

**TSRC CORPORATION
AND SUBSIDIARIES**

Consolidated Financial Statements

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

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

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Independent Auditors' Review Report

To the Board of Directors of TSRC Corporation:

Introduction

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

Scope of Review

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

Basis for Qualified Conclusion

As stated in note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$3,652,196 thousand and \$3,494,340 thousand, constituting 10% and 11% of the consolidated total assets; and the total liabilities amounting to \$614,468 thousand and \$722,068 thousand, constituting 4% and 6% of the consolidated total liabilities as of September 30, 2022 and 2021, respectively; as well as the total comprehensive income amounting to \$(7,053) thousand, \$95,302 thousand, \$219,254 thousand and \$352,200 thousand, constituting (1)%, 7%, 7% and 9% of the consolidated total comprehensive income for the three months and nine months ended September 30, 2022 and 2021, respectively.



Furthermore, as stated in note 6(g), the other equity accounted investments of the Group in its investee companies of \$2,393,574 thousand and \$1,995,869 thousand as of September 30, 2022 and 2021, respectively, and its equity in net earnings on these investee companies of \$48,164 thousand, \$255,450 thousand, \$370,210 thousand and \$782,186 thousand for the three months and nine months ended September 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 September 30, 2022 and 2021, and of its consolidated financial performance for the three months and nine months ended September 30, 2022 and 2021, as well as its consolidated cash flows for the nine months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)
November 3, 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 September 30, 2022 and 2021

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2022, December 31 and September 30, 2021

(Expressed in Thousands of New Taiwan Dollars)

	September 30, 2022		December 31, 2021		September 30, 2021			September 30, 2022		December 31, 2021		September 30, 2021		
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%	
Assets								Liabilities and Equity						
Current assets:								Current liabilities:						
1100 Cash and cash equivalents (note 6(a))	\$ 6,031,294	16	4,464,755	14	3,759,755	12	2100 Short-term borrowings (note 6(m))	\$ 5,849,710	16	4,006,365	12	3,959,453	12	
1110 Current financial assets at fair value through profit or loss (note 6(b))	32,189	-	7,702	-	13,783	-	2111 Short-term commercial paper payable (note 6(m))	689,403	2	-	-	-	-	
1150 Notes receivable, net (note 6(d))	1,045,016	3	951,817	3	933,168	3	2322 Current portion of long-term borrowings (notes 6(m) and 8)	628,022	2	817,713	3	1,383,828	4	
1170 Accounts receivable, net (note 6(d))	3,814,273	10	3,716,841	11	3,377,184	11	2120 Current portion of long-term payables (note 6(m))	349,668	1	-	-	-	-	
1200 Other receivables (notes 6(e) and 7)	144,273	-	93,834	-	68,789	-	2180 Current financial liabilities at fair value through profit or loss (note 6(b))	2,396	-	356	-	8	-	
130x Inventories (note 6(f))	7,187,889	20	5,629,817	17	5,872,938	18	2230 Accounts payable	1,581,667	4	1,536,976	5	1,346,567	4	
1479 Other current assets	833,904	2	598,331	2	760,075	2	2230 Accounts payable—related parties (note 7)	-	-	1,316	-	32,328	-	
Total current assets	<u>19,088,838</u>	<u>51</u>	<u>15,463,097</u>	<u>47</u>	<u>14,785,692</u>	<u>46</u>	2230 Current income tax liabilities	496,606	1	288,186	1	294,225	2	
Non-current assets:								2230 Other payables (notes 6(t) and 7)	1,347,706	4	1,560,933	5	1,375,300	4
1517 Financial assets at fair value through other comprehensive income—non-current (note 6(c))	1,210,305	3	1,460,586	4	1,294,250	4	2280 Current lease liabilities (note (o))	132,417	-	128,928	-	143,819	1	
1550 Investments accounted for under equity method (notes 6(g) and 7)	2,393,574	7	2,030,573	6	1,995,869	6	2399 Other current liabilities	154,386	-	208,011	1	185,774	2	
1600 Property, plant and equipment (notes 6(i), 8 and 9)	10,132,252	28	10,154,640	31	9,971,933	31	Total current liabilities	<u>11,231,981</u>	<u>30</u>	<u>8,548,784</u>	<u>27</u>	<u>8,721,302</u>	<u>29</u>	
1755 Right-of-use assets (note 6(j))	937,165	3	867,485	3	933,887	3	Non-Current liabilities:							
1760 Investment property (note 6(k))	1,541,104	4	1,552,148	5	1,555,829	5	2542 Long-term bank borrowings (notes 6(m) and 8)	2,266,825	6	1,936,219	6	2,038,303	6	
1780 Intangible assets (note 6(l))	924,691	3	892,679	3	920,515	3	2542 Other long-term borrowings (note 6(m))	-	-	349,922	1	349,834	1	
1840 Deferred income tax assets	278,435	1	253,434	1	261,719	1	2550 Non-current provision liabilities (notes 6(n), 7 and 12(c))	274,983	1	269,536	1	27,412	-	
1900 Other non-current assets (note 8)	169,726	-	155,121	-	143,896	1	2570 Deferred income tax liabilities	1,193,878	3	1,089,204	3	964,088	3	
Total non-current assets	<u>17,587,252</u>	<u>49</u>	<u>17,366,666</u>	<u>53</u>	<u>17,077,898</u>	<u>54</u>	2580 Non-current lease liabilities (note 6(o))	418,828	1	357,355	1	397,669	1	
							2600 Other non-current liabilities (note 12(c))	358,329	1	154,925	-	130,486	-	
							Total non-current liabilities	<u>4,512,843</u>	<u>12</u>	<u>4,157,161</u>	<u>12</u>	<u>3,907,792</u>	<u>11</u>	
							Total liabilities	<u>15,744,824</u>	<u>42</u>	<u>12,705,945</u>	<u>39</u>	<u>12,629,094</u>	<u>40</u>	
							Equity attributable to shareholders of the Company (note (r)):							
						3100 Common stock	8,257,099	24	8,257,099	25	8,257,099	26		
						3200 Capital surplus	50,725	-	50,725	-	49,531	-		
						3310 Retained earnings:								
						3310 Legal reserve	4,463,584	12	4,073,680	12	4,073,680	13		
						3350 Unappropriated earnings	4,503,652	12	5,080,942	16	4,522,324	14		
							8,967,236	24	9,154,622	28	8,596,004	27		
						3410 Other equity:								
						3410 Financial statement translation differences for foreign operations	702,791	2	(456,708)	(1)	(491,505)	(2)		
						3420 Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	806,509	2	1,047,059	3	901,733	3		
						3450 Gains or losses on hedging instrument	(25,556)	-	(26,847)	-	(37,906)	-		
							1,483,744	4	563,504	2	372,322	1		
						Total equity attributable to shareholders of the Company	<u>18,758,804</u>	<u>52</u>	<u>18,025,950</u>	<u>55</u>	<u>17,274,956</u>	<u>54</u>		
						36xx Non-controlling interests (note 6(h))	<u>2,172,462</u>	<u>6</u>	<u>2,097,868</u>	<u>6</u>	<u>1,959,540</u>	<u>6</u>		
						Total equity	<u>20,931,266</u>	<u>58</u>	<u>20,123,818</u>	<u>61</u>	<u>19,234,496</u>	<u>60</u>		
Total assets	<u>\$ 36,676,090</u>	<u>100</u>	<u>32,829,763</u>	<u>100</u>	<u>31,863,590</u>	<u>100</u>	Total liabilities and equity	<u>\$ 36,676,090</u>	<u>100</u>	<u>32,829,763</u>	<u>100</u>	<u>31,863,590</u>	<u>100</u>	

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Comprehensive Income

For the three months and nine months ended September 30, 2022 and 2021

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

	For the three months ended September 30				For the nine months ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Revenue (notes 6(u) and 7)	\$ 8,740,539	100	7,672,862	100	26,357,386	100	24,410,388	100
5000 Operating costs (notes 6(f), 6(i), 6(j), 6(o), 6(p), 6(t) and 7)	7,516,878	86	6,548,201	85	21,633,782	82	19,302,064	79
5910 Gross profit	1,223,661	14	1,124,661	15	4,723,604	18	5,108,324	21
6000 Operating expenses (notes 6(d), 6(i), 6(j), 6(o), 6(p), 6(t) and 7):								
6100 Selling expenses	414,331	5	414,288	5	1,409,435	5	1,263,213	5
6200 General and administrative expenses	263,560	3	270,223	4	790,139	3	791,385	3
6300 Research and development expenses	101,492	1	99,891	1	286,344	1	279,693	2
6450 Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	(25)	-	(4)	-	(2,054)	-	304	-
Total operating expenses	779,358	9	784,398	10	2,483,864	9	2,334,595	10
6500 Other income and expenses, net (notes 6(v) and 7)	82,040	1	83,122	1	201,129	-	193,691	1
6900 Operating profit	526,343	6	423,385	6	2,440,869	9	2,967,420	12
Non-operating income and expenses (notes 6(g), 6(o), 6(w) and 7):								
7100 Interest income	23,508	-	6,140	-	44,999	-	22,028	-
7010 Other income	78,532	1	37,987	-	101,160	-	66,272	-
7020 Other gains and losses	49,602	1	1,001,660	13	43,957	-	934,317	4
7050 Finance costs	(61,452)	(1)	(27,172)	-	(120,154)	-	(85,530)	-
7370 Share of gain of associates and joint ventures accounted for under equity method	48,164	1	255,450	3	370,210	2	782,186	3
Total non-operating income and expenses	138,354	2	1,274,065	16	440,172	2	1,719,273	7
7900 Net income before tax	664,697	8	1,697,450	22	2,881,041	11	4,686,693	19
7950 Less: tax expenses (note 6(q))	221,061	3	202,390	3	810,720	3	934,786	4
Net income	443,636	5	1,495,060	19	2,070,321	8	3,751,907	15
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	(106,327)	(1)	(234,580)	(3)	(258,019)	(1)	342,831	1
8349 Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(2,708)	-	-	-	(17,469)	-	-	-
Components of other comprehensive income that will not be reclassified to profit or loss	(103,619)	(1)	(234,580)	(3)	(240,550)	(1)	342,831	1
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361 Exchange differences on translation of foreign financial statements	656,355	7	4,451	-	1,461,654	6	(318,500)	(1)
8370 Share of other comprehensive income of associates and joint ventures accounted for using equity method	(102,681)	(1)	15,101	-	(252,777)	(1)	37,515	-
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	553,674	6	19,552	-	1,208,877	5	(280,985)	(1)
8300 Other comprehensive income	450,055	5	(215,028)	(3)	968,327	4	61,846	-
Total comprehensive income	\$ 893,691	10	1,280,032	16	3,038,648	12	3,813,753	15
Net income attributable to:								
8610 Shareholders of parent	\$ 393,483	5	1,441,531	19	1,794,318	7	3,340,428	13
8620 Non-controlling interests	50,153	-	53,529	-	276,003	1	411,479	2
	\$ 443,636	5	1,495,060	19	2,070,321	8	3,751,907	15
Total comprehensive income attributable to:								
8710 Shareholders of parent	\$ 842,044	10	1,225,646	16	2,714,558	10	3,433,092	13
8720 Non-controlling interests	51,647	-	54,386	-	324,090	2	380,661	2
	\$ 893,691	10	1,280,032	16	3,038,648	12	3,813,753	15
9710 Basic earnings per share (in New Taiwan Dollars) (note 6(s))	\$ 0.47		1.75		2.17		4.05	
9810 Diluted earnings per share (in New Taiwan dollars) (note 6(s))	\$ 0.47		1.74		2.16		4.03	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
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TSRC CORPORATION AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the nine months ended September 30, 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)	(140,660)	(437,916)
Net income	-	-	-	3,340,428	3,340,428	-	-	-	-	3,340,428	411,479	3,751,907
Other comprehensive income	-	-	-	-	-	(293,380)	342,831	43,213	92,664	92,664	(30,818)	61,846
Total comprehensive income	-	-	-	3,340,428	3,340,428	(293,380)	342,831	43,213	92,664	3,433,092	380,661	3,813,753
Balance at September 30, 2021	\$ 8,257,099	49,531	4,073,680	4,522,324	8,596,004	(491,505)	901,733	(37,906)	372,322	17,274,956	1,959,540	19,234,496
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)	(249,496)	(2,231,200)
Net income	-	-	-	1,794,318	1,794,318	-	-	-	-	1,794,318	276,003	2,070,321
Other comprehensive income	-	-	-	-	-	1,159,499	(240,550)	1,291	920,240	920,240	48,087	968,327
Total comprehensive income	-	-	-	1,794,318	1,794,318	1,159,499	(240,550)	1,291	920,240	2,714,558	324,090	3,038,648
Balance at September 30, 2022	\$ 8,257,099	50,725	4,463,584	4,503,652	8,967,236	702,791	806,509	(25,556)	1,483,744	18,758,804	2,172,462	20,931,266

See accompanying notes to consolidated financial statements.

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TSRC CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the nine months ended September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2022	2021
Cash flows from operating activities:		
Consolidated net income before tax	\$ 2,881,041	4,686,693
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation	873,426	823,082
Amortization	98,886	91,565
Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	(2,054)	304
Interest expense	120,154	85,530
Interest income	(44,999)	(22,028)
Dividend income	(101,160)	(66,272)
Share of profit of associates and joint ventures accounted for under equity method	(370,210)	(782,186)
Loss (Gain) on disposal of property, plant and equipment	19,371	(926,238)
Amortization to operating costs and inventories	58,857	61,147
Total adjustments to reconcile profit and loss	<u>652,271</u>	<u>(735,096)</u>
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Financial assets at fair value through profit or loss	(24,487)	(10,323)
Notes receivable	(93,199)	(359,296)
Accounts receivable	(95,378)	(575,137)
Other receivables	(48,203)	84,263
Inventories	(1,558,072)	(1,100,474)
Other current assets	(285,306)	18,143
Total changes in operating assets, net	<u>(2,104,645)</u>	<u>(1,942,824)</u>
Net changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	2,040	(32,620)
Accounts payable	44,691	(296,697)
Accounts payable—related parties	(1,316)	32,328
Other payables	(252,576)	159,997
Other current liabilities	(53,625)	54,836
Net defined benefit liability	(18,402)	(16,789)
Other non-current liabilities	9,362	(7,258)
Total changes in operating liabilities, net	<u>(269,826)</u>	<u>(106,203)</u>
Total changes in operating assets and liabilities, net	<u>(2,374,471)</u>	<u>(2,049,027)</u>
Total adjustments	<u>(1,722,200)</u>	<u>(2,784,123)</u>
Cash provided by operating activities	1,158,841	1,902,570
Interest income received	42,763	15,147
Interest paid	(106,898)	(81,750)
Income taxes paid	(505,158)	(618,099)
Net cash flow from operating activities	<u>589,548</u>	<u>1,217,868</u>
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(484,059)	(647,977)
Proceeds from disposal of property, plant and equipment	18,851	1,214,765
Decrease in other non-current assets	1,604	36,905
Dividends received	201,973	150,119
Decrease in restricted assets	49,733	73,138
Compensation for relocation	212,444	-
Net cash flow from investing activities	<u>546</u>	<u>826,950</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	22,602,525	18,276,032
Decrease in short-term borrowings	(21,043,597)	(18,032,063)
Increase in short-term commercial paper payable	1,054,403	-
Decrease in short-term commercial paper payable	(365,000)	-
Proceeds from long-term borrowings	745,433	1,194,664
Repayments of long-term borrowings	(678,864)	(2,212,831)
Repayments of lease liabilities	(114,203)	(147,034)
Cash dividends paid	(2,223,339)	(436,834)
Net cash used in financing activities	<u>(22,642)</u>	<u>(1,358,066)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>999,087</u>	<u>(205,460)</u>
Net increase in cash and cash equivalents	1,566,539	481,292
Cash and cash equivalents at beginning of period	4,464,755	3,278,463
Cash and cash equivalents at end of period	<u>\$ 6,031,294</u>	<u>3,759,755</u>

See accompanying notes to consolidated financial statements.

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

TSRC CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the nine months ended September 30, 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 November 3, 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:

<u>Name of investor</u>	<u>Name of investee</u>	<u>Scope of business</u>	<u>Percentage of ownership</u>			<u>Description</u>
			<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>	
TSRC	Trimurti Holding Corporation	Investment	100.00 %	100.00 %	100.00 %	
TSRC	Hardison International Corporation	Investment	100.00 %	100.00 %	100.00 %	(note 2)
TSRC & Hardison International Corporation	Dymas Corporation	Investment	100.00 %	100.00 %	100.00 %	(notes 1, 2)
TSRC	TSRC (Vietnam) Co., Ltd.	Production and processing of rubber color masterbatch, thermoplastic elastomer and plastic compound products	100.00 %	100.00 %	100.00 %	(note 2)
Trimurti Holding Corporation	Polybus Corporation Pte Ltd	International commerce and investment	100.00 %	100.00 %	100.00 %	
Trimurti Holding Corporation	TSRC (Hong Kong) Limited	Investment	100.00 %	100.00 %	100.00 %	
TSRC (Hong Kong) Limited	TSRC (Shanghai) Industries Ltd.	Production and sale of reengineering plastic, plastic compound metal, and plastic elasticity engineering products	100.00 %	100.00 %	100.00 %	(note 2)
TSRC (Hong Kong) Limited	TSRC (Lux.) Corporation S.A R.L	International commerce and investment	100.00 %	100.00 %	100.00 %	
TSRC (Lux.) Corporation S.A R.L	TSRC (USA) Investment Corporation	Investment	100.00 %	100.00 %	100.00 %	
TSRC (USA) Investment Corporation	TSRC Specialty Materials LLC	Production and sale of TPE	100.00 %	100.00 %	100.00 %	
Polybus Corporation Pte Ltd	Shen Hua Chemical Industrial Co., Ltd.	Production and sale of synthetic rubber products	65.44 %	65.44 %	65.44 %	
Polybus Corporation Pte Ltd	TSRC-UBE (Nantong) Chemical Industrial Co., Ltd.	Production and sale of butadiene rubber	55.00 %	55.00 %	55.00 %	(note 2)
Polybus Corporation Pte Ltd	TSRC (Nantong) Industries Ltd.	Production and sale of TPE	100.00 %	100.00 %	100.00 %	
Hardison International Corporation	Triton International Holdings Corporation	Investment	100.00 %	100.00 %	100.00 %	(note 2)

(Continued)

TSRC CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

Note 2: It is a non-significant subsidiary, and its financial statements have not been reviewed.

(c) Employee benefits

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

(d) Income tax

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

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

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

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

The preparation of the consolidated financial statements, estimates and underlying assumptions are consistent with the consolidated financial statements for the year ended December 31, 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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Cash on hand	\$ 445	390	383
Checking and savings deposits	696,704	1,110,545	1,323,172
Time deposits	5,334,145	3,323,820	2,436,200
Commercial paper with reverse repurchase agreements	-	30,000	-
Cash and cash equivalents per statements of cash flow	<u>\$ 6,031,294</u>	<u>4,464,755</u>	<u>3,759,755</u>

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Mandatorily measured at fair value through profit or loss:			
Derivative instruments not used for hedging			
Forward contracts/Swap contracts	<u>\$ 32,189</u>	<u>7,702</u>	<u>13,783</u>
Financial liabilities held for trading:			
Derivative instruments not used for hedging			
Forward contracts/Swap contracts	<u>\$ 2,396</u>	<u>356</u>	<u>8</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:

September 30, 2022			
	Contract amount (thousand dollars)	Currency	Maturity dates
Forward contracts	EUR 1,170 /	EUR/USD	2022.10.11~2022.11.15
	USD 1,148		
Forward contracts	CNH 250,704 /	CNH/USD	2022.11.7~2022.12.12
	USD 35,900		
Swap contracts	EUR 10,200 /	EUR/USD	2022.10.20~2022.11.1
	USD 10,440		
Swap contracts	TWD 63,098 /	TWD/USD	2022.10.27
	USD 2,000		
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		
September 30, 2021			
	Contract amount (thousand dollars)	Currency	Maturity dates
Forward contracts	EUR 500 /	EUR/USD	2021.10.22
	USD 588		
Swap contracts	EUR 23,350 /	EUR/USD	2021.10.1~2021.12.30
	USD 27,600		
Swap contracts	USD 3,839 /	USD/CNH	2021.10.8~2021.10.26
	CNH 24,888		

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Equity investments at fair value through other comprehensive income:			
Listed stocks (domestic)	\$ 647,488	668,140	609,830
Unlisted stocks (domestic and overseas)	<u>562,817</u>	<u>792,446</u>	<u>684,420</u>
Total	<u>\$ 1,210,305</u>	<u>1,460,586</u>	<u>1,294,250</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(x).

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

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

	<u>Foreign currency amount (thousand dollars)</u>	<u>Exchange rate</u>	<u>NTD</u>
September 30, 2022			
THB	\$ 239,615	0.8452	202,523
December 31, 2021			
THB	493,334	0.8347	411,786
September 30, 2021			
THB	401,921	0.8284	332,951

(d) Notes and accounts receivable

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Notes receivable	\$ 1,045,016	951,817	933,168
Accounts receivable	3,820,118	3,724,240	3,382,582
Less: allowance for impairment	<u>5,845</u>	<u>7,399</u>	<u>5,398</u>
	<u>\$ 4,859,289</u>	<u>4,668,658</u>	<u>4,310,352</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:

	<u>September 30, 2022</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average expected credit loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 4,742,467	0.05%~0.14%	520
1 to 30 days past due	112,045	2.35%~6.31%	2,976
31 to 90 days past due	10,183	8.38%~39.47%	1,910
More than 90 days past due	439	100%	439
	<u>\$ 4,865,134</u>		<u>5,845</u>
	<u>December 31, 2021</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average expected credit loss rate</u>	<u>Loss allowance provision</u>
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
	<u>\$ 4,676,057</u>		<u>7,399</u>
	<u>September 30, 2021</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average expected credit loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 4,244,603	0.09%~0.17%	2,582
1 to 30 days past due	52,561	2.18%~4.58%	1,315
31 to 90 days past due	18,586	6.59%~34.60%	1,501
	<u>\$ 4,315,750</u>		<u>5,398</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	For the nine months ended September 30	
	2022	2021
Balance at beginning of period	\$ 7,399	5,194
Impairment losses (reversed) recognized	(2,054)	304
Foreign exchange gain or loss	500	(100)
Balance at end of period	<u>\$ 5,845</u>	<u>5,398</u>

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

(e) Other receivables (including related parties)

	September 30, 2022	December 31, 2021	September 30, 2021
Other receivables – related parties	\$ 44,698	47,938	44,652
Other	99,575	45,896	24,137
	<u>\$ 144,273</u>	<u>93,834</u>	<u>68,789</u>

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

(f) Inventories

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

	September 30, 2022	December 31, 2021	September 30, 2021
Raw materials	\$ 2,190,126	1,648,221	1,903,993
Supplies	10,897	8,744	8,584
Work in progress	358,474	299,749	286,617
Finished goods	3,704,022	2,986,188	3,046,666
Merchandise	924,370	686,915	627,078
Total	<u>\$ 7,187,889</u>	<u>5,629,817</u>	<u>5,872,938</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 September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Loss on (reversal of) decline in market value of inventory	\$ 16,249	3,898	41,482	(81,062)
Income from sale of scrap	(8,002)	(6,773)	(24,830)	(19,541)
Loss on physical count	-	123	-	123
Unallocated production overhead	<u>157,548</u>	<u>142,681</u>	<u>384,160</u>	<u>299,198</u>
Total	<u>\$ 165,795</u>	<u>139,929</u>	<u>400,812</u>	<u>198,718</u>

(g) 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:

	September 30, 2022	December 31, 2021	September 30, 2021
Associates	\$ 956,046	844,557	774,166
Joint ventures	<u>1,437,528</u>	<u>1,186,016</u>	<u>1,221,703</u>
	<u>\$ 2,393,574</u>	<u>2,030,573</u>	<u>1,995,869</u>

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

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Associates	\$ (12,703)	36,017	117,844	137,456
Joint ventures	<u>60,867</u>	<u>219,433</u>	<u>252,366</u>	<u>644,730</u>
	<u>\$ 48,164</u>	<u>255,450</u>	<u>370,210</u>	<u>782,186</u>

(i) Associates

The details of the significant associates are as follows:

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

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	September 30, 2022	December 31, 2021	September 30, 2021
Current assets	\$ 1,164,565	735,166	588,522
Non-current assets	578,662	584,324	599,389
Current liabilities	(307,521)	(282,615)	(297,872)
Non-current liabilities	(87,991)	(29,454)	(29,584)
Equity	<u>\$ 1,347,715</u>	<u>1,007,421</u>	<u>860,455</u>
Equity attributable to the Group	<u>\$ 673,858</u>	<u>503,711</u>	<u>430,228</u>

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Revenue	<u>\$ 430,862</u>	<u>600,473</u>	<u>1,739,801</u>	<u>1,589,427</u>
Net income of continued operations	\$ 34,063	87,357	307,643	227,922
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>\$ 34,063</u>	<u>87,357</u>	<u>307,643</u>	<u>227,922</u>
Total comprehensive income attributable to the Group	<u>\$ 17,031</u>	<u>43,678</u>	<u>153,821</u>	<u>113,961</u>

	For the nine months ended September 30	
	2022	2021
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	153,821	113,961
Other	14,844	(6,687)
Ending balance of the equity of the associate attributable to the Group	<u>\$ 674,159</u>	<u>430,561</u>

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

	September 30, 2022	December 31, 2021	September 30, 2021
Balance of not significant associate's equity	<u>\$ 281,887</u>	<u>339,063</u>	<u>343,605</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Attributable to the Group:				
Net income (loss) of continued operations	\$ (29,734)	(7,661)	(35,977)	23,495
Other comprehensive income	-	-	-	-
Total comprehensive income (loss)	<u>\$ (29,734)</u>	<u>(7,661)</u>	<u>(35,977)</u>	<u>23,495</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		
			September 30, 2022	December 31, 2021	September 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:

	September 30, 2022	December 31, 2021	September 30, 2021
	Current assets	\$ 3,137,638	2,806,016
Non-current assets	2,587,488	2,527,405	2,746,002
Current liabilities	(1,436,741)	(1,720,350)	(1,362,165)
Non-current liabilities	(1,444,717)	(1,284,317)	(1,287,538)
Equity	<u>\$ 2,843,668</u>	<u>2,328,754</u>	<u>2,396,755</u>
Equity attributable to the Group	<u>\$ 1,421,834</u>	<u>1,164,377</u>	<u>1,198,378</u>

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Revenue	<u>\$ 1,732,322</u>	<u>1,903,515</u>	<u>5,173,559</u>	<u>5,144,411</u>
Net income of continued operations	\$ 125,194	438,275	505,306	1,290,945
Other comprehensive income	18,445	62,485	98,748	67,789
Total comprehensive income	<u>\$ 143,639</u>	<u>500,760</u>	<u>604,054</u>	<u>1,358,734</u>
Total comprehensive income attributable to the Group	<u>\$ 71,820</u>	<u>250,380</u>	<u>302,028</u>	<u>679,367</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the nine months ended September 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	302,028	679,367
Other	(51,869)	(27,200)
Ending balance of the equity of the joint venture attributable to the Group	\$ 1,380,356	1,164,791

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.

	September 30, 2022	December 31, 2021	September 30, 2021	
Balance of not significant joint venture's equity	\$ 57,172	55,819	56,912	
	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Attributable to the Group:				
Net income (loss) of continued operations	\$ (1,730)	295	(287)	(742)
Other comprehensive income	-	-	-	-
Total comprehensive income (loss)	\$ (1,730)	295	(287)	(742)

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

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

(h) Material non-controlling interests of subsidiaries

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

Name of joint ventures	The main operating place / register country	Proportion of Non-controlling interests		
		September 30, 2022	December 31, 2021	September 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 %

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

	September 30, 2022	December 31, 2021	September 30, 2021
Current assets	\$ 3,754,897	3,236,185	2,954,164
Non-current assets	1,131,036	1,169,739	922,262
Current liabilities	(693,946)	(542,982)	(471,390)
Non-current liabilities	(500,081)	(263,395)	(22,605)
Net assets	<u>\$ 3,691,906</u>	<u>3,599,547</u>	<u>3,382,431</u>
Non-controlling interests	<u>\$ 1,275,922</u>	<u>1,244,003</u>	<u>1,168,968</u>
	For the three months ended September 30	For the nine months ended September 30	
	2022	2021	2022
	2021	2022	2021
Revenue	<u>\$ 2,178,485</u>	<u>1,823,236</u>	<u>6,090,630</u>
Net income	\$ 34,559	77,630	252,358
Other comprehensive income (loss)	12,396	2,100	91,866
Total comprehensive income	<u>\$ 46,955</u>	<u>79,730</u>	<u>344,224</u>
Total net income attributable to non-controlling interests	<u>\$ 11,944</u>	<u>26,830</u>	<u>87,215</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 16,228</u>	<u>27,555</u>	<u>118,964</u>
		For the nine months ended September 30	
		2022	2021
Net cash flow from operating activities		\$ 14,103	193,582
Net cash flow from (used in) investing activities		147,011	(100,893)
Net cash used in financing activities		(63,257)	(251,789)
Effect on exchange rate changes on cash and cash equivalents		34,781	(7,848)
Increase (decrease) in cash and cash equivalents		<u>\$ 132,638</u>	<u>(166,948)</u>

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

	September 30, 2022	December 31, 2021	September 30, 2021	
Current assets	\$ 1,487,813	1,447,115	1,171,513	
Non-current assets	789,334	833,123	854,837	
Current liabilities	(270,471)	(377,385)	(264,534)	
Non-current liabilities	(14,365)	(5,373)	(4,989)	
Net assets	<u>\$ 1,992,311</u>	<u>1,897,480</u>	<u>1,756,827</u>	
Non-controlling interests	<u>\$ 896,540</u>	<u>853,865</u>	<u>790,572</u>	
	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Revenue	<u>\$ 891,320</u>	<u>783,012</u>	<u>2,893,882</u>	<u>2,402,142</u>
Net income	\$ 84,910	59,333	419,530	289,736
Other comprehensive income (loss)	(6,200)	291	36,307	(28,302)
Total comprehensive income	<u>\$ 78,710</u>	<u>59,624</u>	<u>455,837</u>	<u>261,434</u>
Total net income attributable to non-controlling interests	<u>\$ 38,209</u>	<u>26,699</u>	<u>188,788</u>	<u>130,381</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 35,419</u>	<u>26,831</u>	<u>205,126</u>	<u>117,646</u>
	For the nine months ended September 30			
	2022	2021		
Net cash flow from operating activities	\$ 283,454	171,150		
Net cash used in investing activities	(37,684)	(41,974)		
Net cash used in financing activities	(342,610)	(80,109)		
Effect on exchange rate changes on cash and cash equivalents	23,046	1,085		
Increase (decrease) in cash and cash equivalents	<u>\$ (73,794)</u>	<u>50,152</u>		

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TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Property, plant and equipment

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

	Land	Land improvements	Buildings	Machinery	Furniture and fixtures and other equipment	Construction in progress	Total
Cost:							
Balance at January 1, 2022	\$ 639,920	150,505	4,931,763	22,755,392	255,962	661,868	29,395,410
Additions	-	-	-	6,503	122	503,216	509,841
Disposals	-	-	(20,450)	(98,492)	(1,826)	(17,610)	(138,378)
Reclassification	-	-	6,940	312,387	5,377	(358,499)	(33,795)
Effect on changes in exchange rates	2,944	8,527	147,113	887,639	11,020	9,933	1,067,176
Balance at September 30, 2022	<u>\$ 642,864</u>	<u>159,032</u>	<u>5,065,366</u>	<u>23,863,429</u>	<u>270,655</u>	<u>798,908</u>	<u>30,800,254</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	-	-	-	4,255	87	653,480	657,822
Disposals	(201,665)	-	(4,860)	(115,793)	(2,379)	(66,888)	(391,585)
Reclassification	-	953	236,931	863,933	10,692	(1,146,745)	(34,236)
Effect on changes in exchange rates	(458)	(1,294)	(61,049)	(240,903)	(2,810)	(13,327)	(319,841)
Balance at September 30, 2021	<u>\$ 639,706</u>	<u>141,827</u>	<u>4,843,391</u>	<u>22,494,501</u>	<u>252,648</u>	<u>654,566</u>	<u>29,026,639</u>
Depreciation and impairment loss:							
Balance at January 1, 2022	\$ -	99,240	2,607,460	16,343,116	190,954	-	19,240,770
Depreciation	-	6,480	135,847	645,185	14,242	-	801,754
Disposals	-	-	(8,249)	(90,248)	(1,659)	-	(100,156)
Effect on changes in exchange rates	-	4,073	59,406	653,787	8,368	-	725,634
Balance at September 30, 2022	<u>\$ -</u>	<u>109,793</u>	<u>2,794,464</u>	<u>17,551,840</u>	<u>211,905</u>	<u>-</u>	<u>20,668,002</u>
Balance at January 1, 2021	\$ -	94,229	2,464,473	15,857,095	182,165	-	18,597,962
Depreciation	-	4,116	119,040	611,310	13,045	-	747,511
Disposals	-	-	(3,314)	(97,584)	(2,160)	-	(103,058)
Reclassification	-	-	-	(20)	-	-	(20)
Effect on changes in exchange rates	-	(558)	(26,949)	(158,083)	(2,099)	-	(187,689)
Balance at September 30, 2021	<u>\$ -</u>	<u>97,787</u>	<u>2,553,250</u>	<u>16,212,718</u>	<u>190,951</u>	<u>-</u>	<u>19,054,706</u>
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>
September 30, 2022	<u>\$ 642,864</u>	<u>49,239</u>	<u>2,270,902</u>	<u>6,311,589</u>	<u>58,750</u>	<u>798,908</u>	<u>10,132,252</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>
September 30, 2021	<u>\$ 639,706</u>	<u>44,040</u>	<u>2,290,141</u>	<u>6,281,783</u>	<u>61,697</u>	<u>654,566</u>	<u>9,971,933</u>

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

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

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TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Right-of-use assets

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

	<u>Land</u>	<u>Building</u>	<u>Machinery</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:					
Balance at January 1, 2022	\$ 564,225	202,597	374,699	32,988	1,174,509
Additions	-	24,118	91,949	8,614	124,681
Write-off	-	(11,593)	-	(7,324)	(18,917)
Lease modification	97	503	20,167	-	20,767
Amortization to operating costs and inventories	-	(2,867)	(55,990)	-	(58,857)
Effect on changes in foreign exchange rates	27,834	16,365	17,888	3,973	66,060
Balance at September 30, 2022	<u>\$ 592,156</u>	<u>229,123</u>	<u>448,713</u>	<u>38,251</u>	<u>1,308,243</u>
Balance at January 1, 2021	\$ 569,782	255,467	457,714	32,827	1,315,790
Additions	-	12,979	28,744	12,172	53,895
Lease modification	-	(1,757)	(16,972)	(1,047)	(19,776)
Reclassification to construction in progress	-	(63)	-	-	(63)
Amortization to operating costs and inventories	-	(3,742)	(57,405)	-	(61,147)
Effect on changes in foreign exchange rates	(10,107)	(5,060)	(7,166)	(11,475)	(33,808)
Balance at September 30, 2021	<u>\$ 559,675</u>	<u>257,824</u>	<u>404,915</u>	<u>32,477</u>	<u>1,254,891</u>
Accumulated depreciation and impairment losses:					
Balance at January 1, 2022	\$ 157,671	132,851	-	16,502	307,024
Depreciation	10,589	38,633	5,053	6,353	60,628
Write-off	-	(11,593)	-	(7,324)	(18,917)
Lease modification	51	951	-	-	1,002
Effect on changes in exchange rates	6,390	11,780	429	2,742	21,341
Balance at September 30, 2022	<u>\$ 174,701</u>	<u>172,622</u>	<u>5,482</u>	<u>18,273</u>	<u>371,078</u>
Balance at January 1, 2021	\$ 145,489	111,766	17,224	18,339	292,818
Depreciation	10,272	46,215	-	8,040	64,527
Lease modification	-	(1,781)	(16,972)	(1,047)	(19,800)
Effect on changes in exchange rates	(2,559)	(2,574)	(252)	(11,156)	(16,541)
Balance at September 30, 2021	<u>\$ 153,202</u>	<u>153,626</u>	<u>-</u>	<u>14,176</u>	<u>321,004</u>
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>
September 30, 2022	<u>\$ 417,455</u>	<u>56,501</u>	<u>443,231</u>	<u>19,978</u>	<u>937,165</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>
September 30, 2021	<u>\$ 406,473</u>	<u>104,198</u>	<u>404,915</u>	<u>18,301</u>	<u>933,887</u>

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

(k) Investment property

	<u>Owned property Buildings</u>
Carrying value:	
January 1, 2022	<u>\$ 1,552,148</u>
September 30, 2022	<u>\$ 1,541,104</u>
January 1, 2021	<u>\$ 1,566,873</u>
September 30, 2021	<u>\$ 1,555,829</u>

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TSRC CORPORATION AND SUBSIDIARIES
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There were no significant additions to, disposals of, or provision (reversal) of impairment of, the Group's investment properties for the nine months ended September 30, 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.

(l) 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
September 30, 2022	\$ 316,487	30,598	205,331	372,275	924,691
January 1, 2021	\$ 392,856	14,913	212,729	391,907	1,012,405
September 30, 2021	\$ 346,062	19,416	196,074	358,963	920,515

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

(m) Short-term and long-term borrowings

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

(i) Short-term bank borrowings

	September 30, 2022			The unused credit facilities (include credit lines of bills issued)
	Range of interest rates (%)	Year of maturity	Amount	
Unsecured loans	0.40~4.14	2022~2023	\$ <u>5,849,710</u>	<u>14,359,011</u>
	December 31, 2021			The unused credit facilities (include credit lines of bills issued)
	Range of interest rates (%)	Year of maturity	Amount	
Unsecured loans	0.40~3.85	2022	\$ <u>4,006,365</u>	<u>15,543,553</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

September 30, 2021				The unused credit facilities (include credit lines of bills issued)
	Range of interest rates (%)	Year of maturity	Amount	
Unsecured loans	0.40~3.85	2021~2022	\$ 3,959,453	15,733,099
(ii) Short-term commercial paper payable				

	September 30, 2022
Short-term commercial paper payable	\$ 690,000
Less: discount on short-term commercial paper payable	597
Total	\$ 689,403
Interest Rate	1.36%~1.54%

For the nine months ended September 30, 2022, the Group had the additional short-term commercial paper payable amounting to \$1,055,000 thousand, maturing in October 2022, and the amount repaid was \$365,000 thousand.

with the repayments amounting to

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

September 30, 2022				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Secured loans	USD	4.38	2022~2023	\$ 85,971
Unsecured loans	NTD	0.95~1.66	2022~2027	2,384,948
Unsecured loans	USD	4.44~4.65	2022~2025	423,928
Total				\$ 2,894,847
Current				\$ 628,022
Non-current				2,266,825
Total				\$ 2,894,847

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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>
September 30, 2021				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Secured loans	USD	4.38	2021~2023	\$ 132,949
Unsecured loans	NTD	0.95~1.25	2021~2025	2,731,862
Unsecured loans	USD	1.42~1.72	2021~2024	557,320
Total				<u>\$ 3,422,131</u>
Current				\$ 1,383,828
Non-current				2,038,303
Total				<u>\$ 3,422,131</u>

For the nine months ended September 30, 2022 and 2021, the Group repaid the amounts of \$678,864 thousand and \$2,212,831 thousand, respectively, for its long-term borrowings, wherein the proceeds amounting to \$745,433 thousand and \$1,196,664 thousand bore the interest rates of 1.15%~4.65% 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)

	September 30, 2022	December 31, 2021	September 30, 2021
Long-term commercial paper payable	\$ 350,000	350,000	350,000
Less: discount on long-term commercial paper payable	332	78	166
Less: current portion	349,668	-	-
Total	<u>\$ -</u>	<u>349,922</u>	<u>349,834</u>
Interest rate	<u>1.6503%</u>	<u>1.1640%</u>	<u>1.1573%</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Non-current provision liabilities

	<u>Guarantees</u>	<u>Demolition and relocation costs</u>	<u>Total</u>
Balance at January 1, 2022	\$ 27,757	241,779	269,536
Reverse in provisions	(1,665)	-	(1,665)
Effect on changes in exchange rates	-	7,112	7,112
Balance at September 30, 2022	<u>\$ 26,092</u>	<u>248,891</u>	<u>274,983</u>
Balance at January 1, 2021	\$ 31,819	-	31,819
Reverse in provisions	(4,407)	-	(4,407)
Balance at September 30, 2021	<u>\$ 27,412</u>	<u>-</u>	<u>27,412</u>

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

(o) Lease liabilities

The Group's lease liabilities were as follow:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Current	\$ <u>132,417</u>	<u>128,928</u>	<u>143,819</u>
Non-current	\$ <u>418,828</u>	<u>357,355</u>	<u>397,669</u>

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

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Interest on lease liabilities	\$ <u>6,730</u>	<u>1,007</u>	<u>7,804</u>	<u>3,046</u>
Expenses relating to short-term leases	\$ <u>3,395</u>	<u>3,626</u>	<u>15,122</u>	<u>11,900</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>68</u>	<u>8,735</u>	<u>6,454</u>	<u>18,153</u>

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

	<u>For the nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Total cash outflow for leases	\$ <u>143,583</u>	<u>180,133</u>

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(p) Employee benefits

(i) Defined benefit plans

The Group allocated the pension fund in accordance with the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", and contributed \$18,773 thousand and \$17,323 thousand to the Bank of Taiwan labor pension reserve account in March 2022 and March 2021, respectively. Since there were no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2021 and 2020.

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

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Operating costs	\$ 821	848	2,465	2,558
Operating expenses	512	565	1,537	1,680
	<u>\$ 1,333</u>	<u>1,413</u>	<u>4,002</u>	<u>4,238</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 September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Operating costs	\$ 20,779	17,734	60,722	49,195
Operating expenses	8,439	7,688	24,949	21,898
	<u>\$ 29,218</u>	<u>25,422</u>	<u>85,671</u>	<u>71,093</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
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(q) Income tax

The components of income tax expense were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Current income tax expense (benefit)				
Current period	\$ 206,208	157,465	713,750	752,405
Adjustment for prior periods	4	21	(172)	(717)
	<u>206,212</u>	<u>157,486</u>	<u>713,578</u>	<u>751,688</u>
Deferred tax expense				
Origination and reversal of temporary differences	14,849	44,904	97,142	183,098
Income tax expenses of continued operations	<u>\$ 221,061</u>	<u>202,390</u>	<u>810,720</u>	<u>934,786</u>

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

	For the three months ended September 30		For the nine months ended September 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>\$ (2,708)</u>	<u>-</u>	<u>(17,469)</u>	<u>-</u>

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

(r) Capital and other equity

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

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TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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	\$ 1,981,704	297,256

(ii) Other equities (net for tax)

	Foreign exchange differences arising from foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total
Balance as of January 1, 2022	\$ (456,708)	1,047,059	(26,847)	563,504
Foreign exchange differences arising from foreign operations	1,413,567	-	-	1,413,567
Exchange differences on translation financial statements from investments accounted for using equity method	(254,068)	-	-	(254,068)
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	-	(240,550)	-	(240,550)
Share of cash flow hedges of associates and joint ventures accounted for under equity method	-	-	1,291	1,291
Balance as of September 30, 2022	\$ 702,791	806,509	(25,556)	1,483,744
Balance as of January 1, 2021	\$ (198,125)	558,902	(81,119)	279,658
Foreign exchange differences arising from foreign operations	(287,682)	-	-	(287,682)
Exchange differences on translation financial statements from investments accounted for using equity method	(5,698)	-	-	(5,698)
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	-	342,831	-	342,831
Share of cash flow hedges of associates and joint ventures accounted for under equity method	-	-	43,213	43,213
Balance as of September 30, 2021	\$ (491,505)	901,733	(37,906)	372,322

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(s) 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 September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Net income attributable to common shareholders of the Company	<u>\$ 393,483</u>	<u>1,441,531</u>	<u>1,794,318</u>	<u>3,340,428</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>\$ 0.47</u>	<u>1.75</u>	<u>2.17</u>	<u>4.05</u>

(ii) Diluted earnings per share

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Net income attributable to common shareholders of the Company (diluted)	<u>\$ 393,483</u>	<u>1,441,531</u>	<u>1,794,318</u>	<u>3,340,428</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>4,701</u>	<u>2,977</u>	<u>5,964</u>	<u>3,335</u>
Weighted-average number of shares outstanding (diluted) (in thousands)	<u>830,411</u>	<u>828,687</u>	<u>831,674</u>	<u>829,045</u>
Diluted earnings per share (NTD)	<u>\$ 0.47</u>	<u>1.74</u>	<u>2.16</u>	<u>4.03</u>

(t) Remuneration to employees and directors

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

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
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For the three months and nine months ended September 30, 2022 and 2021, the Company recognized the employees' compensation of \$26,435 thousand, \$32,000 thousand, \$122,233 thousand and \$93,619 thousand, respectively, and the directors' remuneration of \$2,495 thousand, \$7,299 thousand, \$11,197 thousand and \$18,593 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.

(u) Revenue from contracts with customers

	For the three months ended September 30, 2022		
	Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:			
Asia	\$ 6,279,079	183,772	6,462,851
Americas	1,228,640	334	1,228,974
Europe	898,462	21	898,483
Others	150,231	-	150,231
	\$ 8,556,412	184,127	8,740,539
Major product lines:			
Synthetic rubber / elastomers	\$ 8,371,667	-	8,371,667
Applied materials	-	184,096	184,096
Others	184,745	31	184,776
	\$ 8,556,412	184,127	8,740,539
	For the three months ended September 30, 2021		
	Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:			
Asia	\$ 5,183,510	236,168	5,419,678
Americas	1,290,991	2,168	1,293,159
Europe	791,017	65	791,082
Others	168,943	-	168,943
	\$ 7,434,461	238,401	7,672,862

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
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	For the three months ended September 30, 2021		
	Synthetic rubber	Non-synthetic rubber	Total
Major product lines:			
Synthetic rubber / elastomers	\$ 7,339,443	-	7,339,443
Applied materials	-	238,242	238,242
Others	95,018	159	95,177
	<u>\$ 7,434,461</u>	<u>238,401</u>	<u>7,672,862</u>
	For the nine months ended September 30, 2022		
	Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:			
Asia	\$ 18,424,352	556,304	18,980,656
Americas	3,928,061	8,883	3,936,944
Europe	2,872,738	162	2,872,900
Others	566,886	-	566,886
	<u>\$ 25,792,037</u>	<u>565,349</u>	<u>26,357,386</u>
Major product lines:			
Synthetic rubber / elastomers	\$ 25,402,632	-	25,402,632
Applied materials	-	561,672	561,672
Others	389,405	3,677	393,082
	<u>\$ 25,792,037</u>	<u>565,349</u>	<u>26,357,386</u>
	For the nine months ended September 30, 2021		
	Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:			
Asia	\$ 17,009,314	864,085	17,873,399
Americas	3,514,300	13,343	3,527,643
Europe	2,422,364	65	2,422,429
Others	586,917	-	586,917
	<u>\$ 23,532,895</u>	<u>877,493</u>	<u>24,410,388</u>
Major product lines:			
Synthetic rubber / elastomers	\$ 23,327,170	-	23,327,170
Applied materials	-	876,866	876,866
Others	205,725	627	206,352
	<u>\$ 23,532,895</u>	<u>877,493</u>	<u>24,410,388</u>

(Continued)

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(v) Other income and expenses

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Rental income	\$ 18,560	18,480	55,258	56,977
Royalty income	61,688	58,139	137,240	116,605
Net service income	1,651	3,330	3,856	9,118
Depreciation of investment properties	(3,681)	(3,682)	(11,044)	(11,044)
Net other income	<u>3,822</u>	<u>6,855</u>	<u>15,819</u>	<u>22,035</u>
Other income and expenses	<u>\$ 82,040</u>	<u>83,122</u>	<u>201,129</u>	<u>193,691</u>

(w) Non-operating income and expenses

(i) Interest income

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Interest income from bank deposits	<u>\$ 23,508</u>	<u>6,140</u>	<u>44,999</u>	<u>22,028</u>

(ii) Other gains

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Dividend income	<u>\$ 78,532</u>	<u>37,987</u>	<u>101,160</u>	<u>66,272</u>

(iii) Other gains and losses

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Gains or losses on disposal of property, plant and equipment	\$ (3,074)	995,606	(19,371)	926,238
Foreign exchange gain or loss, net	(15,776)	(14,341)	(46,319)	(44,474)
Gains or losses on financial assets (liabilities) at fair value through profit or loss	56,984	19,806	108,616	45,788
Other gains and losses	<u>11,468</u>	<u>589</u>	<u>1,031</u>	<u>6,765</u>
Other gains and losses, net	<u>\$ 49,602</u>	<u>1,001,660</u>	<u>43,957</u>	<u>934,317</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
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(iv) Finance costs

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Interest expense	\$ 61,452	27,172	120,154	85,530

(x) 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.

	Contractual cash flows	1 year	1-2 years	2-5 years	Over 5 years
September 30, 2022					
Non-derivative financial liabilities					
Short-term borrowings (including short-term commercial paper payable)	\$ 6,567,628	6,567,628	-	-	-
Accounts payable	1,581,667	1,581,667	-	-	-
Other payables	1,347,706	1,347,706	-	-	-
Long-term borrowings (including other long-term borrowings, current portion and current portion of long-term payables)	3,332,832	1,026,521	1,688,721	617,590	-
Lease liabilities	564,327	136,872	115,436	211,670	100,349
Deposits received	50,820	-	36,453	11,247	3,120
Derivative financial liabilities					
Other swap contracts:					
Outflow	2,396	2,396	-	-	-
	\$ 13,447,376	10,662,790	1,840,610	840,507	103,469
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	-	-	-
	\$ 10,838,355	8,112,158	1,153,443	1,436,755	135,999

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Contractual cash flows</u>	<u>1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
September 30, 2021					
Non-derivative financial liabilities					
Short-term borrowings	\$ 3,974,707	3,974,707	-	-	-
Accounts payable (including related parties)	1,378,895	1,378,895	-	-	-
Other payables	1,375,300	1,375,300	-	-	-
Long-term borrowings (including other long-term borrowings and current portion)	3,840,168	1,421,332	983,681	1,435,155	-
Lease liabilities	565,424	143,190	99,120	170,410	152,704
Deposits received	49,707	-	35,340	11,247	3,120
Derivative financial liabilities					
Other swap contracts/other forward contracts:					
Outflow	8	8	-	-	-
	<u>\$ 11,184,209</u>	<u>8,293,432</u>	<u>1,118,141</u>	<u>1,616,812</u>	<u>155,824</u>

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

(ii) Currency risk

1) Risk exposure

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

	<u>Foreign currency (thousand dollars)</u>	<u>Exchange rate</u>	<u>NTD</u>
September 30, 2022			
Financial assets:			
Monetary assets:			
USD	\$ 79,544	31.7430	2,524,965
EUR	\$ 22,958	31.2129	716,586
JPY	\$ 158,007	0.2199	34,746
CNY	\$ 303,768	4.4724	1,358,572
Financial liabilities:			
Monetary liabilities:			
USD	\$ 55,326	31.7430	1,756,213
EUR	\$ 18,703	31.2129	583,775
JPY	\$ 144,531	0.2199	31,782
CNY	\$ 250,998	4.4724	1,122,563

(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
September 30, 2021			
Financial assets:			
Monetary assets:			
USD	\$ 93,262	27.8660	2,598,839
EUR	\$ 14,476	32.3385	468,132
JPY	\$ 163,863	0.2491	40,818
CNY	\$ 38,001	4.3078	163,701
Financial liabilities:			
Monetary liabilities:			
USD	\$ 92,592	27.8660	2,580,169
EUR	\$ 11,485	32.3385	371,408
JPY	\$ 145,151	0.2491	36,157

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 \$11,405 thousand and \$2,838 thousand for the nine months ended September 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 nine months ended September 30, 2022 and 2021, foreign exchange gain (loss) (including Derivative financial instruments for non-hedging profit and loss) amounting to \$62,297 thousand and \$1,314 thousand, respectively.

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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 \$73,377 thousand and \$57,986 thousand for the nine months ended September 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.

	September 30, 2022				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 32,189	-	32,189	-	32,189
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	647,488	647,488	-	-	647,488
Unlisted stocks (domestic and overseas)	562,817	-	-	562,817	562,817
Subtotal	<u>1,210,305</u>	<u>647,488</u>	<u>-</u>	<u>562,817</u>	<u>1,210,305</u>
Total	<u>\$ 1,242,494</u>	<u>647,488</u>	<u>32,189</u>	<u>562,817</u>	<u>1,242,494</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 2,396	-	2,396	-	2,396

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TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2021				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 7,702	-	7,702	-	7,702
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	668,140	668,140	-	-	668,140
Unlisted stocks (domestic and overseas)	792,446	-	-	792,446	792,446
Subtotal	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	\$ 356	-	356	-	356
	September 30, 2021				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 13,783	-	13,783	-	13,783
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	609,830	609,830	-	-	609,830
Unlisted stocks (domestic and overseas)	684,420	-	-	684,420	684,420
Subtotal	1,294,250	609,830	-	684,420	1,294,250
Total	<u>\$ 1,308,033</u>	<u>609,830</u>	<u>13,783</u>	<u>684,420</u>	<u>1,308,033</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 8	-	8	-	8

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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	(229,629)
Balance at September 30, 2022	<u>\$ 562,817</u>
Balance at January 1, 2021	\$ 952,645
Total gains:	
Recognized in other comprehensive income	315,365
Transfer into level 1	(583,590)
Balance at September 30, 2021	<u>\$ 684,420</u>

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

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- 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 September 30, 2022, December 31, 2021 and September 30, 2021 was all 6.27~16.85, 9.45~20.31 and 13.14~18.25, 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>
September 30, 2022				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	1%	\$ 7,031	(7,031)
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)
September 30, 2021				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	1%	\$ 8,559	(8,559)

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

(y) 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.

(z) Capital management

The objectives, policies, and procedures of the Group's capital management are the same as those in the consolidated financial statements for the year ended December 31, 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.

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

The Group did not have non-cash flow transactions on investing and financing activities for the nine months ended September 30, 2022 and 2021.

(ab) Reconciliation of liabilities arising from financing activities

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

	January 1, 2022	Cash flows	Non-cash changes			September 30, 2022
			Foreign exchange movement	Amortization of commercial paper discount	Others	
Long-term borrowings (including current portion)	\$ 2,753,932	66,569	74,346	-	-	2,894,847
Other long-term borrowings (including current portion)	349,922	(3,896)	-	3,642	-	349,668
Short-term borrowings (including short-term commercial paper payable)	4,006,365	2,247,790	284,417	541	-	6,539,113
Lease liabilities	486,283	(114,203)	26,915	7,804	144,446	551,245
Total liabilities from financing activities	<u>\$ 7,596,502</u>	<u>2,196,260</u>	<u>385,678</u>	<u>11,987</u>	<u>144,446</u>	<u>10,334,873</u>

	January 1, 2021	Cash flows	Non-cash changes			September 30, 2021
			Foreign exchange movement	Amortization of commercial paper discount	Others	
Long-term borrowings (including current portion)	\$ 4,463,864	(1,018,167)	(23,566)	-	-	3,422,131
Other long-term borrowings	349,341	(2,638)	-	3,131	-	349,834
Short-term borrowings	3,789,276	243,969	(73,792)	-	-	3,959,453
Lease liabilities	632,090	(147,034)	(533)	3,046	53,919	541,488
Total liabilities from financing activities	<u>\$ 9,234,571</u>	<u>(923,870)</u>	<u>(97,891)</u>	<u>6,177</u>	<u>53,919</u>	<u>8,272,906</u>

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TSRC CORPORATION AND SUBSIDIARIES
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(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 September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Associates	\$ <u>389</u>	<u>(24)</u>	<u>389</u>	<u>6,223</u>

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 September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Other related parties	\$ <u>1,821</u>	<u>100,936</u>	<u>109,042</u>	<u>223,387</u>

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TSRC CORPORATION AND SUBSIDIARIES
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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 September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Associates				
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 41,952	37,101	129,576	109,550
Joint ventures				
Indian Synthetic Rubber Private Limited	18,573	18,710	53,525	51,267
Others joint ventures	1,427	2,036	4,977	4,555
Other related parties				
Others related parties	<u>(3,622)</u>	<u>(3,323)</u>	<u>(11,178)</u>	<u>(11,516)</u>
	<u>\$ 58,330</u>	<u>54,524</u>	<u>176,900</u>	<u>153,856</u>

(iv) Lease—Rental income

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Associates	\$ 623	606	1,868	1,831
Other related parties	<u>1,119</u>	<u>1,118</u>	<u>3,358</u>	<u>3,354</u>
	<u>\$ 1,742</u>	<u>1,724</u>	<u>5,226</u>	<u>5,185</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>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Other receivables	Associates			
	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 25,349	29,013	18,661
Other receivables	Joint ventures			
	Indian Synthetic Rubber Private Limited	18,878	18,192	25,298
	Others	471	733	693
		<u>\$ 44,698</u>	<u>47,938</u>	<u>44,652</u>

(vi) Payables to related parties

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

<u>Account</u>	<u>Type of related parties</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Accounts payable	Other related parties	\$ -	1,316	32,328
Other payables	Joint ventures	1,428	1,246	1,254
Other payables	Other related parties	1,291	1,817	788
		<u>\$ 2,719</u>	<u>4,379</u>	<u>34,370</u>

(vii) Guarantees

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Associates			
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 467,037	500,576	748,856
Joint ventures			
Indian Synthetic Rubber Private Limited	1,057,042	922,077	927,938
	<u>\$ 1,524,079</u>	<u>1,422,653</u>	<u>1,676,794</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>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Associates			
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 301	1,782	334
Joint ventures			
Indian Synthetic Rubber Private Limited	<u>25,791</u>	<u>25,975</u>	<u>27,078</u>
	<u>\$ 26,092</u>	<u>27,757</u>	<u>27,412</u>

(c) Key management personnel transactions

The compensation of the key management personnel comprised the following:

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 34,502	29,915	103,867	90,048
Post-employment benefits	<u>286</u>	<u>282</u>	<u>1,003</u>	<u>943</u>
	<u>\$ 34,788</u>	<u>30,197</u>	<u>104,870</u>	<u>90,991</u>

(8) Pledged assets

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Restricted savings deposits (recorded as other non-current assets)	Bank guarantee for electricity usage	\$ 1,264	1,153	1,163
Machinery etc. (recorded as property, plant and equipment)	Guarantee for long-term borrowings	<u>134,607</u>	<u>148,688</u>	<u>158,550</u>
		<u>\$ 135,871</u>	<u>149,841</u>	<u>159,713</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(9) Commitments and contingencies

(a) The unused letters of credit outstanding

	September 30, 2022	December 31, 2021	September 30, 2021
The Group's unused letters of credit outstanding	\$ <u>859,604</u>	<u>842,971</u>	<u>865,306</u>

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

	September 30, 2022	December 31, 2021	September 30, 2021
Total amounts of construction in progress contracts	\$ <u>636,717</u>	<u>377,273</u>	<u>552,749</u>
Cumulative payments	\$ <u>365,211</u>	<u>305,883</u>	<u>411,010</u>

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other

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

By nature	By function			Three months ended September 30, 2022			Three months ended September 30, 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits									
Salary	226,280	174,895	401,175	206,113	199,195	405,308			
Labor and health insurance	27,045	16,741	43,786	23,335	14,951	38,286			
Pension	21,600	8,951	30,551	18,582	8,253	26,835			
Others (note 1)	52,576	30,932	83,508	49,725	31,749	81,474			
Depreciation (note 2)	258,524	34,733	293,257	232,978	33,391	266,369			
Amortization	7,763	26,857	34,620	1,753	28,774	30,527			

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

By function	Nine months ended September 30, 2022			Nine months ended September 30, 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
By nature						
Employee benefits						
Salary	723,473	540,885	1,264,358	701,272	557,342	1,258,614
Labor and health insurance	81,394	52,231	133,625	69,437	44,967	114,404
Pension	63,187	26,486	89,673	51,753	23,578	75,331
Others (note 1)	183,881	118,371	302,252	150,975	100,872	251,847
Depreciation (note 2)	759,406	102,976	862,382	699,228	112,810	812,038
Amortization	12,511	86,375	98,886	4,810	86,755	91,565

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

Note 2: Depreciation expenses excluded expenses for investment property recognized under other income and expenses, amounting to \$3,681 thousand, \$3,682 thousand, \$11,044 thousand and \$11,044 thousand for the three months and nine months ended September 30, 2022 and 2021.

(b) Seasonality or cyclicity of interim operations

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

(c) To comply with the policy, Shen Hua signed a relocation compensation contract with Nantong Management Office and Nantong Nengda on December 4, 2021. It also signed an investment agreement for its new factories with Nantong Management Office at the compensated amount of CNY479,677 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 September 30, 2022, the Group collected installment compensation amounting to \$212,444 thousand (CNY47,968 thousand) based on the agreement and recognized provision for demolition and relocation amounting to \$248,891 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 nine months ended September 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	-	-	-	5,197,534	10,395,068
3	TSRC (Hong Kong) Limited	TSRC	Account receivable-related parties	Yes	176,880	-	-	0.284%	2	-	Operating capital	-	-	-	2,157,783	4,315,566
3	TSRC (Hong Kong) Limited	TSRC (Vietnam) Co., Ltd.	Account receivable-related parties	Yes	126,972	126,972	95,229	2.00%-4.30 %	2	-	Operating capital	-	-	-	2,157,783	4,315,566
4	TSRC Specialty Materials LLC	TSRC (USA) Investment Corporation	Account receivable-related parties	Yes	429,330	-	-	0.12%-0.44 %	2	-	Operating capital	-	-	-	1,277,758	2,555,515

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	476,145	52,535	-	2.54 %	(Note 3)	Y		
0	TSRC	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	6	(Note 2)	509,245	467,037	-	-	2.49 %	(Note 3)			Y
0	TSRC	Indian Synthetic Rubber Private Limited	6	(Note 2)	1,057,042	1,057,042	563,438	-	5.63 %	(Note 3)			
0	TSRC	TSRC (Vietnam) Co., Ltd.	4	(Note 2)	669,196	307,907	307,907	-	1.64 %	(Note 3)	Y		
0	TSRC	TSRC Specialty Materials LLC	4	(Note 2)	317,430	317,430	85,971	-	1.69 %	(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 \$11,255,282 thousand.

Note 3: The aggregate amount of guarantee by the Company is limited to 1.5 times its stockholders' equity, amounting to \$28,138,206 thousand.

(Continued)

TSRC CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iii) Securities held as of September 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	
TSRC	Evergreen Steel Corporation	-	Financial assets at fair value through other comprehensive income – non-current	12,148,000	647,488	2.91 %	647,488
TSRC	Thai Synthetic Rubbers Co., Ltd.	-	Financial assets at fair value through other comprehensive income – non-current	599,999	84,528	5.42 %	84,528
TSRC	Hsin-Yung Enterprise Corporation	-	Financial assets at fair value through other comprehensive income – non-current	5,657,000	360,294	3.90 %	360,294
Dymas Corporation	Thai Synthetic Rubbers Co., Ltd.	-	Financial assets at fair value through other comprehensive income – non-current	837,552	117,995	7.57 %	117,995
					<u>1,210,305</u>		<u>1,210,305</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	280,712	11.25 %	70 days	-		(77,216)	(11.13) %	
TSRC	TSRC (Lux.) Corporation S.A R.L	Parent and subsidiary companies	Sale	(280,712)	(3.17) %	70 days	-		77,216	5.42 %	
TSRC Specialty Materials LLC	TSRC	Parent and subsidiary companies	Purchase	194,922	6.92 %	70 days	-		(87,002)	(18.42) %	
TSRC	TSRC Specialty Materials LLC	Parent and subsidiary companies	Sale	(194,922)	(2.20) %	70 days	-		87,002	6.10 %	
Polybus Corporation Pte Ltd	TSRC (Nantong) Industries Ltd.	Related parties	Purchase	170,389	23.05 %	40 days	-		(27,517)	(12.60) %	
TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd	Related parties	Sale	(170,389)	(3.49) %	40 days	-		27,517	3.27 %	
Polybus Corporation Pte Ltd	Shen Hua Chemical Industries Co., Ltd.	Related parties	Purchase	536,339	72.54 %	40 days	-		(178,197)	(81.60) %	
Shen Hua Chemical Industries Co., Ltd.	Polybus Corporation Pte Ltd	Related parties	Sale	(536,339)	(8.81) %	40 days	-		178,197	10.73 %	
TSRC (Lux.) Corporation S.A R.L	TSRC Specialty Materials LLC	Related parties	Purchase	510,254	20.45 %	90 days	-		(173,372)	(24.99) %	
TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L	Related parties	Sale	(510,254)	(13.94) %	90 days	-		173,372	24.59 %	
TSRC (Lux.) Corporation S.A R.L	TSRC (Nantong) Industries Ltd.	Related parties	Purchase	1,696,735	68.01 %	70 days	-		(449,894)	(64.84) %	
TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L	Related parties	Sale	(1,696,735)	(34.77) %	70 days	-		449,894	53.48 %	

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 Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L	Related parties	173,372	4.02	-		-	-
TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L	Related parties	449,894	6.00	-		83,570	-
Shen Hua Chemical Industries Co., Ltd.	Polybus Corporation Pte Ltd	Related parties	178,197	5.71	-		99,472	-

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

Note 2: Until November 3, 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			Percentage of the total consolidated revenue or total assets
				Account name	Amount	Trading terms	
0	TSRC	TSRC (Nantong) Industries Ltd.	1	Sales revenue	55,537	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.21 %
0	TSRC	TSRC (Nantong) Industries Ltd.	1	Other income and expenses	62,613	"	0.24 %
0	TSRC	TSRC (Lux.) Corporation S.A R.L	1	Sales revenue	280,712	"	1.07 %
0	TSRC	TSRC (Lux.) Corporation S.A R.L	1	Accounts receivable	77,216	"	0.21 %
0	TSRC	Polybus Corporation Pte Ltd	1	Sales revenue	38,177	"	0.14 %
0	TSRC	TSRC Specialty Materials LLC	1	Sales revenue	194,922	"	0.74 %
0	TSRC	TSRC Specialty Materials LLC	1	Accounts receivable	87,002	"	0.24 %
0	TSRC	TSRC (Nantong) Industries Ltd.	1	Other income and expenses	47,747	The transaction is not significantly different from normal transactions, and the collection terms were about six months	0.18 %
1	TSRC (Nantong) Industries Ltd.	TSRC (Shanghai) Industries Ltd.	3	Sales revenue	34,355	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.13 %
1	TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd	3	Sales revenue	170,389	"	0.65 %
1	TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L	3	Sales revenue	1,696,735	"	6.44 %
1	TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L	3	Accounts receivable	449,894	"	1.23 %

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

No.	Name of company	Name of counter-party	Existing relationship with the counter-party	Transaction details			
				Account name	Amount	Trading terms	Percentage of the total consolidated revenue or total assets
1	TSRC (Nantong) Industries Ltd.	TSRC-UBE (Nantong) Industries Ltd.	3	Other income and expenses	235,280	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.89 %
1	TSRC (Nantong) Industries Ltd.	TSRC Specialty Materials LLC	3	Sales revenue	28,023	"	0.11 %
2	TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L	3	Sales revenue	510,254	The transaction is not significantly different from normal transactions, and the collection terms were about three months	1.94 %
2	TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L	3	Accounts receivable	173,372	"	0.47 %
3	Shen Hua Chemical Industries Co., Ltd.	Polybus Corporation Pte Ltd	3	Sales revenue	536,339	The transaction is not significantly different from normal transactions, and the collection terms were about two months	2.03 %
3	Shen Hua Chemical Industries Co., Ltd.	Polybus Corporation Pte Ltd	3	Accounts receivable	178,197	"	0.49 %
3	Shen Hua Chemical Industries Co., Ltd.	TSRC-UBE (Nantong) Industries Ltd.	3	Sales revenue	48,020	"	0.18 %
4	TSRC (Lux.) Corporation S.A R.L	TSRC	2	Other income and expenses	34,468	The transaction is not significantly different from normal transactions, and the collection terms were about six months	0.13 %
5	TSRC (Hong Kong) Limited	TSRC (Vietnam) Co., Ltd.	3	Account receivable-related parties	95,229	The transaction is not significantly different from normal transactions, and the collection terms were about three months	0.26 %

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 nine months ended September 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
				September 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 %	17,112,495	1,255,075	1,255,075	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 %	603,520	(9,538)	(9,538)	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 %	126,437	(11,344)	(2,210)	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 %	224,826	(67,238)	(67,238)	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
				September 30, 2022	December 31, 2021	Shares	Percentage of ownership	Book value			
Trimurti Holding Corporation	Polybus Corporation Pte Ltd	100 Peck Seah Street #09-16 Singapore 079333	International commerce and investment corporation	2,066,501 (USD65,101)	2,066,501 (USD65,101)	105,830,000	100.00 %	10,395,068	856,144	856,144	Indirectly owned subsidiary
Trimurti Holding Corporation	TSRC (Hong Kong) Limited	15/F Boc Group Life Assurance Tower 136 Dses Vocus Road Central	Investment corporation	3,296,511 (USD103,850)	3,296,511 (USD103,850)	103,850,000	100.00 %	4,315,566	163,091	163,091	Indirectly owned subsidiary
Trimurti Holding Corporation	Indian Synthetic Rubber Private Limited	Room No.702, Indian Oil Bhawan, 1 Sri Aurobindo Marg, Yusuf Sarai, New Delhi 110016, India	Production and sale of synthetic rubber products	935,561 (USD29,473)	935,561 (USD29,473)	222,861,375	50.00 %	1,380,356	505,306	252,653	-
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	2,336,898 (EUR74,870)	2,336,898 (EUR74,870)	74,869,617	100.00 %	3,462,000	141,732	141,732	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	3,048,915 (USD96,050)	3,048,915 (USD96,050)	130	100.00 %	3,259,882	88,238	88,238	Indirectly owned subsidiary
TSRC (USA) Investment Corporation	TSRC Specialty Materials LLC	12012 Wickchester Lane, Suite 280, Houston, TX, USA	Production and sale of TPE	6,939,559 (USD218,617)	6,939,559 (USD218,617)	-	100.00 %	2,555,515	194,948	194,948	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	1,587 (USD50)	1,587 (USD50)	50,000	100.00 %	57,483	(335)	(335)	Indirectly owned subsidiary
Hardison International Corporation	Dymas Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	152,335 (USD4,799)	152,335 (USD4,799)	4,798,566	80.52 %	543,938	(11,344)	(9,134)	Indirectly owned subsidiary
Dymas Corporation	Asia Pacific Energy Development Co., Ltd.	Cayman Islands	Consulting for electric power facilities management and electrical system design	358,220 (USD11,285)	358,220 (USD11,285)	7,522,337	37.78 %	281,887	(95,229)	(35,977)	-

Note 1: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD31.743; EUR1 to NTD31.2129).

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 September 30, 2022	Net income (losses) of investee	Direct / indirect investment holding percentage	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount						
Shen Hua Chemical Industries Co., Ltd.	Production and sale of synthetic rubber products	1,308,446 (USD41,220)	(2)a.	-	-	-	-	252,358	65.44 %	165,143	2,433,709	4,786,340
Changzhou Asia Pacific Co-generation Co., Ltd.	Power generation and sale of electricity and steam	733,263 (USD23,100)	(2)c.	121,639 (USD3,832)	-	-	121,639 (USD3,832)	(106,977)	28.34 %	(30,317)	279,936	358,308
TSRC (Shanghai) Industries Ltd.	Production and sale of compounding materials	174,587 (USD5,500)	(2)b.	124,433 (USD3,920)	-	-	124,433 (USD3,920)	24,658	100.00 %	24,658	304,820	-
Nantong Qix Storage Co., Ltd.	Storehouse for chemicals	95,229 (USD3,000)	(2)d.	47,615 (USD1,500)	-	-	47,615 (USD1,500)	(574)	50.00 %	(287)	57,172	74,060
TSRC-UBE (Nantong) Chemical Industrial Co., Ltd.	Production and sale of synthetic rubber products	1,269,720 (USD40,000)	(2)a.	31,743 (USD1,000)	-	-	31,743 (USD1,000)	419,530	55.00 %	230,742	1,095,771	-
TSRC (Nantong) Industries Ltd.	Production and sale of TPE	3,336,983 (USD105,125)	(2)a.	211,027 (USD6,648)	-	-	211,027 (USD6,648)	348,157	100.00 %	348,157	3,924,143	440,864
ARLANKEO-TSRC (Nantong) Chemical Industries Co., Ltd.	Production and sale of NBR	1,422,086 (USD44,800)	(2)a.	-	-	-	-	307,643	50.00 %	153,821	674,159	-

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 NTD31.743).

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

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(ii) Limitation on investment in Mainland China:

Unit: thousand NTD/thousand USD

Company name	Accumulated investment amount in Mainland China as of September 30, 2022	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
TSRC	536,457 (USD16,900)	5,946,575 (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 NTD31.743).

(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)

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(14) Segment information

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

	<u>Synthetic rubber</u>	<u>Non-synthetic rubber</u>	<u>Others</u>	<u>Total</u>
Three months ended September 30, 2022				
Revenue:				
Revenue from external customers	\$ <u>8,556,412</u>	<u>184,127</u>	<u>-</u>	<u>8,740,539</u>
Income from operations	<u>\$ 648,826</u>	<u>(42,128)</u>	<u>57,999</u>	<u>664,697</u>
Three months ended September 30, 2021				
Revenue:				
Revenue from external customers	\$ <u>7,434,461</u>	<u>238,401</u>	<u>-</u>	<u>7,672,862</u>
Income from operations	<u>\$ 676,402</u>	<u>(10,877)</u>	<u>1,031,925</u>	<u>1,697,450</u>
Nine months ended September 30, 2022				
Revenue:				
Revenue from external customers	\$ <u>25,792,037</u>	<u>565,349</u>	<u>-</u>	<u>26,357,386</u>
Income from operations	<u>\$ 2,953,598</u>	<u>(121,495)</u>	<u>48,938</u>	<u>2,881,041</u>
Nine months ended September 30, 2021				
Revenue:				
Revenue from external customers	\$ <u>23,532,895</u>	<u>877,493</u>	<u>-</u>	<u>24,410,388</u>
Income from operations	<u>\$ 3,608,102</u>	<u>52,655</u>	<u>1,025,936</u>	<u>4,686,693</u>