

**TSRC CORPORATION
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2022 and 2021**

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

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Independent Auditors' Review Report

To the Board of Directors of TSRC Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of TSRC Corporation (the "Company") and its subsidiaries (together referred to as the "Group") as of March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$4,015,491 thousand and \$3,444,667 thousand, constituting 12% and 11% of the consolidated total assets; and the total liabilities amounting to \$826,323 thousand and \$805,038 thousand, constituting 5% and 6% of the consolidated total liabilities as of March 31, 2022 and 2021, respectively; as well as the total comprehensive income amounting to \$201,999 thousand and \$115,356 thousand, constituting 14% and 10% of the consolidated total comprehensive income for the three months ended March 31, 2022 and 2021, respectively.



Furthermore, as stated in Note 6(h), the other equity accounted investments of the Group in its investee companies of \$2,190,643 thousand and \$1,527,641 thousand as of March 31, 2022 and 2021, respectively, and its equity in net earnings on these investee companies of \$113,695 thousand and \$215,608 thousand for the three months ended March 31, 2022 and 2021, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of TSRC Corporation and its subsidiaries as of March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three 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)
May 5, 2022

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards as of March 31, 2022 and 2021

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2022, December 31 and March 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

	March 31, 2022		December 31, 2021		March 31, 2021			March 31, 2022		December 31, 2021		March 31, 2021	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Assets								Liabilities and Equity					
Current assets:								Current liabilities:					
1100 Cash and cash equivalents (note 6(a))	\$ 4,949,695	14	4,464,755	14	3,637,903	12	2100 Short-term borrowings (note 6(n))	\$ 3,716,214	11	4,006,365	12	4,212,684	14
1110 Current financial assets at fair value through profit or loss (note 6(b))	6,821	-	7,702	-	27,689	-	2322 Current portion of long-term borrowings (notes 6(n) and 8)	966,597	3	817,713	3	2,383,421	8
1150 Notes receivable, net (note 6(d))	1,180,983	3	951,817	3	893,746	3	2120 Current portion of long-term payables (note 6(n))	349,921	1	-	-	-	-
1170 Accounts receivable, net (note 6(d))	3,679,310	11	3,716,841	11	3,647,526	12	Current financial liabilities at fair value through profit or loss (note 6(b))	5,366	-	356	-	932	-
1200 Other receivables (notes 6(e) and 7)	138,896	-	93,834	-	82,847	-	2170 Accounts payable	1,835,432	5	1,536,976	5	1,601,743	5
1220 Current income tax assets	-	-	-	-	12,151	-	2180 Accounts payable—related parties (note 7)	70,943	-	1,316	-	46,758	-
130x Inventories (note 6(f))	6,486,478	19	5,629,817	17	5,002,707	16	2216 Dividend payable (note 6(s))	1,981,704	6	-	-	-	-
1460 Non-current assets held for sale (note 6(g))	-	-	-	-	201,665	1	2230 Current income tax liabilities	460,084	1	288,186	1	357,360	1
1479 Other current assets	687,338	2	598,331	2	772,143	2	2219 Other payables (notes 6(u) and 7)	1,228,490	4	1,560,933	5	1,175,449	4
Total current assets	17,129,521	49	15,463,097	47	14,278,377	46	2280 Current lease liabilities (note 6(p))	118,951	-	128,928	-	123,892	-
Non-current assets:							2399 Other current liabilities	230,126	1	208,011	1	173,658	1
1517 Financial assets at fair value through other comprehensive income—non-current (note 6(c))	1,425,787	4	1,460,586	4	1,093,607	4	Total current liabilities	10,963,828	32	8,548,784	27	10,075,897	33
1550 Investments accounted for under equity method (notes 6(h) and 7)	2,190,643	6	2,030,573	6	1,527,641	5	Non-Current liabilities:						
1600 Property, plant and equipment (notes 6(g), 6(j), 8 and 9)	10,272,424	30	10,154,640	31	10,200,897	32	2541 Long-term bank borrowings (notes 6(n) and 8)	2,143,505	6	1,936,219	6	2,073,559	7
1755 Right-of-use assets (note 6(k))	859,755	2	867,485	3	975,479	3	2542 Other long-term borrowings (note 6(n))	-	-	349,922	1	349,744	1
1760 Investment property (note 6(l))	1,548,467	5	1,552,148	5	1,563,192	5	2550 Non-current provision liabilities (notes 6(o), 7 and 12(c))	277,883	1	269,536	1	32,279	-
1780 Intangible assets (note 6(m))	891,283	3	892,679	3	988,302	3	2570 Deferred income tax liabilities	1,082,876	3	1,089,204	3	932,505	3
1840 Deferred income tax assets	246,332	1	253,434	1	275,932	1	2580 Non-current lease liabilities (note 6(p))	348,338	1	357,355	1	461,246	1
1900 Other non-current assets (note 8)	143,934	-	155,121	-	157,179	1	2600 Other non-current liabilities (note 12(c))	355,230	1	154,925	-	131,612	-
Total non-current assets	17,578,625	51	17,366,666	53	16,782,229	54	Total non-current liabilities	4,207,832	12	4,157,161	12	3,980,945	12
							Total liabilities	15,171,660	44	12,705,945	39	14,056,842	45
							Equity attributable to shareholders of the Company (note 6(s))						
							3100 Common stock	8,257,099	23	8,257,099	25	8,257,099	27
							3200 Capital surplus	50,725	-	50,725	-	49,531	-
							Retained earnings:						
							3310 Legal reserve	4,073,680	12	4,073,680	12	4,068,862	13
							3350 Unappropriated earnings	3,751,398	11	5,080,942	16	2,380,940	8
								7,825,078	23	9,154,622	28	6,449,802	21
							Other equity:						
							3410 Financial statement translation differences for foreign operations	93,069	-	(456,708)	(1)	(273,515)	(1)
							3420 Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	1,018,178	3	1,047,059	3	699,819	2
							3450 Gains or losses on hedging instrument	(32,108)	-	(26,847)	-	(71,165)	-
								1,079,139	3	563,504	2	355,139	1
							Total equity attributable to shareholders of the Company	17,212,041	49	18,025,950	55	15,111,571	49
							36xx Non-controlling interests (note 6(i))	2,324,445	7	2,097,868	6	1,892,193	6
							Total equity	19,536,486	56	20,123,818	61	17,003,764	55
Total assets	\$ 34,708,146	100	32,829,763	100	31,060,606	100	Total liabilities and equity	\$ 34,708,146	100	32,829,763	100	31,060,606	100

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 ended March 31, 2022 and 2021

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

		For the three months ended March 31			
		2022		2021	
		Amount	%	Amount	%
4000	Revenue (note 6(v))	\$ 8,642,027	100	8,216,811	100
5000	Operating costs (notes 6(f), 6(j), 6(k), 6(p), 6(q), 6(u) and 7)	<u>6,782,664</u>	<u>78</u>	<u>6,211,295</u>	<u>76</u>
5910	Gross profit	<u>1,859,363</u>	<u>22</u>	<u>2,005,516</u>	<u>24</u>
6000	Operating expenses (notes 6(d), 6(j), 6(k), 6(p), 6(q), 6(u) and 7):				
6100	Selling expenses	569,005	7	415,692	5
6200	General and administrative expenses	265,183	3	258,926	3
6300	Research and development expenses	85,357	1	89,031	1
6450	Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	<u>(1,993)</u>	<u>-</u>	<u>311</u>	<u>-</u>
	Total operating expenses	<u>917,552</u>	<u>11</u>	<u>763,960</u>	<u>9</u>
6500	Other income and expenses, net (notes 6(w) and 7)	<u>61,369</u>	<u>1</u>	<u>55,346</u>	<u>1</u>
6900	Operating profit	<u>1,003,180</u>	<u>12</u>	<u>1,296,902</u>	<u>16</u>
	Non-operating income and expenses (notes 6(h), 6(p), 6(x) and 7):				
7100	Interest income	10,463	-	6,118	-
7020	Other gains and losses	4,816	-	(3,852)	-
7050	Finance costs	<u>(26,092)</u>	<u>-</u>	<u>(29,372)</u>	<u>-</u>
7370	Share of gain of associates and joint ventures accounted for under equity method	<u>113,695</u>	<u>1</u>	<u>215,608</u>	<u>2</u>
	Total non-operating income and expenses	<u>102,882</u>	<u>1</u>	<u>188,502</u>	<u>2</u>
7900	Net income before tax	1,106,062	13	1,485,404	18
7950	Less: tax expenses (note 6(r))	<u>309,059</u>	<u>4</u>	<u>399,273</u>	<u>5</u>
	Net income	<u>797,003</u>	<u>9</u>	<u>1,086,131</u>	<u>13</u>
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	(36,578)	-	140,917	2
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>(7,697)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>(28,881)</u>	<u>-</u>	<u>140,917</u>	<u>2</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	654,610	8	(87,300)	(1)
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method	<u>(28,360)</u>	<u>-</u>	<u>5,357</u>	<u>-</u>
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>626,250</u>	<u>8</u>	<u>(81,943)</u>	<u>(1)</u>
8300	Other comprehensive income	<u>597,369</u>	<u>8</u>	<u>58,974</u>	<u>1</u>
	Total comprehensive income	<u>\$ 1,394,372</u>	<u>17</u>	<u>1,145,105</u>	<u>14</u>
	Net income attributable to:				
8610	Shareholders of parent	\$ 652,160	7	896,970	11
8620	Non-controlling interests	<u>144,843</u>	<u>2</u>	<u>189,161</u>	<u>2</u>
		<u>\$ 797,003</u>	<u>9</u>	<u>1,086,131</u>	<u>13</u>
	Total comprehensive income attributable to:				
8710	Shareholders of parent	\$ 1,167,795	14	972,451	12
8720	Non-controlling interests	<u>226,577</u>	<u>3</u>	<u>172,654</u>	<u>2</u>
		<u>\$ 1,394,372</u>	<u>17</u>	<u>1,145,105</u>	<u>14</u>
9710	Basic earnings per share (in New Taiwan Dollars) (note 6(t))	<u>\$ 0.79</u>		<u>1.09</u>	
9810	Diluted earnings per share (in New Taiwan dollars) (note 6(t))	<u>\$ 0.79</u>		<u>1.08</u>	

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TSRC CORPORATION AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the three months ended March 31, 2022 and 2021
(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							
Balance at January 1, 2021	\$ 8,257,099	49,531	4,068,862	1,483,970	5,552,832	(198,125)	558,902	(81,119)	279,658	14,139,120	1,719,539	15,858,659
Net income	-	-	-	896,970	896,970	-	-	-	-	896,970	189,161	1,086,131
Other comprehensive income	-	-	-	-	-	(75,390)	140,917	9,954	75,481	75,481	(16,507)	58,974
Total comprehensive income	-	-	-	896,970	896,970	(75,390)	140,917	9,954	75,481	972,451	172,654	1,145,105
Balance at March 31, 2021	\$ 8,257,099	49,531	4,068,862	2,380,940	6,449,802	(273,515)	699,819	(71,165)	355,139	15,111,571	1,892,193	17,003,764
Balance at January 1, 2022	\$ 8,257,099	50,725	4,073,680	5,080,942	9,154,622	(456,708)	1,047,059	(26,847)	563,504	18,025,950	2,097,868	20,123,818
Appropriation and distribution of retained earnings:												
Cash dividends	-	-	-	(1,981,704)	(1,981,704)	-	-	-	-	(1,981,704)	-	(1,981,704)
Net income	-	-	-	652,160	652,160	-	-	-	-	652,160	144,843	797,003
Other comprehensive income	-	-	-	-	-	549,777	(28,881)	(5,261)	515,635	515,635	81,734	597,369
Total comprehensive income	-	-	-	652,160	652,160	549,777	(28,881)	(5,261)	515,635	1,167,795	226,577	1,394,372
Balance at March 31, 2022	\$ 8,257,099	50,725	4,073,680	3,751,398	7,825,078	93,069	1,018,178	(32,108)	1,079,139	17,212,041	2,324,445	19,536,486

See accompanying notes to consolidated financial statements.

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TSRC CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2022	2021
Cash flows from operating activities:		
Consolidated net income before tax	\$ 1,106,062	1,485,404
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation	286,218	281,361
Amortization	31,206	30,401
Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	(1,993)	311
Interest expense	26,092	29,372
Interest income	(10,463)	(6,118)
Share of profit of associates and joint ventures accounted for under equity method	(113,695)	(215,608)
Loss on disposal of property, plant and equipment	4,848	1,189
Amortization to operating costs and inventories	19,589	20,957
Total adjustments to reconcile profit and loss	<u>241,802</u>	<u>141,865</u>
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Financial assets at fair value through profit or loss	881	(24,229)
Notes receivable	(229,166)	(322,526)
Accounts receivable	39,524	(845,486)
Other receivables	(39,465)	86,260
Inventories	(856,661)	(230,243)
Other current assets	(131,345)	18,944
Total changes in operating assets, net	<u>(1,216,232)</u>	<u>(1,317,280)</u>
Net changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	5,010	(31,696)
Accounts payable	298,456	(41,521)
Accounts payable—related parties	69,627	46,758
Other payables	(318,264)	(13,126)
Other current liabilities	22,115	45,373
Net defined benefit liability	(18,903)	(17,413)
Other non-current liabilities	3,019	(5,509)
Total changes in operating liabilities, net	<u>61,060</u>	<u>(17,134)</u>
Total changes in operating assets and liabilities, net	<u>(1,155,172)</u>	<u>(1,334,414)</u>
Total adjustments	<u>(913,370)</u>	<u>(1,192,549)</u>
Cash provided by operating activities	192,692	292,855
Interest income received	4,866	2,434
Interest paid	(25,236)	(27,551)
Income taxes paid	(128,690)	(77,398)
Net cash flow from operating activities	<u>43,632</u>	<u>190,340</u>
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(142,558)	(205,428)
Proceeds from disposal of property, plant and equipment	755	30
Decrease in other non-current assets	15,304	10,265
Decrease in restricted assets	42,338	41,017
Compensation for relocation	216,189	-
Net cash flow from (used in) investing activities	<u>132,028</u>	<u>(154,116)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	5,385,970	7,354,922
Decrease in short-term borrowings	(5,778,845)	(6,838,550)
Proceeds from long-term borrowings	516,269	510,040
Repayments of long-term borrowings	(178,788)	(513,938)
Repayments of lease liabilities	(36,560)	(40,301)
Cash dividends paid	(157)	(65)
Net cash from (used in) financing activities	<u>(92,111)</u>	<u>472,108</u>
Effect of exchange rate changes on cash and cash equivalents	<u>401,391</u>	<u>(148,892)</u>
Net increase in cash and cash equivalents	484,940	359,440
Cash and cash equivalents at beginning of period	4,464,755	3,278,463
Cash and cash equivalents at end of period	<u>\$ 4,949,695</u>	<u>3,637,903</u>

See accompanying notes to consolidated financial statements.

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

TSRC CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021

(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 May 5, 2022.

(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, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment—Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
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, 2021. For the related information, please refer to note 4 to the consolidated financial statements for the year ended December 31, 2021.

- (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, 2021. For the related information, please refer to note 4(c) to the consolidated financial statements for the year ended December 31, 2021.

List of the subsidiaries included in the consolidated financial statements:

<u>Name of investor</u>	<u>Name of investee</u>	<u>Scope of business</u>	<u>Percentage of ownership</u>			<u>Description</u>
			<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>	
TSRC	Trimurti Holding Corporation	Investment	100.00 %	100.00 %	100.00 %	
TSRC	Hardison International Corporation	Investment	100.00 %	100.00 %	100.00 %	(note 2)
TSRC & Hardison International Corporation	Dymas Corporation	Investment	100.00 %	100.00 %	100.00 %	(notes 1, 2)
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 2)
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 2)
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 %	
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 2)
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 2)

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

(c) Non-current assets held for sale

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

(d) Employee benefits

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

(e) Income tax

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

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

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

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

The preparation of the consolidated financial statements, estimates and underlying assumptions are consistent with the consolidated financial statements for the year ended December 31, 2021. For the related information, please refer to note 5 to the consolidated financial statements for the year ended December 31, 2021.

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TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts

Except as explained below, there are no significant differences in the description of significant accounts from the consolidated financial statements for the year ended December 31, 2021, and the related information is provided in note 6 to the consolidated financial statements for the year ended December 31, 2021.

(a) Cash and cash equivalents

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Cash on hand	\$ 408	390	402
Checking and savings deposits	924,179	1,110,545	1,281,809
Time deposits	4,025,108	3,323,820	2,355,692
Commercial paper with reverse repurchase agreements	<u>-</u>	<u>30,000</u>	<u>-</u>
Cash and cash equivalents per statements of cash flow	<u>\$ 4,949,695</u>	<u>4,464,755</u>	<u>3,637,903</u>

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Mandatorily measured at fair value through profit or loss:			
Derivative instruments not used for hedging			
Forward contracts/Swap contracts	<u>\$ 6,821</u>	<u>7,702</u>	<u>27,689</u>
	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Financial liabilities held for trading:			
Derivative instruments not used for hedging			
Forward contracts/Swap contracts	<u>\$ 5,366</u>	<u>356</u>	<u>932</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:

	March 31, 2022		
	Contract amount (thousand dollars)	Currency	Maturity dates
Forward contracts	EUR 2,110 /	EUR/USD	2022.4.11~2022.6.13
	USD 2,363		
Forward contracts	USD 218 /	USD/JPY	2022.4.11
	JPY 25,000		
Swap contracts	EUR 16,030 /	EUR/USD	2022.4.11~2022.6.28
	USD 17,925		
Swap contracts	USD 4,020 /	USD/CNH	2022.4.6~2022.6.14
	CNH 25,610		
Swap contracts	NTD 100,000 /	NTD/USD	2022.4.18
	USD 3,497		
	December 31, 2021		
	Contract amount (thousand dollars)	Currency	Maturity dates
Forward contracts	EUR 2,980 /	EUR/USD	2022.1.12~2022.3.11
	USD 3,383		
Forward contracts	CNH 3,187 /	CNH/USD	2022.1.6
	USD 500		
Swap contracts	EUR 15,450 /	EUR/USD	2022.1.12~2022.3.30
	USD 17,735		
Swap contracts	USD 549 /	USD/CNH	2022.2.15
	CNH 3,540		
Swap contracts	CNH 22,350 /	CNH/USD	2022.1.6
	USD 3,503		
Swap contracts	JPY 16,411 /	JPY/USD	2022.1.12
	USD 144		
	March 31, 2021		
	Contract amount (thousand dollars)	Currency	Maturity dates
Swap contracts	EUR 27,850 /	EUR/USD	2021.4.1~2021.7.1
	USD 33,668		
Swap contracts	USD 3,134 /	USD/CNH	2021.4.7~2021.4.26
	CNH 20,394		
Swap contracts	JPY 10,000 /	JPY/USD	2021.4.12
	USD 92		

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Equity investments at fair value through other comprehensive income:			
Listed stocks (domestic)	\$ 749,532	668,140	-
Unlisted stocks (domestic and overseas)	<u>676,255</u>	<u>792,446</u>	<u>1,093,607</u>
Total	<u>\$ 1,425,787</u>	<u>1,460,586</u>	<u>1,093,607</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.

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

(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>
March 31, 2022			
THB	\$ 369,416	0.8651	319,581
December 31, 2021			
THB	493,334	0.8347	411,786
March 31, 2021			
THB	182,817	0.9149	167,259

(d) Notes and accounts receivable

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Notes receivable	\$ 1,180,983	951,817	893,746
Accounts receivable	3,684,874	3,724,240	3,652,992
Less: allowance for impairment	<u>5,564</u>	<u>7,399</u>	<u>5,466</u>
	<u>\$ 4,860,293</u>	<u>4,668,658</u>	<u>4,541,272</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	March 31, 2022		
	Gross carrying amount	Weighted- average expected credit loss rate	Loss allowance provision
Current	\$ 4,792,901	0.05%~0.14%	2,447
1 to 30 days past due	62,446	2.35%~6.31%	1,710
31 to 90 days past due	10,503	8.38%~29.19%	1,400
More than 90 days past due	<u>7</u>	100%	<u>7</u>
	<u>\$ 4,865,857</u>		<u>5,564</u>
	December 31, 2021		
	Gross carrying amount	Weighted- average expected credit loss rate	Loss allowance provision
Current	\$ 4,611,091	0.05%~0.14%	2,559
1 to 30 days past due	46,559	2.35%~6.31%	1,173
31 to 90 days past due	16,220	8.07%~29.19%	1,480
More than 90 days past	<u>2,187</u>	100%	<u>2,187</u>
	<u>\$ 4,676,057</u>		<u>7,399</u>
	March 31, 2021		
	Gross carrying amount	Weighted- average expected credit loss rate	Loss allowance provision
Current	\$ 4,507,367	0.09%~0.17%	4,465
1 to 30 days past due	37,822	2.18%~4.58%	900
31 to 90 days past due	<u>1,549</u>	6.35%~6.59%	<u>101</u>
	<u>\$ 4,546,738</u>		<u>5,466</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:

	For the three months ended March 31	
	2022	2021
Balance at beginning of period	\$ 7,399	5,194
Impairment losses (reversed) recognized	(1,993)	311
Foreign exchange gain or loss	158	(39)
Balance at end of period	\$ 5,564	5,466

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

(e) Other receivables (including related parties)

	March 31, 2022	December 31, 2021	March 31, 2021
	Other receivables – related parties	\$ 53,430	47,938
Other	85,466	45,896	32,685
	\$ 138,896	93,834	82,847

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

(f) Inventories

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

	March 31, 2022	December 31, 2021	March 31, 2021
	Raw materials	\$ 1,962,226	1,648,221
Supplies	11,857	8,744	11,245
Work in progress	323,282	299,749	296,813
Finished goods	3,392,700	2,986,188	2,717,484
Merchandise	796,413	686,915	475,816
Total	\$ 6,486,478	5,629,817	5,002,707

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:

	For the three months ended	
	March 31	
	2022	2021
Loss on (reversal of) decline in market value of inventory	\$ 5,972	(28,755)
Income from sale of scrap	(6,342)	(7,271)
Unallocated production overhead	99,221	79,105
Total	\$ 98,851	43,079

(g) Non-current assets held for sale

To optimize the Group's asset value, the Group disposed its land and building located in Kaohsiung City, Renwu Dist. to a non-related party for \$1,220,000 thousands, with a book value of \$201,665 thousand, recognized as non-current assets-for-sale as of March 31, 2021. All relevant transactions amounting to \$909,118 thousands, recognized as gain, had been completed in July 2021.

(h) Investments accounted for under equity method

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

	March 31, 2022	December 31,	March 31, 2021
		2021	
Associates	\$ 947,521	844,557	769,659
Joint ventures	1,243,122	1,186,016	757,982
	\$ 2,190,643	2,030,573	1,527,641

(i) Associates

For the three months ended March 31, 2022 and 2021, the Group recognized its share of gain from the associates of \$69,326 thousand and \$34,874 thousand, respectively.

The details of the significant associates are as follows:

Name of associates	Existing relationship with the Group	The main operating place / register country	Proportion of equity and voting right		
			March 31, 2022	December 31, 2021	March 31, 2021
ARLANXEO-TSRC (Nantong) Chemicals Industries Co., Ltd.	Strategic alliance of production and sales of NBR	China	50.00 %	50.00 %	50.00 %

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The comprehensive financial information of ARLANXEO-TSRC (Nantong) Chemicals Industries Co., Ltd., which is the significant associate to the Consolidated company, is as follows:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Current assets	\$ 1,000,043	735,166	678,036
Non-current assets	637,131	584,324	642,210
Current liabilities	(347,626)	(282,615)	(600,814)
Non-current liabilities	(89,492)	(29,454)	(30,579)
Equity	<u>\$ 1,200,056</u>	<u>1,007,421</u>	<u>688,853</u>
Equity attributable to the Group	<u>\$ 600,028</u>	<u>503,711</u>	<u>344,427</u>

	<u>For the three months ended March 31</u>	
	<u>2022</u>	<u>2021</u>
Revenue	<u>\$ 655,079</u>	<u>453,476</u>
Net income of continued operations	\$ 151,498	49,752
Other comprehensive income (loss)	-	-
Total comprehensive income (loss)	<u>\$ 151,498</u>	<u>49,752</u>
Total comprehensive income attributable to the Group	<u>\$ 75,749</u>	<u>24,876</u>

	<u>For the three months ended March 31</u>	
	<u>2022</u>	<u>2021</u>
Beginning balance of the equity of the associate attributable to the Group	\$ 505,494	323,287
Current total comprehensive income of the associate attributable to the Group	75,749	24,876
Other	20,263	(1,490)
Ending balance of the equity of the associate attributable to the Group	<u>\$ 601,506</u>	<u>346,673</u>

Summary of respectively not significant associates recognized under equity method were as follows. The financial information is included in the consolidated financial statement.

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Balance of not significant associate's equity	<u>\$ 346,015</u>	<u>339,063</u>	<u>422,986</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended	
	March 31	
	2022	2021
Attributable to the Group:		
Net income (loss) of continued operations	\$ (6,423)	26,463
Other comprehensive income	-	-
Total comprehensive income	\$ (6,423)	26,463

(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		
			March 31, 2022	December 31, 2021	March 31, 2021
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:

	March 31, 2022	December 31, 2021	March 31, 2021
	Current assets	\$ 2,558,391	2,806,016
Non-current assets	2,576,161	2,527,405	2,869,403
Current liabilities	(1,352,992)	(1,720,350)	(1,396,016)
Non-current liabilities	(1,343,271)	(1,284,317)	(1,829,351)
Equity	\$ 2,438,289	2,328,754	1,469,748
Equity attributable to the Group	\$ 1,219,145	1,164,377	734,874

	For the three months ended	
	March 31	
	2022	2021
Revenue	\$ 1,450,598	1,701,019
Net income of continued operations	\$ 84,496	367,067
Other comprehensive income	80,672	6,246
Total comprehensive income	\$ 165,168	373,313
Total comprehensive income attributable to the Group	\$ 82,584	186,657

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended March 31	
	2022	2021
Beginning balance of the equity of the joint venture attributable to the Group	\$ 1,130,197	512,624
Current total comprehensive income of the joint venture attributable to the Group	82,584	186,657
Other	(29,784)	3,350
Ending balance of the equity of the joint venture attributable to the Group	<u>\$ 1,182,997</u>	<u>702,631</u>

Summary of respectively not significant joint ventures recognized under the equity method was as follows. The financial information is included in the consolidated financial statement.

	March 31, 2022	December 31, 2021	March 31, 2021
Balance of not significant joint venture's equity	<u>\$ 60,125</u>	<u>55,819</u>	<u>55,351</u>

	For the three months ended March 31	
	2022	2021
Attributable to the Group:		
Net income (loss) of continued operations	\$ 2,121	(2,799)
Other comprehensive income	-	-
Total comprehensive income	<u>\$ 2,121</u>	<u>(2,799)</u>

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

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

- (i) Material non-controlling interests of subsidiaries

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

Name of joint ventures	The main operating place / register country	Proportion of Non-controlling interests		
		March 31, 2022	December 31, 2021	March 31, 2021
Shen Hua Chemical Industries Co., Ltd.	China	34.56 %	34.56 %	34.56 %
TSRC-UBE (Nantong) Industries Ltd.	China	45.00 %	45.00 %	45.00 %

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	\$ 3,873,115	3,236,185	3,055,610
Non-current assets	1,169,959	1,169,739	913,119
Current liabilities	(627,181)	(542,982)	(708,268)
Non-current liabilities	(489,914)	(263,395)	(17,766)
Net assets	<u>\$ 3,925,979</u>	<u>3,599,547</u>	<u>3,242,695</u>
Non-controlling interests	<u>\$ 1,356,819</u>	<u>1,244,003</u>	<u>1,120,677</u>
		For the three months ended March 31	
		2022	2021
Revenue		<u>\$ 2,138,640</u>	<u>2,164,385</u>
Net income		\$ 187,598	397,605
Other comprehensive income		113,895	(28,298)
Total comprehensive income		<u>\$ 301,493</u>	<u>369,307</u>
Total net income attributable to non-controlling interests		<u>\$ 64,833</u>	<u>137,412</u>
Total comprehensive income attributable to non-controlling interests		<u>\$ 104,196</u>	<u>127,633</u>
		For the three months ended March 31	
		2022	2021
Net cash flow from (used in) operating activities		\$ 25,862	(99,722)
Net cash flow from (used in) investing activities		203,427	(36,278)
Effect on exchange rate changes on cash and cash equivalents		35,737	(3,441)
Increase (decrease) in cash and cash equivalents		<u>\$ 265,026</u>	<u>(139,441)</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	\$ 1,713,598	1,447,115	1,143,768
Non-current assets	837,477	833,123	889,541
Current liabilities	(394,624)	(377,385)	(313,825)
Non-current liabilities	(6,170)	(5,373)	(5,002)
Net assets	<u>\$ 2,150,281</u>	<u>1,897,480</u>	<u>1,714,482</u>
Non-controlling interests	<u>\$ 967,626</u>	<u>853,865</u>	<u>771,516</u>
		For the three months ended March 31	
		2022	2021
Revenue		<u>\$ 915,771</u>	<u>788,618</u>
Net income		\$ 177,799	114,997
Other comprehensive income		61,064	(14,951)
Total comprehensive income		<u>\$ 238,863</u>	<u>100,046</u>
Total net income attributable to non-controlling interests		<u>\$ 80,010</u>	<u>51,749</u>
Total comprehensive income attributable to non-controlling interests		<u>\$ 107,488</u>	<u>45,021</u>
		For the three months ended March 31	
		2022	2021
Net cash flow from (used in) operating activities		\$ 51,518	(73,442)
Net cash used in investing activities		(7,456)	(6,895)
Net cash flow from financing activities		29,641	38,815
Effect on exchange rate changes on cash and cash equivalents		21,125	1,192
Increase (decrease) in cash and cash equivalents		<u>\$ 94,828</u>	<u>(40,330)</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Property, plant and equipment

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

	Land	Land improvements	Buildings	Machinery	Furniture and fixtures and other equipment	Construction in progress	Total
Cost:							
Balance at January 1, 2022	\$ 639,920	150,505	4,931,763	22,755,392	255,962	661,868	29,395,410
Additions	-	-	-	1,688	63	126,541	128,292
Disposals	-	-	(5,471)	(4,745)	-	(672)	(10,888)
Reclassification	-	-	5,553	122,353	3,104	(137,107)	(6,097)
Effect on changes in exchange rates	677	2,237	137,354	485,691	5,292	6,222	637,473
Balance at March 31, 2022	<u>\$ 640,597</u>	<u>152,742</u>	<u>5,069,199</u>	<u>23,360,379</u>	<u>264,421</u>	<u>656,852</u>	<u>30,144,190</u>
Balance at January 1, 2021	\$ 841,829	142,168	4,672,369	21,983,009	247,058	1,228,046	29,114,479
Additions	-	-	-	624	-	188,689	189,313
Reclassification to assets held for sale	(201,665)	-	-	-	-	-	(201,665)
Disposals	-	-	-	(37,086)	(634)	-	(37,720)
Reclassification	-	-	115,431	139,352	-	(248,905)	5,878
Effect on changes in exchange rates	17	46	(27,172)	(72,642)	(679)	(3,817)	(104,247)
Balance at March 31, 2021	<u>\$ 640,181</u>	<u>142,214</u>	<u>4,760,628</u>	<u>22,013,257</u>	<u>245,745</u>	<u>1,164,013</u>	<u>28,966,038</u>
Depreciation and impairment loss:							
Balance at January 1, 2022	\$ -	99,240	2,607,460	16,343,116	190,954	-	19,240,770
Depreciation	-	2,122	45,097	212,265	4,665	-	264,149
Disposals	-	-	(1,242)	(4,043)	-	-	(5,285)
Effect on changes in exchange rates	-	926	62,317	305,245	3,644	-	372,132
Balance at March 31, 2022	<u>\$ -</u>	<u>102,288</u>	<u>2,713,632</u>	<u>16,856,583</u>	<u>199,263</u>	<u>-</u>	<u>19,871,766</u>
Balance at January 1, 2021	\$ -	94,229	2,464,473	15,857,095	182,165	-	18,597,962
Depreciation	-	1,361	39,632	210,500	4,211	-	255,704
Disposals	-	-	-	(35,931)	(570)	-	(36,501)
Effect on changes in exchange rates	-	23	(12,869)	(38,701)	(477)	-	(52,024)
Balance at March 31, 2021	<u>\$ -</u>	<u>95,613</u>	<u>2,491,236</u>	<u>15,992,963</u>	<u>185,329</u>	<u>-</u>	<u>18,765,141</u>
Carrying value:							
January 1, 2022	<u>\$ 639,920</u>	<u>51,265</u>	<u>2,324,303</u>	<u>6,412,276</u>	<u>65,008</u>	<u>661,868</u>	<u>10,154,640</u>
March 31, 2022	<u>\$ 640,597</u>	<u>50,454</u>	<u>2,355,567</u>	<u>6,503,796</u>	<u>65,158</u>	<u>656,852</u>	<u>10,272,424</u>
January 1, 2021	<u>\$ 841,829</u>	<u>47,939</u>	<u>2,207,896</u>	<u>6,125,914</u>	<u>64,893</u>	<u>1,228,046</u>	<u>10,516,517</u>
March 31, 2021	<u>\$ 640,181</u>	<u>46,601</u>	<u>2,269,392</u>	<u>6,020,294</u>	<u>60,416</u>	<u>1,164,013</u>	<u>10,200,897</u>

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

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TSRC CORPORATION AND SUBSIDIARIES
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(k) Right-of-use assets

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

	<u>Land</u>	<u>Building</u>	<u>Machinery</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:					
Balance at January 1, 2022	\$ 564,225	202,597	374,699	32,988	1,174,509
Additions	-	-	-	430	430
Write-off	-	(2,098)	-	(161)	(2,259)
Lease modification	(124)	314	-	-	190
Amortization to operating costs and inventories	-	(956)	(18,633)	-	(19,589)
Effect on changes in foreign exchange rates	20,650	4,630	12,969	1,017	39,266
Balance at March 31, 2022	<u>\$ 584,751</u>	<u>204,487</u>	<u>369,035</u>	<u>34,274</u>	<u>1,192,547</u>
Balance at January 1, 2021	\$ 569,782	255,467	457,714	32,827	1,315,790
Additions	-	-	-	3,749	3,749
Lease modification	-	(865)	-	-	(865)
Amortization to operating costs and inventories	-	(1,603)	(19,354)	-	(20,957)
Effect on changes in foreign exchange rates	(3,974)	(1,352)	(3,584)	(4)	(8,914)
Balance at March 31, 2021	<u>\$ 565,808</u>	<u>251,647</u>	<u>434,776</u>	<u>36,572</u>	<u>1,288,803</u>
Accumulated depreciation and impairment losses:					
Balance at January 1, 2022	\$ 157,671	132,851	-	16,502	307,024
Depreciation	3,457	12,513	-	2,418	18,388
Write-off	-	(2,098)	-	(161)	(2,259)
Effect on changes in exchange rates	5,896	3,205	-	538	9,639
Balance at March 31, 2022	<u>\$ 167,024</u>	<u>146,471</u>	<u>-</u>	<u>19,297</u>	<u>332,792</u>
Balance at January 1, 2021	\$ 145,489	111,766	17,224	18,339	292,818
Depreciation	3,456	15,747	-	2,773	21,976
Lease modification	-	321	-	-	321
Effect on changes in exchange rates	(1,189)	(621)	14	5	(1,791)
Balance at March 31, 2021	<u>\$ 147,756</u>	<u>127,213</u>	<u>17,238</u>	<u>21,117</u>	<u>313,324</u>
Carrying value:					
January 1, 2022	\$ 406,554	69,746	374,699	16,486	867,485
March 31, 2022	<u>\$ 417,727</u>	<u>58,016</u>	<u>369,035</u>	<u>14,977</u>	<u>859,755</u>
January 1, 2021	\$ 424,293	143,701	440,490	14,488	1,022,972
March 31, 2021	<u>\$ 418,052</u>	<u>124,434</u>	<u>417,538</u>	<u>15,455</u>	<u>975,479</u>

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

(l) Investment property

	<u>Owned property Buildings</u>
Carrying value:	
January 1, 2022	<u>\$ 1,552,148</u>
March 31, 2022	<u>\$ 1,548,467</u>
January 1, 2021	<u>\$ 1,566,873</u>
March 31, 2021	<u>\$ 1,563,192</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 three months ended March 31, 2022 and 2021. The amortization of investment properties of the Group is provided in note 12(a), and the related information is provided in note 6(k) to the consolidated financial statements for the year ended December 31, 2021.

The fair value of the Group's investment properties does not significantly differ from the information disclosed in note 6(k) to the consolidated financial statements for the year ended December 31, 2021.

(m) Intangible assets

	Industrial technology and know-how	Computer software	Patent and trademark	Customer relationship	Total
Carrying value:					
January 1, 2022	\$ 328,474	24,594	190,903	348,708	892,679
March 31, 2022	\$ 321,718	24,109	193,268	352,188	891,283
January 1, 2021	\$ 392,856	14,913	212,729	391,907	1,012,405
March 31, 2021	\$ 382,312	18,252	207,400	380,338	988,302

There were no significant additions to, disposals of, or provision (reversal) of impairment of, the Group's intangible assets for the three months ended March 31, 2022 and 2021. The amortization of intangible assets of the Group is provided in note 12(a), and the related information is provided in note 6(l) to the consolidated financial statements for the year ended December 31, 2021.

(n) Short-term and long-term borrowings

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

(i) Short-term bank borrowings

		March 31, 2022		
	Range of interest rates (%)	Year of maturity	Amount	The unused credit facilities
Unsecured loans	0.35~3.60	2022	\$ <u>3,716,214</u>	<u>16,166,127</u>
		December 31, 2021		
	Range of interest rates (%)	Year of maturity	Amount	The unused credit facilities
Unsecured loans	0.40~3.85	2022	\$ <u>4,006,365</u>	<u>15,543,553</u>
		March 31, 2021		
	Range of interest rates (%)	Year of maturity	Amount	The unused credit facilities
Unsecured loans	0.38~3.70	2021	\$ <u>4,212,684</u>	<u>14,945,395</u>

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TSRC CORPORATION AND SUBSIDIARIES
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(ii) Long-term borrowings

1) Long-term bank borrowings

March 31, 2022				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Secured loans	USD	4.38	2022~2023	\$ 107,359
Unsecured loans	NTD	0.95~1.25	2022~2027	2,561,964
Unsecured loans	USD	1.73~1.98	2022~2024	<u>440,779</u>
Total				<u>\$ 3,110,102</u>
Current				\$ 966,597
Non-current				<u>2,143,505</u>
Total				<u>\$ 3,110,102</u>

December 31, 2021				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Secured loans	USD	4.38	2022~2023	\$ 118,063
Unsecured loans	NTD	0.95~1.25	2022~2025	2,145,756
Unsecured loans	USD	1.48~1.72	2022~2024	<u>490,113</u>
Total				<u>\$ 2,753,932</u>
Current				\$ 817,713
Non-current				<u>1,936,219</u>
Total				<u>\$ 2,753,932</u>

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

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TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021, the Group repaid the amounts of \$178,788 thousand and \$513,938 thousand, respectively, for its long-term borrowings, wherein the proceeds amounting to \$516,269 thousand and \$510,040 thousand bore the interest rates of 1.15%~1.50% and 1.04%~1.20%, as well as maturities ranging from November 2025 to January 2027 and March 2024 to November 2025, respectively, and the related information is provided in note 6(m) to the consolidated financial statements for the year ended December 31, 2021.

- 2) Long-term commercial paper payable (recorded as current portion of long-term payables and other long-term borrowings)

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Long-term commercial paper payable	\$ 350,000	350,000	350,000
Less: discount on long-term commercial paper payable	79	78	256
Less: current portion	349,921	-	-
Total	<u>\$ -</u>	<u>349,922</u>	<u>349,744</u>
Interest rate	<u>1.1737%</u>	<u>1.1640%</u>	<u>1.1600%</u>

- (o) Non-current provision liabilities

	<u>Guarantees</u>	<u>Demolition and relocation costs</u>	<u>Total</u>
Balance at January 1, 2022	\$ 27,757	241,779	269,536
Reverse in provisions	(691)	-	(691)
Effect on changes in exchange rates	-	9,038	9,038
Balance at March 31, 2022	<u>\$ 27,066</u>	<u>250,817</u>	<u>277,883</u>
Balance at January 1, 2021	\$ 31,819	-	31,819
Increase in provisions	460	-	460
Balance at March 31, 2021	<u>\$ 32,279</u>	<u>-</u>	<u>32,279</u>

Please refer to note 12(c) for further description of guarantees, demolition and relocation costs.

- (p) Lease liabilities

The Group's lease liabilities were as follow:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Current	<u>\$ 118,951</u>	<u>128,928</u>	<u>123,892</u>
Non-current	<u>\$ 348,338</u>	<u>357,355</u>	<u>461,246</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
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For the maturity analysis, please refer to note 6(y).

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31	
	2022	2021
Interest on lease liabilities	\$ <u>613</u>	<u>798</u>
Expenses relating to short-term leases	\$ <u>3,834</u>	<u>4,031</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>4,665</u>	<u>3,743</u>

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

	For the three months ended March 31	
	2022	2021
Total cash outflow for leases	\$ <u>45,672</u>	<u>48,873</u>

(q) 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 \$18,773 thousand and \$17,323 thousand to the Bank of Taiwan labor pension reserve account in March 2022 and March 2021, 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, 2021 and 2020.

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

	For the three months ended March 31	
	2022	2021
Operating costs	\$ 821	846
Operating expenses	<u>514</u>	<u>567</u>
	\$ <u>1,335</u>	<u>1,413</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
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(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:

	For the three months ended March 31	
	2022	2021
Operating costs	\$ 19,570	15,161
Operating expenses	8,413	6,762
	\$ 27,983	21,923

(r) Income tax

The components of income tax expense were as follows:

	For the three months ended March 31	
	2022	2021
Current income tax expense (benefit)		
Current period	\$ 300,591	261,971
Adjustment for prior periods	(3)	-
	300,588	261,971
Deferred tax expense		
Origination and reversal of temporary differences	8,471	137,302
Income tax expenses of continued operations	\$ 309,059	399,273

The amounts of the Group's income tax benefit recognized under other comprehensive income were as follows:

	For the three months ended March 31	
	2022	2021
Items that will not be reclassified subsequently to profit or loss:		
Unrealized gains on equity instruments at fair value through other comprehensive income	\$ (7,697)	-

The tax returns of the Company have been assessed by the tax authorities for all years through 2020.

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(s) Capital and other equity

Except as explained in the following paragraphs, there were no significant changes in the capital and other equity during the three months ended March 31, 2022 and 2021. Please refer to note 6(s) to the consolidated financial statements for the year ended December 31, 2021 for the related information.

(i) Retained earnings — earnings distribution

In accordance with the Company's articles of incorporation, 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 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.

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

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

On March 10, 2022, the Company's Board of Directors resolved to appropriate the 2021 earnings. On August 4, 2021, the shareholders' meeting resolved to distribute the 2020 earnings. These earnings were appropriated as follows:

	2021	2020
Dividends distributed to common shareholders:		
Cash	\$ 1,981,704	297,256

(ii) Other equities (net for tax)

	Foreign exchange differences arising from foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total
Balance as of January 1, 2022	\$ (456,708)	1,047,059	(26,847)	563,504
Foreign exchange differences arising from foreign operations	572,876	-	-	572,876
Exchange differences on translation financial statements from investments accounted for using equity method	(23,099)	-	-	(23,099)
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	-	(28,881)	-	(28,881)
Share of cash flow hedges of associates and joint ventures accounted for under equity method	-	-	(5,261)	(5,261)
Balance as of March 31, 2022	\$ 93,069	1,018,178	(32,108)	1,079,139

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Notes to the Consolidated Financial Statements

	Foreign exchange differences arising from foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total
Balance as of January 1, 2021	\$ (198,125)	558,902	(81,119)	279,658
Foreign exchange differences arising from foreign operations	(70,793)	-	-	(70,793)
Exchange differences on translation financial statements from investments accounted for using equity method	(4,597)	-	-	(4,597)
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	-	140,917	-	140,917
Share of cash flow hedges of associates and joint ventures accounted for under equity method	-	-	9,954	9,954
Balance as of March 31, 2021	<u>\$ (273,515)</u>	<u>699,819</u>	<u>(71,165)</u>	<u>355,139</u>

(t) Earnings per share

The calculations of the Company's basic earnings per share and diluted earnings per share was as follows:

(i) Basic earnings per share

	For the three months ended March 31	
	2022	2021
Net income attributable to common shareholders of the Company	<u>\$ 652,160</u>	<u>896,970</u>
Weighted-average number of common shares (in thousands)	<u>825,710</u>	<u>825,710</u>
Basic earnings per share (NTD)	<u>\$ 0.79</u>	<u>1.09</u>

(ii) Diluted earnings per share

	For the three months ended March 31	
	2022	2021
Net income attributable to common shareholders of the Company (diluted)	<u>\$ 652,160</u>	<u>896,970</u>
Weighted-average number of common shares (basic) (in thousands)	825,710	825,710
Impact on potential common shares		
Effect on employees' compensation (in thousands)	4,949	1,876
Weighted-average number of shares outstanding (diluted) (in thousands)	<u>830,659</u>	<u>827,586</u>
Diluted earnings per share (NTD)	<u>\$ 0.79</u>	<u>1.08</u>

(Continued)

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Notes to the Consolidated Financial Statements

(u) Remuneration to employees and directors

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

For the three months ended March 31, 2022 and 2021, the Company recognized the employees' compensation of \$39,063 thousand and \$22,378 thousand, respectively, and the directors' remuneration of \$3,661 thousand and \$4,716 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, 2021 and 2020, the Company recognized its employees' compensation of \$171,609 thousand and \$40,750 thousand, respectively, and its directors' remuneration of \$22,677 thousand and \$616 thousand, respectively. There was no difference between the distribution and the recognized amounts. For relevant information, please refer to Market Observation Post System.

(v) Revenue from contracts with customers

	For the three months ended		
	March 31, 2022		
	Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:			
Asia	\$ 6,032,101	193,124	6,225,225
Americas	1,259,076	5,583	1,264,659
Europe	953,750	49	953,799
Others	198,344	-	198,344
	\$ 8,443,271	198,756	8,642,027
Major product lines:			
Synthetic rubber / elastomers	8,399,244	-	8,399,244
Applied materials	-	196,821	196,821
Others	44,027	1,935	45,962
	\$ 8,443,271	198,756	8,642,027

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	For the three months ended March 31, 2021		
	Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:			
Asia	\$ 5,874,866	287,990	6,162,856
Americas	1,002,892	4,535	1,007,427
Europe	828,487	-	828,487
Others	218,041	-	218,041
	\$ 7,924,286	292,525	8,216,811
Major product lines:			
Synthetic rubber / elastomers	\$ 7,866,141	-	7,866,141
Applied materials	-	292,320	292,320
Others	58,145	205	58,350
	\$ 7,924,286	292,525	8,216,811

(w) Other income and expenses

	For the three months ended March 31	
	2022	2021
Rental income	\$ 18,208	19,107
Royalty income	36,395	27,305
Net service income	1,307	3,651
Depreciation of investment properties	(3,681)	(3,681)
Net other income	9,140	8,964
Other income and expenses	\$ 61,369	55,346

(x) Non-operating income and expenses

(i) Interest income

	For the three months ended March 31	
	2022	2021
Interest income from bank deposits	\$ 10,463	6,118

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(ii) Other gains and losses

	For the three months ended	
	March 31	
	<u>2022</u>	<u>2021</u>
Gains or losses on disposal of property, plant and equipment	\$ (4,848)	(1,189)
Foreign exchange gain or loss, net	(884)	(42,999)
Gains or losses on financial assets (liabilities) at fair value through profit or loss	9,486	34,035
Other gains and losses	<u>1,062</u>	<u>6,301</u>
Other gains and losses, net	<u>\$ 4,816</u>	<u>(3,852)</u>

(iii) Finance costs

	For the three months ended	
	March 31	
	<u>2022</u>	<u>2021</u>
Interest expense	<u>\$ 26,092</u>	<u>29,372</u>

(y) 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(z) to the consolidated financial statements for the year ended December 31, 2021.

(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>1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
March 31, 2022					
Non-derivative financial liabilities					
Short-term borrowings	\$ 3,727,787	3,727,787	-	-	-
Accounts payable (including related parties)	1,906,375	1,906,375	-	-	-
Dividend payable	1,981,704	1,981,704	-	-	-
Other payables	1,228,490	1,228,490	-	-	-
Long-term borrowings (including other long-term borrowings, current portion and current portion of long-term payables)	3,530,138	1,351,366	906,190	1,272,582	-
Lease liabilities	470,587	119,995	70,301	157,626	122,665
Deposits received	50,926	-	36,559	11,247	3,120
Derivative financial liabilities					
Other swap contracts:					
Outflow	5,366	5,366	-	-	-
	<u>\$ 12,901,373</u>	<u>10,321,083</u>	<u>1,013,050</u>	<u>1,441,455</u>	<u>125,785</u>

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	<u>Contractual cash flows</u>	<u>1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
December 31, 2021					
Non-derivative financial liabilities					
Short-term borrowings	\$ 4,029,764	4,029,764	-	-	-
Accounts payable (including related parties)	1,538,292	1,538,292	-	-	-
Other payables	1,560,933	1,560,933	-	-	-
Long-term borrowings (including other long-term borrowings and current portion)	3,169,756	851,952	1,046,502	1,271,302	-
Lease liabilities	491,077	130,861	73,131	154,206	132,879
Deposits received	48,177	-	33,810	11,247	3,120
Derivative financial liabilities					
Other swap contracts:					
Outflow	356	356	-	-	-
	<u>\$ 10,838,355</u>	<u>8,112,158</u>	<u>1,153,443</u>	<u>1,436,755</u>	<u>135,999</u>
March 31, 2021					
Non-derivative financial liabilities					
Short-term borrowings	\$ 4,232,042	4,232,042	-	-	-
Accounts payable (including related parties)	1,648,501	1,648,501	-	-	-
Other payables	1,175,449	1,175,449	-	-	-
Long-term borrowings (including other long-term borrowings and current portion)	4,903,695	2,426,999	1,637,614	839,082	-
Lease liabilities	621,345	138,904	111,781	185,445	185,215
Deposits received	57,028	-	41,371	12,536	3,121
Derivative financial liabilities					
Other swap contracts/other forward contracts:					
Outflow	932	932	-	-	-
	<u>\$ 12,638,992</u>	<u>9,622,827</u>	<u>1,790,766</u>	<u>1,037,063</u>	<u>188,336</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)

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(ii) Currency risk

1) Risk exposure

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

	Foreign currency (thousand dollars)	Exchange rate	NTD
March 31, 2022			
Financial assets:			
Monetary assets:			
USD	\$ 90,075	28.6220	2,578,127
EUR	\$ 23,347	31.9164	745,152
JPY	\$ 215,164	0.2353	50,628
CNY	\$ 40,540	4.5070	182,714
Financial liabilities:			
Monetary liabilities:			
USD	\$ 88,602	28.6220	2,535,966
EUR	\$ 20,190	31.9164	644,392
JPY	\$ 206,654	0.2353	48,626
December 31, 2021			
Financial assets:			
Monetary assets:			
USD	\$ 95,757	27.6900	2,651,511
EUR	\$ 19,073	31.3035	597,052
JPY	\$ 262,873	0.2404	63,195
CNY	\$ 84,779	4.3446	368,331
Financial liabilities:			
Monetary liabilities:			
USD	\$ 92,364	27.6900	2,557,559
EUR	\$ 15,702	31.3035	491,528
JPY	\$ 235,269	0.2404	56,559

(Continued)

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	Foreign currency (thousand dollars)	Exchange rate	NTD
March 31, 2021			
Financial assets:			
Monetary assets:			
USD	\$ 106,684	28.5310	3,043,801
EUR	\$ 10,575	33.4726	353,973
JPY	\$ 138,883	0.2576	35,776
CNY	\$ 26,612	4.3435	115,589
Financial liabilities:			
Monetary liabilities:			
USD	\$ 104,993	28.5310	2,995,555
EUR	\$ 7,246	33.4726	242,542
JPY	\$ 115,151	0.2576	29,663

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 \$3,276 thousand and \$2,814 thousand for the three months ended March 31, 2022 and 2021, respectively, with all other variable factors remaining constant. The analysis was performed on the same basis for both periods.

Since the Group has many kinds of functional currencies, the information on foreign exchange gain (loss) on monetary items is disclosed by gross amount. For the three months ended March 31, 2022 and 2021, foreign exchange gain (loss) (including Derivative financial instruments for non-hedging profit and loss) amounting to \$8,602 thousand and \$(8,964) 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 \$17,941 thousand and \$22,549 thousand for the three months ended March 31, 2022 and 2021, 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
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(iii) Fair value

1) Hierarchy and fair value of financial instruments

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

	March 31, 2022				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 6,821	-	6,821	-	6,821
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	749,532	749,532	-	-	749,532
Unlisted stocks (domestic and overseas)	676,255	-	-	676,255	676,255
Subtotal	<u>1,425,787</u>	<u>749,532</u>	<u>-</u>	<u>676,255</u>	<u>1,425,787</u>
Total	<u>\$ 1,432,608</u>	<u>749,532</u>	<u>6,821</u>	<u>676,255</u>	<u>1,432,608</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 5,366	-	5,366	-	5,366
	December 31, 2021				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 7,702	-	7,702	-	7,702
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	668,140	668,140	-	-	668,140
Unlisted stocks (domestic and overseas)	792,446	-	-	792,446	792,446
Subtotal	<u>1,460,586</u>	<u>668,140</u>	<u>-</u>	<u>792,446</u>	<u>1,460,586</u>
Total	<u>\$ 1,468,288</u>	<u>668,140</u>	<u>7,702</u>	<u>792,446</u>	<u>1,468,288</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 356	-	356	-	356

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
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	March 31, 2021				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 27,689	-	27,689	-	27,689
Financial assets at fair value through other comprehensive income					
Unlisted stocks (domestic and overseas)	1,093,607	-	-	1,093,607	1,093,607
Total	<u>\$ 1,121,296</u>	<u>-</u>	<u>27,689</u>	<u>1,093,607</u>	<u>1,121,296</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 932	-	932	-	932

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, 2022	\$ 792,446
Total gains:	
Recognized in other comprehensive income	(116,191)
Balance at March 31, 2022	<u>\$ 676,255</u>
Balance at January 1, 2021	\$ 952,645
Total gains:	
Recognized in other comprehensive income	140,962
Balance at March 31, 2021	<u>\$ 1,093,607</u>

(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"> · Multipliers of price-to-earnings ratios as of March 31, 2022, December 31, 2021 and March 31, 2021 was all 7.24~19.03, 9.45~20.31 and 13.87~17.80, respectively · Multipliers of price-book ratios as of March 31, 2021 were 1.69 · Market liquidity discount rate as of 20% 	<ul style="list-style-type: none"> · the estimated fair value would have been higher if the price-to-earnings and price-book ratios would be higher. · the estimated fair value would have been higher if the market liquidity discount would be lower.

- 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>
March 31, 2022				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	1%	\$ 8,452	(8,452)
December 31, 2021				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	1%	\$ 9,904	(9,904)
March 31, 2021				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	1%	\$ 13,676	(13,676)

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
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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.

(z) Financial risk management

The objectives and policies of the Group's financial risk management are the same as those in note 6(aa) to the consolidated financial statements for the year ended December 31, 2021.

(aa) 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, 2021. 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, 2021. For further information, please refer to note 6(ab) to the consolidated financial statements for the year ended December 31, 2021.

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

The Group did not have non-cash flow transactions on investing and financing activities for the three months ended March 31, 2022 and 2021.

(ac) Reconciliation of liabilities arising from financing activities

Reconciliations of liabilities arising from financing activities for the three months ended March 31, 2022 and 2021 was as follows:

	Non-cash changes					
	January 1, 2022	Cash flows	Foreign exchange movement	Amortization of commercial paper discount	Others	March 31, 2022
Long-term borrowings (including current portion)	\$ 2,753,932	337,481	18,689	-	-	3,110,102
Other long-term borrowings (including current portion)	349,922	-	-	(1)	-	349,921
Short-term borrowings	4,006,365	(392,875)	102,724	-	-	3,716,214
Lease liabilities	486,283	(36,560)	16,333	613	620	467,289
Total liabilities from financing activities	<u>\$ 7,596,502</u>	<u>(91,954)</u>	<u>137,746</u>	<u>612</u>	<u>620</u>	<u>7,643,526</u>

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

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TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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:

<u>Name of related party</u>	<u>Relationship with the Group</u>
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) Purchases

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

	For the three months ended	
	March 31	
	2022	2021
Other related parties	\$ 104,318	42,585

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.

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(ii) Service income and expenses

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

	For the three months ended March 31	
	2022	2021
Associates		
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 47,289	36,849
Joint ventures		
Indian Synthetic Rubber Private Limited	15,843	17,591
Others joint ventures	1,801	982
Other related parties		
Others related parties	(4,074)	(3,869)
	<u>\$ 60,859</u>	<u>51,553</u>

(iii) Lease — Rent income

	For the three months ended March 31	
	2022	2021
Other related parties	<u>\$ 1,119</u>	<u>1,119</u>

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

(iv) Receivables from related parties

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

<u>Account</u>	<u>Type of related parties</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Other receivables	Associates			
	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 19,600	29,013	26,820
Other receivables	Joint ventures			
	Indian Synthetic Rubber Private Limited	33,154	18,192	22,829
	Others	676	733	513
		<u>\$ 53,430</u>	<u>47,938</u>	<u>50,162</u>

(Continued)

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(v) Payables to related parties

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

<u>Account</u>	<u>Type of related parties</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Accounts payable	Other related parties	\$ 70,943	1,316	46,758
Other payables	Other related parties	1,917	1,817	1,188
		<u>\$ 72,860</u>	<u>3,133</u>	<u>47,946</u>

(vi) Guarantees

The credit limits of the guarantees the Group had provided to the bank for related parties were as follows:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Associates			
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 472,267	500,576	765,887
Joint ventures			
Indian Synthetic Rubber Private Limited	953,113	922,077	950,082
	<u>\$ 1,425,380</u>	<u>1,422,653</u>	<u>1,715,969</u>

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Associates			
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 1,478	1,782	2,247
Joint ventures			
Indian Synthetic Rubber Private Limited	25,588	25,975	30,032
	<u>\$ 27,066</u>	<u>27,757</u>	<u>32,279</u>

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Notes to the Consolidated Financial Statements

(c) Key management personnel transactions

The compensation of the key management personnel comprised the following:

	For the three months ended	
	March 31	
	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 34,001	29,630
Post-employment benefits	362	341
	<u>\$ 34,363</u>	<u>29,971</u>

(8) Pledged assets

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Restricted savings deposits (recorded as other non-current assets)	Bank guarantee for electricity usage	\$ 1,191	1,153	1,175
Machinery etc. (recorded as property, plant and equipment)	Guarantee for long-term borrowings	144,694	148,688	260,485
		<u>\$ 145,885</u>	<u>149,841</u>	<u>261,660</u>

(9) Commitments and contingencies

(a) The unused letters of credit outstanding

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
The Group's unused letters of credit outstanding	<u>\$ 730,254</u>	<u>842,971</u>	<u>1,247,663</u>

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Total amounts of construction in progress contracts	<u>\$ 348,000</u>	<u>377,273</u>	<u>478,004</u>
Cumulative payments	<u>\$ 313,548</u>	<u>305,883</u>	<u>283,298</u>

(10) Losses Due to Major Disasters: None.

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TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(12) **Other**

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

By nature	By function Three months ended March 31, 2022			Three months ended March 31, 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	245,321	189,018	434,339	247,143	183,449	430,592
Labor and health insurance	27,420	19,133	46,553	23,702	15,354	39,056
Pension	20,391	8,927	29,318	16,007	7,329	23,336
Others (note 1)	57,825	37,400	95,225	46,623	25,999	72,622
Depreciation (note 2)	248,735	33,802	282,537	231,150	46,530	277,680
Amortization	2,339	28,867	31,206	1,415	28,986	30,401

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

Note 2: Depreciation expenses excluded expenses for investment property recognized under other income and expenses, amounting to \$3,681 thousand for the three months ended March 31, 2022 and 2021.

(b) **Seasonality or cyclicity of interim operations**

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

(c) To comply with the policy, Shen Hua signed a relocation compensation contract with Nantong Management Office and Nantong Nengda on December 4, 2021. It also signed an investment agreement for its new factories with Nantong Management Office at the compensated amount of CNY 479,677 thousand. Following the agreement schedule, Shen Hua will return the right to use the land after moving and demolishing its immovable assets in 2024. As for the movable assets, they will be transported to the new factories for further operation. For the year ended March 31, 2022, the Group collected installment compensation amounting to NTD 216,189 thousand based on the agreement and recognized provision for demolition and relocation amounting to NTD 250,817 thousand.

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TSRC CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the three months ended March 31, 2022:

(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	148,731	148,731	-	3.698%	2	-	Operating capital	-	-	-	176,149	352,298
2	Polybus Corporation Pte Ltd	TSRC	Account receivable-related parties	Yes	686,928	686,928	-	0.288%	2	-	Operating capital	-	-	-	4,949,858	9,899,716
3	TSRC (Hong Kong) Limited	TSRC	Account receivable-related parties	Yes	171,732	171,732	-	0.284%	2	-	Operating capital	-	-	-	1,932,267	3,864,533
4	TSRC (Hong Kong) Limited	TSRC (Vietnam) Co., Ltd.	Account receivable-related parties	Yes	114,488	114,488	-	0	2	-	Operating capital	-	-	-	1,932,267	3,864,533
5	TSRC Specialty Materials LLC	TSRC (USA) Investment Corporation	Account receivable-related parties	Yes	429,330	429,330	-	0.12%-0.44%	2	-	Operating capital	-	-	-	1,107,959	2,215,917

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)	840,630	429,330	45,795	-	2.49 %	(Note 3)	Y		
0	TSRC	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	6	(Note 2)	509,245	472,267	3,741	-	2.74 %	(Note 3)			Y
0	TSRC	Indian Synthetic Rubber Private Limited	6	(Note 2)	953,113	953,113	508,041	-	5.54 %	(Note 3)			
0	TSRC	TSRC (Vietnam) Co., Ltd.	4	(Note 2)	649,719	649,719	394,983	-	3.77 %	(Note 3)	Y		
0	TSRC	TSRC Specialty Materials LLC	4	(Note 2)	286,220	286,220	107,359	-	1.66 %	(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 \$10,327,225 thousand.

Note 3: The aggregate amount of guarantee by the Company is limited to 1.5 times its stockholders' equity, amounting to \$25,818,062 thousand.

(Continued)

TSRC CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iii) Securities held as of March 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand NTD

Name of holder	Nature and name of security	Relationship with the security issuer	Account name	Ending balance				Remarks
				Number of shares	Book value	Holding percentage	Market value	
TSRC	Evergreen Steel Corporation	-	Financial assets at fair value through other comprehensive income – non-current	12,148,000	749,532	2.89 %	749,532	
TSRC	Thai Synthetic Rubbers Co., Ltd.	-	Financial assets at fair value through other comprehensive income – non-current	599,999	133,385	5.42 %	133,385	
TSRC	Hsin-Yung Enterprise Corporation	-	Financial assets at fair value through other comprehensive income – non-current	5,657,000	356,674	3.90 %	356,674	
Dymas Corporation	Thai Synthetic Rubbers Co., Ltd.	-	Financial assets at fair value through other comprehensive income – non-current	837,552	186,196	7.57 %	186,196	
					1,425,787		1,425,787	

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

Unit: thousand NTD

Name of company	Counter-party	Relationship	Transaction details				Status and reason for deviation from arm's-length transaction		Account / note receivable (payable)		Remarks
			Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
TSRC Specialty Materials LLC	TSRC	Parent and subsidiary companies	Purchase	109,408	11.17 %	70 days	-		(140,319)	(23.97) %	
TSRC	TSRC Specialty Materials LLC	Parent and subsidiary companies	Sale	(109,408)	(3.98) %	70 days	-		140,319	10.28 %	
TSRC (Lux.) Corporation S.A R.L	TSRC Specialty Materials LLC	Related parties	Purchase	142,175	17.21 %	90 days	-		(144,118)	(25.48) %	
TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L	Related parties	Sale	(142,175)	(12.94) %	90 days	-		144,118	21.56 %	
TSRC (Lux.) Corporation S.A R.L	TSRC (Nantong) Industries Ltd.	Related parties	Purchase	603,753	72.93 %	70 days	-		(455,593)	(80.54) %	
TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L	Related parties	Sale	(603,753)	(34.68) %	70 days	-		455,593	46.52 %	

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

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

Unit: thousand NTD

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover rate	Overdue amount		Amounts received in subsequent period (Note 2)	Allowances for bad debts
					Amount	Action taken		
TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L	Related parties	455,593	6.36	-		99,019	-
TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L	Related parties	144,118	3.68	-		51,102	-
TSRC	TSRC Specialty Materials LLC	Parent and subsidiary companies	140,319	3.72	-		-	-

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

Note 2: Until May 5, 2022.

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(x) Business relationships and significant intercompany transactions:

Unit: thousand NTD

No.	Name of company	Name of counter-party	Existing relationship with the counter-party	Transaction details			Percentage of the total consolidated revenue or total assets
				Account name	Amount	Trading terms	
0	TSRC	TSRC (Nantong) Industries Ltd.	1	Sales revenue	15,262	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.18 %
0	TSRC	TSRC (Nantong) Industries Ltd.	1	Other income and expenses	20,587	"	0.24 %
0	TSRC	TSRC (Lux.) Corporation S.A R.L	1	Sales revenue	79,648	"	0.92 %
0	TSRC	TSRC (Lux.) Corporation S.A R.L	1	Accounts receivable	80,017	"	0.23 %
0	TSRC	Polybus Corporation Pte Ltd	1	Sales revenue	9,342	"	0.11 %
0	TSRC	TSRC Specialty Materials LLC	1	Sales revenue	109,408	"	1.27 %
0	TSRC	TSRC Specialty Materials LLC	1	Accounts receivable	140,319	"	0.40 %
0	TSRC	TSRC (Nantong) Industries Ltd.	1	Other income and expenses	16,756	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	8,785	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.10 %
1	TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd	3	Sales revenue	60,344	"	0.70 %
1	TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd	3	Accounts receivable	44,846	"	0.13 %
1	TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L	3	Sales revenue	603,753	"	6.99 %
1	TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L	3	Accounts receivable	455,593	"	1.31 %
1	TSRC (Nantong) Industries Ltd.	TSRC-UBE (Nantong) Industries Ltd.	3	Other income and expenses	84,184	"	0.97 %
2	TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L	3	Sales revenue	142,175	The transaction is not significantly different from normal transactions, and the collection terms were about three months	1.65 %
2	TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L	3	Accounts receivable	144,118	"	0.42 %
3	Shen Hua Chemical Industries Co., Ltd.	Polybus Corporation Pte Ltd	3	Sales revenue	88,026	The transaction is not significantly different from normal transactions, and the collection terms were about two months	1.02 %
3	Shen Hua Chemical Industries Co., Ltd.	Polybus Corporation Pte Ltd	3	Accounts receivable	69,194	"	0.20 %
4	TSRC (Lux.) Corporation S.A R.L	TSRC	2	Other income and expenses	12,170	The transaction is not significantly different from normal transactions, and the collection terms were about six months	0.14 %

(Continued)

TSRC CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Note 1: Company numbering is as follows:

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

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

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

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

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

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2022 (excluding information on investees in Mainland China):

Unit: thousand NTD/thousand USD/thousand EUR

Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance			Net income (losses) of investee	Investment income (losses)	Remarks
				March 31, 2022	December 31, 2021	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 %	15,828,967	520,083	520,083	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 %	637,327	(3,133)	(3,133)	Subsidiary
TSRC	Dymas Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	38,376	38,376	1,161,004	19.48 %	133,957	(6,394)	(1,246)	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	387,585	342,742	-	100.00 %	243,750	(24,205)	(24,205)	Subsidiary
Trimurti Holding Corporation	Polybus Corporation Pte Ltd	100 Peck Seah Street #09-16 Singapore 079333	International commerce and investment corporation	1,863,321 (USD65,101)	1,863,321 (USD65,101)	105,830,000	100.00 %	9,899,716	410,747	410,747	Indirectly owned subsidiary
Trimurti Holding Corporation	TSRC (Hong Kong) Limited	15/F Boc Group Life Assurance Tower 136 Dses Voeus Road Central	Investment corporation	2,972,395 (USD103,850)	2,972,395 (USD103,850)	103,850,000	100.00 %	3,864,533	70,531	70,531	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	843,576 (USD29,473)	843,576 (USD29,473)	222,861,375	50.00 %	1,182,997	84,496	42,248	-
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	2,389,569 (EUR74,870)	2,389,569 (EUR74,870)	74,869,617	100.00 %	3,060,880	57,081	57,081	Indirectly owned subsidiary
TSRC (Lux.) Corporation S.A R.L	TSRC (USA) Investment Corporation	2711 Centerville Road, Suite 400, County of New Castle, Wilmington, Delaware, USA	Investment corporation	2,749,143 (USD96,050)	2,749,143 (USD96,050)	130	100.00 %	2,911,067	56,740	56,740	Indirectly owned subsidiary
TSRC (USA) Investment Corporation	TSRC Specialty Materials LLC	12012 Wickchester Lane, Suite 280, Houston, TX, USA	Production and sale of TPE	6,257,256 (USD218,617)	6,257,256 (USD218,617)	-	100.00 %	2,215,917	100,119	100,119	Indirectly owned subsidiary
Hardison International Corporation	Trition International Holdings Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	1,431 (USD50)	1,431 (USD50)	50,000	100.00 %	60,413	2,083	2,083	Indirectly owned subsidiary
Hardison International Corporation	Dymas Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	137,357 (USD4,799)	137,357 (USD4,799)	4,798,566	80.52 %	575,022	(6,394)	(5,147)	Indirectly owned subsidiary
Dymas Corporation	Asia Pacific Energy Development Co., Ltd.	Cayman Islands	Consulting for electric power facilities management and electrical system design	322,999 (USD11,285)	322,999 (USD11,285)	7,522,337	37.78 %	346,015	(17,000)	(6,423)	-

Note 1: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD28.622; EUR1 to NTD31.9164).

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, 2022	Investment flow during current period		Cumulative investment (amount) from Taiwan as of March 31, 2022	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	1,179,799 (USD41,220)	(2)a.	-	-	-	-	187,598	65.44 %	122,765 (Note 2)	2,585,144	4,786,340
Changzhou Asia Pacific Co-generation Co., Ltd.	Power generation and sale of electricity and steam	661,168 (USD23,100)	(2)c.	109,680 (USD3,832)	-	-	109,680 (USD3,832)	(17,642)	28.34 %	(5,000) (Note 3)	340,030	358,308
TSRC (Shanghai) Industries Ltd.	Production and sale of compounding materials	157,421 (USD5,500)	(2)b.	112,198 (USD3,920)	-	-	112,198 (USD3,920)	13,493	100.00 %	13,493 (Note 2)	379,267	-
Nantong Qix Storage Co., Ltd.	Storehouse for chemicals	85,866 (USD3,000)	(2)d.	42,933 (USD1,500)	-	-	42,933 (USD1,500)	4,242	50.00 %	2,121 (Note 2)	60,125	74,060
TSRC-UBE (Nantong) Chemical Industrial Co., Ltd.	Production and sale of synthetic rubber products	1,144,880 (USD40,000)	(2)a.	28,622 (USD1,000)	-	-	28,622 (USD1,000)	177,799	55.00 %	97,789 (Note 2)	1,182,655	-
TSRC (Nantong) Industries Ltd.	Production and sale of TPE	3,008,888 (USD105,125)	(2)a.	190,279 (USD6,648)	-	-	190,279 (USD6,648)	131,815	100.00 %	131,815 (Note 2)	4,598,122	440,864
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	Production and sale of NBR	1,282,266 (USD44,800)	(2)a.	-	-	-	-	151,498	50.00 %	75,749 (Note 3)	601,506	-

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TSRC CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 4: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD28.622).

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

(ii) Limitation on investment in Mainland China:

Unit: thousand NTD/thousand USD

Company name	Accumulated investment amount in Mainland China as of March 31, 2022	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
TSRC	483,712 (USD16,900)	5,361,902 (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 NTD28.622).

(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>
Three months ended March 31, 2022				
Revenue:				
Revenue from external customers	\$ <u>8,443,271</u>	<u>198,756</u>	<u>-</u>	<u>8,642,027</u>
Income from operations	<u>\$ 1,155,861</u>	<u>(36,934)</u>	<u>(12,865)</u>	<u>1,106,062</u>
Three months ended March 31, 2021				
Revenue:				
Revenue from external customers	\$ <u>7,924,286</u>	<u>292,525</u>	<u>-</u>	<u>8,216,811</u>
Income from operations	<u>\$ 1,439,377</u>	<u>33,245</u>	<u>12,782</u>	<u>1,485,404</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.