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<http://mops.twse.com.tw>  
INTERNATIONAL CSRC INVESTMENT HOLDINGS CO.,  
LTD.  
Website: <http://www.csrcgroup.com>



**INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD.**

**Year 2023 Annual General Meeting of Shareholders**

**Meeting Handbook**

Time: 9 a.m., Tuesday, May 30, 2023

Location: Cement Hall, 3F, No. 113, Sec. 2, Chung Shan N. Road, Taipei, Taiwan,  
R.O.C.

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# **Rules of Procedure for INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD. Shareholders Meeting**

Amended by regular shareholders meeting on July 7, 2021

1. The shareholders meeting of the company shall, except those stipulated in the ordinance otherwise, follow these rules.
2. The shareholders meeting should provide an attendee register for the shareholders to sign in or the attending shareholders shall hand in the sign-in cards in place of sign-in. The number of shares in attendance is calculated based on the attendee register or sign-in cards handed in and the number of shares in the voting rights submitted in writing or electronically.
3. The attendance and vote of the shareholders meeting shall be calculated on the basis of shares.
4. The place of the shareholders meeting shall be the place where the company is located or where is convenient for the shareholders to be present and suitable for the meeting of the shareholders. The meeting shall start no earlier than 9 am or later than 3 pm.
5. The shareholders meeting convened by the board of directors shall be chaired by the chairman. When the chairman is absent, the chairman designates one director as agent. If the chairman does not appoint an agent, an agent will be chosen by the directors.  
If the shareholders meeting is convened by a convener with calling rights other than the board of directors, the chairman is assumed by the convener of calling right. If there are two or more conveners of calling right, one person should be elected to assume the post.
6. The lawyers, accountants or related personnel appointed by the company may attend the shareholders meeting.  
The meeting affair personnel handling the shareholders meeting should wear identification cards or armbands.
7. The process of the shareholders meeting should be recorded or videotaped throughout the process and kept for at least one year.
8. When the time of the meeting arrives, the chairman announces to start the meeting, and disclose the information about the number of the shareholders with no voting rights and the number of shares in attendance. However, when no shareholders representing more than half of the total number of issued shares are present, the chairman may announce a delay in the meeting. The number of delays shall be limited to twice, and the total delay time shall not exceed one hour. If the second time is still insufficient and the shareholders representing more than one-third of the total number of issued shares are not present, it may be deemed to be false resolution in accordance with the subparagraph 1 of Article 175 of the Company Act. Before the end of the current meeting, if the number of shares represented by the shareholders attending the meeting exceeds half of the total number of issued shares, the chairman may resubmit the created false resolution to the meeting to be voted on according to Article 174 of the Company Act.

9. The agenda of shareholders meeting convened by the board of directors is set by the board of directors. Motions (including amendment to the original matters and extraordinary motions) shall be voted separately on a motion-by-motion basis. The meeting shall be conducted in accordance with the scheduled agenda and may not be changed without resolution.  
The shareholders meeting convened by other conveners with calling rights may use the above provisions.  
Before the agenda of the first two sub-paragraphs are finalized (including the provisional motion), the chairman would not be allowed to announce the adjournment without a resolution.
10. After the meeting is adjourned, the shareholders must not elect another chairman to continue the meeting at the original site or another site. Before an attending shareholder speaks, the speech notes should be filled out with the speech gist, the shareholder number (or attendance card number) and the account name, and the chairman should set the order of his speech.  
Attending shareholders who present the speech notes alone but do not speak are considered as not speaking.  
If the content of the speech is inconsistent with the record of the speech notes, the content of the speech shall prevail.  
When the attending shareholders speak, other shareholders may not interfere with the speech except with the consent of the chairman and the speaking shareholders, and the chairman shall stop the violators.
11. In the same motion, each shareholder's speech may not exceed two times without the consent of the chairman and shall not exceed five minutes at a time.  
If the shareholder makes a speech that violates the provisions of the preceding sub-paragraph or exceeds the scope of the topic, the chairman may stop his speech.
12. When a legal person is entrusted to attend a shareholders meeting, the legal person may only appoint one person to attend as agent.  
When a legal person shareholder appoints more than two representatives to attend the shareholders meeting, only one person may speak for the same motion.
13. After the attending shareholder's speech, the chairman may reply in person or by designating the relevant person.
14. In the discussion of the motion, when the chairman thinks that the degree of voting has been reached, he may announce that he will stop the discussion and put it to the vote while arranging enough time for voting.
15. The scrutineer and the vote counting personnel for the vote on the motion shall be designated by the chairman. The scrutineers should have the status of shareholders. The results of the vote shall be reported on site and recorded.
16. In the course of the meeting, the chairman may declare a rest at a time of his discretion.

17. When the company convenes a shareholders meeting, it shall exercise the voting rights in electricity and is allowed to exercise in writing at the same time. The relevant exercise methods are governed by the Company Act and the regulations of the competent authority. The voting of the motion shall be passed with the consent of more than half of the voting rights of the shareholders present unless otherwise provided in the Company Act and the Articles of Association of the Company.
18. In case of a vote, if no objection is raised via the chairman's query, it is deemed as passing. The effect is the same as that of a vote. When there are amendments or alternatives to the same motion, the chairman sets the voting order in conjunction with the original case. If one of the cases has been passed, other motions will be considered vetoed and no further voting will be required.
19. Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the company within twenty (20) days after the close of the meeting. The recording and distribution of the minutes thereof can be done in electricity. The Company is allowed to insert the aforementioned minutes to the Market Observation System for publication as a substitution for distribution under the preceding paragraph. The date, place of the meeting, name of Chairman, ways of resolution, discussion, and the abstract of motions and resolution (including the numbers of votes) shall be recorded properly in the minutes. When the motions involve the election of a director, it shall be held in accordance with the applicable election and appointment rules adopted by the company, and the voting results shall be announced onsite immediately, including the names of those elected directors and the numbers of votes with which they were elected, and the names of those who were not elected as directors and the numbers of votes with which they were not elected. As the Company exist, the minutes shall be kept eternally.
20. The chairman may command pickets (or security personnel) to help maintain order at the venue. When pickets (or security personnel) are present to help maintain order at the scene, they should wear the "picket" armbands.
21. These rules will be implemented after approval by the shareholders meeting, which applies to any amendments thereto.

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

## **Agenda of Year 2023 Annual General Meeting of Shareholders**

Time & Date: 9 a.m., Tuesday, May 30, 2023

Venue: Cement Hall, 3F, No. 113, Sec. 2, Chung Shan N. Road, Taipei, Taiwan,  
R.O.C.

Meeting type : physical shareholders' meeting

Notes : CSRC's 2023 AGM will be a physical shareholders' meeting with  
live broadcasting.

1. Chairman's Statement
2. Matters to Report
  - (1) Employees' and directors' compensation from 2022 profits.
  - (2) Business Report of 2022.
  - (3) The Audit Committee's Review Report.
3. Matters for Approval
  - (1) Business Report and Financial Statements of 2022.
  - (2) Proposal for Distribution of Profits of 2022.
4. Matters for Election

To elect one additional Independent Director.
5. Extemporaneous Motions
6. Meeting Adjourned

## **Matters to Report**

### **1. Employees' and directors' compensation from 2022 profits.**

#### Descriptions:

- I. According to Article 28 of the Company's Article of Incorporation, if the Company has surplus, it shall (i) set aside 0.01-3% for employees' compensation; and (ii) set aside no more than 1% as directors' compensation.
- II. The proposal was approved by the 15th meeting of the 18th term Board of Directors. For 2022, the Company distributed NT\$1,702,530 in cash as employees' compensation and NT\$5,000,000 in cash as directors' compensation.

## 2. Business Report of 2022.

### Business Report

With the outbreak of the war between Russia and Ukraine and the Fed's continued interest rate hikes in 2022 resulting in the sharp fluctuations in energy prices, the global economy is fluctuating and recovering between inflation and interest rate hikes. According to an OECD report, the global economy grew at a rate of 3.1% this year. The Company's carbon black business has been affected by the international sanctions and trade restrictions against Russia since the outbreak of military conflicts between Russia and Ukraine in the first quarter, coupled with the sharp rise in international oil prices and the ensuing break in the logistics and transportation crisis, which results in the difference in the regional market situation for carbon black. In terms of CSRC Group's main markets, the sales volume in the U.S. continues to grow due to the demand for replacement tires and the break in the international supply chain, while India and Taiwan also have a stable performance. However, China is affected by the reduction in steel production and transportation restrictions, which has led to an increase in the price of coal tar as a raw material, but the downstream demand for tires is relatively weak and the cost cannot be passed on, which puts pressure on the operation of the carbon black business. Due to the impact of China's pandemic prevention and control measures, the carbon black business' operating results and profitability decline in 2022 as compared to 2021. The operating results for 2022 are reported as follows.

I. Production: Total production of carbon black, the core business, was 417,000 tons.

II. Sales:

Individual: Operating revenue was NT\$1,189.86 million.

Consolidated: Operating revenue was NT\$23,368.29 million.

III. Operating results:

Individual: Net profit after tax was NT\$679.38 million, down 80% from last year.

Consolidated: Net profit after tax was NT\$662.98 million, down 81% from last year.

Looking ahead in 2023, the war between Russia and Ukraine has no end in



sight, U.S. inflation has not yet eased significantly, the Fed will continue raising interest rates and the U.S.-China trade and technology war is in a tense situation, which continue to dampen the global economic outlook, but fortunately, the impact of the pandemic has gradually faded, the IMF expects the global inflation rate to fall to 6.5% in 2023, indicating that inflationary pressure is expected to gradually ease. However, the global economy will continue to face uncertainties such as geopolitical conflicts, financial fluctuations and climate anomalies, so the Company will continue to strive to serve regional supply chains, establish climate change adaptation solutions and develop green products. The Company has long been committed to the carbon black recycling economy, developing high-value niche carbon black products for electric vehicle tires, conductive rubber and plastic composites, ink coatings, and precision electronics, etc. In addition, the Company has further started from the raw material side, using the recycled carbon black and recycled oil from waste tires, and re-producing them into new environmental-friendly carbon black using our unique process technology, so as to achieve a closed-loop system of raw materials and to meet the requirements of sustainable raw materials in the market, and actively build a green and sustainable enterprise.

Chairperson: Kung-Yi, Koo

President: Po-Sung, Huang

Accounting Supervisor: Chia-Wen, Lee

### 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.

Audit Committee Convener: Joseph Chia



March 29, 2023

## **Matters for Approval**

### **1. Business Report and Financial Statements of 2022. (Proposed by the Board of Directors)**

#### Descriptions:

- I. It was conducted according to Article 228 of the Company Act.
- II. The 2022 Annual Business Report, Parent Company Only Financial Statements and Consolidated Financial Statements have been approved by the 14th meeting of the 18th term Board of Directors. The Parent Company Only Financial Statements and Consolidated Financial Statements were audited by independent auditors, Tza-Li Gung and Hsiu-Chun Huang of Deloitte & Touche.
- III. The above Annual Business Report and Financial Statements were audited by the Auditor Committee. Please refer to Page 6~7 & 10~29.
- IV. Please review and ratify.

#### **Resolution:**

## Financial statement

**Deloitte.**

**勤業眾信**

財團法人德勤會計師事務所  
11073 台北市信義區松仁路100號20樓

Deloitte & Touche  
20F, Taipei Main Shuan Plaza  
No. 100, Songren Rd.,  
Xinyi Dist., Taipei 110073, Taiwan

Tel. +886 (2) 2715-9999  
Fac. +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 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	<u>4,208,993</u>	<u>10</u>	<u>3,750,759</u>	<u>9</u>
<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	<u>36,878,208</u>	<u>90</u>	<u>36,376,266</u>	<u>91</u>
<b>TOTAL</b>	<u>\$ 41,087,201</u>	<u>100</u>	<u>\$ 40,127,025</u>	<u>100</u>
<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	<u>1,045,073</u>	<u>2</u>	<u>2,596,249</u>	<u>7</u>
<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	<u>6,416,782</u>	<u>16</u>	<u>4,065,884</u>	<u>10</u>
Total liabilities	<u>7,461,855</u>	<u>18</u>	<u>6,662,133</u>	<u>17</u>
<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	<u>11,260,160</u>	<u>28</u>	<u>10,769,738</u>	<u>27</u>
Other equity	3,855,086	9	4,232,945	11
Treasury shares	(290,088)	(1)	(290,088)	(1)
Total equity	<u>33,625,346</u>	<u>82</u>	<u>33,464,892</u>	<u>83</u>
<b>TOTAL</b>	<u>\$ 41,087,201</u>	<u>100</u>	<u>\$ 40,127,025</u>	<u>100</u>

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)

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	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)			Other Equity (Note 4)			Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	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	<u>984,734</u>	<u>\$ 9,847,336</u>	<u>\$ 8,952,852</u>	<u>\$ 3,120,433</u>	<u>\$ 645,316</u>	<u>\$ 7,494,411</u>	<u>\$ (512,098)</u>	<u>\$ 4,367,184</u>	<u>\$ (290,088)</u>	<u>\$ 33,625,346</u>

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	<u>268,704</u>	<u>276,061</u>
<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	<u>1,394,553</u>	<u>767,875</u>
Net cash generated from (used in) investing activities	<u>214,402</u>	<u>(1,604,195)</u>
<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	<u>257,142</u>	<u>876,045</u>

(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)

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	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)



勤業眾信

財團法人聯合會計師事務所  
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) 2725-9888  
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	%
<b>CURRENT ASSETS</b>				
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)	1,073,075	2	904,909	1
Total current assets	<u>27,871,259</u>	<u>48</u>	<u>28,342,201</u>	<u>49</u>
<b>NON-CURRENT ASSETS</b>				
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)	49,815	-	28,020	-
Total non-current assets	<u>30,534,557</u>	<u>52</u>	<u>29,171,120</u>	<u>51</u>
<b>TOTAL</b>	<u>\$ 58,405,816</u>	<u>100</u>	<u>\$ 57,513,321</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
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	143,407	-	114,488	-
Total current liabilities	<u>12,980,282</u>	<u>22</u>	<u>14,666,805</u>	<u>26</u>
<b>NON-CURRENT LIABILITIES</b>				
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	108,398	-	157,616	-
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>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 23)</b>				
Ordinary shares	9,847,336	17	9,847,336	17
Capital surplus	8,952,852	15	8,904,961	16
Retained earnings				
Legal reserve	3,120,433	5	2,780,184	5
Special reserve	645,316	1	645,316	1
Unappropriated earnings	7,494,411	13	7,344,238	13
Total retained earnings	<u>11,260,160</u>	<u>19</u>	<u>10,769,738</u>	<u>19</u>
Other equity	3,855,086	7	4,232,945	7
Treasury shares	(290,088)	-	(290,088)	(1)
Total equity attributable to owners of the Corporation	33,625,346	58	33,464,892	58
<b>NON-CONTROLLING INTERESTS</b>	<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>
<b>TOTAL</b>	<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

(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	%
Share of the other comprehensive profit or loss of associates and joint ventures accounted for using the equity method	\$ (878)	-	\$ (634)	-
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	<u>20,147</u>	<u>-</u>	<u>(4,698)</u>	<u>-</u>
Other comprehensive (loss) income	<u>(176,287)</u>	<u>(1)</u>	<u>262,434</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 486,695</u>	<u>2</u>	<u>\$ 3,694,274</u>	<u>15</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 679,382	3	\$ 3,395,441	14
Non-controlling interests	<u>(16,400)</u>	<u>-</u>	<u>36,399</u>	<u>-</u>
	<u>\$ 662,982</u>	<u>3</u>	<u>\$ 3,431,840</u>	<u>14</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 309,510	1	\$ 3,699,259	15
Non-controlling interests	<u>177,185</u>	<u>1</u>	<u>(4,985)</u>	<u>-</u>
	<u>\$ 486,695</u>	<u>2</u>	<u>\$ 3,694,274</u>	<u>15</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 27)				
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)										
	Ordinary Shares	Capital Surplus	Retained Earnings			Other Equity		Treasury Shares	Total	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	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	<u>761,455</u>	<u>3,851,422</u>
<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>	4,187,097	3,158,391
<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)

## **2. The Proposal for Distribution of Profits of 2022. (Proposed by the Board of Directors)**

### **Descriptions:**

- I. The proposal of distribution of 2022 profits is conducted in accordance with Article 228 of the Company Act and Article 29 of the amended Articles of Incorporation.
- II. The 2022 beginning unappropriated retained earnings were NT\$6,807,042,004, adding the remeasurement of defined benefit obligation of NT\$7,986,601, the adjusted beginning unappropriated retained earnings of 2022 were NT\$6,815,028,605. By adding 2022 net profit of NT\$679,381,622 and setting aside special reserve of NT\$3,498,782 and legal reserve of NT\$68,736,822, the total earnings available for distribution amounts to NT\$ 7,422,174,623. It is proposed to distribute cash dividends amounting to NT\$98,473,363. After distribution of the dividends, the 2022 unappropriated retained earnings are NT\$7,323,701,260. The distribution of cash dividends shall be with rounding down to the nearest whole number (NT\$). Fractional dividend less than NT\$1 shall be recorded as other income of the Company.
- III. Upon the approval of the Annual Shareholders' Meeting, the Chairman of the Company is authorized to determine the ex-dividend date and distribute the dividend to each share based on the number of actual outstanding on the record date for distribution.
- IV. Please refer to Annex 1 for 2022 Earnings Distribution Proposal (page 32 ).
- V. The proposal has been approved by the 15th meeting of the 18th term Board of Directors and submitted to the Audit Committee for approval.
- VI. Please review and ratify.

### **Resolution:**



## **Matters for Election**

### **1. To elect one additional Independent Director. (Proposed by the Board of Directors)**

#### Descriptions:

- I. In compliance with the regulations of the competent authorities and to strengthen corporate governance, the Company intends to elect one additional independent director at the Annual General Meeting of the Shareholders. The newly elected independent director will take office on the date of election at the Annual General Meeting of Shareholders in 2023 and will serve from May 30, 2023 until July 6, 2024.
- II. In accordance with Article 17 of the Company's Articles of Incorporation, the election of directors shall be based on a candidate nomination system, and the Shareholder' Meeting shall elect the directors from a list of candidates.
- III. Please refer to Annex II (page 33) of this handbook for the list of candidates for election of the new independent director.
- IV. This proposal has been approved by the resolution of the 15th Meeting of the 18th Board of Directors of the Company.
- V. This proposal is hereby submitted to a vote.

#### **Election Result:**

## **Extemporary Matters**

## **Meeting Adjourned**

## Annex 1: 2022 Earnings Distribution Proposal

### INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD

#### Earnings Distribution Proposal

2022

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 (10%)	(68,736,822)
Retained earnings available for distribution	7,422,174,623
Less: distribution items	
Cash dividend (NT\$0.1/share)	(98,473,363)
Ending balance of unappropriated retained earnings	7,323,701,260

- Note: 1. Cash dividend shall be allocated to each shareholder with rounding down to the nearest whole number (NT\$). Fractional dividend less than NT\$1 shall be recorded as other income of the Company.
2. According to the Ministry of Finance's Letter No. 871941343 dated April 30, 1998, when distributing profit, an individual recognition method shall be utilized. The distribution of current profit shall give priority to that of the most current year.

## Annex 2 : List of Independent Director and the Related Information

### List of Independent Director Candidate

Name	Education	Past Positions	Current Positions	Number of shares held
Hsiao, Yu-Chieh	Master of Laws, New York University School of Law Bachelor of Laws, Soochow University	Partner, Baker McKenzie Attorney, Jones Day	Senior Partner, Dentons Taiwan Director, IBF Securities Co., Ltd. Director, Yuh-Ing Junior College of Health Care and Management	0 shares

## **Appendix 1: Articles of Incorporation for INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD.**

### **Articles of Incorporation for INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD.**

#### **Chapter 1. General**

- Article 1 The Company shall be incorporated under the provisions for company limited by shares of the Company Act and the relevant regulations, and its names shall be International CSRC Investment Holdings Co., Ltd. and its English name shall be International CSRC Investment Holdings Co., Ltd.
- Article 2 The Company's business scope is as follows:  
H201010 General Investment Industry.
- Article 3 The Company may provide endorsement and guarantee and act as a guarantor.
- Article 4 The Company's reinvestment is in accordance with the Board of Directors' resolution and the total investment amount may exceed forty (40) percent of the Company's paid-in capital.
- Article 5 The Company is headquartered in Taipei City. When necessary, the Board of Directors may agree to set up branches, subsidiaries and manufacturing facilities both domestically or abroad.

#### **Chapter 2. Shares**

- Article 6 The total capital of the Company is set at NT\$20 billion, divided into 2 billion shares and NT\$10 per share and may be paid-up in installments.  
The Company may issue employee stock options to employees of the Company and domestic and overseas subsidiaries. Among the total shares aforementioned, 60 million shares are reserved as employee stock option shares, which may be issued in installments in accordance with resolutions of the Board of Directors. When the Company can legally repurchase company stocks, the Board of Directors will act in accordance to regulations.
- Article 6-1 When the Company issues employee stock options with a subscription price lower than the closing price of the Company's common shares on the day of issuance, it shall be approved by at least two-thirds of the voting rights represented at a shareholders' meeting attended by shareholders representing a majority of the total issued shares.  
If the Company wishes to transfer an employee stock options to an employee at a price lower than the average price of the shares that were bought back, it shall be approved by at least two-thirds of the voting rights represented at the latest shareholders' meeting attended by shareholders representing a majority of the total issued shares.
- Article 6-2 Treasury stock purchased by the Company can be transferred to the employees of parents or subsidiaries of the Company or controlled by the Company.  
Stock warrants of the Company can be issued to the employees of parents or subsidiaries of the Company or controlled by the Company.  
Issuance of new shares by the Company can be subscribed by the employees of parents or subsidiaries of the Company or controlled by the Company.  
Issuance of new restricted employee shares by the Company can be subscribed by the employees of parents or subsidiaries of the Company or controlled by the Company.

- Article 7 The share certificate of the Company shall be affixed with the signatures or personal seals of the director representing the company and issued upon certification by the bank authorized by authority to handle the registration of issuance of stock certificates.  
The Company may issue shares without printing share certificates; but such shares shall be registered at a Centralized Securities Depository Enterprise
- Article 8 Any matters regarding the Company's shares are in accordance with the relevant laws and the regulations of the Competent Authority.
- Article 9 Registration for transfer of shares shall be suspended for sixty (60) days immediately before the day of an Annual General Shareholders' Meeting, for thirty (30) days immediately before the day of any Extraordinary General Shareholders' Meeting, and for five (5) days before the day on which dividends or any other benefit is scheduled to be paid by the Company.

### **Chapter 3. Shareholders' meeting**

- Article 10 There are two kinds of shareholders' meetings which are Annual General Meeting and Extraordinary General Meeting:  
1. Annual General Meeting shall be convened by the Board of Directors within six months after the end of each fiscal year.  
2. Extraordinary General Meeting shall be convened when necessary and in accordance with regulations.  
The Corporation's Shareholders' meeting may be held by video conference or other methods announced by central competent authorities
- Article 11 Unless otherwise stated in the Company Act, shareholders' meetings are convened by the Board of Directors, chaired by the Chairperson. When the Chairperson is absent, the Chairperson designates a Director as deputy. When not specified, a deputy is chosen by the Directors among the Directors.
- Article 12 The convening of the Annual General Meeting shall be notified to all shareholders thirty (30) days in advance. The convening of the Extraordinary General Meeting shall be notified to all shareholders fifteen (15) days in advance. The notice shall state the date, venue and reason for the convening of the meetings.
- Article 13 Unless otherwise stated in the Company Act, resolution from shareholders' meetings require the majority of the voting rights represented at the latest shareholders' meeting attended by shareholders representing a majority of the total issued shares.
- Article 14 Unless otherwise stated in the Company Act, each share of stock shall be entitled to one (1) vote.
- Article 15 If a shareholder is unable to attend the shareholders' meeting in person, such shareholder may appoint a proxy to attend the shareholders' meeting and exercise such shareholder's right in his/her/its behalf by executing a proxy issued by the Company and specifying therein the scope of power authorized to the proxy. With the exception of trust enterprises or shareholder service agencies approved by the Competent Authority, when a person who acts as the proxy of two (2) or more shareholders, the excessive voting power represented by such person exceeding three percent (3%) of the total outstanding voting shares of the Company shall not be counted.  
A shareholder shall serve the foregoing proxy to the Company no later than five (5) days prior to the day of the shareholders' meeting. If two (2) or more written

proxies are received from one (1) shareholder, the first one received by the Company shall prevail; unless an explicit statement to revoke the previous proxy. The voting power at a shareholders' meeting may be exercised in writing or by way of electronic transmission in accordance with the Company Act and the relevant regulations of the Competent Authority.

Article 16 Resolutions of the shareholders' meeting shall be made into minutes, signed or sealed by the Chairperson, distributed to all shareholders within 20 days after the meeting, and shall be stored permanently within the Company for recordkeeping. The attendance registry of shareholders and the power of attorney for representing the attendance shall be retained for at least one (1) year. In the case of a lawsuit, the documents should be saved until the lawsuit ends. The distribution of the minutes of the preceding subparagraph shall be governed by the Company Act and related regulations.

#### **Chapter 4. Directors, Audit Committees and Managers**

Article 17 The Board of Directors of the company has seven (7) to eleven (11) Directors, and the term of office is three (3) years. The election of Directors adopts the system of nomination for shareholders to vote from a list of nominated candidates at the shareholders' meeting. Re-elected candidates are reappointed. Of the aforementioned Director quota, there must be no less than three (3) Independent Directors.

Independent Directors shall be elected from the list of candidates for Independent Directors by the shareholders at the shareholders' meeting. The Independent Directors' professional qualifications, shareholding, concurrent position restrictions, independence, the nomination and selection methods, and other compliance matters shall be handled in accordance with the relevant provisions of the Competent Authority. The election of Directors shall be held in accordance with the Company Act. Independent and non-Independent Directors shall be elected at the same time, provided that the number of Independent Directors and non-Independent Directors elected shall be calculated separately.

Article 18 The Board of Directors assembled by the Directors have the following authorities:

1. Draft business plan
2. Draft earnings distribution
3. Draft capital increase or decrease details
4. Ratify important articles and contracts
5. Appoint CEO and General Manager
6. Set up and dismantle of subsidiaries
7. Ratify budgets
8. Ratify purchase and sell of properties and investments in business units
9. Ratify any other major matters

Article 19 The Board of Directors meeting shall have the attendance of more than two-thirds of the Directors, and the consent of more than one-half of the Directors attending the meeting, and then elect one (1) of the Directors as the Chairperson, and one (1) as Vice Chairperson. The Chairperson shall represent the Company to preside over all business matters.

Article 20 The Board of Directors meeting shall be convened by the Chairperson. Unless otherwise stated in the Company Act and this Articles of Incorporation, the exercise of resolution shall need the attendance of more than half of the Directors and the consent by more than half of the attending Directors. Directors may entrust other Directors to attend if they cannot attend in person for any reason.

If the Director participates the Board of Directors meeting via video conferencing, it is deemed to be present in person.

The Board of Directors meeting notification need to be in written format, e-mail or fax.

Article 21 The Board of Directors shall be chaired by the Chairperson. When the Chairperson takes leave or is unable to exercise his power for any reason, the Vice Chairperson of the Board shall represent the Chairperson. If both the Chairperson and the Vice Chairperson are absent, the Chairperson shall appoint one (1) Director to act as the deputy. If the Chairperson did not designate a deputy, the Directors shall choose one (1) Director as deputy.

Article 22 The Company sets up an Audit Committee and may set up other functional committees.

The Audit Committee is composed of all Independent Directors, and there shall not be less than three (3) members. One (1) of them shall be the Chair and at least one (1) shall have accounting or financial expertise.

The resolution of the Audit Committee shall be approved by more than one-half of all members and the exercise of their authorities and matters shall be in accordance with the provisions of relevant laws and company regulations.

When Independent Directors of the Audit Committee exercises authorities, signatures or seals are required on the books and statements the members checked or consulted and to report in the shareholders' meetings.

From the date of establishment of the Audit Committee in 2012, the Audit Committee or members of the Audit Committee shall be responsible for the enforcement of the supervisory authority provided in Company Act, Securities Exchange Act and other regulations.

Article 23 The Board of Directors are authorized to set Directors' remuneration based on the Directors' involvement in business operations and value contributed to the Company and shall be comparable to both domestic and overseas peers within the same industry.

Article 24 The Company may, within the term of office of the Directors, purchase liability insurance for their scope of business and the related compensation liability in accordance with the laws and regulations.

Article 25 The Company is in compliance with the resolution by the Board of Directors on the appointment of CEO, general manager, vice president or any other managers for the Company's operational needs and the aforementioned positions may be one or more persons.

## **Chapter 5. Accounting**

Article 26 The Company's fiscal year shall be from January 1 of each year to December 31 of the same year.

Article 27 At the end of each fiscal year, the Board of Directors shall prepare statements and records in accordance with Article 228 of the Company Act, and comply with legal procedures to submit the statements and records to the Annual General Shareholders' Meeting for ratification.

Article 28 If the Company is profitable for the year, it shall set aside:

1. As the Employees' remuneration: 0.01% to 3% of the profit;
2. As the Directors' remuneration: no more than 1% of the profit.

However, if the Company has accumulated losses, the Company shall first reserve an amount to make up the losses, and then set aside the Employees' and the Directors' remuneration as specified in items (1) & (2) above.

The Employees' remuneration may be distributed in shares or in cash. Employees of the Company's subsidiaries or subsidiaries controlled by the Company who meet certain requirements may also receive such remuneration.

The distribution of the Employees' and the Directors' remuneration shall be approved by a majority vote at a Board meeting attended by over two-thirds of the Directors. In addition, a report of such distribution shall be submitted to the shareholders' meeting.

Article 29 When the Company completes final accounting to obtain net income, after deduction of income tax and dues and have covered the losses, the Company shall first set aside 10% of net income as legal reserve; provided that no legal reserve may be set aside when such legal reserve has reached the Company's total paid-in capital. If necessary, it may set aside or reverse a special reserve or retain surplus earnings with discretion in accordance with the relevant laws from the balance plus undistributed earnings, the Company can then distribute earnings as stock dividends for common shareholders. The distribution is in accordance with Article 28 in the Articles, drafted by the Board of Directors and be ratified in the shareholders' meetings.

To improve financial structure, replenish capital or support important investments, the earnings can be transferred as capital for stock dividend issuance but cash dividends payout ratio must be 20% more than the payout ratio of common share stock dividends.

Article 30 The distribution of dividends to shareholders shall be based on the shareholders' roster on the record date.

#### **Chapter 6. Annexes**

Article 31 The Company's Articles of Organization and operation details are set separately.

Article 32 Any incomplete or matters that are not covered by this Article of Incorporation, please refer to the Company Act and related regulations.

Article 33 The Articles of Incorporation were established on May 16, 1973 and

The 1<sup>st</sup> amendment on December 5, 1973

The 2<sup>nd</sup> amendment on May 30, 1975

The 3<sup>rd</sup> amendment on April 26, 1977

The 4<sup>th</sup> amendment on September 29, 1981

The 5<sup>th</sup> amendment on June 28, 1983

The 6<sup>th</sup> amendment on March 19, 1985

The 7<sup>th</sup> amendment on March 7, 1986

The 8<sup>th</sup> amendment on May 5, 1987

The 9<sup>th</sup> amendment on April 14, 1989

The 10<sup>th</sup> amendment on April 27, 1990

The 11<sup>th</sup> amendment on April 23, 1991

The 12<sup>th</sup> amendment on May 5, 1992

The 13<sup>th</sup> amendment on May 14, 1993

The 14<sup>th</sup> amendment on April 19, 1994

The 15<sup>th</sup> amendment on May 21, 1998

The 16<sup>th</sup> amendment on June 30, 1999

The 17<sup>th</sup> amendment on June 15, 2000

The 18<sup>th</sup> amendment on October 17, 2000

The 19<sup>th</sup> amendment on June 26, 2002

The 20<sup>th</sup> amendment on June 10, 2003

The 21<sup>th</sup> amendment on June 15, 2004



The 22<sup>th</sup> amendment on June 24, 2005  
The 23<sup>th</sup> amendment on June 19, 2008  
The 24<sup>th</sup> amendment on June 25, 2010  
The 25<sup>th</sup> amendment on June 10, 2011  
The 26<sup>th</sup> amendment on June 27, 2012  
The 27<sup>th</sup> amendment on June 24, 2014  
The 28<sup>th</sup> amendment on June 24, 2016  
The 29<sup>th</sup> amendment on June 26, 2018  
The 30<sup>th</sup> amendment on June 19, 2019  
The 31<sup>th</sup> amendment on June 12, 2020  
The 32<sup>th</sup> amendment on May 27 2022.

## **Appendix 2 : Regulations for INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD Director Elections**

### **Regulations for INTERNATIONAL CSRC INVESTMENT HOLDINGS CO., LTD Director Elections**

Amended and adopted by the shareholders meeting on June 27, 2012

- Article 1. In accordance with the provisions of the Company Act, the company's Articles of Association and related laws and regulations, these regulations are formulated. The election of the directors of the company shall be handled in accordance with these regulations.
- Article 2. In the election of the directors of the company, the single disclosed cumulative election method is adopted, and the names may be replaced by the share account number or attendance number. If the election of the directors of the company adopts the nomination system for candidates as required by Articles of Association, it is in accordance with the procedures for the nomination system of the Company Act and the provisions of relevant laws and regulations.
- Article 3. In the election of directors of the company, each share shall have the same voting power as the number of directors to be elected in accordance with voting rights. The board of directors shall prepare the ballots with the same number as the directors for each shareholder and one person may be elected or several persons may be elected by allocation.
- Article 4. The directors of the company shall calculate the voting rights of independent directors and non-independent directors according to the quotas prescribed in the Articles of Association. The ballots representing the higher voting rights shall be elected respectively. If there are more than two persons who have the same rights and exceeded the prescribed quota, those who get the same rights shall draw lots to decide. The chairman draw lots on behalf of those who did not attend. The qualifications and selection of independent directors of the company shall be handled in accordance with the "Securities Exchange Act," "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies," and the relevant provisions of the concerned authority.
- Article 5. When preparing a ballot, the board of directors should complete the shareholder account number or the attendance number and voting right number.
- Article 6. At the beginning of the election, the chairman shall appoint the scrutineers and the tellers to open the ballot box.
- Article 7. The ballot box is prepared by the board of directors and is opened by the scrutineers in public before the vote.
- Article 8. The elector must specify the account name of the candidate and the account number of the shareholder in the "candidate column" of the ballot. If not a shareholder, the elector must specify the name and ID card number of the candidate. When the government or legal person shareholder is the candidate, the name of their representatives may be filled in. The representative of each ballot is limited to one person.

Article 9. Ballots that have one of those circumstances on the left are invalid:

1. Ballots as specified in this regulation are not used.
2. Blank ballots are cast in ballot box.
3. The writing is obscure and illegible or has been altered.
4. The candidate account names do not match the shareholder's name list. If the candidate filled in is not a shareholder's identity, the name and identification card number are not matched by verification.
5. The same ballot has listed two or more candidates.
6. In addition to the account names of the candidates (name) and the shareholder's account number (identification card number), the other characters are written.
7. Those who do not fill in the account name (name) of the candidate or shareholder account number (identification card number).

Article 10. In the election of the directors, a ballot box shall be set up. After the voting, the scrutineer and teller shall jointly open the ballot box on the spot.

Article 11. The counting of votes is supervised by the scrutineers and the results of the balloting are announced by the chairman on the spot.

Article 12. These regulations shall be implemented after adopted by the shareholders meeting, which apply to any amendments thereto.

### Appendix 3: Shareholdings of All Directors

Benchmark date: April 1, 2023

Title	Name	Appointment date	Number of shares held at the time of appointment		Shares currently held	
			Number of shares	Accounting for % of the stocks issued at the time	Number of shares	Accounting for % of the stocks issued at the time
Chairman	Taiwan Cement Corporation Representative: Koo, Kung-Yi	2021.07.07	153,476,855	15.59%	153,476,855	15.59%
Director	Taiwan Cement Corporation Representative: Yeh, Kuo-Hung	2021.07.07	153,476,855	15.59%	153,476,855	15.59%
Director	Chang, Chi-Wen	2021.07.07	0	0.00%	100,000	0.01%
Director	Pei Yang Co., Ltd. Representative: Lin, Nan-Chou	2021.07.07	500,000	0.05%	1,024,000	0.10%
Independent directors	Chia, Tzu-Nan	2021.07.07	0	0.00%	0	0.00%
Independent directors	Ding, Yen-We	2021.07.07	0	0.00%	0	0.00%
Independent directors	Chang, Liang	2021.07.07	0	0.00%	0	0.00%
Total			153,976,855		154,600,855	

Total shares issued on July 7, 2021: 984,733,625 Share

Total shares issued on April 1 2023: 984,733,625 Share

- Note: 1. The total number of shares that directors of the Company should legally own is 31,511,476 shares. As of April 1, 2023, the directors hold 154,600,855 shares.
2. The Company has established an Audit Committee; therefore, rules stipulating the number of shares legally owned by the supervisor do not apply.

# MEMO