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 7)

- 9) Trading in derivative instruments. (None)
- 10) Information on investees. (Table 8)
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 9)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year. (Table 6)
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year. (Table 6)
    - c) The amount of property transactions and the amount of the resultant gains or losses. (None)
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes. (Table 2)
    - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds. (Table 1)
    - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services. (None)
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (Table 10)

**TABLE 1**

**INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD.**

**FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)**

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
1	CSRC China Corporation	CSRC China (Anshan) Corporation	Other receivables from related parties	Yes	\$ 901,200 (RMB 200,000)	\$ 881,600 (RMB 200,000)	\$ 80,282 (RMB 18,213)	3.70%	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 1,883,036 (Note 1)	\$ 3,766,072 (Note 1)	-
		CSRC China (Chongqing) Corporation	Other receivables from related parties	Yes	90,120 (RMB 20,000)	88,160 (RMB 20,000)	-	-	Short-term financing	-	Operating capital	-	-	-	1,883,036 (Note 1)	3,766,072 (Note 1)	-
2	Synpac (North Carolina), Inc.	Continental Carbon Company	Other receivables from related parties	Yes	1,288,600 (US\$ 40,000)	1,228,400 (US\$ 40,000)	675,620 (US\$ 22,000)	6.01%	Short-term financing	-	Operating capital	-	-	-	16,272,646 (Note 2)	32,545,291 (Note 2)	-
		CCC Transport Company	Other receivables from related parties	Yes	322,150 (US\$ 10,000)	307,100 (US\$ 10,000)	276,390 (US\$ 9,000)	6.24%	Short-term financing	-	Operating capital	-	-	-	16,272,646 (Note 2)	32,545,291 (Note 2)	-
		CCC Dutch B.V.	Other receivables from related parties	Yes	885,913 (US\$ 27,500)	844,525 (US\$ 27,500)	506,715 (US\$ 16,500)	4.27%	Short-term financing	-	Operating capital	-	-	-	16,272,646 (Note 2)	32,545,291 (Note 2)	-
		SVC Management, LLC	Other receivables from related parties	Yes	1,074,850 (US\$ 35,000)	1,074,850 (US\$ 35,000)	1,074,850 (US\$ 35,000)	3.39%-4.27%	Short-term financing	-	Operating capital	-	-	-	16,272,646 (Note 2)	32,545,291 (Note 2)	-
		CSRC (BVI) Ltd.	Other receivables from related parties	Yes	1,932,900 (US\$ 60,000)	1,842,600 (US\$ 60,000)	1,842,600 (US\$ 60,000)	3.86%	Short-term financing	-	Operating capital	-	-	-	16,272,646 (Note 2)	32,545,291 (Note 2)	-

Note 1: The financing limit of financing provided by CSRC China (Chongqing), CSRC China and CSRC China (Anshan) to direct and indirect wholly owned subsidiaries of the Corporation for each borrower is 200% of the lender's net equity on its latest financial statements. The aggregate financing limit is 400% of the lender's net equity on its latest financial statements.

Note 2: The financing limit of financing provided by Synpac (North Carolina), Inc. to direct and indirect wholly owned subsidiaries of the Corporation for each borrower is 150% of the lender's net equity on its latest financial statements. The aggregate financing limit is 300% of the lender's net equity on its latest financial statements.

TABLE 2

INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD.

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on behalf of subsidiaries	Endorsement/ Guarantee Given by subsidiaries on behalf of Parent	Endorsement/ Guarantee Given on behalf of companies in Mainland China	Note
		Name	Relationship											
1	International CSRC Investment Holdings Co., Ltd.	Consolidated Resource Co.	Note 1	\$ 34,839,503	\$ 100,000	\$ 100,000	\$ -	\$ -	0.29%	\$ 52,259,255 (Note 3)	Yes	No	No	-
		CS Development & Investment Co.	Note 1		200,000	200,000	-	-	0.57%		Yes	No	No	-
		Continental Carbon India Pvt Ltd.	Note 1		2,759,273	1,556,026	291,292	-	4.47%		Yes	No	No	-
		Continental Carbon Eco Tech Pvt Ltd.	Note 1		1,863,126	1,863,126	429,814	-	5.35%		Yes	No	No	-
		Continental Carbon Company	Note 1		9,756,225	7,186,140	5,128,570	-	20.63%		Yes	No	No	-
		CSRC China Corporation	Note 1		3,989,888	3,884,175	2,109,857	-	11.15%		Yes	No	Yes	-
		CSRC China (Chongqing) Corporation	Note 1		1,816,050	1,796,945	890,280	-	5.16%		Yes	No	Yes	-
		CSRC China (Anshan) Corporation	Note 1		2,489,380	2,489,380	1,409,873	-	7.15%		Yes	No	Yes	-
		Yun Cheng Investment Corporation	Note 1		100,000	100,000	-	-	0.29%		Yes	No	No	-

Note 1:   Subsidiary in which the Company directly or indirectly owns more than 50% of its voting shares.

Note 2:   For guarantees provided to a counter-party which a business relationship exists with the Corporation, the endorsement guarantee amount is limited up to 50% of total transactions amount in the recent year. In addition, the limit on endorsement guarantee is up to 100% of the Corporation’s net equity based on latest financial statements.

Note 3:   The aggregate endorsement/guarantee amount of the Corporation is limited to 150% of its net equity based on its latest financial statements.

TABLE 3

## INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD.

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars and U.S. Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note)	
International CSRC Investment Holdings Co., Ltd.	<u>Ordinary share(s)</u>							
	China Steel Chemical Corporation	The Corporation is one of its directors	Financial assets at fair value through other comprehensive income - current	11,759,096	\$ 1,240,585	4.96	\$ 1,240,585	-
	Taiwan Cement Corporation	Same with key management personnel	Financial assets at fair value through other comprehensive income - non-current	113,896,285	3,832,610	1.59	3,832,610	-
	O-Bank	-	Financial assets at fair value through other comprehensive income - non-current	19,489,522	163,517	0.71	163,517	-
	China Investment Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	14,152,796	417,649	4.48	417,649	-
	Videoland Television Network	-	Financial assets at fair value through other comprehensive income - non-current	6,437,457	277,776	5.64	277,776	-
	<u>Preferred share(s)</u>							
	Taiwan Cement Corporation - preferred share	Same with key management personnel	Financial assets at fair value through other comprehensive income - non-current	2,000,000	94,200	-	94,200	-
	O-Bank - preferred share	-	Financial assets at fair value through other comprehensive income - non-current	1,755,895	17,489	-	17,489	-
	<u>Mutual fund(s)</u>							
	Cathay Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	24,417,838	308,134	-	308,134	-
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	20,054,548	308,228	-	308,228	-
CS Development & Investment Co.	<u>Ordinary share(s)</u>							
	Taiwan Cement Corporation	Same with key management personnel	Financial assets at fair value through other comprehensive income - current	30,860,136	1,038,443	0.43	1,038,443	-
	International CSRC Investment Holdings Co., Ltd.	100.00% parent company	Financial assets at fair value through other comprehensive income - non-current	14,734,663	286,589	1.50	286,589	-
	Yieh United Steel Corporation	-	Financial assets at fair value through other comprehensive income - non-current	349,906	1,900	0.01	1,900	-
	<u>Preferred share(s)</u>							
	Taiwan Cement Corporation - preferred share	Same with key management personnel	Financial assets at fair value through other comprehensive income - current	782,130	36,838	-	36,838	-
Consolidated Resource Co.	<u>Ordinary share(s)</u>							
	Taiwan Cement Corporation	Same with key management personnel	Financial assets at fair value through other comprehensive income - current	1,850,161	62,258	0.03	62,258	-
	<u>Preferred share(s)</u>							
	Taiwan Cement Corporation - preferred share	Same with key management personnel	Financial assets at fair value through other comprehensive income - current	933,521	43,969	-	43,969	-
Yun Cheng Investment Corporation	<u>Ordinary share(s)</u>							
	China Investment Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,367,000	69,850	0.75	69,850	-
	PhytoHealth Corporation	-	Financial assets at fair value through other comprehensive income - non-current	1,793,584	34,258	0.90	34,258	-
	MegaPro Biomedical Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,276,334	21,352	3.95	21,352	-
Synpac Ltd.	<u>Ordinary share(s)</u>							
	Glade Remedies Private Limited	23% investee	Financial assets at fair value through other comprehensive income - non-current	23	US\$ -	23.00	US\$ -	-

Note: Listed shares were measured by closing price of December 31, 2022. Unlisted shares, emerging market shares and funds were measured by valuation techniques and inputs applied for Level 3 fair value, refer to Note 21.

TABLE 4

INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD.

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars and U.S. Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Other Adjustments	Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal		Shares	Amount
International CSRC Investment Holdings Co., Ltd.	CSRC (BVI) Ltd.	Investments accounted for using equity method	Original subscription of a registered share	Directly 100%-owned subsidiary	501,090,790	\$ 7,519,928	40,000,000	\$ 1,140,751	-	\$ -	\$ -	\$ -	\$ (1,078,347) (Note)	541,090,790	\$ 7,582,332
CSRC (BVI) Ltd.	CSRC (Singapore) Pte Ltd.	Investments accounted for using equity method	Original subscription of a registered share	Directly 100%-owned subsidiary	686,898,447	US\$ 270,077	136,942,000	US\$ 100,000	-	-	-	-	US\$ (63,708) (Note)	823,840,447	US\$ 306,369
CSRC (Singapore) Pte Ltd.	Continental Carbon Eco Tech Pvt Ltd.	Investments accounted for using equity method	Original subscription of a registered share	Directly 100%-owned subsidiary	1,371,928,092	US\$ 183,786	621,462,500	US\$ 80,000	-	-	-	-	US\$ (26,454) (Note)	1,993,390,592	US\$ 237,332
CSRC (Singapore) Pte Ltd.	CSRC China (Anshan) Corporation	Investments accounted for using equity method	Original subscription of a registered share	Directly 100%-owned joint ventures	-	US\$ 6,069	-	US\$ 20,000	-	-	-	-	US\$ (14,626) (Note)	-	US\$ 11,443

Note: The amount included share of the profit (loss) of subsidiaries accounted for using the equity method, exchange differences on translating foreign operations, and so on.

**TABLE 5**

**INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD.**

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars and INR Dollars)**

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Continental Carbon Eco Tech Pvt Ltd.	Carbon black factory construction project	2022.01.01-2022.12.31	INR5,626,015 ≡ 2,134,600	Based on the contract terms and project status	CINDA Engineering & Construction Private Limited	-	-	-	-	\$ -	Bidding price, price comparison and price negotiation	India carbon black plant construction	None

Note: The average exchange rate for the year ended December 31, 2022 was INR1=NT\$0.379416.



TABLE 6

INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts/Trade Receivable (Payables)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Linyuan Advanced Materials Technology Co., Ltd.	China Steel Chemical Corporation	The Corporation is one of its directors	Purchases	\$ 1,352,689	44	Payable on the 15th of the next month	-	-	Trade payables \$ (91,378)	(38)	-
Continental Carbon Company	Continental Carbon Company Europe SPRL	Same ultimate parent company	Sales	732,450	7	Receivable on the 120th day	-	-	Accounts receivable 316,380	12	-
Continental Carbon Company Europe SPRL	Continental Carbon Company	Same ultimate parent company	Purchases	732,450	76	Payable on the 120th day	-	-	Trade payables (316,380)	(45)	-
CSRC China Corporation	CSRC China (Chongqing) Corporation	Same ultimate parent company	Sales	122,464	6	Receivable on the 120th day	-	-	Accounts receivable 89,975	15	-
CSRC China (Chongqing) Corporation	CSRC China Corporation	Same ultimate parent company	Purchases	122,464	13	Payable on the 120th day	-	-	Trade payables (89,975)	(75)	-

**TABLE 7**

**INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD.**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
CSRC China Corporation	CSRC China (Anshan) Corporation	Same ultimate parent company	Other receivable\$ 157,287	Note	\$ -	-	\$ -	\$ -
Synpac (North Carolina), Inc.	Continental Carbon Company	Same ultimate parent company	Other receivable682,160	Note	-	-	-	-
	CCC Transport Company	Same ultimate parent company	Other receivable277,204	Note	-	-	-	-
	CCC Dutch B.V.	Same ultimate parent company	Other receivable507,917	Note	-	-	-	-
	SVC Management, LLC	Same ultimate parent company	Other receivable1,076,052	Note	-	-	1,330	-
	CSRC (BVI) Ltd.	Same ultimate parent company	Other receivable1,853,170	Note	-	-	18,176	-
Continental Carbon Company	Continental Carbon Company Europe SPRL	Same ultimate parent company	Accounts receivable316,380	-	-	-	156,287	-

Note: It was the transaction resulting from financing provided to others (including interest).

TABLE 8

## INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD.

## INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, U.S. Dollars and Canadian Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee (Note 1)	Share of Profits (Loss) (Note 1)	Note
				December 31, 2022 (Note 1)	December 31, 2021 (Note 1)	Shares	%	Carrying Amount (Note 1)			
International CSRC Investment Holdings Co., Ltd.	CSRC (BVI) Ltd.	B.V.I.	Investment	\$ 16,354,420	\$ 15,213,669	541,090,790	100.00	\$ 7,582,332	\$ (1,029,068)	\$ (1,029,392)	-
	CS Development & Investment Co.	Taipei, Taiwan	Investment	198,569	198,569	40,382,500	100.00	1,625,231	45,803	42,856	-
	Consolidated Resource Co.	Taipei, Taiwan	Carbon masterbatch and carbon black processing and sales	195,878	195,878	164,440	100.00	236,234	11,073	11,075	-
	Linyuan Advanced Materials Technology Co., Ltd.	Kaohsiung, Taiwan	Carbon black production and sales	1,600,100	1,600,100	99,532,900	100.00	2,400,023	571,899	567,883	-
	Circular Commitment Company	Taipei, Taiwan	Biotechnology services and investment	90,000	90,000	9,000,000	100.00	619,163	439,142	439,142	-
	CCC Dutch B.V.	Dutch	Investment	130,261	90,861	50,000	100.00	(16,230)	(74,017)	(74,017)	-
	Yun Cheng Investment Corporation	Taipei, Taiwan	Investment	991,041	991,041	52,173,842	94.69	1,391,738	84,986	80,473	-
	Synpac (North Carolina), Inc.	U.S.A.	Investment	3,053,037	3,053,037	11,500,000	88.46	10,473,316	950,202	776,249	-
	Synpac Ltd.	B.V.I.	Investment	211,425	211,425	8,100,000	75.00	21,163	131	98	-
	CCC USA Corp.	U.S.A.	Investment	3,066,826	3,066,826	158,334	66.67	3,705,843	(61,993)	(41,329)	-
	TCC Recycle Energy Technology Company	Taipei, Taiwan	Battery, electric generator and electronic components production and sales	3,963,684	3,963,684	388,962,582	13.67	4,008,596	414,595	91,735	-
CSRC (BVI) Ltd.	CSRC (Singapore) Pte. Ltd.	Singapore	Investment	US\$ 601,091 ≡ 18,459,505	US\$ 501,091 ≡ 15,388,505	823,840,447	100.00	US\$ 306,369 ≡ 9,408,592	US\$ (33,473) ≡ (997,663)	Note 2	-
	Continental Carbon Eco Tech Pvt Ltd.	India	Carbon black production and sales	US\$ - ≡ 1	US\$ - ≡ 1	335	0.01	US\$ - ≡ -	US\$ (3,471) ≡ (103,453)	Note 2	-
CSRC (Singapore) Pte. Ltd.	Continental Carbon India Pvt Ltd.	India	Carbon black production and sales	US\$ 96,949 ≡ 2,977,304	US\$ 96,949 ≡ 2,977,304	408,390,634	100.00	US\$ 26,448 ≡ 812,218	US\$ 1,078 ≡ 32,130	Note 2	-
	Continental Carbon Eco Tech Pvt Ltd.	India	Carbon black production and sales	US\$ 269,300 ≡ 8,270,203	US\$ 189,300 ≡ 5,813,403	1,993,390,592	99.99	US\$ 237,332 ≡ 7,288,466	US\$ (3,471) ≡ (103,453)	Note 2	-
											-
CS Development & Investment Co.	SVC Services, LLC	U.S.A.	Investment service	4	4	-	99.99	22,165	-	Note 2	-
	SVC Management, LLC	U.S.A.	Investment consultation	8,885	8,885	-	99.99	629,776	11,127	Note 2	-
	TCC Recycle Energy Technology Company	Taipei, Taiwan	Battery, electric generator and electronic components production and sales	105,046	105,046	10,583,923	0.37	108,524	414,595	Note 2	-
	Yun Cheng Investment Corporation	Taipei, Taiwan	Investment	10,775	10,775	183,066	0.33	4,850	84,986	Note 2	-
Consolidated Resource Co.	TCC Recycle Energy Technology Company	Taipei, Taiwan	Battery, electric generator and electronic components production and sales	1,685	1,685	166,631	0.01	1,758	414,595	Note 2	-
											-
Circular Commitment Company	Synpac GP Corporation	U.S.A.	Investment	602	602	1,000	100.00	733	(24)	Note 2	-
Synpac GP Corporation	SVC Services, LLC	U.S.A.	Investment service	US\$ 1 ≡ 31	US\$ 1 ≡ 31	-	0.10	US\$ 1 ≡ 31	US\$ - ≡ -	Note 2	-
	SVC Management, LLC	U.S.A.	Investment consultation	US\$ 11 ≡ 338	US\$ 11 ≡ 338	-	0.10	US\$ 21 ≡ 645	US\$ 373 ≡ 11,127	Note 2	-
											-
Yun Cheng Investment Corporation	Synpac (North Carolina), Inc.	U.S.A.	Investment	150,000	150,000	1,500,000	11.54	1,435,766	950,202	Note 2	-
Synpac (North Carolina), Inc.	Synpac Venture Capital, L.P.	U.S.A.	Investment	US\$ 2,250 ≡ 69,098	US\$ 2,250 ≡ 69,098	-	99.90	US\$ 215,964 ≡ 6,632,254	US\$ 31,967 ≡ 952,776	Note 2	-
											-
SVC Management, LLC	Synpac Venture Capital, L.P.	U.S.A.	Investment	US\$ 2 ≡ 61	US\$ 2 ≡ 61	-	0.10	US\$ 2,353 ≡ 72,261	US\$ 31,967 ≡ 952,776	Note 2	-
											-
CCC USA Corp.	Continental Carbon Company	U.S.A.	Carbon black production and sales	US\$ 204,000 ≡ 6,264,840	US\$ 204,000 ≡ 6,264,840	151,300	100.00	US\$ 208,716 ≡ 6,409,668	US\$ (1,846) ≡ (55,020)	Note 2	-
	CCC Transport Company	U.S.A.	Carbon black transport	US\$ 10 ≡ 307	US\$ 10 ≡ 307	10,000	100.00	US\$ (1,378) ≡ (42,318)	US\$ (129) ≡ (3,845)	Note 2	-
	Continental Carbon Nanotechnologies, Inc.	U.S.A.	Carbon nanotubes production and sales	US\$ 6,200 ≡ 190,402	US\$ 6,200 ≡ 190,402	1,000	100.00	US\$ 748 ≡ 22,971	US\$ (3) ≡ (89)	Note 2	-
											-
Continental Carbon Company	Continental Carbon Company Europe SPRL	Belgium	Carbon black sales	US\$ 24 ≡ 737	US\$ 24 ≡ 737	1,000	100.00	US\$ 497 ≡ 15,263	US\$ 40 ≡ 1,192	Note 2	-
											-
CCC Dutch B.V.	Continental Carbon OYAK (Netherlands) B.V.	Butch	Investment	US\$ 19,000 ≡ 583,490	US\$ 19,000 ≡ 583,490	25	50.00	EUR 13,958 ≡ 456,701	EUR (1,807) ≡ (56,676)	Note 2	-

(Continued)

Note 1: The average exchange rates for the year ended December 31, 2022 were US\$1=NT\$29.805, EUR1=NT\$31.360; the exchange rates on December 31, 2022 were US\$1=NT\$30.710, EUR1=NT32.720.

Note 2: The share of profits/losses of the investee company is not reflected herein as such amount is already included in the share of profits/losses of the investor company.

(Concluded)

**TABLE 9**

**INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD.**

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars and U.S. Dollars)**

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outflow	Inflow							
CSRC China Corporation	Carbon black production and sales	US\$ 53,500 ≡ 1,642,985	Indirect	US\$ 56,441 ≡ 1,733,303	\$ -	\$ -	US\$ 56,441 ≡ 1,733,303	US\$ (9,653) ≡ (287,708) (Note 1)	100.00	US\$ (9,653) ≡ (287,708) (Note 1)	US\$ 21,379 ≡ 656,549	\$ -	-
CSRC China (Anshan) Corporation	Carbon black production and sales	US\$ 134,850 ≡ 4,141,244	Indirect	US\$ 102,750 ≡ 3,155,453	US\$ 20,000 ≡ 614,200	-	US\$ 122,750 ≡ 3,769,653	US\$ (13,992) ≡ (417,032) (Note 1)	100.00	US\$ (13,992) ≡ (417,032) (Note 1)	US\$ 11,443 ≡ 351,415	-	-
CSRC China (Chongqing) Corporation	Carbon black production and sales	US\$ 46,100 ≡ 1,415,731	Indirect	US\$ 46,100 ≡ 1,415,731	-	-	US\$ 46,100 ≡ 1,415,731	US\$ (7,350) ≡ (219,067) (Note 1)	100.00	US\$ (7,350) ≡ (219,067) (Note 1)	US\$ 9,461 ≡ 290,547	-	-

	Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA (Note 3)
International CSRC Investment Holdings Co., Ltd.	\$ 6,918,687	\$ 7,290,278 (US\$ 237,391)	\$ 20,175,207

Note 1: Investment gain (loss) was based on financial statements audited by the Corporation’s auditors.

Note 2: Except for the net income (loss) in the current period which is based on the average exchange rates for the year ended December 31, 2022 were US\$1=NT\$29.805; the rest of the amounts are based on the exchange rates on December 31, 2022 were US\$1=NT\$30.710.

Note 3: The investment limit is 60% of the Corporation’s net equity.

**TABLE 10****INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Taiwan Cement Corporation	153,476,855	15.59

Note: The percentage of ownership of major shareholders included in the table should be more than 5%, which was calculated based on the total number of ordinary shares, preference shares and treasury shares owned in the last trading day of the quarter that were traded in and registered electronically and was prepared by the Taiwan Depository & Clearing Corporation. In addition, the share capital and the actual number of traded shares with the completion of electronic registration stated in the financial statements, which may be different due to compilation basis.

# INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD.

## THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

---

Item	Statement Index
Major Accounting Items in Assets, Liabilities and Equity	
Statement of cash and cash equivalents	1
Statement of financial assets at FVTPL - current	2
Statement of financial assets at FVTOCI - current	3
Statement of financial assets at FVTOCI - non-current	4
Statement of changes in investments accounted for using the equity method	5
Statement of changes in property, plant and equipment	Note 10
Statement of deferred income tax assets	Note 17
Statement of other payables	Note 13
Long-term borrowings	6
Statement of deferred income tax liabilities	Note 17
Major Accounting Items in Profit or Loss	
Statement of net operating revenue	7
Statement of operating expenses	8
Statement of other income and expenses	Note 16
Statement of finance costs	Note 16
Statement of employee benefits, depreciation and amortization by function	9

**INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD.****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Amount</b>
Cash equivalents	
Repurchase agreement collateralized by commercial papers (Notes 1)	\$ 1,749,872
Cash	
Checking deposits and demand deposits	340,787
Foreign currency deposits (Note 2)	67,533
Cash on hand	<u>50</u>
	<u>\$ 2,158,242</u>

Note 1: Expired on February 14, 2023; interest rates ranged from 0.19%-0.97%.

Note 2: US\$2,199 thousand, translated at the exchange rate of \$30.71.



## INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD.

STATEMENT OF FINANCIAL ASSETS AT FVTPL - CURRENT  
FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

	Name of Financial Instruments	Number of Shares	Total Amount	Cost of Acquisition (Note 2)	Unit Price (Note 1)	Total Amount
The purpose of trading	Yuanta Wan Tai Money Market Fund	20,054,548	\$ 308,228	\$ 300,000	15.3695	\$ 308,228
	Cathay Taiwan Money Market Fund	24,417,838	<u>308,134</u>	<u>300,000</u>	12.6192	<u>308,134</u>
			<u>\$ 616,362</u>	<u>\$ 600,000</u>		<u>\$ 616,362</u>

Note 1: The market prices of the open-ended funds were calculated based on the net asset value of the fund as at December 31, 2022.

Note 2: All financial instruments were unsecured and unpledged.

## INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD.

STATEMENT OF FINANCIAL ASSETS AT FVTOCI - CURRENT  
DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Name	Number of Shares	Par Value (Dollars)	Total Amount	Cost of Acquisition	Fair Value		Note
					Unit Price	Total Amount	
Domestic listed shares							
China Steel Chemical Corporation	11,759,096	10	<u>\$ 117,591</u>	<u>\$ 88,673</u>	105.5	<u>\$ 1,240,585</u>	-

## INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD.

## STATEMENT OF FINANCIAL ASSETS AT FVTOCI - NON-CURRENT

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Name	January 1, 2022		Increase During the Year		Unrealized Gain on Financial Instruments	December 31, 2022		Note	Collateral
	Number of Shares	Fair Value	Shares	Cost		Number of Shares	Fair Value		
Domestic listed shares									
Taiwan Cement Corporation - ordinary shares	103,548,831	\$ 4,970,344	10,347,454	\$ -	\$ (1,137,734)	113,896,285	\$ 3,832,610	Note	Nil
Taiwan Cement Corporation - preferred shares	2,000,000	103,600	-	-	(9,400)	2,000,000	94,200	-	Nil
O-Bank - ordinary shares	19,489,522	155,916	-	-	7,601	19,489,522	163,517	-	Nil
O-Bank - preferred shares	1,755,895	17,735	-	-	(246)	1,755,895	17,489	-	Nil
		<u>5,247,595</u>		<u>-</u>	<u>(1,139,779)</u>		<u>4,107,816</u>		
Domestic unlisted ordinary shares									
China Investment Co., Ltd.	14,152,796	563,847	-	-	(146,198)	14,152,796	417,649	-	Nil
Videol and Television Network	6,437,457	304,878	-	-	(27,102)	6,437,457	277,776	-	Nil
		<u>868,725</u>		<u>-</u>	<u>(173,300)</u>		<u>695,425</u>		
		<u>\$ 6,116,320</u>		<u>\$ -</u>	<u>\$ (1,313,079)</u>		<u>\$ 4,803,241</u>		

Note: The increase in the number of shares for the year was due to the transfer of retained earnings to common stock.

INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD  
DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

	Share of Profit or Loss of Subsidiaries Accounted for Using the Equity Method																	Equity Adjustment	Dividends Distributed by Subsidiaries	Balance, December 31, 2022			Market Price or Net Asset Value		Note	
	Par Value	Balance, January 1, 2022			Increase During the Year		Decrease During the Year		Shares	Amount	Shares	Amount	Shares	Amount	Shares	Ownership	Amount			Unit Price	Amount					
		Shares	Ownership	Amount	Shares	Amount	Shares	Amount														Shares	Ownership	Amount		Unit Price
Unlisted Corporation																										
CSRC (BVI) Ltd.	US\$	1	501,090,790	100.00	\$	7,519,928	40,000,000	\$	1,140,751	-	\$	-	\$	(1,029,392)	\$	(48,955)	\$	-	541,090,790	100.00	\$	7,582,332	14.01	\$	7,582,404	
CS Development & Investment Co.		10	40,382,500	100.00		1,836,647	-		-	-		-		42,856	(245,264)		(9,008)		40,382,500	100.00		1,625,231	47.34		1,911,821	
Consolidated Resource Co.		1,000	164,440	100.00		257,906	-		-	-		-		11,075	(22,789)		(9,958)		164,440	100.00		236,234	1,436.60		236,234	
Linyuan Advanced Materials Technology Co., Ltd.		10	87,930,990	100.00		1,864,089	11,601,910		-	-		-		567,883	6,724		(38,673)		99,532,900	100.00		2,400,023	24.15		2,404,081	Note
Circular Commitment Company		10	9,000,000	100.00		1,516,860	-		-	-		-		439,142	75		(1,336,914)		9,000,000	100.00		619,163	68.80		619,163	
CCC Dutch B.V.	EUR	1	50,000	100.00		22,521	-		39,400	-		-		(74,017)	(4,134)		-		50,000	100.00		(16,230)	(324.60)		(16,230)	
Yun Cheng Investment Corporation		10	52,173,842	94.69		1,229,391	-		-	-		-		80,473	81,874		-		52,173,842	94.96		1,391,738	26.68		1,391,738	
Synpac (North Carolina) Inc.	US\$	1	11,500,000	88.46		8,724,703	-		-	-		-		776,249	972,364		-		11,500,000	88.46		10,473,316	909.79		10,462,599	
Synpac Ltd.	US\$	1	8,100,000	75.00		18,984	-		-	-		-		98	2,081		-		8,100,000	75.00		21,163	2.61		21,163	
CCC USA Corp.	US\$	0.01	158,334	66.67		3,370,002	-		-	-		-		(41,329)	377,170		-		158,334	66.67		3,705,843	23,405.23		3,705,843	
TCC Recycle Energy Technology Company		10	388,962,582	23.65		3,867,733	-		-	-		-		91,735	49,128		-		388,962,582	13.67		4,008,596	9.86		3,833,878	
						<u>\$ 30,228,764</u>			<u>\$ 1,180,151</u>		<u>\$ -</u>		<u>\$ 864,773</u>	<u>\$ 1,168,274</u>	<u>\$ (1,394,553)</u>				<u>\$ 32,047,409</u>			<u>\$ 32,152,694</u>				

Note: The increase in the number of shares for the year was due to the transfer of retained earnings to common stock.

## INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD.

STATEMENT OF LONG-TERM BORROWINGS  
 FOR THE YEAR ENDED DECEMBER 31, 2022  
 (In Thousands of New Taiwan Dollars)

Borrowing Types and Lender	Duration	Amount	Annual Interest Rate	Pledged as Collateral
Bank credit borrowing:				
The Export-Import Bank of the Republic of China	2021.10.13-2028.10.13	\$ 800,000	2.01%	-
Mizuho Bank, Ltd.	2022.12.6-2024.12.6	300,000	1.99%	-
Taishin International Bank	2022.12.6-2025.12.6	300,000	2.15%	-
Yuanta Commercial Bank Co., Ltd.	2022.11.9-2024.11.9	500,000	1.88%	-
KGI Bank Co., Ltd.	2022.12.6-2024.9.5	300,000	1.98%	-
Bank SinoPac Co., Ltd.	2022.11.9-2024.11.8	200,000	1.87%	-
Bank SinoPac Co., Ltd.	2022.12.6-2024.12.6	300,000	2.10%	-
CTBC Bank Co., Ltd.	2022.12.6-2024.12.6	300,000	1.90%	-
Hua Nan Commercial Bank (Yuanshan Branch)	2022.9.7-2024.11.9	400,000	1.86%	-
JihSun International Commercial Bank Co., Ltd.	2021.1.12-2023.1.12	<u>500,000</u>	1.61%	-
		3,900,000		
Less: Current portion		<u>(500,000)</u>		
		<u>\$ 3,400,000</u>		

**INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD.****STATEMENT OF NET OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Amount</b>
Share of profit of subsidiaries and associate	\$ 864,773
Dividend revenue	244,241
Service fee revenue	79,049
Net gain on disposal of investment in associate accounted for using the equity method	<u>1,794</u>
	<u>\$ 1,189,857</u>

**INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD.**
**STATEMENT OF OPERATING EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**(In Thousands of New Taiwan Dollars)**


---

<b>Item</b>	<b>Selling and Marketing</b>	<b>General and Administrative Expense</b>	<b>Research and Development Expenses</b>	<b>Total</b>
Payroll	\$ -	\$ 41,721	\$ -	\$ 41,721
Professional service fees	-	18,282	-	18,282
Director's transportation expenses	-	12,906	-	12,906
Director's remuneration	-	5,000	-	5,000
Depreciation	-	1,711	-	1,711
Amortization	-	3,271	-	3,271
Others (Note)	-	59,726	-	59,726
	<u>\$ -</u>	<u>\$ 142,617</u>	<u>\$ -</u>	<u>\$ 142,617</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

## INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD.

STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION BY FUNCTION  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)

	2022			2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits expense (Note)						
Salary	\$ -	\$ 41,721	\$ 41,721	\$ -	\$ 44,657	\$ 44,657
Labor and health insurance	-	3,520	3,520	-	3,130	3,130
Pension	-	1,750	1,750	-	1,686	1,686
Board of directors compensation	-	17,906	17,906	-	22,348	22,348
Others	-	5,619	5,619	-	11,109	11,109
	<u>\$ -</u>	<u>\$ 70,516</u>	<u>\$ 70,516</u>	<u>\$ -</u>	<u>\$ 82,930</u>	<u>\$ 82,930</u>
Depreciation	<u>\$ -</u>	<u>\$ 1,711</u>	<u>\$ 1,711</u>	<u>\$ -</u>	<u>\$ 2,011</u>	<u>\$ 2,011</u>
Amortization	<u>\$ -</u>	<u>\$ 3,271</u>	<u>\$ 3,271</u>	<u>\$ -</u>	<u>\$ 5,442</u>	<u>\$ 5,442</u>

Note 1: As of December 31, 2022 and 2021, the Corporation had 37 and 36 employees, respectively. Both non-employee directors were 7, and the calculation basis was consistent with employee benefits expense.

- Note 2:
- a. The average employee benefit expense in 2022 was \$1,754 thousand.  
The average employee benefit expense in 2021 was \$2,089 thousand.
  - b. The average employee salary and bonus in 2022 was \$1,391 thousand.  
The average employee salary and bonus in 2021 was \$1,540 thousand.
  - c. The adjustment of average employee salary and bonus was -9.68%.
  - d. The Corporation did not have supervisors for the years ended December 31, 2022 and 2021. Therefore there was no compensation to the supervisors.
  - e. The Corporation salary and compensation policies (included board of directors, managers and employee) were:
    - 1) The Corporation's overall salary and compensation policy is according to industry practice, the Corporation's operational result and organization structure. It will be adjusted timely based on industry practice, dynamics, the overall economic and the change in industry prosperity and government regulations, if necessary.
    - 2) The compensation policy of Board of Directors and executive officers is based on operational strategy, profitability, performance, job contribution and other factors. It also considers the industry practice. It is reviewed by the Compensation Committee then submitted to the Board of Director for approval.
    - 3) The employee salary and compensation is based on employee's education, experience, professional knowledge and skills, performance and industry practice.
    - 4) The bonus will be paid based on the Corporation's operational performance and employee's performance.



**International CSRC Investment Holdings Co., Ltd.**

**Chairman: Kung-Yi, Koo**





International CSRC Investment  
Holdings Co., Ltd.

[www.csrcgroup.com](http://www.csrcgroup.com)

TEL: +886-2-2531-6556

FAX: +886-2-2531-6558