

**TSRC CORPORATION  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Three Months Ended March 31, 2023 and 2022**

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

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## Independent Auditors' Review Report

To the Board of Directors of TSRC Corporation:

### Introduction

We have reviewed the accompanying consolidated balance sheets of TSRC Corporation (the "Company") and its subsidiaries (together referred to as the "Group") as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. 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 Standards on Auditing of the Republic of China 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 \$3,911,475 thousand and \$4,015,491 thousand, constituting 11% and 12% of the consolidated total assets; and the total liabilities amounting to \$554,501 thousand and \$826,323 thousand, constituting 3% and 5% of the consolidated total liabilities as of March 31, 2023 and 2022, respectively; as well as the total comprehensive income amounting to \$91,379 thousand and \$201,999 thousand, constituting 15% and 14% of the consolidated total comprehensive income for the three months ended March 31, 2023 and 2022, respectively.

Furthermore, as stated in note 6(g), the other equity accounted investments of the Group in its investee companies of \$2,342,735 thousand and \$2,190,643 thousand as of March 31, 2023 and 2022, respectively, and its equity in net earnings on these investee companies of \$114,345 thousand and \$113,695 thousand for the three months ended March 31, 2023 and 2022, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

### **Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of TSRC Corporation and its subsidiaries as of March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)  
May 4, 2023

### **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 Standards on Auditing as of March 31, 2023 and 2022**

**TSRC CORPORATION AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**March 31, 2023, December 31 and March 31, 2022**

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

Assets		March 31, 2023		December 31, 2022		March 31, 2022		Liabilities and Equity		March 31, 2023		December 31, 2022		March 31, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 5,822,165	16	6,278,620	17	4,949,695	14	2100	Short-term borrowings (note 6(m))	\$ 5,513,247	15	6,079,332	17	3,716,214	11
1110	Current financial assets at fair value through profit or loss (note 6(b))	317	-	14	-	6,821	-	2111	Short-term commercial paper payable (note 6(m))	549,609	2	249,704	1	-	-
1150	Notes receivable, net (note 6(d))	801,773	2	940,938	3	1,180,983	3	2322	Current portion of long-term borrowings (notes 6(m) and 8)	980,060	3	724,563	2	966,597	3
1170	Accounts receivable, net (note 6(d))	3,469,509	10	3,044,640	8	3,679,310	11	2120	Current portion of long-term payables (note 6(m))	-	-	349,767	1	349,921	1
1200	Other receivables (notes 6(e) and 7)	184,002	-	146,483	-	138,896	-		Current financial liabilities at fair value through profit or loss (note 6(b))	5,805	-	36,729	-	5,366	-
130x	Inventories (note 6(f))	7,520,943	20	7,492,032	20	6,486,478	19	2170	Accounts payable	1,525,183	4	1,634,283	3	1,835,432	5
1479	Other current assets	575,718	2	563,845	2	687,338	2	2180	Accounts payable—related parties (note 7)	62,453	-	33,236	-	70,943	-
Total current assets		18,374,427	50	18,466,572	50	17,129,521	49	2216	Dividend payable (note 6(r))	891,767	2	-	-	1,981,704	6
Non-current assets:								2230	Current income tax liabilities	418,598	1	351,748	1	460,084	1
1517	Financial assets at fair value through other comprehensive income—non-current (note 6(c))	1,732,921	5	1,422,896	4	1,425,787	4	2219	Other payables (notes 6(t) and 7)	988,696	3	1,433,551	4	1,228,490	4
1550	Investments accounted for under equity method (notes 6(g) and 7)	2,342,735	6	2,222,200	6	2,190,643	6	2280	Current lease liabilities (note 6(o))	115,685	-	127,731	-	118,951	-
1600	Property, plant and equipment (notes 6(i), 8 and 9)	9,939,900	27	9,986,972	27	10,272,424	30	2399	Other current liabilities	114,609	-	272,907	1	230,126	1
1755	Right-of-use assets (notes 6(j) and 12(c))	1,534,254	4	959,689	3	859,755	2		Total current liabilities	11,165,712	30	11,293,551	30	10,963,828	32
1760	Investment property (note 6(k))	1,533,741	4	1,537,423	4	1,548,467	5	2541	Non-Current liabilities:						
1780	Intangible assets (note 6(l))	828,241	2	867,813	3	891,283	3	2550	Long-term bank borrowings (notes 6(m) and 8)	2,709,618	7	2,129,854	6	2,143,505	6
1840	Deferred income tax assets	322,186	1	308,747	1	246,332	1	2580	Non-current provision liabilities (notes 6(n), 7 and 12(c))	269,989	1	270,284	1	277,883	1
1900	Other non-current assets (notes 8 and 12(c))	206,726	1	801,221	2	143,934	-	2600	Deferred income tax liabilities	1,401,441	4	1,383,801	4	1,082,876	3
Total non-current assets		18,440,704	50	18,106,961	50	17,578,625	51		Non-current lease liabilities (note 6(o))	427,743	1	451,756	1	348,338	1
									Other non-current liabilities (note 12(c))	396,694	1	313,024	1	355,230	1
									Total non-current liabilities	5,205,485	14	4,548,719	13	4,207,832	12
									Total liabilities	16,371,197	44	15,842,270	43	15,171,660	44
									Equity attributable to shareholders of the Company (notes 6(c), (h), (q) and (r)):						
								3100	Common stock	8,257,099	23	8,257,099	23	8,257,099	23
								3200	Capital surplus	51,844	-	51,725	-	50,725	-
									Retained earnings:						
								3310	Legal reserve	4,463,584	12	4,463,584	12	4,073,680	12
								3350	Unappropriated earnings	3,908,248	11	4,544,080	12	3,751,398	11
										8,371,832	23	9,007,664	24	7,825,078	23
									Other equity:						
								3410	Financial statement translation differences for foreign operations	242,239	1	251,770	1	93,069	-
								3420	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	1,295,888	3	1,004,081	3	1,018,178	3
								3450	Gains or losses on hedging instrument	(45,658)	-	(45,789)	-	(32,108)	-
										1,492,469	4	1,210,062	4	1,079,139	3
									Total equity attributable to shareholders of the Company	18,173,244	50	18,526,550	51	17,212,041	49
								36xx	Non-controlling interests (note 6(h))	2,270,690	6	2,204,713	6	2,324,445	7
									Total equity	20,443,934	56	20,731,263	57	19,536,486	56
									Total liabilities and equity	\$ 36,815,131	100	36,573,533	100	34,708,146	100
Total assets		\$ 36,815,131	100	36,573,533	100	34,708,146	100								

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
Reviewed only, not audited in accordance with Standards on Auditing

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2023 and 2022

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

		For the three months ended March 31			
		2023		2022	
		Amount	%	Amount	%
4000	Revenue (notes 6(u) and 7)	\$ 8,113,730	100	8,642,027	100
5000	Operating costs (notes 6(f), 6(i), 6(j), 6(o), 6(p), 6(t) and 7)	7,200,521	89	6,782,664	78
5910	Gross profit	913,209	11	1,859,363	22
6000	Operating expenses (notes 6(d), 6(i), 6(j), 6(o), 6(p), 6(t) and 7):				
6100	Selling expenses	287,903	4	569,005	7
6200	General and administrative expenses	272,136	3	265,183	3
6300	Research and development expenses	93,168	1	85,357	1
6450	Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	(827)	-	(1,993)	-
	Total operating expenses	652,380	8	917,552	11
6500	Other income and expenses, net (notes 6(p), 6(v) and 7)	52,573	1	61,369	1
6900	Operating profit	313,402	4	1,003,180	12
	Non-operating income and expenses (notes 6(g), 6(i), 6(n), 6(o), 6(w) and 7):				
7100	Interest income	51,918	1	10,463	-
7020	Other gains and losses	11,864	-	4,816	-
7050	Finance costs	(79,580)	(1)	(26,092)	-
7370	Share of gain of associates and joint ventures accounted for under equity method	114,345	1	113,695	1
	Total non-operating income and expenses	98,547	1	102,882	1
7900	Net income before tax	411,949	5	1,106,062	13
7950	Less: tax expenses (note 6(q))	102,273	1	309,059	4
	Net income	309,676	4	797,003	9
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	310,509	4	(36,578)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	18,702	-	(7,697)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	291,807	4	(28,881)	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(26,351)	-	654,610	8
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method	29,187	-	(28,360)	-
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	2,836	-	626,250	8
8300	Other comprehensive income	294,643	4	597,369	8
	Total comprehensive income	\$ 604,319	8	1,394,372	17
	Net income attributable to:				
8610	Shareholders of parent	\$ 255,935	3	652,160	7
8620	Non-controlling interests	53,741	1	144,843	2
		\$ 309,676	4	797,003	9
	Total comprehensive income attributable to:				
8710	Shareholders of parent	\$ 538,342	7	1,167,795	14
8720	Non-controlling interests	65,977	1	226,577	3
		\$ 604,319	8	1,394,372	17
9710	Basic earnings per share (in New Taiwan Dollars) (note 6(s))	\$ 0.31		0.79	
9810	Diluted earnings per share (in New Taiwan dollars) (note 6(s))	\$ 0.31		0.79	

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 three months ended March 31, 2023 and 2022**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent					Total other equity interest						
	Common stock	Capital surplus	Legal reserve	Retained earnings		Financial statements translation differences for foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total	Total equity attributable to owners of parent	Non-controlling interests	Total equity
				Unappropriated retained earnings	Total							
<b>Balance at January 1, 2022</b>	\$ 8,257,099	50,725	4,073,680	5,080,942	9,154,622	(456,708)	1,047,059	(26,847)	563,504	18,025,950	2,097,868	20,123,818
Appropriation and distribution of retained earnings:												
Cash dividends	-	-	-	(1,981,704)	(1,981,704)	-	-	-	-	(1,981,704)	-	(1,981,704)
Net income	-	-	-	652,160	652,160	-	-	-	-	652,160	144,843	797,003
Other comprehensive income (loss)	-	-	-	-	-	549,777	(28,881)	(5,261)	515,635	515,635	81,734	597,369
Total comprehensive income (loss)	-	-	-	652,160	652,160	549,777	(28,881)	(5,261)	515,635	1,167,795	226,577	1,394,372
<b>Balance at March 31, 2022</b>	<u>\$ 8,257,099</u>	<u>50,725</u>	<u>4,073,680</u>	<u>3,751,398</u>	<u>7,825,078</u>	<u>93,069</u>	<u>1,018,178</u>	<u>(32,108)</u>	<u>1,079,139</u>	<u>17,212,041</u>	<u>2,324,445</u>	<u>19,536,486</u>
<b>Balance at January 1, 2023</b>	\$ 8,257,099	51,725	4,463,584	4,544,080	9,007,664	251,770	1,004,081	(45,789)	1,210,062	18,526,550	2,204,713	20,731,263
Appropriation and distribution of retained earnings:												
Cash dividends	-	-	-	(891,767)	(891,767)	-	-	-	-	(891,767)	-	(891,767)
Other changes in capital surplus	-	119	-	-	-	-	-	-	-	119	-	119
Net income	-	-	-	255,935	255,935	-	-	-	-	255,935	53,741	309,676
Other comprehensive income (loss)	-	-	-	-	-	(9,531)	291,807	131	282,407	282,407	12,236	294,643
Total comprehensive income (loss)	-	-	-	255,935	255,935	(9,531)	291,807	131	282,407	538,342	65,977	604,319
<b>Balance at March 31, 2023</b>	<u>\$ 8,257,099</u>	<u>51,844</u>	<u>4,463,584</u>	<u>3,908,248</u>	<u>8,371,832</u>	<u>242,239</u>	<u>1,295,888</u>	<u>(45,658)</u>	<u>1,492,469</u>	<u>18,173,244</u>	<u>2,270,690</u>	<u>20,443,934</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 Cash Flows**

**For the three months ended March 31, 2023 and 2022**

(Expressed in Thousands of New Taiwan Dollars)

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities:</b>		
<b>Consolidated net income before tax</b>	<b>\$ 411,949</b>	<b>1,106,062</b>
<b>Adjustments:</b>		
Adjustments to reconcile profit and loss:		
Depreciation	306,331	286,218
Amortization	33,384	31,206
Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	(827)	(1,993)
Interest expense	79,580	26,092
Interest income	(51,918)	(10,463)
Share of profit of associates and joint ventures accounted for under equity method	(114,345)	(113,695)
Loss on disposal of property, plant and equipment	329	4,848
Transfer to operating costs and inventories	19,820	19,589
Total adjustments to reconcile profit and loss	272,354	241,802
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Financial assets at fair value through profit or loss	(303)	881
Notes receivable	139,165	(229,166)
Accounts receivable	(424,042)	39,524
Other receivables	(29,974)	(39,465)
Inventories	(28,911)	(856,661)
Other current assets	(15,645)	(131,345)
Total changes in operating assets, net	(359,710)	(1,216,232)
Net changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	(30,924)	5,010
Accounts payable	(109,100)	298,456
Accounts payable—related parties	29,217	69,627
Other payables	(493,426)	(318,264)
Other current liabilities	(158,298)	22,115
Net defined benefit liability	(466)	(18,903)
Other non-current liabilities	(5,583)	3,019
Total changes in operating liabilities, net	(768,580)	61,060
Total changes in operating assets and liabilities, net	(1,128,290)	(1,155,172)
Total adjustments	(855,936)	(913,370)
Cash flow from (used in) operating activities	(443,987)	192,692
Interest income received	44,373	4,866
Interest paid	(78,744)	(25,236)
Income taxes paid	(49,924)	(128,690)
<b>Net cash flow from (used in) operating activities</b>	<b>(528,282)</b>	<b>43,632</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of property, plant and equipment	(158,863)	(142,558)
Proceeds from disposal of property, plant and equipment	326	755
Decrease (increase) in other non-current assets	(1,562)	15,304
Decrease in restricted assets	3,772	42,338
Compensation for relocation	89,719	216,189
<b>Net cash flow from (used in) investing activities</b>	<b>(66,608)</b>	<b>132,028</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	5,969,675	5,385,970
Decrease in short-term borrowings	(6,528,718)	(5,778,845)
Increase in short-term commercial paper payable	798,019	-
Decrease in short-term commercial paper payable	(500,000)	-
Proceeds from long-term borrowings	1,155,931	516,269
Repayments of long-term borrowings	(316,294)	(178,788)
Decrease in other long-term commercial paper payable	(350,000)	-
Repayments of lease liabilities	(39,633)	(36,560)
Cash dividends paid	(130)	(157)
Payments to acquire treasury shares	119	-
<b>Net cash flow from (used in) financing activities</b>	<b>188,969</b>	<b>(92,111)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(50,534)</b>	<b>401,391</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(456,455)</b>	<b>484,940</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>6,278,620</b>	<b>4,464,755</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 5,822,165</b>	<b>4,949,695</b>

See accompanying notes to consolidated financial statements.



**(English Translation of Consolidated Financial Statements Originally Issued in Chinese)**  
**Reviewed only, not audited in accordance with Standards on Auditing as of March 31, 2023 and 2022**

## **TSRC CORPORATION AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

**For the three months ended March 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

#### **(1) Company history**

TSRC Corporation (the original name was Taiwan Synthetic Rubber Corporation, hereinafter referred to as "the Company") was incorporated in the Republic of China (ROC) on November 22, 1973, as a corporation limited by shares in accordance with the ROC Company Act. In May 1999, Taiwan Synthetic Rubber Corporation was renamed TSRC Corporation as approved by the stockholders' meeting. In June 2016, the Company changed its registered address to be No.2, Singgong Rd., Dashe Dist., Kaohsiung City. The consolidated financial statements comprise the Company and its subsidiaries (the Group) and the interests of the Group in associate companies and in jointly controlled companies. The Group is mainly engaged in the manufacture, import and sale of various types of synthetic rubber, and the import, export, and sale of related raw materials.

#### **(2) Approval date and procedures of the consolidated financial statements**

The consolidated financial statements were approved by to the Board of Directors and published on May 4, 2023.

#### **(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, 2023:

- 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**

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

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

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.  The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024

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, 2022. For the related information, please refer to note 4 to the consolidated financial statements for the year ended December 31, 2022.

- (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, 2022. For the related information, please refer to note 4(c) to the consolidated financial statements for the year ended December 31, 2022.

List of the subsidiaries included in the consolidated financial statements:

Name of investor	Name of investee	Scope of business	Percentage of ownership			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
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 and 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 %	(note 3)
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.

Note 3: It is a non-insignificant subsidiary, and its financial statement have 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, 2022. For the related information, please refer to note 5 to the consolidated financial statements for the year ended December 31, 2022.

(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, 2022, and the related information is provided in note 6 to the consolidated financial statements for the year ended December 31, 2022.

**(a) Cash and cash equivalents**

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Cash on hand	\$ 444	421	408
Checking and savings deposits	772,753	814,380	924,179
Time deposits	5,048,968	5,284,032	4,025,108
Commercial paper with reverse repurchase agreements	-	179,787	-
Cash and cash equivalents per statements of cash flow	<u>\$ 5,822,165</u>	<u>6,278,620</u>	<u>4,949,695</u>

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Mandatorily measured at fair value through profit or loss:			
Derivative instruments not used for hedging			
Forward contracts/Swap contracts	<u>\$ 317</u>	<u>14</u>	<u>6,821</u>
Financial liabilities held for trading:			
Derivative instruments not used for hedging			
Forward contracts/Swap contracts	<u>\$ 5,805</u>	<u>36,729</u>	<u>5,366</u>

(Continued)

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

The Group uses derivative financial instruments to manage the exposures due to fluctuations of foreign exchange risk from its operating activities. The Group reported the following derivatives financial instruments as financial assets and liabilities at fair value through profit or loss without the application of hedge accounting:

<b>March 31, 2023</b>				
	<b>Contract amount</b>		<b>Currency</b>	<b>Maturity dates</b>
	<b>(thousand dollars)</b>			
Forward contracts	EUR 6,500 /	EUR/USD		2023.4.12~2023.5.12
	USD 7,070			
Forward contracts	CNH 5,525 /	CNH/USD		2023.4.17
	USD 800			
Forward contracts	JPY 13,000 /	JPY/USD		2023.4.11
	USD 97			
Swap contracts	EUR 16,475 /	EUR/USD		2023.4.18~2023.6.30
	USD 17,826			
Swap contracts	JPY 21,000 /	JPY/USD		2023.4.11
	USD 163			
<b>December 31, 2022</b>				
	<b>Contract amount</b>		<b>Currency</b>	<b>Maturity dates</b>
	<b>(thousand dollars)</b>			
Forward contracts	EUR 1,240 /	EUR/USD		2023.1.11~2023.2.13
	USD 1,321			
Swap contracts	TWD 79,905 /	TWD/USD		2023.1.31
	USD 2,500			
Swap contracts	EUR 18,655 /	EUR/USD		2023.1.3~2023.2.21
	USD 18,830			
Swap contracts	JPY 21,000 /	JPY/USD		2023.2.3
	USD 153			
<b>March 31, 2022</b>				
	<b>Contract amount</b>		<b>Currency</b>	<b>Maturity dates</b>
	<b>(thousand dollars)</b>			
Forward contracts	EUR 2,110 /	EUR/USD		2022.4.11~2022.6.13
	USD 2,363			
Forward contracts	USD 218 /	USD/JPY		2022.4.11
	JPY 25,000			
Swap contracts	EUR 16,030 /	EUR/USD		2022.4.11~2022.6.28
	USD 17,925			
Swap contracts	USD 4,020 /	USD/CNH		2022.4.6~2022.6.14
	CNH 25,610			
Swap contracts	TWD 100,000 /	TWD/USD		2022.4.18
	USD 3,497			

(Continued)

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

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Equity investments at fair value through other comprehensive income:			
Listed stocks (domestic)	\$ 677,858	626,837	749,532
Unlisted stocks (domestic and overseas)	<u>1,055,063</u>	<u>796,059</u>	<u>676,255</u>
Total	<u>\$ 1,732,921</u>	<u>1,422,896</u>	<u>1,425,787</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>
<b>March 31, 2023</b>			
THB	\$ 702,293	0.8973	630,168
<b>December 31, 2022</b>			
THB	454,224	0.8941	406,122
<b>March 31, 2022</b>			
THB	369,416	0.8651	319,581

(d) Notes and accounts receivable

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Notes receivable	\$ 801,773	940,938	1,180,983
Accounts receivable	3,473,645	3,049,625	3,684,874
Less: allowance for impairment	<u>4,136</u>	<u>4,985</u>	<u>5,564</u>
	<u>\$ 4,271,282</u>	<u>3,985,578</u>	<u>4,860,293</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:

	<b>March 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average expected credit loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 4,220,288	0.02%~0.11%	1,679
1 to 30 days past due	51,363	1.03%~2.50%	807
31 to 90 days past due	2,830	18.80%~65.15%	713
More than 90 days past due	937	100%	937
	<b>\$ 4,275,418</b>		<b>4,136</b>
	<b>December 31, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average expected credit loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 3,902,277	0.02%~0.11%	1,396
1 to 30 days past due	83,286	1.03%~2.50%	1,368
31 to 90 days past due	4,029	24.13%~65.15%	1,250
More than 90 days past due	971	100%	971
	<b>\$ 3,990,563</b>		<b>4,985</b>
	<b>March 31, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average expected credit loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 4,792,901	0.05%~0.14%	2,447
1 to 30 days past due	62,446	2.35%~6.31%	1,710
31 to 90 days past due	10,503	8.38%~29.19%	1,400
More than 90 days past due	7	100%	7
	<b>\$ 4,865,857</b>		<b>5,564</b>

(Continued)



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

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

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at beginning of period	\$ 4,985	7,399
Impairment losses (reversed) recognized	(827)	(1,993)
Foreign exchange gain or loss	(22)	158
Balance at end of period	<u><u>\$ 4,136</u></u>	<u><u>5,564</u></u>

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

(e) Other receivables (including related parties)

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Other receivables — related parties	\$ 45,289	42,870	53,430
Other	138,713	103,613	85,466
	<u><u>\$ 184,002</u></u>	<u><u>146,483</u></u>	<u><u>138,896</u></u>

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

(f) Inventories

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Raw materials	\$ 1,942,413	2,056,771	1,962,226
Supplies	9,036	10,491	11,857
Work in progress	358,390	328,291	323,282
Finished goods	4,360,640	4,160,906	3,392,700
Merchandise	850,464	935,573	796,413
Total	<u><u>\$ 7,520,943</u></u>	<u><u>7,492,032</u></u>	<u><u>6,486,478</u></u>

The aforementioned inventories were not pledged as collateral.

(Continued)

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

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

	<b>For the three months ended</b>	
	<b>March 31</b>	
	<b>2023</b>	<b>2022</b>
Loss on (reversal of) decline in market value of inventory	\$ (36,536)	5,972
Income from sale of scrap	(8,065)	(6,342)
Unallocated production overhead	94,097	99,221
Total	<b>\$ 49,496</b>	<b>98,851</b>

(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:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Associates	\$ 940,416	906,310	947,521
Joint ventures	1,402,319	1,315,890	1,243,122
	<b>\$ 2,342,735</b>	<b>2,222,200</b>	<b>2,190,643</b>

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

	<b>For the three months ended</b>	
	<b>March 31</b>	
	<b>2023</b>	<b>2022</b>
Associates	\$ 24,883	69,326
Joint ventures	89,462	44,369
	<b>\$ 114,345</b>	<b>113,695</b>

(i) Associates

The details of the significant associates are as follows:

<b>Name of associates</b>	<b>Existing relationship with the Group</b>	<b>The main operating place / register country</b>	<b>Proportion of equity and voting right</b>		
			<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
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:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Current assets	\$ 1,218,679	1,144,407	1,000,043
Non-current assets	570,614	566,744	637,131
Current liabilities	(315,189)	(291,797)	(347,626)
Non-current liabilities	(86,820)	(86,311)	(89,492)
Equity	<u>\$ 1,387,284</u>	<u>1,333,043</u>	<u>1,200,056</u>
Equity attributable to the Group	<u>\$ 693,642</u>	<u>666,522</u>	<u>600,028</u>

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Revenue	\$ <u>416,413</u>	<u>655,079</u>
Net income of continued operations	\$ 46,871	151,498
Other comprehensive income	-	-
Total comprehensive income	<u>\$ 46,871</u>	<u>151,498</u>
Total comprehensive income attributable to the Group	<u>\$ 23,436</u>	<u>75,749</u>

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Beginning balance of the equity of the associate attributable to the Group	\$ 667,783	505,494
Current total comprehensive income of the associate attributable to the Group	23,436	75,749
Other	3,382	20,263
Ending balance of the equity of the associate attributable to the Group	<u>\$ 694,601</u>	<u>601,506</u>

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Balance of not significant associate's equity	<u>\$ 245,815</u>	<u>238,527</u>	<u>346,015</u>

(Continued)

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

	For the three months ended	
	March 31	
	2023	2022
Attributable to the Group:		
Net income (loss) of continued operations	\$ 1,447	(6,423)
Other comprehensive income	-	-
Total comprehensive income (loss)	<u>\$ 1,447</u>	<u>(6,423)</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		
			March 31, 2023	December 31, 2022	March 31, 2022
Indian Synthetic Rubber Private Limited	Strategic alliance of production and sales of synthetic rubber products	India	50.00 %	50.00 %	50.00 %

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

	March 31, 2023	December 31, 2022	March 31, 2022
Current assets	\$ 2,835,106	2,221,809	2,558,391
Non-current assets	2,434,223	2,350,978	2,576,161
Current liabilities	(1,102,049)	(600,484)	(1,352,992)
Non-current liabilities	(1,395,441)	(1,372,905)	(1,343,271)
Equity	<u>\$ 2,771,839</u>	<u>2,599,398</u>	<u>2,438,289</u>
Equity attributable to the Group	<u>\$ 1,385,920</u>	<u>1,299,699</u>	<u>1,219,145</u>

	For the three months ended	
	March 31	
	2023	2022
Revenue	<u>\$ 1,398,052</u>	<u>1,450,598</u>
Net income of continued operations	\$ 177,753	84,496
Other comprehensive income	-	80,672
Total comprehensive income	<u>\$ 177,753</u>	<u>165,168</u>
Total comprehensive income attributable to the Group	<u>\$ 88,877</u>	<u>82,584</u>

(Continued)

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

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Beginning balance of the equity of the joint venture attributable to the Group	\$ 1,258,286	1,130,197
Current total comprehensive income of the joint venture attributable to the Group	88,877	82,584
Other	(3,366)	(29,784)
Ending balance of the equity of the joint venture attributable to the Group	<u><u>\$ 1,343,797</u></u>	<u><u>1,182,997</u></u>

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Balance of not significant joint venture's equity	<u><u>\$ 58,522</u></u>	<u><u>57,604</u></u>	<u><u>60,125</u></u>

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Attributable to the Group:		
Net income of continued operations	\$ 585	2,121
Other comprehensive income	-	-
Total comprehensive income	<u><u>\$ 585</u></u>	<u><u>2,121</u></u>

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

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

- (h) Material non-controlling interests of subsidiaries

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

<b>Name of joint ventures</b>	<b>The main operating place / register country</b>	<b>Proportion of Non-controlling interests</b>		
		<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Shen Hua Chemical Industries Co., Ltd.	China	34.56 %	34.56 %	34.56 %
TSRC-UBE (Nantong) Industries Ltd.	China	45.00 %	45.00 %	45.00 %

(Continued)

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

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

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Current assets	\$ 3,177,255	3,334,434	3,873,115
Non-current assets	1,866,721	1,774,494	1,169,959
Current liabilities	(665,055)	(894,168)	(627,181)
Non-current liabilities	(582,075)	(495,653)	(489,914)
Net assets	<u>\$ 3,796,846</u>	<u>3,719,107</u>	<u>3,925,979</u>
Non-controlling interests	<u>\$ 1,312,190</u>	<u>1,285,323</u>	<u>1,356,819</u>

  

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Revenue	<u>\$ 2,050,341</u>	<u>2,138,640</u>
Net income	\$ 57,027	187,598
Other comprehensive income	20,712	138,837
Total comprehensive income	<u>\$ 77,739</u>	<u>326,435</u>
Total net income attributable to non-controlling interests	<u>\$ 19,709</u>	<u>64,833</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 26,866</u>	<u>112,816</u>

  

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Net cash flow from (used in) operating activities	\$ (261,418)	25,862
Net cash flow from (used in) investing activities	(30,990)	203,427
Net cash flow from financing activities	68,008	-
Effect on exchange rate changes on cash and cash equivalents	6,190	35,737
Increase (decrease) in cash and cash equivalents	<u>\$ (218,210)</u>	<u>265,026</u>

(Continued)

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

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Current assets	\$ 1,627,619	1,584,402	1,713,598
Non-current assets	749,143	773,087	837,477
Current liabilities	(222,872)	(290,263)	(394,624)
Non-current liabilities	(23,888)	(24,138)	(6,170)
Net assets	<u>\$ 2,130,002</u>	<u>2,043,088</u>	<u>2,150,281</u>
Non-controlling interests	<u>\$ 958,500</u>	<u>919,390</u>	<u>967,626</u>

  

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Revenue	<u>\$ 802,805</u>	<u>915,771</u>
Net income	\$ 75,627	177,799
Other comprehensive income	11,287	75,002
Total comprehensive income	<u>\$ 86,914</u>	<u>252,801</u>
Total net income attributable to non-controlling interests	<u>\$ 34,032</u>	<u>80,010</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 39,111</u>	<u>113,761</u>

  

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Net cash flow from (used in) operating activities	\$ (77,205)	51,518
Net cash used in investing activities	(6,733)	(7,456)
Net cash flow from financing activities	87,590	29,641
Effect on exchange rate changes on cash and cash equivalents	5,571	21,125
Increase in cash and cash equivalents	<u>\$ 9,223</u>	<u>94,828</u>

(Continued)

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

(i) Property, plant and equipment

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

	Land	Land improvements	Buildings	Machinery	Furniture and fixtures and other equipment	Construction in progress	Total
Cost:							
Balance at January 1, 2023	\$ 642,112	156,788	5,010,910	23,790,687	273,702	790,401	30,664,600
Additions	-	-	-	3,461	52	206,800	210,313
Disposals	-	-	(43)	(9,752)	(4,882)	-	(14,677)
Reclassification	-	-	1,638	70,797	5,698	(82,343)	(4,210)
Effect on changes in exchange rates	(185)	(466)	16,173	14,591	(19)	833	30,927
Balance at March 31, 2023	<u>\$ 641,927</u>	<u>156,322</u>	<u>5,028,678</u>	<u>23,869,784</u>	<u>274,551</u>	<u>915,691</u>	<u>30,886,953</u>
Balance at January 1, 2022	\$ 639,920	150,505	4,931,763	22,755,392	255,962	661,868	29,395,410
Additions	-	-	-	1,688	63	126,541	128,292
Disposals	-	-	(5,471)	(4,745)	-	(672)	(10,888)
Reclassification	-	-	5,553	122,353	3,104	(137,107)	(6,097)
Effect on changes in exchange rates	677	2,237	137,354	485,691	5,292	6,222	637,473
Balance at March 31, 2022	<u>\$ 640,597</u>	<u>152,742</u>	<u>5,069,199</u>	<u>23,360,379</u>	<u>264,421</u>	<u>656,852</u>	<u>30,144,190</u>
Depreciation and impairment loss:							
Balance at January 1, 2023	\$ -	110,887	2,811,062	17,541,670	214,009	-	20,677,628
Depreciation	-	2,193	45,374	223,491	4,785	-	275,843
Disposals	-	-	(23)	(9,117)	(4,882)	-	(14,022)
Effect on changes in exchange rates	-	(251)	8,817	(893)	(69)	-	7,604
Balance at March 31, 2023	<u>\$ -</u>	<u>112,829</u>	<u>2,865,230</u>	<u>17,755,151</u>	<u>213,843</u>	<u>-</u>	<u>20,947,053</u>
Balance at January 1, 2022	\$ -	99,240	2,607,460	16,343,116	190,954	-	19,240,770
Depreciation	-	2,122	45,097	212,265	4,665	-	264,149
Disposals	-	-	(1,242)	(4,043)	-	-	(5,285)
Effect on changes in exchange rates	-	926	62,317	305,245	3,644	-	372,132
Balance at March 31, 2022	<u>\$ -</u>	<u>102,288</u>	<u>2,713,632</u>	<u>16,856,583</u>	<u>199,263</u>	<u>-</u>	<u>19,871,766</u>
Carrying value:							
January 1, 2023	<u>\$ 642,112</u>	<u>45,901</u>	<u>2,199,848</u>	<u>6,249,017</u>	<u>59,693</u>	<u>790,401</u>	<u>9,986,972</u>
March 31, 2023	<u>\$ 641,927</u>	<u>43,493</u>	<u>2,163,448</u>	<u>6,114,633</u>	<u>60,708</u>	<u>915,691</u>	<u>9,939,900</u>
January 1, 2022	<u>\$ 639,920</u>	<u>51,265</u>	<u>2,324,303</u>	<u>6,412,276</u>	<u>65,008</u>	<u>661,868</u>	<u>10,154,640</u>
March 31, 2022	<u>\$ 640,597</u>	<u>50,454</u>	<u>2,355,567</u>	<u>6,503,796</u>	<u>65,158</u>	<u>656,852</u>	<u>10,272,424</u>

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

(Continued)



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

(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, 2023	\$ 581,608	236,083	422,440	34,181	1,274,312
Additions	619,073	785	-	651	620,509
Write-off	-	(1,575)	-	-	(1,575)
Lease modification	-	(234)	-	-	(234)
Transfer to operating costs and inventories	-	(956)	(18,864)	-	(19,820)
Effect on changes in foreign exchange rates	495	(361)	974	(196)	912
Balance at March 31, 2023	<u>\$ 1,201,176</u>	<u>233,742</u>	<u>404,550</u>	<u>34,636</u>	<u>1,874,104</u>
Balance at January 1, 2022	\$ 564,225	202,597	374,699	32,988	1,174,509
Additions	-	-	-	430	430
Write-off	-	-	-	(161)	(161)
Lease modification	(124)	314	-	-	190
Transfer to operating costs and inventories	-	(956)	(18,633)	-	(19,589)
Effect on changes in foreign exchange rates	20,650	2,532	12,969	1,017	37,168
Balance at March 31, 2022	<u>\$ 584,751</u>	<u>204,487</u>	<u>369,035</u>	<u>34,274</u>	<u>1,192,547</u>
Accumulated depreciation and impairment losses:					
Balance at January 1, 2023	\$ 175,443	117,596	9,652	11,932	314,623
Depreciation	6,676	12,784	4,780	2,566	26,806
Write-off	-	(1,575)	-	-	(1,575)
Lease modification	-	24	-	-	24
Effect on changes in exchange rates	715	(626)	(74)	(43)	(28)
Balance at March 31, 2023	<u>\$ 182,834</u>	<u>128,203</u>	<u>14,358</u>	<u>14,455</u>	<u>339,850</u>
Balance at January 1, 2022	\$ 157,671	132,851	-	16,502	307,024
Depreciation	3,457	12,513	-	2,418	18,388
Write-off	-	-	-	(161)	(161)
Effect on changes in exchange rates	5,896	1,107	-	538	7,541
Balance at March 31, 2022	<u>\$ 167,024</u>	<u>146,471</u>	<u>-</u>	<u>19,297</u>	<u>332,792</u>
Carrying value:					
January 1, 2023	<u>\$ 406,165</u>	<u>118,487</u>	<u>412,788</u>	<u>22,249</u>	<u>959,689</u>
March 31, 2023	<u>\$ 1,018,342</u>	<u>105,539</u>	<u>390,192</u>	<u>20,181</u>	<u>1,534,254</u>
January 1, 2022	<u>\$ 406,554</u>	<u>69,746</u>	<u>374,699</u>	<u>16,486</u>	<u>867,485</u>
March 31, 2022	<u>\$ 417,727</u>	<u>58,016</u>	<u>369,035</u>	<u>14,977</u>	<u>859,755</u>

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

(k) Investment property

	<u><b>Owned property</b></u> <u><b>Buildings</b></u>
Carrying value:	
January 1, 2023	<u>\$ 1,537,423</u>
March 31, 2023	<u>\$ 1,533,741</u>
January 1, 2022	<u>\$ 1,552,148</u>
March 31, 2022	<u>\$ 1,548,467</u>

(Continued)

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

There were no significant additions to, disposals of, or provision (reversal) of impairment of, the Group's investment properties for the three months ended March 31, 2023 and 2022. 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, 2022.

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, 2022.

(l) Intangible assets

	Industrial technology and know-how	Computer software	Patent and trademark	Customer relationship	Total
Carrying value:					
January 1, 2023	\$ 291,393	30,865	194,278	351,277	867,813
March 31, 2023	\$ 273,319	26,987	188,348	339,587	828,241
January 1, 2022	\$ 328,474	24,594	190,903	348,708	892,679
March 31, 2022	\$ 321,718	24,109	193,268	352,188	891,283

There were no significant additions to, disposals of, or provision (reversal) of impairment of, the Group's intangible assets for the three months ended March 31, 2023 and 2022. 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, 2022.

(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

March 31, 2023				The unused credit facilities (include credit lines of bills issued)
	Range of interest rates (%)	Year of maturity	Amount	
Unsecured loans	0.85~6.36	2023~2024	\$ 5,513,247	15,291,223
December 31, 2022				The unused credit facilities (include credit lines of bills issued)
	Range of interest rates (%)	Year of maturity	Amount	
Unsecured loans	0.85~5.85	2023	\$ 6,079,332	15,451,065

(Continued)

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

<b>March 31, 2022</b>				<b>The unused credit facilities (include credit lines of bills issued)</b>
	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>	
Unsecured loans	0.35~3.60	2022	<u>\$ 3,716,214</u>	<u>16,166,127</u>
(ii) Short-term commercial paper payable				
			<b>March 31, 2023</b>	<b>December 31, 2022</b>
Short-term commercial paper payable			\$ 550,000	250,000
Less: discount on short-term commercial paper payable			391	296
Total			<u>\$ 549,609</u>	<u>249,704</u>
Interest Rate			<u>1.78%~1.84%</u>	<u>2.058%</u>
(iii) Long-term borrowings				
1) Long-term bank borrowings				

<b>March 31, 2023</b>				
	<b>Currency</b>	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
Secured loans	USD	4.38	2023	\$ 50,027
Unsecured loans	NTD	1.05~2.19	2023~2028	3,135,637
Unsecured loans	USD	6.21~6.41	2023~2025	504,014
Total				<u>\$ 3,689,678</u>
Current				\$ 980,060
Non-current				2,709,618
Total				<u>\$ 3,689,678</u>

(Continued)

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

<b>December 31, 2022</b>				
	<b>Currency</b>	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
Secured loans	USD	4.38	2023	\$ 66,895
Unsecured loans	NTD	1.05~1.93	2023~2027	2,285,292
Unsecured loans	USD	5.81~5.89	2023~2025	502,230
Total				<u>\$ 2,854,417</u>
Current				\$ 724,563
Non-current				2,129,854
Total				<u>\$ 2,854,417</u>

  

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

For the three months ended March 31, 2023 and 2022, the Group repaid the amounts of \$316,294 thousand and \$178,788 thousand, respectively, for its long-term borrowings, wherein the proceeds amounting to \$1,155,931 thousand and \$516,269 thousand bore the interest rates of 1.88%~6.39% and 1.15%~1.50%, as well as maturities ranging from Mar 2025 to Mar 2028 and Nov 2025 to Jan 2027, respectively, and the related information is provided in note 6(m) to the consolidated financial statements for the year ended December 31, 2022.

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

	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Long-term commercial paper payable	\$ 350,000	350,000
Less: discount on long-term commercial paper payable	233	79
Less: current portion	349,767	349,921
Total	<u>\$ -</u>	<u>-</u>
Interest rate	<u>1.865%</u>	<u>1.1737%</u>

(Continued)

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

(n) Non-current provision liabilities

	<b>Guarantees</b>	<b>Demolition and relocation costs</b>	<b>Total</b>
Balance at January 1, 2023	\$ 24,986	245,298	270,284
Reverse in provisions	(1,668)	-	(1,668)
Effect on changes in exchange rates	-	1,373	1,373
Balance at March 31, 2023	<u>\$ 23,318</u>	<u>246,671</u>	<u>269,989</u>
Balance at January 1, 2022	\$ 27,757	241,779	269,536
Reverse in provisions	(691)	-	(691)
Effect on changes in exchange rates	-	9,038	9,038
Balance at March 31, 2022	<u>\$ 27,066</u>	<u>250,817</u>	<u>277,883</u>

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

(o) Lease liabilities

The Group's lease liabilities were as follow:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Current	\$ <u>115,685</u>	<u>127,731</u>	<u>118,951</u>
Non-current	\$ <u>427,743</u>	<u>451,756</u>	<u>348,338</u>

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

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Interest on lease liabilities	\$ <u>1,466</u>	<u>613</u>
Expenses relating to short-term leases	\$ <u>396</u>	<u>3,834</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>5,419</u>	<u>4,665</u>

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

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Total cash outflow for leases	\$ <u>46,914</u>	<u>45,672</u>

(Continued)

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

(p) Employee benefits

(i) Defined benefit plans

The Group allocated the pension fund in accordance with the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", and contributed \$18,773 thousand to the Bank of Taiwan labor pension reserve account in March 2022, 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, 2022 and 2021.

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

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Operating costs	\$ 571	821
Operating expenses	322	514
Other income and expenses	72	-
	<b>\$ 965</b>	<b>1,335</b>

(ii) Defined contribution plans

According to the defined contribution plans, the Group made contributions to the Bureau of Labor Insurance and the local authorities of the consolidated overseas subsidiaries. The Group recognized pension costs of the defined contribution plans in profit or loss as follows:

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Operating costs	\$ 22,587	19,570
Operating expenses	9,142	8,413
	<b>\$ 31,729</b>	<b>27,983</b>

(Continued)

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

(q) Income tax

The components of income tax expense were as follows:

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Current income tax expense		
Current period	\$ 116,774	300,591
Adjustment for prior periods	-	(3)
	<u>116,774</u>	<u>300,588</u>
Deferred tax expense		
Origination and reversal of temporary differences	(14,501)	8,471
Income tax expenses of continued operations	<u><u>\$ 102,273</u></u>	<u><u>309,059</u></u>

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

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Items that will not be reclassified subsequently to profit or loss:		
Unrealized gains on equity instruments at fair value through other comprehensive income (loss)	<u><u>\$ 18,702</u></u>	<u><u>(7,697)</u></u>

The tax returns of the Company have been assessed by the tax authorities for all years through 2021.

(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 three months ended March 31, 2023 and 2022. Please refer to note 6(s) to the consolidated financial statements for the year ended December 31, 2022 for the related information.

(i) Retained earnings — earnings distribution

In accordance with the Company's articles of incorporation, when allocating the earnings for each fiscal year, the Company may, after offsetting losses from previous years, and paying taxes, and setting aside any statutory and appropriated retained earnings of 10% by ordinary resolution, may draw up the allocation of the balance remaining as dividends, retained earnings or otherwise. The allocation shall be proposed by the Board of Directors and shall be resolved at the shareholders' general meeting. However, dividends issued in cash may be passed by the Board of Directors with more than two-thirds of the directors' attendance, and be resolved by more than half of the directors, then be reported to the shareholders' general meeting.

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

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

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

On March 9, 2023, the Company's Board of Directors resolved to appropriate the 2022 earnings. On June 17, 2022, the shareholders' meeting resolved to distribute the 2021 earnings. These earnings were appropriated as follows:

		<u>2022</u>	<u>2021</u>
Dividends distributed to common shareholders:			
Cash		<u><u>\$ 891,767</u></u>	<u><u>1,981,704</u></u>
(ii) Other equities (net for tax)			
		Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments
	Foreign exchange differences arising from foreign operations		Total
Balance as of January 1, 2023	\$ 251,770	1,004,081	(45,789)
Foreign exchange differences arising from foreign operations	(38,587)	-	-
Exchange differences on translation financial statements from investments accounted for using equity method	29,056	-	-
Unrealized gains or losses from financial assets measured at fair value through other comprehensive loss	-	291,807	-
Share of cash flow hedges of associates and joint ventures accounted for under equity method	-	-	131
Balance as of March 31, 2023	<u><u>\$ 242,239</u></u>	<u><u>1,295,888</u></u>	<u><u>(45,658)</u></u>
Balance as of January 1, 2022	\$ (456,708)	1,047,059	(26,847)
Foreign exchange differences arising from foreign operations	572,876	-	-
Exchange differences on translation financial statements from investments accounted for using equity method	(23,099)	-	-
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	-	(28,881)	-
Share of cash flow hedges of associates and joint ventures accounted for under equity method	-	-	(5,261)
Balance as of March 31, 2022	<u><u>\$ 93,069</u></u>	<u><u>1,018,178</u></u>	<u><u>(32,108)</u></u>

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**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 March 31	
	2023	2022
Net income attributable to common shareholders of the Company	\$ <u>255,935</u>	<u>652,160</u>
Weighted-average number of common shares (in thousands)	<u>825,710</u>	<u>825,710</u>
Basic earnings per share (NTD)	\$ <u>0.31</u>	<u>0.79</u>

(ii) Diluted earnings per share

	For the three months ended March 31	
	2023	2022
Net income attributable to common shareholders of the Company (diluted)	\$ <u>255,935</u>	<u>652,160</u>
Weighted-average number of common shares (basic) (in thousands)	825,710	825,710
Impact on potential common shares		
Effect on employees' compensation (in thousands)	<u>3,979</u>	<u>4,949</u>
Weighted-average number of shares outstanding (diluted) (in thousands)	<u>829,689</u>	<u>830,659</u>
Diluted earnings per share (NTD)	\$ <u>0.31</u>	<u>0.79</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.

For the three months ended March 31, 2023 and 2022, the Company recognized the employees' compensation of \$19,461 thousand and \$39,063 thousand, respectively, and the directors' remuneration to be \$0 and \$3,661 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.

(Continued)

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

For the years ended December 31, 2022 and 2021, the Company recognized its employees' compensation of \$130,999 thousand and \$171,609 thousand, respectively, and its directors' remuneration of \$11,857 thousand and \$22,677 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

<b>For the three months ended March 31, 2023</b>			
	<b>Synthetic rubber</b>	<b>Non-synthetic rubber</b>	<b>Total</b>
Primary geographical markets:			
Asia	\$ 5,540,907	159,921	5,700,828
Americas	1,247,743	-	1,247,743
Europe	954,562	39	954,601
Others	210,558	-	210,558
	<u><u>\$ 7,953,770</u></u>	<u><u>159,960</u></u>	<u><u>8,113,730</u></u>
Major product lines:			
Synthetic rubber / elastomers	\$ 7,795,570	-	7,795,570
Applied materials	-	156,724	156,724
Others	158,200	3,236	161,436
	<u><u>\$ 7,953,770</u></u>	<u><u>159,960</u></u>	<u><u>8,113,730</u></u>
<b>For the three months ended March 31, 2022</b>			
	<b>Synthetic rubber</b>	<b>Non-synthetic rubber</b>	<b>Total</b>
Primary geographical markets:			
Asia	\$ 6,032,101	193,124	6,225,225
Americas	1,259,076	5,583	1,264,659
Europe	953,750	49	953,799
Others	198,344	-	198,344
	<u><u>\$ 8,443,271</u></u>	<u><u>198,756</u></u>	<u><u>8,642,027</u></u>
Major product lines:			
Synthetic rubber / elastomers	\$ 8,399,244	-	8,399,244
Applied materials	-	196,821	196,821
Others	44,027	1,935	45,962
	<u><u>\$ 8,443,271</u></u>	<u><u>198,756</u></u>	<u><u>8,642,027</u></u>

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

(v) Other income and expenses

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Rental income	\$ 18,249	18,208
Royalty income	27,831	36,395
Net service income	4,091	1,307
Depreciation of investment properties	(3,682)	(3,681)
Net other income	6,084	9,140
Other income and expenses	<u><u>\$ 52,573</u></u>	<u><u>61,369</u></u>

(w) Non-operating income and expenses

(i) Interest income

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Interest income from bank deposits	<u><u>\$ 51,918</u></u>	<u><u>10,463</u></u>

(ii) Other gains and losses

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Gains or losses on disposal of property, plant and equipment	\$ (329)	(4,848)
Foreign exchange gain or loss, net	21,485	(884)
Gains or losses on financial assets (liabilities) at fair value through profit or loss	(9,860)	9,486
Other gains and losses	568	1,062
Other gains and losses, net	<u><u>\$ 11,864</u></u>	<u><u>4,816</u></u>

(iii) Finance costs

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Interest expense	<u><u>\$ 79,580</u></u>	<u><u>26,092</u></u>

(Continued)

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

(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, 2022.

(i) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Contractual cash flows</u>	<u>Within 1 years</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
<b>March 31, 2023</b>					
Non-derivative financial liabilities					
Short-term borrowings (including short-term commercial paper payable)	\$ 6,110,045	6,110,045	-	-	-
Accounts payable (including related parties)	1,587,636	1,587,636	-	-	-
Dividend payable	891,767	891,767	-	-	-
Other payables	988,696	988,696	-	-	-
Long-term borrowings (including current portion)	3,764,432	1,177,681	1,139,322	1,447,429	-
Lease liabilities	556,337	120,487	100,114	261,596	74,140
Deposits received	45,344	1,289	39,788	-	4,267
Derivative financial liabilities					
Other swap contracts / Other forward contracts:					
Outflow	5,805	5,805	-	-	-
	<u><u>\$ 13,950,062</u></u>	<u><u>10,883,406</u></u>	<u><u>1,279,224</u></u>	<u><u>1,709,025</u></u>	<u><u>78,407</u></u>
<b>December 31, 2022</b>					
Non-derivative financial liabilities					
Short-term borrowings (including short-term commercial paper payable)	\$ 6,370,190	6,370,190	-	-	-
Accounts payable (including related parties)	1,667,519	1,667,519	-	-	-
Other payables	1,433,551	1,433,551	-	-	-
Long-term borrowings (including other long-term borrowings, current portion and current portion of long-term payables)	3,296,334	1,128,019	1,624,036	544,279	-
Lease liabilities	593,823	132,885	101,921	273,352	85,665
Deposits received	51,168	-	35,654	11,247	4,267
Derivative financial liabilities					
Other swap contracts / Other forward contracts:					
Outflow	36,729	36,729	-	-	-
	<u><u>\$ 13,449,314</u></u>	<u><u>10,768,893</u></u>	<u><u>1,761,611</u></u>	<u><u>828,878</u></u>	<u><u>89,932</u></u>

(Continued)

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

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

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

(ii) Currency risk

1) Risk exposure

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

	<b>Foreign currency (thousand dollars)</b>	<b>Exchange rate</b>	<b>NTD</b>
<b>March 31, 2023</b>			
Financial assets:			
Monetary assets:			
USD	\$ 81,782	30.4540	2,490,589
EUR	\$ 18,078	33.1492	599,271
JPY	\$ 416,832	0.2287	95,329
CNY	\$ 23,701	4.4325	105,055
Financial liabilities:			
Monetary liabilities:			
USD	\$ 81,736	30.4540	2,489,188
EUR	\$ 13,837	33.1492	458,685
JPY	\$ 397,143	0.2287	90,827

(Continued)

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

	Foreign currency (thousand dollars)	Exchange rate	NTD
<b>December 31, 2022</b>			
Financial assets:			
Monetary assets:			
USD	\$ 69,613	30.7080	2,146,888
EUR	\$ 13,565	32.7102	443,714
JPY	\$ 240,121	0.2324	55,804
CNY	\$ 31,872	4.4078	140,485
Financial liabilities:			
Monetary liabilities:			
USD	\$ 70,621	30.7080	2,168,630
EUR	\$ 10,750	32.7102	351,635
JPY	\$ 239,256	0.2324	55,603
<b>March 31, 2022</b>			
Financial assets:			
Monetary assets:			
USD	\$ 90,075	28.6220	2,578,127
EUR	\$ 23,347	31.9164	745,152
JPY	\$ 215,164	0.2353	50,628
CNY	\$ 40,540	4.5070	182,714
Financial liabilities:			
Monetary liabilities:			
USD	\$ 88,602	28.6220	2,535,966
EUR	\$ 20,190	31.9164	644,392
JPY	\$ 206,654	0.2353	48,626

The Group's exposure to foreign currency risk arose from cash and cash equivalents, accounts and other receivables, borrowings, and accounts and other payables that were denominated in foreign currencies. If the NTD against the foreign currencies had depreciated / appreciated by 1%, the Group's net income before tax would have increased / decreased by \$2,515 thousand and \$3,276 thousand for the three months ended March 31, 2023 and 2022, respectively, with all other variable factors remaining constant. The analysis was performed on the same basis for both periods.

Since the Group has many kinds of functional currencies, the information on foreign exchange gain (loss) on monetary items is disclosed by gross amount. For the three months ended March 31, 2023 and 2022, foreign exchange gain (loss) (including Derivative financial instruments for non-hedging profit and loss) amounting to \$11,625 thousand and \$8,602 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 \$23,007 thousand and \$17,941 thousand for the three months ended March 31, 2023 and 2022, 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.

	Carrying amount	March 31, 2023			
		Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 317	-	317	-	317
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	677,858	677,858	-	-	677,858
Unlisted stocks (domestic and overseas)	1,055,063	-	-	1,055,063	1,055,063
Subtotal	1,732,921	677,858	-	1,055,063	1,732,921
Total	<u>\$ 1,733,238</u>	<u>677,858</u>	<u>317</u>	<u>1,055,063</u>	<u>1,733,238</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 5,805	-	5,805	-	5,805

(Continued)

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

		December 31, 2022				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss						
Derivative financial assets	\$	14	-	14	-	14
Financial assets at fair value through other comprehensive income						
Listed stocks (domestic)		626,837	626,837	-	-	626,837
Unlisted stocks (domestic and overseas)		796,059	-	-	796,059	796,059
Subtotal		1,422,896	626,837	-	796,059	1,422,896
Total	\$	<u>1,422,910</u>	<u>626,837</u>	<u>14</u>	<u>796,059</u>	<u>1,422,910</u>
Financial liabilities at fair value through profit or loss						
Derivative financial liabilities	\$	<u>36,729</u>	<u>-</u>	<u>36,729</u>	<u>-</u>	<u>36,729</u>
		March 31, 2022				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss						
Derivative financial assets	\$	6,821	-	6,821	-	6,821
Financial assets at fair value through other comprehensive income						
Listed stocks (domestic)		749,532	749,532	-	-	749,532
Unlisted stocks (domestic and overseas)		676,255	-	-	676,255	676,255
Subtotal		1,425,787	749,532	-	676,255	1,425,787
Total	\$	<u>1,432,608</u>	<u>749,532</u>	<u>6,821</u>	<u>676,255</u>	<u>1,432,608</u>
Financial liabilities at fair value through profit or loss						
Derivative financial liabilities	\$	<u>5,366</u>	<u>-</u>	<u>5,366</u>	<u>-</u>	<u>5,366</u>

(Continued)



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

2) Valuation techniques and assumptions used in fair value determination

If the financial instruments held by the Group have the quoted market price in active market, the fair value of the assets is based on the quoted market price. However, if the instruments have no quoted market price in active market, the Group uses market comparison approach to evaluate the fair value. The main assumption is based on the investee's earnings after tax and the listed (over the counter) company's earnings used in computing the market price. The estimated price has been discounted due to the price of the securities lacks the liquidity. The liquidity discount is a significant unobservable input in valuing equity investment. Forward exchange contracts are normally priced based on the exchange rates provided by the world agencies.

3) Reconciliation of Level 3 fair values

	<b>Unquoted equity instruments</b>
Balance at January 1, 2023	\$ 796,059
Total gains:	
Recognized in other comprehensive income	259,004
Balance at March 31, 2023	<b>\$ 1,055,063</b>
Balance at January 1, 2022	\$ 792,446
Total gains:	
Recognized in other comprehensive income	(116,191)
Balance at March 31, 2022	<b>\$ 676,255</b>

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

Quantified information of significant unobservable inputs was as follows:

<b>Item</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>
Financial assets at fair value through other comprehensive income-equity investments without an active market	Comparative listed company	<ul style="list-style-type: none"> <li>· Multipliers of price-to-earnings ratios as of March 31, 2023, December 31, 2022 and March 31, 2022 was all 14.87~18.04, 9.36~17.59 and 7.24~19.03, respectively</li> <li>· Market liquidity discount rate as of 20%</li> </ul>	<ul style="list-style-type: none"> <li>· the estimated fair value would have been higher if the price-to-earnings ratios would be higher.</li> <li>· the estimated fair value would have been higher if the market liquidity discount would be lower.</li> </ul>

(Continued)

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

- 5) Fair value measurements in Level 3— sensitivity analysis of reasonably possible alternative assumptions

For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

	<u>Input</u>	<u>Move up or down</u>	<u>Other comprehensive income</u>	<u>Favorable</u>	<u>Unfavorable</u>
<b>March 31, 2023</b>					
Financial assets fair value through other comprehensive income					
Equity investments without an active market	Liquidity discount at 20%	1%	\$	13,188	(13,188)
<b>December 31, 2022</b>					
Financial assets fair value through other comprehensive income					
Equity investments without an active market	Liquidity discount at 20%	1%	\$	9,953	(9,953)
<b>March 31, 2022</b>					
Financial assets fair value through other comprehensive income					
Equity investments without an active market	Liquidity discount at 20%	1%	\$	8,452	(8,452)

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, 2022.

- (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, 2022. 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, 2022. For further information, please refer to note 6(ab) to the consolidated financial statements for the year ended December 31, 2022.

- (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 three months ended March 31, 2023 and 2022.

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

(ab) Reconciliation of liabilities arising from financing activities

Reconciliations of liabilities arising from financing activities for the three months ended March 31, 2023 and 2022 was as follows:

			Non-cash changes			
	January 1,	Cash flows	Foreign	Amortization	Others	March 31,
	2023		exchange	of		2023
			movement	commercial		
				paper		
				discount		
Long-term borrowings (including current portion)	\$ 2,854,417	839,637	(4,376)	-	-	3,689,678
Other long-term borrowings (including current portion)	349,767	(350,000)	-	233	-	-
Short-term borrowings (including short-term commercial paper payable)	6,329,036	(261,024)	(7,042)	1,886	-	6,062,856
Lease liabilities	579,487	(39,633)	962	1,466	1,146	543,428
Total liabilities from financing activities	<u>\$ 10,112,707</u>	<u>188,980</u>	<u>(10,456)</u>	<u>3,585</u>	<u>1,146</u>	<u>10,295,962</u>

  

			Non-cash changes			
	January 1,	Cash flows	Foreign	Amortization	Others	March 31,
	2022		exchange	of		2022
			movement	commercial		
				paper		
				discount		
Long-term borrowings (including current portion)	\$ 2,753,932	337,481	18,689	-	-	3,110,102
Other long-term borrowings (including current portion)	349,922	(1,031)	-	1,030	-	349,921
Short-term borrowings	4,006,365	(392,875)	102,724	-	-	3,716,214
Lease liabilities	486,283	(36,560)	16,333	613	620	467,289
Total liabilities from financing activities	<u>\$ 7,596,502</u>	<u>(92,985)</u>	<u>137,746</u>	<u>1,643</u>	<u>620</u>	<u>7,643,526</u>

**(7) Related-party transactions**

(a) Names and relationship with related parties

In this consolidated financial report, the related parties having transactions with the Group are listed as below:

Name of related party	Relationship with the Group
Indian Synthetic Rubber Private Limited	The Group recognized joint venture under equity method
Nantong Qix Storage Co., Ltd.	//
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	The Group recognized associates under equity method
Asia Pacific Energy Development Co., Ltd.	//
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	//

(Continued)

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Continental Consulting Limited Company	Other related parties of the Group
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:

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Associates	\$ <u><u>4,357</u></u>	<u><u>-</u></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:

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Other related parties	\$ <u><u>68,223</u></u>	<u><u>104,318</u></u>

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

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

(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:

		<b>For the three months ended March 31</b>	
		<b>2023</b>	<b>2022</b>
Associates			
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$	44,929	46,670
Joint ventures			
Indian Synthetic Rubber Private Limited		14,905	15,843
Others joint ventures		1,581	1,801
Other related parties			
Others related parties		(3,129)	(4,074)
	<b>\$</b>	<b>58,286</b>	<b>60,240</b>

(iv) Lease — Rental income

		<b>For the three months ended March 31</b>	
		<b>2023</b>	<b>2022</b>
Associates	\$	624	619
Other related parties		1,147	1,119
	<b>\$</b>	<b>1,771</b>	<b>1,738</b>

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

(v) Receivables from related parties

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

<b>Account</b>	<b>Type of related parties</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Other receivables	Associates			
	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 19,340	31,017	19,600
Other receivables	Joint ventures			
	Indian Synthetic Rubber Private Limited	25,314	11,227	33,154
	Others	635	626	676
		<b>\$ 45,289</b>	<b>42,870</b>	<b>53,430</b>

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

(vi) Payables to related parties

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

<b>Account</b>	<b>Type of related parties</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Accounts payable	Other related parties	\$ 62,453	33,236	70,943
Other payables	Joint ventures	-	1,382	-
Other payables	Other related parties	2,819	1,578	1,917
		<u>\$ 65,272</u>	<u>36,196</u>	<u>72,860</u>

(vii) Guarantees

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Associates			
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 265,950	308,546	472,267
Joint ventures			
Indian Synthetic Rubber Private Limited	1,014,118	1,022,576	953,113
	<u>\$ 1,280,068</u>	<u>1,331,122</u>	<u>1,425,380</u>

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Associates			
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 959	1,261	1,478
Joint ventures			
Indian Synthetic Rubber Private Limited	22,359	23,725	25,588
	<u>\$ 23,318</u>	<u>24,986</u>	<u>27,066</u>

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

(c) Key management personnel transactions

The compensation of the key management personnel comprised the following:

	For the three months ended March 31	
	2023	2022
Short-term employee benefits	\$ 35,735	34,001
Post-employment benefits	307	362
	<u>\$ 36,042</u>	<u>34,363</u>

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	March 31, 2023	December 31, 2022	March 31, 2022
Restricted savings deposits (recorded as other non-current assets)	Bank guarantee for electricity usage	\$ 1,232	1,237	1,191
Machinery etc. (recorded as property, plant and equipment)	Guarantee for long-term borrowings	110,464	120,802	144,694
		<u>\$ 111,696</u>	<u>122,039</u>	<u>145,885</u>

(9) Commitments and contingencies

(a) The unused letters of credit outstanding

	March 31, 2023	December 31, 2022	March 31, 2022
The Group's unused letters of credit outstanding	<u>\$ 1,136,803</u>	<u>1,123,836</u>	<u>730,254</u>

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

	March 31, 2023	December 31, 2022	March 31, 2022
Total amounts of construction in progress contracts	<u>\$ 1,721,881</u>	<u>1,263,653</u>	<u>348,000</u>
Cumulative payments	<u>\$ 546,276</u>	<u>448,595</u>	<u>313,548</u>

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(Continued)

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

**(12) Other**

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

By nature	Three months ended March 31, 2023			Three months ended March 31, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	243,458	191,913	435,371	245,321	189,018	434,339
Labor and health insurance	29,670	20,425	50,095	27,420	19,133	46,553
Pension	23,158	9,536	32,694	20,391	8,927	29,318
Others (note 1)	53,457	28,670	82,127	57,825	37,400	95,225
Depreciation (note 2)	268,976	33,673	302,649	248,735	33,802	282,537
Amortization	2,798	30,586	33,384	2,339	28,867	31,206

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

Note 2: Depreciation expenses excluded expenses for investment property recognized under other income and expenses, amounting to \$3,682 thousand and \$3,681 thousand for the three months ended March 31, 2023 and 2022.

- (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.

	March 31, 2023	December 31, 2022	March 31, 2022
Cumulative compensation received	\$ <u>301,885</u>	<u>212,166</u>	<u>216,189</u>
Land-use right price for new location /			
Prepaid land-use right price for new location	\$ <u>617,840</u>	<u>596,499</u>	<u>-</u>
Provision for demolish and relocation	\$ <u>246,671</u>	<u>245,298</u>	<u>250,817</u>

(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 three months ended March 31, 2023:

##### (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	44,485	44,325	44,325	3.10%	2	-	Operating capital	-	-	-	152,996	305,991
2	TSRC (Hong Kong) Limited	TSRC (Vietnam) Co., Ltd.	Account receivable-related parties	Yes	121,920	121,816	100,498	2.00%~6.10%	2	-	Operating capital	-	-	-	1,754,195	3,508,389

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)	457,200	456,810	56,340	-	2.51 %	(Note 3)	Y		
0	TSRC	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	6	(Note 2)	311,395	265,950	-	-	1.46 %	(Note 3)			Y
0	TSRC	Indian Synthetic Rubber Private Limited	6	(Note 2)	1,014,984	1,014,118	540,559	-	5.58 %	(Note 3)			
0	TSRC	TSRC (Vietnam) Co., Ltd.	4	(Note 2)	551,688	551,217	295,403	-	3.03 %	(Note 3)	Y		
0	TSRC	TSRC Specialty Materials LLC	4	(Note 2)	304,800	304,540	50,027	-	1.68 %	(Note 3)	Y		

Note 1: The guarantee's relationship with the guarantor is as follows:

- (1) A company with which it does business.
- (2) A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.
- (3) A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.
- (4) A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
- (5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6) A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
- (7) Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: The guaranteed amount by the Company is limited to 60% of total equity amounting to \$10,903,946 thousand.

Note 3: The aggregate amount of guarantee by the Company is limited to 1.5 times its stockholders' equity, amounting to \$27,259,866 thousand.

(Continued)

## TSRC CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(iii) Securities held as of March 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand NTD

Name of holder	Nature and name of security	Relationship with the security issuer	Account name	Ending balance				Remarks
				Number of shares	Book value	Holding percentage	Market value	
TSRC	Evergreen Steel Corporation	-	Financial assets at fair value through other comprehensive income — non-current	12,148,000	677,858	2.91 %	677,858	
TSRC	Thai Synthetic Rubbers Co., Ltd.	-	Financial assets at fair value through other comprehensive income — non-current	599,999	263,017	5.42 %	263,017	
TSRC	Hsin-Yung Enterprise Corporation	-	Financial assets at fair value through other comprehensive income — non-current	5,657,000	424,895	3.90 %	424,895	
Dymas Corporation	Thai Synthetic Rubbers Co., Ltd.	-	Financial assets at fair value through other comprehensive income — non-current	837,552	367,151	7.57 %	367,151	
					<u>1,732,921</u>		<u>1,732,921</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)	
Polybus Corporation Pte Ltd	Shen Hua Chemical Industries Co., Ltd.	Related parties	Purchase	143,874	63.31 %	40 days	-		(82,337)	(50.93) %	
Shen Hua Chemical Industries Co., Ltd.	Polybus Corporation Pte Ltd	Related parties	Sale	(143,874)	(7.02) %	40 days	-		82,337	5.70 %	
TSRC (Lux.) Corporation S.A R.L	TSRC Specialty Materials LLC	Related parties	Purchase	140,005	22.29 %	90 days	-		(142,008)	(27.57) %	
TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L	Related parties	Sale	(140,005)	(13.05) %	90 days	-		142,008	24.92 %	
TSRC (Lux.) Corporation S.A R.L	TSRC (Nantong) Industries Ltd.	Related parties	Purchase	414,089	65.92 %	70 days	-		(310,077)	(60.20) %	
TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L	Related parties	Sale	(414,089)	(29.77) %	70 days	-		310,077	39.07 %	

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

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the 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 (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L	Related parties	310,077	6.39	-		178,253	-
TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L	Related parties	142,008	4.08	-		63,801	-

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

Note 2: Until May 4, 2023.

(Continued)

## TSRC CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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

(x) Business relationships and significant intercompany transactions:

Unit: thousand NTD

No.	Name of company	Name of counter-party	Existing relationship with the counter-party	Transaction details			
				Account name	Amount	Trading terms	Percentage of the total consolidated revenue or total assets
0	TSRC	TSRC (Nantong) Industries Ltd.	1	Other income and expenses	19,463	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.24 %
0	TSRC	TSRC (Lux.) Corporation S.A R.L	1	Sales revenue	72,973	"	0.90 %
0	TSRC	TSRC (Lux.) Corporation S.A R.L	1	Accounts receivable	71,072	"	0.19 %
0	TSRC	Polybus Corporation Pte Ltd	1	Sales revenue	22,314	"	0.28 %
0	TSRC	TSRC Specialty Materials LLC	1	Sales revenue	60,017	"	0.74 %
0	TSRC	TSRC Specialty Materials LLC	1	Accounts receivable	60,548	"	0.16 %
0	TSRC	TSRC (Nantong) Industries Ltd.	1	Other income and expenses	17,679	The transaction is not significantly different from normal transactions, and the collection terms were about six months	0.22 %
0	TSRC	TSRC (Nantong) Industries Ltd.	1	Other receivable	59,511	"	0.16 %
1	TSRC (Nantong) Industries Ltd.	TSRC (Shanghai) Industries Ltd.	3	Sales revenue	19,440	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.24 %
1	TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd	3	Sales revenue	60,567	"	0.75 %
1	TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd	3	Accounts receivable	56,872	"	0.15 %
1	TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L	3	Sales revenue	414,089	"	5.10 %
1	TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L	3	Accounts receivable	310,077	"	0.84 %
1	TSRC (Nantong) Industries Ltd.	TSRC-UBE (Nantong) Industries Ltd.	3	Other income and expenses	90,610	"	1.12 %
1	TSRC (Nantong) Industries Ltd.	TSRC Specialty Materials LLC	3	Sales revenue	9,668	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.12 %
2	TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L	3	Sales revenue	140,005	The transaction is not significantly different from normal transactions, and the collection terms were about three months	1.73 %
2	TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L	3	Accounts receivable	142,008	"	0.39 %
3	Shen Hua Chemical Industries Co., Ltd.	Polybus Corporation Pte Ltd	3	Sales revenue	143,874	The transaction is not significantly different from normal transactions, and the collection terms were about two months	1.77 %
3	Shen Hua Chemical Industries Co., Ltd.	Polybus Corporation Pte Ltd	3	Accounts receivable	82,337	"	0.22 %

(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
4	TSRC (Lux.) Corporation S.A R.L	TSRC	2	Other income and expenses	14,589	The transaction is not significantly different from normal transactions, and the collection terms were about six months	0.18 %
4	TSRC (Lux.) Corporation S.A R.L	TSRC	2	Other receivable	58,899	"	0.16 %
5	TSRC (Shanghai) Industries Ltd.	TSRC (Nantong) Industries Ltd.	3	Entrusted loans	44,325	The loan term was one year	0.12 %
6	TSRC (Hong Kong) Limited	TSRC (Vietnam) Co., Ltd.	3	Account receivable-related parties	100,498	The loan term was one year	0.27 %

Note 1: Company numbering is as follows:

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

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

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

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

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

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2023 (excluding information on investees in Mainland China):

Unit: thousand NTD/thousand USD/thousand EUR											
Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance			Net income (losses) of investee	Investment income (losses)	Remarks
				March 31, 2023	December 31, 2022	Shares	Percentage of ownership	Book value			
TSRC	Trimurti Holding Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	1,005,495	1,005,495	86,920,000	100.00 %	16,881,367	239,439	239,439	(note 3)
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 %	771,292	3,862	3,862	(note 3)
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 %	166,749	4,212	821	(note 2 and 3)
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	387,585	-	100.00 %	168,928	(24,926)	(24,926)	(note 3)
Trimurti Holding Corporation	Polybus Corporation Pte Ltd	100 Peck Seah Street #09-16 Singapore 079333	International commerce and investment corporation	1,982,586 (USD65,101)	1,982,586 (USD65,101)	105,830,000	100.00 %	8,566,891	184,554	184,554	(note 3)
Trimurti Holding Corporation	TSRC (Hong Kong) Limited	15/F BOC Group Life Assurance Tower 136 Des Voeux Road Central	Investment corporation	3,162,648 (USD103,850)	3,162,648 (USD103,850)	103,850,000	100.00 %	3,508,389	(68,856)	(68,856)	(note 3)
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	897,571 (USD29,473)	897,571 (USD29,473)	222,861,375	50.00 %	1,343,797	177,753	88,877	-
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	2,481,868 (EUR74,870)	2,481,868 (EUR74,870)	74,869,617	100.00 %	3,085,602	(74,170)	(74,170)	(note 3)
TSRC (Lux.) Corporation S.A R.L	TSRC (USA) Investment Corporation	2711 Centerville Road, Suite 400, Country of New Castle, Wilmington, Delaware. 19808	Investment corporation	2,925,107 (USD96,050)	2,925,107 (USD96,050)	130	100.00 %	2,997,220	(31,083)	(31,083)	(note 3)
TSRC (USA) Investment Corporation	TSRC Specialty Materials LLC	23027 Elkana Deane Lane, Katy, Texas 77449-3696	Production and sale of TPE	6,657,762 (USD218,617)	6,657,762 (USD218,617)	-	100.00 %	2,343,359	(13,343)	(13,343)	(note 3)
Hardison International Corporation	Triton International Holdings Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	1,523 (USD50)	1,523 (USD50)	50,000	100.00 %	58,776	540	540	(note 3)
Hardison International Corporation	Dymas Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	146,149 (USD4,799)	146,149 (USD4,799)	4,798,566	80.52 %	710,565	4,212	3,392	(note 3)
Dymas Corporation	Asia Pacific Energy Development Co., Ltd.	Cayman Islands	Consulting for electric power facilities management and electrical system design	343,673 (USD11,285)	343,673 (USD11,285)	7,522,337	37.78 %	245,815	3,830	1,447	-

Note 1: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD30.454; EUR1 to NTD33.1492).

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: The transaction has already been written off in the consolidated financial statements.

(Continued)

## TSRC CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(c) Information on investment in Mainland China:

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

Unit: thousand NTD/thousand USD

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2023	Investment flow during current period		Cumulative investment (amount) from Taiwan as of March 31, 2023	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	1,255,314 (USD41,220)	(2)a.	-	-	-	-	57,027	65.44 %	37,318 (note 4(2))	2,501,662 (note 4(2))	4,786,340
Changzhou Asia Pacific Co-generation Co., Ltd.	Power generation and sale of electricity and steam	703,487 (USD23,100)	(2)c.	116,700 (USD3,832)	-	-	116,700 (USD3,832)	355	28.34 %	101 (note 4(1))	259,598 (note 4(1))	358,308
TSRC (Shanghai) Industries Ltd.	Production and sale of compounding materials	167,497 (USD5,500)	(2)b.	119,380 (USD3,920)	-	-	119,380 (USD3,920)	4,524	100.00 %	4,524 (note 4(1))	312,220 (note 4(1))	-
Nantong Qix Storage Co., Ltd.	Storehouse for chemicals	91,362 (USD3,000)	(2)d.	45,681 (USD1,500)	-	-	45,681 (USD1,500)	1,171	50.00 %	585 (note 4(1))	58,522 (note 4(1))	74,060
TSRC-UBE (Nantong) Chemical Industrial Co., Ltd.	Production and sale of synthetic rubber products	1,218,160 (USD40,000)	(2)a.	30,454 (USD1,000)	-	-	30,454 (USD1,000)	75,627	55.00 %	41,595 (note 4(1))	1,171,502 (note 4(1))	-
TSRC (Nantong) Industries Ltd.	Production and sale of TPE	3,201,477 (USD105,125)	(2)a.	202,458 (USD6,648)	-	-	202,458 (USD6,648)	86,722	100.00 %	86,722 (note 4(2))	4,005,857 (note 4(2))	440,864
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	Production and sale of NBR	1,364,339 (USD44,800)	(2)a.	-	-	-	-	46,871	50.00 %	23,436 (note 4(1))	694,601 (note 4(1))	-

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 NTD30.454).

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

Note 4: Investment income (losses) and book value column:

- (1) Based on financial statement that have not been reviewed by CPA.
- (2) Investment income (losses) were calculated based on financial statements that have been reviewed by CPA of parent company.

(ii) Limitation on investment in Mainland China:

Unit: thousand NTD/thousand USD

Company name	Accumulated investment amount in Mainland China as of March 31, 2023	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
TSRC	514,673 (USD16,900)	5,705,100 (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 NTD30.454).

(iii) Significant transactions:

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

(Continued)

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

(d) Major shareholders:

<b>Shareholder's Name</b>	<b>Shareholding</b>	<b>Shares</b>	<b>Percentage</b>
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 %

**(14) Segment information**

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

	<b>Synthetic rubber</b>	<b>Non-synthetic rubber</b>	<b>Others</b>	<b>Total</b>
<b>Three months ended March 31, 2023</b>				
Revenue:				
Revenue from external customers	\$ <u>7,953,770</u>	<u>159,960</u>	<u>-</u>	<u>8,113,730</u>
<b>Income from operations</b>	<u>\$ <u>491,119</u></u>	<u>(53,165)</u>	<u>(26,005)</u>	<u>411,949</u>
<b>Three months ended March 31, 2022</b>				
Revenue:				
Revenue from external customers	\$ <u>8,443,271</u>	<u>198,756</u>	<u>-</u>	<u>8,642,027</u>
<b>Income from operations</b>	<u>\$ <u>1,155,861</u></u>	<u>(36,934)</u>	<u>(12,865)</u>	<u>1,106,062</u>