

**TSRC CORPORATION
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2023 and 2022**

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

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

Table of contents

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



安侯建業聯合會計師事務所
KPMG

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

電話 Tel	+ 886 2 8101 6666
傳真 Fax	+ 886 2 8101 6667
網址 Web	kpmg.com/tw

Independent Auditors' Review Report

To the Board of Directors of TSRC Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of TSRC Corporation (the "Company") and its subsidiaries (together referred to as the "Group") as of June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2023 and 2022, as well as the changes in equity and cash flows for the six months 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 \$4,066,077 thousand and \$4,121,581 thousand, both constituting 11% of the consolidated total assets; and the total liabilities amounting to \$770,009 thousand and \$746,415 thousand, both constituting 5% of the consolidated total liabilities as of June 30, 2023 and 2022, respectively; as well as the total comprehensive income amounting to \$(59,840) thousand, \$24,308 thousand, \$31,539 thousand and \$226,307 thousand, constituting (21)%, 3%, 4% and 11% of the consolidated total comprehensive income for the three months and six months ended June 30, 2023 and 2022, respectively.

Furthermore, as stated in note 6(g), the other equity accounted investments of the Group in its investee companies of \$2,446,807 thousand and \$2,332,239 thousand as of June 30, 2023 and 2022, respectively, and its equity in net earnings on these investee companies of \$95,214 thousand, \$208,351 thousand, \$209,559 thousand and \$322,046 thousand for the three months and six months ended June 30, 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 June 30, 2023 and 2022, and of its consolidated financial performance for the three months and six months ended June 30, 2023 and 2022, as well as its consolidated cash flows for the six months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)
July 31, 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)

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2023, December 31 and June 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2023		December 31, 2022		June 30, 2022				June 30, 2023		December 31, 2022		June 30, 2022	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 6,473,622	17	6,278,620	17	5,543,505	15	2100	Short-term borrowings (note 6(m))	\$ 5,636,515	15	6,079,332	17	4,530,037	13
1110	Current financial assets at fair value through profit or loss (note 6(b))	8,061	-	14	-	15,338	-	2111	Short-term commercial paper payable (note 6(m))	249,424	1	249,704	1	79,525	-
1150	Notes receivable, net (note 6(d))	967,088	3	940,938	3	1,013,076	3	2322	Current portion of long-term borrowings (notes 6(m) and 8)	1,512,590	4	724,563	2	758,480	2
1170	Accounts receivable, net (notes 6(d) and 7)	3,271,204	9	3,044,640	8	4,033,618	11	2120	Current portion of long-term payables (note 6(m))	-	-	349,767	1	349,986	1
1200	Other receivables (notes 6(c) and 7)	195,984	1	146,483	-	145,366	1		Current financial liabilities at fair value through profit or loss (note 6(b))	402	-	36,729	-	117	-
130x	Inventories (note 6(f))	6,897,863	18	7,492,032	20	7,107,484	20	2170	Accounts payable	1,517,657	4	1,634,283	3	1,752,094	5
1479	Other current assets	516,098	1	563,845	2	818,853	2	2180	Accounts payable—related parties (note 7)	-	-	33,236	-	-	-
	Total current assets	18,329,920	49	18,466,572	50	18,677,240	52	2216	Dividend payable (note 6(r))	905,402	2	14,149	-	1,987,899	6
Non-current assets:								Non-Current liabilities:							
1517	Financial assets at fair value through other comprehensive income—non-current (note 6(c))	2,098,142	6	1,422,896	4	1,312,781	4	2230	Current income tax liabilities	347,645	1	351,748	1	487,077	1
1550	Investments accounted for under equity method (notes 6(g) and 7)	2,446,807	6	2,222,200	6	2,332,239	6	2219	Other payables (notes 6(t) and 7)	1,094,899	4	1,419,402	4	1,277,304	4
1600	Property, plant and equipment (notes 6(i), 8 and 9)	9,681,526	26	9,986,972	27	10,094,284	28	2280	Current lease liabilities (note 6(o))	149,920	-	127,731	-	99,590	-
1755	Right-of-use assets (notes 6(j) and 12(c))	1,707,684	5	959,689	3	816,323	2	2399	Other current liabilities	152,707	-	272,907	1	151,285	-
1760	Investment property (note 6(k))	1,530,060	4	1,537,423	4	1,544,785	4		Total current liabilities	11,567,161	31	11,293,551	30	11,473,394	32
1780	Intangible assets (note 6(l))	812,509	2	867,813	3	895,997	3		Long-term bank borrowings (notes 6(m) and 8)	2,052,335	5	2,129,854	6	2,209,147	6
1840	Deferred income tax assets	410,700	1	308,747	1	255,158	1	2541	Non-current provision liabilities (notes 6(n), 7 and 12(c))	260,091	1	270,284	1	273,364	1
1900	Other non-current assets (notes 8 and 12(c))	482,391	1	801,221	2	156,356	-	2550	Non-current income tax liabilities	132,624	-	-	-	-	-
	Total non-current assets	19,169,819	51	18,106,961	50	17,407,923	48	2570	Deferred income tax liabilities	1,438,373	4	1,383,801	4	1,158,460	3
								2580	Non-current lease liabilities (note 6(o))	605,552	2	451,756	1	326,878	1
								2600	Other non-current liabilities (note 12(c))	713,465	2	313,024	1	356,849	1
									Total non-current liabilities	5,202,440	14	4,548,719	13	4,324,698	12
									Total liabilities	16,769,601	45	15,842,270	43	15,798,092	44
									Equity attributable to shareholders of the Company (notes 6(c), (h), (q) and (r)):						
								3100	Common stock	8,257,099	22	8,257,099	23	8,257,099	23
								3200	Capital surplus	51,844	-	51,725	-	50,725	-
									Retained earnings:						
								3310	Legal reserve	4,647,059	12	4,463,584	12	4,463,584	12
								3350	Unappropriated earnings	3,765,958	11	4,544,080	12	4,110,169	11
										8,413,017	23	9,007,664	24	8,573,753	23
									Other equity:						
								3410	Financial statement translation differences for foreign operations	139,353	-	251,770	1	157,239	-
								3420	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	1,646,671	4	1,004,081	3	910,128	3
								3450	Gains or losses on hedging instrument	(46,784)	-	(45,789)	-	(32,184)	-
										1,739,240	4	1,210,062	4	1,035,183	3
									Total equity attributable to shareholders of the Company	18,461,200	49	18,526,550	51	17,916,760	49
								36xx	Non-controlling interests (note 6(h))	2,268,938	6	2,204,713	6	2,370,311	7
									Total equity	20,730,138	55	20,731,263	57	20,287,071	56
	Total assets	\$ 37,499,739	100	36,573,533	100	36,085,163	100		Total liabilities and equity	\$ 37,499,739	100	36,573,533	100	36,085,163	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and six months ended June 30, 2023 and 2022

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

		For the three months ended June 30				For the six months ended June 30			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Revenue (notes 6(u) and 7)	\$ 7,742,090	100	8,974,820	100	\$ 15,855,820	100	17,616,847	100
5000	Operating costs (notes 6(f), 6(i), 6(j), 6(o), 6(p), 6(t) and 7)	7,042,267	91	7,334,240	82	14,242,788	90	14,116,904	80
5910	Gross profit	699,823	9	1,640,580	18	1,613,032	10	3,499,943	20
6000	Operating expenses (notes 6(d), 6(i), 6(j), 6(o), 6(p), 6(t) and 7):								
6100	Selling expenses	274,538	4	426,099	5	562,441	4	995,104	6
6200	General and administrative expenses	275,003	4	261,396	3	547,139	3	526,579	3
6300	Research and development expenses	103,254	1	99,495	1	196,422	1	184,852	1
6450	Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	3,683	-	(36)	-	2,856	-	(2,029)	-
	Total operating expenses	656,478	9	786,954	9	1,308,858	8	1,704,506	10
6500	Other income and expenses, net (notes 6(v) and 7)	50,222	1	57,720	1	102,795	1	119,089	1
6900	Operating profit	93,567	1	911,346	10	406,969	3	1,914,526	11
	Non-operating income and expenses (notes 6(g), 6(i), 6(n), 6(o), 6(w) and 7):								
7100	Interest income	57,253	1	11,028	-	109,171	1	21,491	-
7010	Other income	22,628	-	22,628	-	22,628	-	22,628	-
7020	Other gains and losses	7,838	-	(10,461)	-	19,702	-	(5,645)	-
7050	Finance costs	(88,617)	(1)	(32,610)	-	(168,197)	(1)	(58,702)	-
7370	Share of gain of associates and joint ventures accounted for under equity method	95,214	1	208,351	2	209,559	1	322,046	2
	Total non-operating income and expenses	94,316	1	198,936	2	192,863	1	301,818	2
7900	Net income before tax	187,883	2	1,110,282	12	599,832	4	2,216,344	13
7950	Less: tax expenses (note 6(q))	69,765	1	280,600	3	172,038	1	589,659	4
	Net income	118,118	1	829,682	9	427,794	3	1,626,685	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 (loss)	332,081	4	(115,114)	(1)	642,590	4	(151,692)	(1)
8349	Less: Income tax related to components of other comprehensive income (loss) that will not be reclassified to profit or loss	13,138	-	(7,064)	-	31,840	-	(14,761)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	318,943	4	(108,050)	(1)	610,750	4	(136,931)	(1)
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	(104,131)	(1)	150,689	1	(130,482)	(1)	805,299	5
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method	(46,726)	-	(121,736)	(1)	(17,539)	-	(150,096)	(1)
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss	(150,857)	(1)	28,953	-	(148,021)	(1)	655,203	4
8300	Other comprehensive income (loss)	168,086	3	(79,097)	(1)	462,729	3	518,272	3
	Total comprehensive income	\$ 286,204	4	750,585	8	\$ 890,523	6	2,144,957	12
	Net income attributable to:								
8610	Shareholders of parent	\$ 41,185	-	748,675	9	\$ 297,120	2	1,400,835	8
8620	Non-controlling interests	76,933	1	81,007	-	130,674	1	225,850	1
		\$ 118,118	1	829,682	9	\$ 427,794	3	1,626,685	9
	Total comprehensive income attributable to:								
8710	Shareholders of parent	\$ 287,956	4	704,719	8	\$ 826,298	5	1,872,514	11
8720	Non-controlling interests	(1,752)	-	45,866	-	64,225	1	272,443	1
		\$ 286,204	4	750,585	8	\$ 890,523	6	2,144,957	12
9710	Basic earnings per share (in New Taiwan Dollars) (note 6(s))	\$ 0.05		0.91		\$ 0.36		1.70	
9810	Diluted earnings per share (in New Taiwan dollars) (note 6(s))	\$ 0.05		0.90		\$ 0.36		1.69	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TSRC CORPORATION AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the six months ended June 30, 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	Total	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								
Balance at January 1, 2022	\$ 8,257,099	50,725	4,073,680	5,080,942	9,154,622	(456,708)	1,047,059	(26,847)	563,504	18,025,950	2,097,868	20,123,818
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	389,904	(389,904)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	(1,981,704)	(1,981,704)	-	-	-	-	(1,981,704)	-	(1,981,704)
Net income	-	-	-	1,400,835	1,400,835	-	-	-	-	1,400,835	225,850	1,626,685
Other comprehensive income (loss)	-	-	-	-	-	613,947	(136,931)	(5,337)	471,679	471,679	46,593	518,272
Total comprehensive income (loss)	-	-	-	1,400,835	1,400,835	613,947	(136,931)	(5,337)	471,679	1,872,514	272,443	2,144,957
Balance at June 30, 2022	<u>\$ 8,257,099</u>	<u>50,725</u>	<u>4,463,584</u>	<u>4,110,169</u>	<u>8,573,753</u>	<u>157,239</u>	<u>910,128</u>	<u>(32,184)</u>	<u>1,035,183</u>	<u>17,916,760</u>	<u>2,370,311</u>	<u>20,287,071</u>
Balance at January 1, 2023	\$ 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:												
Legal reserve	-	-	183,475	(183,475)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	(891,767)	(891,767)	-	-	-	-	(891,767)	-	(891,767)
Other changes in capital surplus	-	119	-	-	-	-	-	-	-	119	-	119
Net income	-	-	-	297,120	297,120	-	-	-	-	297,120	130,674	427,794
Other comprehensive income (loss)	-	-	-	-	-	(112,417)	642,590	(995)	529,178	529,178	(66,449)	462,729
Total comprehensive income (loss)	-	-	-	297,120	297,120	(112,417)	642,590	(995)	529,178	826,298	64,225	890,523
Balance at June 30, 2023	<u>\$ 8,257,099</u>	<u>51,844</u>	<u>4,647,059</u>	<u>3,765,958</u>	<u>8,413,017</u>	<u>139,353</u>	<u>1,646,671</u>	<u>(46,784)</u>	<u>1,739,240</u>	<u>18,461,200</u>	<u>2,268,938</u>	<u>20,730,138</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TSRC CORPORATION AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the six months ended June 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	For the six months ended June 30	
	2023	2022
Cash flows from operating activities:		
Consolidated net income before tax	\$ 599,832	2,216,344
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation	614,555	576,488
Amortization	67,129	64,266
Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	2,856	(2,029)
Interest expense	168,197	58,702
Interest income	(109,171)	(21,491)
Dividend income	(22,628)	(22,628)
Share of profit of associates and joint ventures accounted for under equity method	(209,559)	(322,046)
Loss on disposal of property, plant and equipment	3,334	27,693
Transfer to operating costs and inventories	39,466	39,295
Total adjustments to reconcile profit and loss	554,179	398,250
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Financial assets at fair value through profit or loss	(8,047)	(7,636)
Notes receivable	(26,150)	(61,259)
Accounts receivable	(229,420)	(314,748)
Other receivables	(41,513)	(44,479)
Inventories	594,169	(1,477,667)
Other current assets	30,647	(269,549)
Total changes in operating assets, net	319,686	(2,175,338)
Net changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	(36,327)	(239)
Accounts payable	(116,626)	215,118
Accounts payable—related parties	(33,236)	(1,316)
Other payables	(293,540)	(282,955)
Other current liabilities	(120,200)	(56,726)
Net defined benefit liability	(549)	(18,660)
Other non-current liabilities	(3,109)	8,212
Total changes in operating liabilities, net	(603,587)	(136,566)
Total changes in operating assets and liabilities, net	(283,901)	(2,311,904)
Total adjustments	270,278	(1,913,654)
Cash flow from operating activities	870,110	302,690
Interest income received	101,302	14,438
Interest paid	(154,263)	(53,102)
Income taxes paid	(122,738)	(308,475)
Net cash flow from (used in) operating activities	694,411	(44,449)
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(441,269)	(303,026)
Proceeds from disposal of property, plant and equipment	859	1,389
Decrease (increase) in other non-current assets	(256,424)	12,103
Dividends received	22,628	67,350
Decrease in restricted assets	17,100	49,027
Compensation for relocation	404,099	212,372
Net cash flow from (used in) investing activities	(253,007)	39,215
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	18,635,420	12,045,298
Decrease in short-term borrowings	(19,198,461)	(11,677,629)
Increase in short-term commercial paper payable	1,414,192	79,525
Decrease in short-term commercial paper payable	(1,418,000)	-
Proceeds from long-term borrowings	1,337,496	731,385
Repayments of long-term borrowings	(634,562)	(556,864)
Decrease in other long-term commercial paper payable	(350,000)	-
Repayments of lease liabilities	(82,499)	(73,732)
Cash dividends paid	(395)	(313)
Net cash flow from (used in) financing activities	(296,809)	547,670
Effect of exchange rate changes on cash and cash equivalents	50,407	536,314
Net increase in cash and cash equivalents	195,002	1,078,750
Cash and cash equivalents at beginning of period	6,278,620	4,464,755
Cash and cash equivalents at end of period	\$ 6,473,622	5,543,505

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TSRC CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the six months ended June 30, 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 July 31, 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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	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
Amendments to IAS 1 “Non-current Liabilities with Covenants”	After reconsidering certain aspects of the 2020 amendments ¹ , new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	The amendments require the company to disclose information about its supplier finance arrangements that enable users of financial statements to assess the effects of those arrangements on the company’s liabilities and cash flows and on the company’s exposure to liquidity risk.	January 1, 2024

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS12 "International Tax Reform – Pillar Two Model Rules"	<ul style="list-style-type: none"> provide companies with a temporary mandatory relief from deferred tax accounting for the impact of the top-up tax; and require them to provide new disclosures. 	May 23, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

(4) Summary of significant accounting policies

Except for the following, the significant accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 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.

(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
			June 30, 2023	December 31, 2022	June 30, 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)

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Scope of business	Percentage of ownership			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
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)

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.

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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.

(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

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand	\$ 441	421	413
Checking and savings deposits	945,245	814,380	931,066
Time deposits	5,527,936	5,284,032	4,612,026
Commercial paper with reverse repurchase agreements	-	179,787	-
Cash and cash equivalents per statements of cash flow	<u><u>\$ 6,473,622</u></u>	<u><u>6,278,620</u></u>	<u><u>5,543,505</u></u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Mandatorily measured at fair value through profit or loss:			
Derivative instruments not used for hedging			
Forward contracts/Swap contracts	\$ <u>8,061</u>	<u>14</u>	<u>15,338</u>
	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Financial liabilities held for trading:			
Derivative instruments not used for hedging			
Forward contracts/Swap contracts	\$ <u>402</u>	<u>36,729</u>	<u>117</u>

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:

	<u>June 30, 2023</u>		
	<u>Contract amount (thousand dollars)</u>	<u>Currency</u>	<u>Maturity dates</u>
Forward contracts	EUR 2,450 / USD 2,658	EUR/USD	2023.7.12~2023.8.23
Swap contracts	EUR 24,305 / USD 26,684	EUR/USD	2023.7.18~2023.9.28
Swap contracts	JPY 44,000 / USD 322	JPY/USD	2023.7.18~2023.8.14
	<u>December 31, 2022</u>		
	<u>Contract amount (thousand dollars)</u>	<u>Currency</u>	<u>Maturity dates</u>
Forward contracts	EUR 1,240 / USD 1,321	EUR/USD	2023.1.11~2023.2.13
Swap contracts	TWD 79,905 / USD 2,500	TWD/USD	2023.1.31
Swap contracts	EUR 18,655 / USD 18,830	EUR/USD	2023.1.3~2023.2.21
Swap contracts	JPY 21,000 / USD 153	JPY/USD	2023.2.3

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	June 30, 2022		
	Contract amount (thousand dollars)	Currency	Maturity dates
Forward contracts	EUR 2,990 / USD 3,207	EUR/USD	2022.7.11~2022.8.11
Swap contracts	JPY 5,000 / USD 39	JPY/USD	2022.7.12
Swap contracts	EUR 18,350 / USD 19,663	EUR/USD	2022.7.20~2022.9.28
Swap contracts	USD 284 / EUR 301	USD/EUR	2022.7.26
Swap contracts	USD 1,740 / CNH 11,649	USD/CNH	2022.7.5~2022.8.1

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

	June 30, 2023	December 31, 2022	June 30, 2022
Equity investments at fair value through other comprehensive income:			
Listed stocks (domestic)	\$ 813,916	626,837	732,524
Unlisted stocks (domestic and overseas)	1,284,226	796,059	580,257
Total	<u>\$ 2,098,142</u>	<u>1,422,896</u>	<u>1,312,781</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:

	Foreign currency amount (thousand dollars)	Exchange rate	NTD
June 30, 2023			
THB	\$ 893,320	0.8816	787,551

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Foreign currency amount (thousand dollars)	Exchange rate	NTD
December 31, 2022			
THB	\$ 454,224	0.8941	406,122
June 30, 2022			
THB	277,428	0.8469	234,954

(d) Notes and accounts receivable

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable	\$ 967,088	940,938	1,013,076
Accounts receivable (including related parties)	3,278,919	3,049,625	4,039,257
Less: allowance for impairment	7,715	4,985	5,639
	<u>\$ 4,238,292</u>	<u>3,985,578</u>	<u>5,046,694</u>

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

	June 30, 2023	
	Weighted- average expected credit loss rate	Loss allowance provision
Current	\$ 4,183,722	0.02%~0.11% 627
1 to 30 days past due	49,614	1.03%~2.50% 821
31 to 90 days past due	8,226	18.80%~53.02% 1,822
More than 90 days past due	4,445	100% 4,445
	<u>\$ 4,246,007</u>	<u>7,715</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2022		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
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
	<u>\$ 3,990,563</u>		<u>4,985</u>
	June 30, 2022		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	\$ 4,977,130	0.05%~0.14%	2,575
1 to 30 days past due	62,446	2.35%~6.31%	1,594
31 to 90 days past due	12,363	8.07%~30.81%	1,076
More than 90 days past due	394	100%	394
	<u>\$ 5,052,333</u>		<u>5,639</u>

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

	For the six months ended June 30	
	2023	2022
Balance at beginning of period	\$ 4,985	7,399
Impairment losses (reversed) recognized	2,856	(2,029)
Foreign exchange gain or loss	(126)	269
Balance at end of period	<u>\$ 7,715</u>	<u>5,639</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)

	June 30, 2023	December 31, 2022	June 30, 2022
Other receivables—related parties	\$ 39,283	42,870	57,240
Other	156,701	103,613	88,126
	<u>\$ 195,984</u>	<u>146,483</u>	<u>145,366</u>

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

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Inventories

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

	June 30, 2023	December 31, 2022	June 30, 2022
Raw materials	\$ 1,807,449	2,056,771	2,049,164
Supplies	9,686	10,491	12,322
Work in progress	334,918	328,291	367,909
Finished goods	3,983,178	4,160,906	3,911,635
Merchandise	762,632	935,573	766,454
Total	<u><u>\$ 6,897,863</u></u>	<u><u>7,492,032</u></u>	<u><u>7,107,484</u></u>

The aforementioned inventories were not pledged as collateral.

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

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Loss on decline in market value of inventory	\$ 107,563	19,261	71,027	25,233
Income from sale of scrap	(7,665)	(10,486)	(15,730)	(16,828)
Unallocated production overhead	191,605	127,391	285,702	226,612
Total	<u><u>\$ 291,503</u></u>	<u><u>136,166</u></u>	<u><u>340,999</u></u>	<u><u>235,017</u></u>

(g) Investments accounted for under equity method

The Group's details of the investments accounted for under the equity method at the reporting date were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Associates	\$ 932,679	906,310	954,934
Joint ventures	1,514,128	1,315,890	1,377,305
	<u><u>\$ 2,446,807</u></u>	<u><u>2,222,200</u></u>	<u><u>2,332,239</u></u>

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

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Associates	\$ 15,381	61,221	40,264	130,547
Joint ventures	79,833	147,130	169,295	191,499
	<u><u>\$ 95,214</u></u>	<u><u>208,351</u></u>	<u><u>209,559</u></u>	<u><u>322,046</u></u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Associates

The details of the significant associates are as follows:

Name of associates	Existing relationship with the Group	The main operating place / register country	Proportion of equity and voting right		
			June 30, 2023	December 31, 2022	June 30, 2022
ARLANXEO-TSRC (Nantong) Chemicals Industries Co., Ltd.	Strategic alliance of production and sales of NBR	China	50.00 %	50.00 %	50.00 %

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

	June 30, 2023	December 31, 2022	June 30, 2022
Current assets	\$ 925,375	1,144,407	1,091,948
Non-current assets	812,066	566,744	597,845
Current liabilities	(312,096)	(291,797)	(298,199)
Non-current liabilities	(83,473)	(86,311)	(87,756)
Equity	<u>\$ 1,341,872</u>	<u>1,333,043</u>	<u>1,303,838</u>
Equity attributable to the Group	<u>\$ 670,936</u>	<u>666,522</u>	<u>651,919</u>

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Revenue	<u>\$ 444,290</u>	<u>653,860</u>	<u>860,703</u>	<u>1,308,939</u>
Net income of continued operations	\$ 1,246	122,082	48,117	273,580
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>\$ 1,246</u>	<u>122,082</u>	<u>48,117</u>	<u>273,580</u>
Total comprehensive income attributable to the Group	<u>\$ 623</u>	<u>61,041</u>	<u>24,059</u>	<u>136,790</u>

	For the six months ended June 30	
	2023	2022
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	24,059	136,790
Other	(20,746)	10,533
Ending balance of the equity of the associate attributable to the Group	<u>\$ 671,096</u>	<u>652,817</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Balance of not significant associate's equity	\$ <u>261,583</u>	<u>238,527</u>	<u>302,117</u>
	<u>For the three months ended June 30</u>	<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u> <u>2022</u>
Attributable to the Group:			
Net income (loss) of continued operations	\$ 14,758	180	16,205 (6,243)
Other comprehensive income	-	-	- -
Total comprehensive income (loss)	\$ <u>14,758</u>	<u>180</u>	<u>16,205</u> <u>(6,243)</u>

(ii) Joint ventures

The details of the significant joint ventures are as follows:

Name of joint ventures	Existing relationship with the Group	The main operating place / register country	Proportion of equity and voting right		
			June 30, 2023	December 31, 2022	June 30, 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:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Current assets	\$ 3,340,766	2,221,809	3,040,072
Non-current assets	2,378,972	2,350,978	2,552,068
Current liabilities	(1,288,022)	(600,484)	(1,575,422)
Non-current liabilities	(1,429,728)	(1,372,905)	(1,302,589)
Equity	\$ <u>3,001,988</u>	<u>2,599,398</u>	<u>2,714,129</u>
Equity attributable to the Group	\$ <u>1,500,994</u>	<u>1,299,699</u>	<u>1,357,065</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Revenue	<u>\$ 1,459,080</u>	<u>1,990,639</u>	<u>2,857,132</u>	<u>3,441,237</u>
Net income of continued operations	\$ 158,474	295,616	336,227	380,112
Other comprehensive income (loss)	-	(369)	-	80,303
Total comprehensive income	<u>\$ 158,474</u>	<u>295,247</u>	<u>336,227</u>	<u>460,415</u>
Total comprehensive income attributable to the Group	<u>\$ 79,236</u>	<u>147,624</u>	<u>168,113</u>	<u>230,208</u>
			For the six months ended June 30	
			2023	2022
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		168,113		230,208
Other		30,614		(41,592)
Ending balance of the equity of the joint venture attributable to the Group		<u>\$ 1,457,013</u>		<u>1,318,813</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.

	June 30, 2023	December 31, 2022	June 30, 2022
Balance of not significant joint venture's equity	<u>\$ 57,115</u>	<u>57,604</u>	<u>58,492</u>
	For the three months ended June 30	For the six months ended June 30	
	2023	2022	2023 2022
Attributable to the Group:			
Net income (loss) of continued operations	\$ 597	(678)	1,182 1,443
Other comprehensive income	-	-	- -
Total comprehensive income (loss)	<u>\$ 597</u>	<u>(678)</u>	<u>1,182 1,443</u>

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

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

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Material non-controlling interests of subsidiaries

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

Name of joint ventures	The main operating place / register country	Proportion of Non-controlling interests		
		June 30, 2023	December 31, 2022	June 30, 2022
Shen Hua Chemical Industries Co., Ltd.	China	34.56 %	34.56 %	34.56 %
TSRC-UBE (Nantong) Industries Ltd.	China	45.00 %	45.00 %	45.00 %

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

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

	December 31,		June 30, 2022
	June 30, 2023	2022	
Current assets	\$ 3,515,423	3,334,434	3,858,702
Non-current assets	1,997,693	1,774,494	1,115,826
Current liabilities	(840,822)	(894,168)	(581,195)
Non-current liabilities	(888,082)	(495,653)	(496,521)
Net assets	<u>\$ 3,784,212</u>	<u>3,719,107</u>	<u>3,896,812</u>
Non-controlling interests	<u>\$ 1,307,823</u>	<u>1,285,323</u>	<u>1,346,739</u>

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Revenue	<u>\$ 2,068,638</u>	<u>1,773,505</u>	<u>4,118,979</u>	<u>3,912,145</u>
Net income	\$ 118,888	30,201	175,915	217,799
Other comprehensive income (loss)	(131,522)	(59,367)	(110,810)	79,470
Total comprehensive income (loss)	<u>\$ (12,634)</u>	<u>(29,166)</u>	<u>65,105</u>	<u>297,269</u>
Total net income attributable to non-controlling interests	<u>\$ 41,087</u>	<u>10,438</u>	<u>60,796</u>	<u>75,271</u>
Total comprehensive income (loss) attributable to non-controlling interests	<u>\$ (4,366)</u>	<u>(10,080)</u>	<u>22,500</u>	<u>102,736</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the six months ended June 30	
	2023	2022
Net cash used in operating activities	\$ (111,919)	(347,167)
Net cash flow from investing activities	66,262	194,368
Net cash flow from financing activities	145,599	168,969
Effect on exchange rate changes on cash and cash equivalents	(24,107)	25,995
Increase in cash and cash equivalents	<u><u>\$ 75,835</u></u>	<u><u>42,165</u></u>

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

	June 30, 2023	December 31, 2022	June 30, 2022
Current assets	\$ 1,741,724	1,584,402	1,880,362
Non-current assets	732,723	773,087	803,570
Current liabilities	(315,389)	(290,263)	(395,089)
Non-current liabilities	(23,247)	(24,138)	(14,238)
Net assets	<u><u>\$ 2,135,811</u></u>	<u><u>2,043,088</u></u>	<u><u>2,274,605</u></u>
Non-controlling interests	<u><u>\$ 961,115</u></u>	<u><u>919,390</u></u>	<u><u>1,023,572</u></u>

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Revenue	<u><u>\$ 878,729</u></u>	<u><u>1,086,791</u></u>	<u><u>1,681,534</u></u>	<u><u>2,002,562</u></u>
Net income	\$ 79,657	156,821	155,284	334,620
Other comprehensive income (loss)	(73,847)	(32,495)	(62,560)	42,507
Total comprehensive income	<u><u>\$ 5,810</u></u>	<u><u>124,326</u></u>	<u><u>92,724</u></u>	<u><u>377,127</u></u>
Total net income attributable to non-controlling interests	<u><u>\$ 35,846</u></u>	<u><u>70,569</u></u>	<u><u>69,878</u></u>	<u><u>150,579</u></u>
Total comprehensive income attributable to non-controlling interests	<u><u>\$ 2,614</u></u>	<u><u>55,946</u></u>	<u><u>41,725</u></u>	<u><u>169,707</u></u>

	For the six months ended June 30	
	2023	2022
Net cash flow from operating activities	\$ 190,276	101,395
Net cash used in investing activities	(37,068)	(24,662)
Net cash flow from financing activities	46,939	145,965
Effect on exchange rate changes on cash and cash equivalents	(19,046)	18,311
Increase in cash and cash equivalents	<u><u>\$ 181,101</u></u>	<u><u>241,009</u></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	-	-	-	3,590	272	400,659	404,521
Disposals	-	-	(56)	(34,691)	(7,845)	-	(42,592)
Reclassification	-	-	20,684	224,002	9,595	(260,428)	(6,147)
Effect on changes in exchange rates	310	610	(92,905)	(205,672)	(1,702)	(11,123)	(310,482)
Balance at June 30, 2023	<u>\$ 642,422</u>	<u>157,398</u>	<u>4,938,633</u>	<u>23,777,916</u>	<u>274,022</u>	<u>919,509</u>	<u>30,709,900</u>
Balance at January 1, 2022	\$ 639,920	150,505	4,931,763	22,755,392	255,962	661,868	29,395,410
Additions	-	-	-	4,505	123	299,770	304,398
Disposals	-	-	(20,443)	(45,110)	(261)	(12,106)	(77,920)
Reclassification	-	-	6,303	209,489	3,657	(241,171)	(21,722)
Effect on changes in exchange rates	1,479	4,348	98,051	510,587	6,135	5,632	626,232
Balance at June 30, 2022	<u>\$ 641,399</u>	<u>154,853</u>	<u>5,015,674</u>	<u>23,434,863</u>	<u>265,616</u>	<u>713,993</u>	<u>30,226,398</u>
Depreciation and impairment loss:							
Balance at January 1, 2023	\$ -	110,887	2,811,062	17,541,670	214,009	-	20,677,628
Depreciation	-	4,383	90,090	448,189	8,969	-	551,631
Disposals	-	-	(30)	(30,783)	(7,586)	-	(38,399)
Effect on changes in exchange rates	-	348	(49,832)	(112,018)	(984)	-	(162,486)
Balance at June 30, 2023	<u>\$ -</u>	<u>115,618</u>	<u>2,851,290</u>	<u>17,847,058</u>	<u>214,408</u>	<u>-</u>	<u>21,028,374</u>
Balance at January 1, 2022	\$ -	99,240	2,607,460	16,343,116	190,954	-	19,240,770
Depreciation	-	4,289	90,528	427,222	9,457	-	531,496
Disposals	-	-	(8,247)	(40,340)	(251)	-	(48,838)
Effect on changes in exchange rates	-	1,996	40,612	361,536	4,542	-	408,686
Balance at June 30, 2022	<u>\$ -</u>	<u>105,525</u>	<u>2,730,353</u>	<u>17,091,534</u>	<u>204,702</u>	<u>-</u>	<u>20,132,114</u>
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>
June 30, 2023	<u>\$ 642,422</u>	<u>41,780</u>	<u>2,087,343</u>	<u>5,930,858</u>	<u>59,614</u>	<u>919,509</u>	<u>9,681,526</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>
June 30, 2022	<u>\$ 641,399</u>	<u>49,328</u>	<u>2,285,321</u>	<u>6,343,329</u>	<u>60,914</u>	<u>713,993</u>	<u>10,094,284</u>

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:

	Land	Building	Machinery	Transportation equipment	Total
Cost:					
Balance at January 1, 2023	\$ 581,608	236,083	422,440	34,181	1,274,312
Additions	614,608	107,181	147,577	641	870,007
Write-off	-	(98,429)	-	-	(98,429)
Lease modification	(31)	2,495	-	41	2,505
Transfer to operating costs and inventories	-	(1,911)	(37,555)	-	(39,466)
Effect on changes in foreign exchange rates	(29,625)	2,068	(6,850)	263	(34,144)
Balance at June 30, 2023	<u>\$ 1,166,560</u>	<u>247,487</u>	<u>525,612</u>	<u>35,126</u>	<u>1,974,785</u>
Balance at January 1, 2022	\$ 564,225	202,597	374,699	32,988	1,174,509
Additions	-	581	-	430	1,011
Write-off	-	-	-	(161)	(161)
Lease modification	81	560	-	-	641
Transfer to operating costs and inventories	-	(1,911)	(37,384)	-	(39,295)
Effect on changes in foreign exchange rates	17,304	8,396	7,698	1,972	35,370
Balance at June 30, 2022	<u>\$ 581,610</u>	<u>210,223</u>	<u>345,013</u>	<u>35,229</u>	<u>1,172,075</u>
Accumulated depreciation and impairment losses:					
Balance at January 1, 2023	\$ 175,443	117,596	9,652	11,932	314,623
Depreciation	13,282	27,523	9,602	5,154	55,561
Write-off	-	(98,429)	-	-	(98,429)
Effect on changes in exchange rates	(4,463)	(589)	317	81	(4,654)
Balance at June 30, 2023	<u>\$ 184,262</u>	<u>46,101</u>	<u>19,571</u>	<u>17,167</u>	<u>267,101</u>
Balance at January 1, 2022	\$ 157,671	132,851	-	16,502	307,024
Depreciation	7,059	25,635	-	4,935	37,629
Write-off	-	-	-	(161)	(161)
Effect on changes in exchange rates	4,158	6,038	-	1,064	11,260
Balance at June 30, 2022	<u>\$ 168,888</u>	<u>164,524</u>	<u>-</u>	<u>22,340</u>	<u>355,752</u>
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>
June 30, 2023	<u>\$ 982,298</u>	<u>201,386</u>	<u>506,041</u>	<u>17,959</u>	<u>1,707,684</u>
January 1, 2022	<u>\$ 406,554</u>	<u>69,746</u>	<u>374,699</u>	<u>16,486</u>	<u>867,485</u>
June 30, 2022	<u>\$ 412,722</u>	<u>45,699</u>	<u>345,013</u>	<u>12,889</u>	<u>816,323</u>

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

(k) Investment property

	<u>Owned property</u> <u>Buildings</u>
Carrying value:	
January 1, 2023	<u>\$ 1,537,423</u>
June 30, 2023	<u>\$ 1,530,060</u>
January 1, 2022	<u>\$ 1,552,148</u>
June 30, 2022	<u>\$ 1,544,785</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

There were no significant additions to, disposals of, or provision (reversal) of impairment of, the Group's investment properties for the six months ended June 30, 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
June 30, 2023	\$ 262,284	23,887	188,140	338,198	812,509
January 1, 2022	\$ 328,474	24,594	190,903	348,708	892,679
June 30, 2022	\$ 315,657	26,641	196,503	357,196	895,997

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

June 30, 2023				The unused credit facilities (include credit lines of bills issued)
Range of interest rates (%)	Year of maturity	Amount		
Unsecured loans	0.85~6.45	2023~2024	\$ 5,636,515	16,411,284
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

<u>June 30, 2022</u>				The unused credit facilities (include credit lines of bills issued)
	<u>Range of interest rates (%)</u>	<u>Year of maturity</u>	<u>Amount</u>	
Unsecured loans	0.40~3.60	2022~2023	\$ <u>4,530,037</u>	<u>16,215,951</u>
(ii) Short-term commercial paper payable				
	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>	
Short-term commercial paper payable	\$ 250,000	250,000	-	
Banker's Acceptance	-	-	79,525	
Less: discount on short-term commercial paper payable	576	296	-	
Total	\$ <u>249,424</u>	<u>249,704</u>	<u>79,525</u>	
Interest Rate	<u>1.87%</u>	<u>2.058%</u>	-	

The handling fee rate of the Group's Banker's Acceptance as of June 30, 2022, was 0.50%.

(iii) Long-term borrowings

1) Long-term bank borrowings

<u>June 30, 2023</u>				
	<u>Currency</u>	<u>Range of interest rates (%)</u>	<u>Year of maturity</u>	<u>Amount</u>
Secured loans	USD	4.38	2023	\$ 34,283
Unsecured loans	NTD	1.05~2.32	2023~2028	3,042,913
Unsecured loans	USD	6.64~6.90	2023~2028	487,729
Total				\$ <u>3,564,925</u>
Current				\$ 1,512,590
Non-current				<u>2,052,335</u>
Total				\$ <u>3,564,925</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2022				
	Currency	Range of interest rates (%)	Year of maturity	Amount
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><u>\$ 2,854,417</u></u>
Current				\$ 724,563
Non-current				2,129,854
Total				<u><u>\$ 2,854,417</u></u>

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

For the six months ended June 30, 2023 and 2022, the Group repaid the amounts of \$634,562 thousand and \$556,864 thousand, respectively, for its long-term borrowings, wherein the proceeds amounting to \$1,337,496 thousand and \$731,385 thousand bore the interest rates of 1.88%~6.85% and 1.20%~3.22%, as well as maturities ranging from Jan 2025 to May 2028 and May 2024 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)

	December 31, 2022	June 30, 2022
Long-term commercial paper payable	\$ 350,000	350,000
Less: discount on long-term commercial paper payable	233	14
Less: current portion	<u>349,767</u>	<u>349,986</u>
Total	<u><u>\$ -</u></u>	<u><u>-</u></u>
Interest rate	<u><u>1.865%</u></u>	<u><u>1.4287%</u></u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Non-current provision liabilities

	Guarantees	Demolition and relocation costs	Total
Balance at January 1, 2023	\$ 24,986	245,298	270,284
Reverse in provisions	(3,218)	-	(3,218)
Effect on changes in exchange rates	-	(6,975)	(6,975)
Balance at June 30, 2023	<u>\$ 21,768</u>	<u>238,323</u>	<u>260,091</u>
Balance at January 1, 2022	\$ 27,757	241,779	269,536
Reverse in provisions	(1,470)	-	(1,470)
Effect on changes in exchange rates	-	5,298	5,298
Balance at June 30, 2022	<u>\$ 26,287</u>	<u>247,077</u>	<u>273,364</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:

	June 30, 2023	December 31, 2022	June 30, 2022
Current	\$ <u>149,920</u>	<u>127,731</u>	<u>99,590</u>
Non-current	\$ <u>605,552</u>	<u>451,756</u>	<u>326,878</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Interest on lease liabilities	\$ <u>3,041</u>	<u>461</u>	<u>4,507</u>	<u>1,074</u>
Expenses relating to short-term leases	\$ <u>177</u>	<u>7,893</u>	<u>573</u>	<u>11,727</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>3,111</u>	<u>1,721</u>	<u>8,530</u>	<u>6,386</u>

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

	For the six months ended June 30	
	2023	2022
Total cash outflow for leases	\$ <u>96,109</u>	<u>92,919</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:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Operating costs	\$ 572	823	1,143	1,644
Operating expenses	393	511	787	1,025
	<u>\$ 965</u>	<u>1,334</u>	<u>1,930</u>	<u>2,669</u>

(ii) Defined contribution plans

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

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Operating costs	\$ 23,749	20,373	46,336	39,943
Operating expenses	9,222	8,097	18,364	16,510
	<u>\$ 32,971</u>	<u>28,470</u>	<u>64,700</u>	<u>56,453</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) Income tax

The components of income tax expense were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Current income tax expense				
Current period	\$ 149,620	206,951	266,394	507,542
Adjustment for prior periods	(15,135)	(173)	(15,135)	(176)
	<u>134,485</u>	<u>206,778</u>	<u>251,259</u>	<u>507,366</u>
Deferred tax expense				
Origination and reversal of temporary differences	(64,720)	73,822	(79,221)	82,293
Income tax expenses of continued operations	<u>\$ 69,765</u>	<u>280,600</u>	<u>172,038</u>	<u>589,659</u>

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

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
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>\$ 13,138</u>	<u>(7,064)</u>	<u>31,840</u>	<u>(14,761)</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 six months ended June 30, 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.

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

The amounts of cash dividends on the appropriations of earnings for 2022 and 2021 had been approved during the board meeting on March 9, 2023, and March 10, 2022, respectively. The other distributions on the appropriations of earnings for 2022 and 2021 had been approved during the shareholders' meeting on May 31, 2023 and June 17, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

	<u>2022</u>	<u>2021</u>
Dividends distributed to common shareholders:		
Cash	<u>\$ 891,767</u>	<u>1,981,704</u>

(ii) Other equities (net for tax)

	Foreign exchange differences arising from foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total
Balance as of January 1, 2023	\$ 251,770	1,004,081	(45,789)	1,210,062
Foreign exchange differences arising from foreign operations	(94,878)	-	-	(94,878)
Exchange differences on translation financial statements from investments accounted for using equity method	(17,539)	-	-	(17,539)
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	-	642,590	-	642,590
Share of cash flow hedges of associates and joint ventures accounted for under equity method	-	-	(995)	(995)
Balance as of June 30, 2023	<u>\$ 139,353</u>	<u>1,646,671</u>	<u>(46,784)</u>	<u>1,739,240</u>
Balance as of January 1, 2022	\$ (456,708)	1,047,059	(26,847)	563,504
Foreign exchange differences arising from foreign operations	758,706	-	-	758,706
Exchange differences on translation financial statements from investments accounted for using equity method	(144,759)	-	-	(144,759)
Unrealized gains or losses from financial assets measured at fair value through other comprehensive loss	-	(136,931)	-	(136,931)
Share of cash flow hedges of associates and joint ventures accounted for under equity method	-	-	(5,337)	(5,337)
Balance as of June 30, 2022	<u>\$ 157,239</u>	<u>910,128</u>	<u>(32,184)</u>	<u>1,035,183</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(s) Earnings per share

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

(i) Basic earnings per share

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Net income attributable to common shareholders of the Company	\$ <u>41,185</u>	<u>748,675</u>	<u>297,120</u>	<u>1,400,835</u>
Weighted-average number of common shares (in thousands)	<u>825,710</u>	<u>825,710</u>	<u>825,710</u>	<u>825,710</u>
Basic earnings per share (NTD)	\$ <u>0.05</u>	<u>0.91</u>	<u>0.36</u>	<u>1.70</u>

(ii) Diluted earnings per share

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Net income attributable to common shareholders of the Company (diluted)	\$ <u>41,185</u>	<u>748,675</u>	<u>297,120</u>	<u>1,400,835</u>
Weighted-average number of common shares (basic) (in thousands)	825,710	825,710	825,710	825,710
Impact on potential common shares				
Effect on employees' compensation (in thousands)	<u>1,514</u>	<u>3,231</u>	<u>3,149</u>	<u>5,136</u>
Weighted-average number of shares outstanding (diluted) (in thousands)	<u>827,224</u>	<u>828,941</u>	<u>828,859</u>	<u>830,846</u>
Diluted earnings per share (NTD)	\$ <u>0.05</u>	<u>0.90</u>	<u>0.36</u>	<u>1.69</u>

(t) Remuneration to employees and directors

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

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the three months and six months ended June 30, 2023 and 2022, the Company recognized the employees' compensation of \$19,461 thousand, \$56,735 thousand, \$38,922 thousand and \$95,798 thousand, respectively, and the directors' remuneration to be \$0, \$5,041 thousand, \$0 and \$8,702 thousand, respectively. The amounts were estimated based on the profit-sharing percentages set by the Articles of Incorporation and were recorded as operating cost or operating expenses in the respective periods. If the distribution in the following year is different from the estimate, the difference is treated as a change in accounting estimate and will be recognized as profit or loss for the following year.

For the years ended December 31, 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

For the three months ended June 30, 2023			
	Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:			
Asia	\$ 5,449,030	176,564	5,625,594
Americas	1,172,703	2,470	1,175,173
Europe	856,431	-	856,431
Others	84,892	-	84,892
	<u>\$ 7,563,056</u>	<u>179,034</u>	<u>7,742,090</u>
Major product lines:			
Synthetic rubber / elastomers	\$ 7,512,070	-	7,512,070
Applied materials	-	178,629	178,629
Others	50,986	405	51,391
	<u>\$ 7,563,056</u>	<u>179,034</u>	<u>7,742,090</u>
For the three months ended June 30, 2022			
	Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:			
Asia	\$ 6,113,172	179,408	6,292,580
Americas	1,440,345	2,966	1,443,311
Europe	1,020,526	92	1,020,618
Others	218,311	-	218,311
	<u>\$ 8,792,354</u>	<u>182,466</u>	<u>8,974,820</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the three months ended June 30, 2022			
	Synthetic rubber	Non-synthetic rubber	Total
Major product lines:			
Synthetic rubber / elastomers	\$ 8,631,721	-	8,631,721
Applied materials	-	180,755	180,755
Others	160,633	1,711	162,344
	<u>\$ 8,792,354</u>	<u>182,466</u>	<u>8,974,820</u>
For the six months ended June 30, 2023			
	Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:			
Asia	\$ 10,989,937	336,485	11,326,422
Americas	2,420,446	2,470	2,422,916
Europe	1,810,993	39	1,811,032
Others	295,450	-	295,450
	<u>\$ 15,516,826</u>	<u>338,994</u>	<u>15,855,820</u>
Major product lines:			
Synthetic rubber / elastomers	\$ 15,307,640	-	15,307,640
Applied materials	-	335,353	335,353
Others	209,186	3,641	212,827
	<u>\$ 15,516,826</u>	<u>338,994</u>	<u>15,855,820</u>
For the six months ended June 30, 2022			
	Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:			
Asia	\$ 12,145,273	372,532	12,517,805
Americas	2,699,421	8,549	2,707,970
Europe	1,974,276	141	1,974,417
Others	416,655	-	416,655
	<u>\$ 17,235,625</u>	<u>381,222</u>	<u>17,616,847</u>
Major product lines:			
Synthetic rubber / elastomers	\$ 17,030,965	-	17,030,965
Applied materials	-	377,576	377,576
Others	204,660	3,646	208,306
	<u>\$ 17,235,625</u>	<u>381,222</u>	<u>17,616,847</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Other income and expenses

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Rental income	\$ 17,568	18,490	35,817	36,698
Royalty income	29,095	39,157	56,926	75,552
Net service income	1,669	898	5,760	2,205
Depreciation of investment properties	(3,681)	(3,682)	(7,363)	(7,363)
Net other income	5,571	2,857	11,655	11,997
Other income and expenses	<u>\$ 50,222</u>	<u>57,720</u>	<u>102,795</u>	<u>119,089</u>

(w) Non-operating income and expenses

(i) Interest income

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Interest income from bank deposits	<u>\$ 57,253</u>	<u>11,028</u>	<u>109,171</u>	<u>21,491</u>

(ii) Other gains

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Dividend income	<u>\$ 22,628</u>	<u>22,628</u>	<u>22,628</u>	<u>22,628</u>

(iii) Other gains and losses

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Gains or losses on disposal of property, plant and equipment	\$ (3,005)	(22,845)	(3,334)	(27,693)
Foreign exchange gain or loss, net	3,019	(29,659)	24,504	(30,543)
Gains or losses on financial assets (liabilities) at fair value through profit or loss	8,321	42,146	(1,539)	51,632
Other gains and losses	(497)	(103)	71	959
Other gains and losses, net	<u>\$ 7,838</u>	<u>(10,461)</u>	<u>19,702</u>	<u>(5,645)</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Finance costs

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Interest expense	\$ <u>88,617</u>	<u>32,610</u>	<u>168,197</u>	<u>58,702</u>

(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.

	Contractual cash flows	Within 1 years	1-2 years	2-5 years	Over 5 years
June 30, 2023					
Non-derivative financial liabilities					
Short-term borrowings (including short-term commercial paper payable)	\$ 5,923,294	5,923,294	-	-	-
Accounts payable	1,517,657	1,517,657	-	-	-
Dividend payable	905,402	905,402	-	-	-
Other payables	1,094,899	1,094,899	-	-	-
Long-term borrowings (including current portion)	3,727,152	1,597,193	554,216	1,575,743	-
Lease liabilities	791,864	163,109	152,330	400,155	76,270
Deposits received	45,443	1,315	39,861	-	4,267
Derivative financial liabilities					
Other swap contracts / Other forward contracts:					
Outflow	402	402	-	-	-
	<u>\$ 14,006,113</u>	<u>11,203,271</u>	<u>746,407</u>	<u>1,975,898</u>	<u>80,537</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<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>
December 31, 2022					
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	-	-	-
Dividend payable	14,149	14,149	-	-	-
Other payables	1,419,402	1,419,402	-	-	-
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>\$ 13,449,314</u>	<u>10,768,893</u>	<u>1,761,611</u>	<u>828,878</u>	<u>89,932</u>
June 30, 2022					
Non-derivative financial liabilities					
Short-term borrowings (including short-term commercial paper payable)	\$ 4,630,695	4,630,695	-	-	-
Accounts payable	1,752,094	1,752,094	-	-	-
Dividend payable	1,987,899	1,987,899	-	-	-
Other payables	1,277,304	1,277,304	-	-	-
Long-term borrowings (including other long-term borrowings, current portion and current portion of long-term payables)	3,392,341	1,144,690	1,533,427	714,224	-
Lease liabilities	429,930	100,709	67,073	151,260	110,888
Deposits received	50,846	-	36,479	11,247	3,120
Derivative financial liabilities					
Other swap contracts / Other forward contracts:					
Outflow	117	117	-	-	-
	<u>\$ 13,521,226</u>	<u>10,893,508</u>	<u>1,636,979</u>	<u>876,731</u>	<u>114,008</u>

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

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Currency risk

1) Risk exposure

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

	Foreign currency (thousand dollars)	Exchange rate	NTD
June 30, 2023			
Financial assets:			
Monetary assets:			
USD	\$ 86,975	31.1350	2,707,967
EUR	\$ 14,115	33.8033	477,134
JPY	\$ 413,691	0.2149	88,902
CNY	\$ 18,619	4.2825	79,736
Financial liabilities:			
Monetary liabilities:			
USD	\$ 78,704	31.1350	2,450,449
EUR	\$ 10,515	33.8033	355,442
JPY	\$ 364,279	0.2149	78,284
December 31, 2022			
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

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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 \$4,696 thousand and \$3,089 thousand for the six months ended June 30, 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 six months ended June 30, 2023 and 2022, foreign exchange gain (loss) (including Derivative financial instruments for non-hedging profit and loss) amounting to \$22,965 thousand and \$21,089 thousand, respectively.

2) Interest rate risk analysis

Please refer to the note on liquidity risk management for the interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure to interest rates of the non-derivative financial instruments at the reporting date. For floating-rate instruments, the sensitivity analysis assumes the floating-rate liabilities as of the reporting date are outstanding for the whole year.

If the interest rate had increased / decreased by 1%, the Group's net income before tax would have decreased / increased by \$47,254 thousand and \$39,238 thousand for the six months ended June 30, 2023 and 2022, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at floating rates.

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Fair value

1) Hierarchy and fair value of financial instruments

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

	June 30, 2023				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 8,061	-	8,061	-	8,061
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	813,916	813,916	-	-	813,916
Unlisted stocks (domestic and overseas)	1,284,226	-	-	1,284,226	1,284,226
Subtotal	2,098,142	813,916	-	1,284,226	2,098,142
Total	<u>\$ 2,106,203</u>	<u>813,916</u>	<u>8,061</u>	<u>1,284,226</u>	<u>2,106,203</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 402	-	402	-	402
December 31, 2022					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 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	\$ 36,729	-	36,729	-	36,729

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

2) Valuation techniques and assumptions used in fair value determination

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

3) Reconciliation of Level 3 fair values

	Unquoted equity instruments
Balance at January 1, 2023	\$ 796,059
Total gains:	
Recognized in other comprehensive income	488,167
Balance at June 30, 2023	<u>\$ 1,284,226</u>
Balance at January 1, 2022	\$ 792,446
Total gains:	
Recognized in other comprehensive loss	(212,189)
Balance at June 30, 2022	<u>\$ 580,257</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income-equity investments without an active market	Comparative listed company	<ul style="list-style-type: none"> Multipliers of price-to-earnings ratios as of June 30, 2023, December 31, 2022 and June 30, 2022 was all 19.30~20.35, 9.36~17.59 and 6.07~18.92, respectively Market liquidity discount rate as of 20% 	<ul style="list-style-type: none"> the estimated fair value would have been higher if the price-to-earnings ratios would be higher. the estimated fair value would have been higher if the market liquidity discount would be lower.

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

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

	<u>Input</u>	<u>Move up or down</u>	<u>Other comprehensive income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>
June 30, 2023				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	1%	\$ 16,053	(16,053)
December 31, 2022				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	1%	\$ 9,953	(9,953)
June 30, 2022				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	1%	\$ 7,254	(7,254)

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(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 six months ended June 30, 2023 and 2022.

(ab) Reconciliation of liabilities arising from financing activities

Reconciliations of liabilities arising from financing activities for the six months ended June 30, 2023 and 2022 was as follows:

	January 1, 2023	Cash flows	Foreign exchange movement	Non-cash changes Amortization of commercial paper discount	Others	June 30, 2023
Long-term borrowings (including current portion)	\$ 2,854,417	702,934	7,574	-	-	3,564,925
Other long-term borrowings (including current portion)	349,767	(350,000)	-	233	-	-
Short-term borrowings (including short-term commercial paper payable)	6,329,036	(566,849)	120,224	3,528	-	5,885,939
Lease liabilities	579,487	(82,499)	(38,992)	4,507	292,969	755,472
Total liabilities from financing activities	<u>\$ 10,112,707</u>	<u>(296,414)</u>	<u>88,806</u>	<u>8,268</u>	<u>292,969</u>	<u>10,206,336</u>

	January 1, 2022	Cash flows	Foreign exchange movement	Non-cash changes Amortization of commercial paper discount	Others	June 30, 2022
Long-term borrowings (including current portion)	\$ 2,753,932	174,521	39,174	-	-	2,967,627
Other long-term borrowings (including current portion)	349,922	(2,181)	-	2,245	-	349,986
Short-term borrowings (including short-term commercial paper payable)	4,006,365	447,194	156,003	-	-	4,609,562
Lease liabilities	486,283	(73,732)	11,191	1,074	1,652	426,468
Total liabilities from financing activities	<u>\$ 7,596,502</u>	<u>545,802</u>	<u>206,368</u>	<u>3,319</u>	<u>1,652</u>	<u>8,353,643</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(7) Related-party transactions

(a) Names and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Indian Synthetic Rubber Private Limited	The Group recognized joint venture under equity method
Nantong Qix Storage Co., Ltd.	"
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	The Group recognized associates under equity method
Marubeni Corporation	Corporate director of one consolidated entity
UBE Industrial Ltd.	Other related parties of one consolidated entity
Metropolis Property Management Corporation	Other related parties of the Group
Continental Engineering Corporation	"
WFV Corporation	"
Continental Consulting Limited Company	"
UBE (Shanghai) Ltd.	Subsidiary of other related parties of one consolidated entity

(b) Significant transactions with related parties

(i) Operating revenue

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

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Associates	\$ <u>(28)</u>	<u>-</u>	<u>4,329</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:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Other related parties	\$ <u>116,379</u>	<u>2,903</u>	<u>184,602</u>	<u>107,221</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(iii) Service income and expenses

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

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Associates				
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 37,537	40,954	82,466	87,624
Joint ventures				
Indian Synthetic Rubber Private Limited	16,659	19,109	31,564	34,952
Others joint ventures	1,799	1,749	3,380	3,550
Other related parties				
Others related parties	(3,020)	(3,482)	(6,149)	(7,556)
	<u>\$ 52,975</u>	<u>58,330</u>	<u>111,261</u>	<u>118,570</u>

(iv) Lease — Rental income

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Associates	\$ 616	626	1,240	1,245
Other related parties	1,147	1,120	2,294	2,239
	<u>\$ 1,763</u>	<u>1,746</u>	<u>3,534</u>	<u>3,484</u>

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

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Receivables from related parties

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

<u>Account</u>	<u>Type of related parties</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Accounts receivables	Associates	\$ 4	-	-
Other receivables	Associates			
	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	23,306	31,017	18,379
Other receivables	Joint ventures			
	Indian Synthetic Rubber Private Limited	15,397	11,227	38,269
	Others	580	626	592
		<u>\$ 39,287</u>	<u>42,870</u>	<u>57,240</u>

(vi) Payables to related parties

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

<u>Account</u>	<u>Type of related parties</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Accounts payable	Other related parties	\$ -	33,236	-
Other payables	Associates	5	-	20
Other payables	Joint ventures	-	1,382	1,337
Other payables	Other related parties	898	1,578	2,067
		<u>\$ 903</u>	<u>36,196</u>	<u>3,424</u>

(vii) Guarantees

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Associates			
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 42,825	308,546	463,865
Joint ventures			
Indian Synthetic Rubber Private Limited	1,036,796	1,022,576	989,876
	<u>\$ 1,079,621</u>	<u>1,331,122</u>	<u>1,453,741</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Associates			
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 160	1,261	898
Joint ventures			
Indian Synthetic Rubber Private Limited	21,608	23,725	25,389
	<u>\$ 21,768</u>	<u>24,986</u>	<u>26,287</u>

(c) Key management personnel transactions

The compensation of the key management personnel comprised the following:

	<u>For the three months ended June 30</u>	<u>For the six months ended June 30</u>		
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 37,758	35,364	73,493	69,365
Post-employment benefits	418	355	725	717
	<u>\$ 38,176</u>	<u>35,719</u>	<u>74,218</u>	<u>70,082</u>

(8) Pledged assets

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Restricted savings deposits (recorded as other non-current assets)	Bank guarantee for electricity usage	\$ 1,254	1,237	1,214
Machinery etc. (recorded as property, plant and equipment)	Guarantee for long-term borrowings	103,593	120,802	141,090
		<u>\$ 104,847</u>	<u>122,039</u>	<u>142,304</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(9) Commitments and contingencies

- (a) The unused letters of credit outstanding

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
The Group's unused letters of credit outstanding	\$ <u>1,187,055</u>	<u>1,123,836</u>	<u>804,682</u>

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Total amounts of construction in progress contracts	\$ <u>4,791,480</u>	<u>1,263,653</u>	<u>551,045</u>
Cumulative payments	\$ <u>795,451</u>	<u>448,595</u>	<u>337,593</u>

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other

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

By nature	By function Three months ended June 30, 2023			Three months ended June 30, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	247,907	196,388	444,295	251,872	176,972	428,844
Labor and health insurance	27,991	17,082	45,073	26,929	16,357	43,286
Pension	24,321	9,615	33,936	21,196	8,608	29,804
Others (note 1)	51,907	34,722	86,629	73,480	50,039	123,519
Depreciation (note 2)	271,855	32,688	304,543	252,147	34,441	286,588
Amortization	2,834	30,911	33,745	2,409	30,651	33,060

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

By function By nature	Six months ended June 30, 2023			Six months ended June 30, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	491,365	388,301	879,666	497,193	365,990	863,183
Labor and health insurance	57,661	37,507	95,168	54,349	35,490	89,839
Pension	47,479	19,151	66,630	41,587	17,535	59,122
Others (note 1)	105,364	63,392	168,756	131,305	87,439	218,744
Depreciation (note 2)	540,831	66,361	607,192	500,882	68,243	569,125
Amortization	5,632	61,497	67,129	4,748	59,518	64,266

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

Note 2: Depreciation expenses excluded expenses for investment property recognized under other income and expenses, amounting to \$3,681 thousand, \$3,682 thousand, \$7,363 thousand and \$7,363 thousand for the three months and six months ended June 30, 2023 and 2022.

(b) Seasonality or cyclical of interim operations

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

	June 30, 2023	December 31, 2022	June 30, 2022
Cumulative compensation received	\$ <u>616,265</u>	<u>212,166</u>	<u>212,372</u>
Land-use right price for new location / Prepaid land-use right price for new location	\$ <u>596,931</u>	<u>596,499</u>	<u>-</u>
Provision for demolish and relocation	\$ <u>238,323</u>	<u>245,298</u>	<u>247,077</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 six months ended June 30, 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	73,409	72,803	72,803	3.10%	2	-	Operating capital	-	-	152,996	305,991
2	TSRC (Hong Kong) Limited	TSRC (Vietnam) Co., Ltd.	Account receivable-related parties	Yes	122,960	-	-	2.00%~6.23%	2	-	Operating capital	-	-	1,628,090	3,256,180

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)	467,025	467,025	61,180	-	2.53 %	(Note 3)	Y		
0	TSRC	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	6	(Note 2)	311,395	42,825	-	-	0.23 %	(Note 3)			Y
0	TSRC	Indian Synthetic Rubber Private Limited	6	(Note 2)	1,036,796	1,036,796	-	-	5.62 %	(Note 3)			
0	TSRC	TSRC (Vietnam) Co., Ltd.	4	(Note 2)	556,394	513,728	426,550	-	2.78 %	(Note 3)	Y		
0	TSRC	TSRC Specialty Materials LLC	4	(Note 2)	311,350	311,350	34,283	-	1.69 %	(Note 3)	Y		

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

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

Note 2: The guaranteed amount by the Company is limited to 60% of total equity amounting to \$11,076,720 thousand.

Note 3: The aggregate amount of guarantee by the Company is limited to 1.5 times its stockholders' equity, amounting to \$27,691,800 thousand.

(Continued)

TSRC CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iii) Securities held as of June 30, 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	813,916	2.91 %	813,916	
TSRC	Thai Synthetic Rubbers Co., Ltd.	-	Financial assets at fair value through other comprehensive income — non-current	599,999	328,705	5.42 %	328,705	
TSRC	Hsin-Yung Enterprise Corporation	-	Financial assets at fair value through other comprehensive income — non-current	5,657,000	496,674	3.90 %	496,675	
Dymas Corporation	Thai Synthetic Rubbers Co., Ltd.	-	Financial assets at fair value through other comprehensive income — non-current	837,552	458,847	7.57 %	458,846	
					<u>2,098,142</u>		<u>2,098,142</u>	

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

Unit: thousand NTD

Name of company	Counter-party	Relationship	Transaction details				Status and reason for deviation from arm's-length transaction		Account / note receivable (payable)		Remarks
			Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
TSRC (Lux.) Corporation S.A R.L	TSRC	Parent and subsidiary companies	Purchase	142,963	12.67 %	70 days	-		(68,222)	(16.99) %	
TSRC	TSRC (Lux.) Corporation S.A R.L	Parent and subsidiary companies	Sale	(142,963)	(2.74) %	70 days	-		68,222	5.58 %	
TSRC Specialty Materials LLC	TSRC	Parent and subsidiary companies	Purchase	161,030	11.53 %	70 days	-		(112,992)	(35.65) %	
TSRC	TSRC Specialty Materials LLC	Parent and subsidiary companies	Sale	(161,030)	(3.09) %	70 days	-		112,992	9.24 %	
Shen Hua Chemical Industries Co., Ltd.	Marubeni Corporation	A director of Shen Hua Chemical Industries Co., Ltd.	Purchase	126,869	3.94 %	14 days	-		-	- %	
Polybus Corporation Pte Ltd	TSRC (Nantong) Industries Ltd.	Related parties	Purchase	120,336	27.33 %	40 days	-		(58,259)	(38.99) %	
TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd	Related parties	Sale	(120,336)	(4.70) %	40 days	-		58,259	9.26 %	
Polybus Corporation Pte Ltd	Shen Hua Chemical Industries Co., Ltd.	Related parties	Purchase	281,795	64.00 %	40 days	-		(91,410)	(61.17) %	
Shen Hua Chemical Industries Co., Ltd.	Polybus Corporation Pte Ltd	Related parties	Sale	(281,795)	(6.84) %	40 days	-		91,410	6.06 %	
TSRC (Lux.) Corporation S.A R.L	TSRC Specialty Materials LLC	Related parties	Purchase	269,834	23.91 %	90 days	-		(122,132)	(30.42) %	
TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L	Related parties	Sale	(269,834)	(12.99) %	90 days	-		122,132	21.95 %	
TSRC (Lux.) Corporation S.A R.L	TSRC (Nantong) Industries Ltd.	Related parties	Purchase	711,096	63.01 %	70 days	-		(211,871)	(52.77) %	
TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L	Related parties	Sale	(711,096)	(27.75) %	70 days	-		211,871	33.69 %	

(Continued)

TSRC CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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	TSRC Specialty Materials LLC	Parent and subsidiary companies	112,992	4.34	-		17,188	-
TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L	Related parties	122,132	4.23	-		55,772	-
TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L	Related parties	211,871	6.77	-		-	-

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

Note 2: Until July 31, 2023.

- (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	34,300	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.22 %
0	TSRC	TSRC (Lux.) Corporation S.A R.L	1	Sales revenue	142,963	"	0.90 %
0	TSRC	TSRC (Lux.) Corporation S.A R.L	1	Accounts receivable	68,222	"	0.18 %
0	TSRC	Polybus Corporation Pte Ltd	1	Sales revenue	37,819	"	0.24 %
0	TSRC	TSRC Specialty Materials LLC	1	Sales revenue	161,030	"	1.02 %
0	TSRC	TSRC Specialty Materials LLC	1	Accounts receivable	112,992	"	0.30 %
0	TSRC	TSRC (Nantong) Industries Ltd.	1	Other income and expenses	30,793	The transaction is not significantly different from normal transactions, and the collection terms were about six months	0.19 %
1	TSRC (Nantong) Industries Ltd.	TSRC (Shanghai) Industries Ltd.	3	Sales revenue	37,169	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.23 %
1	TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd	3	Sales revenue	120,336	"	0.76 %
1	TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd	3	Accounts receivable	58,259	"	0.16 %
1	TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L	3	Sales revenue	711,096	"	4.48 %
1	TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L	3	Accounts receivable	211,871	"	0.56 %
1	TSRC (Nantong) Industries Ltd.	TSRC-UBE (Nantong) Industries Ltd.	3	Other income and expenses	161,410	"	1.02 %

(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
2	TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L	3	Sales revenue	269,834	The transaction is not significantly different from normal transactions, and the collection terms were about three months	1.70 %
2	TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L	3	Accounts receivable	122,132	"	0.33 %
3	Shen Hua Chemical Industries Co., Ltd.	Polybus Corporation Pte Ltd	3	Sales revenue	281,795	The transaction is not significantly different from normal transactions, and the collection terms were about two months	1.78 %
3	Shen Hua Chemical Industries Co., Ltd.	Polybus Corporation Pte Ltd	3	Accounts receivable	91,410	"	0.24 %
4	TSRC (Lux.) Corporation S.A R.L	TSRC	2	Other income and expenses	23,133	The transaction is not significantly different from normal transactions, and the collection terms were about six months	0.15 %
5	TSRC (Shanghai) Industries Ltd.	TSRC (Nantong) Industries Ltd.	3	Entrusted loans	72,803	The loan term was one year	0.19 %

Note 1: Company numbering is as follows:

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

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

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

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

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

(b) Information on investees:

The following is the information on investees for the six months ended June 30, 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
				June 30, 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 %	16,742,568	222,234	222,234	(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 %	863,762	18,842	18,842	(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 %	189,453	22,100	4,305	(Notes 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 %	151,262	(46,079)	(46,079)	(Note 3)
Trimurti Holding Corporation	Polybus Corporation Pte Ltd	100 Peck Seah Street #09-16 Singapore 079333	International commerce and investment corporation	2,026,920 (USD65,101)	2,026,920 (USD65,101)	105,830,000	100.00 %	8,456,243	356,753	356,753	(Note 3)
Trimurti Holding Corporation	TSRC (Hong Kong) Limited	15/F BOC Group Life Assurance Tower 136 Des Voeux Road Central	Investment corporation	3,233,370 (USD103,850)	3,233,370 (USD103,850)	103,850,000	100.00 %	3,256,180	(375,740)	(375,740)	(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	917,642 (USD29,473)	917,642 (USD29,473)	222,861,375	50.00 %	1,457,013	336,227	168,113	-
TSRC (Hong Kong) Limited	TSRC (Lux.) Corporation S.A R.L	99-43 avenue de la Liberté L-1931 Luxembourg	International commerce and investment corporation	2,530,840 (EUR74,870)	2,530,840 (EUR74,870)	74,869,617	100.00 %	2,832,853	(389,880)	(389,880)	(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	2,990,517 (USD96,050)	2,990,517 (USD96,050)	130	100.00 %	2,846,768	(244,637)	(244,637)	(Note 3)
TSRC (USA) Investment Corporation	TSRC Specialty Materials LLC	23027 Elkana Deane Lane, Katy, Texas 77449-3696	Production and sale of TPE	6,806,640 (USD218,617)	6,806,640 (USD218,617)	-	100.00 %	2,147,521	(256,999)	(256,999)	(Note 3)
Hardison International Corporation	Triton International Holdings Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	1,557 (USD50)	1,557 (USD50)	50,000	100.00 %	57,366	1,129	1,129	(Note 3)

Unit: thousand NTD/thousand USD/thousand EUR

(Continued)

TSRC CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance			Net income (losses) of investee	Investment income (losses)	Remarks
				June 30, 2023	December 31, 2022	Shares	Percentage of ownership	Book value			
Hardison International Corporation	Dymas Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	149,417 (USD4,799)	149,417 (USD4,799)	4,798,566	80.52 %	804,413	22,100	17,795	(Note 3)
Dymas Corporation	Asia Pacific Energy Development Co., Ltd.	Cayman Islands	Consulting for electric power facilities management and electrical system design	351,358 (USD11,285)	351,358 (USD11,285)	7,522,337	37.78 %	261,583	42,894	16,205	-

Note 1: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD31.135; EUR1 to NTD33.8033).

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.

(c) Information on investment in Mainland China:

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

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2023	Investment flow during current period		Cumulative investment (amount) from Taiwan as of June 30, 2023	Net income (losses) of investee	Direct / indirect investment holding percentage	Investment income (losses)	Book value	Accumulated remittance in current period
					Remittance amount	Repatriation amount						
Shen Hua Chemical Industries Co., Ltd.	Production and sale of synthetic rubber products	1,283,385 (USD41,220)	(2)a.	-	-	-	-	175,915	65.44 %	115,119 (Note 4(2))	2,493,774 (Note 4(1))	4,786,340
Changzhou Asia Pacific Co-generation Co., Ltd.	Power generation and sale of electricity and steam	719,219 (USD23,100)	(2)c.	119,309 (USD3,832)	-	-	119,309 (USD3,832)	65,743	28.34 %	18,632 (Note 4(1))	268,811 (Note 4(1))	358,308
TSRC (Shanghai) Industries Ltd.	Production and sale of compounding materials	171,243 (USD5,500)	(2)b.	122,049 (USD3,920)	-	-	122,049 (USD3,920)	12,649	100.00 %	12,649 (Note 4(1))	309,576 (Note 4(1))	-
Nantong Qix Storage Co., Ltd.	Storehouse for chemicals	93,405 (USD3,000)	(2)d.	46,703 (USD1,500)	-	-	46,703 (USD1,500)	2,364	50.00 %	1,182 (Note 4(1))	57,115 (Note 4(1))	74,060
TSRC-UBE (Nantong) Chemical Industrial Co., Ltd.	Production and sale of synthetic rubber products	1,245,400 (USD40,000)	(2)a.	31,135 (USD1,000)	-	-	31,135 (USD1,000)	155,284	55.00 %	85,406 (Note 4(1))	1,174,696 (Note 4(1))	-
TSRC (Nantong) Industries Ltd.	Production and sale of TPE	3,273,067 (USD105,125)	(2)a.	206,985 (USD6,648)	-	-	206,985 (USD6,648)	144,108	100.00 %	144,108 (Note 4(2))	3,926,626 (Note 4(2))	440,864
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	Production and sale of NBR	1,394,848 (USD44,800)	(2)a.	-	-	-	-	48,117	50.00 %	24,059 (Note 4(1))	671,096 (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 NTD31.135).

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:

Company name	Accumulated investment amount in Mainland China as of June 30, 2023	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
TSRC	526,181 (USD16,900)	5,832,675 (USD187,335) (Note 2)	- (Note 1)

Note 1: In accordance with the "Regulations on Permission for Investment or Technical Cooperation in Mainland China" and the "Principles for Examination of Applications for Investment or Technical Cooperation in Mainland China" amended and ratified by the Executive Yuan on August 22, 2008, the Company met the criteria for operational headquarters under the Statute for Industrial Innovation and obtained approval from the Industrial Development Bureau, Ministry of Economic Affairs, on August 18, 2021. As it has an operational headquarters status, the Company is not subject to the limitation as to the amount of investment in Mainland China during the period from August 12, 2021 to August 11, 2024.

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

Note 3: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD31.135).

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Significant transactions:

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

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Panama Banco industrial company		69,524,417	8.41 %
Han-De Construction Co.,Ltd.		63,093,108	7.64 %
Wei Dah Development Co., Ltd.		53,708,923	6.50 %

(14) Segment information

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

	Synthetic rubber	Non-synthetic rubber	Others	Total
Three months ended June 30, 2023				
Revenue:				
Revenue from external customers	\$ 7,563,056	179,034	-	7,742,090
Income from operations	<u>\$ 236,465</u>	<u>(46,552)</u>	<u>(2,030)</u>	<u>187,883</u>
Three months ended June 30, 2022				
Revenue:				
Revenue from external customers	\$ 8,792,354	182,466	-	8,974,820
Income from operations	<u>\$ 1,148,911</u>	<u>(42,433)</u>	<u>3,804</u>	<u>1,110,282</u>
Six months ended June 30, 2023				
Revenue:				
Revenue from external customers	\$ 15,516,826	338,994	-	15,855,820
Income from operations	<u>\$ 727,584</u>	<u>(99,717)</u>	<u>(28,035)</u>	<u>599,832</u>
Six months ended June 30, 2022				
Revenue:				
Revenue from external customers	\$ 17,235,625	381,222	-	17,616,847
Income from operations	<u>\$ 2,304,772</u>	<u>(79,367)</u>	<u>(9,061)</u>	<u>2,216,344</u>