

**TSRC CORPORATION  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Six Months Ended June 30, 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 June 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2021 and 2020, as well as the changes in equity and cash flows for the six 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 \$3,430,631 thousand and \$3,101,975 thousand, constituting 11% and 10% of the consolidated total assets; and the total liabilities amounting to \$727,902 thousand and \$762,019 thousand, both constituting 5% of the consolidated total liabilities as of June 30, 2021 and 2020, respectively; as well as the total comprehensive income (loss) amounting to \$141,542 thousand, \$(10,123) thousand, \$256,898 thousand and \$(27,366) thousand, constituting 10%, (25)%, 10% and 22% of the consolidated total comprehensive income (loss) for the three months and six months ended June 30, 2021 and 2020, respectively.



Furthermore, as stated in Note 6(h), the other equity accounted investments of the Group in its investee companies of \$1,715,467 thousand and \$987,595 thousand as of June 30, 2021 and 2020, respectively, and its equity in net earnings (loss) on these investee companies of \$311,128 thousand, \$(48,057) thousand, \$526,736 thousand and \$(63,896) thousand for the three months and six months ended June 30, 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 June 30, 2021 and 2020, and of its consolidated financial performance for the three months and six months ended June 30, 2021 and 2020, as well as its consolidated cash flows for the six months then ended 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)  
August 3, 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 June 30, 2021 and 2020**

**TSRC CORPORATION AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**June 30, 2021, December 31 and June 30, 2020**

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

		<u>June 30, 2021</u>		<u>December 31, 2020</u>		<u>June 30, 2020</u>				<u>June 30, 2021</u>		<u>December 31, 2020</u>		<u>June 30, 2020</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>			<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b>Assets</b>								<b>Liabilities and Equity</b>							
<b>Current assets:</b>								<b>Current liabilities:</b>							
1100	Cash and cash equivalents (note 6(a))	\$ 4,554,978	14	3,278,463	12	4,745,090	16	2100	Short-term borrowings (note 6(n))	\$ 3,836,769	12	3,789,276	13	4,272,257	14
1110	Current financial assets at fair value through profit or loss (note 6(b))	7,787	-	3,460	-	1,163	-	2322	Current portion of long-term borrowings (notes 6(n) and 8)	2,325,078	7	2,784,129	10	848,878	3
1150	Notes receivable, net (note 6(d))	989,639	3	571,220	2	566,705	2	2120	Current financial liabilities at fair value through profit or loss (note 6(b))	2,735	-	32,628	-	37	-
1170	Accounts receivable, net (notes 6(d) and 7)	3,357,739	10	2,802,351	10	2,035,821	7	2170	Accounts payable	1,346,866	4	1,643,264	6	1,160,426	4
1200	Other receivables (notes 6(e) and 7)	162,730	1	146,171	-	131,514	-	2180	Accounts payable—related parties (note 7)	50,898	-	-	-	24,971	-
1220	Current income tax assets	-	-	12,151	-	20,474	-	2216	Dividend payable (note 6(r))	304,676	1	7,687	-	422,222	1
130x	Inventories (note 6(f))	5,062,740	16	4,772,464	16	5,076,817	17	2230	Current income tax liabilities	469,318	1	172,787	1	192,999	1
1460	Non-current assets held for sale (note 6(g))	201,665	1	-	-	-	-	2219	Other payables (notes 6(n), 6(t) and 7)	1,370,024	4	1,196,448	4	943,153	4
1479	Other current assets	626,319	2	851,356	3	410,405	1	2280	Current lease liabilities (note 6(o))	149,248	-	139,263	-	165,255	-
	<b>Total current assets</b>	<u>14,963,597</u>	<u>47</u>	<u>12,437,636</u>	<u>43</u>	<u>12,987,989</u>	<u>43</u>	2399	Other current liabilities	150,936	-	128,285	-	208,067	1
<b>Non-current assets:</b>								<b>Total current liabilities</b>		<u>10,006,548</u>		<u>9,893,767</u>		<u>8,238,265</u>	
1518	Non-current financial assets at fair value through other comprehensive income (note 6(c))	1,527,262	5	952,645	4	1,277,516	5	2541	<b>Non-Current liabilities:</b>						
1550	Investments accounted for under equity method (notes 6(h) and 7)	1,715,467	5	1,303,787	4	987,595	3	2542	Long-term bank borrowings (notes 6(n) and 8)	2,135,109	7	1,679,735	5	3,804,839	13
1600	Property, plant and equipment (notes 6(j), 8 and 9)	9,999,071	31	10,516,517	36	10,025,719	34	2550	Other long-term borrowings (note 6(n))	349,405	1	349,341	1	349,807	1
1755	Right-of-use assets (note 6(k))	967,548	3	1,022,972	3	1,182,546	4	2550	Non-current provision liabilities (note 7)	29,518	-	31,819	-	37,499	-
1760	Investment property (note 6(l))	1,559,510	5	1,566,873	5	1,574,236	5	2600	Deferred income tax liabilities	944,741	3	807,700	3	885,561	3
1780	Intangible assets (note 6(m))	951,023	3	1,012,405	3	1,603,547	5		Non-current lease liabilities (note 6(o))	424,528	1	492,827	2	637,245	2
1840	Deferred income tax assets	287,276	1	288,429	1	276,568	1		Other non-current liabilities	126,231	-	154,534	1	129,985	-
1900	Other non-current assets (note 8)	140,450	-	167,118	1	82,539	-		<b>Total non-current liabilities</b>	<u>4,009,532</u>	<u>12</u>	<u>3,515,956</u>	<u>12</u>	<u>5,844,936</u>	<u>19</u>
	<b>Total non-current assets</b>	<u>17,147,607</u>	<u>53</u>	<u>16,830,746</u>	<u>57</u>	<u>17,010,266</u>	<u>57</u>		<b>Total liabilities</b>	<u>14,016,080</u>	<u>41</u>	<u>13,409,723</u>	<u>46</u>	<u>14,083,201</u>	<u>47</u>
								<b>Equity attributable to shareholders of the Company (notes 6(i) and (r)) :</b>							
								3100	Common stock	8,257,099	26	8,257,099	28	8,257,099	27
								3200	Capital surplus	49,531	-	49,531	-	47,140	-
								Retained earnings:							
								3310	Legal reserve	4,073,680	14	4,068,862	14	4,068,862	14
								3350	Unappropriated earnings	3,080,793	10	1,483,970	5	1,461,894	5
										7,154,473	24	5,552,832	19	5,530,756	19
								Other equity:							
								3410	Financial statement translation differences for foreign operations	(479,090)	(1)	(198,125)	(1)	(342,051)	(1)
								3420	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	1,136,313	4	558,902	2	881,573	3
								3450	Gains or losses on hedging instrument	(69,016)	-	(81,119)	-	(93,368)	-
										588,207	3	279,658	1	446,154	2
									<b>Total equity attributable to shareholders of the Company</b>	<u>16,049,310</u>	<u>53</u>	<u>14,139,120</u>	<u>48</u>	<u>14,281,149</u>	<u>48</u>
								36xx	<b>Non-controlling interests</b>	2,045,814	6	1,719,539	6	1,633,905	5
									<b>Total equity</b>	<u>18,095,124</u>	<u>59</u>	<u>15,858,659</u>	<u>54</u>	<u>15,915,054</u>	<u>53</u>
									<b>Total liabilities and equity</b>	<u>\$ 32,111,204</u>	<u>100</u>	<u>29,268,382</u>	<u>100</u>	<u>29,998,255</u>	<u>100</u>
	<b>Total assets</b>	<u>\$ 32,111,204</u>	<u>100</u>	<u>29,268,382</u>	<u>100</u>	<u>29,998,255</u>	<u>100</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**

**Consolidated Statements of Comprehensive Income**

For the three months and six months ended June 30, 2021 and 2020

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

	For the three months ended June 30				For the six months ended June 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Revenue (notes 6(u) and 7)	\$ 8,520,715	100	5,535,339	100	16,737,526	100	12,029,185	100
5000 Operating costs (notes 6(f), 6(j), 6(k), 6(n), 6(o), 6(p), 6(t) and 7)	6,542,568	77	4,920,874	89	12,753,863	76	10,653,573	89
5910 Gross profit	1,978,147	23	614,465	11	3,983,663	24	1,375,612	11
6000 Operating expenses (notes 6(d), 6(j), 6(k), 6(o), 6(p) 6(t) and 7):								
6100 Selling expenses	433,233	5	207,210	4	848,925	6	446,058	4
6200 General and administrative expenses	262,236	3	260,742	5	521,162	3	528,691	4
6300 Research and development expenses	90,771	1	86,277	1	179,802	1	179,717	1
6450 Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	(3)	-	(4)	-	308	-	1,431	-
<b>Total operating expenses</b>	<b>786,237</b>	<b>9</b>	<b>554,225</b>	<b>10</b>	<b>1,550,197</b>	<b>10</b>	<b>1,155,897</b>	<b>9</b>
6500 Other income and expenses, net (notes 6(v) and 7)	55,223	1	40,211	1	110,569	1	82,449	1
6900 Operating profit	1,247,133	15	100,451	2	2,544,035	15	302,164	3
Non-operating income and expenses (notes 6(h), 6(o), 6(w) and 7):								
7100 Interest income	9,770	-	13,743	-	15,888	-	29,897	-
7010 Other income	28,285	-	28,285	-	28,285	-	28,285	-
7020 Other gains and losses	(63,491)	(1)	1,519	-	(67,343)	-	8,168	-
7050 Finance costs	(28,986)	-	(32,310)	-	(58,358)	-	(72,611)	(1)
7370 Share of gain (loss) of associates and joint ventures accounted for under equity method	311,128	4	(48,057)	(1)	526,736	3	(63,896)	-
<b>Total non-operating income and expenses</b>	<b>256,706</b>	<b>3</b>	<b>(36,820)</b>	<b>(1)</b>	<b>445,208</b>	<b>3</b>	<b>(70,157)</b>	<b>(1)</b>
7900 Net income before tax	1,503,839	18	63,631	1	2,989,243	18	232,007	2
7950 Less: tax expenses (note 6(q))	333,123	4	111,309	2	732,396	4	185,083	2
Net income (loss)	1,170,716	14	(47,678)	(1)	2,256,847	14	46,924	-
8300 Other comprehensive income:								
8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss								
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	436,494	5	361,763	7	577,411	3	254,802	2
8349 Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	<b>436,494</b>	<b>5</b>	<b>361,763</b>	<b>7</b>	<b>577,411</b>	<b>3</b>	<b>254,802</b>	<b>2</b>
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361 Exchange differences on translation of foreign financial statements	(235,651)	(3)	(280,730)	(5)	(322,951)	(2)	(379,981)	(3)
8370 Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method	17,057	-	7,243	-	22,414	-	(46,559)	-
8399 Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	<b>(218,594)</b>	<b>(3)</b>	<b>(273,487)</b>	<b>(5)</b>	<b>(300,537)</b>	<b>(2)</b>	<b>(426,540)</b>	<b>(3)</b>
8300 Other comprehensive income	217,900	2	88,276	2	276,874	1	(171,738)	(1)
<b>Total comprehensive income</b>	<b>\$ 1,388,616</b>	<b>16</b>	<b>40,598</b>	<b>1</b>	<b>2,533,721</b>	<b>15</b>	<b>(124,814)</b>	<b>(1)</b>
Net income (loss) attributable to:								
8610 Shareholders of parent	\$ 1,001,927	12	(117,554)	(2)	1,898,897	12	(58,214)	(1)
8620 Non-controlling interests	168,789	2	69,876	1	357,950	2	105,138	1
	\$ 1,170,716	14	(47,678)	(1)	2,256,847	14	46,924	-
<b>Total comprehensive income attributable to:</b>								
8710 Shareholders of parent	\$ 1,234,995	14	(4,781)	-	2,207,446	13	(181,688)	(1)
8720 Non-controlling interests	153,621	2	45,379	1	326,275	2	56,874	-
	\$ 1,388,616	16	40,598	1	2,533,721	15	(124,814)	(1)
9710 Basic earnings (losses) per share (New Taiwan Dollars) (note 6(s))	\$ 1.21		(0.14)		2.30		(0.07)	
9810 Diluted earnings (losses) per share (in New Taiwan dollars) (note 6(s))	\$ 1.21		(0.14)		2.29		(0.07)	

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 Changes in Equity**

**For the six months ended June 30, 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
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	91,721	(91,721)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	(412,855)	(412,855)	-	-	-	-	(412,855)	-	(412,855)
Net loss	-	-	-	(58,214)	(58,214)	-	-	-	-	(58,214)	105,138	46,924
Other comprehensive income (loss)	-	-	-	-	-	(365,434)	254,802	(12,842)	(123,474)	(123,474)	(48,264)	(171,738)
Total comprehensive income (loss)	-	-	-	(58,214)	(58,214)	(365,434)	254,802	(12,842)	(123,474)	(181,688)	56,874	(124,814)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	84,323	84,323	-	(84,323)	-	(84,323)	-	-	-
<b>Balance at June 30, 2020</b>	\$ 8,257,099	47,140	4,068,862	1,461,894	5,530,756	(342,051)	881,573	(93,368)	446,154	14,281,149	1,633,905	15,915,054
<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
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	4,818	(4,818)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	(297,256)	(297,256)	-	-	-	-	(297,256)	-	(297,256)
Net income	-	-	-	1,898,897	1,898,897	-	-	-	-	1,898,897	357,950	2,256,847
Other comprehensive income (loss)	-	-	-	-	-	(280,965)	577,411	12,103	308,549	308,549	(31,675)	276,874
Total comprehensive income (loss)	-	-	-	1,898,897	1,898,897	(280,965)	577,411	12,103	308,549	2,207,446	326,275	2,533,721
<b>Balance at June 30, 2021</b>	\$ 8,257,099	49,531	4,073,680	3,080,793	7,154,473	(479,090)	1,136,313	(69,016)	588,207	16,049,310	2,045,814	18,095,124

(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**

**Consolidated Statements of Cash Flows**

**For the six months ended June 30, 2021 and 2020**

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

	For the six months ended June 30	
	2021	2020
<b>Cash flows from operating activities:</b>		
<b>Consolidated net income before tax</b>	\$ 2,989,243	232,007
<b>Adjustments:</b>		
Adjustments to reconcile profit and loss:		
Depreciation	553,032	506,032
Amortization	61,038	75,008
Impairment loss determined in accordance with IFRS 9	308	1,431
Interest expense	58,358	72,611
Interest income	(15,888)	(29,897)
Dividend income	(28,285)	(28,285)
Share of loss (profit) of associates and joint ventures accounted for under equity method	(526,736)	63,896
Loss on disposal of property, plant and equipment	69,368	15,566
Amortization to operating costs and inventories	41,394	40,963
Total adjustments to reconcile profit and loss	<u>212,589</u>	<u>717,325</u>
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Financial assets at fair value through profit or loss	(4,327)	(1,149)
Notes receivable	(418,419)	299,642
Accounts receivable	(555,696)	722,365
Other receivables	(8,050)	(12,780)
Inventories	(290,276)	1,337,862
Other current assets	177,870	83,145
Total changes in operating assets, net	<u>(1,098,898)</u>	<u>2,429,085</u>
Net changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	(29,893)	(5,635)
Accounts payable	(296,398)	(1,253,363)
Accounts payable—related parties	50,898	(34,447)
Other payables	179,892	(331,955)
Other current liabilities	22,651	(11,171)
Net defined benefit liability	(17,118)	(56,146)
Other non-current liabilities	(11,185)	6,855
Total changes in operating liabilities, net	<u>(101,153)</u>	<u>(1,685,862)</u>
Total changes in operating assets and liabilities, net	<u>(1,200,051)</u>	<u>743,223</u>
Total adjustments	<u>(987,462)</u>	<u>1,460,548</u>
Cash provided by operating activities	2,001,781	1,692,555
Interest income received	7,379	26,433
Interest paid	(55,892)	(70,907)
Income taxes paid	(285,520)	(160,253)
<b>Net cash flow from operating activities</b>	<u>1,667,748</u>	<u>1,487,828</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	(408,611)	(594,795)
Proceeds from disposal of property, plant and equipment	732	266
Acquisition of intangible assets	-	(25,449)
Decrease (increase) in other non-current assets	23,648	(6,839)
Dividends received	28,285	28,285
Increase in restricted assets	47,167	-
<b>Net cash used in investing activities</b>	<u>(308,779)</u>	<u>(463,128)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	14,127,619	19,225,015
Decrease in short-term borrowings	(14,019,684)	(19,635,119)
Proceeds from long-term borrowings	1,176,972	220,651
Repayments of long-term borrowings	(1,159,103)	(500,855)
Repayments of lease liabilities	(99,565)	(88,163)
Cash dividends paid	(267)	(277)
<b>Net cash flow from (used in) financing activities</b>	<u>25,972</u>	<u>(778,748)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(108,426)</u>	<u>(196,142)</u>
<b>Net increase in cash and cash equivalents</b>	1,276,515	49,810
<b>Cash and cash equivalents at beginning of period</b>	3,278,463	4,695,280
<b>Cash and cash equivalents at end of period</b>	<u>\$ 4,554,978</u>	<u>4,745,090</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 six months ended June 30, 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 published on August 3, 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"

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on April 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

(Continued)

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

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

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

<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" (Regulations) 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.

(Continued)

**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
			June 30, 2021	December 31, 2020	June 30, 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.

(Continued)

**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>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Cash on hand	\$ 403	432	424
Checking and savings deposits	1,576,611	961,937	1,413,784
Time deposits	<u>2,977,964</u>	<u>2,316,094</u>	<u>3,330,882</u>
Cash and cash equivalents per statements of cash flow	<u>\$ 4,554,978</u>	<u>3,278,463</u>	<u>4,745,090</u>

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Mandatorily measured at fair value through profit or loss:			
Derivative instruments not used for hedging			
Forward contracts/Swap contracts	<u>\$ 7,787</u>	<u>3,460</u>	<u>1,163</u>
Financial liabilities held for trading:			
Derivative instruments not used for hedging			
Forward contracts/Swap contracts	<u>\$ 2,735</u>	<u>32,628</u>	<u>37</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>June 30, 2021</b>			
	<b>Contract amount (thousand dollars)</b>	<b>Currency</b>	<b>Maturity dates</b>
Forward contracts	EUR	400 /	EUR/USD
	USD	481	2021.7.12
Swap contracts	EUR	27,850 /	EUR/USD
	USD	33,363	2021.7.1~2021.10.1
Swap contracts	USD	3,150 /	USD/CNH
	CNH	20,394	2021.7.30~2021.9.24
Swap contracts	TWD	83,931 /	TWD/USD
	USD	3,000	2021.7.26
<b>December 31, 2020</b>			
	<b>Contract amount (thousand dollars)</b>	<b>Currency</b>	<b>Maturity dates</b>
Forward contracts	EUR	450 /	EUR/USD
	USD	551	2021.02.19~2021.02.26
Swap contracts	TWD	238,846 /	TWD/USD
	USD	8,500	2021.01.15~2021.01.22
Swap contracts	EUR	21,050 /	EUR/USD
	USD	24,753	2021.01.06~2021.02.03
<b>June 30, 2020</b>			
	<b>Contract amount (thousand dollars)</b>	<b>Currency</b>	<b>Maturity dates</b>
Forward contracts	EUR	350 /	EUR/TWD
	TWD	11,644	2020.07.22
Forward contracts	EUR	200 /	EUR/USD
	USD	225	2020.07.22
Swap contracts	EUR	5,400 /	EUR/USD
	USD	6,103	2020.07.22~2020.08.07

(Continued)

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

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Equity investments at fair value through other comprehensive income:			
Listed stocks (domestic)	\$ 846,716	-	-
Unlisted stocks (domestic and overseas)	<u>680,546</u>	<u>952,645</u>	<u>1,277,516</u>
Total	<u>\$ 1,527,262</u>	<u>952,645</u>	<u>1,277,516</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 six month ended June 30, 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>June 30, 2021</b>			
THB	\$ 368,259	0.8744	322,006
<b>December 31, 2020</b>			
THB	205,493	0.9556	196,370
<b>June 30, 2020</b>			
THB	636,800	0.9645	614,193

(Continued)

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

(d) Notes and accounts receivable

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Notes receivable	\$ 989,639	571,220	566,705
Accounts receivable	3,363,153	2,807,545	2,046,033
Less: allowance for impairment	<u>5,414</u>	<u>5,194</u>	<u>10,212</u>
	<u><u>\$ 4,347,378</u></u>	<u><u>3,373,571</u></u>	<u><u>2,602,526</u></u>

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

	<u>June 30, 2021</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average expected credit loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 4,302,107	0.09%~0.17%	3,750
1 to 30 days past due	46,278	2.18%~4.58%	1,339
31 to 90 days past due	<u>4,407</u>	<u>6.59%~34.60%</u>	<u>325</u>
	<u><u>\$ 4,352,792</u></u>		<u><u>5,414</u></u>
	<u>December 31, 2020</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average expected credit loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 3,353,019	0.09%~0.17%	4,055
1 to 30 days past due	<u>25,746</u>	<u>2.78%~5.18%</u>	<u>1,139</u>
	<u><u>\$ 3,378,765</u></u>		<u><u>5,194</u></u>
	<u>June 30, 2020</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average expected credit loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 2,526,538	0.01%~0.65%	6,599
1 to 30 days past due	65,420	0.33%~6.16%	1,338
31 to 90 days past due	20,774	5.05%~18.34%	2,269
More than 90 days past	<u>6</u>	<u>100%</u>	<u>6</u>
	<u><u>\$ 2,612,738</u></u>		<u><u>10,212</u></u>

(Continued)



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

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

	<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>
Balance at beginning of period	\$ 5,194	8,935
Impairment losses recognized	308	1,431
Foreign exchange gain or loss	(88)	(154)
Balance at end of period	<u>\$ 5,414</u>	<u>10,212</u>

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>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
	Other receivables — related parties	\$ 37,355	39,572
Other	125,375	106,599	93,938
	<u>\$ 162,730</u>	<u>146,171</u>	<u>131,514</u>

The aforementioned financial assets were not past due or impaired. For other credit risk information, please refer to note 6(x).

(f) Inventories

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

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
	Raw materials	\$ 1,424,753	1,719,583
Supplies	9,584	9,476	101,235
Work in progress	300,195	297,435	258,700
Finished goods	2,696,985	2,258,866	2,941,514
Merchandise	631,223	487,104	544,342
Total	<u>\$ 5,062,740</u>	<u>4,772,464</u>	<u>5,076,817</u>

The aforementioned inventories were not pledged as collateral.

(Continued)

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

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 June 30</b>		<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Loss on (reversal of) decline in market value of inventory	\$ (56,205)	6,825	(84,960)	55,289
Income from sale of scrap	(5,497)	(4,988)	(12,768)	(9,422)
Loss or gain on physical count	-	(11)	-	3,288
Unallocated production overhead	<u>77,412</u>	<u>79,816</u>	<u>156,517</u>	<u>192,146</u>
<b>Total</b>	<b><u>\$ 15,710</u></b>	<b><u>81,642</u></b>	<b><u>58,789</u></b>	<b><u>241,301</u></b>

(g) Non-current assets held for sale

To optimize the Group's asset value, the Group disposed its land and building located in Kaohsiung City, Renwu Dist. to a non-related party for \$1,220,000 thousands, with a book value of \$201,665 thousand, recognized as non-current assets-for-sale as of June 30, 2021, based on the resolution approved during the board meeting held on March 11, 2021. All relevant transactions amounting to \$909,118 thousands, recognized as benefit, had been completed in July 2021.

(h) Investments accounted for under equity method

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

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
	Associates	\$ 744,741	732,531
Joint ventures	<u>970,726</u>	<u>571,256</u>	<u>334,750</u>
	<b><u>\$ 1,715,467</u></b>	<b><u>1,303,787</u></b>	<b><u>987,595</u></b>

(i) Associates

For the three months and six months ended June 30, 2021 and 2020, the Group recognized its share of gain from the associates of \$66,565 thousand, \$47,901 thousand, \$101,439 thousand and \$36,801 thousand, respectively.

(Continued)

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

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>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 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>December 31,</u>		<u>June 30, 2020</u>	
	<u>June 30, 2021</u>	<u>2020</u>		
Current assets	\$ 520,601	478,937	429,711	
Non-current assets	611,529	668,836	689,374	
Current liabilities	(328,431)	(471,579)	(634,089)	
Non-current liabilities	(29,977)	(31,085)	(30,464)	
Equity	<u>\$ 773,722</u>	<u>645,109</u>	<u>454,532</u>	
Equity attributable to the Group	<u>\$ 386,861</u>	<u>322,554</u>	<u>227,266</u>	
	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenue	<u>\$ 535,478</u>	<u>385,845</u>	<u>988,954</u>	<u>677,642</u>
Net income (loss) of continued operations	\$ 90,813	42,444	140,565	14,095
Other comprehensive income (loss)	-	-	-	-
Total comprehensive income (loss)	<u>\$ 90,813</u>	<u>42,444</u>	<u>140,565</u>	<u>14,095</u>
Total comprehensive income attributable to the Group	<u>\$ 45,407</u>	<u>21,221</u>	<u>70,283</u>	<u>7,047</u>

(Continued)

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

	<u>For the six months ended June 30</u>			
	<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	70,283	7,047		
Other	(5,424)	(8,290)		
Ending balance of the equity of the associate attributable to the Group	<u>\$ 388,146</u>	<u>229,868</u>		
2) Summary of financial information of Asia Pacific Energy Development Co., Ltd.				
	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>	
Current assets	\$ 747,678	625,218	685,481	
Non-current assets	965,953	1,011,338	1,018,114	
Current liabilities	(746,714)	(529,361)	(559,491)	
Non-current liabilities	(9,394)	(10,318)	(10,875)	
Equity	<u>\$ 957,523</u>	<u>1,096,877</u>	<u>1,133,229</u>	
Equity attributable to the Group	<u>\$ 361,752</u>	<u>414,400</u>	<u>428,134</u>	
	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenue	<u>\$ 438,902</u>	<u>363,720</u>	<u>710,767</u>	<u>448,270</u>
Net income of continued operations	\$ 56,003	70,618	82,466	78,755
Other comprehensive income (loss)	-	-	-	-
Total comprehensive income (loss)	<u>\$ 56,003</u>	<u>70,618</u>	<u>82,466</u>	<u>78,755</u>
Total comprehensive income attributable to the Group	<u>\$ 21,158</u>	<u>26,680</u>	<u>31,156</u>	<u>29,754</u>
	<u>For the six months ended June 30</u>			
	<u>2021</u>	<u>2020</u>		
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	31,156	29,754		
Other	(83,805)	(11,285)		
Ending balance of the equity of the associate attributable to the Group	<u>\$ 356,595</u>	<u>422,977</u>		

(Continued)

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

(ii) Joint ventures

The details of the significant joint ventures are as follows:

Name of joint ventures	Existing relationship with the Group	The main operating place / register country	Proportion of equity and voting right		
			June 30, 2021	December 31, 2020	June 30, 2020
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

	June 30, 2021	December 31, 2020	June 30, 2020
	Current assets	\$ 2,231,211	1,119,957
Non-current assets	2,752,478	3,089,725	2,955,984
Current liabilities	(1,525,099)	(1,252,076)	(2,265,829)
Non-current liabilities	(1,565,222)	(1,869,712)	(1,367,202)
Equity	<u>\$ 1,893,368</u>	<u>1,087,894</u>	<u>612,040</u>
Equity attributable to the Group	<u>\$ 946,684</u>	<u>543,947</u>	<u>306,020</u>

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Revenue	<u>\$ 1,539,877</u>	<u>255,839</u>	<u>3,240,896</u>	<u>1,381,506</u>
Net income (loss) of continued operations	\$ 485,603	(186,254)	852,670	(189,798)
Other comprehensive income (loss)	(942)	13,620	5,304	(36,391)
Total comprehensive income (loss)	<u>\$ 484,661</u>	<u>(172,634)</u>	<u>857,974</u>	<u>(226,189)</u>
Total comprehensive income attributable to the Group	<u>\$ 242,330</u>	<u>(86,317)</u>	<u>428,987</u>	<u>(113,095)</u>

(Continued)

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

	<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>
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	428,987	(113,095)
Other	(27,544)	(7,466)
Ending balance of the equity of the joint venture attributable to the Group	<b>\$ 914,067</b>	<b>275,978</b>

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

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
	Balance of not significant joint venture's equity	<b>\$ 56,659</b>	<b>58,632</b>

  

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Attributable to the Group:				
Income (loss) from continued operations	\$ 1,762	(2,831)	(1,037)	(5,798)
Other comprehensive income (loss)	-	-	-	-
Total comprehensive income (loss)	<b>\$ 1,762</b>	<b>(2,831)</b>	<b>(1,037)</b>	<b>(5,798)</b>

(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.

(i) Material non-controlling interests of subsidiaries

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

<b>Name of joint ventures</b>	<b>The main operating place / register country</b>	<b>Proportion of Non-controlling interests</b>		
		<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Shen Hua Chemical Industries Co., Ltd.	China	34.56 %	34.56 %	34.56 %
TSRC-UBE(Nantong) Industries Ltd.	China	45.00 %	45.00 %	45.00 %

(Continued)

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

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

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

	<b>December 31,</b>			
	<b>June 30, 2021</b>	<b>2020</b>	<b>June 30, 2020</b>	
Current assets	\$ 3,292,287	2,569,212	2,637,800	
Non-current assets	919,402	904,877	839,239	
Current liabilities	(634,287)	(582,827)	(601,514)	
Non-current liabilities	(22,706)	(17,878)	(16,412)	
Net assets	<u>\$ 3,554,696</u>	<u>2,873,384</u>	<u>2,859,113</u>	
Non-controlling interests	<u>\$ 1,228,503</u>	<u>993,042</u>	<u>988,109</u>	
	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Revenue	<u>\$ 2,198,587</u>	<u>1,615,307</u>	<u>4,462,972</u>	<u>3,152,566</u>
Net income	\$ 338,126	192,367	735,731	263,686
Other comprehensive income (loss)	(26,123)	(40,527)	(54,421)	(83,409)
Total comprehensive income (loss)	<u>\$ 312,003</u>	<u>151,840</u>	<u>681,310</u>	<u>180,277</u>
Total net income attributable to non-controlling interests	<u>\$ 116,855</u>	<u>66,482</u>	<u>254,268</u>	<u>91,130</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 107,827</u>	<u>51,661</u>	<u>235,460</u>	<u>62,304</u>
	<b>For the six months ended June 30</b>			
	<b>2021</b>		<b>2020</b>	
Net Cash flow from operating activities	\$ 384,570		886,027	
Net Cash used in investing activities	(73,409)		(16,114)	
Increase in cash and cash equivalents	<u>\$ 311,161</u>		<u>869,913</u>	

(Continued)

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

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

	<b>December 31,</b>		<b>June 30, 2020</b>
	<b>June 30, 2021</b>	<b>2020</b>	
Current assets	\$ 1,207,317	1,051,480	761,684
Non-current assets	869,037	922,652	941,678
Current liabilities	(255,107)	(355,169)	(262,435)
Non-current liabilities	(5,000)	(4,524)	(5,825)
Net assets	<u>\$ 1,816,247</u>	<u>1,614,439</u>	<u>1,435,102</u>
Non-controlling interests	<u>\$ 817,311</u>	<u>726,497</u>	<u>645,796</u>
	<b>For the three months</b>	<b>For the six months</b>	
	<b>ended June 30</b>	<b>ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>
	<b>2020</b>	<b>2021</b>	<b>2020</b>
Revenue	<u>\$ 830,512</u>	<u>560,187</u>	<u>1,619,130</u>
Net income	\$ 115,406	7,542	230,403
Other comprehensive income (loss)	(13,642)	(21,696)	(28,593)
Total comprehensive income (loss)	<u>\$ 101,764</u>	<u>(14,154)</u>	<u>201,810</u>
Total net income attributable to non-controlling interests	<u>\$ 51,934</u>	<u>3,394</u>	<u>103,682</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 45,794</u>	<u>(6,282)</u>	<u>90,815</u>
		<b>For the six months ended June 30</b>	
		<b>2021</b>	<b>2020</b>
Net Cash flow from operating activities		\$ 190,755	192,280
Net Cash used in investing activities		(26,611)	(10,113)
Net Cash flow from (used in) financing activities		23,314	(242,271)
Increase (decrease) in cash and cash equivalents		<u>\$ 187,458</u>	<u>(60,104)</u>

(Continued)



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

(j) Property, plant and equipment

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

	Land	Land improvements	Buildings	Machinery	Furniture and fixtures and other equipment	Construction in progress	Total
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	-	-	-	1,466	11	400,485	401,962
Reclassification to assets held for sale	(201,665)	-	-	-	-	-	(201,665)
Disposals	-	-	(881)	(65,971)	(1,882)	(67,144)	(135,878)
Reclassification	-	-	236,988	777,337	7,478	(1,039,252)	(17,449)
Effect on changes in exchange rates	(455)	(1,278)	(59,828)	(236,983)	(2,706)	(10,007)	(311,257)
Balance at June 30, 2021	<u>\$ 639,709</u>	<u>140,890</u>	<u>4,848,648</u>	<u>22,458,858</u>	<u>249,959</u>	<u>512,128</u>	<u>28,850,192</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	140,061	-	-	708	-	453,483	594,252
Disposals	-	-	(107)	(163,518)	(2,245)	-	(165,870)
Reclassification	67,307	1,375	19,720	292,097	12,241	(337,871)	54,869
Effect on changes in exchange rates	-	(886)	(81,001)	(274,866)	(3,341)	(75,036)	(435,130)
Balance at June 30, 2020	<u>\$ 821,469</u>	<u>144,188</u>	<u>3,989,634</u>	<u>20,187,232</u>	<u>251,644</u>	<u>2,885,547</u>	<u>28,279,714</u>
Depreciation and impairment loss:							
Balance at January 1, 2021	\$ -	94,229	2,464,473	15,857,095	182,165	-	18,597,962
Depreciation	-	2,712	78,945	412,211	8,417	-	502,285
Disposal	-	-	(242)	(63,856)	(1,680)	-	(65,778)
Reclassification	-	-	-	(19)	-	-	(19)
Effect on changes in exchange rates	-	(553)	(26,014)	(154,746)	(2,016)	-	(183,329)
Balance at June 30, 2021	<u>\$ -</u>	<u>96,388</u>	<u>2,517,162</u>	<u>16,050,685</u>	<u>186,886</u>	<u>-</u>	<u>18,851,121</u>
Balance at January 1, 2020	\$ -	90,293	2,314,620	15,614,341	174,944	-	18,194,198
Depreciation	-	2,591	66,898	363,959	8,851	-	442,299
Disposal	-	-	(83)	(147,934)	(2,021)	-	(150,038)
Effect on changes in exchange rates	-	(351)	(41,696)	(188,052)	(2,365)	-	(232,464)
Balance at June 30, 2020	<u>\$ -</u>	<u>92,533</u>	<u>2,339,739</u>	<u>15,642,314</u>	<u>179,409</u>	<u>-</u>	<u>18,253,995</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>
June 30, 2021	<u>\$ 639,709</u>	<u>44,502</u>	<u>2,331,486</u>	<u>6,408,173</u>	<u>63,073</u>	<u>512,128</u>	<u>9,999,071</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>
June 30, 2020	<u>\$ 821,469</u>	<u>51,655</u>	<u>1,649,895</u>	<u>4,544,918</u>	<u>72,235</u>	<u>2,885,547</u>	<u>10,025,719</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**

(k) 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	-	12,927	28,744	4,245	45,916
Lease modification	-	(1,780)	-	(1,047)	(2,827)
Amortization to operating costs and inventories	-	(3,029)	(38,365)	-	(41,394)
Effect on changes in foreign exchange rates	(9,805)	(4,585)	(7,052)	(671)	(22,113)
Balance at June 30, 2021	<u>\$ 559,977</u>	<u>259,000</u>	<u>441,041</u>	<u>35,354</u>	<u>1,295,372</u>
Balance at January 1, 2020	\$ 663,708	383,925	471,843	34,216	1,553,692
Additions	-	23,385	55,961	-	79,346
Write-off	-	(2,772)	-	-	(2,772)
Lease modification	-	(6,589)	-	(2,507)	(9,096)
Amortization to operating costs and inventories	-	(3,425)	(37,538)	-	(40,963)
Reclassification to construction in progress	(94,596)	-	-	-	(94,596)
Effect on changes in foreign exchange rates	(15,203)	(6,481)	(12,506)	(559)	(34,749)
Balance at June 30, 2020	<u>\$ 553,909</u>	<u>388,043</u>	<u>477,760</u>	<u>31,150</u>	<u>1,450,862</u>
Accumulated depreciation and impairment losses:					
Balance at January 1, 2021	\$ 145,489	111,766	17,224	18,339	292,818
Depreciation	6,873	30,939	-	5,572	43,384
Lease modification	-	(1,803)	-	(1,047)	(2,850)
Effect on changes in exchange rates	(2,469)	(2,266)	(385)	(408)	(5,528)
Balance at June 30, 2021	<u>\$ 149,893</u>	<u>138,636</u>	<u>16,839</u>	<u>22,456</u>	<u>327,824</u>
Balance at January 1, 2020	\$ 130,190	68,316	14,551	9,064	222,121
Depreciation	6,912	37,349	7,261	4,848	56,370
Write-off	-	(2,772)	-	-	(2,772)
Lease modification	-	(335)	-	(510)	(845)
Effect on changes in exchange rates	(3,871)	(2,192)	(309)	(186)	(6,558)
Balance at June 30, 2020	<u>\$ 133,231</u>	<u>100,366</u>	<u>21,503</u>	<u>13,216</u>	<u>268,316</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>
June 30, 2021	<u>\$ 410,084</u>	<u>120,364</u>	<u>424,202</u>	<u>12,898</u>	<u>967,548</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>
June 30, 2020	<u>\$ 420,678</u>	<u>287,677</u>	<u>456,257</u>	<u>17,934</u>	<u>1,182,546</u>

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

(l) Investment property

	<u>Owned property Buildings</u>
Carrying value:	
January 1, 2021	<u>\$ 1,566,873</u>
June 30, 2021	<u>\$ 1,559,510</u>
January 1, 2020	<u>\$ 1,581,599</u>
June 30, 2020	<u>\$ 1,574,236</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 six months ended June 30, 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.

(m) 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
June 30, 2021	\$ 371,891	21,994	-	197,222	359,916	951,023
January 1, 2020	\$ 503,264	12,087	206,793	392,308	555,433	1,669,885
June 30, 2020	\$ 496,214	11,121	203,730	374,855	517,627	1,603,547

There were no significant additions to, disposals of, or provision (reversal) of impairment of, the Group's intangible assets for the six months ended June 30, 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.

(n) 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>June 30, 2021</b>				
	Range of interest rates (%)	Year of maturity	Amount	The unused credit facilities
Unsecured loans	0.35~3.85	2021~2022	\$ <u>3,836,769</u>	<u>15,862,475</u>
<b>December 31, 2020</b>				
	Range of interest rates (%)	Year of maturity	Amount	The unused credit facilities
Unsecured loans	0.40~4.35	2021	\$ <u>3,789,276</u>	<u>17,605,576</u>
<b>June 30, 2020</b>				
	Range of interest rates (%)	Year of maturity	Amount	The unused credit facilities
Unsecured loans	0.40~4.57	2020~2021	\$ <u>4,272,257</u>	<u>17,948,324</u>

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

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

<b>June 30, 2021</b>			
	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
Secured loans	4.38	2021~2023	\$ 146,952
Unsecured loans	0.95~1.72	2021~2025	<u>4,313,235</u>
Total			<b><u>\$ 4,460,187</u></b>
Current			\$ 2,325,078
Non-current			<u>2,135,109</u>
Total			<b><u>\$ 4,460,187</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>June 30, 2020</b>			
	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
Secured loans	1.92~4.38	2021~2023	\$ 647,354
Unsecured loans	0.45~5.08	2020~2025	<u>4,006,363</u>
Total			<b><u>\$ 4,653,717</u></b>
Current			\$ 848,878
Non-current			<u>3,804,839</u>
Total			<b><u>\$ 4,653,717</u></b>

For the six months ended June 30, 2021 and 2020, the Group repaid the amounts of \$1,159,103 thousand and \$500,855 thousand, respectively, for its long-term borrowings, wherein the proceeds amounting to \$1,176,972 thousand and \$220,651 thousand bore the interest rates of 0.95%~1.65% and 0.45%~1.93%, as well as maturities ranging from March 2024 to November 2025 and May 2022 to June 2025, respectively, and the related information is provided in note 6(1) 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**

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Long-term commercial paper payable	\$ 350,000	350,000	350,000
Less: discount on long-term commercial paper payable	<u>595</u>	<u>659</u>	<u>193</u>
Total	<u>\$ 349,405</u>	<u>349,341</u>	<u>349,807</u>
Interest rate	<u>1.2407%</u>	<u>1.2060%</u>	<u>1.1837%</u>

(o) Lease liabilities

The Group's lease liabilities were as follow:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Current	<u>\$ 149,248</u>	<u>139,263</u>	<u>165,255</u>
Non-current	<u>\$ 424,528</u>	<u>492,827</u>	<u>637,245</u>

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

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Interest on lease liabilities	<u>\$ 1,241</u>	<u>2,099</u>	<u>2,039</u>	<u>4,256</u>
Expenses relating to short-term leases	<u>\$ 4,243</u>	<u>583</u>	<u>8,274</u>	<u>1,165</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 5,675</u>	<u>7,388</u>	<u>9,418</u>	<u>11,684</u>

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

	<u>For the six months ended June 30</u>	
	<u>2021</u>	<u>2020</u>
Total cash outflow for leases	<u>\$ 119,296</u>	<u>105,268</u>

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

(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 June 30</b>		<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Operating costs	\$ 864	997	1,710	2,006
Operating expenses	548	686	1,115	1,359
	<b><u>\$ 1,412</u></b>	<b><u>1,683</u></b>	<b><u>2,825</u></b>	<b><u>3,365</u></b>

(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 June 30</b>		<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Operating costs	\$ 16,300	7,104	31,461	16,509
Operating expenses	7,448	5,915	14,210	13,295
	<b><u>\$ 23,748</u></b>	<b><u>13,019</u></b>	<b><u>45,671</u></b>	<b><u>29,804</u></b>

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**TSRC CORPORATION AND SUBSIDIARIES**  
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(q) Income tax

The components of income tax expense were as follows:

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Current income tax expense				
Current period	\$ 334,753	127,951	594,940	206,624
Adjustment for prior periods	<u>(738)</u>	<u>2,979</u>	<u>(738)</u>	<u>4,508</u>
	<u>334,015</u>	<u>130,930</u>	<u>594,202</u>	<u>211,132</u>
Deferred tax expense (benefit)				
Origination and reversal of temporary differences	<u>(892)</u>	<u>(19,621)</u>	<u>138,194</u>	<u>(26,049)</u>
Income tax expenses of continued operations	<u>\$ 333,123</u>	<u>111,309</u>	<u>732,396</u>	<u>185,083</u>

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 six months ended June 30, 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.

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.

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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:

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

(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	(291,276)	-	-	(291,276)
Exchange differences on translation financial statements from investments accounted for using equity method	10,311	-	-	10,311
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	-	577,411	-	577,411
Share of cash flow hedges of associates and joint ventures accounted for under equity method	-	-	12,103	12,103
Balance as of June 30, 2021	<b>\$ (479,090)</b>	<b>1,136,313</b>	<b>(69,016)</b>	<b>588,207</b>
Balance as of January 1, 2020	\$ 23,383	711,094	(80,526)	653,951
Foreign exchange differences arising from foreign operations	(331,717)	-	-	(331,717)
Exchange differences on translation financial statements from investments accounted for using equity method	(33,717)	-	-	(33,717)
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	-	254,802	-	254,802
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	-	-	(12,842)	(12,842)
Balance as of June 30, 2020	<b>\$ (342,051)</b>	<b>881,573</b>	<b>(93,368)</b>	<b>446,154</b>

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**TSRC CORPORATION AND SUBSIDIARIES**  
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(s) Earnings per share

The calculation of the Company's basic earnings (losses) per share and diluted earnings (losses) per share was as follows:

(i) Basic earnings (losses) per share

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Net income (loss) attributable to common shareholders of the Company	\$ <u>1,001,927</u>	<u>(117,554)</u>	<u>1,898,897</u>	<u>(58,214)</u>
Weighted-average number of common shares (in thousands)	<u>825,710</u>	<u>825,710</u>	<u>825,710</u>	<u>825,710</u>
Basic earnings (losses) per share (NTD)	\$ <u>1.21</u>	<u>(0.14)</u>	<u>2.30</u>	<u>(0.07)</u>

(ii) Diluted earnings (losses) per share

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Net income (loss) attributable to common shareholders of the Company (diluted)	\$ <u>1,001,927</u>	<u>(117,554)</u>	<u>1,898,897</u>	<u>(58,214)</u>
Weighted-average number of common shares (basic) (in thousands)	825,710	825,710	825,710	825,710
Impact on potential common shares				
Effect of employees' compensation (in thousands)	<u>1,714</u>	<u>-</u>	<u>2,253</u>	<u>-</u>
Weighted-average number of shares outstanding (diluted) (in thousands)	<u>827,424</u>	<u>825,710</u>	<u>827,963</u>	<u>825,710</u>
Diluted earnings (losses) per share (NTD)	\$ <u>1.21</u>	<u>(0.14)</u>	<u>2.29</u>	<u>(0.07)</u>

(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.

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For the three months and six months ended June 30, 2021 and 2020, the Company recognized the employees' compensation of \$39,241 thousand, \$(9,000) thousand, \$61,619 thousand and \$0 thousand, respectively, and the directors' remuneration of \$6,578 thousand, \$(304) thousand, \$11,294 thousand and \$0 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.

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 June 30, 2021</b>		
	<b>Synthetic rubber</b>	<b>Non-synthetic rubber</b>	<b>Total</b>
Primary geographical markets:			
Asia	\$ 5,950,938	339,927	6,290,865
Americas	1,220,417	6,640	1,227,057
Europe	802,860	-	802,860
Others	199,933	-	199,933
	<b>\$ 8,174,148</b>	<b>346,567</b>	<b>8,520,715</b>
Major product lines:			
Synthetic rubber / elastomers	8,121,586	-	8,121,586
Applied materials	-	346,304	346,304
Others	52,562	263	52,825
	<b>\$ 8,174,148</b>	<b>346,567</b>	<b>8,520,715</b>

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	<b>For the three months ended June 30, 2020</b>		
	<b>Synthetic rubber</b>	<b>Non-synthetic rubber</b>	<b>Total</b>
Primary geographical markets:			
Asia	\$ 3,860,426	162,846	4,023,272
Americas	860,196	3,514	863,710
Europe	560,329	-	560,329
Others	88,028	-	88,028
	<b><u>\$ 5,368,979</u></b>	<b><u>166,360</u></b>	<b><u>5,535,339</u></b>
Major product lines:			
Synthetic rubber / elastomers	5,213,837	-	5,213,837
Applied materials	-	163,131	163,131
Others	155,142	3,229	158,371
	<b><u>\$ 5,368,979</u></b>	<b><u>166,360</u></b>	<b><u>5,535,339</u></b>
	<b>For the six months ended June 30, 2021</b>		
	<b>Synthetic rubber</b>	<b>Non-synthetic rubber</b>	<b>Total</b>
Primary geographical markets:			
Asia	\$ 11,825,804	627,917	12,453,721
Americas	2,223,309	11,175	2,234,484
Europe	1,631,347	-	1,631,347
Others	417,974	-	417,974
	<b><u>\$ 16,098,434</u></b>	<b><u>639,092</u></b>	<b><u>16,737,526</u></b>
Major product lines:			
Synthetic rubber / elastomers	15,987,727	-	15,987,727
Applied materials	-	638,624	638,624
Others	110,707	468	111,175
	<b><u>\$ 16,098,434</u></b>	<b><u>639,092</u></b>	<b><u>16,737,526</u></b>

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**TSRC CORPORATION AND SUBSIDIARIES**  
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	<b>For the six months ended June 30, 2020</b>		
	<b>Synthetic rubber</b>	<b>Non-synthetic rubber</b>	<b>Total</b>
	Primary geographical markets:		
Asia	\$ 8,190,751	373,836	8,564,587
Americas	1,867,249	5,294	1,872,543
Europe	1,305,314	-	1,305,314
Others	286,741	-	286,741
	<b>\$ 11,650,055</b>	<b>379,130</b>	<b>12,029,185</b>
Major product lines:			
Synthetic rubber / elastomers	11,322,031	-	11,322,031
Applied materials	-	370,877	370,877
Others	328,024	8,253	336,277
	<b>\$ 11,650,055</b>	<b>379,130</b>	<b>12,029,185</b>

## (v) Other income and expenses

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	Rental income	\$ 19,390	16,179	38,497
Royalty income	31,161	12,890	58,466	36,660
Net service income	2,137	4,530	5,788	6,672
Depreciation of investment properties	(3,681)	(3,681)	(7,362)	(7,363)
Net other income	6,216	10,293	15,180	14,416
Other income and expenses	<b>\$ 55,223</b>	<b>40,211</b>	<b>110,569</b>	<b>82,449</b>

## (w) Non-operating income and expenses

## (i) Interest income

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	Interest income from bank deposits	<b>\$ 9,770</b>	<b>13,743</b>	<b>15,888</b>

## (ii) Other gains

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	Dividend income	<b>\$ 28,285</b>	<b>28,285</b>	<b>28,285</b>

(Continued)

**TSRC CORPORATION AND SUBSIDIARIES**  
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## (iii) Other gains and losses

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Loss on disposal of property, plant and equipment	\$ (68,179)	(7,152)	(69,368)	(15,566)
Foreign exchange gain or loss, net	12,866	6,227	(30,133)	13,084
Gains or losses on financial assets (liabilities) at fair value through profit or loss	(8,053)	(2,073)	25,982	5,484
Other gains and losses	<u>(125)</u>	<u>4,517</u>	<u>6,176</u>	<u>5,166</u>
Other gains and losses, net	<u><u>\$ (63,491)</u></u>	<u><u>1,519</u></u>	<u><u>(67,343)</u></u>	<u><u>8,168</u></u>

## (iv) Finance costs

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Interest expense	<u><u>\$ 28,986</u></u>	<u><u>32,310</u></u>	<u><u>58,358</u></u>	<u><u>72,611</u></u>

## (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.

	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
<b>June 30, 2021</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 3,852,292	3,457,936	394,356	-	-	-
Accounts payable (including related parties)	1,397,764	1,397,764	-	-	-	-
Dividend payable	304,676	304,676	-	-	-	-
Other payables	1,370,024	1,370,024	-	-	-	-
Long-term borrowings (including other long-term borrowings and current portion)	4,890,578	1,168,635	1,203,184	1,127,042	1,391,717	-
Lease liabilities	621,211	82,908	70,571	113,864	182,157	171,711
Deposits received	51,908	-	-	36,805	11,983	3,120
Derivative financial liabilities						
Other swap contracts:						
Outflow	2,735	2,735	-	-	-	-
	<u><u>\$ 12,491,188</u></u>	<u><u>7,784,678</u></u>	<u><u>1,668,111</u></u>	<u><u>1,277,711</u></u>	<u><u>1,585,857</u></u>	<u><u>174,831</u></u>

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	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</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>June 30, 2020</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 4,283,863	4,113,987	169,876	-	-	-
Accounts payable (including related parties)	1,185,397	1,185,397	-	-	-	-
Dividend payable	422,222	422,222	-	-	-	-
Other payables	943,153	943,153	-	-	-	-
Long-term borrowings (including other long-term borrowings and current portion)	5,155,596	458,563	497,196	2,810,196	1,389,641	-
Lease liabilities	898,288	88,168	88,167	135,141	245,828	340,984
Deposits received	61,754	-	-	61,754	-	-
Derivative financial liabilities						
Other swap contracts/other forward contracts:						
Outflow	37	37	-	-	-	-
	<u>\$ 12,950,310</u>	<u>7,211,527</u>	<u>755,239</u>	<u>3,007,091</u>	<u>1,635,469</u>	<u>340,984</u>

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

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(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>June 30, 2021</b>			
Financial assets:			
Monetary assets:			
USD	\$ 99,690	27.8700	2,778,360
EUR	\$ 12,290	33.1681	407,636
JPY	\$ 165,137	0.2521	41,631
CNY	\$ 29,125	4.3105	125,543
Financial liabilities:			
Monetary liabilities:			
USD	\$ 103,471	27.8700	2,883,737
EUR	\$ 9,286	33.1681	307,999
JPY	\$ 117,091	0.2521	29,519
<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>June 30, 2020</b>			
Financial assets:			
Monetary assets:			
USD	\$ 48,396	29.6600	1,435,425
EUR	\$ 12,792	33.2874	425,812
JPY	\$ 75,899	0.2753	20,895
CNY	\$ 9,341	4.1956	39,191
Financial liabilities:			
Monetary liabilities:			
USD	\$ 48,505	29.6600	1,438,658
EUR	\$ 10,902	33.2874	362,899
JPY	\$ 65,308	0.2753	17,979

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 \$1,319 thousand and \$1,018 thousand for the six months ended June 30, 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 six months ended June 30, 2021 and 2020, foreign exchange gain (loss) (including Derivative financial instruments for non-hedging profit and loss) amounting to \$(4,151) thousand and \$18,568 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 \$43,232 thousand and \$46,379 thousand for the six months ended June 30, 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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## (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>June 30, 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	\$ 7,787	-	7,787	-	7,787
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	846,716	846,716	-	-	846,716
Unlisted stocks (domestic and overseas)	680,546	-	-	680,546	680,546
Subtotal	<u>1,527,262</u>	<u>846,716</u>	<u>-</u>	<u>680,546</u>	<u>1,527,262</u>
Total	<u>\$ 1,535,049</u>	<u>846,716</u>	<u>7,787</u>	<u>680,546</u>	<u>1,535,049</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 2,735	-	2,735	-	2,735
	<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

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	June 30, 2020				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 1,163	-	1,163	-	1,163
Financial assets at fair value through other comprehensive income					
Unlisted stocks (domestic and overseas)	1,277,516	-	-	1,277,516	1,277,516
Total	<u>\$ 1,278,679</u>	<u>-</u>	<u>1,163</u>	<u>1,277,516</u>	<u>1,278,679</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 37	-	37	-	37

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	311,491
Transfer into level 1	(583,590)
Balance at June 30, 2021	<u>\$ 680,546</u>
Balance at January 1, 2020	\$ 1,022,688
Total gains:	
Recognized in other comprehensive income	254,828
Balance at June 30, 2020	<u>\$ 1,277,516</u>

(Continued)

**TSRC CORPORATION AND SUBSIDIARIES**  
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- 4) Since Evergreen Steel Corporation was listed in April 2021, its fair value measurement was transferred from the level 3 to level 1.

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 June 30, 2021, December 31, 2020 and June 30, 2020 was all 18.62~21.75, 15.62~17.80 and 17.77~27.50, respectively</li> <li>· Multipliers of price-book ratios as of December 31, 2020 and June 30, 2020 were 1.38 and 1.08, respectively</li> <li>· Market liquidity discount rate as of 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>June 30, 2021</b>				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	1%	\$ 8,539	(8,539)
<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)

(Continued)

**TSRC CORPORATION AND SUBSIDIARIES**  
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June 30, 2020	<u>Input</u>	<u>Move up or down</u>	<u>Other comprehensive income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	1%	\$ 15,967	(15,967)

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 six months ended June 30, 2021 and 2020.

(ab) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities for the six months ended June 30, 2021 and 2020 was as follows:

	January 1, 2021	Cash flows	<u>Non-cash changes</u>			June 30, 2021
			Foreign exchange movement	Amortization of commercial paper discount	Others	
Long-term borrowings (including current portion)	\$ 4,463,864	17,869	(21,546)	-	-	4,460,187
Other long-term borrowings	349,341	-	-	64	-	349,405
Short-term borrowings	3,789,276	107,935	(60,442)	-	-	3,836,769
Lease liabilities	632,090	(99,565)	(6,758)	2,039	45,970	573,776
Total liabilities from financing activities	<u>\$ 9,234,571</u>	<u>26,239</u>	<u>(88,746)</u>	<u>2,103</u>	<u>45,970</u>	<u>9,220,137</u>

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**TSRC CORPORATION AND SUBSIDIARIES**  
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	January 1, 2020	Cash flows	Non-cash changes			June 30, 2020
			Foreign exchange movement	Amortization of commercial paper discount	Others	
Long-term borrowings (including current portion)	\$ 4,959,940	(280,204)	(26,019)	-	-	4,653,717
Other long-term borrowings	349,287	-	-	520	-	349,807
Short-term borrowings	4,729,148	(410,104)	(46,787)	-	-	4,272,257
Lease liabilities	861,631	(88,163)	(17,125)	4,256	41,901	802,500
Total liabilities from financing activities	<u>\$ 10,900,006</u>	<u>(778,471)</u>	<u>(89,931)</u>	<u>4,776</u>	<u>41,901</u>	<u>10,078,281</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 June 30		For the six months ended June 30	
	2021	2020	2021	2020
Associates	<u>\$ 6,247</u>	<u>10</u>	<u>6,247</u>	<u>5,779</u>

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**TSRC CORPORATION AND SUBSIDIARIES**  
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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 June 30</b>		<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Other related parties	<u>\$ 79,866</u>	<u>25,044</u>	<u>122,451</u>	<u>89,822</u>

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 June 30</b>		<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Associates				
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 36,825	40,610	73,674	69,459
Joint ventures				
Indian Synthetic Rubber Private Limited	14,966	5,997	32,557	17,849
Others joint ventures	1,537	702	2,519	1,402
Other related parties				
Others related parties	<u>(4,324)</u>	<u>(3,953)</u>	<u>(8,193)</u>	<u>(7,788)</u>
	<u>\$ 49,004</u>	<u>43,356</u>	<u>100,557</u>	<u>80,922</u>

(iv) Lease—Rent income

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Other related parties	<u>\$ 1,117</u>	<u>1,121</u>	<u>2,236</u>	<u>2,242</u>

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>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Accounts receivables	Associates	\$ -	-	56
Other receivables	Associates			
	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	15,975	22,154	17,627
Other receivables	Joint ventures			
	Indian Synthetic Rubber Private Limited	20,790	17,183	19,722
	Others	590	235	227
		<u>\$ 37,355</u>	<u>39,572</u>	<u>37,632</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>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Accounts payable	Other related parties	\$ 50,898	-	24,971
Other payables	Other related parties	1,380	1,226	840
		<u>\$ 52,278</u>	<u>1,226</u>	<u>25,811</u>

(vii) Guarantees

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Associates			
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 759,441	1,577,416	751,741
Joint ventures			
Indian Synthetic Rubber Private Limited	928,071	949,316	2,398,011
	<u>\$ 1,687,512</u>	<u>2,526,732</u>	<u>3,149,752</u>

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**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>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Associates			
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 1,285	733	2,602
Joint ventures			
Indian Synthetic Rubber Private Limited	28,233	31,086	34,897
	<u>\$ 29,518</u>	<u>31,819</u>	<u>37,499</u>

(c) Key management personnel transactions

The compensation of the key management personnel comprised the following:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 30,503	29,136	60,133	58,531
Post-employment benefits	320	261	661	569
	<u>\$ 30,823</u>	<u>29,397</u>	<u>60,794</u>	<u>59,100</u>

(8) Pledged assets

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Restricted savings deposits (recorded as other non-current assets)	Bank guarantee for electricity usage	\$ 1,150	1,173	1,214
Machinery etc. (recorded as property, plant and equipment)	Guarantee for long-term borrowings	173,279	269,284	288,503
		<u>\$ 174,429</u>	<u>270,457</u>	<u>289,717</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>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
The Group's unused letters of credit outstanding	\$ <u>649,463</u>	<u>1,284,162</u>	<u>866,678</u>

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Total amounts of construction in progress contracts	\$ <u>488,155</u>	<u>2,851,593</u>	<u>2,204,617</u>
Cumulative payments	\$ <u>307,761</u>	<u>2,342,971</u>	<u>1,778,031</u>

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

**(11) Subsequent Events**

The Group disposed of the non-current assets held for sale in July, 2021. Please refer to note 6(g) for further explanation.

**(12) Other**

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

By nature	By function			Three months ended June 30, 2021			Three months ended June 30, 2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits									
Salary	248,016	174,698	422,714	251,910	172,768	424,678			
Labor and health insurance	22,400	14,662	37,062	18,984	12,860	31,844			
Pension	17,164	7,996	25,160	8,101	6,601	14,702			
Others (note 1)	54,627	43,124	97,751	27,398	6,039	33,437			
Depreciation (note 2)	235,100	32,889	267,989	202,426	45,552	247,978			
Amortization	1,642	28,995	30,637	2,206	34,174	36,380			

(Continued)

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

By function By nature	Six months ended June 30, 2021			Six months ended June 30, 2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	495,159	358,147	853,306	420,335	331,189	751,524
Labor and health insurance	46,102	30,016	76,118	39,981	28,393	68,374
Pension	33,171	15,325	48,496	18,515	14,654	33,169
Others (note 1)	101,250	69,123	170,373	66,626	23,770	90,396
Depreciation (note 2)	466,250	79,419	545,669	404,889	93,780	498,669
Amortization	3,057	57,981	61,038	3,827	71,181	75,008

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, \$3,681 thousand, \$7,362 thousand and \$7,363 thousand for the three months and six months ended June 30, 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 six months ended June 30, 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	228,457	228,457	3.698%	2	-	Operating capital	-	-	-	295,155	590,310
2	Polybus Corporation Pte Ltd	TSRC	Account receivable-related parties	Yes	684,744	668,880	83,610	0.288%	2	-	Operating capital	-	-	-	4,305,239	8,610,478
3	TSRC (Hong Kong) Limited	TSRC	Account receivable-related parties	Yes	171,186	167,220	55,740	0.284%	2	-	Operating capital	-	-	-	1,765,242	3,530,484
4	TSRC Specialty Materials LLC	TSRC (USA) Investment Corporation	Account receivable-related parties	Yes	427,965	418,050	167,220	0.12%-0.13%	2	-	Operating capital	-	-	-	1,105,060	2,210,120

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	418,050	178,368	-	2.60 %	(Note 3)	Y		
0	TSRC	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	6	(Note 2)	1,561,828	759,441	52,244	-	4.73 %	(Note 3)			Y
0	TSRC	Indian Synthetic Rubber Private Limited	6	(Note 2)	950,082	928,071	675,848	-	5.78 %	(Note 3)			
0	TSRC	TSRC (Vietnam) Co., Ltd.	4	(Note 2)	504,999	493,299	420,837	-	3.07 %	(Note 3)	Y		
0	TSRC	TSRC Specialty Materials LLC	4	(Note 2)	285,310	278,700	146,952	-	1.74 %	(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 \$9,629,586 thousand.

Note 3: The aggregate amount of guarantee by the Company is limited to 1.5 times its stockholders' equity, amounting to \$24,073,965 thousand.

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

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**TSRC CORPORATION AND SUBSIDIARIES**  
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(iii) Securities held as of June 30, 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			Market value	Remarks
				Number of shares	Book value	Holding percentage		
TSRC	Evergreen Steel Corporation	-	Financial assets at fair value through other comprehensive income – non-current	12,148,000	846,716	2.89 %	846,716	
TSRC	Thai Synthetic Rubbers Co., Ltd.	-	Financial assets at fair value through other comprehensive income – non-current	599,999	135,318	5.42 %	135,318	
TSRC	Hsin-Yung Enterprise Corporation	-	Financial assets at fair value through other comprehensive income – non-current	5,657,000	358,540	3.90 %	358,540	
Dymas Corporation	Thai Synthetic Rubbers Co., Ltd.	-	Financial assets at fair value through other comprehensive income – non-current	837,552	186,688	7.57 %	186,688	
					<u>1,527,262</u>		<u>1,527,262</u>	

(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:

Unit: thousand NTD

Name of company	Type of property	Transaction date	Acquisition date	Book value	Transaction amount	Amount actually receivable	Gain from disposal	Counter-party	Nature of relationship	Purpose of disposal	Price reference	Other terms
TSRC	Kaohsiung City, Renwu district's land and property	2021.03.11	1999.07.29	201,665	1,220,000	According to the signing contract of the sale and purchase of real estate	909,118	CHEN TA HSIUNG DEVELOPMENT CO., LTD.	Non-related parties	activates its assets	Appraisal of real estate report	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	Parent and subsidiary companies	Purchase	111,220	8.78 %	70 days	-		(7,580)	(2.24) %	
TSRC	TSRC (Lux.) Corporation S.A R.L	Parent and subsidiary companies	Sale	(111,220)	(2.04) %	70 days	-		7,580	0.66 %	
TSRC Specialty Materials LLC	TSRC	Parent and subsidiary companies	Purchase	162,645	12.07 %	70 days	-		(58,118)	(17.93) %	
TSRC	TSRC Specialty Materials LLC	Parent and subsidiary companies	Sale	(162,645)	(2.99) %	70 days	-		58,118	5.05 %	
Polybus Corporation Pte Ltd	TSRC (Nantong) Industries Ltd.	Related parties	Purchase	140,830	44.91 %	40 days	-		(15,696)	(45.34) %	
TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd	Related parties	Sale	(140,830)	(4.69) %	40 days	-		15,696	2.38 %	
Polybus Corporation Pte Ltd	Shen Hua Chemical Industries Co., Ltd.	Related parties	Purchase	155,175	49.48 %	40 days	-		(14,090)	(40.70) %	
Shen Hua Chemical Industries Co., Ltd.	Polybus Corporation Pte Ltd	Related parties	Sale	(155,175)	(3.48) %	40 days	-		14,090	0.97 %	
TSRC (Lux.) Corporation S.A R.L	TSRC Specialty Materials LLC	Related parties	Purchase	353,546	27.90 %	90 days	-		(84,880)	(25.07) %	
TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L	Related parties	Sale	(353,546)	(16.63) %	90 days	-		84,880	14.94 %	

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## TSRC CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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 (Nantong) Industries Ltd.	Related parties	Purchase	798,869	63.05 %	70 days	-		(250,329)	(73.94) %	
TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L	Related parties	Sale	(798,869)	(26.60) %	70 days	-		250,329	37.88 %	

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:

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	250,329	9.28	-		71,139	-
TSRC Specialty Materials LLC	TSRC (USA) Investment Corporation	Related parties	167,220	-	-		-	-

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

Note 2: Until August 3, 2021.

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

(x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Existing relationship with the counter-party	Transaction details			
				Account name	Amount	Trading terms	Percentage of the total consolidated revenue or total assets
0	TSRC	TSRC (Nantong) Industries Ltd.	1	Sales revenue	41,000	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.24 %
0	TSRC	TSRC (Nantong) Industries Ltd.	1	Other income and expenses	37,996	"	0.23 %
0	TSRC	TSRC (Lux.) Corporation S.A R.L	1	Sales revenue	112,220	"	0.67 %
0	TSRC	Polybus Corporation Pte Ltd	1	Sales revenue	17,715	"	0.11 %
0	TSRC	TSRC Specialty Materials LLC	1	Sales revenue	162,645	"	0.97 %
0	TSRC	TSRC Specialty Materials LLC	1	Accounts receivable	58,118		0.18 %
0	TSRC	TSRC (Nantong) Industries Ltd.	1	Other income and expenses	33,758	The transaction is not significantly different from normal transactions, and the collection terms were about six months	0.20 %
1	TSRC (Nantong) Industries Ltd.	TSRC (Shanghai) Industries Ltd.	3	Sales revenue	19,875	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.12 %
1	TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd	3	Sales revenue	140,830	"	0.84 %
1	TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L	3	Sales revenue	798,869	"	4.77 %
1	TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L	3	Accounts receivable	250,329	"	0.78 %

(Continued)

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

No.	Name of company	Name of counter-party	Existing relationship with the counter-party	Transaction details			
				Account name	Amount	Trading terms	Percentage of the total consolidated revenue or total assets
1	TSRC (Nantong) Industries Ltd.	TSRC-UBE (Nantong) Industries Ltd.	3	Other income and expenses	116,234	"	0.69 %
2	TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L	3	Sales revenue	353,546	The transaction is not significantly different from normal transactions, and the collection terms were about three months	2.11 %
2	TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L	3	Accounts receivable	84,880	"	0.26 %
3	Shen Hua Chemical Industries Co., Ltd.	Polybus Corporation Pte Ltd	3	Sales revenue	155,175	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.93 %
3	Shen Hua Chemical Industries Co., Ltd.	TSRC-UBE (Nantong) Industries Ltd.	3	Sales revenue	24,989	"	0.15 %
3	TSRC (Lux.) Corporation S.A R.L	TSRC	2	Other income and expenses	24,444	The transaction is not significantly different from normal transactions, and the collection terms were about six months	0.15 %
4	TSRC (Shanghai) Industries Ltd.	TSRC (Nantong) Industries Ltd.	3	Sales revenue	19,544	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.12 %
4	TSRC (Shanghai) Industries Ltd.	TSRC (Nantong) Industries Ltd.	3	Entrusted loans	228,457	One year based on the contract of entrusted loans	0.71 %
0	TSRC	TSRC(Hong Kong) Limited	1	Accounts receivable-related parties	55,740	One year base on contract of loan	0.17 %
0	TSRC	Polybus Corporation Pte Ltd	1	Accounts receivable-related parties	83,610	"	0.26 %
2	TSRC Specialty Materials LLC	TSRC(USA) Investment Corporation	3	Accounts receivable-related parties	167,220	"	0.52 %

Note 1: Company numbering is as follows:

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

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

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

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

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

(b) Information on investees:

The following is the information on investees for the six months ended June 30, 2021 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance			Net income (losses) of investee	Investment income (losses)	Remarks
				June 30, 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 %	13,944,535	1,443,835	1,443,835	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 %	633,333	23,947	23,947	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 %	133,818	31,171	6,072	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 %	191,158	(2,062)	(2,062)	Subsidiary

Unit: thousand NTD/thousand USD/thousand EUR

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## TSRC CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance			Net income (losses) of investee	Investment income (losses)	Remarks
				June 30, 2021	December 31, 2020	Shares	Percentage of ownership	Book value			
Trimurti Holding Corporation	Polybus Corporation Pte Ltd	100 Peck Seah Street #09-16 Singapore 079333	International commerce and investment corporation	1,814,365 (USD65,101)	1,814,365 (USD65,101)	105,830,000	100.00 %	8,610,478	821,245	821,245	Indirectly owned subsidiary
Trimurti Holding Corporation	TSRC (Hong Kong) Limited	15/F Boe Group Life Assurance Tower 136 Dses Voews Road Central	Investment corporation	2,894,200 (USD103,850)	2,169,680 (USD77,850)	103,850,000	100.00 %	3,530,484	202,396	202,396	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	821,413 (USD29,473)	821,413 (USD29,473)	222,861,375	50.00 %	914,067	852,670	426,334	-
TSRC (Hong Kong) Limited	TSRC (Lux.) Corporation S.A.R.L.	39-43 avenue de la Liberte L-1931 Luxembourg	International commerce and investment corporation	2,483,296 (EUR74,870)	2,483,296 (EUR74,870)	74,869,617	100.00 %	2,809,363	158,538	158,538	Indirectly owned subsidiary
TSRC (Lux.) Corporation S.A.R.L.	TSRC (USA) Investment Corporation	2711 Centerville Road, Suite 400, County of New Castle, Wilmington, Delaware, USA	Investment corporation	2,676,914 (USD96,050)	2,676,914 (USD96,050)	130	100.00 %	2,681,904	64,202	64,202	Indirectly owned subsidiary
TSRC (USA) Investment Corporation	TSRC Specialty Materials LLC	12012 Wickchester Lane, Suite 280, Houston, TX, USA	Production and sale of TPE	6,092,856 (USD218,617)	6,092,856 (USD218,617)	-	100.00 %	2,201,120	143,718	143,718	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	1,394 (USD50)	1,394 (USD50)	50,000	100.00 %	56,977	(1,084)	(1,084)	Indirectly owned subsidiary
Hardison International Corporation	Dymas Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	133,748 (USD4,799)	133,748 (USD4,799)	4,798,566	80.52 %	574,447	31,171	25,099	Indirectly owned subsidiary
Dymas Corporation	Asia Pacific Energy Development Co., Ltd.	Cayman Islands	Consulting for electric power facilities management and electrical system design	314,513 (USD11,285)	314,513 (USD11,285)	7,522,337	37.78 %	356,595	82,466	31,156	-

Note 1: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD27.870; EUR1 to NTD33.1681).

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

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

#### (c) Information on investment in Mainland China:

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

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2021	Investment flow during current period		Cumulative investment (amount) from Taiwan as of June 30, 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	1,148,801 (USD41,220)	(2)a.	-	-	-	-	735,731	65.44 %	481,463	2,341,756	4,786,340
Changzhou Asia Pacific Co-generation Co., Ltd.	Power generation and sale of electricity and steam	643,797 (USD23,100)	(2)c.	106,798 (USD3,832)	-	-	106,798 (USD3,832)	119,896	28.34 %	33,978	427,828	358,308
TSRC (Shanghai) Industries Ltd.	Production and sale of compounding materials	153,285 (USD5,500)	(2)b.	109,250 (USD3,920)	-	-	109,250 (USD3,920)	48,397	100.00 %	48,397	628,640	-
Nantong Qix Storage Co., Ltd.	Storehouse for chemicals	83,610 (USD3,000)	(2)d.	41,805 (USD1,500)	-	-	41,805 (USD1,500)	(2,074)	50.00 %	(1,037)	56,659	74,060
TSRC-UBE (Nantong) Chemical Industrial Co., Ltd.	Production and sale of synthetic rubber products	1,114,800 (USD40,000)	(2)a.	27,870 (USD1,000)	-	-	27,870 (USD1,000)	230,403	55.00 %	126,721	998,936	-
TSRC (Nantong) Industries Ltd.	Production and sale of TPE	2,929,834 (USD105,125)	(2)a.	185,280 (USD6,648)	-	-	185,280 (USD6,648)	178,778	100.00 %	178,778	4,817,767	440,864
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	Production and sale of NBR	1,248,576 (USD44,800)	(2)a.	-	-	-	-	140,565	50.00 %	70,283	388,146	-

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

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

Note 2: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD27.870).

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

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**TSRC CORPORATION AND SUBSIDIARIES**  
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(ii) Limitation on investment in Mainland China:

Unit: thousand NTD/thousand USD

Company name	Accumulated investment amount in Mainland China as of June 30, 2021	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
TSRC	471,003 (USD16,900)	5,221,026 (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 NTD27.870).

(iii) Significant transactions:

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

(d) Major shareholders:

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

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**(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 June 30, 2021</b>				
Revenue:				
Revenue from external customers	\$ <u>8,174,148</u>	<u>346,567</u>	<u>-</u>	<u>8,520,715</u>
<b>Income from operations</b>	<u>\$ 1,492,323</u>	<u>30,287</u>	<u>(18,771)</u>	<u>1,503,839</u>
<b>Three months ended June 30, 2020</b>				
Revenue:				
Revenue from external customers	\$ <u>5,368,979</u>	<u>166,360</u>	<u>-</u>	<u>5,535,339</u>
<b>Income from operations</b>	<u>\$ 47,806</u>	<u>(20,704)</u>	<u>36,529</u>	<u>63,631</u>
<b>Six months ended June 30, 2021</b>				
Revenue:				
Revenue from external customers	\$ <u>16,098,434</u>	<u>639,092</u>	<u>-</u>	<u>16,737,526</u>
<b>Income from operations</b>	<u>\$ 2,931,700</u>	<u>63,532</u>	<u>(5,989)</u>	<u>2,989,243</u>
<b>Six months ended June 30, 2020</b>				
Revenue:				
Revenue from external customers	\$ <u>11,650,055</u>	<u>379,130</u>	<u>-</u>	<u>12,029,185</u>
<b>Income from operations</b>	<u>\$ 235,791</u>	<u>(34,022)</u>	<u>30,238</u>	<u>232,007</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.