

**TSRC CORPORATION  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Nine Months Ended September 30, 2021 and 2020**

**Address: No. 2, Singgong Rd., Dashe Dist., Kaohsiung City**  
**Telephone: (07)351-3811**

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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安侯建業聯合會計師事務所

KPMG

台北市110615信義路5段7號68樓(台北101大樓)  
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,  
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

Telephone 電話 + 886 2 8101 6666  
Fax 傳真 + 886 2 8101 6667  
Internet 網址 home.kpmg/tw

## 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 September 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2021 and 2020, as well as the changes in equity and cash flows for the nine 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 \$3,494,340 thousand and \$3,060,983 thousand, both constituting 11% of the consolidated total assets; and the total liabilities amounting to \$722,068 thousand and \$670,124 thousand, constituting 6% and 5% of the consolidated total liabilities as of September 30, 2021 and 2020, respectively; as well as the total comprehensive income (loss) amounting to \$95,302 thousand, \$162,868 thousand, \$352,200 thousand and \$135,502 thousand, constituting 7%, (46)%, 9% and (28)% of the consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 2021 and 2020, respectively.



Furthermore, as stated in Note 6(g), the other equity accounted investments of the Group in its investee companies of \$1,995,869 thousand and \$1,044,601 thousand as of September 30, 2021 and 2020, respectively, and its equity in net earnings (loss) on these investee companies of \$255,450 thousand, \$102,018 thousand, \$782,186 thousand and \$38,122 thousand for the three months and nine months ended September 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 September 30, 2021 and 2020, and of its consolidated financial performance for the three months and nine months ended September 30, 2021 and 2020, as well as its consolidated cash flows for the nine 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)  
November 4, 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 September 30, 2021 and 2020**

**TSRC CORPORATION AND SUBSIDIARIES**

**Consolidated Balance Sheets**

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

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

		September 30, 2021		December 31, 2020		September 30, 2020				September 30, 2021		December 31, 2020		September 30, 2020	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Assets</b>															
<b>Current assets:</b>															
1100	Cash and cash equivalents (note 6(a))	\$ 3,759,755	12	3,278,463	12	4,148,487	15	2100	Short-term borrowings (note 6(m))	\$ 3,959,453	12	3,789,276	13	4,248,900	15
1110	Current financial assets at fair value through profit or loss (note 6(b))	13,783	-	3,460	-	2,622	-	2120	Current portion of long-term borrowings (notes 6(m) and 8)	1,383,828	4	2,784,129	10	1,130,577	4
1150	Notes receivable, net (note 6(d))	933,168	3	571,220	2	599,185	2		Current financial liabilities at fair value through profit or loss (note 6(b))	8	-	32,628	-	10,010	-
1170	Accounts receivable, net (note 6(d))	3,377,184	11	2,802,351	10	2,340,491	8	2170	Accounts payable	1,346,567	4	1,643,264	6	916,161	3
1200	Other receivables (notes 6(e) and 7)	68,789	-	146,171	-	177,605	1	2180	Accounts payable—related parties (note 7)	32,328	-	-	-	-	-
1220	Current income tax assets	-	-	12,151	-	10,503	-	2230	Current income tax liabilities	294,225	2	172,787	1	198,384	-
130x	Inventories (note 6(f))	5,872,938	18	4,772,464	16	4,137,898	14	2219	Other payables (notes 6(s) and 7)	1,375,300	4	1,204,135	4	1,031,299	4
1479	Other current assets	760,075	2	851,356	3	667,266	2	2280	Current lease liabilities (note 6(n))	143,819	1	139,263	-	157,036	1
	<b>Total current assets</b>	<u>14,785,692</u>	<u>46</u>	<u>12,437,636</u>	<u>43</u>	<u>12,084,057</u>	<u>42</u>	2399	Other current liabilities	185,774	2	128,285	-	213,948	1
<b>Non-current assets:</b>															
1518	Non-current financial assets at fair value through other comprehensive income (note 6(c))	1,294,250	4	952,645	4	971,685	3	2541	<b>Total current liabilities</b>	<u>8,721,302</u>	<u>29</u>	<u>9,893,767</u>	<u>34</u>	<u>7,906,315</u>	<u>28</u>
1550	Investments accounted for under equity method (notes 6(g) and 7)	1,995,869	6	1,303,787	4	1,044,601	4	2550	<b>Non-current liabilities:</b>						
1600	Property, plant and equipment (notes 6(i), 8 and 9)	9,971,933	31	10,516,517	36	10,307,120	36	2570	Long-term bank borrowings (notes 6(m) and 8)	2,038,303	6	1,679,735	5	3,433,787	12
1755	Right-of-use assets (note 6(j))	933,887	3	1,022,972	3	1,039,121	4	2580	Other long-term borrowings (note 6(m))	349,834	1	349,341	1	349,910	1
1760	Investment property (note 6(k))	1,555,829	5	1,566,873	5	1,570,555	5	2600	Non-current provision liabilities (note 7)	27,412	-	31,819	-	44,189	-
1780	Intangible assets (note 6(l))	920,515	3	1,012,405	3	1,058,639	4		Deferred income tax liabilities	964,088	3	807,700	3	769,086	3
1840	Deferred income tax assets	261,719	1	288,429	1	275,787	1		Non-current lease liabilities (note 6(n))	397,669	1	492,827	2	495,122	2
1900	Other non-current assets (note 8)	143,896	1	167,118	1	219,064	1		Other non-current liabilities	130,486	-	154,534	1	131,369	-
	<b>Total non-current assets</b>	<u>17,077,898</u>	<u>54</u>	<u>16,830,746</u>	<u>57</u>	<u>16,486,572</u>	<u>58</u>		<b>Total non-current liabilities</b>	<u>3,907,792</u>	<u>11</u>	<u>3,515,956</u>	<u>12</u>	<u>5,223,463</u>	<u>18</u>
									<b>Total liabilities</b>	<u>12,629,094</u>	<u>40</u>	<u>13,409,723</u>	<u>46</u>	<u>13,129,778</u>	<u>46</u>
									<b>Equity attributable to shareholders of the Company (note 6(q))</b>						
								3100	Common stock	8,257,099	26	8,257,099	28	8,257,099	29
								3200	Capital surplus	49,531	-	49,531	-	47,140	-
									Retained earnings:						
								3310	Legal reserve	4,073,680	13	4,068,862	14	4,068,862	14
								3350	Unappropriated earnings	4,522,324	14	1,483,970	5	1,230,626	4
										<u>8,596,004</u>	<u>27</u>	<u>5,552,832</u>	<u>19</u>	<u>5,299,488</u>	<u>18</u>
									Other equity:						
								3410	Financial statement translation differences for foreign operations	(491,505)	(2)	(198,125)	(1)	(281,122)	(1)
								3420	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	901,733	3	558,902	2	576,762	2
								3450	Gains or losses on hedging instrument	(37,906)	-	(81,119)	-	(82,215)	-
										<u>372,322</u>	<u>1</u>	<u>279,658</u>	<u>1</u>	<u>213,425</u>	<u>1</u>
									<b>Total equity attributable to shareholders of the Company</b>	<u>17,274,956</u>	<u>54</u>	<u>14,139,120</u>	<u>48</u>	<u>13,817,152</u>	<u>48</u>
								36xx	<b>Non-controlling interests (note 6(h))</b>	1,959,540	6	1,719,539	6	1,623,699	6
									<b>Total equity</b>	<u>19,234,496</u>	<u>60</u>	<u>15,858,659</u>	<u>54</u>	<u>15,440,851</u>	<u>54</u>
									<b>Total liabilities and equity</b>	<u>\$ 31,863,590</u>	<u>100</u>	<u>29,268,382</u>	<u>100</u>	<u>28,570,629</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 nine months ended September 30, 2021 and 2020**

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

	For the three months ended September 30				For the nine months ended September 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Revenue (notes 6(t) and 7)	\$ 7,672,862	100	5,607,360	100	24,410,388	100	17,636,545	100
5000 Operating costs (notes 6(f), 6(i), 6(j), 6(l), 6(n), 6(o), 6(s) and 7)	6,548,201	85	4,843,241	86	19,302,064	79	15,496,814	88
5910 Gross profit	1,124,661	15	764,119	14	5,108,324	21	2,139,731	12
6000 Operating expenses (notes 6(d), 6(i), 6(j), 6(n), 6(o) 6(s) and 7):								
6100 Selling expenses	414,288	5	235,656	4	1,263,213	5	681,714	4
6200 General and administrative expenses	270,223	4	244,722	4	791,385	3	773,413	4
6300 Research and development expenses	99,891	1	86,050	2	279,693	2	265,767	2
6450 Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	(4)	-	(12)	-	304	-	1,419	-
<b>Total operating expenses</b>	<b>784,398</b>	<b>10</b>	<b>566,416</b>	<b>10</b>	<b>2,334,595</b>	<b>10</b>	<b>1,722,313</b>	<b>10</b>
6500 Other income and expenses, net (notes 6(u) and 7)	83,122	1	39,979	-	193,691	1	122,428	1
6900 Operating profit	423,385	6	237,682	4	2,967,420	12	539,846	3
Non-operating income and expenses (notes 6(g), 6(i), 6(l), 6(n), 6(v) and 7):								
7100 Interest income	6,140	-	9,176	-	22,028	-	39,073	-
7010 Other income	37,987	-	34,054	-	66,272	-	62,339	-
7020 Other gains and losses	1,001,660	13	(500,998)	(9)	934,317	4	(492,830)	(3)
7050 Finance costs	(27,172)	-	(23,300)	-	(85,530)	-	(95,911)	-
7370 Share of gain (loss) of associates and joint ventures accounted for under equity method	255,450	3	102,018	2	782,186	3	38,122	-
<b>Total non-operating income and expenses</b>	<b>1,274,065</b>	<b>16</b>	<b>(379,050)</b>	<b>(7)</b>	<b>1,719,273</b>	<b>7</b>	<b>(449,207)</b>	<b>(3)</b>
7900 Net income (loss) before tax	1,697,450	22	(141,368)	(3)	4,686,693	19	90,639	-
7950 Less: tax expenses (note 6(p))	202,390	3	12,423	-	934,786	4	197,506	1
Net income (loss)	1,495,060	19	(153,791)	(3)	3,751,907	15	(106,867)	(1)
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	(234,580)	(3)	(304,811)	(5)	342,831	1	(50,009)	-
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>(234,580)</b>	<b>(3)</b>	<b>(304,811)</b>	<b>(5)</b>	<b>342,831</b>	<b>1</b>	<b>(50,009)</b>	<b>-</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	4,451	-	51,825	1	(318,500)	(1)	(328,156)	(2)
8370 Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method	15,101	-	50,494	1	37,515	-	3,935	-
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>19,552</b>	<b>-</b>	<b>102,319</b>	<b>2</b>	<b>(280,985)</b>	<b>(1)</b>	<b>(324,221)</b>	<b>(2)</b>
8300 Other comprehensive income	(215,028)	(3)	(202,492)	(3)	61,846	-	(374,230)	(2)
<b>Total comprehensive income</b>	<b>\$ 1,280,032</b>	<b>16</b>	<b>(356,283)</b>	<b>(6)</b>	<b>3,813,753</b>	<b>15</b>	<b>(481,097)</b>	<b>(3)</b>
Net income (loss) attributable to:								
8610 Shareholders of parent	\$ 1,441,531	19	(231,268)	(4)	3,340,428	13	(289,482)	(2)
8620 Non-controlling interests	53,529	-	77,477	1	411,479	2	182,615	1
<b>Total comprehensive income attributable to:</b>	<b>\$ 1,495,060</b>	<b>19</b>	<b>(153,791)</b>	<b>(3)</b>	<b>3,751,907</b>	<b>15</b>	<b>(106,867)</b>	<b>(1)</b>
8710 Shareholders of parent	\$ 1,225,646	16	(463,997)	(8)	3,433,092	13	(645,685)	(4)
8720 Non-controlling interests	54,386	-	107,714	2	380,661	2	164,588	1
<b>Total comprehensive income attributable to:</b>	<b>\$ 1,280,032</b>	<b>16</b>	<b>(356,283)</b>	<b>(6)</b>	<b>3,813,753</b>	<b>15</b>	<b>(481,097)</b>	<b>(3)</b>
9710 Basic earnings (losses) per share (New Taiwan Dollars) (note 6(r))	\$ 1.75		(0.28)		4.05		(0.35)	
9810 Diluted earnings (losses) per share (in New Taiwan dollars) (note 6(r))	\$ 1.74		(0.28)		4.03		(0.35)	

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 nine months ended September 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)	(117,920)	(530,775)
Net income (loss)	-	-	-	(289,482)	(289,482)	-	-	-	-	(289,482)	182,615	(106,867)
Other comprehensive income (loss)	-	-	-	-	-	(304,505)	(50,009)	(1,689)	(356,203)	(356,203)	(18,027)	(374,230)
Total comprehensive income (loss)	-	-	-	(289,482)	(289,482)	(304,505)	(50,009)	(1,689)	(356,203)	(645,685)	164,588	(481,097)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	84,323	84,323	-	(84,323)	-	(84,323)	-	-	-
<b>Balance at September 30, 2020</b>	\$ <b>8,257,099</b>	<b>47,140</b>	<b>4,068,862</b>	<b>1,230,626</b>	<b>5,299,488</b>	<b>(281,122)</b>	<b>576,762</b>	<b>(82,215)</b>	<b>213,425</b>	<b>13,817,152</b>	<b>1,623,699</b>	<b>15,440,851</b>
<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)	(140,660)	(437,916)
Net income	-	-	-	3,340,428	3,340,428	-	-	-	-	3,340,428	411,479	3,751,907
Other comprehensive income (loss)	-	-	-	-	-	(293,380)	342,831	43,213	92,664	92,664	(30,818)	61,846
Total comprehensive income (loss)	-	-	-	3,340,428	3,340,428	(293,380)	342,831	43,213	92,664	3,433,092	380,661	3,813,753
<b>Balance at September 30, 2021</b>	\$ <b>8,257,099</b>	<b>49,531</b>	<b>4,073,680</b>	<b>4,522,324</b>	<b>8,596,004</b>	<b>(491,505)</b>	<b>901,733</b>	<b>(37,906)</b>	<b>372,322</b>	<b>17,274,956</b>	<b>1,959,540</b>	<b>19,234,496</b>

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

**Consolidated Statements of Cash Flows**

**For the nine months ended September 30, 2021 and 2020**

(Expressed in Thousands of New Taiwan Dollars)

	<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities:</b>		
<b>Consolidated net income before tax</b>	\$ 4,686,693	90,639
<b>Adjustments:</b>		
Adjustments to reconcile profit and loss:		
Depreciation	823,082	749,000
Amortization	91,565	107,253
Impairment loss determined in accordance with IFRS 9	304	1,419
Interest expense	85,530	95,911
Interest income	(22,028)	(39,073)
Dividend income	(66,272)	(62,339)
Share of profit of associates and joint ventures accounted for under equity method	(782,186)	(38,122)
Loss (gain) on disposal of property, plant and equipment	(926,238)	27,848
Impairment loss on non-financial assets	-	500,247
Amortization to operating costs and inventories	61,147	62,037
Gain on lease modification	-	(8,860)
Total adjustments to reconcile profit and loss	<u>(735,096)</u>	<u>1,395,321</u>
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Financial assets at fair value through profit or loss	(10,323)	(2,608)
Notes receivable	(359,296)	267,162
Accounts receivable	(575,137)	417,707
Other receivables	84,263	(58,144)
Inventories	(1,100,474)	2,276,781
Other current assets	18,143	(173,716)
Total changes in operating assets, net	<u>(1,942,824)</u>	<u>2,727,182</u>
Net changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	(32,620)	4,338
Accounts payable	(296,697)	(1,476,185)
Accounts payable—related parties	32,328	(59,418)
Other payables	159,997	(323,239)
Other current liabilities	54,836	(5,290)
Net defined benefit liability	(16,789)	(55,929)
Other non-current liabilities	(7,258)	8,022
Total changes in operating liabilities, net	<u>(106,203)</u>	<u>(1,907,701)</u>
Total changes in operating assets and liabilities, net	<u>(2,049,027)</u>	<u>819,481</u>
Total adjustments	<u>(2,784,123)</u>	<u>2,214,802</u>
Cash provided by operating activities	1,902,570	2,305,441
Interest income received	15,147	34,882
Interest paid	(81,750)	(94,283)
Income taxes paid	(618,099)	(273,014)
<b>Net cash flow from operating activities</b>	<u>1,217,868</u>	<u>1,973,026</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	(647,977)	(975,540)
Proceeds from disposal of property, plant and equipment	1,214,765	386
Acquisition of intangible assets	-	(25,448)
Decrease (increase) in other non-current assets	36,905	(142,062)
Dividends received	150,119	100,680
Increase in restricted assets	73,138	-
<b>Net cash flows from (used in) investing activities</b>	<u>826,950</u>	<u>(906,580)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	18,276,032	26,889,758
Decrease in short-term borrowings	(18,032,063)	(27,443,666)
Proceeds from long-term borrowings	1,194,664	217,986
Repayments of long-term borrowings	(2,212,831)	(582,209)
Repayments of lease liabilities	(147,034)	(129,799)
Cash dividends paid	(436,834)	(530,286)
<b>Net cash used in financing activities</b>	<u>(1,358,066)</u>	<u>(1,578,216)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(205,460)</u>	<u>(35,023)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	481,292	(546,793)
<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>\$ 3,759,755</u>	<u>4,148,487</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 nine months ended September 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 November 4, 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. 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"

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

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

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 "Property, Plant and Equipment—Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"

(Continued)

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

- Annual Improvements to IFRS Standards 2018–2020
  - Amendments to IFRS 3 “Reference to the Conceptual Framework”
- (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
			September 30, 2021	December 31, 2020	September 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) 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.

(d) 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>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Cash on hand	\$ 383	432	435
Checking and savings deposits	1,323,172	961,937	686,156
Time deposits	<u>2,436,200</u>	<u>2,316,094</u>	<u>3,461,896</u>
Cash and cash equivalents per statements of cash flow	<u>\$ 3,759,755</u>	<u>3,278,463</u>	<u>4,148,487</u>

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Mandatorily measured at fair value through profit or loss:			
Derivative instruments not used for hedging			
Forward contracts/Swap contracts	<u>\$ 13,783</u>	<u>3,460</u>	<u>2,622</u>
	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Financial liabilities held for trading:			
Derivative instruments not used for hedging			
Forward contracts/Swap contracts	<u>\$ 8</u>	<u>32,628</u>	<u>10,010</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>September 30, 2021</b>		
	<b>Contract amount (thousand dollars)</b>	<b>Currency</b>	<b>Maturity dates</b>
Forward contracts	EUR	500 /	EUR/USD 2021.10.22
	USD	588	
Swap contracts	EUR	23,350 /	EUR/USD 2021.10.1~2021.12.30
	USD	27,600	
Swap contracts	USD	3,839 /	USD/CNH 2021.10.8~2021.10.26
	CNH	24,888	
	<b>December 31, 2020</b>		
	<b>Contract amount (thousand dollars)</b>	<b>Currency</b>	<b>Maturity dates</b>
Forward contracts	EUR	450 /	EUR/USD 2021.2.19~2021.2.26
	USD	551	
Swap contracts	TWD	238,846 /	TWD/USD 2021.1.15~2021.1.22
	USD	8,500	
Swap contracts	EUR	21,050 /	EUR/USD 2021.1.6~2021.2.3
	USD	24,753	
	<b>September 30, 2020</b>		
	<b>Contract amount (thousand dollars)</b>	<b>Currency</b>	<b>Maturity dates</b>
Forward contracts	EUR	150 /	EUR/TWD 2020.10.13
	TWD	5,109	
Forward contracts	EUR	240 /	EUR/USD 2020.10.6
	USD	281	
Swap contracts	EUR	20,900 /	EUR/USD 2020.10.6~2021.1.6
	USD	24,254	
Swap contracts	USD	7,939 /	USD/EUR 2020.10.6
	EUR	6,800	
Swap contracts	JPY	2,000 /	JPY/USD 2020.10.13
	USD	19	

(Continued)

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

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Equity investments at fair value through other comprehensive income:			
Listed stocks (domestic)	\$ 609,830	-	-
Unlisted stocks (domestic and overseas)	<u>684,420</u>	<u>952,645</u>	<u>971,685</u>
Total	<u>\$ 1,294,250</u>	<u>952,645</u>	<u>971,685</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 nine month ended September 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(w).

(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>September 30, 2021</b>			
THB	\$ 401,921	0.8284	332,951
<b>December 31, 2020</b>			
THB	205,493	0.9556	196,370
<b>September 30, 2020</b>			
THB	315,291	0.9242	291,392

(Continued)

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

## (d) Notes and accounts receivable

	September 30, 2021	December 31, 2020	September 30, 2020
Notes receivable	\$ 933,168	571,220	599,185
Accounts receivable	3,382,582	2,807,545	2,350,654
Less: allowance for impairment	<u>5,398</u>	<u>5,194</u>	<u>10,163</u>
	<u><u>\$ 4,310,352</u></u>	<u><u>3,373,571</u></u>	<u><u>2,939,676</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>September 30, 2021</u>			
	<u>Gross carrying amount</u>	<u>Weighted- average expected credit loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 4,244,603	0.09%~0.17%	2,582
1 to 30 days past due	52,561	2.18%~4.58%	1,315
31 to 90 days past due	<u>18,586</u>	<u>6.59%~34.6%</u>	<u>1,501</u>
	<u><u>\$ 4,315,750</u></u>		<u><u>5,398</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>September 30, 2020</u>			
	<u>Gross carrying amount</u>	<u>Weighted- average expected credit loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 2,893,579	0.01%~0.65%	7,870
1 to 30 days past due	55,846	0.33%~6.16%	2,244
31 to 90 days past due	<u>414</u>	<u>5.05%~18.34%</u>	<u>49</u>
	<u><u>\$ 2,949,839</u></u>		<u><u>10,163</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 nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>
Balance at beginning of period	\$ 5,194	8,935
Impairment losses recognized	304	1,419
Foreign exchange gain or loss	(100)	(191)
Balance at end of period	<b>\$ 5,398</b>	<b>10,163</b>

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

(e) Other receivables (including related parties)

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
Other receivables – related parties	\$ 44,652	39,572	36,428
Other	24,137	106,599	141,177
	<b>\$ 68,789</b>	<b>146,171</b>	<b>177,605</b>

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

(f) Inventories

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

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
Raw materials	\$ 1,903,993	1,719,583	1,092,762
Supplies	8,584	9,476	104,016
Work in progress	286,617	297,435	266,628
Finished goods	3,046,666	2,258,866	2,190,278
Merchandise	627,078	487,104	484,214
Total	<b>\$ 5,872,938</b>	<b>4,772,464</b>	<b>4,137,898</b>

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 September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Loss on (reversal of) decline in market value of inventory	\$ 3,898	(14,948)	(81,062)	40,341
Income from sale of scrap	(6,773)	(5,610)	(19,541)	(15,032)
Loss or gain on physical count	123	(20)	123	3,268
Unallocated production overhead	<u>142,681</u>	<u>119,034</u>	<u>299,198</u>	<u>311,180</u>
Total	<u>\$ 139,929</u>	<u>98,456</u>	<u>198,718</u>	<u>339,757</u>

(g) Investments accounted for under equity method

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

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
Associates	\$ 774,166	732,531	651,787
Joint ventures	<u>1,221,703</u>	<u>571,256</u>	<u>392,814</u>
	<u>\$ 1,995,869</u>	<u>1,303,787</u>	<u>1,044,601</u>

(i) Associates

For the three months and nine months ended September 30, 2021 and 2020, the Group recognized its share of gain from the associates of \$36,017 thousand, \$66,112 thousand, \$137,456 thousand and \$102,913 thousand, respectively.

The details of the significant associates are as follows:

<b>Name of associates</b>	<b>Existing relationship with the Group</b>	<b>The main operating place / register country</b>	<b>Proportion of equity and voting right</b>		
			<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
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 %

(Continued)

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

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.

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>	
Current assets	\$ 588,522	478,937	435,636	
Non-current assets	599,389	668,836	676,123	
Current liabilities	(297,872)	(471,579)	(536,987)	
Non-current liabilities	(29,584)	(31,085)	(30,675)	
Equity	<u>\$ 860,455</u>	<u>645,109</u>	<u>544,097</u>	
Equity attributable to the Group	<u>\$ 430,228</u>	<u>322,554</u>	<u>272,048</u>	
	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Revenue	<u>\$ 600,473</u>	<u>398,739</u>	<u>1,589,427</u>	<u>1,076,381</u>
Net income of continued operations	\$ 87,357	80,980	227,922	95,075
Other comprehensive income (loss)	-	-	-	-
Total comprehensive income (loss)	<u>\$ 87,357</u>	<u>80,980</u>	<u>227,922</u>	<u>95,075</u>
Total comprehensive income attributable to the Group	<u>\$ 43,678</u>	<u>40,490</u>	<u>113,961</u>	<u>47,537</u>
			<b>For the nine months ended September 30</b>	
			<b>2021</b>	<b>2020</b>
Beginning balance of the equity of the associate attributable to the Group		\$ 323,287	231,111	
Current total comprehensive income of the associate attributable to the Group			113,961	47,537
Other			(6,687)	(4,906)
Ending balance of the equity of the associate attributable to the Group		<u>\$ 430,561</u>	<u>273,742</u>	

(Continued)

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

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

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>	
Current assets	\$ 449,912	625,218	640,018	
Non-current assets	938,474	1,011,338	1,010,752	
Current liabilities	(456,507)	(529,361)	(625,869)	
Non-current liabilities	(8,744)	(10,318)	(10,604)	
Equity	<u>\$ 923,135</u>	<u>1,096,877</u>	<u>1,014,297</u>	
Equity attributable to the Group	<u>\$ 348,760</u>	<u>414,400</u>	<u>383,201</u>	
	<b>For the three months ended September 30</b>	<b>For the nine months ended September 30</b>		
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Revenue	<u>\$ 393,299</u>	<u>365,038</u>	<u>1,104,066</u>	<u>813,308</u>
Net income (loss) of continued operations	\$ (20,276)	67,819	62,190	146,574
Other comprehensive income (loss)	-	-	-	-
Total comprehensive income (loss)	<u>\$ (20,276)</u>	<u>67,819</u>	<u>62,190</u>	<u>146,574</u>
Total comprehensive income attributable to the Group	<u>\$ (7,661)</u>	<u>25,622</u>	<u>23,495</u>	<u>55,376</u>
		<b>For the nine months ended September 30</b>		
		<b>2021</b>	<b>2020</b>	
Beginning balance of the equity of the associate attributable to the Group	\$	409,244	404,508	
Current total comprehensive income of the associate attributable to the Group		23,495	55,376	
Other		(89,134)	(81,839)	
Ending balance of the equity of the associate attributable to the Group	<u>\$</u>	<u>343,605</u>	<u>378,045</u>	

(Continued)

**TSRC CORPORATION AND SUBSIDIARIES**  
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## (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		
			September 30, 2021	December 31, 2020	September 30, 2020
Indian Synthetic Rubber Private Limited	Strategic alliance of production and sales of synthetic rubber products	India	50.00 %	50.00 %	50.00 %

The comprehensive financial information of Indian Synthetic Rubber Private Limited, which is the joint venture material to the Consolidated company, is as follows:

	September 30, 2021	December 31, 2020	September 30, 2020	
			2021	2020
Current assets	\$ 2,300,456	1,119,957	1,096,878	
Non-current assets	2,746,002	3,089,725	3,077,842	
Current liabilities	(1,362,165)	(1,252,076)	(2,116,658)	
Non-current liabilities	(1,287,538)	(1,869,712)	(1,345,340)	
Equity	<u>\$ 2,396,755</u>	<u>1,087,894</u>	<u>712,722</u>	
Equity attributable to the Group	<u>\$ 1,198,378</u>	<u>543,947</u>	<u>356,361</u>	
	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Revenue	<u>\$ 1,903,515</u>	<u>1,095,094</u>	<u>5,144,411</u>	<u>2,476,600</u>
Net income (loss) of continued operations	\$ 438,275	76,094	1,290,945	(113,704)
Other comprehensive income (loss)	62,485	23,041	67,789	(13,350)
Total comprehensive income (loss)	<u>\$ 500,760</u>	<u>99,135</u>	<u>1,358,734</u>	<u>(127,054)</u>
Total comprehensive income attributable to the Group	<u>\$ 250,380</u>	<u>49,568</u>	<u>679,367</u>	<u>(63,527)</u>

(Continued)

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	<b>For the nine months ended September 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	679,367	(63,527)
Other	(27,200)	2,089
Ending balance of the equity of the joint venture attributable to the Group	<b>\$ 1,164,791</b>	<b>335,101</b>

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

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
	Balance of not significant joint venture's equity	<b>\$ 56,912</b>	<b>58,632</b>

  

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Attributable to the Group:				
Income (loss) from continued operations	\$ 295	(2,141)	(742)	(7,939)
Other comprehensive income (loss)	-	-	-	-
Total comprehensive income (loss)	<b>\$ 295</b>	<b>(2,141)</b>	<b>(742)</b>	<b>(7,939)</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.

(h) 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>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 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**  
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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>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>	
Current assets	\$ 2,954,164	2,569,212	2,260,465	
Non-current assets	922,262	904,877	877,804	
Current liabilities	(471,390)	(582,827)	(410,252)	
Non-current liabilities	(22,605)	(17,878)	(16,843)	
Net assets	<u>\$ 3,382,431</u>	<u>2,873,384</u>	<u>2,711,174</u>	
Non-controlling interests	<u>\$ 1,168,968</u>	<u>993,042</u>	<u>936,982</u>	
	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Revenue	<u>\$ 1,823,236</u>	<u>1,274,477</u>	<u>6,286,208</u>	<u>4,427,043</u>
Net income	\$ 77,630	140,571	813,361	404,257
Other comprehensive income (loss)	2,100	52,703	(52,321)	(30,706)
Total comprehensive income (loss)	<u>\$ 79,730</u>	<u>193,274</u>	<u>761,040</u>	<u>373,551</u>
Total net income attributable to non-controlling interests	<u>\$ 26,830</u>	<u>48,581</u>	<u>281,098</u>	<u>139,711</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 27,555</u>	<u>66,795</u>	<u>263,015</u>	<u>129,099</u>
	<b>For the nine months ended September 30</b>			
	<b>2021</b>		<b>2020</b>	
Net Cash flow from operating activities	\$ 193,582		891,257	
Net Cash used in investing activities	(100,893)		(60,478)	
Net Cash used in financing activities	(251,789)		(341,193)	
Effect on exchange rate changes on cash and cash equivalents	(7,848)		421	
Increase (decrease) in cash and cash equivalents	<u>\$ (166,948)</u>		<u>490,007</u>	

(Continued)

**TSRC CORPORATION AND SUBSIDIARIES**  
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(ii) Summary of financial information of TSRC-UBE (Nantong) Industries Ltd.

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>	
Current assets	\$ 1,171,513	1,051,480	773,292	
Non-current assets	854,837	922,652	937,587	
Current liabilities	(264,534)	(355,169)	(178,815)	
Non-current liabilities	(4,989)	(4,524)	(6,027)	
Net assets	<u>\$ 1,756,827</u>	<u>1,614,439</u>	<u>1,526,037</u>	
Non-controlling interests	<u>\$ 790,572</u>	<u>726,497</u>	<u>686,717</u>	
	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Revenue	<u>\$ 783,012</u>	<u>520,260</u>	<u>2,402,142</u>	<u>1,615,825</u>
Net income	\$ 59,333	64,218	289,736	95,347
Other comprehensive income (loss)	291	26,718	(28,302)	(16,478)
Total comprehensive income (loss)	<u>\$ 59,624</u>	<u>90,936</u>	<u>261,434</u>	<u>78,869</u>
Total net income attributable to non-controlling interests	<u>\$ 26,699</u>	<u>28,898</u>	<u>130,381</u>	<u>42,906</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 26,830</u>	<u>40,921</u>	<u>117,645</u>	<u>35,491</u>
	<b>For the nine months ended September 30</b>			
	<b>2021</b>		<b>2020</b>	
Net Cash flow from operating activities	\$ 171,150		330,854	
Net Cash used in investing activities	(41,974)		(19,461)	
Net Cash used in financing activities	(80,109)		(284,701)	
Effect on exchange rate changes on cash and cash equivalents	1,085		(437)	
Increase in cash and cash equivalents	<u>\$ 50,152</u>		<u>26,255</u>	

(Continued)



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

(i) Property, plant and equipment

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

	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	-	-	-	4,255	87	653,480	657,822
Disposals	(201,665)	-	(4,860)	(115,793)	(2,379)	(66,888)	(391,585)
Reclassification	-	953	236,931	863,933	10,692	(1,146,745)	(34,236)
Effect on changes in exchange rates	(458)	(1,294)	(61,049)	(240,903)	(2,810)	(13,327)	(319,841)
Balance at September 30, 2021	<u>\$ 639,706</u>	<u>141,827</u>	<u>4,843,391</u>	<u>22,494,501</u>	<u>252,648</u>	<u>654,566</u>	<u>29,026,639</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	-	-	3,105	-	879,536	1,022,702
Disposals	-	-	(6,619)	(216,155)	(5,410)	-	(228,184)
Reclassification	67,307	1,549	19,714	387,872	12,889	(438,381)	50,950
Effect on changes in exchange rates	-	(1,949)	(37,520)	(216,559)	(2,943)	(42,937)	(301,908)
Balance at September 30, 2020	<u>\$ 821,469</u>	<u>143,299</u>	<u>4,026,597</u>	<u>20,291,074</u>	<u>249,525</u>	<u>3,243,189</u>	<u>28,775,153</u>
Depreciation and impairment loss:							
Balance at January 1, 2021	\$ -	94,229	2,464,473	15,857,095	182,165	-	18,597,962
Depreciation	-	4,116	119,040	611,310	13,045	-	747,511
Disposals	-	-	(3,314)	(97,584)	(2,160)	-	(103,058)
Reclassification	-	-	-	(20)	-	-	(20)
Effect on changes in exchange rates	-	(558)	(26,949)	(158,083)	(2,099)	-	(187,689)
Balance at September 30, 2021	<u>\$ -</u>	<u>97,787</u>	<u>2,553,250</u>	<u>16,212,718</u>	<u>190,951</u>	<u>-</u>	<u>19,054,706</u>
Balance at January 1, 2020	\$ -	90,293	2,314,620	15,614,341	174,944	-	18,194,198
Depreciation	-	3,920	100,355	544,015	13,183	-	661,473
Disposals	-	-	(3,448)	(191,653)	(4,849)	-	(199,950)
Effect on changes in exchange rates	-	(783)	(17,768)	(166,896)	(2,241)	-	(187,688)
Balance at September 30, 2020	<u>\$ -</u>	<u>93,430</u>	<u>2,393,759</u>	<u>15,799,807</u>	<u>181,037</u>	<u>-</u>	<u>18,468,033</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>
September 30, 2021	<u>\$ 639,706</u>	<u>44,040</u>	<u>2,290,141</u>	<u>6,281,783</u>	<u>61,697</u>	<u>654,566</u>	<u>9,971,933</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>
September 30, 2020	<u>\$ 821,469</u>	<u>49,869</u>	<u>1,632,838</u>	<u>4,491,267</u>	<u>68,488</u>	<u>3,243,189</u>	<u>10,307,120</u>

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

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

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(j) Right-of-use assets

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

	<u>Land</u>	<u>Building</u>	<u>Machinery</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:					
Balance at January 1, 2021	\$ 569,782	255,467	457,714	32,827	1,315,790
Additions	-	12,979	28,744	12,172	53,895
Lease modification	-	(1,757)	(16,972)	(1,047)	(19,776)
Reclassify to construction in progress	-	(63)	-	-	(63)
Amortization to operating costs and inventories	-	(3,742)	(57,405)	-	(61,147)
Effect on changes in foreign exchange rates	(10,107)	(5,060)	(7,166)	(11,475)	(33,808)
Balance at September 30, 2021	<u>\$ 559,675</u>	<u>257,824</u>	<u>404,915</u>	<u>32,477</u>	<u>1,254,891</u>
Balance at January 1, 2020	\$ 663,708	383,925	471,843	34,216	1,553,692
Additions	-	20,970	56,885	2,523	80,378
Lease modification	-	(143,115)	-	(2,548)	(145,663)
Amortization to operating costs and inventories	-	(5,137)	(56,900)	-	(62,037)
Reclassification to construction in progress	(94,596)	-	-	-	(94,596)
Effect on changes in foreign exchange rates	(8,743)	(5,264)	(5,330)	(928)	(20,265)
Balance at September 30, 2020	<u>\$ 560,369</u>	<u>251,379</u>	<u>466,498</u>	<u>33,263</u>	<u>1,311,509</u>
Accumulated depreciation and impairment losses:					
Balance at January 1, 2021	\$ 145,489	111,766	17,224	18,339	292,818
Depreciation	10,272	46,215	-	8,040	64,527
Lease modification	-	(1,781)	(16,972)	(1,047)	(19,800)
Effect on changes in exchange rates	(2,559)	(2,574)	(252)	(11,156)	(16,541)
Balance at September 30, 2021	<u>\$ 153,202</u>	<u>153,626</u>	<u>-</u>	<u>14,176</u>	<u>321,004</u>
Balance at January 1, 2020	\$ 130,190	68,316	14,551	9,064	222,121
Depreciation	10,343	54,664	3,608	7,868	76,483
Lease modification	-	(21,692)	-	(510)	(22,202)
Effect on changes in exchange rates	(1,655)	(1,411)	(562)	(386)	(4,014)
Balance at September 30, 2020	<u>\$ 138,878</u>	<u>99,877</u>	<u>17,597</u>	<u>16,036</u>	<u>272,388</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>
September 30, 2021	<u>\$ 406,473</u>	<u>104,198</u>	<u>404,915</u>	<u>18,301</u>	<u>933,887</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>
September 30, 2020	<u>\$ 421,491</u>	<u>151,502</u>	<u>448,901</u>	<u>17,227</u>	<u>1,039,121</u>

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

(k) Investment property

	<u>Owned property Buildings</u>
Carrying value:	
January 1, 2021	<u>\$ 1,566,873</u>
September 30, 2021	<u>\$ 1,555,829</u>
January 1, 2020	<u>\$ 1,581,599</u>
September 30, 2020	<u>\$ 1,570,555</u>

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There were no significant additions to, disposals of, or provision (reversal) of impairment of, the Group's investment properties for the nine months ended September 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.

(l) Intangible assets

The cost, amortization and impairment losses of the intangible assets of the Group were as follows:

	Industrial technology and know- how	Computer software	Goodwill	Patent and trademark	Customer relationship	Non- compe- te agreement	Total
Costs:							
Balance at January 1, 2021	\$ 980,299	261,995	195,817	561,090	1,023,437	8,553	3,031,191
Reclassification	8,000	12,553	-	-	-	-	20,553
Effect of changes in exchange rates	(21,818)	(1,267)	(4,410)	(12,636)	(23,048)	(193)	(63,372)
Balance at September 30, 2021	<u>\$ 966,481</u>	<u>273,281</u>	<u>191,407</u>	<u>548,454</u>	<u>1,000,389</u>	<u>8,360</u>	<u>2,988,372</u>
Balance at January 1, 2020	\$ 995,035	246,832	206,793	592,543	1,080,805	9,032	3,131,040
Additions	25,300	148	-	-	-	-	25,448
Reclassification	-	9,103	-	-	-	-	9,103
Effect of changes in exchange rates	(29,611)	(851)	(6,731)	(19,290)	(35,182)	(294)	(91,959)
Balance at September 30, 2020	<u>\$ 990,724</u>	<u>255,232</u>	<u>200,062</u>	<u>573,253</u>	<u>1,045,623</u>	<u>8,738</u>	<u>3,073,632</u>
Amortization and impairment losses:							
Balance at January 1, 2021	\$ 587,443	247,082	195,817	348,361	631,530	8,553	2,018,786
Amortization	47,297	7,994	-	11,961	24,313	-	91,565
Reclassification	-	19	-	-	-	-	19
Effect of changes in exchange rates	(14,321)	(1,230)	(4,410)	(7,942)	(14,417)	(193)	(42,513)
Balance at September 30, 2021	<u>\$ 620,419</u>	<u>253,865</u>	<u>191,407</u>	<u>352,380</u>	<u>641,426</u>	<u>8,360</u>	<u>2,067,857</u>
Balance at January 1, 2020	\$ 491,771	234,745	-	200,235	525,372	9,032	1,461,155
Amortization	37,301	9,397	-	17,515	43,040	-	107,253
Impairment loss	67,186	-	205,109	143,021	84,931	-	500,247
Effect of changes in exchange rates	(16,784)	(816)	(5,047)	(10,470)	(20,251)	(294)	(53,662)
Balance at September 30, 2020	<u>\$ 579,474</u>	<u>243,326</u>	<u>200,062</u>	<u>350,301</u>	<u>633,092</u>	<u>8,738</u>	<u>2,014,993</u>
Carrying value:							
January 1, 2021	<u>\$ 392,856</u>	<u>14,913</u>	<u>-</u>	<u>212,729</u>	<u>391,907</u>	<u>-</u>	<u>1,012,405</u>
September 30, 2021	<u>\$ 346,062</u>	<u>19,416</u>	<u>-</u>	<u>196,074</u>	<u>358,963</u>	<u>-</u>	<u>920,515</u>
January 1, 2020	<u>\$ 503,264</u>	<u>12,087</u>	<u>206,793</u>	<u>392,308</u>	<u>555,433</u>	<u>-</u>	<u>1,669,885</u>
September 30, 2020	<u>\$ 411,250</u>	<u>11,906</u>	<u>-</u>	<u>222,952</u>	<u>412,531</u>	<u>-</u>	<u>1,058,639</u>

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(i) Amortization of intangible assets

For the nine months ended September 30, 2021 and 2020, the amortization of intangible assets are included in the statement of comprehensive income:

	<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>
Operating costs	\$ 4,810	3,852
Operating expenses	86,755	103,401
	<b>\$ 91,565</b>	<b>107,253</b>

(ii) Impairment Testing

The goodwill and other intangible assets, which were mainly from the expected production of Dexco Polymers LP Synthetic rubber products' revenue growth in the United States and Europe market amounting to USD90,569 thousand, were generated and recognized by TSRC (USA) Investment Corporation when acquiring Dexco Polymers LP and Dexco Polymers Operating LLC in April 2011. In 2020, the global economic recession caused by COVID-19, as well as the delay of customers' shipments resulted in a decline in operations and profits, and indication of impairment.

For the purposes of impairment testing, goodwill is allocated to each of the acquirer's cash-generating units that are expected to benefit from the synergies of the combination. TSRC (USA) Investment Corporation itself is not a separate cash-generating unit that cannot generate independent cash inflows; therefore, the impairment of goodwill and other intangible assets (including technical know-hows, patents, trademarks and customer relationships) are calculated at fair value after the merger of Dexco Polymers LP by TSRC (USA) Investment Corporation, minus the cost of disposal and the book value of net assets, in assessing whether impairment should be recognized.

For the abovementioned impairment testing for the year ended September 30, 2020, the fair value of intangible assets, minus disposal costs, were lower than the book value of net assets, wherein the amount of impairment loss were recognized as follows:

<b>Goodwill</b>	<b>Know-how</b>	<b>Patent</b>	<b>Trademark</b>	<b>Customer relationship</b>	<b>Total</b>
<b>\$ 205,109</b>	<b>67,186</b>	<b>96,503</b>	<b>46,518</b>	<b>84,931</b>	<b>500,247</b>

The cash-generating unit used the financial data of July 31, 2020 as the measurement base date, wherein the measurement of the recoverable amount was determined using the fair value, less disposal cost, based on the market and income approach. The amount of fair value, less disposal cost, was estimated by using the discounted cash flow. The measurement of fair value uses the significant unobservable input classified into the third level.

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The following are the key assumptions used in estimating the recoverable amount. The values of these key assumptions represent the management's assessment of the future trends of related industries and the consideration of historical information from internal and external sources.

	<b>2020.7.31</b>
Discount rate	10.2%
Revenue growth rate	0.9%~7%

The discount rate and the cash flow were estimated based on the industry weighted average capital cost and the five-year financial forecast approved by the management, respectively. In addition, the cash flow over five years was estimated based on different growth rates for each product over the subsequent years.

The intangible assets of the Group had not been impaired for the nine month ended September 30, 2021.

(iii) The Group did not pledge any collateral on intangible assets.

(m) Short-term and long-term borrowings

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

(i) Short-term bank borrowings

September 30, 2021				
	Range of interest rates (%)	Year of maturity	Amount	The unused credit facilities
Unsecured loans	0.40~3.85	2021~2022	\$ 3,959,453	15,733,099
December 31, 2020				
	Range of interest rates (%)	Year of maturity	Amount	The unused credit facilities
Unsecured loans	0.40~4.35	2021	\$ 3,789,276	17,605,576
September 30, 2020				
	Range of interest rates (%)	Year of maturity	Amount	The unused credit facilities
Unsecured loans	0.38~4.35	2020~2021	\$ 4,248,900	18,290,086

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## (ii) Long-term borrowings

## 1) Long-term bank borrowings

<b>September 30, 2021</b>			
	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
Secured loans	4.38	2021~2023	\$ 132,949
Unsecured loans	0.95~1.72	2021~2025	<u>3,289,182</u>
Total			<b><u>\$ 3,422,131</u></b>
Current			\$ 1,383,828
Non-current			<u>2,038,303</u>
Total			<b><u>\$ 3,422,131</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>September 30, 2020</b>			
	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
Secured loans	1.55~4.38	2021~2023	\$ 621,709
Unsecured loans	1~5.08	2020~2025	<u>3,942,655</u>
Total			<b><u>\$ 4,564,364</u></b>
Current			\$ 1,130,577
Non-current			<u>3,433,787</u>
Total			<b><u>\$ 4,564,364</u></b>

For the nine months ended September 30, 2021 and 2020, the Group repaid the amounts of \$2,212,831 thousand and \$582,209 thousand, respectively, for its long-term borrowings, wherein the proceeds amounting to \$1,196,664 thousand and \$217,986 thousand bore the interest rates of 0.95%~1.65% and 1.00%~5.08%, 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**  
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2) Long-term commercial paper payable (recorded as other long-term borrowings)

	<u>September 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>September 30,</u> <u>2020</u>
Long-term commercial paper payable	\$ 350,000	350,000	350,000
Less: discount on long-term commercial paper payable	<u>166</u>	<u>659</u>	<u>90</u>
Total	<u>\$ 349,834</u>	<u>349,341</u>	<u>349,910</u>
Interest rate	<u>1.1573%</u>	<u>1.2060%</u>	<u>1.1777%</u>

(n) Lease liabilities

The Group's lease liabilities were as follow:

	<u>September 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>September 30,</u> <u>2020</u>
Current	<u>\$ 143,819</u>	<u>139,263</u>	<u>157,036</u>
Non-current	<u>\$ 397,669</u>	<u>492,827</u>	<u>495,122</u>

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

The amounts recognized in profit or loss were as follows:

	<u>For the three months</u> <u>ended September 30</u>		<u>For the nine months</u> <u>ended September 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Interest on lease liabilities	<u>\$ 1,007</u>	<u>1,241</u>	<u>3,046</u>	<u>5,497</u>
Expenses relating to short-term leases	<u>\$ 3,626</u>	<u>336</u>	<u>11,900</u>	<u>1,501</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 8,735</u>	<u>13,921</u>	<u>18,153</u>	<u>25,605</u>

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

	<u>For the nine months ended</u> <u>September 30</u>	
	<u>2021</u>	<u>2020</u>
Total cash outflow for leases	<u>\$ 180,133</u>	<u>162,402</u>

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**TSRC CORPORATION AND SUBSIDIARIES**  
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(o) 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 September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Operating costs	\$ 848	997	2,558	3,003
Operating expenses	565	685	1,680	2,044
	<b><u>\$ 1,413</u></b>	<b><u>1,682</u></b>	<b><u>4,238</u></b>	<b><u>5,047</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 September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Operating costs	\$ 17,734	7,791	49,195	24,300
Operating expenses	7,688	6,354	21,898	19,649
	<b><u>\$ 25,422</u></b>	<b><u>14,145</u></b>	<b><u>71,093</u></b>	<b><u>43,949</u></b>

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(p) Income tax

The components of income tax expense were as follows:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Current income tax expense				
Current period	\$ 157,465	128,155	752,405	334,779
Adjustment for prior periods	<u>21</u>	<u>(38)</u>	<u>(717)</u>	<u>4,470</u>
	<u>157,486</u>	<u>128,117</u>	<u>751,688</u>	<u>339,249</u>
Deferred tax expense (benefit)				
Origination and reversal of temporary differences	<u>44,904</u>	<u>(115,694)</u>	<u>183,098</u>	<u>(141,743)</u>
Income tax expenses of continued operations	<u>\$ 202,390</u>	<u>12,423</u>	<u>934,786</u>	<u>197,506</u>

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

(q) Capital and other equity

Except as explained in the following paragraphs, there were no significant changes in the capital and other equity during the nine months ended September 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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**TSRC CORPORATION AND SUBSIDIARIES**  
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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.

The distribution of 2020 and 2019 earnings as dividends to stockholders that were approved by the Company's shareholders' general meetings on August 4, 2021 and June 19, 2020, respectively, were 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)

	<b>Foreign exchange differences arising from foreign operations</b>	<b>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</b>	<b>Gains (losses) on hedging instruments</b>	<b>Total</b>
Balance as of January 1, 2021	\$ (198,125)	558,902	(81,119)	279,658
Foreign exchange differences arising from foreign operations	(287,682)	-	-	(287,682)
Exchange differences on translation financial statements from investments accounted for using equity method	(5,698)	-	-	(5,698)
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	-	342,831	-	342,831
Share of cash flow hedges of associates and joint ventures accounted for under equity method	-	-	43,213	43,213
Balance as of September 30, 2021	<b>\$ (491,505)</b>	<b>901,733</b>	<b>(37,906)</b>	<b>372,322</b>
Balance as of January 1, 2020	\$ 23,383	711,094	(80,526)	653,951
Foreign exchange differences arising from foreign operations	(310,129)	-	-	(310,129)
Exchange differences on translation financial statements from investments accounted for using equity method	5,624	-	-	5,624
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	-	(50,009)	-	(50,009)
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	-	-	(1,689)	(1,689)
Balance as of September 30, 2020	<b>\$ (281,122)</b>	<b>576,762</b>	<b>(82,215)</b>	<b>213,425</b>

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**TSRC CORPORATION AND SUBSIDIARIES**  
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(r) 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

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Net income (loss) attributable to common shareholders of the Company	<u>\$ 1,441,531</u>	<u>(231,268)</u>	<u>3,340,428</u>	<u>(289,482)</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>\$ 1.75</u>	<u>(0.28)</u>	<u>4.05</u>	<u>(0.35)</u>

(ii) Diluted earnings (losses) per share

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Net income (loss) attributable to common shareholders of the Company (diluted)	<u>\$ 1,441,531</u>	<u>(231,268)</u>	<u>3,340,428</u>	<u>(289,482)</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>2,977</u>	<u>-</u>	<u>3,335</u>	<u>-</u>
Weighted-average number of shares outstanding (diluted) (in thousands)	<u>828,687</u>	<u>825,710</u>	<u>829,045</u>	<u>825,710</u>
Diluted earnings (losses) per share (NTD)	<u>\$ 1.74</u>	<u>(0.28)</u>	<u>4.03</u>	<u>(0.35)</u>

(s) Remuneration to employees and directors

In accordance with the Company's articles of incorporation, if there is profit for the year, the Company should contribute more than 1% of its profit as 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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**TSRC CORPORATION AND SUBSIDIARIES**  
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For the three months and nine months ended September 30, 2021 and 2020, the Company recognized the employees' compensation of \$32,000 thousand, \$0 thousand, \$93,619 thousand and \$0 thousand, respectively, and the directors' remuneration of \$7,299 thousand, \$0 thousand, \$18,593 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.

(t) Revenue from contracts with customers

	<b>For the three months ended September 30, 2021</b>		
	<b>Synthetic rubber</b>	<b>Non-synthetic rubber</b>	<b>Total</b>
Primary geographical markets:			
Asia	\$ 5,183,510	236,168	5,419,678
Americas	1,290,991	2,168	1,293,159
Europe	791,017	65	791,082
Others	168,943	-	168,943
	<b>\$ 7,434,461</b>	<b>238,401</b>	<b>7,672,862</b>
Major product lines:			
Synthetic rubber / elastomers	7,339,443	-	7,339,443
Applied materials	-	238,242	238,242
Others	95,018	159	95,177
	<b>\$ 7,434,461</b>	<b>238,401</b>	<b>7,672,862</b>

(Continued)

**TSRC CORPORATION AND SUBSIDIARIES**  
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	<b>For the three months ended September 30, 2020</b>		
	<b>Synthetic rubber</b>	<b>Non-synthetic rubber</b>	<b>Total</b>
Primary geographical markets:			
Asia	\$ 3,905,680	210,939	4,116,619
Americas	780,821	(3)	780,818
Europe	567,419	26	567,445
Others	142,478	-	142,478
	<b>\$ 5,396,398</b>	<b>210,962</b>	<b>5,607,360</b>
Major product lines:			
Synthetic rubber / elastomers	5,204,644	-	5,204,644
Applied materials	-	206,975	206,975
Others	191,754	3,987	195,741
	<b>\$ 5,396,398</b>	<b>210,962</b>	<b>5,607,360</b>
	<b>For the nine months ended September 30, 2021</b>		
	<b>Synthetic rubber</b>	<b>Non-synthetic rubber</b>	<b>Total</b>
Primary geographical markets:			
Asia	\$ 17,009,314	864,085	17,873,399
Americas	3,514,300	13,343	3,527,643
Europe	2,422,364	65	2,422,429
Others	586,917	-	586,917
	<b>\$ 23,532,895</b>	<b>877,493</b>	<b>24,410,388</b>
Major product lines:			
Synthetic rubber / elastomers	23,327,170	-	23,327,170
Applied materials	-	876,866	876,866
Others	205,725	627	206,352
	<b>\$ 23,532,895</b>	<b>877,493</b>	<b>24,410,388</b>

(Continued)

**TSRC CORPORATION AND SUBSIDIARIES**  
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	<b>For the nine months ended September 30, 2020</b>		
	<b>Synthetic rubber</b>	<b>Non-synthetic rubber</b>	<b>Total</b>
	Primary geographical markets:		
Asia	\$ 12,096,431	584,775	12,681,206
Americas	2,648,070	5,291	2,653,361
Europe	1,872,733	26	1,872,759
Others	429,219	-	429,219
	<b>\$ 17,046,453</b>	<b>590,092</b>	<b>17,636,545</b>
Major product lines:			
Synthetic rubber / elastomers	16,526,675	-	16,526,675
Applied materials	-	577,852	577,852
Others	519,778	12,240	532,018
	<b>\$ 17,046,453</b>	<b>590,092</b>	<b>17,636,545</b>

## (u) Other income and expenses

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	Rental income	\$ 18,480	16,246	56,977
Royalty income	58,139	22,705	116,605	59,365
Net service income	3,330	2,558	9,118	9,230
Depreciation of investment properties	(3,682)	(3,681)	(11,044)	(11,044)
Net other income	6,855	2,151	22,035	16,567
Other income and expenses	<b>\$ 83,122</b>	<b>39,979</b>	<b>193,691</b>	<b>122,428</b>

## (v) Non-operating income and expenses

## (i) Interest income

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	Interest income from bank deposits	<b>\$ 6,140</b>	<b>9,176</b>	<b>22,028</b>

## (ii) Other gains

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	Dividend income	<b>\$ 37,987</b>	<b>34,054</b>	<b>66,272</b>

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## (iii) Other gains and losses

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Gains or losses on disposal of property, plant and equipment	\$ 995,606	(12,282)	926,238	(27,848)
Foreign exchange gain or loss, net	(14,341)	21,193	(44,474)	34,277
Gains or losses on financial assets (liabilities) at fair value through profit or loss	19,806	(17,746)	45,788	(12,262)
Impairment loss on intangible assets	-	(500,247)	-	(500,247)
Other gains and losses	589	8,084	6,765	13,250
Other gains and losses, net	<u>\$ 1,001,660</u>	<u>(500,998)</u>	<u>934,317</u>	<u>(492,830)</u>

## (iv) Finance costs

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Interest expense	<u>\$ 27,172</u>	<u>23,300</u>	<u>85,530</u>	<u>95,911</u>

## (w) 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>September 30, 2021</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 3,974,707	3,421,350	553,357	-	-	-
Accounts payable (including related parties)	1,378,895	1,378,895	-	-	-	-
Other payables	1,375,300	1,375,300	-	-	-	-
Long-term borrowings (including other long-term borrowings and current portion)	3,840,168	672,303	749,029	983,681	1,435,155	-
Lease liabilities	565,424	73,966	69,224	99,120	170,410	152,704
Deposits received	49,707	-	-	35,340	11,247	3,120
Derivative financial liabilities						
Other swap contracts:						
Outflow	8	8	-	-	-	-
	<u>\$ 11,184,209</u>	<u>6,921,822</u>	<u>1,371,610</u>	<u>1,118,141</u>	<u>1,616,812</u>	<u>155,824</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>September 30, 2020</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 4,257,932	4,098,590	159,342	-	-	-
Accounts payable (including related parties)	916,161	916,161	-	-	-	-
Other payables	1,031,299	1,031,299	-	-	-	-
Long-term borrowings (including other long-term borrowings and current portion)	5,055,101	561,669	653,527	2,545,568	1,294,337	-
Lease liabilities	659,469	71,881	71,881	118,001	194,619	203,087
Deposits received	60,741	-	-	60,741	-	-
Derivative financial liabilities						
Other swap contracts/other forward contracts:						
Outflow	10,010	10,010	-	-	-	-
	<u>\$ 11,990,713</u>	<u>6,689,610</u>	<u>884,750</u>	<u>2,724,310</u>	<u>1,488,956</u>	<u>203,087</u>

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

(Continued)



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

## (ii) Currency risk

## 1) Risk exposure

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

	<b>Foreign currency (thousand dollars)</b>	<b>Exchange rate</b>	<b>NTD</b>
<b>September 30, 2021</b>			
Financial assets:			
Monetary assets:			
USD	\$ 93,262	27.8660	2,598,839
EUR	\$ 14,476	32.3385	468,132
JPY	\$ 163,863	0.2491	40,818
CNY	\$ 38,001	4.3078	163,701
Financial liabilities:			
Monetary liabilities:			
USD	\$ 92,592	27.8660	2,580,169
EUR	\$ 11,485	32.3385	371,408
JPY	\$ 145,151	0.2491	36,157
<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>September 30, 2020</b>			
Financial assets:			
Monetary assets:			
USD	\$ 64,348	29.1260	1,874,200
EUR	\$ 8,002	34.1706	273,433
JPY	\$ 49,955	0.2758	13,778
CNY	\$ 19,437	4.2733	83,060
Financial liabilities:			
Monetary liabilities:			
USD	\$ 64,222	29.1260	1,870,530
EUR	\$ 6,173	34.1706	210,935
JPY	\$ 30,753	0.2758	8,482

The Group's exposure to foreign currency risk arose from cash and cash equivalents, accounts and other receivables, borrowings, and accounts and other payables that were denominated in foreign currencies. If the NTD against the foreign currencies had depreciated / appreciated by 1%, the Group's net income before tax would have increased / decreased by \$2,838 thousand and \$1,545 thousand for the nine months ended September 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 nine months ended September 30, 2021 and 2020, foreign exchange gain (loss) (including Derivative financial instruments for non-hedging profit and loss) amounting to \$1,314 thousand and \$22,015 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 \$57,986 thousand and \$68,724 thousand for the nine months ended September 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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**TSRC CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (iii) Fair value

## 1) Hierarchy and fair value of financial instruments

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

	September 30, 2021				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 13,783	-	13,783	-	13,783
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	609,830	609,830	-	-	609,830
Unlisted stocks (domestic and overseas)	684,420	-	-	684,420	684,420
Subtotal	1,294,250	609,830	-	684,420	1,294,250
Total	<u>\$ 1,308,033</u>	<u>609,830</u>	<u>13,783</u>	<u>684,420</u>	<u>1,308,033</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 8	-	8	-	8
	December 31, 2020				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 3,460	-	3,460	-	3,460
Financial assets at fair value through other comprehensive income					
Unlisted stocks (domestic and overseas)	952,645	-	-	952,645	952,645
Total	<u>\$ 956,105</u>	<u>-</u>	<u>3,460</u>	<u>952,645</u>	<u>956,105</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 32,628	-	32,628	-	32,628

(Continued)

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

	September 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	\$ <u>2,622</u>	-	2,622	-	<u>2,622</u>
Financial assets at fair value through other comprehensive income					
Unlisted stocks (domestic and overseas)	<u>971,685</u>	-	-	<u>971,685</u>	<u>971,685</u>
Total	<u>\$ 974,307</u>	<u>-</u>	<u>2,622</u>	<u>971,685</u>	<u>974,307</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	<u>\$ 10,010</u>	<u>-</u>	<u>10,010</u>	<u>-</u>	<u>10,010</u>

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	315,365
Transfer into level 1	<u>(583,590)</u>
Balance at September 30, 2021	<u>\$ 684,420</u>
Balance at January 1, 2020	\$ 1,022,688
Total gains:	
Recognized in other comprehensive income	<u>(51,003)</u>
Balance at September 30, 2020	<u>\$ 971,685</u>

Since Evergreen Steel Corporation was listed in April 2021, its fair value measurement was transferred from the level 3 to level 1.

(Continued)

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

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

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income-equity investments without an active market	Comparative listed company	<ul style="list-style-type: none"> <li>· Multipliers of price-to-earnings ratios as of September 30, 2021, December 31, 2020 and September 30, 2020 was all 13.14~18.25, 15.62~17.80 and 17.07~17.35, respectively</li> <li>· Multipliers of price-book ratios as of December 31, 2020 and September 30, 2020 were 1.38 and 1.18, 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>September 30, 2021</b>				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	1%	\$ 8,559	(8,559)
<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**  
**Notes to the Consolidated Financial Statements**

September 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%	\$ 12,149	(12,149)

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.

(x) 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.

(y) 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.

(z) 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 nine months ended September 30, 2021 and 2020.

(aa) Reconciliation of liabilities arising from financing activities

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

	January 1, 2021	Cash flows	<u>Non-cash changes</u>			September 30, 2021
			Foreign exchange movement	Amortization of commercial paper discount	Others	
Long-term borrowings (including current portion)	\$ 4,463,864	(1,018,167)	(23,566)	-	-	3,422,131
Other long-term borrowings	349,341	-	-	493	-	349,834
Short-term borrowings	3,789,276	243,969	(73,792)	-	-	3,959,453
Lease liabilities	632,090	(147,034)	(533)	3,046	53,919	541,488
Total liabilities from financing activities	<u>\$ 9,234,571</u>	<u>(921,232)</u>	<u>(97,891)</u>	<u>3,539</u>	<u>53,919</u>	<u>8,272,906</u>

(Continued)

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

	January 1, 2020	Cash flows	Non-cash changes			September 30, 2020
			Foreign exchange movement	Amortization of commercial paper discount	Others	
Long-term borrowings (including current portion)	\$ 4,959,940	(364,223)	(31,353)	-	-	4,564,364
Other long-term borrowings	349,287	-	-	623	-	349,910
Short-term borrowings	4,729,148	(553,908)	73,660	-	-	4,248,900
Lease liabilities	861,631	(129,799)	(2,479)	3,928	(81,123)	652,158
Total liabilities from financing activities	<u>\$ 10,900,006</u>	<u>(1,047,930)</u>	<u>39,828</u>	<u>4,551</u>	<u>(81,123)</u>	<u>9,815,332</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 September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Associates	\$ (24)	(3)	6,223	5,776

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

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

(ii) Purchases

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

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Other related parties	<u>\$ 100,936</u>	<u>13,294</u>	<u>223,387</u>	<u>103,116</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 September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Associates				
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 37,707	36,924	111,381	106,383
Joint ventures				
Indian Synthetic Rubber Private Limited	18,710	9,967	51,267	27,816
Others joint ventures	2,036	693	4,555	2,095
Other related parties				
Others related parties	<u>(3,323)</u>	<u>(4,328)</u>	<u>(11,516)</u>	<u>(12,116)</u>
	<u>\$ 55,130</u>	<u>43,256</u>	<u>155,687</u>	<u>124,178</u>

(iv) Lease – Rent income

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Other related parties	<u>\$ 1,118</u>	<u>1,118</u>	<u>3,354</u>	<u>3,360</u>

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

(Continued)



**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>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Other receivables	Associates			
	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 18,661	22,154	21,320
Other receivables	Joint ventures			
	Indian Synthetic Rubber Private Limited	25,298	17,183	14,876
	Others	693	235	232
		<u>\$ 44,652</u>	<u>39,572</u>	<u>36,428</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>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Accounts payable	Other related parties	\$ 32,328	-	-
Other payables	Other related parties	788	1,226	1,185
		<u>\$ 33,116</u>	<u>1,226</u>	<u>1,185</u>

(vii) Guarantees

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Associates			
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 748,856	1,577,416	768,996
Joint ventures			
Indian Synthetic Rubber Private Limited	927,938	949,316	969,896
	<u>\$ 1,676,794</u>	<u>2,526,732</u>	<u>1,738,892</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>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Associates			
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 334	733	1,695
Joint ventures			
Indian Synthetic Rubber Private Limited	<u>27,078</u>	<u>31,086</u>	<u>32,950</u>
	<u>\$ 27,412</u>	<u>31,819</u>	<u>34,645</u>

(c) Key management personnel transactions

The compensation of the key management personnel comprised the following:

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 29,915	29,907	90,048	88,438
Post-employment benefits	<u>282</u>	<u>341</u>	<u>943</u>	<u>910</u>
	<u>\$ 30,197</u>	<u>30,248</u>	<u>90,991</u>	<u>89,348</u>

**(8) Pledged assets**

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Restricted savings deposits (recorded as other non-current assets)	Bank guarantee for electricity usage	\$ 1,163	1,173	1,194
Machinery etc. (recorded as property, plant and equipment)	Guarantee for long-term borrowings	<u>158,550</u>	<u>269,284</u>	<u>283,309</u>
		<u>\$ 159,713</u>	<u>270,457</u>	<u>284,503</u>

(Continued)

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

**(9) Commitments and contingencies**

(a) The unused letters of credit outstanding

	September 30, 2021	December 31, 2020	September 30, 2020
The Group's unused letters of credit outstanding	\$ <u>865,306</u>	<u>1,284,162</u>	<u>919,369</u>

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

	September 30, 2021	December 31, 2020	September 30, 2020
Total amounts of construction in progress contracts	\$ <u>552,749</u>	<u>2,851,593</u>	<u>2,817,975</u>
Cumulative payments	\$ <u>411,010</u>	<u>2,342,971</u>	<u>1,918,722</u>

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

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

**(12) Other**

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

By nature	By function			Three months ended September 30, 2021			Three months ended September 30, 2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits									
Salary	206,113	199,195	405,308	187,003	153,861	340,864			
Labor and health insurance	23,335	14,951	38,286	20,899	13,832	34,731			
Pension	18,582	8,253	26,835	8,788	7,039	15,827			
Others (note 1)	49,725	31,749	81,474	34,596	13,005	47,601			
Depreciation (note 2)	232,978	33,391	266,369	190,057	49,230	239,287			
Amortization	1,753	28,774	30,527	1,271	30,974	32,245			

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

By function	Nine months ended September 30, 2021			Nine months ended September 30, 2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
<b>By nature</b>						
Employee benefits						
Salary	701,272	557,342	1,258,614	607,338	485,050	1,092,388
Labor and health insurance	69,437	44,967	114,404	60,880	42,225	103,105
Pension	51,753	23,578	75,331	27,303	21,693	48,996
Others (note 1)	150,975	100,872	251,847	101,222	36,775	137,997
Depreciation (note 2)	699,228	112,810	812,038	594,946	143,010	737,956
Amortization	4,810	86,755	91,565	3,852	103,401	107,253

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 \$3,682 thousand, \$3,681 thousand, \$11,044 thousand and \$11,044 thousand for the three months and nine months ended September 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 nine months ended September 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	228,313	228,313	3.698%	2	-	Operating capital	-	-	-	295,155	590,310
2	Polybus Corporation Pte Ltd	TSRC	Account receivable-related parties	Yes	684,744	668,784	83,598	0.288%	2	-	Operating capital	-	-	-	4,385,821	8,771,642
3	TSRC (Hong Kong) Limited	TSRC	Account receivable-related parties	Yes	171,186	167,196	55,732	0.284%	2	-	Operating capital	-	-	-	1,821,699	3,643,397
4	TSRC Specialty Materials LLC	TSRC (USA) Investment Corporation	Account receivable-related parties	Yes	427,965	417,990	208,995	0.12%-0.19%	2	-	Operating capital	-	-	-	1,155,547	2,311,094

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)	835,980	835,980	136,543	-	4.84 %	(Note 3)	Y		
0	TSRC	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	6	(Note 2)	1,561,828	748,856	5,118	-	4.33 %	(Note 3)			Y
0	TSRC	Indian Synthetic Rubber Private Limited	6	(Note 2)	950,082	927,938	494,622	-	5.37 %	(Note 3)			
0	TSRC	TSRC (Vietnam) Co., Ltd.	4	(Note 2)	504,999	493,229	420,777	-	2.86 %	(Note 3)	Y		
0	TSRC	TSRC Specialty Materials LLC	4	(Note 2)	285,310	278,660	132,949	-	1.61 %	(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 \$10,364,974 thousand.

Note 3: The aggregate amount of guarantee by the Company is limited to 1.5 times its stockholders' equity, amounting to \$25,912,434 thousand.

(Continued)

## TSRC CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(iii) Securities held as of September 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			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	609,830	2.89 %	609,830
TSRC	Thai Synthetic Rubbers Co., Ltd.	-	Financial assets at fair value through other comprehensive income – non-current	599,999	138,966	5.42 %	138,966
TSRC	Hsin-Yung Enterprise Corporation	-	Financial assets at fair value through other comprehensive income – non-current	5,657,000	351,469	3.90 %	351,469
Dymas Corporation	Thai Synthetic Rubbers Co., Ltd.	-	Financial assets at fair value through other comprehensive income – non-current	837,552	193,985	7.57 %	193,985
					1,294,250		1,294,250

(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	194,511	10.67 %	70 days	-		(3,948)	(1.07) %	
TSRC	TSRC (Lux.) Corporation S.A R.L.	Parent and subsidiary companies	Sale	(194,511)	(2.44) %	70 days	-		3,948	0.33 %	
Shen Hua Chemical Industries Co., Ltd.	Marubeni Corporation	A director of Shen Hua Chemical Industries Co., Ltd.	Purchase	150,416	3.25 %	14 days	-		(19,735)	(7.65) %	
TSRC Specialty Materials LLC	TSRC	Parent and subsidiary companies	Purchase	200,448	10.22 %	70 days	-		(24,248)	(10.03) %	
TSRC	TSRC Specialty Materials LLC	Parent and subsidiary companies	Sale	(200,448)	(2.51) %	70 days	-		24,248	2.03 %	
Polybus Corporation Pte Ltd	TSRC (Nantong) Industries Ltd.	Related parties	Purchase	195,879	40.32 %	40 days	-		(25,967)	(35.18) %	
TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd	Related parties	Sale	(195,879)	(4.54) %	40 days	-		25,967	3.88 %	
Polybus Corporation Pte Ltd	Shen Hua Chemical Industries Co., Ltd.	Related parties	Purchase	260,148	53.55 %	40 days	-		(37,749)	(51.15) %	
Shen Hua Chemical Industries Co., Ltd.	Polybus Corporation Pte Ltd	Related parties	Sale	(260,148)	(4.14) %	40 days	-		37,749	2.80 %	
TSRC (Lux.) Corporation S.A R.L.	TSRC Specialty Materials LLC	Related parties	Purchase	494,226	27.11 %	90 days	-		(106,376)	(28.80) %	

(Continued)

## 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 Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L	Related parties	Sale	(494,226)	(15.16) %	90 days	-		106,376	18.18 %	
TSRC (Lux.) Corporation S.A R.L	TSRC (Nantong) Industries Ltd.	Related parties	Purchase	1,150,642	63.12 %	70 days	-		(264,148)	(71.50) %	
TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L	Related parties	Sale	(1,150,642)	(26.67) %	70 days	-		264,148	39.49 %	

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	264,148	8.57	-		93,210	-
TSRC Specialty Materials LLC	TSRC (USA) Investment Corporation	Related parties	208,995	-	-		-	-
TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L	Related parties	106,376	8.51	-		-	-
TSRC (Shanghai) Industries Ltd.	TSRC (Nantong) Industries Ltd.	Related parties	228,313	-	-		-	-

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

Note 2: Until November 4, 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	70,709	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.29 %
0	TSRC	TSRC (Nantong) Industries Ltd.	1	Other income and expenses	52,148	"	0.21 %
0	TSRC	TSRC (Lux.) Corporation S.A R.L	1	Sales revenue	194,511	"	0.80 %
0	TSRC	Polybus Corporation Pte Ltd	1	Sales revenue	29,833	"	0.12 %
0	TSRC	TSRC Specialty Materials LLC	1	Sales revenue	200,448	"	0.82 %
0	TSRC	TSRC (Nantong) Industries Ltd.	1	Other income and expenses	46,509	The transaction is not significantly different from normal transactions, and the collection terms were about six months	0.19 %
1	TSRC (Nantong) Industries Ltd.	TSRC (Shanghai) Industries Ltd.	3	Sales revenue	36,787	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.15 %
1	TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd	3	Sales revenue	195,879	"	0.80 %

(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 (Lux.) Corporation S.A R.L	3	Sales revenue	1,150,642	The transaction is not significantly different from normal transactions, and the collection terms were about two months	4.71 %
1	TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L	3	Accounts receivable	264,148	"	0.83 %
1	TSRC (Nantong) Industries Ltd.	TSRC-UBE (Nantong) Industries Ltd.	3	Other income and expenses	182,632	"	0.75 %
1	TSRC (Nantong) Industries Ltd.	TSRC Specialty Materials LLC	3	Sales revenue	29,550	"	0.12 %
2	TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L	3	Sales revenue	494,226	The transaction is not significantly different from normal transactions, and the collection terms were about three months	2.02 %
2	TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L	3	Accounts receivable	106,376	"	0.33 %
3	Shen Hua Chemical Industries Co., Ltd.	Polybus Corporation Pte Ltd	3	Sales revenue	260,148	The transaction is not significantly different from normal transactions, and the collection terms were about two months	1.07 %
3	Shen Hua Chemical Industries Co., Ltd.	Polybus Corporation Pte Ltd	3	Accounts receivable	37,749	"	0.12 %
3	Shen Hua Chemical Industries Co., Ltd.	TSRC-UBE (Nantong) Industries Ltd.	3	Sales revenue	24,894	"	0.10 %
3	TSRC (Lux.) Corporation S.A R.L	TSRC	2	Other income and expenses	35,238	The transaction is not significantly different from normal transactions, and the collection terms were about six months	0.14 %
4	TSRC (Shanghai) Industries Ltd.	TSRC (Nantong) Industries Ltd.	3	Sales revenue	26,503	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.11 %
4	TSRC (Shanghai) Industries Ltd.	TSRC (Nantong) Industries Ltd.	3	Entrusted loans	228,313	One year based on the contract of entrusted loans	0.72 %
0	TSRC	TSRC(Hong Kong) Limited	1	Accounts payable-related parties	55,732	One year base on contract of loan	0.17 %
0	TSRC	Polybus Corporation Pte Ltd	1	Accounts payable-related parties	83,598	"	0.26 %
2	TSRC Specialty Materials LLC	TSRC(USA) Investment Corporation	3	Accounts receivable-related parties	208,995	"	0.66 %

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.

(Continued)



## TSRC CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(b) Information on investees:

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

Unit: thousand NTD/thousand USD/thousand EUR

Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance			Net income (losses) of investee	Investment income (losses)	Remarks
				September 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 %	14,470,760	1,944,718	1,944,718	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 %	634,635	23,772	23,772	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 %	134,072	30,587	5,958	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 %	177,240	(16,057)	(16,057)	Subsidiary
Trimurti Holding Corporation	Polybus Corporation Pte Ltd	100 Peck Seah Street #09-16 Singapore 079333	International commerce and investment corporation	1,814,104 (USD65,101)	1,814,104 (USD65,101)	105,830,000	100.00 %	8,771,642	988,912	988,912	Indirectly owned subsidiary
Trimurti Holding Corporation	TSRC (Hong Kong) Limited	15/F Boc Group Life Assurance Tower 136 Dses Voews Road Central	Investment corporation	2,893,884 (USD103,850)	2,169,368 (USD77,850)	103,850,000	100.00 %	3,643,397	319,687	319,687	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	821,295 (USD29,473)	821,295 (USD29,473)	222,861,375	50.00 %	1,164,791	1,290,945	645,472	-
TSRC (Hong Kong) Limited	TSRC (Lux.) Corporation S.A.R.L.	39-43 avenue de la Liberté L-1931 Luxembourg	International commerce and investment corporation	2,421,171 (EUR74,870)	2,421,171 (EUR74,870)	74,869,617	100.00 %	2,902,374	255,532	255,532	Indirectly owned subsidiary
TSRC (Lux.) Corporation S.A.R.L.	TSRC (USA) Investment Corporation	2711 Centerville Road, Suite 400, County New Castle, Wilmington, Delaware, USA	Investment corporation	2,676,529 (USD96,050)	2,676,529 (USD96,050)	130	100.00 %	2,749,395	132,385	132,385	Indirectly owned subsidiary
TSRC (USA) Investment Corporation	TSRC Specialty Materials LLC	12012 Wickchester Lane, Suite 280, Houston, TX, USA	Production and sale of TPE	6,091,981 (USD218,617)	6,091,981 (USD218,617)	-	100.00 %	2,311,094	254,350	254,350	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	1,393 (USD50)	1,393 (USD50)	50,000	100.00 %	57,231	(789)	(789)	Indirectly owned subsidiary
Hardison International Corporation	Dymas Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	133,729 (USD4,799)	133,729 (USD4,799)	4,798,566	80.52 %	575,496	30,587	24,629	Indirectly owned subsidiary
Dymas Corporation	Asia Pacific Energy Development Co., Ltd.	Cayman Islands	Consulting for electric power facilities management and electrical system design	314,468 (USD11,285)	314,468 (USD11,285)	7,522,337	37.78 %	343,605	62,190	23,495	-

Note 1: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD27.866; EUR1 to NTD32.3385).

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

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

(c) Information on investment in Mainland China:

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

Unit: thousand NTD/thousand USD

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2021	Investment flow during current period		Cumulative investment (amount) from Taiwan as of September 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	1,148,637 (USD41,220)	(2)a.	-	-	-	-	813,361	65.44 %	532,263	2,229,024	4,786,340
Changzhou Asia Pacific Co-generation Co., Ltd.	Power generation and sale of electricity and steam	643,705 (USD23,100)	(2)c.	106,783 (USD3,832)	-	-	106,783 (USD3,832)	143,993	28.34 %	40,808	366,983	358,308
TSRC (Shanghai) Industries Ltd.	Production and sale of compounding materials	153,263 (USD5,500)	(2)b.	109,235 (USD3,920)	-	-	109,235 (USD3,920)	70,753	100.00 %	70,753	650,615	-
Nantong Qix Storage Co., Ltd.	Storehouse for chemicals	83,598 (USD3,000)	(2)d.	41,799 (USD1,500)	-	-	41,799 (USD1,500)	(1,485)	50.00 %	(742)	56,912	74,060
TSRC-UBE (Nantong) Chemical Industrial Co., Ltd.	Production and sale of synthetic rubber products	1,114,640 (USD40,000)	(2)a.	27,866 (USD1,000)	-	-	27,866 (USD1,000)	289,736	55.00 %	159,355	966,255	-
TSRC (Nantong) Industries Ltd.	Production and sale of TPE	2,929,413 (USD105,125)	(2)a.	185,253 (USD6,648)	-	-	185,253 (USD6,648)	222,923	100.00 %	222,923	4,213,073	440,864
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	Production and sale of NBR	1,248,397 (USD44,800)	(2)a.	-	-	-	-	227,922	50.00 %	113,961	430,561	-

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 NTD27.866).

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

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

(ii) Limitation on investment in Mainland China:

Unit: thousand NTD/thousand USD

Company name	Accumulated investment amount in Mainland China as of September 30, 2021	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
TSRC	470,935 (USD16,900)	5,220,277 (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 18, 2021. As it has an operational headquarters status, the Company is not subject to the limitation as to the amount of investment in Mainland China during the period from August 12, 2021 to August 11, 2024.

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

Note 3: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD27.866).

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

**(14) Segment information**

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

	<u>Synthetic rubber</u>	<u>Non-synthetic rubber</u>	<u>Others</u>	<u>Total</u>
<b>Three months ended September 30, 2021</b>				
Revenue:				
Revenue from external customers	\$ <u>7,434,461</u>	<u>238,401</u>	<u>-</u>	<u>7,672,862</u>
<b>Income from operations</b>	<u>\$ 676,402</u>	<u>(10,877)</u>	<u>1,031,925</u>	<u>1,697,450</u>
<b>Three months ended September 30, 2020</b>				
Revenue:				
Revenue from external customers	\$ <u>5,396,398</u>	<u>210,962</u>	<u>-</u>	<u>5,607,360</u>
<b>Income from operations</b>	<u>\$ (209,607)</u>	<u>29,390</u>	<u>38,831</u>	<u>(141,386)</u>
<b>Nine months ended September 30, 2021</b>				
Revenue:				
Revenue from external customers	\$ <u>23,532,895</u>	<u>877,493</u>	<u>-</u>	<u>24,410,388</u>
<b>Income from operations</b>	<u>\$ 3,608,102</u>	<u>52,655</u>	<u>1,025,936</u>	<u>4,686,693</u>
<b>Nine months ended September 30, 2020</b>				
Revenue:				
Revenue from external customers	\$ <u>17,046,453</u>	<u>590,092</u>	<u>-</u>	<u>17,636,545</u>
<b>Income from operations</b>	<u>\$ 26,202</u>	<u>(4,632)</u>	<u>69,069</u>	<u>90,639</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.