

**TSRC CORPORATION
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2022 and 2021**

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

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

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of significant accounting policies	9~11
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	11
(6) Explanation of significant accounts	12~43
(7) Related-party transactions	44~47
(8) Pledged assets	47
(9) Commitments and contingencies	48
(10) Losses Due to Major Disasters	48
(11) Subsequent Events	48
(12) Other	48~49
(13) Other disclosures	
(a) Information on significant transactions	50~53
(b) Information on investees	53~54
(c) Information on investment in Mainland China	54~55
(d) Major shareholders	55
(14) Segment information	56



安侯建業聯合會計師事務所
KPMG

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

電 話 Tel	+ 886 2 8101 6666
傳 真 Fax	+ 886 2 8101 6667
網 址 Web	home.kpmg/tw

Independent Auditors' Review Report

To the Board of Directors of TSRC Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of TSRC Corporation (the "Company") and its subsidiaries (together referred to as the "Group") as of June 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2022 and 2021, as well as the changes in equity and cash flows for the six months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$4,121,581 thousand and \$3,430,631 thousand, both constituting 11% of the consolidated total assets; and the total liabilities amounting to \$746,415 thousand and \$727,902 thousand, both constituting 5% of the consolidated total liabilities as of June 30, 2022 and 2021, respectively; as well as the total comprehensive income amounting to \$24,308 thousand, \$141,542 thousand, \$226,307 thousand and \$256,898 thousand, constituting 3%, 10%, 11% and 10% of the consolidated total comprehensive income for the three months and six months ended June 30, 2022 and 2021, respectively.

Furthermore, as stated in note 6(h), the other equity accounted investments of the Group in its investee companies of \$2,332,239 thousand and \$1,715,467 thousand as of June 30, 2022 and 2021, respectively, and its equity in net earnings on these investee companies of \$208,351 thousand, \$311,128 thousand, \$322,046 thousand and \$526,736 thousand for the three months and six months ended June 30, 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 June 30, 2022 and 2021, and of its consolidated financial performance for the three months and six months ended June 30, 2022 and 2021, as well as its consolidated cash flows for the six months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)
August 4, 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 June 30, 2022 and 2021

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2022, December 31 and June 30, 2021

(Expressed in Thousands of New Taiwan Dollars)

Assets		June 30, 2022		December 31, 2021		June 30, 2021		Liabilities and Equity		June 30, 2022		December 31, 2021		June 30, 2021	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:									Current liabilities:						
1100	Cash and cash equivalents (note 6(a))	\$ 5,543,505	15	4,464,755	14	4,554,978	14	2100	Short-term borrowings (note 6(n))	\$ 4,530,037	13	4,006,365	12	3,836,769	12
1110	Current financial assets at fair value through profit or loss (note 6(b))	15,338	-	7,702	-	7,787	-	2111	Short-term commercial paper payable (note 6(n))	79,525	-	-	-	-	-
1150	Notes receivable, net (note 6(d))	1,013,076	3	951,817	3	989,639	3	2322	Current portion of long-term borrowings (notes 6(n) and 8)	758,480	2	817,713	3	2,325,078	7
1170	Accounts receivable, net (note 6(d))	4,033,618	11	3,716,841	11	3,357,739	10	2120	Current portion of long-term payables (note 6(n))	349,986	1	-	-	-	-
1200	Other receivables (notes 6(e) and 7)	145,366	1	93,834	-	162,730	1		Current financial liabilities at fair value through profit or loss (note 6(b))	117	-	356	-	2,735	-
130x	Inventories (note 6(f))	7,107,484	20	5,629,817	17	5,062,740	16	2170	Accounts payable	1,752,094	5	1,536,976	5	1,346,866	4
1460	Non-current assets held for sale (note 6(g))	-	-	-	-	201,665	1	2180	Accounts payable—related parties (note 7)	-	-	1,316	-	50,898	-
1479	Other current assets	818,853	2	598,331	2	626,319	2	2216	Dividend payable (note 6(s))	1,987,899	6	-	-	304,676	1
	Total current assets	18,677,240	52	15,463,097	47	14,963,597	47	2230	Current income tax liabilities	487,077	1	288,186	1	469,318	1
Non-current assets:								2219	Other payables (notes 6(u) and 7)	1,277,304	4	1,560,933	5	1,370,024	4
1517	Financial assets at fair value through other comprehensive income—non-current (note 6(c))	1,312,781	4	1,460,586	4	1,527,262	5	2280	Current lease liabilities (note 6(p))	99,590	-	128,928	-	149,248	-
1550	Investments accounted for under equity method (notes 6(h) and 7)	2,332,239	6	2,030,573	6	1,715,467	5	2399	Other current liabilities	151,285	-	208,011	1	150,936	-
1600	Property, plant and equipment (notes 6(g), 6(j), 8 and 9)	10,094,284	28	10,154,640	31	9,999,071	31		Total current liabilities	11,473,394	32	8,548,784	27	10,006,548	29
1755	Right-of-use assets (note 6(k))	816,323	2	867,485	3	967,548	3	2541	Non-Current liabilities:						
1760	Investment property (note 6(l))	1,544,785	4	1,552,148	5	1,559,510	5	2550	Long-term bank borrowings (notes 6(n) and 8)	2,209,147	6	1,936,219	6	2,135,109	7
1780	Intangible assets (note 6(m))	895,997	3	892,679	3	951,023	3	2570	Other long-term borrowings (note 6(n))	-	-	349,922	1	349,405	1
1840	Deferred income tax assets	255,158	1	253,434	1	287,276	1	2580	Non-current provision liabilities (notes 6(o), 7 and 12(c))	273,364	1	269,536	1	29,518	-
1900	Other non-current assets (note 8)	156,356	-	155,121	-	140,450	-	2600	Deferred income tax liabilities	1,158,460	3	1,089,204	3	944,741	3
	Total non-current assets	17,407,923	48	17,366,666	53	17,147,607	53		Non-current lease liabilities (note 6(p))	326,878	1	357,355	1	424,528	1
									Other non-current liabilities (note 12(c))	356,849	1	154,925	-	126,231	-
									Total non-current liabilities	4,324,698	12	4,157,161	12	4,009,532	12
									Total liabilities	15,798,092	44	12,705,945	39	14,016,080	41
									Equity attributable to shareholders of the Company (note 6(s))						
									:						
								3100	Common stock	8,257,099	23	8,257,099	25	8,257,099	26
								3200	Capital surplus	50,725	-	50,725	-	49,531	-
									Retained earnings:						
								3310	Legal reserve	4,463,584	12	4,073,680	12	4,073,680	14
								3350	Unappropriated earnings	4,110,169	11	5,080,942	16	3,080,793	10
										8,573,753	23	9,154,622	28	7,154,473	24
									Other equity:						
								3410	Financial statement translation differences for foreign operations	157,239	-	(456,708)	(1)	(479,090)	(1)
								3420	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	910,128	3	1,047,059	3	1,136,313	4
								3450	Gains or losses on hedging instrument	(32,184)	-	(26,847)	-	(69,016)	-
										1,035,183	3	563,504	2	588,207	3
									Total equity attributable to shareholders of the Company	17,916,760	49	18,025,950	55	16,049,310	53
								36xx	Non-controlling interests (note 6(i))	2,370,311	7	2,097,868	6	2,045,814	6
									Total equity	20,287,071	56	20,123,818	61	18,095,124	59
									Total liabilities and equity	\$ 36,085,163	100	32,829,763	100	32,111,204	100
	Total assets	\$ 36,085,163	100	32,829,763	100	32,111,204	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 and six months ended June 30, 2022 and 2021

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

	For the three months ended June 30				For the six months ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Revenue (notes 6(v) and 7)	\$ 8,974,820	100	8,520,715	100	17,616,847	100	16,737,526	100
5000 Operating costs (notes 6(f), 6(j), 6(k), 6(p), 6(q), 6(u) and 7)	7,334,240	82	6,542,568	77	14,116,904	80	12,753,863	76
5910 Gross profit	1,640,580	18	1,978,147	23	3,499,943	20	3,983,663	24
6000 Operating expenses (notes 6(d), 6(j), 6(k), 6(p), 6(q), 6(u) and 7):								
6100 Selling expenses	426,099	5	433,233	5	995,104	6	848,925	6
6200 General and administrative expenses	261,396	3	262,236	3	526,579	3	521,162	3
6300 Research and development expenses	99,495	1	90,771	1	184,852	1	179,802	1
6450 Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	(36)	-	(3)	-	(2,029)	-	308	-
Total operating expenses	786,954	9	786,237	9	1,704,506	10	1,550,197	10
6500 Other income and expenses, net (notes 6(w) and 7)	57,720	1	55,223	1	119,089	1	110,569	1
6900 Operating profit	911,346	10	1,247,133	15	1,914,526	11	2,544,035	15
Non-operating income and expenses (notes 6(h), 6(p), 6(x) and 7):								
7100 Interest income	11,028	-	9,770	-	21,491	-	15,888	-
7010 Other income	22,628	-	28,285	-	22,628	-	28,285	-
7020 Other gains and losses	(10,461)	-	(63,491)	(1)	(5,645)	-	(67,343)	-
7050 Finance costs	(32,610)	-	(28,986)	-	(58,702)	-	(58,358)	-
7370 Share of gain of associates and joint ventures accounted for under equity method	208,351	2	311,128	4	322,046	2	526,736	3
Total non-operating income and expenses	198,936	2	256,706	3	301,818	2	445,208	3
7900 Net income before tax	1,110,282	12	1,503,839	18	2,216,344	13	2,989,243	18
7950 Less: tax expenses (note 6(r))	280,600	3	333,123	4	589,659	4	732,396	4
Net income	829,682	9	1,170,716	14	1,626,685	9	2,256,847	14
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	(115,114)	(1)	436,494	5	(151,692)	(1)	577,411	3
8349 Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(7,064)	-	-	-	(14,761)	-	-	-
Components of other comprehensive income that will not be reclassified to profit or loss	(108,050)	(1)	436,494	5	(136,931)	(1)	577,411	3
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361 Exchange differences on translation of foreign financial statements	150,689	1	(235,651)	(3)	805,299	5	(322,951)	(2)
8370 Share of other comprehensive income of associates and joint ventures accounted for using equity method	(121,736)	(1)	17,057	-	(150,096)	(1)	22,414	-
8399 Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
Components of other comprehensive income that will be reclassified to profit or loss	28,953	-	(218,594)	(3)	655,203	4	(300,537)	(2)
8300 Other comprehensive income	(79,097)	(1)	217,900	2	518,272	3	276,874	1
Total comprehensive income	\$ 750,585	8	1,388,616	16	2,144,957	12	2,533,721	15
Net income attributable to:								
8610 Shareholders of parent	\$ 748,675	9	1,001,927	12	1,400,835	8	1,898,897	12
8620 Non-controlling interests	81,007	-	168,789	2	225,850	1	357,950	2
Total comprehensive income attributable to:	\$ 829,682	9	1,170,716	14	1,626,685	9	2,256,847	14
8710 Shareholders of parent	\$ 704,719	8	1,234,995	14	1,872,514	11	2,207,446	13
8720 Non-controlling interests	45,866	-	153,621	2	272,443	1	326,275	2
Total comprehensive income attributable to:	\$ 750,585	8	1,388,616	16	2,144,957	12	2,533,721	15
9710 Basic earnings per share (in New Taiwan Dollars) (note 6(t))	\$ 0.91		1.21		1.70		2.30	
9810 Diluted earnings per share (in New Taiwan dollars) (note 6(t))	\$ 0.90		1.21		1.69		2.29	

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 Changes in Equity

For the six months ended June 30, 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
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	4,818	(4,818)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	(297,256)	(297,256)	-	-	-	-	(297,256)	-	(297,256)
Net income	-	-	-	1,898,897	1,898,897	-	-	-	-	1,898,897	357,950	2,256,847
Other comprehensive income	-	-	-	-	-	(280,965)	577,411	12,103	308,549	308,549	(31,675)	276,874
Total comprehensive income	-	-	-	1,898,897	1,898,897	(280,965)	577,411	12,103	308,549	2,207,446	326,275	2,533,721
Balance at June 30, 2021	<u>\$ 8,257,099</u>	<u>49,531</u>	<u>4,073,680</u>	<u>3,080,793</u>	<u>7,154,473</u>	<u>(479,090)</u>	<u>1,136,313</u>	<u>(69,016)</u>	<u>588,207</u>	<u>16,049,310</u>	<u>2,045,814</u>	<u>18,095,124</u>
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:												
Legal reserve	-	-	389,904	(389,904)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	(1,981,704)	(1,981,704)	-	-	-	-	(1,981,704)	-	(1,981,704)
Net income	-	-	-	1,400,835	1,400,835	-	-	-	-	1,400,835	225,850	1,626,685
Other comprehensive income	-	-	-	-	-	613,947	(136,931)	(5,337)	471,679	471,679	46,593	518,272
Total comprehensive income	-	-	-	1,400,835	1,400,835	613,947	(136,931)	(5,337)	471,679	1,872,514	272,443	2,144,957
Balance at June 30, 2022	<u>\$ 8,257,099</u>	<u>50,725</u>	<u>4,463,584</u>	<u>4,110,169</u>	<u>8,573,753</u>	<u>157,239</u>	<u>910,128</u>	<u>(32,184)</u>	<u>1,035,183</u>	<u>17,916,760</u>	<u>2,370,311</u>	<u>20,287,071</u>

See accompanying notes to consolidated financial statements.

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

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2022	2021
Cash flows from operating activities:		
Consolidated net income before tax	\$ 2,216,344	2,989,243
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation	576,488	553,032
Amortization	64,266	61,038
Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	(2,029)	308
Interest expense	58,702	58,358
Interest income	(21,491)	(15,888)
Dividend income	(22,628)	(28,285)
Share of profit of associates and joint ventures accounted for under equity method	(322,046)	(526,736)
Loss on disposal of property, plant and equipment	27,693	69,368
Amortization to operating costs and inventories	39,295	41,394
Total adjustments to reconcile profit and loss	398,250	212,589
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Financial assets at fair value through profit or loss	(7,636)	(4,327)
Notes receivable	(61,259)	(418,419)
Accounts receivable	(314,748)	(555,696)
Other receivables	(44,479)	(8,050)
Inventories	(1,477,667)	(290,276)
Other current assets	(269,549)	177,870
Total changes in operating assets, net	(2,175,338)	(1,098,898)
Net changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	(239)	(29,893)
Accounts payable	215,118	(296,398)
Accounts payable—related parties	(1,316)	50,898
Other payables	(282,955)	179,892
Other current liabilities	(56,726)	22,651
Net defined benefit liability	(18,660)	(17,118)
Other non-current liabilities	8,212	(11,185)
Total changes in operating liabilities, net	(136,566)	(101,153)
Total changes in operating assets and liabilities, net	(2,311,904)	(1,200,051)
Total adjustments	(1,913,654)	(987,462)
Cash provided by operating activities	302,690	2,001,781
Interest income received	14,438	7,379
Interest paid	(53,102)	(55,892)
Income taxes paid	(308,475)	(285,520)
Net cash flow from (used in) operating activities	(44,449)	1,667,748
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(303,026)	(408,611)
Proceeds from disposal of property, plant and equipment	1,389	732
Decrease in other non-current assets	12,103	23,648
Dividends received	67,350	28,285
Decrease in restricted assets	49,027	47,167
Compensation for relocation	212,372	-
Net cash flow from (used in) investing activities	39,215	(308,779)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	12,045,298	14,127,619
Decrease in short-term borrowings	(11,677,629)	(14,019,684)
Increase in short-term commercial paper payable	79,525	-
Proceeds from long-term borrowings	731,385	1,176,972
Repayments of long-term borrowings	(556,864)	(1,159,103)
Repayments of lease liabilities	(73,732)	(99,565)
Cash dividends paid	(313)	(267)
Net cash from financing activities	547,670	25,972
Effect of exchange rate changes on cash and cash equivalents	536,314	(108,426)
Net increase in cash and cash equivalents	1,078,750	1,276,515
Cash and cash equivalents at beginning of period	4,464,755	3,278,463
Cash and cash equivalents at end of period	\$ 5,543,505	4,554,978

See accompanying notes to consolidated financial statements.

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

TSRC CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the six months ended June 30, 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 August 4, 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"

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

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:

Name of investor	Name of investee	Scope of business	Percentage of ownership			Description
			June 30, 2022	December 31, 2021	June 30, 2021	
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 a non-significant subsidiary, and its financial statements 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.

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts

Except as explained below, there are no significant differences in the description of significant accounts from the consolidated financial statements for the year ended December 31, 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

	June 30, 2022	December 31, 2021	June 30, 2021
Cash on hand	\$ 413	390	403
Checking and savings deposits	931,066	1,110,545	1,576,611
Time deposits	4,612,026	3,323,820	2,977,964
Commercial paper with reverse repurchase agreements	-	30,000	-
Cash and cash equivalents per statements of cash flow	<u>\$ 5,543,505</u>	<u>4,464,755</u>	<u>4,554,978</u>

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

	June 30, 2022	December 31, 2021	June 30, 2021
Mandatorily measured at fair value through profit or loss:			
Derivative instruments not used for hedging			
Forward contracts/Swap contracts	<u>\$ 15,338</u>	<u>7,702</u>	<u>7,787</u>
Financial liabilities held for trading:			
Derivative instruments not used for hedging			
Forward contracts/Swap contracts	<u>\$ 117</u>	<u>356</u>	<u>2,735</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:

June 30, 2022				
	Contract amount (thousand dollars)		Currency	Maturity dates
Forward contracts	EUR	2,990 /	EUR/USD	2022.7.11~2022.8.11
	USD	3,207		
Swap contracts	JPY	5,000 /	JPY/USD	2022.7.12
	USD	39		
Swap contracts	EUR	18,350 /	EUR/USD	2022.7.20~2022.9.28
	USD	19,663		
Swap contracts	USD	284 /	USD/EUR	2022.7.26
	EUR	301		
Swap contracts	USD	1,740 /	USD/CNH	2022.7.5~2022.8.1
	CNH	11,649		
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		
June 30, 2021				
	Contract amount (thousand dollars)		Currency	Maturity dates
Forward contracts	EUR	400 /	EUR/USD	2021.7.12
	USD	481		
Swap contracts	EUR	27,850 /	EUR/USD	2021.7.1~2021.10.1
	USD	33,363		
Swap contracts	USD	3,150 /	USD/CNH	2021.7.30~2021.9.24
	CNH	20,394		
Swap contracts	TWD	83,931 /	TWD/USD	2021.7.26
	USD	3,000		

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Equity investments at fair value through other comprehensive income:			
Listed stocks (domestic)	\$ 732,524	668,140	846,716
Unlisted stocks (domestic and overseas)	<u>580,257</u>	<u>792,446</u>	<u>680,546</u>
Total	<u>\$ 1,312,781</u>	<u>1,460,586</u>	<u>1,527,262</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>
June 30, 2022			
THB	\$ 277,428	0.8469	234,954
December 31, 2021			
THB	493,334	0.8347	411,786
June 30, 2021			
THB	368,259	0.8744	322,006

(d) Notes and accounts receivable

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Notes receivable	\$ 1,013,076	951,817	989,639
Accounts receivable	4,039,257	3,724,240	3,363,153
Less: allowance for impairment	<u>5,639</u>	<u>7,399</u>	<u>5,414</u>
	<u>\$ 5,046,694</u>	<u>4,668,658</u>	<u>4,347,378</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:

	June 30, 2022		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	\$ 4,977,130	0.05%~0.14%	2,575
1 to 30 days past due	62,446	2.35%~6.31%	1,594
31 to 90 days past due	12,363	8.07%~30.81%	1,076
More than 90 days past due	394	100%	394
	\$ 5,052,333		5,639
	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	2,187	100%	2,187
	\$ 4,676,057		7,399
	June 30, 2021		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	\$ 4,302,107	0.09%~0.17%	3,750
1 to 30 days past due	46,278	2.18%~4.58%	1,339
31 to 90 days past due	4,407	6.59%~34.60%	325
	\$ 4,352,792		5,414

(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 six months ended June 30	
	2022	2021
Balance at beginning of period	\$ 7,399	5,194
Impairment losses (reversed) recognized	(2,029)	308
Foreign exchange gain or loss	269	(88)
Balance at end of period	<u><u>\$ 5,639</u></u>	<u><u>5,414</u></u>

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

(e) Other receivables (including related parties)

	June 30, 2022	December 31, 2021	June 30, 2021
Other receivables — related parties	\$ 57,240	47,938	37,355
Other	88,126	45,896	125,375
	<u><u>\$ 145,366</u></u>	<u><u>93,834</u></u>	<u><u>162,730</u></u>

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

(f) Inventories

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

	June 30, 2022	December 31, 2021	June 30, 2021
Raw materials	\$ 2,049,164	1,648,221	1,424,753
Supplies	12,322	8,744	9,584
Work in progress	367,909	299,749	300,195
Finished goods	3,911,635	2,986,188	2,696,985
Merchandise	766,454	686,915	631,223
Total	<u><u>\$ 7,107,484</u></u>	<u><u>5,629,817</u></u>	<u><u>5,062,740</u></u>

The aforementioned inventories were not pledged as collateral.

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Loss on (reversal of) decline in market value of inventory	\$ 19,261	(56,205)	25,233	(84,960)
Income from sale of scrap	(10,486)	(5,497)	(16,828)	(12,768)
Unallocated production overhead	127,391	77,412	226,612	156,517
Total	<u>\$ 136,166</u>	<u>15,710</u>	<u>235,017</u>	<u>58,789</u>

(g) Non-current assets held for sale

To optimize the Group's asset value, the Group disposed its land and building located in Kaohsiung City, Renwu Dist. to a non-related party for \$1,220,000 thousands, with a book value of \$201,665 thousand, recognized as non-current assets-for-sale as of June 30, 2021. 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 Group's details of the investments accounted for under the equity method at the reporting date were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Associates	\$ 954,934	844,557	744,741
Joint ventures	1,377,305	1,186,016	970,726
	<u>\$ 2,332,239</u>	<u>2,030,573</u>	<u>1,715,467</u>

The Group's details of the income from investment were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Associates	\$ 61,221	66,565	130,547	101,439
Joint ventures	147,130	244,563	191,499	425,297
	<u>\$ 208,351</u>	<u>311,128</u>	<u>322,046</u>	<u>526,736</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Associates

The details of the significant associates are as follows:

<u>Name of associates</u>	<u>Existing relationship with the Group</u>	<u>The main operating place / register country</u>	<u>Proportion of equity and voting right</u>		
			<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
ARLANXEO-TSRC (Nantong) Chemicals Industries Co., Ltd.	Strategic alliance of production and sales of NBR	China	50.00 %	50.00 %	50.00 %

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>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Current assets	\$ 1,091,948	735,166	520,601
Non-current assets	597,845	584,324	611,529
Current liabilities	(298,199)	(282,615)	(328,431)
Non-current liabilities	(87,756)	(29,454)	(29,977)
Equity	<u>\$ 1,303,838</u>	<u>1,007,421</u>	<u>773,722</u>
Equity attributable to the Group	<u>\$ 651,919</u>	<u>503,711</u>	<u>386,861</u>
	<u>For the three months ended June 30</u>	<u>For the six months ended June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>
Revenue	<u>\$ 653,860</u>	<u>535,478</u>	<u>1,308,939</u>
Net income of continued operations	\$ 122,082	90,813	273,580
Other comprehensive income	-	-	-
Total comprehensive income	<u>\$ 122,082</u>	<u>90,813</u>	<u>273,580</u>
Total comprehensive income attributable to the Group	<u>\$ 61,041</u>	<u>45,407</u>	<u>136,790</u>
		<u>For the six months ended June 30</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		136,790	70,283
Other		10,533	(5,424)
Ending balance of the equity of the associate attributable to the Group		<u>\$ 652,817</u>	<u>388,146</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Balance of not significant associate's equity	\$ <u>302,117</u>	<u>339,063</u>	<u>356,595</u>
	<u>For the three months ended June 30</u>	<u>For the six months ended June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u> <u>2021</u>
Attributable to the Group:			
Net income (loss) of continued operations	\$ 180	56,003	(6,243) 82,466
Other comprehensive income	-	-	- -
Total comprehensive income	\$ <u>180</u>	<u>56,003</u>	<u>(6,243)</u> <u>82,466</u>

(ii) Joint ventures

The details of the significant joint ventures are as follows:

Name of joint ventures	Existing relationship with the Group	The main operating place / register country	Proportion of equity and voting right		
			June 30, 2022	December 31, 2021	June 30, 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:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Current assets	\$ 3,040,072	2,806,016	2,231,211
Non-current assets	2,552,068	2,527,405	2,752,478
Current liabilities	(1,575,422)	(1,720,350)	(1,525,099)
Non-current liabilities	(1,302,589)	(1,284,317)	(1,565,222)
Equity	\$ <u>2,714,129</u>	<u>2,328,754</u>	<u>1,893,368</u>
Equity attributable to the Group	\$ <u>1,357,065</u>	<u>1,164,377</u>	<u>946,684</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Revenue	<u>\$ 1,990,639</u>	<u>1,539,877</u>	<u>3,441,237</u>	<u>3,240,896</u>
Net income of continued operations	\$ 295,616	485,603	380,112	852,670
Other comprehensive income (loss)	(369)	(942)	80,303	5,304
Total comprehensive income	<u>\$ 295,247</u>	<u>484,661</u>	<u>460,415</u>	<u>857,974</u>
Total comprehensive income attributable to the Group	<u>\$ 147,624</u>	<u>242,330</u>	<u>230,208</u>	<u>428,987</u>
			For the six months ended June 30	
			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			230,208	428,987
Other			(41,592)	(27,544)
Ending balance of the equity of the joint venture attributable to the Group		<u>\$ 1,318,813</u>		<u>914,067</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.

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Balance of not significant joint venture's equity	\$ <u>58,492</u>	<u>55,819</u>	<u>56,659</u>
	<u>For the three months ended June 30</u>	<u>For the six months ended June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u> <u>2021</u>
Attributable to the Group:			
Net income (loss) of continued operations	\$ (678)	1,762	1,443 (1,037)
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u> <u>-</u>
Total comprehensive income (loss)	\$ <u>(678)</u>	<u>1,762</u>	<u>1,443</u> <u>(1,037)</u>

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

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

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) 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		
		June 30, 2022	December 31, 2021	June 30, 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 %

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.

	December 31,		June 30, 2021
	June 30, 2022	2021	
Current assets	\$ 3,858,702	3,236,185	3,292,287
Non-current assets	1,115,826	1,169,739	919,402
Current liabilities	(581,195)	(542,982)	(634,287)
Non-current liabilities	(496,521)	(263,395)	(22,706)
Net assets	<u>\$ 3,896,812</u>	<u>3,599,547</u>	<u>3,554,696</u>
Non-controlling interests	<u>\$ 1,346,739</u>	<u>1,244,003</u>	<u>1,228,503</u>

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Revenue	<u>\$ 1,773,505</u>	<u>2,198,587</u>	<u>3,912,145</u>	<u>4,462,972</u>
Net income	\$ 30,201	338,126	217,799	735,731
Other comprehensive income (loss)	(59,367)	(26,123)	79,470	(54,421)
Total comprehensive income (loss)	<u>\$ (29,166)</u>	<u>312,003</u>	<u>297,269</u>	<u>681,310</u>
Total net income attributable to non-controlling interests	<u>\$ 10,438</u>	<u>116,855</u>	<u>75,271</u>	<u>254,268</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ (10,080)</u>	<u>107,827</u>	<u>102,736</u>	<u>235,460</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the six months ended June 30	
	2022	2021
Net cash flow from (used in) operating activities	\$ (347,167)	382,236
Net cash flow from (used in) investing activities	194,368	(73,409)
Net cash flow from financing activities	168,969	-
Effect on exchange rate changes on cash and cash equivalents	25,995	2,334
Increase in cash and cash equivalents	<u><u>\$ 42,165</u></u>	<u><u>311,161</u></u>

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

	June 30, 2022	December 31, 2021	June 30, 2021
Current assets	\$ 1,880,362	1,447,115	1,207,317
Non-current assets	803,570	833,123	869,037
Current liabilities	(395,089)	(377,385)	(255,107)
Non-current liabilities	(14,238)	(5,373)	(5,000)
Net assets	<u><u>\$ 2,274,605</u></u>	<u><u>1,897,480</u></u>	<u><u>1,816,247</u></u>
Non-controlling interests	<u><u>\$ 1,023,572</u></u>	<u><u>853,865</u></u>	<u><u>817,311</u></u>

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Revenue	<u><u>\$ 1,086,791</u></u>	<u><u>830,512</u></u>	<u><u>2,002,562</u></u>	<u><u>1,619,130</u></u>
Net income	\$ 156,821	115,406	334,620	230,403
Other comprehensive income (loss)	(32,495)	(13,642)	42,507	(28,593)
Total comprehensive income	<u><u>\$ 124,326</u></u>	<u><u>101,764</u></u>	<u><u>377,127</u></u>	<u><u>201,810</u></u>
Total net income attributable to non-controlling interests	<u><u>\$ 70,569</u></u>	<u><u>51,934</u></u>	<u><u>150,579</u></u>	<u><u>103,682</u></u>
Total comprehensive income attributable to non-controlling interests	<u><u>\$ 55,946</u></u>	<u><u>45,794</u></u>	<u><u>169,707</u></u>	<u><u>90,815</u></u>

	For the six months ended June 30	
	2022	2021
Net cash flow from operating activities	\$ 101,395	187,007
Net cash used in investing activities	(24,662)	(26,611)
Net cash flow from financing activities	145,965	23,314
Effect on exchange rate changes on cash and cash equivalents	18,311	3,748
Increase in cash and cash equivalents	<u><u>\$ 241,009</u></u>	<u><u>187,458</u></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	-	-	-	4,505	123	299,770	304,398
Disposals	-	-	(20,443)	(45,110)	(261)	(12,106)	(77,920)
Reclassification	-	-	6,303	209,489	3,657	(241,171)	(21,722)
Effect on changes in exchange rates	1,479	4,348	98,051	510,587	6,135	5,632	626,232
Balance at June 30, 2022	<u>\$ 641,399</u>	<u>154,853</u>	<u>5,015,674</u>	<u>23,434,863</u>	<u>265,616</u>	<u>713,993</u>	<u>30,226,398</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	-	-	-	1,466	11	400,485	401,962
Reclassification to assets held for sale	(201,665)	-	-	-	-	-	(201,665)
Disposals	-	-	(881)	(65,971)	(1,882)	(67,144)	(135,878)
Reclassification	-	-	236,988	777,337	7,478	(1,039,252)	(17,449)
Effect on changes in exchange rates	(455)	(1,278)	(59,828)	(236,983)	(2,706)	(10,007)	(311,257)
Balance at June 30, 2021	<u>\$ 639,709</u>	<u>140,890</u>	<u>4,848,648</u>	<u>22,458,858</u>	<u>249,959</u>	<u>512,128</u>	<u>28,850,192</u>
Depreciation and impairment loss:							
Balance at January 1, 2022	\$ -	99,240	2,607,460	16,343,116	190,954	-	19,240,770
Depreciation	-	4,289	90,528	427,222	9,457	-	531,496
Disposals	-	-	(8,247)	(40,340)	(251)	-	(48,838)
Effect on changes in exchange rates	-	1,996	40,612	361,536	4,542	-	408,686
Balance at June 30, 2022	<u>\$ -</u>	<u>105,525</u>	<u>2,730,353</u>	<u>17,091,534</u>	<u>204,702</u>	<u>-</u>	<u>20,132,114</u>
Balance at January 1, 2021	\$ -	94,229	2,464,473	15,857,095	182,165	-	18,597,962
Depreciation	-	2,712	78,945	412,211	8,417	-	502,285
Disposals	-	-	(242)	(63,856)	(1,680)	-	(65,778)
Reclassification	-	-	-	(19)	-	-	(19)
Effect on changes in exchange rates	-	(553)	(26,014)	(154,746)	(2,016)	-	(183,329)
Balance at June 30, 2021	<u>\$ -</u>	<u>96,388</u>	<u>2,517,162</u>	<u>16,050,685</u>	<u>186,886</u>	<u>-</u>	<u>18,851,121</u>
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>
June 30, 2022	<u>\$ 641,399</u>	<u>49,328</u>	<u>2,285,321</u>	<u>6,343,329</u>	<u>60,914</u>	<u>713,993</u>	<u>10,094,284</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>
June 30, 2021	<u>\$ 639,709</u>	<u>44,502</u>	<u>2,331,486</u>	<u>6,408,173</u>	<u>63,073</u>	<u>512,128</u>	<u>9,999,071</u>

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

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Right-of-use assets

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

	<u>Land</u>	<u>Building</u>	<u>Machinery</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:					
Balance at January 1, 2022	\$ 564,225	202,597	374,699	32,988	1,174,509
Additions	-	581	-	430	1,011
Write-off	-	-	-	(161)	(161)
Lease modification	81	560	-	-	641
Amortization to operating costs and inventories	-	(1,911)	(37,384)	-	(39,295)
Effect on changes in foreign exchange rates	17,304	8,396	7,698	1,972	35,370
Balance at June 30, 2022	<u>\$ 581,610</u>	<u>210,223</u>	<u>345,013</u>	<u>35,229</u>	<u>1,172,075</u>
Balance at January 1, 2021	\$ 569,782	255,467	457,714	32,827	1,315,790
Additions	-	12,927	28,744	4,245	45,916
Lease modification	-	(1,780)	-	(1,047)	(2,827)
Amortization to operating costs and inventories	-	(3,029)	(38,365)	-	(41,394)
Effect on changes in foreign exchange rates	(9,805)	(4,585)	(7,052)	(671)	(22,113)
Balance at June 30, 2021	<u>\$ 559,977</u>	<u>259,000</u>	<u>441,041</u>	<u>35,354</u>	<u>1,295,372</u>
Accumulated depreciation and impairment losses:					
Balance at January 1, 2022	\$ 157,671	132,851	-	16,502	307,024
Depreciation	7,059	25,635	-	4,935	37,629
Write-off	-	-	-	(161)	(161)
Effect on changes in exchange rates	4,158	6,038	-	1,064	11,260
Balance at June 30, 2022	<u>\$ 168,888</u>	<u>164,524</u>	<u>-</u>	<u>22,340</u>	<u>355,752</u>
Balance at January 1, 2021	\$ 145,489	111,766	17,224	18,339	292,818
Depreciation	6,873	30,939	-	5,572	43,384
Lease modification	-	(1,803)	-	(1,047)	(2,850)
Effect on changes in exchange rates	(2,469)	(2,266)	(385)	(408)	(5,528)
Balance at June 30, 2021	<u>\$ 149,893</u>	<u>138,636</u>	<u>16,839</u>	<u>22,456</u>	<u>327,824</u>
Carrying value:					
January 1, 2022	<u>\$ 406,554</u>	<u>69,746</u>	<u>374,699</u>	<u>16,486</u>	<u>867,485</u>
June 30, 2022	<u>\$ 412,722</u>	<u>45,699</u>	<u>345,013</u>	<u>12,889</u>	<u>816,323</u>
January 1, 2021	<u>\$ 424,293</u>	<u>143,701</u>	<u>440,490</u>	<u>14,488</u>	<u>1,022,972</u>
June 30, 2021	<u>\$ 410,084</u>	<u>120,364</u>	<u>424,202</u>	<u>12,898</u>	<u>967,548</u>

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

(l) Investment property

	<u>Owned property</u>
	<u>Buildings</u>
Carrying value:	
January 1, 2022	<u>\$ 1,552,148</u>
June 30, 2022	<u>\$ 1,544,785</u>
January 1, 2021	<u>\$ 1,566,873</u>
June 30, 2021	<u>\$ 1,559,510</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

There were no significant additions to, disposals of, or provision (reversal) of impairment of, the Group's investment properties for the six months ended June 30, 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
June 30, 2022	\$ 315,657	26,641	196,503	357,196	895,997
January 1, 2021	\$ 392,856	14,913	212,729	391,907	1,012,405
June 30, 2021	\$ 371,891	21,994	197,222	359,916	951,023

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

June 30, 2022			
Range of interest rates (%)	Year of maturity	Amount	The unused credit facilities
Unsecured loans	0.40~3.60	2022~2023 \$ 4,530,037	16,215,951
December 31, 2021			
Range of interest rates (%)	Year of maturity	Amount	The unused credit facilities
Unsecured loans	0.40~3.85	2022 \$ 4,006,365	15,543,553
June 30, 2021			
Range of interest rates (%)	Year of maturity	Amount	The unused credit facilities
Unsecured loans	0.35~3.85	2021~2022 \$ 3,836,769	15,862,475

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Short-term commercial paper payable

	June 30, 2022
Banker's Acceptance	<u>\$ 79,525</u>
Interest Rate	<u>0%</u>

The handling fee rate of the Group's short-term commercial paper payable as of June 30, 2022, was 0.50%, with the unused credit facilities of \$176,743 thousand, including short-term bank borrowings.

(iii) Long-term borrowings

1) Long-term bank borrowings

	June 30, 2022			
	Currency	Range of interest rates (%)	Year of maturity	Amount
Secured loans	USD	4.376	2022~2023	\$ 96,089
Unsecured loans	NTD	0.95~1.51	2022~2027	2,476,182
Unsecured loans	USD	1.73~3.22	2022~2025	395,356
Total				<u>\$ 2,967,627</u>
Current				\$ 758,480
Non-current				2,209,147
Total				<u>\$ 2,967,627</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	490,113
Total				<u>\$ 2,753,932</u>
Current				\$ 817,713
Non-current				1,936,219
Total				<u>\$ 2,753,932</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	June 30, 2021		
	Currency	Range of interest rates (%)	Year of maturity
Secured loans	USD	4.38	2021~2023
Unsecured loans	NTD	0.95~1.72	2021~2025
Total			\$ 4,460,187
Current			\$ 2,325,078
Non-current			2,135,109
Total			\$ 4,460,187

For the six months ended June 30, 2022 and 2021, the Group repaid the amounts of \$556,864 thousand and \$1,159,103 thousand, respectively, for its long-term borrowings, wherein the proceeds amounting to \$731,385 thousand and \$1,176,972 thousand bore the interest rates of 1.20%~3.22% and 0.95%~1.65%, as well as maturities ranging from May 2024 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)

	June 30, 2022	December 31, 2021	June 30, 2021
Long-term commercial paper payable	\$ 350,000	350,000	350,000
Less: discount on long-term commercial paper payable	14	78	595
Less: current portion	349,986	-	-
Total	\$ -	349,922	349,405
Interest rate	1.4287%	1.1640%	1.2407%

- (o) Non-current provision liabilities

	Guarantees	Demolition and relocation costs	Total
Balance at January 1, 2022	\$ 27,757	241,779	269,536
Reverse in provisions	(1,470)	-	(1,470)
Effect on changes in exchange rates	-	5,298	5,298
Balance at June 30, 2022	\$ 26,287	247,077	273,364
Balance at January 1, 2021	\$ 31,819	-	31,819
Reverse in provisions	(2,301)	-	(2,301)
Balance at June 30, 2021	\$ 29,518	-	29,518

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Please refer to note 7 and note 12(c) for further description of guarantees, demolition and relocation costs.

(p) Lease liabilities

The Group's lease liabilities were as follow:

	June 30, 2022	December 31, 2021	June 30, 2021
Current	\$ <u>99,590</u>	<u>128,928</u>	<u>149,248</u>
Non-current	\$ <u>326,878</u>	<u>357,355</u>	<u>424,528</u>

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 June 30		For the six months ended June 30	
	2022	2021	2022	2021
Interest on lease liabilities	\$ <u>461</u>	<u>1,241</u>	<u>1,074</u>	<u>2,039</u>
Expenses relating to short-term leases	\$ <u>7,893</u>	<u>4,243</u>	<u>11,727</u>	<u>8,274</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>1,721</u>	<u>5,675</u>	<u>6,386</u>	<u>9,418</u>

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

	For the six months ended June 30	
	2022	2021
Total cash outflow for leases	\$ <u>92,919</u>	<u>119,296</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.

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Operating costs	\$ 823	864	1,644	1,710
Operating expenses	511	548	1,025	1,115
	<u>\$ 1,334</u>	<u>1,412</u>	<u>2,669</u>	<u>2,825</u>

(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 June 30		For the six months ended June 30	
	2022	2021	2022	2021
Operating costs	\$ 20,373	16,300	39,943	31,461
Operating expenses	8,097	7,448	16,510	14,210
	<u>\$ 28,470</u>	<u>23,748</u>	<u>56,453</u>	<u>45,671</u>

(r) Income tax

The components of income tax expense were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Current income tax expense (benefit)				
Current period	\$ 206,951	332,969	507,542	594,940
Adjustment for prior periods	(173)	(738)	(176)	(738)
	<u>206,778</u>	<u>332,231</u>	<u>507,366</u>	<u>594,202</u>
Deferred tax expense				
Origination and reversal of temporary differences	73,822	892	82,293	138,194
Income tax expenses of continued operations	<u>\$ 280,600</u>	<u>333,123</u>	<u>589,659</u>	<u>732,396</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	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	\$ <u>(7,064)</u>	<u>-</u>	<u>(14,761)</u>	<u>-</u>

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

(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 six months ended June 30, 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.

The distribution of 2021 and 2020 earnings as dividends to stockholders that were approved by the Company's shareholders' general meetings on June 17, 2022 and August 4, 2021, respectively, were as follows:

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

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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	758,706	-	-	758,706
Exchange differences on translation financial statements from investments accounted for using equity method	(144,759)	-	-	(144,759)
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	-	(136,931)	-	(136,931)
Share of cash flow hedges of associates and joint ventures accounted for under equity method	-	-	(5,337)	(5,337)
Balance as of June 30, 2022	<u>\$ 157,239</u>	<u>910,128</u>	<u>(32,184)</u>	<u>1,035,183</u>
Balance as of January 1, 2021	\$ (198,125)	558,902	(81,119)	279,658
Foreign exchange differences arising from foreign operations	(291,276)	-	-	(291,276)
Exchange differences on translation financial statements from investments accounted for using equity method	10,311	-	-	10,311
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	-	577,411	-	577,411
Share of cash flow hedges of associates and joint ventures accounted for under equity method	-	-	12,103	12,103
Balance as of June 30, 2021	<u>\$ (479,090)</u>	<u>1,136,313</u>	<u>(69,016)</u>	<u>588,207</u>

(t) Earnings per share

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

(i) Basic earnings per share

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Net income attributable to common shareholders of the Company	<u>\$ 748,675</u>	<u>1,001,927</u>	<u>1,400,835</u>	<u>1,898,897</u>
Weighted-average number of common shares (in thousands)	<u>825,710</u>	<u>825,710</u>	<u>825,710</u>	<u>825,710</u>
Basic earnings per share (NTD)	<u>\$ 0.91</u>	<u>1.21</u>	<u>1.70</u>	<u>2.30</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Diluted earnings per share

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Net income attributable to common shareholders of the Company (diluted)	\$ <u>748,675</u>	<u>1,001,927</u>	<u>1,400,835</u>	<u>1,898,897</u>
Weighted-average number of common shares (basic) (in thousands)	825,710	825,710	825,710	825,710
Impact on potential common shares				
Effect on employees' compensation (in thousands)	<u>3,231</u>	<u>1,714</u>	<u>5,136</u>	<u>2,253</u>
Weighted-average number of shares outstanding (diluted) (in thousands)	<u>828,941</u>	<u>827,424</u>	<u>830,846</u>	<u>827,963</u>
Diluted earnings per share (NTD)	\$ <u>0.90</u>	<u>1.21</u>	<u>1.69</u>	<u>2.29</u>

(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 and six months ended June 30, 2022 and 2021, the Company recognized the employees' compensation of \$56,735 thousand, \$39,241 thousand, \$95,798 thousand and \$61,619 thousand, respectively, and the directors' remuneration of \$5,041 thousand, \$6,578 thousand, \$8,702 thousand and \$11,294 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.

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Revenue from contracts with customers

For the three months ended June 30, 2022			
	Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:			
Asia	\$ 6,113,172	179,408	6,292,580
Americas	1,440,345	2,966	1,443,311
Europe	1,020,526	92	1,020,618
Others	218,311	-	218,311
	\$ 8,792,354	182,466	8,974,820
Major product lines:			
Synthetic rubber / elastomers	\$ 8,631,721	-	8,631,721
Applied materials	-	180,755	180,755
Others	160,633	1,711	162,344
	\$ 8,792,354	182,466	8,974,820
For the three months ended June 30, 2021			
	Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:			
Asia	\$ 5,950,938	339,927	6,290,865
Americas	1,220,417	6,640	1,227,057
Europe	802,860	-	802,860
Others	199,933	-	199,933
	\$ 8,174,148	346,567	8,520,715
Major product lines:			
Synthetic rubber / elastomers	\$ 8,121,586	-	8,121,586
Applied materials	-	346,304	346,304
Others	52,562	263	52,825
	\$ 8,174,148	346,567	8,520,715
For the six months ended June 30, 2022			
	Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:			
Asia	\$ 12,145,273	372,532	12,517,805
Americas	2,699,421	8,549	2,707,970
Europe	1,974,276	141	1,974,417
Others	416,655	-	416,655
	\$ 17,235,625	381,222	17,616,847

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the six months ended June 30, 2022			
	Synthetic rubber	Non-synthetic rubber	Total
Major product lines:			
Synthetic rubber / elastomers	\$ 17,030,965	-	17,030,965
Applied materials	-	377,576	377,576
Others	204,660	3,646	208,306
	<u>\$ 17,235,625</u>	<u>381,222</u>	<u>17,616,847</u>
For the six months ended June 30, 2021			
	Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:			
Asia	\$ 11,825,804	627,917	12,453,721
Americas	2,223,309	11,175	2,234,484
Europe	1,631,347	-	1,631,347
Others	417,974	-	417,974
	<u>\$ 16,098,434</u>	<u>639,092</u>	<u>16,737,526</u>
Major product lines:			
Synthetic rubber / elastomers	\$ 15,987,727	-	15,987,727
Applied materials	-	638,624	638,624
Others	110,707	468	111,175
	<u>\$ 16,098,434</u>	<u>639,092</u>	<u>16,737,526</u>

(w) Other income and expenses

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Rental income	\$ 18,490	19,390	36,698	38,497
Royalty income	39,157	31,161	75,552	58,466
Net service income	898	2,137	2,205	5,788
Depreciation of investment properties	(3,682)	(3,681)	(7,363)	(7,362)
Net other income	2,857	6,216	11,997	15,180
Other income and expenses	<u>\$ 57,720</u>	<u>55,223</u>	<u>119,089</u>	<u>110,569</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Non-operating income and expenses

(i) Interest income

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Interest income from bank deposits	\$ <u>11,028</u>	<u>9,770</u>	<u>21,491</u>	<u>15,888</u>

(ii) Other gains

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Dividend income	\$ <u>22,628</u>	<u>28,285</u>	<u>22,628</u>	<u>28,285</u>

(iii) Other gains and losses

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Gains or losses on disposal of property, plant and equipment	\$ (22,845)	(68,179)	(27,693)	(69,368)
Foreign exchange gain or loss, net	(29,659)	12,866	(30,543)	(30,133)
Gains or losses on financial assets (liabilities) at fair value through profit or loss	42,146	(8,053)	51,632	25,982
Other gains and losses	(103)	(125)	959	6,176
Other gains and losses, net	\$ <u>(10,461)</u>	<u>(63,491)</u>	<u>(5,645)</u>	<u>(67,343)</u>

(iv) Finance costs

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Interest expense	\$ <u>32,610</u>	<u>28,986</u>	<u>58,702</u>	<u>58,358</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(y) Financial instruments

Except for the contention mentioned below, there was no significant changes in the Group's degree of exposure to credit risk, liquidity risk, and market risk arising from 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 and 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>
June 30, 2022					
Non-derivative financial liabilities					
Short-term borrowings (including short-term commercial paper payable)	\$ 4,630,695	4,630,695	-	-	-
Accounts payable (including related parties)	1,752,094	1,752,094	-	-	-
Dividend payable	1,987,899	1,987,899	-	-	-
Other payables	1,277,304	1,277,304	-	-	-
Long-term borrowings (including other long-term borrowings, current portion and current portion of long-term payables)	3,392,341	1,144,690	1,533,427	714,224	-
Lease liabilities	429,930	100,709	67,073	151,260	110,888
Deposits received	50,846	-	36,479	11,247	3,120
Derivative financial liabilities					
Other swap contracts:					
Outflow	117	117	-	-	-
	<u>\$ 13,521,226</u>	<u>10,893,508</u>	<u>1,636,979</u>	<u>876,731</u>	<u>114,008</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>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Contractual cash flows	1 year	1-2 years	2-5 years	Over 5 years
June 30, 2021					
Non-derivative financial liabilities					
Short-term borrowings	\$ 3,852,292	3,852,292	-	-	-
Accounts payable (including related parties)	1,397,764	1,397,764	-	-	-
Dividend payable	304,676	304,676	-	-	-
Other payables	1,370,024	1,370,024	-	-	-
Long-term borrowings (including other long-term borrowings and current portion)	4,890,578	2,371,819	1,127,042	1,391,717	-
Lease liabilities	621,211	153,479	113,864	182,157	171,711
Deposits received	51,908	-	36,805	11,983	3,120
Derivative financial liabilities					
Other swap contracts/other forward contracts:					
Outflow	2,735	2,735	-	-	-
	<u><u>\$ 12,491,188</u></u>	<u><u>9,452,789</u></u>	<u><u>1,277,711</u></u>	<u><u>1,585,857</u></u>	<u><u>174,831</u></u>

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

(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
June 30, 2022			
Financial assets:			
Monetary assets:			
USD	\$ 89,565	29.7260	2,662,409
EUR	\$ 21,721	31.0518	674,476
JPY	\$ 287,986	0.2182	62,839
CNY	\$ 22,228	4.4398	98,688
Financial liabilities:			
Monetary liabilities:			
USD	\$ 86,834	29.7260	2,581,227
EUR	\$ 17,756	31.0518	551,356
JPY	\$ 261,122	0.2182	56,977

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Foreign currency (thousand dollars)	Exchange rate	NTD
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
June 30, 2021			
Financial assets:			
Monetary assets:			
USD	\$ 99,690	27.8700	2,778,360
EUR	\$ 12,290	33.1681	407,636
JPY	\$ 165,137	0.2521	41,631
CNY	\$ 29,125	4.3105	125,543
Financial liabilities:			
Monetary liabilities:			
USD	\$ 103,471	27.8700	2,883,737
EUR	\$ 9,286	33.1681	307,999
JPY	\$ 117,091	0.2521	29,519

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 \$3,089 thousand and \$1,319 thousand for the six months ended June 30, 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 six months ended June 30, 2022 and 2021, foreign exchange gain (loss) (including Derivative financial instruments for non-hedging profit and loss) amounting to \$21,089 thousand and \$(4,151) thousand, respectively.

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 \$39,238 thousand and \$43,232 thousand for the six months ended June 30, 2022 and 2021, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at floating rates.

(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 reasonably close to their fair values. No additional fair value disclosure is required in accordance to the regulations.

	June 30, 2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 15,338	-	15,338	-	15,338
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	732,524	732,524	-	-	732,524
Unlisted stocks (domestic and overseas)	580,257	-	-	580,257	580,257
Subtotal	1,312,781	732,524	-	580,257	1,312,781
Total	\$ 1,328,119	732,524	15,338	580,257	1,328,119
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 117	-	117	-	117

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		December 31, 2021				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
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		1,460,586	668,140	-	792,446	1,460,586
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	\$	<u>356</u>	<u>-</u>	<u>356</u>	<u>-</u>	<u>356</u>
		June 30, 2021				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss						
Derivative financial assets	\$	7,787	-	7,787	-	7,787
Financial assets at fair value through other comprehensive income						
Listed stocks (domestic)		846,716	846,716	-	-	846,716
Unlisted stocks (domestic and overseas)		680,546	-	-	680,546	680,546
Subtotal		1,527,262	846,716	-	680,546	1,527,262
Total	\$	<u>1,535,049</u>	<u>846,716</u>	<u>7,787</u>	<u>680,546</u>	<u>1,535,049</u>
Financial liabilities at fair value through profit or loss						
Derivative financial liabilities	\$	<u>2,735</u>	<u>-</u>	<u>2,735</u>	<u>-</u>	<u>2,735</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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	(212,189)
Balance at June 30, 2022	\$ 580,257
Balance at January 1, 2021	\$ 952,645
Total gains:	
Recognized in other comprehensive income	311,491
Transfer into level 1	(583,590)
Balance at June 30, 2021	\$ 680,546

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

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income-equity investments without an active market	Comparative listed company	<ul style="list-style-type: none"> Multipliers of price-to-earnings ratios as of June 30, 2022, December 31, 2021 and June 30, 2021 was all 6.07~18.92, 9.45~20.31 and 18.62~21.75, respectively 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 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>
June 30, 2022				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	1%	\$ 7,254	(7,254)
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)
June 30, 2021				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	1%	\$ 8,539	(8,539)

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 six months ended June 30, 2022 and 2021.

(ac) Reconciliation of liabilities arising from financing activities

Reconciliations of liabilities arising from financing activities for the six months ended June 30, 2022 and 2021 was as follows:

	Non-cash changes					
	Amortization of					
	January 1,	Cash flows	Foreign	commercial	Others	June 30,
	2022		exchange	paper		2022
			movement	discount		
Long-term borrowings (including current portion)	\$ 2,753,932	174,521	39,174	-	-	2,967,627
Other long-term borrowings (including current portion)	349,922	-	-	64	-	349,986
Short-term borrowings (including short-term commercial paper payable)	4,006,365	447,194	156,003	-	-	4,609,562
Lease liabilities	486,283	(73,732)	11,191	1,074	1,652	426,468
Total liabilities from financing activities	<u>\$ 7,596,502</u>	<u>547,983</u>	<u>206,368</u>	<u>1,138</u>	<u>1,652</u>	<u>8,353,643</u>
	Non-cash changes					
	Amortization of					
	January 1,	Cash flows	Foreign	commercial	Others	June 30,
	2021		exchange	paper		2021
			movement	discount		
Long-term borrowings (including current portion)	\$ 4,463,864	17,869	(21,546)	-	-	4,460,187
Other long-term borrowings	349,341	-	-	64	-	349,405
Short-term borrowings	3,789,276	107,935	(60,442)	-	-	3,836,769
Lease liabilities	632,090	(99,565)	(6,758)	2,039	45,970	573,776
Total liabilities from financing activities	<u>\$ 9,234,571</u>	<u>26,239</u>	<u>(88,746)</u>	<u>2,103</u>	<u>45,970</u>	<u>9,220,137</u>

(Continued)

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.	Other related parties of one consolidated entity
Metropolis Property Management Corporation	Other related parties of the Group
Continental Engineering Corporation	"
WFV Corporation	"
UBE (Shanghai) Ltd.	Subsidiary of other related parties of one consolidated entity

(b) Significant transactions with related parties

(i) Operating revenue

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

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Associates	\$ -	6,247	-	6,247

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

(ii) Purchases

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

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Other related parties	\$ 2,903	79,866	107,221	122,451

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(iii) Service income and expenses

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

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Associates				
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 40,954	36,216	87,624	72,449
Joint ventures				
Indian Synthetic Rubber Private Limited	19,109	14,966	34,952	32,557
Others joint ventures	1,749	1,537	3,550	2,519
Other related parties				
Others related parties	(3,482)	(4,324)	(7,556)	(8,193)
	<u>\$ 58,330</u>	<u>48,395</u>	<u>118,570</u>	<u>99,332</u>

(iv) Lease — Rental income

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Associates	\$ 626	609	1,245	1,225
Other related parties	1,120	1,117	2,239	2,236
	<u>\$ 1,746</u>	<u>1,726</u>	<u>3,484</u>	<u>3,461</u>

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

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Receivables from related parties

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

<u>Account</u>	<u>Type of related parties</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Other receivables	Associates			
	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 18,379	29,013	15,975
Other receivables	Joint ventures			
	Indian Synthetic Rubber Private Limited	38,269	18,192	20,790
	Others	592	733	590
		<u>\$ 57,240</u>	<u>47,938</u>	<u>37,355</u>

(vi) Payables to related parties

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

<u>Account</u>	<u>Type of related parties</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Accounts payable	Other related parties	\$ -	1,316	50,898
Other payables	Associates	20	-	-
Other payables	Joint ventures	1,337	1,246	1,254
Other payables	Other related parties	2,067	1,817	1,380
		<u>\$ 3,424</u>	<u>4,379</u>	<u>53,532</u>

(vii) Guarantees

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Associates			
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 463,865	500,576	759,441
Joint ventures			
Indian Synthetic Rubber Private Limited	989,876	922,077	928,071
	<u>\$ 1,453,741</u>	<u>1,422,653</u>	<u>1,687,512</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Associates			
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 898	1,782	1,285
Joint ventures			
Indian Synthetic Rubber Private Limited	25,389	25,975	28,233
	<u>\$ 26,287</u>	<u>27,757</u>	<u>29,518</u>

(c) Key management personnel transactions

The compensation of the key management personnel comprised the following:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 35,364	30,503	69,365	60,133
Post-employment benefits	355	320	717	661
	<u>\$ 35,719</u>	<u>30,823</u>	<u>70,082</u>	<u>60,794</u>

(8) Pledged assets

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Restricted savings deposits (recorded as other non-current assets)	Bank guarantee for electricity usage	\$ 1,214	1,153	1,150
Machinery etc. (recorded as property, plant and equipment)	Guarantee for long-term borrowings	141,090	148,688	173,279
		<u>\$ 142,304</u>	<u>149,841</u>	<u>174,429</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(9) Commitments and contingencies

- (a) The unused letters of credit outstanding

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
The Group's unused letters of credit outstanding	\$ <u>804,682</u>	<u>842,971</u>	<u>649,463</u>

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Total amounts of construction in progress contracts	\$ <u>551,045</u>	<u>377,273</u>	<u>488,155</u>
Cumulative payments	\$ <u>337,593</u>	<u>305,883</u>	<u>307,761</u>

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other

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

By nature	By function	Three months ended June 30, 2022			Three months ended June 30, 2021		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits							
Salary		251,872	176,972	428,844	248,016	174,698	422,714
Labor and health insurance		26,929	16,357	43,286	22,400	14,662	37,062
Pension		21,196	8,608	29,804	17,164	7,996	25,160
Others (note 1)		73,480	50,039	123,519	54,627	43,124	97,751
Depreciation (note 2)		252,147	34,441	286,588	235,100	32,889	267,989
Amortization		2,409	30,651	33,060	1,642	28,995	30,637

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

By function By nature	Six months ended June 30, 2022			Six months ended June 30, 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	497,193	365,990	863,183	495,159	358,147	853,306
Labor and health insurance	54,349	35,490	89,839	46,102	30,016	76,118
Pension	41,587	17,535	59,122	33,171	15,325	48,496
Others (note 1)	131,305	87,439	218,744	101,250	69,123	170,373
Depreciation (note 2)	500,882	68,243	569,125	466,250	79,419	545,669
Amortization	4,748	59,518	64,266	3,057	57,981	61,038

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 \$3,682 thousand, \$3,681 thousand, \$7,363 thousand and \$7,362 thousand for the three months and six months ended June 30, 2022 and 2021.

(b) Seasonality or cyclicalities of interim operations

The Group's operations were not affected by seasonality or cyclicalities 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 June 30, 2022, the Group collected installment compensation amounting to \$212,372 thousand (CNY 47,968 thousand) based on the agreement and recognized provision for demolition and relocation amounting to \$247,077 thousand.

(Continued)

TSRC CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the six months ended June 30, 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.	Entrusted loans	Yes	148,731	-	-	3.698%	2	-	Operating capital	-	-	176,149	352,298
2	Polybus Corporation Pte Ltd	TSRC	Account receivable-related parties	Yes	686,928	-	-	0.288%	2	-	Operating capital	-	-	5,062,740	10,125,479
3	TSRC (Hong Kong) Limited	TSRC	Account receivable-related parties	Yes	176,880	-	-	0.284%	2	-	Operating capital	-	-	2,045,713	4,091,425
3	TSRC (Hong Kong) Limited	TSRC (Vietnam) Co., Ltd.	Account receivable-related parties	Yes	118,904	118,904	89,178	2.00%-2.77 %	2	-	Operating capital	-	-	2,045,713	4,091,425
4	TSRC Specialty Materials LLC	TSRC (USA) Investment Corporation	Account receivable-related parties	Yes	429,330	-	-	0.12%-0.44 %	2	-	Operating capital	-	-	1,210,280	2,420,559

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	445,890	47,562	-	2.49 %	(Note 3)	Y		
0	TSRC	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	6	(Note 2)	509,245	463,865	4,932	-	2.59 %	(Note 3)			Y
0	TSRC	Indian Synthetic Rubber Private Limited	6	(Note 2)	989,876	989,876	527,637	-	5.52 %	(Note 3)			
0	TSRC	TSRC (Vietnam) Co., Ltd.	4	(Note 2)	669,196	288,343	288,343	-	1.61 %	(Note 3)	Y		
0	TSRC	TSRC Specialty Materials LLC	4	(Note 2)	297,260	297,260	96,089	-	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 \$10,750,056 thousand.

Note 3: The aggregate amount of guarantee by the Company is limited to 1.5 times its stockholders' equity, amounting to \$26,875,140 thousand.

(Continued)

TSRC CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iii) Securities held as of June 30, 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	732,524	2.89 %	732,524	
TSRC	Thai Synthetic Rubbers Co., Ltd.	-	Financial assets at fair value through other comprehensive income — non-current	599,999	98,064	5.42 %	98,064	
TSRC	Hsin-Yung Enterprise Corporation	-	Financial assets at fair value through other comprehensive income — non-current	5,657,000	345,303	3.90 %	345,303	
Dymas Corporation	Thai Synthetic Rubbers Co., Ltd.	-	Financial assets at fair value through other comprehensive income — non-current	837,552	136,890	7.57 %	136,890	
					<u>1,312,781</u>		<u>1,312,781</u>	

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding NT\$300 million or 20% of the Company's paid-in capital: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the Company's paid-in capital: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the Company's paid-in capital: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding NT\$100 million or 20% of the Company's paid-in capital:

Unit: thousand NTD

Name of company	Counter-party	Relationship	Transaction details				Status and reason for deviation from arm's-length transaction		Account / note receivable (payable)		Remarks
			Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
TSRC (Lux.) Corporation S.A R.L	TSRC	Parent and subsidiary companies	Purchase	197,195	12.02 %	70 days	-		(111,103)	(18.11) %	
TSRC	TSRC (Lux.) Corporation S.A R.L	Parent and subsidiary companies	Sale	(197,195)	(3.44) %	70 days	-		111,103	8.50 %	
TSRC Specialty Materials LLC	TSRC	Parent and subsidiary companies	Purchase	112,774	6.03 %	70 days	-		(3,393)	(0.95) %	
TSRC	TSRC Specialty Materials LLC	Parent and subsidiary companies	Sale	(112,774)	(1.97) %	70 days	-		3,393	0.26 %	
Polybus Corporation Pte Ltd	TSRC (Nantong) Industries Ltd.	Related parties	Purchase	125,856	29.71 %	40 days	-		(51,312)	(30.56) %	
TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd	Related parties	Sale	(125,856)	(3.70) %	40 days	-		51,312	6.09 %	
Polybus Corporation Pte Ltd	Shen Hua Chemical Industries Co., Ltd.	Related parties	Purchase	276,059	65.16 %	40 days	-		(101,764)	(60.60) %	
Shen Hua Chemical Industries Co., Ltd.	Polybus Corporation Pte Ltd	Related parties	Sale	(276,059)	(12.84) %	40 days	-		101,764	6.29 %	
TSRC (Lux.) Corporation S.A R.L	TSRC Specialty Materials LLC	Related parties	Purchase	339,820	20.71 %	90 days	-		(196,457)	(32.03) %	
TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L	Related parties	Sale	(339,820)	(13.57) %	90 days	-		196,457	24.60 %	
TSRC (Lux.) Corporation S.A R.L	TSRC (Nantong) Industries Ltd.	Related parties	Purchase	1,099,047	67.00 %	70 days	-		(314,720)	(51.31) %	
TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L	Related parties	Sale	(1,099,047)	(32.27) %	70 days	-		314,720	37.35 %	

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

(Continued)

TSRC CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the Company's paid-in capital:

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	TSRC (Lux.) Corporation S.A R.L	Parent and subsidiary companies	111,103	4.32	-		55,760	-
TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L	Related parties	196,457	3.76	-		-	-
TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L	Related parties	314,720	7.11	-		153,447	-
Shen Hua Chemical Industries Co., Ltd.	Polybus Corporation Pte Ltd	Related parties	101,764	6.32	-		29,664	-

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

Note 2: Until August 4, 2022.

- (ix) Trading in derivative financial 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			
				Account name	Amount	Trading terms	Percentage of the total consolidated revenue or total assets
0	TSRC	TSRC (Nantong) Industries Ltd.	1	Sales revenue	34,686	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.20 %
0	TSRC	TSRC (Nantong) Industries Ltd.	1	Other income and expenses	43,550	"	0.25 %
0	TSRC	TSRC (Lux.) Corporation S.A R.L	1	Sales revenue	197,195	"	1.12 %
0	TSRC	TSRC (Lux.) Corporation S.A R.L	1	Accounts receivable	111,103	"	0.31 %
0	TSRC	Polybus Corporation Pte Ltd	1	Sales revenue	24,181	"	0.14 %
0	TSRC	TSRC Specialty Materials LLC	1	Sales revenue	112,774	"	0.64 %
0	TSRC	TSRC (Nantong) Industries Ltd.	1	Other income and expenses	35,155	The transaction is not significantly different from normal transactions, and the collection terms were about six months	0.20 %
1	TSRC (Nantong) Industries Ltd.	TSRC (Shanghai) Industries Ltd.	3	Sales revenue	18,150	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	125,856	"	0.71 %
1	TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd	3	Accounts receivable	51,312	"	0.14 %
1	TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L	3	Sales revenue	1,099,047	"	6.24 %

(Continued)

TSRC CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

No.	Name of company	Name of counter-party	Existing relationship with the counter-party	Transaction details			
				Account name	Amount	Trading terms	Percentage of the total consolidated revenue or total assets
1	TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L	3	Accounts receivable	314,720	"	0.87 %
1	TSRC (Nantong) Industries Ltd.	TSRC-UBE (Nantong) Industries Ltd.	3	Other income and expenses	166,782	"	0.95 %
2	TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L	3	Sales revenue	339,820	The transaction is not significantly different from normal transactions, and the collection terms were about three months	1.93 %
2	TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L	3	Accounts receivable	196,457		0.54 %
3	Shen Hua Chemical Industries Co., Ltd.	Polybus Corporation Pte Ltd	3	Sales revenue	276,059	The transaction is not significantly different from normal transactions, and the collection terms were about two months	1.57 %
3	Shen Hua Chemical Industries Co., Ltd.	Polybus Corporation Pte Ltd	3	Accounts receivable	101,764		0.28 %
3	Shen Hua Chemical Industries Co., Ltd.	TSRC-UBE (Nantong) Industries Ltd.	3	Sales revenue	47,017	"	0.27 %
4	TSRC (Lux.) Corporation S.A R.L	TSRC	2	Other income and expenses	24,314	The transaction is not significantly different from normal transactions, and the collection terms were about six months	0.14 %
5	TSRC (Hong Kong) Limited	TSRC (Vietnam) Co., Ltd.	3	Account receivable-related parties	89,178		0.25 %

Note 1: Company numbering is as follows:

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

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

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

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

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

(b) Information on investees:

The following is the information on investees for the six months ended June 30, 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
				June 30, 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 %	16,459,133	1,096,598	1,096,598	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 %	602,489	(3,418)	(3,418)	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 %	125,905	(5,894)	(1,148)	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 %	231,401	(45,828)	(45,828)	Subsidiary
Trimurti Holding Corporation	Polybus Corporation Pte Ltd	100 Peck Seah Street #09-16 Singapore 079333	International commerce and investment corporation	1,935,192 (USD65,101)	1,935,192 (USD65,101)	105,830,000	100.00 %	10,125,479	734,978	734,978	Indirectly owned subsidiary
Trimurti Holding Corporation	TSRC (Hong Kong) Limited	15/F Boc Group Life Assurance Tower 136 Dies Vocus Road Central	Investment corporation	3,087,045 (USD103,850)	3,087,045 (USD103,850)	103,850,000	100.00 %	4,091,425	178,178	178,178	Indirectly owned subsidiary

(Continued)

TSRC CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance			Net income (losses) of investee	Investment income (losses)	Remarks
				June 30, 2022	December 31, 2021	Shares	Percentage of ownership	Book value			
Trimurti Holding Corporation	Indian Synthetic Rubber Private Limited	Room No.702, Indian Oil Bhawan, 1 Sri Aurobindo Marg, Yussuf Sarai, New Delhi 110016, India	Production and sale of synthetic rubber products	876,114 (USD29,473)	876,114 (USD29,473)	222,861,375	50.00 %	1,318,813	380,112	190,056	-
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	2,324,836 (EUR74,870)	2,324,836 (EUR74,870)	74,869,617	100.00 %	3,279,280	164,286	164,286	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	2,855,182 (USD96,050)	2,855,182 (USD96,050)	130	100.00 %	3,096,140	128,482	128,482	Indirectly owned subsidiary
TSRC (USA) Investment Corporation	TSRC Specialty Materials LLC	12012 Wickchester Lane, Suite 280, Houston, TX, USA	Production and sale of TPE	6,498,609 (USD218,617)	6,498,609 (USD218,617)	-	100.00 %	2,420,559	217,759	217,759	Indirectly owned subsidiary
Hardison International Corporation	Triton International Holdings Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	1,486 (USD50)	1,486 (USD50)	50,000	100.00 %	58,784	1,396	1,396	Indirectly owned subsidiary
Hardison International Corporation	Dymas Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	142,655 (USD4,799)	142,655 (USD4,799)	4,798,566	80.52 %	541,739	(5,894)	(4,746)	Indirectly owned subsidiary
Dymas Corporation	Asia Pacific Energy Development Co., Ltd.	Cayman Islands	Consulting for electric power facilities management and electrical system design	335,458 (USD11,285)	335,458 (USD11,285)	7,522,337	37.78 %	302,117	(16,525)	(6,243)	-

Note 1: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD29.726; EUR1 to NTD31.0518).

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

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

(c) Information on investment in Mainland China:

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

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2022	Investment flow during current period		Cumulative investment (amount) from Taiwan as of June 30, 2022	Net income (losses) of investee	Direct / indirect investment holding percentage	Investment income (losses)	Unit: thousand NTD/thousand USD	
					Remittance amount	Repatriation amount					Book value	Accumulated remittance of earnings in current period
Shen Hua Chemical Industries Co., Ltd.	Production and sale of synthetic rubber products	1,225,306 (USD41,220)	(2)a.	-	-	-	-	217,799	65.44 %	142,528	2,566,674	4,786,340
Changzhou Asia Pacific Co-generation Co., Ltd.	Power generation and sale of electricity and steam	686,671 (USD23,100)	(2)c.	113,910 (USD3,832)	-	-	113,910 (USD3,832)	(11,436)	28.34 %	(3,241)	305,051	358,308
TSRC (Shanghai) Industries Ltd.	Production and sale of compounding materials	163,493 (USD5,500)	(2)b.	116,526 (USD3,920)	-	-	116,526 (USD3,920)	17,706	100.00 %	17,706	377,771	-
Nantong Qix Storage Co., Ltd.	Storehouse for chemicals	89,178 (USD3,000)	(2)d.	44,589 (USD1,500)	-	-	44,589 (USD1,500)	2,886	50.00 %	1,443	58,492	74,060
TSRC-UBE (Nantong) Chemical Industrial Co., Ltd.	Production and sale of synthetic rubber products	1,189,040 (USD40,000)	(2)a.	29,726 (USD1,000)	-	-	29,726 (USD1,000)	334,620	55.00 %	184,041	1,251,033	-
TSRC (Nantong) Industries Ltd.	Production and sale of TPE	3,124,946 (USD105,125)	(2)a.	197,618 (USD6,648)	-	-	197,618 (USD6,648)	298,203	100.00 %	298,203	4,695,785	440,864
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	Production and sale of NBR	1,331,725 (USD44,800)	(2)a.	-	-	-	-	273,580	50.00 %	136,790	652,817	-

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

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

Note 2: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD29.726).

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

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Limitation on investment in Mainland China:

Unit: thousand NTD/thousand USD

Company name	Accumulated investment amount in Mainland China as of June 30, 2022	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
TSRC	502,369 (USD16,900)	5,568,720 (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 NTD29.726).

(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 %

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information

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

	<u>Synthetic rubber</u>	<u>Non-synthetic rubber</u>	<u>Others</u>	<u>Total</u>
Three months ended June 30, 2022				
Revenue:				
Revenue from external customers	\$ <u>8,792,354</u>	<u>182,466</u>	<u>-</u>	<u>8,974,820</u>
Income from operations	\$ <u>1,148,911</u>	<u>(42,433)</u>	<u>3,804</u>	<u>1,110,282</u>
Three months ended June 30, 2021				
Revenue:				
Revenue from external customers	\$ <u>8,174,148</u>	<u>346,567</u>	<u>-</u>	<u>8,520,715</u>
Income from operations	\$ <u>1,492,323</u>	<u>30,287</u>	<u>(18,771)</u>	<u>1,503,839</u>
Six months ended June 30, 2022				
Revenue:				
Revenue from external customers	\$ <u>17,235,625</u>	<u>381,222</u>	<u>-</u>	<u>17,616,847</u>
Income from operations	\$ <u>2,304,772</u>	<u>(79,367)</u>	<u>(9,061)</u>	<u>2,216,344</u>
Six months ended June 30, 2021				
Revenue:				
Revenue from external customers	\$ <u>16,098,434</u>	<u>639,092</u>	<u>-</u>	<u>16,737,526</u>
Income from operations	\$ <u>2,931,700</u>	<u>63,532</u>	<u>(5,989)</u>	<u>2,989,243</u>