

**TSRC CORPORATION  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Three Months Ended March 31, 2021 and 2020**

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The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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## Independent Auditors' Review Report

To the Board of Directors of TSRC Corporation:

### Introduction

We have reviewed the accompanying consolidated balance sheets of TSRC Corporation (the "Company") and its subsidiaries (together referred to as the "Group") as of March 31, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$3,444,667 thousand and \$3,710,254 thousand, constituting 11% and 12% of the consolidated total assets; and the total liabilities amounting to \$805,038 thousand and \$1,001,638 thousand, constituting 6% and 7% of the consolidated total liabilities as of March 31, 2021 and 2020, respectively; as well as the total comprehensive income (loss) amounting to \$115,356 thousand and \$(17,243) thousand, constituting 10% of the consolidated total comprehensive income (loss) for the three months ended March 31, 2021 and 2020, respectively.



Furthermore, as stated in Note 6(h), the other equity accounted investments of the Group in its investee companies of \$1,527,641 thousand and \$1,032,699 thousand as of March 31, 2021 and 2020, respectively, and its equity in net earnings (loss) on these investee companies of \$215,608 thousand and \$(15,839) thousand for the three months ended March 31, 2021 and 2020, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

### **Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of TSRC Corporation and its subsidiaries as of March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)  
May 6, 2021

### **Notes to Readers**

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

The independent auditors’ review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors’ review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Reviewed only, not audited in accordance with the generally accepted auditing standards as of March 31, 2021 and 2020**

**TSRC CORPORATION AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**March 31, 2021, December 31 and March 31, 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

Assets		March 31, 2021		December 31, 2020		March 31, 2020		Liabilities and Equity		March 31, 2021		December 31, 2020		March 31, 2020	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>							
1100	Cash and cash equivalents (note 6(a))	\$ 3,637,903	12	3,278,463	12	4,535,146	14	2100	Short-term borrowings (note 6(m))	\$ 4,212,684	14	3,789,276	13	5,833,899	19
1110	Current financial assets at fair value through profit or loss (note 6(b))							2322	Current portion of long-term borrowings (notes 6(m) and 8)	2,383,421	8	2,784,129	10	836,375	3
		27,689	-	3,460	-	7,404	-	2120	Current financial liabilities at fair value through profit or loss (note 6(b))	932	-	32,628	-	2,476	-
1150	Notes receivable, net (note 6(d))	893,746	3	571,220	2	680,697	2		Accounts payable	1,601,743	5	1,643,264	6	1,037,878	3
1170	Accounts receivable, net (note 6(d))	3,647,526	12	2,802,351	10	2,736,676	9	2180	Accounts payable—related parties (note 7)	46,758	-	-	-	30,900	-
1200	Other receivables (notes 6(e) and 7)	82,847	-	146,171	-	146,276	-	2230	Current income tax liabilities	357,360	1	172,787	1	145,007	-
1220	Current income tax assets	12,151	-	12,151	-	11,730	-	2219	Other payables (notes 6(n), 6(t) and 7)	1,175,449	4	1,204,135	4	943,705	3
130x	Inventories (note 6(f))	5,002,707	16	4,772,464	16	5,908,120	19	2280	Current lease liabilities (note 6(o))	123,892	-	139,263	-	167,608	-
1460	Non-current assets held for sale (note 6(g))	201,665	1	-	-	-	-	2399	Other current liabilities	173,658	1	128,285	-	199,046	1
1479	Other current assets	772,143	2	851,356	3	547,860	2		<b>Total current liabilities</b>	10,075,897	33	9,893,767	34	9,196,894	29
	<b>Total current assets</b>	14,278,377	46	12,437,636	43	14,573,909	46		<b>Non-Current liabilities:</b>						
<b>Non-current assets:</b>								2541	Long-term bank borrowings (notes 6(m) and 8)	2,073,559	7	1,679,735	5	3,885,066	12
1518	Non-current financial assets at fair value through other comprehensive income (note 6(c))	1,093,607	4	952,645	4	916,887	4	2542	Other long-term borrowings (note 6(m))	349,744	1	349,341	1	349,721	1
1550	Investments accounted for under equity method (notes 6(h) and 7)	1,527,641	5	1,303,787	4	1,032,699	3	2550	Non-current provision liabilities (note 7)	32,279	-	31,819	-	16,221	-
1600	Property, plant and equipment (notes 6(i), 8 and 9)	10,200,897	32	10,516,517	36	10,069,372	32	2570	Deferred income tax liabilities	932,505	3	807,700	3	909,400	3
1755	Right-of-use assets (note 6(j))	975,479	3	1,022,972	3	1,250,651	4	2580	Non-current lease liabilities (note 6(o))	461,246	1	492,827	2	693,456	2
1760	Investment property (note 6(k))	1,563,192	5	1,566,873	5	1,577,917	5	2600	Other non-current liabilities	131,612	-	154,534	1	124,186	-
1780	Intangible assets (note 6(l))	988,302	3	1,012,405	3	1,671,034	5		<b>Total non-current liabilities</b>	3,980,945	12	3,515,956	12	5,978,050	18
1840	Deferred income tax assets	275,932	1	288,429	1	280,786	1		<b>Total liabilities</b>	14,056,842	45	13,409,723	46	15,174,944	47
1900	Other non-current assets (note 8)	157,179	1	167,118	1	89,000	-		<b>Equity attributable to shareholders of the Company (note 6(r))</b>						
	<b>Total non-current assets</b>	16,782,229	54	16,830,746	57	16,888,346	54	3100	Common stock	8,257,099	27	8,257,099	28	8,257,099	26
								3200	Capital surplus	49,531	-	49,531	-	47,140	-
									Retained earnings:						
								3310	Legal reserve	4,068,862	13	4,068,862	14	3,977,141	13
								3350	Unappropriated earnings	2,380,940	8	1,483,970	5	2,084,024	7
										6,449,802	21	5,552,832	19	6,061,165	20
									Other equity:						
								3410	Financial statement translation differences for foreign operations	(273,515)	(1)	(198,125)	(1)	(84,547)	-
								3420	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	699,819	2	558,902	2	519,810	2
								3450	Gains or losses on hedging instrument	(71,165)	-	(81,119)	-	(101,882)	-
										355,139	1	279,658	1	333,381	2
									<b>Total equity attributable to shareholders of the Company</b>	15,111,571	49	14,139,120	48	14,698,785	48
								36xx	<b>Non-controlling interests</b>	1,892,193	6	1,719,539	6	1,588,526	5
									<b>Total equity</b>	17,003,764	55	15,858,659	54	16,287,311	53
									<b>Total liabilities and equity</b>	\$ 31,060,606	100	29,268,382	100	31,462,255	100
	<b>Total assets</b>	\$ 31,060,606	100	29,268,382	100	31,462,255	100								

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
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**TSRC CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the three months ended March 31, 2021 and 2020**

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

		<b>For the three months ended March 31</b>			
		<b>2021</b>		<b>2020</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Revenue (notes 6(u) and 7)</b>	\$ 8,216,811	100	6,493,846	100
5000	<b>Operating costs (notes 6(f), 6(i), 6(j), 6(n), 6(o), 6(p), 6(t) and 7)</b>	<u>6,211,295</u>	<u>76</u>	<u>5,732,699</u>	<u>88</u>
5910	<b>Gross profit</b>	<u>2,005,516</u>	<u>24</u>	<u>761,147</u>	<u>12</u>
6000	<b>Operating expenses (notes 6(d), 6(i),6(j), 6(o), 6(p), 6(t) and 7):</b>				
6100	Selling expenses	415,692	5	238,848	4
6200	General and administrative expenses	258,926	3	267,949	4
6300	Research and development expenses	89,031	1	93,440	1
6450	Impairment loss determined in accordance with IFRS 9	<u>311</u>	<u>-</u>	<u>1,435</u>	<u>-</u>
	<b>Total operating expenses</b>	<u>763,960</u>	<u>9</u>	<u>601,672</u>	<u>9</u>
6500	<b>Other income and expenses, net (notes 6(v) and 7)</b>	<u>55,346</u>	<u>1</u>	<u>42,238</u>	<u>-</u>
6900	<b>Operating profit</b>	<u>1,296,902</u>	<u>16</u>	<u>201,713</u>	<u>3</u>
	<b>Non-operating income and expenses (notes 6(h), 6(o), 6(w) and 7):</b>				
7100	Interest income	6,118	-	16,154	-
7020	Other gains and losses	(3,852)	-	6,649	-
7050	Finance costs	(29,372)	-	(40,301)	(1)
7370	Share of gain (loss) of associates and joint ventures accounted for under equity method	<u>215,608</u>	<u>2</u>	<u>(15,839)</u>	<u>-</u>
	<b>Total non-operating income and expenses</b>	<u>188,502</u>	<u>2</u>	<u>(33,337)</u>	<u>(1)</u>
7900	<b>Net income before tax</b>	1,485,404	18	168,376	2
7950	<b>Less: tax expenses (note 6(q))</b>	<u>399,273</u>	<u>5</u>	<u>73,774</u>	<u>1</u>
	<b>Net income</b>	<u>1,086,131</u>	<u>13</u>	<u>94,602</u>	<u>1</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	140,917	2	(106,961)	(2)
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	<u>140,917</u>	<u>2</u>	<u>(106,961)</u>	<u>(2)</u>
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(87,300)	(1)	(99,251)	(2)
8370	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method	5,357	-	(53,802)	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	<u>(81,943)</u>	<u>(1)</u>	<u>(153,053)</u>	<u>(2)</u>
8300	<b>Other comprehensive income</b>	<u>58,974</u>	<u>1</u>	<u>(260,014)</u>	<u>(4)</u>
	<b>Total comprehensive income</b>	<u>\$ 1,145,105</u>	<u>14</u>	<u>(165,412)</u>	<u>(3)</u>
	<b>Net income (loss) attributable to:</b>				
8610	Shareholders of parent	\$ 896,970	11	59,340	
8620	Non-controlling interests	<u>189,161</u>	<u>2</u>	<u>35,262</u>	<u>1</u>
		<u>\$ 1,086,131</u>	<u>13</u>	<u>94,602</u>	<u>1</u>
	<b>Total comprehensive income attributable to:</b>				
8710	Shareholders of parent	\$ 972,451	12	(176,907)	(3)
8720	Non-controlling interests	<u>172,654</u>	<u>2</u>	<u>11,495</u>	<u>-</u>
		<u>\$ 1,145,105</u>	<u>14</u>	<u>(165,412)</u>	<u>(3)</u>
9710	<b>Basic earnings per share (New Taiwan Dollars) (note 6(s))</b>	<u>\$ 1.09</u>		<u>0.07</u>	
9810	<b>Diluted earnings per share (in New Taiwan dollars) (note 6(s))</b>	<u>\$ 1.08</u>		<u>0.07</u>	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
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**TSRC CORPORATION AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Equity**  
**For the three months ended March 31, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent					Total other equity interest						
	Common stock	Capital surplus	Legal reserve	Retained earnings		Financial statements translation differences for foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total	Total equity attributable to owners of parent	Non-controlling interests	Total equity
				Unappropriated retained earnings	Total							
<b>Balance at January 1, 2020</b>	\$ 8,257,099	47,140	3,977,141	1,940,361	5,917,502	23,383	711,094	(80,526)	653,951	14,875,692	1,577,031	16,452,723
Net income	-	-	-	59,340	59,340	-	-	-	-	59,340	35,262	94,602
Other comprehensive income (loss)	-	-	-	-	-	(107,930)	(106,961)	(21,356)	(236,247)	(236,247)	(23,767)	(260,014)
Total comprehensive income (loss)	-	-	-	59,340	59,340	(107,930)	(106,961)	(21,356)	(236,247)	(176,907)	11,495	(165,412)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	84,323	84,323	-	(84,323)	-	(84,323)	-	-	-
<b>Balance at March 31, 2020</b>	\$ 8,257,099	47,140	3,977,141	2,084,024	6,061,165	(84,547)	519,810	(101,882)	333,381	14,698,785	1,588,526	16,287,311
<b>Balance at January 1, 2021</b>	\$ 8,257,099	49,531	4,068,862	1,483,970	5,552,832	(198,125)	558,902	(81,119)	279,658	14,139,120	1,719,539	15,858,659
Net income	-	-	-	896,970	896,970	-	-	-	-	896,970	189,161	1,086,131
Other comprehensive income (loss)	-	-	-	-	-	(75,390)	140,917	9,954	75,481	75,481	(16,507)	58,974
Total comprehensive income (loss)	-	-	-	896,970	896,970	(75,390)	140,917	9,954	75,481	972,451	172,654	1,145,105
<b>Balance at March 31, 2021</b>	\$ 8,257,099	49,531	4,068,862	2,380,940	6,449,802	(273,515)	699,819	(71,165)	355,139	15,111,571	1,892,193	17,003,764

See accompanying notes to consolidated financial statements.

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**TSRC CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the three months ended March 31, 2021 and 2020**

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2021	2020
<b>Cash flows from operating activities:</b>		
<b>Consolidated net income before tax</b>	\$ 1,485,404	168,376
<b>Adjustments:</b>		
Adjustments to reconcile profit and loss:		
Depreciation	281,361	254,373
Amortization	30,401	38,628
Impairment loss determined in accordance with IFRS 9	311	1,435
Interest expense	29,372	40,301
Interest income	(6,118)	(16,154)
Share of loss (profit) of associates and joint ventures accounted for under equity method	(215,608)	15,839
Loss on disposal of property, plant and equipment	1,189	8,414
Amortization to operating costs and inventories	20,957	23,924
Total adjustments to reconcile profit and loss	<u>141,865</u>	<u>366,760</u>
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Financial assets at fair value through profit or loss	(24,229)	(7,390)
Notes receivable	(322,526)	185,650
Accounts receivable	(845,486)	21,506
Other receivables	86,260	(26,018)
Inventories	(230,243)	506,559
Other current assets	18,944	(54,310)
Total changes in operating assets, net	<u>(1,317,280)</u>	<u>625,997</u>
Net changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	(31,696)	(3,196)
Accounts payable	(41,521)	(1,354,468)
Accounts payable—related parties	46,758	(28,518)
Other payables	(13,126)	(332,265)
Other current liabilities	45,373	(20,192)
Net defined benefit liability	(17,413)	(57,075)
Other non-current liabilities	(5,509)	1,985
Total changes in operating liabilities, net	<u>(17,134)</u>	<u>(1,793,729)</u>
Total changes in operating assets and liabilities, net	<u>(1,334,414)</u>	<u>(1,167,732)</u>
Total adjustments	<u>(1,192,549)</u>	<u>(800,972)</u>
Cash provided by operating activities	292,855	(632,596)
Interest income received	2,434	11,166
Interest paid	(27,551)	(38,841)
Income taxes paid	(77,398)	(68,571)
<b>Net cash flow from (used in) operating activities</b>	<u>190,340</u>	<u>(728,842)</u>
<b>Cash flows from (used in) investing activities:</b>		
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	135,404
Acquisition of property, plant and equipment	(205,428)	(327,331)
Proceeds from disposal of property, plant and equipment	30	55
Acquisition of intangible assets	-	(25,450)
Decrease (increase) in other non-current assets	10,265	(13,085)
Increase in restricted assets	41,017	-
<b>Net cash used in investing activities</b>	<u>(154,116)</u>	<u>(230,407)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	7,354,922	9,110,077
Decrease in short-term borrowings	(6,838,550)	(7,994,469)
Proceeds from long-term borrowings	510,040	134,257
Repayments of long-term borrowings	(513,938)	(368,419)
Repayments of lease liabilities	(40,301)	(44,537)
Cash dividends paid	(65)	(145)
<b>Net cash from financing activities</b>	<u>472,108</u>	<u>836,764</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(148,892)</u>	<u>(37,649)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	359,440	(160,134)
<b>Cash and cash equivalents at beginning of period</b>	<u>3,278,463</u>	<u>4,695,280</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 3,637,903</u>	<u>4,535,146</u>

See accompanying notes to consolidated financial statements.



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
Reviewed only, not audited in accordance with generally accepted auditing standards

**TSRC CORPORATION AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**For the three months ended March 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

**(1) Company history**

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

**(2) Approval date and procedures of the consolidated financial statements**

The consolidated financial statements were approved by to the Board of Directors and issued on May 6, 2021.

**(3) New standards, amendments and interpretations adopted:**

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"

(Continued)

**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

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

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.  The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

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

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

**(4) Summary of significant accounting policies**

Except for the following, the significant accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2020. For the related information, please refer to note 4 to the consolidated financial statements for the year ended December 31, 2020.

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS 34 "Interim Financial Reporting" which was endorsed and issued into effect by FSC. These consolidated financial statements do not include all of the information required by the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the FSC (hereinafter referred to as the IFRSs endorsed by the FSC) for the year-end consolidated financial statements.

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**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) Basis of consolidation

The basis for consolidation applied in these consolidated financial statements is consistent with that applied in the consolidated financial statements for the year ended December 31, 2020. For the related information, please refer to note 4(c) to the consolidated financial statements for the year ended December 31, 2020.

List of the subsidiaries included in the consolidated financial statements:

Name of investor	Name of investee	Scope of business	Percentage of ownership			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
TSRC	Trimurti Holding Corporation	Investment	100.00 %	100.00 %	100.00 %	
TSRC	Hardison International Corporation	Investment	100.00 %	100.00 %	100.00 %	(note 3)
TSRC & Hardison International Corporation	Dymas Corporation	Investment	100.00 %	100.00 %	100.00 %	(notes 1,3)
TSRC	TSRC (Vietnam) Co., Ltd.	Production and processing of rubber color masterbatch, thermoplastic elastomer and plastic compound products	100.00 %	100.00 %	100.00 %	(note 3)
Trimurti Holding Corporation	Polybus Corporation Pte Ltd	International commerce and investment	100.00 %	100.00 %	100.00 %	
Trimurti Holding Corporation	TSRC (Hong Kong) Limited	Investment	100.00 %	100.00 %	100.00 %	
TSRC (Hong Kong) Limited	TSRC (Shanghai) Industries Ltd.	Production and sale of reengineering plastic, plastic compound metal, and plastic elasticity engineering products	100.00 %	100.00 %	100.00 %	(note 3)
TSRC (Hong Kong) Limited	TSRC (Lux.) Corporation S.A R.L	International commerce and investment	100.00 %	100.00 %	100.00 %	
TSRC (Lux.) Corporation S.A R.L	TSRC (USA) Investment Corporation	Investment	100.00 %	100.00 %	100.00 %	
TSRC (USA) Investment Corporation	TSRC Specialty Materials LLC	Production and sale of TPE	100.00 %	100.00 %	100.00 %	(note 2)
Polybus Corporation Pte Ltd	Shen Hua Chemical Industrial Co., Ltd.	Production and sale of synthetic rubber products	65.44 %	65.44 %	65.44 %	
Polybus Corporation Pte Ltd	TSRC-UBE (Nantong) Chemical Industrial Co., Ltd.	Production and sale of butadiene rubber	55.00 %	55.00 %	55.00 %	(note 3)
Polybus Corporation Pte Ltd	TSRC (Nantong) Industries Ltd.	Production and sale of TPE	100.00 %	100.00 %	100.00 %	
Hardison International Corporation	Triton International Holdings Corporation	Investment	100.00 %	100.00 %	100.00 %	(note 3)

(Continued)

## TSRC CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Note 1: TSRC directly owns 19.48% of Dymas's equity and indirectly owns 80.52% via Hardison International Corporation, total directly and indirectly owns of equity are 100%.

Note 2: On November 3, 2020, Dexco Polymers Operating Company LLC (Dexco LLC) merged with TSRC Specialty Materials LLC, which is the surviving company, and Dexco LLC being the dissolved entity. Therefore, the company's name was changed from Dexco Polymers L.P. to TSRC Specialty Materials LLC, wherein the investment structure was simplified. TSRC (USA) Investment Corporation directly holds 100% of TSRC Specialty Materials LLC.

Note 3: It is an insignificant subsidiary, and its financial statement have not been reviewed.

(c) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

(d) Employee benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other one-off events.

(e) Income tax

Income tax expense for the period are best estimated by multiplying pretax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be allocated to current and deferred taxes based on its proportionate size.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty**

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34 "Interim Financial Reporting" endorsed by the FSC requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated financial statements, estimates and underlying assumptions are consistent with the consolidated financial statements for the year ended December 31, 2020. For the related information, please refer to note 5 to the consolidated financial statements for the year ended December 31, 2020.

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**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(6) Explanation of significant accounts**

Except as explained below, there are no significant differences in the description of significant accounts from the consolidated financial statements for the year ended December 31, 2020, and the related information is provided in note 6 to the consolidated financial statements for the year ended December 31, 2020.

(a) Cash and cash equivalents

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Cash on hand	\$ 402	432	428
Checking and savings deposits	1,281,809	961,937	1,734,963
Time deposits	<u>2,355,692</u>	<u>2,316,094</u>	<u>2,799,755</u>
Cash and cash equivalents per statements of cash flow	<u>\$ 3,637,903</u>	<u>3,278,463</u>	<u>4,535,146</u>

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Mandatorily measured at fair value through profit or loss:			
Derivative instruments not used for hedging			
Forward contracts/Swap contracts	<u>\$ 27,689</u>	<u>3,460</u>	<u>7,404</u>
Financial liabilities held for trading:			
Derivative instruments not used for hedging			
Forward contracts/Swap contracts	<u>\$ 932</u>	<u>32,628</u>	<u>2,476</u>

(Continued)

**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

<b>March 31, 2021</b>			
	<b>Contract amount</b>	<b>Currency</b>	<b>Maturity dates</b>
	<b>(thousand dollars)</b>		
Swap contracts	EUR	27,850 /	EUR/USD 2021.4.1~2021.7.1
	USD	33,668	
Swap contracts	USD	3,134 /	USD/CNH 2021.4.7~2021.4.26
	CNH	20,394	
Swap contracts	JPY	10,000 /	JPY/USD 2021.4.12
	USD	92	
<b>December 31, 2020</b>			
	<b>Contract amount</b>	<b>Currency</b>	<b>Maturity dates</b>
	<b>(thousand dollars)</b>		
Forward contracts	EUR	450 /	EUR/USD 2021.2.19~2021.2.26
	USD	551	
Swap contracts	TWD	238,846 /	TWD/USD 2021.1.15~2021.1.22
	USD	8,500	
Swap contracts	EUR	21,050 /	EUR/USD 2021.1.16~2021.2.3
	USD	24,753	
<b>March 31, 2020</b>			
	<b>Contract amount</b>	<b>Currency</b>	<b>Maturity dates</b>
	<b>(thousand dollars)</b>		
Forward contracts	EUR	200 /	EUR/TWD 2020.04.17
	TWD	6,757	
Swap contracts	TWD	388,358 /	TWD/USD 2020.4.23~2020.5.26
	USD	12,800	
Swap contracts	EUR	12,100 /	EUR/USD 2020.5.6~2020.6.9
	USD	13,578	
Swap contracts	USD	1,670 /	USD/TWD 2020.04.10
	TWD	50,000	

(Continued)

**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Equity investments at fair value through other comprehensive income:			
Unlisted stocks (domestic and overseas)	\$ <u>1,093,607</u>	<u>952,645</u>	<u>916,887</u>

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

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

Due to the financial asset activation, the Group sold the share of Taiwan High Speed Railway Co., Ltd. at the fair value for the three month ended March 31, 2020, the fair value at that time of disposal was \$114,323 thousand and accumulated gain on disposal was \$84,323 thousand, which has been transferred from other equity to retained earnings.

(ii) For market risk, please refer to note 6(x).

(iii) The aforementioned financial assets were not pledged as collateral.

(iv) The significant financial assets at fair value through other comprehensive income denominated in foreign currency were as follows:

	<u>Foreign currency amount (thousand dollars)</u>	<u>Exchange rate</u>	<u>NTD</u>
<b>March 31, 2021</b>			
THB	\$ 182,817	0.9149	167,259
<b>December 31, 2020</b>			
THB	205,493	0.9556	196,370
<b>March 31, 2020</b>			
THB	380,183	0.9270	352,430

(d) Notes and accounts receivable

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Notes receivable	\$ 893,746	571,220	680,697
Accounts receivable	3,652,992	2,807,545	2,747,029
Less: allowance for impairment	<u>5,466</u>	<u>5,194</u>	<u>10,353</u>
	<u>\$ 4,541,272</u>	<u>3,373,571</u>	<u>3,417,373</u>

(Continued)

**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

	<b>March 31, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average expected credit loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 4,507,367	0.09%~0.17%	4,465
1 to 30 days past due	37,822	2.18%~4.58%	900
31 to 90 days past due	1,549	6.35%~6.59%	101
	<b><u>\$ 4,546,738</u></b>		<b><u>5,466</u></b>
	<b>December 31, 2020</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average expected credit loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 3,353,019	0.09%~0.17%	4,055
1 to 30 days past due	25,746	2.78%~5.18%	1,139
	<b><u>\$ 3,378,765</u></b>		<b><u>5,194</u></b>
	<b>March 31, 2020</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average expected credit loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 3,334,023	0.01%~0.65%	4,555
1 to 30 days past due	88,127	0.33%~6.16%	3,869
31 to 90 days past due	4,077	9.17%~20.68%	430
More than 90 days past	1,499	100%	1,499
	<b><u>\$ 3,427,726</u></b>		<b><u>10,353</u></b>

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

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Balance at beginning of period	\$ 5,194	8,935
Impairment losses recognized	311	1,435
Foreign exchange gain or loss	(39)	(17)
Balance at end of period	<b><u>\$ 5,466</u></b>	<b><u>10,353</u></b>

(Continued)



**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

(e) Other receivables (including related parties)

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Other receivables — related parties	\$ 50,162	39,572	44,711
Other	32,685	106,599	101,565
	<u>\$ 82,847</u>	<u>146,171</u>	<u>146,276</u>

The aforementioned financial assets were not past due and no provisions for doubtful debt. For other credit risk information, please refer to note 6(x).

(f) Inventories

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

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Raw materials	\$ 1,501,349	1,719,583	1,551,872
Supplies	11,245	9,476	104,116
Work in progress	296,813	297,435	296,172
Finished goods	2,717,484	2,258,866	3,405,305
Merchandise	475,816	487,104	550,655
Total	<u>\$ 5,002,707</u>	<u>4,772,464</u>	<u>5,908,120</u>

The aforementioned inventories were not pledged as collateral.

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

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Loss on (reversal of) decline in market value of inventory	\$ (28,755)	48,464
Income from sale of scrap	(7,271)	(4,434)
Loss or gain on physical count	-	3,299
Unallocated production overhead	79,105	112,330
Total	<u>\$ 43,079</u>	<u>159,659</u>

(Continued)

**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(g) Non-current assets held for sale

In order to activate its assets, the Group disposed its land and building located in Kaohsiung City, Renwu Dist. to a non-related party, with a book value of \$201,665 thousand, recognized as non-current assets for sale, amount for selling to \$1,220,000 thousands, based on the resolution approved during the board meeting held on March 11, 2021.

(h) Investments accounted for under equity method

The details of the investments accounted for under the equity method were as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Associates	\$ 769,659	732,531	624,053
Joint ventures	757,982	571,256	408,646
	<u>\$ 1,527,641</u>	<u>1,303,787</u>	<u>1,032,699</u>

(i) Associates

For the three months ended March 31, 2021 and 2020, the Group recognized its share of gain (loss) from the associates of \$34,874 thousand and \$(11,100) thousand, respectively.

The details of the significant associates are as follows:

<u>Name of associates</u>	<u>Existing relationship with the Group</u>	<u>The main operating place / register country</u>	<u>Proportion of equity and voting right</u>		
			<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
ARLANXEO-TSRC (Nantong) Chemicals Industries Co., Ltd.	Strategic alliance of production and sales of NBR	China	50.00 %	50.00 %	50.00 %
Asia Pacific Energy Development Co., Ltd.	Strategic alliance of investment	Cayman Islands	37.78 %	37.78 %	37.78 %

Summaries of the financial information of the significant associate were as follows:

1) Summary of financial information of ARLANXEO-TSRC (Nantong) Chemicals Industries Co., Ltd.

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Current assets	\$ 678,036	478,937	402,138
Non-current assets	642,210	668,836	722,316
Current liabilities	(600,814)	(471,579)	(676,477)
Non-current liabilities	(30,579)	(31,085)	(28,601)
Equity	<u>\$ 688,853</u>	<u>645,109</u>	<u>419,376</u>
Equity attributable to the Group	<u>\$ 344,427</u>	<u>332,554</u>	<u>209,688</u>

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**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	For the three months ended March 31	
	2021	2020
	<u>2021</u>	<u>2020</u>
Revenue	\$ 453,476	291,797
Net income (loss) of continued operations	\$ 49,752	(28,349)
Other comprehensive income (loss)	-	-
Total comprehensive income (loss)	\$ 49,752	(28,349)
Total comprehensive income attributable to the Group	\$ 24,876	(14,174)

	For the three months ended March 31	
	2021	2020
	<u>2021</u>	<u>2020</u>
Beginning balance of the equity of the associate attributable to the Group	\$ 323,287	231,111
Current total comprehensive income (loss) of the associate attributable to the Group	24,876	(14,174)
Other	(1,490)	(4,487)
Ending balance of the equity of the associate attributable to the Group	\$ 346,673	212,450

2) Summary of financial information of Asia Pacific Energy Development Co., Ltd.

	March 31, 2021	December 31, 2020	March 31, 2020
	<u>March 31, 2021</u>	<u>2020</u>	<u>March 31, 2020</u>
Current assets	\$ 673,545	625,218	534,672
Non-current assets	992,826	1,011,338	1,082,978
Current liabilities	(523,137)	(529,361)	(502,731)
Non-current liabilities	(9,980)	(10,318)	(11,797)
Equity	\$ 1,133,254	1,096,877	1,103,122
Equity attributable to the Group	\$ 428,143	414,400	416,760

	For the three months ended March 31	
	2021	2020
	<u>2021</u>	<u>2020</u>
Revenue	\$ 271,865	126,825
Net income of continued operations	\$ 26,463	8,137
Other comprehensive income (loss)	-	-
Total comprehensive income (loss)	\$ 26,463	8,137
Total comprehensive income attributable to the Group	\$ 9,998	3,074

(Continued)

**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>For the three months ended</b>	
	<b>March 31</b>	
	<b>2021</b>	<b>2020</b>
Beginning balance of the equity of the associate attributable to the Group	\$ 409,244	404,508
Current total comprehensive income of the associate attributable to the Group	9,998	3,074
Other	3,744	4,021
Ending balance of the equity of the associate attributable to the Group	<b>\$ 422,986</b>	<b>411,603</b>

(ii) Joint ventures

The details of the significant joint ventures are as follows:

<b>Name of joint ventures</b>	<b>Existing relationship with the Group</b>	<b>The main operating place / register country</b>	<b>Proportion of equity and voting right</b>		
			<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Indian Synthetic Rubber Private Limited	Strategic alliance of production and sales of synthetic rubber products	India	50.00 %	50.00 %	50.00 %

Summaries of the financial information of the significant joint ventures were as follows:

1) Summary of financial information of Indian Synthetic Rubber Private Limited

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
	Current assets	\$ 1,825,712	1,119,957
Non-current assets	2,869,403	3,089,725	3,098,830
Current liabilities	(1,396,016)	(1,252,076)	(2,613,643)
Non-current liabilities	(1,829,351)	(1,869,712)	(1,297,047)
Equity	<b>\$ 1,469,748</b>	<b>1,087,894</b>	<b>797,805</b>
Equity attributable to the Group	<b>\$ 734,874</b>	<b>543,947</b>	<b>398,902</b>

	<b>For the three months ended</b>	
	<b>March 31</b>	
	<b>2021</b>	<b>2020</b>
Revenue	<b>\$ 1,701,019</b>	<b>1,125,667</b>
Net income of continued operations	\$ 367,067	(3,544)
Other comprehensive income (loss)	6,246	(50,011)
Total comprehensive income (loss)	<b>\$ 373,313</b>	<b>(53,555)</b>
Total comprehensive income attributable to the Group	<b>\$ 186,657</b>	<b>(26,778)</b>

(Continued)

**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>For the three months ended</b>	
	<b>March 31</b>	
	<u>2021</u>	<u>2020</u>
Beginning balance of the equity of the joint venture attributable to the Group	\$ 512,624	396,539
Current total comprehensive income (loss) of the joint venture attributable to the Group	186,657	(26,778)
Other	<u>3,350</u>	<u>(23,638)</u>
Ending balance of the equity of the joint venture attributable to the Group	<u>\$ 702,631</u>	<u>346,123</u>

Summary of respectively not significant joint ventures recognized under the equity method was as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Balance of not significant joint venture's equity	<u>\$ 55,351</u>	<u>58,632</u>	<u>62,523</u>

	<b>For the three months ended</b>	
	<b>March 31</b>	
	<u>2021</u>	<u>2020</u>
Attributable to the Group:		
Income (loss) from continued operations	\$ (2,799)	(2,967)
Other comprehensive income (loss)	<u>-</u>	<u>-</u>
Total comprehensive income (loss)	<u>\$ (2,799)</u>	<u>(2,967)</u>

- (iii) The unreviewed financial statements of investments accounted for using equity method

Aforementioned other equity accounted investments of the Group in its investee companies, and its equity in net earnings (loss) on these investee companies were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

(Continued)

**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(i) Property, plant and equipment

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

	<u>Land</u>	<u>Land improvements</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Furniture and fixtures and other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Cost:							
Balance at January 1, 2021	\$ 841,829	142,168	4,672,369	21,983,009	247,058	1,228,046	29,114,479
Additions	-	-	-	624	-	188,689	189,313
Reclassification to assets held for sale	(201,665)	-	-	-	-	-	(201,665)
Disposals	-	-	-	(37,086)	(634)	-	(37,720)
Reclassification	-	-	115,431	139,352	-	(248,905)	5,878
Effect on changes in exchange rates	17	46	(27,172)	(72,642)	(679)	(3,817)	(104,247)
Balance at March 31, 2021	<u>\$ 640,181</u>	<u>142,214</u>	<u>4,760,628</u>	<u>22,013,257</u>	<u>245,745</u>	<u>1,164,013</u>	<u>28,966,038</u>
Balance at January 1, 2020	\$ 614,101	143,699	4,051,022	20,332,811	244,989	2,844,971	28,231,593
Additions	-	-	-	93	-	361,981	362,074
Disposals	-	-	(62)	(83,066)	(1,188)	-	(84,316)
Reclassification	-	-	15,805	151,248	9,593	(188,603)	(11,957)
Effect on changes in exchange rates	-	289	(37,893)	(88,523)	(903)	(32,307)	(159,337)
Balance at March 31, 2020	<u>\$ 614,101</u>	<u>143,988</u>	<u>4,028,872</u>	<u>20,312,563</u>	<u>252,491</u>	<u>2,986,042</u>	<u>28,338,057</u>
Depreciation and impairment loss:							
Balance at January 1, 2021	\$ -	94,229	2,464,473	15,857,095	182,165	-	18,597,962
Depreciation	-	1,361	39,632	210,500	4,211	-	255,704
Disposal	-	-	-	(35,931)	(570)	-	(36,501)
Effect on changes in exchange rates	-	23	(12,869)	(38,701)	(477)	-	(52,024)
Balance at March 31, 2021	<u>\$ -</u>	<u>95,613</u>	<u>2,491,236</u>	<u>15,992,963</u>	<u>185,329</u>	<u>-</u>	<u>18,765,141</u>
Balance at January 1, 2020	\$ -	90,293	2,314,620	15,614,341	174,944	-	18,194,198
Depreciation	-	1,275	33,658	182,440	4,453	-	221,826
Disposal	-	-	(48)	(74,730)	(1,069)	-	(75,847)
Effect on changes in exchange rates	-	113	(19,942)	(51,083)	(580)	-	(71,492)
Balance at March 31, 2020	<u>\$ -</u>	<u>91,681</u>	<u>2,328,288</u>	<u>15,670,968</u>	<u>177,748</u>	<u>-</u>	<u>18,268,685</u>
Carrying value:							
January 1, 2021	<u>\$ 841,829</u>	<u>47,939</u>	<u>2,207,896</u>	<u>6,125,914</u>	<u>64,893</u>	<u>1,228,046</u>	<u>10,516,517</u>
March 31, 2021	<u>\$ 640,181</u>	<u>46,601</u>	<u>2,269,392</u>	<u>6,020,294</u>	<u>60,416</u>	<u>1,164,013</u>	<u>10,200,897</u>
January 1, 2020	<u>\$ 614,101</u>	<u>53,406</u>	<u>1,736,402</u>	<u>4,718,470</u>	<u>70,045</u>	<u>2,844,971</u>	<u>10,037,395</u>
March 31, 2020	<u>\$ 614,101</u>	<u>52,307</u>	<u>1,700,584</u>	<u>4,641,595</u>	<u>74,743</u>	<u>2,986,042</u>	<u>10,069,372</u>

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

(Continued)

**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(j) Right-of-use assets

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

	<u>Land</u>	<u>Building</u>	<u>Machinery</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:					
Balance at January 1, 2021	\$ 569,782	255,467	457,714	32,827	1,315,790
Additions	-	-	-	3,749	3,749
Lease modification	-	(865)	-	-	(865)
Amortization to operating costs and inventories	-	(1,603)	(19,354)	-	(20,957)
Effect on changes in foreign exchange rates	(3,974)	(1,352)	(3,584)	(4)	(8,914)
Balance at March 31, 2021	<u>\$ 565,808</u>	<u>251,647</u>	<u>434,776</u>	<u>36,572</u>	<u>1,288,803</u>
Balance at January 1, 2020	\$ 663,708	383,925	471,843	34,216	1,553,692
Additions	-	23,726	56,809	-	80,535
Lease modification	-	(4,668)	-	(2,545)	(7,213)
Amortization to operating costs and inventories	-	(2,113)	(21,811)	-	(23,924)
Reclassification to construction in progress	(94,596)	-	-	-	(94,596)
	(6,324)	(169)	(6,043)	16	(12,520)
Balance at March 31, 2020	<u>\$ 562,788</u>	<u>400,701</u>	<u>500,798</u>	<u>31,687</u>	<u>1,495,974</u>
Accumulated depreciation and impairment losses:					
Balance at January 1, 2021	\$ 145,489	111,766	17,224	18,339	292,818
Depreciation	3,456	15,747	-	2,773	21,976
Lease modification	-	321	-	-	321
Effect on changes in exchange rates	(1,189)	(621)	14	5	(1,791)
Balance at March 31, 2021	<u>\$ 147,756</u>	<u>127,213</u>	<u>17,238</u>	<u>21,117</u>	<u>313,324</u>
Balance at January 1, 2020	\$ 130,190	68,316	14,551	9,064	222,121
Depreciation	3,486	19,303	3,643	2,433	28,865
Lease modification	-	(3,124)	-	(516)	(3,640)
Effect on changes in exchange rates	(1,859)	(271)	84	23	(2,023)
Balance at March 31, 2020	<u>\$ 131,817</u>	<u>84,224</u>	<u>18,278</u>	<u>11,004</u>	<u>245,323</u>
Carrying value:					
January 1, 2021	<u>\$ 424,293</u>	<u>143,701</u>	<u>440,490</u>	<u>14,488</u>	<u>1,022,972</u>
March 31, 2021	<u>\$ 418,052</u>	<u>124,434</u>	<u>417,538</u>	<u>15,455</u>	<u>975,479</u>
January 1, 2020	<u>\$ 533,518</u>	<u>315,609</u>	<u>457,292</u>	<u>25,152</u>	<u>1,331,571</u>
March 31, 2020	<u>\$ 430,971</u>	<u>316,477</u>	<u>482,520</u>	<u>20,683</u>	<u>1,250,651</u>

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

(k) Investment property

	<u>Owned property Buildings</u>
Carrying value:	
January 1, 2021	<u>\$ 1,566,873</u>
March 31, 2021	<u>\$ 1,563,192</u>
January 1, 2020	<u>\$ 1,581,599</u>
March 31, 2020	<u>\$ 1,577,917</u>

(Continued)

**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

There were no significant additions to, disposals of, or provision (reversal) of impairment of, the Group's investment properties for the three months ended March 31, 2021 and 2020. The amortization of investment properties of the Group is provided in note 12(a), and the related information is provided in note 6(j) to the consolidated financial statements for the year ended December 31, 2020.

The fair value of the Group's investment properties does not significantly differ from the information disclosed in note 6(j) to the consolidated financial statements for the year ended December 31, 2020.

(l) Intangible assets

	Industrial technology and know- how	Computer software	Goodwill	Patent and trademark	Customer relationship	Total
Carrying value:						
January 1, 2021	\$ 392,856	14,913	-	212,729	391,907	1,012,405
March 31, 2021	\$ 382,312	18,252	-	207,400	380,338	988,302
January 1, 2020	\$ 503,264	12,087	206,793	392,308	555,433	1,669,885
March 31, 2020	\$ 517,944	13,903	207,810	388,299	543,078	1,671,034

There were no significant additions to, disposals of, or provision (reversal) of impairment of, the Group's intangible assets for the three months ended March 31, 2021 and 2020. The amortization of intangible assets of the Group is provided in note 12(a), and the related information is provided in note 6(k) to the consolidated financial statements for the year ended December 31, 2020.

(m) Short-term and long-term borrowings

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

(i) Short-term bank borrowings

<b>March 31, 2021</b>				<b>The unused credit facilities</b>
	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>	
Unsecured loans	0.38~3.70	2021	\$ 4,212,684	14,945,395
<b>December 31, 2020</b>				<b>The unused credit facilities</b>
	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>	
Unsecured loans	0.40~4.35	2021	\$ 3,789,276	17,605,576
<b>March 31, 2020</b>				<b>The unused credit facilities</b>
	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>	
Unsecured loans	0.21~4.57	2020	\$ 5,833,899	16,867,039

(Continued)



**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (ii) Long-term borrowings
- 1) Long-term bank borrowings

<b>March 31, 2021</b>			
	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
Secured loans	4.38	2021~2023	\$ 164,597
Unsecured loans	1.04~5.08	2021~2025	<u>4,292,383</u>
Total			<b><u>\$ 4,456,980</u></b>
Current			\$ 2,383,421
Non-current			<u>2,073,559</u>
Total			<b><u>\$ 4,456,980</u></b>

<b>December 31, 2020</b>			
	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
Secured loans	4.38	2021~2023	\$ 178,458
Unsecured loans	1.09~5.08	2021~2025	<u>4,285,406</u>
Total			<b><u>\$ 4,463,864</u></b>
Current			\$ 2,784,129
Non-current			<u>1,679,735</u>
Total			<b><u>\$ 4,463,864</u></b>

<b>March 31, 2020</b>			
	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
Secured loans	2.94~4.38	2021~2023	\$ 626,285
Unsecured loans	1.03~5.08	2020~2023	<u>4,095,156</u>
Total			<b><u>\$ 4,721,441</u></b>
Current			\$ 836,375
Non-current			<u>3,885,066</u>
Total			<b><u>\$ 4,721,441</u></b>

For the three months ended March 31, 2021 and 2020, the Group repaid the amounts of \$513,938 thousand and \$368,419 thousand, respectively, for its long-term borrowings, wherein the proceeds amounting to \$510,040 thousand and \$134,257 thousand bore the interest rates of 1.04%~1.20% and 2.43%, as well as maturities ranging from March 2024 to November 2025 and September 2022, respectively, and the related information is provided in note 6(l) to the consolidated financial statements for the year ended December 31, 2020.

(Continued)

**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Long-term commercial paper payable (recorded as other long-term borrowings)

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Long-term commercial paper payable	\$ 350,000	350,000	350,000
Less: discount on long-term commercial paper payable	<u>256</u>	<u>659</u>	<u>279</u>
Total	<u>\$ 349,744</u>	<u>349,341</u>	<u>349,721</u>
Interest rate	<u>1.1600%</u>	<u>1.2060%</u>	<u>1.2113%</u>

(n) Current provisions (recorded as other payables)

	<u>Provision for defective products</u>
Balance at January 1, 2021	\$ 12,731
Reversal of unused provisions	(4,072)
Effect on changes in exchange rates	<u>(50)</u>
Balance at March 31, 2021	<u>\$ 8,609</u>
Balance at January 1, 2020	\$ 18,017
Increase in provisions	4,694
Reversal of unused provisions	(7,939)
Effect on changes in exchange rates	<u>(124)</u>
Balance at March 31, 2020	<u>\$ 14,648</u>

(o) Lease liabilities

The Group's lease liabilities were as follow:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Current	<u>\$ 123,892</u>	<u>139,263</u>	<u>167,608</u>
Non-current	<u>\$ 461,246</u>	<u>492,827</u>	<u>693,456</u>

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

(Continued)

**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Interest on lease liabilities	\$ <u>798</u>	<u>2,157</u>
Expenses relating to short-term leases	\$ <u>4,031</u>	<u>582</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>3,743</u>	<u>4,296</u>

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

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Total cash outflow for leases	\$ <u>48,873</u>	<u>51,572</u>

(p) Employee benefits

(i) Defined benefit plans

The Group allocated the pension fund in accordance with the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", and contributed \$17,323 thousand and \$57,226 thousand to the Bank of Taiwan labor pension reserve account in March 2021 and March 2020, respectively. Since there were no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2020 and 2019.

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

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Operating costs	\$ 846	1,009
Operating expenses	567	673
	\$ <u>1,413</u>	<u>1,682</u>

(Continued)

**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Defined contribution plans

According to the defined contribution plans, the Group made contributions to the Bureau of Labor Insurance and the local authorities of the consolidated overseas subsidiaries. The Group recognized pension costs of the defined contribution plans in profit or loss as follows:

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Operating costs	\$ 15,161	9,405
Operating expenses	6,762	7,380
	<b>\$ 21,923</b>	<b>16,785</b>

(q) Income tax

The components of income tax expense were as follows:

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Current income tax expense		
Current period	\$ 261,971	78,673
Adjustment for prior periods	-	1,529
	261,971	80,202
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	137,302	(6,428)
Income tax expenses of continued operations	<b>\$ 399,273</b>	<b>73,774</b>

The tax returns of the Company have been assessed by the tax authorities for all years through 2019.

(r) Capital and other equity

Except as explained in the following paragraphs, there were no significant changes in the capital and other equity during the three months ended March 31, 2021 and 2020. Please refer to note 6(r) to the consolidated financial statements for the year ended December 31, 2020 for the related information.

(i) Retained earnings — earnings distribution

In accordance with the Company's articles of incorporation amended on June 19, 2020, when allocating the earnings for each fiscal year, the Company may, after offsetting losses from previous years, and paying taxes, and setting aside any statutory and appropriated retained earnings of 10% by ordinary resolution, may draw up the allocation of the balance remaining as bonuses, dividends, retained earnings or otherwise. The allocation shall be proposed by the Board of Directors and shall be resolved at the shareholders' general meeting. However, dividends issued in cash may be passed by the Board of Directors with more than two-thirds of the directors' attendance, and be resolved by more than half of the directors, then be reported to the shareholders' general meeting.

(Continued)

**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

In accordance with the original Company's articles of incorporation, when allocating the earnings for each fiscal year, the Company may, after offsetting losses from previous years, after paying taxes as per the law, and after 10% of the statutory surplus reserve is raised before the special surplus reserve is set up or turned over under the Securities and Exchange Act, the balances, when added to the unallocated surplus in the preceding period, are thereafter available for distribution and a surplus allocation proposal is submitted.

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

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

On March 11, 2021, the Company's Board of Directors resolved to appropriate the 2020 earnings. On June 19, 2020, the shareholders' meeting resolved to distribute the 2019 earnings. These earnings were appropriated as follows:

	2020	2019
Dividends distributed to common shareholders:		
Cash	\$ 297,256	412,855

(ii) Other equities (net for tax)

	Foreign exchange differences arising from foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total
Balance as of January 1, 2021	\$ (198,125)	558,902	(81,119)	279,658
Foreign exchange differences arising from foreign operations	(70,793)	-	-	(70,793)
Exchange differences on translation financial statements from investments accounted for using equity method	(4,597)	-	-	(4,597)
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	-	140,917	-	140,917
Share of cash flow hedges of associates and joint ventures accounted for under equity method	-	-	9,954	9,954
Balance as of March 31, 2021	\$ (273,515)	699,819	(71,165)	355,139
Balance as of January 1, 2020	\$ 23,383	711,094	(80,526)	653,951
Foreign exchange differences arising from foreign operations	(75,484)	-	-	(75,484)
Exchange differences on translation financial statements from investments accounted for using equity method	(32,446)	-	-	(32,446)
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	-	(106,961)	-	(106,961)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(84,323)	-	(84,323)
Share of cash flow hedges of associates and joint ventures accounted for under equity method	-	-	(21,356)	(21,356)
Balance as of March 31, 2020	\$ (84,547)	519,810	(101,882)	333,381

(Continued)

**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(s) Earnings per share

The calculation of the Company's basic earnings per share and diluted earnings per share for the three months ended March 31, 2021 and 2020 was as follows:

(i) Basic earnings per share

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Net income attributable to common shareholders of the Company	\$ <b>896,970</b>	<b>59,340</b>
Weighted-average number of common shares (in thousands)	<b>825,710</b>	<b>825,710</b>
Basic earnings per share (NTD)	\$ <b>1.09</b>	<b>0.07</b>

(ii) Diluted earnings per share

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Net income attributable to common shareholders of the Company (diluted)	\$ <b>896,970</b>	<b>59,340</b>
Weighted-average number of common shares (basic) (in thousands)	825,710	825,710
Impact on potential common shares		
Effect of employees' compensation (in thousands)	1,876	3,481
Weighted-average number of shares outstanding (diluted) (in thousands)	<b>827,586</b>	<b>829,191</b>
Diluted earnings per share (NTD)	\$ <b>1.08</b>	<b>0.07</b>

(t) Remuneration to employees and directors

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

For the three months ended March 31, 2021 and 2020, the Company recognized the employees' compensation of \$22,378 thousand and \$9,000 thousand, respectively, and the directors' remuneration of \$4,716 thousand and \$304 thousand, respectively. The amounts were estimated based on the profit-sharing percentages set by the Articles of Incorporation and were recorded as operating cost or operating expenses in the respective periods. If the distribution in the following year is different from the estimate, the difference is treated as a change in accounting estimate and will be recognized as profit or loss for the following year.

(Continued)

**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

For the years ended December 31, 2020 and 2019, the Company recognized its employees' compensation of \$40,750 thousand and \$53,614 thousand, respectively, and its directors' remuneration of \$616 thousand and \$9,813 thousand, respectively. There was no difference between the distribution and the recognized amounts except that the Board of Directors resolved the remuneration to directors of 2019 to be \$4,907 thousand, considering the Company's operating performance and regional market levels. The difference was recognized in profit and loss of 2020. For relevant information, please refer to Market Observation Post System.

(u) Revenue from contracts with customers

	<b>For the three months ended</b>		
	<b>March 31, 2021</b>		
	<b>Synthetic rubber</b>	<b>Non-synthetic rubber</b>	<b>Total</b>
Primary geographical markets:			
Asia	\$ 5,874,866	287,990	6,162,856
Americas	1,002,892	4,535	1,007,427
Europe	828,487	-	828,487
Others	218,041	-	218,041
	<u>\$ 7,924,286</u>	<u>292,525</u>	<u>8,216,811</u>
Major product lines:			
Synthetic rubber / elastomers	7,866,141	-	7,866,141
Applied materials	-	292,320	292,320
Others	58,145	205	58,350
	<u>\$ 7,924,286</u>	<u>292,525</u>	<u>8,216,811</u>
<b>For the three months ended</b>			
<b>March 31, 2020</b>			
	<b>Synthetic rubber</b>	<b>Non-synthetic rubber</b>	<b>Total</b>
Primary geographical markets:			
Asia	\$ 4,330,325	210,990	4,541,315
Americas	1,007,053	1,780	1,008,833
Europe	744,985	-	744,985
Others	198,713	-	198,713
	<u>\$ 6,281,076</u>	<u>212,770</u>	<u>6,493,846</u>
Major product lines:			
Synthetic rubber / elastomers	6,108,194	-	6,108,194
Applied materials	-	207,746	207,746
Others	172,882	5,024	177,906
	<u>\$ 6,281,076</u>	<u>212,770</u>	<u>6,493,846</u>

(Continued)

**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(v) Other income and expenses

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Rental income	\$ 19,107	15,885
Royalty income	27,305	23,770
Net service income	3,651	2,142
Depreciation of investment properties	(3,681)	(3,682)
Net other income	8,964	4,123
Other income and expenses	<b>\$ 55,346</b>	<b>42,238</b>

(w) Non-operating income and expenses

(i) Interest income

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Interest income from bank deposits	<b>\$ 6,118</b>	<b>16,154</b>

(ii) Other gains and losses

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Loss on disposal of property, plant and equipment	\$ (1,189)	(8,414)
Foreign exchange gain or loss, net	(42,999)	6,857
Gains or losses on financial assets (liabilities) at fair value through profit or loss	34,035	7,557
Other gains and losses	6,301	649
Other gains and losses, net	<b>\$ (3,852)</b>	<b>6,649</b>

(iii) Finance costs

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Interest expense	<b>\$ 29,372</b>	<b>40,301</b>

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**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(x) Financial instruments

Except as noted below, there were no significant changes in the Group's exposure to credit risk, liquidity risk, and market risk due to financial instruments. Please refer to note 6(y) to the consolidated financial statements for the year ended December 31, 2020.

(i) Liquidity risk

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

	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
<b>March 31, 2021</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 4,232,042	4,218,445	13,597	-	-	-
Accounts payable (including related parties)	1,648,501	1,648,501	-	-	-	-
Other payables	1,175,449	1,175,449	-	-	-	-
Long-term borrowings (including other long-term borrowings and current portion)	4,903,695	1,040,114	1,386,885	1,637,614	839,082	-
Lease liabilities	621,345	69,452	69,452	111,781	185,445	185,215
Deposits received	57,028	-	-	41,371	12,536	3,121
Derivative financial liabilities						
Other swap contracts:						
Outflow	932	932	-	-	-	-
	<u>\$ 12,638,992</u>	<u>8,152,893</u>	<u>1,469,934</u>	<u>1,790,766</u>	<u>1,037,063</u>	<u>188,336</u>
<b>December 31, 2020</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 3,795,442	3,675,788	119,654	-	-	-
Accounts payable	1,643,264	1,643,264	-	-	-	-
Other payables	1,204,135	1,204,135	-	-	-	-
Long-term borrowings (including other long-term borrowings and current portion)	4,910,796	1,239,315	1,593,226	1,084,767	993,488	-
Lease liabilities	653,406	71,505	71,505	120,293	191,367	198,736
Deposits received	62,118	-	-	46,461	12,536	3,121
Derivative financial liabilities						
Other swap contracts:						
Outflow	32,628	32,628	-	-	-	-
	<u>\$ 12,301,789</u>	<u>7,866,635</u>	<u>1,784,385</u>	<u>1,251,521</u>	<u>1,197,391</u>	<u>201,857</u>
<b>March 31, 2020</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 5,851,188	5,548,256	302,932	-	-	-
Accounts payable (including related parties)	1,068,778	1,068,778	-	-	-	-
Other payables	943,705	943,705	-	-	-	-
Long-term borrowings (including other long-term borrowings and current portion)	5,240,449	434,485	480,849	2,519,108	1,806,007	-
Lease liabilities	895,429	85,101	85,101	143,839	267,564	313,824
Deposits received	56,540	-	-	56,540	-	-
Derivative financial liabilities						
Other swap contracts/other forward contracts:						
Outflow	2,476	2,476	-	-	-	-
	<u>\$ 14,058,565</u>	<u>8,082,801</u>	<u>868,882</u>	<u>2,719,487</u>	<u>2,073,571</u>	<u>313,824</u>

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

(Continued)

**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Currency risk

1) Risk exposure

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

	<b>Foreign currency (thousand dollars)</b>	<b>Exchange rate</b>	<b>NTD</b>
<b>March 31, 2021</b>			
Financial assets:			
Monetary assets:			
USD	\$ 106,684	28.5310	3,043,801
EUR	\$ 10,575	33.4726	353,973
JPY	\$ 138,883	0.2576	35,776
CNY	\$ 26,612	4.3435	115,589
Financial liabilities:			
Monetary liabilities:			
USD	\$ 104,993	28.5310	2,995,555
EUR	\$ 7,246	33.4726	242,542
JPY	\$ 115,151	0.2576	29,663
<b>December 31, 2020</b>			
Financial assets:			
Monetary assets:			
USD	\$ 76,191	28.5080	2,172,053
EUR	\$ 8,197	35.0563	287,356
JPY	\$ 36,134	0.2765	9,991
CNY	\$ 22,490	4.3813	98,535
Financial liabilities:			
Monetary liabilities:			
USD	\$ 84,000	28.5080	2,394,672
EUR	\$ 6,212	35.0563	217,770
JPY	\$ 27,409	0.2765	7,579

(Continued)

**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>Foreign currency (thousand dollars)</b>	<b>Exchange rate</b>	<b>NTD</b>
<b>March 31, 2020</b>			
Financial assets:			
Monetary assets:			
USD	\$ 69,563	30.2540	2,104,559
EUR	\$ 12,464	33.2703	414,681
JPY	\$ 226,999	0.2790	63,333
CNY	\$ 11,871	4.2592	50,561
Financial liabilities:			
Monetary liabilities:			
USD	\$ 68,618	30.2540	2,075,969
EUR	\$ 10,169	33.2703	338,326
JPY	\$ 167,610	0.2790	46,763

The Group's exposure to foreign currency risk arose from cash and cash equivalents, accounts and other receivables, borrowings, and accounts and other payables that were denominated in foreign currencies. If the NTD against the foreign currencies had depreciated / appreciated by 1%, the Group's net income before tax would have increased / decreased by \$2,814 thousand and \$1,721 thousand for the three months ended March 31, 2021 and 2020, respectively, with all other variable factors remaining constant. The analysis was performed on the same basis for both periods.

Since the Group has many kinds of functional currencies, the information on foreign exchange gain (loss) on monetary items is disclosed by gross amount. For the three months ended March 31, 2021 and 2020, foreign exchange gain (loss) (including Derivative financial instruments for non-hedging profit and loss) amounting to \$(8,964) thousand and \$14,414 thousand, respectively.

2) Interest rate risk analysis

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

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

If the interest rate had increased / decreased by 1%, the Group's net income before tax would have decreased / increased by \$22,549 thousand and \$27,263 thousand for the three months ended March 31, 2021 and 2020, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at floating rates.

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**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (iii) Fair value

## 1) Hierarchy and fair value of financial instruments

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

	<b>March 31, 2021</b>				
	<b>Carrying amount</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 27,689	-	27,689	-	27,689
Financial assets at fair value through other comprehensive income					
Unlisted stocks (domestic and overseas)	1,093,607	-	-	1,093,607	1,093,607
Total	<u>\$ 1,121,296</u>	<u>-</u>	<u>27,689</u>	<u>1,093,607</u>	<u>1,121,296</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 932	-	932	-	932
	<b>December 31, 2020</b>				
	<b>Carrying amount</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 3,460	-	3,460	-	3,460
Financial assets at fair value through other comprehensive income					
Unlisted stocks (domestic and overseas)	952,645	-	-	952,645	952,645
Total	<u>\$ 956,105</u>	<u>-</u>	<u>3,460</u>	<u>952,645</u>	<u>956,105</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 32,628	-	32,628	-	32,628

(Continued)

**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	March 31, 2020				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 7,404	-	7,404	-	7,404
Financial assets at fair value through other comprehensive income					
Unlisted stocks (domestic and overseas)	916,887	-	-	916,887	916,887
Total	<u>\$ 924,291</u>	<u>-</u>	<u>7,404</u>	<u>916,887</u>	<u>924,291</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 2,476	-	2,476	-	2,476

2) Valuation techniques and assumptions used in fair value determination

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

3) Reconciliation of Level 3 fair values

	Unquoted equity instruments
Balance at January 1, 2021	\$ 952,645
Total gains:	
Recognized in other comprehensive income	140,962
Balance at March 31, 2021	<u>\$ 1,093,607</u>
Balance at January 1, 2020	\$ 1,022,688
Total gains:	
Recognized in other comprehensive income	(105,801)
Balance at March 31, 2020	<u>\$ 916,887</u>

(Continued)

**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income-equity investments without an active market	Comparative listed company	<ul style="list-style-type: none"> <li>· Multipliers of price-to-earnings ratios as of March 31, 2021, December 31, 2020 and March 31, 2020 was all 13.87~17.80, 15.62~17.80 and 15.78~16.00, respectively</li> <li>· Multipliers of price-book ratios as of March 31, 2021, December 31, 2020 and March 31, 2020 were 1.69, 1.38 and 0.89, respectively</li> <li>· Market liquidity discount rate as of March 31, 2021, December 31, 2020 and March 31, 2020 was all 20%</li> </ul>	<ul style="list-style-type: none"> <li>· the estimated fair value would have been higher if the price-to-earnings and price-book ratios would be higher.</li> <li>· the estimated fair value would have been higher if the market liquidity discount would be lower.</li> </ul>

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

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

	<u>Input</u>	<u>Move up or down</u>	<u>Other comprehensive income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>
<b>March 31, 2021</b>				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	1%	\$ 13,676	(13,676)

(Continued)

**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	Input	Move up or down	Other comprehensive income	
			Favorable	Unfavorable
<b>December 31, 2020</b>				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	1%	\$ 11,912	(11,912)
<b>March 31, 2020</b>				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	1%	\$ 11,459	(11,459)

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

(y) Financial risk management

The objectives and policies of the Group's financial risk management are the same as those in note 6(z) to the consolidated financial statements for the year ended December 31, 2020.

(z) Capital management

The objectives, policies, and procedures of the Group's capital management are the same as those in the consolidated financial statements for the year ended December 31, 2020. There were no significant changes in the Group's quantitative information from that disclosed in the consolidated financial statements for the year ended December 31, 2020. For further information, please refer to note 6(aa) to the consolidated financial statements for the year ended December 31, 2020.

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

The Group did not have non-cash flow transactions on investing and financing activities for the three months ended March 31, 2021 and 2020.

(ab) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities for the three months ended March 31, 2021 and 2020 was as follows:

	January 1, 2021	Cash flows	Non-cash changes			March 31, 2021
			Foreign exchange movement	Amortization of commercial paper discount	Others	
Long-term borrowings (including current portion)	\$ 4,463,864	(3,898)	(2,986)	-	-	4,456,980
Other long-term borrowings	349,341	-	-	403	-	349,744
Short-term borrowings	3,789,276	516,372	(92,964)	-	-	4,212,684
Lease liabilities	632,090	(40,301)	(10,011)	798	2,562	585,138
Total liabilities from financing activities	\$ 9,234,571	472,173	(105,961)	1,201	2,562	9,604,546

(Continued)

**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	January 1, 2020	Cash flows	Non-cash changes			March 31, 2020
			Foreign exchange movement	Amortization of commercial paper discount	Others	
Long-term borrowings (including current portion)	\$ 4,959,940	(234,162)	(4,337)	-	-	4,721,441
Other long-term borrowings	349,287	-	-	434	-	349,721
Short-term borrowings	4,729,148	1,115,608	(10,857)	-	-	5,833,899
Lease liabilities	861,631	(44,537)	(6,074)	2,157	47,887	861,064
Total liabilities from financing activities	<u>\$ 10,900,006</u>	<u>836,909</u>	<u>(21,268)</u>	<u>2,591</u>	<u>47,887</u>	<u>11,766,125</u>

**(7) Related-party transactions**

(a) Names and relationship with related parties

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

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

(b) Significant transactions with related parties

(i) Operating revenue

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

	For the three months ended March 31	
	2021	2020
Associates	\$ -	5,769

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**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

(ii) Purchases

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

	<b>For the three months ended</b>	
	<b>March 31</b>	
	<b>2021</b>	<b>2020</b>
Other related parties	\$ <b>42,585</b>	<b>64,778</b>

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

(iii) Service income and expenses

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

	<b>For the three months ended</b>	
	<b>March 31</b>	
	<b>2021</b>	<b>2020</b>
Associates		
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 36,849	28,849
Joint ventures		
Indian Synthetic Rubber Private Limited	17,591	11,852
Others	982	700
Other related parties		
Others	(3,869)	(3,835)
	<b>\$ 51,553</b>	<b>37,566</b>

(iv) Lease – Rent income

	<b>For the three months ended</b>	
	<b>March 31</b>	
	<b>2021</b>	<b>2020</b>
Other related parties	\$ <b>1,119</b>	<b>1,121</b>

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

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**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (v) Receivables from related parties

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

<u>Account</u>	<u>Type of related parties</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Other receivables	Associates			
	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 26,820	22,154	25,308
Other receivables	Joint ventures			
	Indian Synthetic Rubber Private Limited	22,829	17,183	18,945
	Others	513	235	458
		<u>\$ 50,162</u>	<u>39,572</u>	<u>44,711</u>

## (vi) Payables to related parties

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

<u>Account</u>	<u>Type of related parties</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Accounts payable	Other related parties	\$ 46,758	-	30,900
Other payables	Other related parties	1,188	1,226	843
		<u>\$ 47,946</u>	<u>1,226</u>	<u>31,743</u>

## (vii) Guarantees

The credit limits of the guarantees the Group provided on the bank loans of related parties were as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Associates			
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 765,887	1,577,416	756,615
Joint ventures			
Indian Synthetic Rubber Private Limited	950,082	949,316	1,438,578
	<u>\$ 1,715,969</u>	<u>2,526,732</u>	<u>2,195,193</u>

(Continued)

**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Associates			
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 2,247	733	2,762
Joint ventures			
Indian Synthetic Rubber Private Limited	<u>30,032</u>	<u>31,086</u>	<u>13,459</u>
	<u>\$ 32,279</u>	<u>31,819</u>	<u>16,221</u>

(c) Key management personnel transactions

The compensation of the key management personnel comprised the following:

	<u>For the three months ended March 31</u>	
	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 29,630	29,395
Post-employment benefits	<u>341</u>	<u>308</u>
	<u>\$ 29,971</u>	<u>29,703</u>

(8) Pledged assets

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Restricted savings deposits (recorded as other non-current assets)	Bank guarantee for electricity usage	\$ 1,175	1,173	1,240
Machinery etc. (recorded as property, plant and equipment)	Guarantee for long-term borrowings	<u>260,485</u>	<u>269,284</u>	<u>316,867</u>
		<u>\$ 261,660</u>	<u>270,457</u>	<u>318,107</u>

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**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(9) Commitments and contingencies**

- (a) The unused letters of credit outstanding

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
The Group's unused letters of credit outstanding	\$ <u>1,247,663</u>	<u>1,284,162</u>	<u>733,208</u>

- (b) Total amounts and the cumulative payments of group's signed construction and design contracts with several vendors as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Total amounts of construction in progress contracts	\$ <u>478,004</u>	<u>2,851,593</u>	<u>2,234,030</u>
Cumulative payments	\$ <u>283,298</u>	<u>2,342,971</u>	<u>1,803,007</u>

**(10) Losses Due to Major Disasters: None.**

**(11) Subsequent Events: None.**

**(12) Other**

- (a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By nature	By function Three months ended March 31, 2021			Three months ended March 31, 2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	247,143	183,449	430,592	218,659	164,986	383,645
Labor and health insurance	23,702	15,354	39,056	20,997	15,533	36,530
Pension	16,007	7,329	23,336	10,414	8,053	18,467
Others (note 1)	46,623	25,999	72,622	39,228	17,731	56,959
Depreciation (note 2)	231,150	46,530	277,680	202,463	48,228	250,691
Amortization	1,415	28,986	30,401	1,621	37,007	38,628

Note 1: Other personnel expenses included meals, employee welfare, training expenses and employees' bonus.

Note 2: Depreciation expenses for investment property recognized under other income and expenses amounting to \$3,681 thousand and \$3,682 thousand for the three months ended March 31, 2021 and 2020 were excluded.

- (b) Seasonality or cyclicity of interim operations

The Group's operations were not affected by seasonality or cyclicity factors.

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## TSRC CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (13) Other disclosures

##### (a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the three months ended March 31, 2021:

##### (i) Loans to other parties:

Unit: thousand NTD

No.	Name of lender	Name of borrower	Financial statement account	Related party	Highest balance of financing to other parties during the year	Ending balance	Amount actually drawn	Range of interest rates	Purposes of fund financing for the borrowers	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing company (Note 1)	Maximum financing limit for the lender (Note 2)
													Item	Value		
1	TSRC (Shanghai) Industries Ltd.	TSRC (Nantong) Industries Ltd.	Loan	Yes	231,631	230,206	86,870	3.698%	2	-	Operating capital	-	-	-	295,155	590,310
2	Polybus Corporation Pte Ltd	TSRC	Account receivable-related parties	Yes	684,744	684,744	-	-	2	-	Operating capital	-	-	-	4,150,935	8,301,870
3	TSRC (Hong Kong) Limited	TSRC	Account receivable-related parties	Yes	171,186	171,186	-	-	2	-	Operating capital	-	-	-	1,750,533	3,501,066
4	TSRC Specialty Materials LLC	TSRC (USA) Investment Corporation	Account receivable-related parties	Yes	427,965	427,965	-	-	2	-	Operating capital	-	-	-	1,096,729	2,193,457

Note 1: The loan limit extended per party should not be over 10% of total equity. However, if the counterparty is a subsidiary 100% owned, directly or indirectly by TSRC, the loan limit extended per party should not be over 50% of the total equity of the most recent financial statements audited or reviewed by a CPA.

Note 2: The maximum loan extended to all parties should not be over 40% of total equity. However, if the counterparty is a subsidiary 100.00% owned, directly or indirectly by TSRC, the total loan limit should not be over 100% of total equity of the most recent financial statements audited or reviewed by a CPA.

Note 3: The fund of loan and the loan to the other party are 100.00% owned by TSRC.

Note 4: Credit period: The financing period should not be over one year.

Note 5: Loans to other parties numbering is as follows:

- (1) if it's ordinary business relationship, the number is "1".
- (2) if it needs short-term financial funds, the number is "2".

Note 6: The transactions within the Group were eliminated in the consolidated financial statements.

##### (ii) Guarantees and endorsements for other parties:

Unit: thousand NTD

No.	Name of company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for one party	Highest balance for guarantees and endorsements during the year	Ending balance of guarantees and endorsements	Amount actually drawn	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum allowable amount for guarantees and endorsements	Parent company endorsement / guarantees to third parties on behalf of subsidiary	Subsidiary endorsement / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of company in Mainland China
		Name	Relationship with the company										
0	TSRC	TSRC (USA) Investment Corporation	4	(Note 2)	427,965	427,965	353,784	-	2.83 %	(Note 3)	Y		
0	TSRC	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	6	(Note 2)	1,561,828	765,887	69,222	-	5.07 %	(Note 3)			Y
0	TSRC	Indian Synthetic Rubber Private Limited	6	(Note 2)	950,082	950,082	848,797	-	6.29 %	(Note 3)			
0	TSRC	TSRC (Vietnam) Co., Ltd.	4	(Note 2)	504,999	504,999	430,819	-	3.34 %	(Note 3)	Y		
0	TSRC	TSRC Specialty Materials LLC	4	(Note 2)	285,310	285,310	164,597	-	1.89 %	(Note 3)	Y		

Note 1: The guarantee's relationship with the guarantor is as follows:

- (1) A company with which it does business.
- (2) A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.
- (3) A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.
- (4) A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
- (5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6) A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
- (7) Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: The guaranteed amount by the Company is limited to 60% of total equity amounting to \$9,066,943 thousand.

Note 3: The aggregate amount of guarantee by the Company is limited to 1.5 times its stockholders' equity, amounting to \$22,667,357 thousand.

Note 4: The transactions within the Group were eliminated in the consolidated financial statements.

(Continued)

## TSRC CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(iii) Securities held as of March 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand NTD

Name of holder	Nature and name of security	Relationship with the security issuer	Account name	Ending balance				Remarks
				Number of shares	Book value	Holding percentage	Market value	
TSRC	Evergreen Steel Corporation	-	Financial assets at fair value through other comprehensive income – non-current	12,148,000	583,590	3.04 %	583,590	
TSRC	Thai Synthetic Rubbers Co., Ltd.	-	Financial assets at fair value through other comprehensive income – non-current	599,999	69,810	5.42 %	69,810	
TSRC	Hsin-Yung Enterprise Corporation	-	Financial assets at fair value through other comprehensive income – non-current	5,657,000	342,758	3.90 %	342,758	
Dymas Corporation	Thai Synthetic Rubbers Co., Ltd.	-	Financial assets at fair value through other comprehensive income – non-current	837,552	97,449	7.57 %	97,449	
					1,093,607		1,093,607	

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$300 million or 20% of the capital stock:

Unit: thousand NTD

Name of company	Counter-party	Relationship	Transaction details				Status and reason for deviation from arm's-length transaction		Account / note receivable (payable)		Remarks
			Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
TSRC (Lux.) Corporation S.A R.L	TSRC Specialty Materials LLC	Related parties	Purchase	181,290	32.20 %	90 days	-		(71,281)	(29.28) %	
TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L	Related parties	Sale	(181,290)	(18.28) %	90 days	-		71,281	14.03 %	
TSRC (Lux.) Corporation S.A R.L	TSRC (Nantong) Industries Ltd.	Related parties	Purchase	335,867	59.66 %	70 days	-		(168,190)	(69.09) %	
TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L	Related parties	Sale	(335,867)	(23.11) %	70 days	-		168,190	26.65 %	

Note 1: The transactions within the Group were eliminated in the consolidated financial statements.

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Unit: thousand NTD

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover rate	Overdue amount		Amounts received in subsequent period (Note 2)	Allowances for bad debts
					Amount	Action taken		
TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L	Related parties	168,190	10.25	-		97,021	-

Note 1: Transactions within the Group were eliminated in the consolidated financial statements.

Note 2: Until May 6, 2021.

(ix) Trading in derivative instruments: Please refer to note 6(b).

(Continued)

**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(x) Business relationships and significant intercompany transactions:

Unit: thousand NTD

No.	Name of company	Name of counter-party	Existing relationship with the counter-party	Transaction details			Percentage of the total consolidated revenue or total assets
				Account name	Amount	Trading terms	
0	TSRC	TSRC (Nantong) Industries Ltd.	1	Sales revenue	26,904	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.33 %
0	TSRC	TSRC (Nantong) Industries Ltd.	1	Other income and expenses	17,957	"	0.22 %
0	TSRC	TSRC (Lux.) Corporation S.A R.L	1	Sales revenue	44,830	"	0.55 %
0	TSRC	Polybus Corporation Pte Ltd	1	Sales revenue	10,016	"	0.12 %
0	TSRC	TSRC Specialty Materials LLC	1	Sales revenue	75,548	"	0.92 %
0	TSRC	TSRC Specialty Materials LLC	1	Accounts receivable	66,528		0.21 %
0	TSRC	TSRC (Nantong) Industries Ltd.	1	Other income and expenses	17,932	The transaction is not significantly different from normal transactions, and the collection terms were about six months	0.22 %
1	TSRC (Nantong) Industries Ltd.	TSRC (Shanghai) Industries Ltd.	3	Sales revenue	13,009	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.16 %
1	TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd	3	Sales revenue	75,583	"	0.92 %
1	TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L	3	Sales revenue	335,867	"	4.09 %
1	TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L	3	Accounts receivable	168,190	"	0.54 %
1	TSRC (Nantong) Industries Ltd.	TSRC-UBE (Nantong) Industries Ltd.	3	Other income and expenses	56,040	"	0.68 %
2	TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L	3	Sales revenue	181,290	The transaction is not significantly different from normal transactions, and the collection terms were about three months	2.21 %
2	TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L	3	Accounts receivable	71,281	"	0.23 %
3	Shen Hua Chemical Industries Co., Ltd.	Polybus Corporation Pte Ltd	3	Sales revenue	67,517	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.82 %
3	TSRC (Lux.) Corporation S.A R.L	TSRC	2	Other income and expenses	13,020	The transaction is not significantly different from normal transactions, and the collection terms were about six months	0.16 %
4	TSRC (Shanghai) Industries Ltd.	TSRC (Nantong) Industries Ltd.	3	Sales revenue	12,722	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.16 %
4	TSRC (Shanghai) Industries Ltd.	TSRC (Nantong) Industries Ltd.	3	Entrusted loans	86,870	One year based on the contract of entrusted loans	0.28 %

(Continued)

## TSRC CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Note 1: Company numbering is as follows:

- (1) Parent company - 0.
- (2) Subsidiary starts from 1.

Note 2: The number of the relationship with the transaction counterparty represents the following:

- (1) 1 represents downstream transactions.
- (2) 2 represents upstream transactions.
- (3) 3 represents midstream transactions.

Note 3: For balance sheet items, over 0.1% of total consolidated assets, and for profit or loss items, over 0.1% of total consolidated revenue were selected for disclosure.

Note 4: TSRC's guarantees for bank loans of investees.

Note 5: The transactions within the Group were eliminated in the consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2021 (excluding information on investees in Mainland China):

Unit: thousand NTD/thousand USD/thousand EUR											
Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance			Net income (losses) of investee	Investment income (losses)	Remarks
				March 31, 2021	December 31, 2020	Shares	Percentage of ownership	Book value			
TSRC	Trimurti Holding Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	1,005,495	1,005,495	86,920,000	100.00 %	13,433,239	727,214	727,214	Subsidiary
TSRC	Hardison International Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	109,442	109,442	3,896,305	100.00 %	547,692	5,132	5,132	Subsidiary
TSRC	Dymas Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	38,376	38,376	1,161,004	19.48 %	113,402	9,993	1,947	Subsidiary (note 2)
TSRC	TSRC (Vietnam) Co., Ltd.	8 VSIP II-A Street 31, Vietnam Singapore Industrial Park II-A, Tan Uyen Town, Binh Duong Province, Vietnam	Production and processing of rubber color masterbatch, thermoplastic elastomer and plastic compound products	278,280	278,280	-	100.00 %	191,125	(6,621)	(6,621)	Subsidiary
Trimurti Holding Corporation	Polybus Corporation Pte Ltd	100 Peck Seah Street #09-16 Singapore 079333	International commerce and investment corporation	1,857,397 (USD65,101)	1,857,397 (USD65,101)	105,830,000	100.00 %	8,301,870	445,480	445,480	Indirectly owned subsidiary
Trimurti Holding Corporation	TSRC (Hong Kong) Limited	15/F Boc Group Life Assurance Tower 136 Dses Voews Road Central	Investment corporation	2,962,944 (USD103,850)	2,962,944 (USD77,850)	103,850,000	100.00 %	3,501,066	101,280	101,280	Indirectly owned subsidiary
Trimurti Holding Corporation	Indian Synthetic Rubber Private Limited	Room No.702, Indian Oil Bhawan, 1 Sri Aurobindo Marg, Yusuf Sarai, New Delhi 110016, India	Production and sale of synthetic rubber products	840,894 (USD29,473)	840,894 (USD29,473)	222,861,375	50.00 %	702,631	367,067	183,533	-
TSRC (Hong Kong) Limited	TSRC (Lux.) Corporation S.A.R.L.	39-43 avenue de la Liberté L-1931 Luxembourg	International commerce and investment corporation	2,506,081 (EUR74,870)	2,506,081 (EUR74,870)	74,869,617	100.00 %	2,792,121	76,566	76,566	Indirectly owned subsidiary
TSRC (Lux.) Corporation S.A.R.L.	TSRC (USA) Investment Corporation	2711 Centerville Road, Suite 400, County New Castle, Wilmington, Delaware, USA	Investment corporation	2,740,403 (USD96,050)	2,740,403 (USD96,050)	130	100.00 %	2,717,408	36,318	36,318	Indirectly owned subsidiary
TSRC (USA) Investment Corporation	TSRC Specialty Materials LLC	12012 Wickchester Lane, Suite 280, Houston, TX, USA	Production and sale of TPE	6,237,362 (USD218,617)	6,237,362 (USD218,617)	-	100.00 %	2,193,457	85,128	85,128	Indirectly owned subsidiary
Hardison International Corporation	Triton International Holdings Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	1,427 (USD50)	1,427 (USD50)	50,000	100.00 %	55,678	(2,846)	(2,846)	Indirectly owned subsidiary
Hardison International Corporation	Dymas Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	136,920 (USD4,799)	136,920 (USD4,799)	4,798,566	80.52 %	490,060	9,993	8,047	Indirectly owned subsidiary
Dymas Corporation	Asia Pacific Energy Development Co., Ltd.	Cayman Islands	Consulting for electric power facilities management and electrical system design	321,972 (USD11,285)	321,972 (USD11,285)	7,522,337	37.78 %	422,986	26,463	9,998	-

Note 1: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD28.531; EUR1 to NTD33.4726).

Note 2: TSRC directly owns 19.48% of Dymas's equity and indirectly owns 80.52% via Hardison International Corporation, total directly and indirectly owns of equity are 100%.

Note 3: Transactions within the Group were eliminated in the consolidated financial statements.

(c) Information on investment in Mainland China:

(i) The names, main businesses and products, and other information of investees in Mainland China:

Unit: thousand NTD/thousand USD												
Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2021	Investment flow during current period		Cumulative investment (amount) from Taiwan as of March 31, 2021	Net income (losses) of investee	Direct / indirect investment holding percentage	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount						
Shen Hua Chemical Industries Co., Ltd.	Production and sale of synthetic rubber products	1,176,048 (USD41,220)	(2)a.	-	-	-	-	397,605	65.44 %	260,193	2,137,952	4,786,340
Changzhou Asia Pacific Co-generation Co., Ltd.	Power generation and sale of electricity and steam	659,066 (USD23,100)	(2)c.	109,330 (USD3,832)	-	-	109,330 (USD3,832)	30,754	28.34 %	8,716	405,316	358,308
TSRC (Shanghai) Industries Ltd.	Production and sale of compounding materials	156,921 (USD5,500)	(2)b.	111,842 (USD3,920)	-	-	111,842 (USD3,920)	26,994	100.00 %	26,994	611,968	-
Nantong Qix Storage Co., Ltd.	Storehouse for chemicals	85,593 (USD3,000)	(2)d.	42,797 (USD1,500)	-	-	42,797 (USD1,500)	(5,598)	50.00 %	(2,799)	55,351	74,060

(Continued)



## TSRC CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2021	Investment flow during current period		Cumulative investment (amount) from Taiwan as of March 31, 2021	Net income (losses) of investee	Direct / indirect investment holding percentage	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount						
TSRC-UBE (Nantong) Chemical Industrial Co., Ltd.	Production and sale of synthetic rubber products	1,141,240 (USD40,000)	(2)a.	28,531 (USD1,000)	-	-	28,531 (USD1,000)	114,997	55.00 %	63,248	942,966	-
TSRC (Nantong) Industries Ltd.	Production and sale of TPE	2,999,321 (USD105,125)	(2)a.	189,674 (USD6,648)	-	-	189,674 (USD6,648)	117,265	100.00 %	117,265	4,792,668	440,864
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	Production and sale of NBR	1,278,189 (USD44,800)	(2)a.	-	-	-	-	49,752	50.00 %	24,876	346,673	-

Note 1: The method of investment is divided into the following four categories:

- (1) Remittance from third-region companies to invest in Mainland China.
- (2) Through the establishment of third-region companies then investing in Mainland China.
  - a. Through the establishment of Polybus Corporation Pte Ltd then investing in Mainland China.
  - b. Through the establishment of TSRC (Hing Kong) Limited then investing in Mainland China.
  - c. Through the establishment of Asia Pacific Energy Development Co., Ltd. then investing in Mainland China.
  - d. Through the establishment of Triton International Holdings Corporation then investing in Mainland China.
- (3) Through transferring the investment to third-region existing companies then investing in Mainland China.
- (4) Other methods: EX: delegated investments.

Note 2: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD28.531).

Note 3: The transactions within the Group were eliminated in the consolidated financial statements.

(ii) Limitation on investment in Mainland China:

Unit: thousand NTD/thousand USD			
Company name	Accumulated investment amount in Mainland China as of March 31, 2021	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
TSRC	482,174 (USD16,900)	5,344,855 (USD187,335) (Note 2)	- (Note 1)

Note 1: In accordance with the "Regulations on Permission for Investment or Technical Cooperation in Mainland China" and the "Principles for Examination of Applications for Investment or Technical Cooperation in Mainland China" amended and ratified by the Executive Yuan on August 22, 2008, the Company met the criteria for operational headquarters under the Statute for Industrial Innovation and obtained approval from the Industrial Development Bureau, Ministry of Economic Affairs, on August 23, 2018. As it has an operational headquarters status, the Company is not subject to the limitation as to the amount of investment in Mainland China during the period from August 20, 2018 to August 19, 2021.

Note 2: This amount includes capital increase out of earnings, approved by the Investment Commission, MOEA.

Note 3: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD28.531).

(iii) Significant transactions:

Related information is provided in note 13(a) 10.

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Panama Banco industrial company		69,524,417	8.41 %
Han-De Construction Co.,Ltd.		63,093,108	7.64 %
Wei Dah Development Co., Ltd.		53,708,923	6.50 %

(Continued)

**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(14) Segment information**

The Group's operating segment information and reconciliation were as follows:

	<u>Synthetic rubber</u>	<u>Non-synthetic rubber</u>	<u>Others</u>	<u>Total</u>
<b>Three months ended March 31, 2021</b>				
Revenue:				
Revenue from external customers	\$ <u>7,924,286</u>	<u>292,525</u>	<u>-</u>	<u>8,216,811</u>
<b>Income from operations</b>	<u>\$ 1,439,377</u>	<u>33,245</u>	<u>12,782</u>	<u>1,485,404</u>
<b>Three months ended March 31, 2020</b>				
Revenue:				
Revenue from external customers	\$ <u>6,281,076</u>	<u>212,770</u>	<u>-</u>	<u>6,493,846</u>
<b>Income from operations</b>	<u>\$ 187,985</u>	<u>(13,318)</u>	<u>(6,291)</u>	<u>168,376</u>

As the information on segment assets and liabilities was not provided to the chief operating decision maker, the information on segment assets and liabilities is not disclosed.