

**TSRC CORPORATION
AND SUBSIDIARIES**

Consolidated Financial Statements

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

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

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Independent Auditors' Review Report

To the Board of Directors of TSRC Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of TSRC Corporation (the "Company") and its subsidiaries (together referred to as the "Group") as of September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2023 and 2022, as well as the changes in equity and cash flows for the nine 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 \$4,166,682 thousand and \$3,652,196 thousand, constituting 11% and 10% of the consolidated total assets; and the total liabilities amounting to \$700,105 thousand and \$614,468 thousand, both constituting 4% of the consolidated total liabilities as of September 30, 2023 and 2022, respectively; as well as the total comprehensive income amounting to \$124,161 thousand, \$(7,053) thousand, \$155,700 thousand and \$219,254 thousand, constituting 9%, (1)%, 7% and 7% of the consolidated total comprehensive income for the three months and nine months ended September 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 \$2,495,210 thousand and \$2,393,574 thousand as of September 30, 2023 and 2022, respectively, and its equity in net earnings on these investee companies of \$103,558 thousand, \$48,164 thousand, \$313,117 thousand and \$370,210 thousand for the three months and nine months ended September 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 September 30, 2023 and 2022, and of its consolidated financial performance for the three months and nine months ended September 30, 2023 and 2022, as well as its consolidated cash flows for the nine months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)
November 2, 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

September 30, 2023, December 31 and September 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

		September 30, 2023		December 31, 2022		September 30, 2022				September 30, 2023		December 31, 2022		September 30, 2022	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 6,116,262	16	6,278,620	17	6,031,294	16	2100	Short-term borrowings (note 6(m))	\$ 5,395,546	14	6,079,332	17	5,849,710	16
1110	Current financial assets at fair value through profit or loss (note 6(b))	26,804	-	14	-	32,189	-	2111	Short-term commercial paper payable (note 6(m))	454,720	1	249,704	1	689,403	2
1150	Notes receivable, net (note 6(d))	992,030	3	940,938	3	1,045,016	3	2322	Current portion of long-term borrowings (notes 6(m) and 8)	1,649,930	4	724,563	2	628,022	2
1170	Accounts receivable, net (note 6(d))	3,594,801	9	3,044,640	8	3,814,273	10	2120	Current portion of long-term payables (note 6(m))	-	-	349,767	1	349,668	1
1200	Other receivables (notes 6(e) and 7)	228,497	1	146,483	-	144,273	-		Current financial liabilities at fair value through profit or loss (note 6(b))	-	-	36,729	-	2,396	-
130x	Inventories (note 6(f))	5,771,819	15	7,492,032	20	7,187,889	20	2170	Accounts payable	1,413,283	4	1,634,283	3	1,581,667	4
1479	Other current assets	732,226	2	563,845	2	833,904	2	2180	Accounts payable — related parties (note 7)	-	-	33,236	-	-	-
	Total current assets	<u>17,462,439</u>	<u>46</u>	<u>18,466,572</u>	<u>50</u>	<u>19,088,838</u>	<u>51</u>	2230	Current income tax liabilities	442,232	1	351,748	1	496,606	1
Non-current assets:								2219	Other payables (notes 6(t) and 7)	1,238,773	3	1,433,551	4	1,347,706	4
1517	Financial assets at fair value through other comprehensive income— non-current (note 6(c))	2,735,236	7	1,422,896	4	1,210,305	3	2280	Current lease liabilities (note 6(o))	151,093	-	127,731	-	132,417	-
1550	Investments accounted for under equity method (notes 6(g) and 7)	2,495,210	6	2,222,200	6	2,393,574	7		Other current liabilities	169,585	1	272,907	1	154,386	-
1600	Property, plant and equipment (notes 6(i), 8 and 9)	9,836,788	26	9,986,972	27	10,132,252	28	2541	Total current liabilities	<u>10,915,162</u>	<u>28</u>	<u>11,293,551</u>	<u>30</u>	<u>11,231,981</u>	<u>30</u>
1755	Right-of-use assets (notes 6(j), 10 and 12(c))	1,719,409	5	959,689	3	937,165	3	2550	Non-Current liabilities:						
1760	Investment property (note 6(k))	1,526,379	4	1,537,423	4	1,541,104	4	2560	Long-term bank borrowings (notes 6(m) and 8)	1,975,636	5	2,129,854	6	2,266,825	6
1780	Intangible assets (note 6(l))	807,611	2	867,813	3	924,691	3	2570	Non-current provision liabilities (notes 6(n), 7 and 12(c))	246,451	1	270,284	1	274,983	1
1840	Deferred income tax assets	481,587	1	308,747	1	278,435	1	2580	Non-current income tax liabilities	115,325	-	-	-	-	-
1900	Other non-current assets (notes 8 and 12(c))	1,026,516	3	801,221	2	169,726	-	2600	Deferred income tax liabilities	1,491,615	4	1,383,801	4	1,193,878	3
	Total non-current assets	<u>20,628,736</u>	<u>54</u>	<u>18,106,961</u>	<u>50</u>	<u>17,587,252</u>	<u>49</u>		Non-current lease liabilities (note 6(o))	589,411	2	451,756	1	418,828	1
									Other non-current liabilities (note 12(c))	755,084	2	313,024	1	358,329	1
									Total non-current liabilities	<u>5,173,522</u>	<u>14</u>	<u>4,548,719</u>	<u>13</u>	<u>4,512,843</u>	<u>12</u>
									Total liabilities	<u>16,088,684</u>	<u>42</u>	<u>15,842,270</u>	<u>43</u>	<u>15,744,824</u>	<u>42</u>
									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	24
								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	3,924,247	10	4,544,080	12	4,503,652	12
										8,571,306	22	9,007,664	24	8,967,236	24
									Other equity:						
								3410	Financial statement translation differences for foreign operations	680,595	2	251,770	1	702,791	2
								3420	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	2,232,483	6	1,004,081	3	806,509	2
								3450	Gains or losses on hedging instrument	(42,545)	-	(45,789)	-	(25,556)	-
									Total equity attributable to shareholders of the Company	<u>2,870,533</u>	<u>8</u>	<u>1,210,062</u>	<u>4</u>	<u>1,483,744</u>	<u>4</u>
								36xx	Non-controlling interests (note 6(h))	19,750,782	52	18,526,550	51	18,758,804	52
									Total equity	2,251,709	6	2,204,713	6	2,172,462	6
									Total liabilities and equity	<u>22,002,491</u>	<u>58</u>	<u>20,731,263</u>	<u>57</u>	<u>20,931,266</u>	<u>58</u>
	Total assets	<u>\$ 38,091,175</u>	<u>100</u>	<u>36,573,533</u>	<u>100</u>	<u>36,676,090</u>	<u>100</u>			<u>\$ 38,091,175</u>	<u>100</u>	<u>36,573,533</u>	<u>100</u>	<u>36,676,090</u>	<u>100</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 Comprehensive Income

For the three months and nine months ended September 30, 2023 and 2022

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

		For the three months ended September 30				For the nine months ended September 30			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Revenue (notes 6(u) and 7)	\$ 7,688,862	100	8,740,539	100	\$ 23,544,682	100	26,357,386	100
5000	Operating costs (notes 6(f), 6(i), 6(j), 6(o), 6(p), 6(t) and 7)	6,961,838	91	7,516,878	86	21,204,626	90	21,633,782	82
5910	Gross profit	727,024	9	1,223,661	14	2,340,056	10	4,723,604	18
6000	Operating expenses (notes 6(d), 6(i), 6(j), 6(o), 6(p), 6(t) and 7):								
6100	Selling expenses	283,069	4	414,331	5	845,510	4	1,409,435	5
6200	General and administrative expenses	250,700	3	263,560	3	797,839	3	790,139	3
6300	Research and development expenses	92,969	1	101,492	1	289,391	1	286,344	1
6450	Reversal of impairment loss determined in accordance with IFRS9	(3,767)	-	(25)	-	(911)	-	(2,054)	-
	Total operating expenses	622,971	8	779,358	9	1,931,829	8	2,483,864	9
6500	Other income and expenses, net (notes 6(v) and 7)	60,543	1	82,040	1	163,338	-	201,129	-
6900	Operating profit	164,596	2	526,343	6	571,565	2	2,440,869	9
	Non-operating income and expenses (notes 6(g), 6(i), 6(n), 6(o), 6(w) and 7):								
7100	Interest income	62,414	1	23,508	-	171,585	1	44,999	-
7010	Other income	99,571	1	78,532	1	122,199	1	101,160	-
7020	Other gains and losses	21,585	-	49,602	1	41,287	-	43,957	-
7050	Finance costs	(93,072)	(1)	(61,452)	(1)	(261,269)	(1)	(120,154)	-
7370	Share of gain of associates and joint ventures accounted for under equity method	103,558	2	48,164	1	313,117	1	370,210	2
	Total non-operating income and expenses	194,056	3	138,354	2	386,919	2	440,172	2
7900	Net income before tax	358,652	5	664,697	8	958,484	4	2,881,041	11
7950	Less: tax expenses (note 6(q))	125,582	2	221,061	3	297,620	1	810,720	3
	Net income	233,070	3	443,636	5	660,864	3	2,070,321	8
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)	666,772	9	(106,327)	(1)	1,309,362	5	(258,019)	(1)
8349	Less: Income tax related to components of other comprehensive income (loss) that will not be reclassified to profit or loss	49,120	1	(2,708)	-	80,960	-	(17,469)	-
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	617,652	8	(103,619)	(1)	1,228,402	5	(240,550)	(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	674,007	9	656,355	7	543,525	2	1,461,654	6
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method	(90,256)	(1)	(102,681)	(1)	(107,795)	-	(252,777)	(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 that will be reclassified to profit or loss	583,751	8	553,674	6	435,730	2	1,208,877	5
8300	Other comprehensive income	1,201,403	16	450,055	5	1,664,132	7	968,327	4
	Total comprehensive income	\$ 1,434,473	19	893,691	10	\$ 2,324,996	10	3,038,648	12
	Net income attributable to:								
8610	Shareholders of parent	\$ 158,289	2	393,483	5	\$ 455,409	2	1,794,318	7
8620	Non-controlling interests	74,781	1	50,153	-	205,455	1	276,003	1
		\$ 233,070	3	443,636	5	\$ 660,864	3	2,070,321	8
	Total comprehensive income attributable to:								
8710	Shareholders of parent	\$ 1,289,582	17	842,044	10	\$ 2,115,880	9	2,714,558	10
8720	Non-controlling interests	144,891	2	51,647	-	209,116	1	324,090	2
		\$ 1,434,473	19	893,691	10	\$ 2,324,996	10	3,038,648	12
9710	Basic earnings per share (in New Taiwan Dollars) (note 6(s))	\$ 0.19		0.47		\$ 0.55		2.17	
9810	Diluted earnings per share (in New Taiwan dollars) (note 6(s))	\$ 0.19		0.47		\$ 0.55		2.16	

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 nine months ended September 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent											
						Total other equity interest						
				Retained earnings		Financial statements translation differences for foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Total							
Balance at January 1, 2022	\$ 8,257,099	50,725	4,073,680	5,080,942	9,154,622	(456,708)	1,047,059	(26,847)	563,504	18,025,950	2,097,868	20,123,818
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	389,904	(389,904)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	(1,981,704)	(1,981,704)	-	-	-	-	(1,981,704)	(249,496)	(2,231,200)
Net income	-	-	-	1,794,318	1,794,318	-	-	-	-	1,794,318	276,003	2,070,321
Other comprehensive income (loss)	-	-	-	-	-	1,159,499	(240,550)	1,291	920,240	920,240	48,087	968,327
Total comprehensive income (loss)	-	-	-	1,794,318	1,794,318	1,159,499	(240,550)	1,291	920,240	2,714,558	324,090	3,038,648
Balance at September 30, 2022	<u>\$ 8,257,099</u>	<u>50,725</u>	<u>4,463,584</u>	<u>4,503,652</u>	<u>8,967,236</u>	<u>702,791</u>	<u>806,509</u>	<u>(25,556)</u>	<u>1,483,744</u>	<u>18,758,804</u>	<u>2,172,462</u>	<u>20,931,266</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)	(162,120)	(1,053,887)
Other changes in capital surplus	-	119	-	-	-	-	-	-	-	119	-	119
Net income	-	-	-	455,409	455,409	-	-	-	-	455,409	205,455	660,864
Other comprehensive income (loss)	-	-	-	-	-	428,825	1,228,402	3,244	1,660,471	1,660,471	3,661	1,664,132
Total comprehensive income (loss)	-	-	-	455,409	455,409	428,825	1,228,402	3,244	1,660,471	2,115,880	209,116	2,324,996
Balance at September 30, 2023	<u>\$ 8,257,099</u>	<u>51,844</u>	<u>4,647,059</u>	<u>3,924,247</u>	<u>8,571,306</u>	<u>680,595</u>	<u>2,232,483</u>	<u>(42,545)</u>	<u>2,870,533</u>	<u>19,750,782</u>	<u>2,251,709</u>	<u>22,002,491</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 nine months ended September 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	For the nine months ended September 30	
	2023	2022
Cash flows from operating activities:		
Consolidated net income before tax	\$ 958,484	2,881,041
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation	900,270	873,426
Amortization	101,682	98,886
Reversal of impairment loss determined in accordance with IFRS 9	(911)	(2,054)
Interest expense	261,269	120,154
Interest income	(171,585)	(44,999)
Dividend income	(122,199)	(101,160)
Share of profit of associates and joint ventures accounted for under equity method	(313,117)	(370,210)
Loss on disposal of property, plant and equipment	4,953	19,371
Transfer to operating costs and inventories	58,858	58,857
Total adjustments to reconcile profit and loss	719,220	652,271
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Financial assets at fair value through profit or loss	(26,790)	(24,487)
Notes receivable	(51,092)	(93,199)
Accounts receivable	(549,250)	(95,378)
Other receivables	(62,642)	(48,203)
Inventories	1,720,213	(1,558,072)
Other current assets	(187,050)	(285,306)
Total changes in operating assets, net	843,389	(2,104,645)
Net changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	(36,729)	2,040
Accounts payable	(221,000)	44,691
Accounts payable — related parties	(33,236)	(1,316)
Other payables	(204,853)	(252,576)
Other current liabilities	(103,322)	(53,625)
Net defined benefit liability	(601)	(18,402)
Other non-current liabilities	17,826	9,362
Total changes in operating liabilities, net	(581,915)	(269,826)
Total changes in operating assets and liabilities, net	261,474	(2,374,471)
Total adjustments	980,694	(1,722,200)
Cash flow from operating activities	1,939,178	1,158,841
Interest income received	152,332	42,763
Interest paid	(247,062)	(106,898)
Income taxes paid	(237,797)	(505,158)
Net cash flow from operating activities	1,606,651	589,548
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(655,254)	(484,059)
Proceeds from disposal of property, plant and equipment	1,393	18,851
Decrease (increase) in other non-current assets	(725,803)	1,604
Dividends received	173,480	201,973
Decrease in restricted assets	18,669	49,733
Compensation for relocation	424,835	212,444
Net cash flow from (used in) investing activities	(762,680)	546
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	28,267,978	22,602,525
Decrease in short-term borrowings	(29,163,252)	(21,043,597)
Increase in short-term commercial paper payable	3,741,000	1,054,403
Decrease in short-term commercial paper payable	(3,536,000)	(365,000)
Proceeds from long-term borrowings	1,406,942	745,433
Repayments of long-term borrowings	(663,194)	(678,864)
Decrease in other long-term commercial paper payable	(350,000)	-
Repayments of lease liabilities	(128,597)	(114,203)
Cash dividends paid	(1,058,488)	(2,223,339)
Net cash used in financing activities	(1,483,611)	(22,642)
Effect of exchange rate changes on cash and cash equivalents	477,282	999,087
Net increase (decrease) in cash and cash equivalents	(162,358)	1,566,539
Cash and cash equivalents at beginning of period	6,278,620	4,464,755
Cash and cash equivalents at end of period	\$ 6,116,262	6,031,294

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 nine months ended September 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 November 2, 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"

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform – Pillar Two Model Rules"

(Continued)

TSRC CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of significant accounting policies

Except for the following, the significant accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2022. For the related information, please refer to note 4 to the consolidated financial statements for the year ended December 31, 2022.

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (Regulations) and IAS 34 "Interim Financial Reporting" which was endorsed and issued into effect by FSC. These consolidated financial statements do not include all of the information required by the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the FSC (hereinafter referred to as the IFRSs endorsed by the FSC) for the year-end consolidated financial statements.

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Basis of consolidation

The basis for consolidation applied in these consolidated financial statements is consistent with that applied in the consolidated financial statements for the year ended December 31, 2022. For the related information, please refer to note 4(c) to the consolidated financial statements for the year ended December 31, 2022.

List of the subsidiaries included in the consolidated financial statements:

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

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Scope of business	Percentage of ownership			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
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.

(d) Income tax

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

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

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

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

The preparation of the consolidated financial statements, estimates and underlying assumptions are consistent with the consolidated financial statements for the year ended December 31, 2022. For the related information, please refer to note 5 to the consolidated financial statements for the year ended December 31, 2022.

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts

Except as explained below, there are no significant differences in the description of significant accounts from the consolidated financial statements for the year ended December 31, 2022, and the related information is provided in note 6 to the consolidated financial statements for the year ended December 31, 2022.

(a) Cash and cash equivalents

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 461	421	445
Checking and savings deposits	659,556	814,380	696,704
Time deposits	5,456,245	5,284,032	5,334,145
Commercial paper with reverse repurchase agreements	-	179,787	-
Cash and cash equivalents per statements of cash flow	<u><u>\$ 6,116,262</u></u>	<u><u>6,278,620</u></u>	<u><u>6,031,294</u></u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Mandatorily measured at fair value through profit or loss:			
Derivative instruments not used for hedging			
Forward contracts/Swap contracts	<u><u>\$ 26,804</u></u>	<u><u>14</u></u>	<u><u>32,189</u></u>
Financial liabilities held for trading:			
Derivative instruments not used for hedging			
Forward contracts/Swap contracts	<u><u>\$ -</u></u>	<u><u>36,729</u></u>	<u><u>2,396</u></u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

September 30, 2023				
	Contract amount (thousand dollars)		Currency	Maturity dates
Forward contracts	EUR	2,000 /	EUR/USD	2023.10.12~2023.12.12
	USD	2,156		
Swap contracts	EUR	15,905 /	EUR/USD	2023.10.12~2023.12.12
	USD	17,689		
Swap contracts	JPY	41,000 /	JPY/USD	2023.11.13
	USD	281		
December 31, 2022				
	Contract amount (thousand dollars)		Currency	Maturity dates
Forward contracts	EUR	1,240 /	EUR/USD	2023.1.11~2023.2.13
	USD	1,321		
Swap contracts	TWD	79,905 /	TWD/USD	2023.1.31
	USD	2,500		
Swap contracts	EUR	18,655 /	EUR/USD	2023.1.3~2023.2.21
	USD	18,830		
Swap contracts	JPY	21,000 /	JPY/USD	2023.2.3
	USD	153		
September 30, 2022				
	Contract amount (thousand dollars)		Currency	Maturity dates
Forward contracts	EUR	1,170 /	EUR/USD	2022.10.11~2022.11.15
	USD	1,148		
Forward contracts	CNH	250,704 /	CNH/USD	2022.11.7~2022.12.12
	USD	35,900		
Swap contracts	EUR	10,200 /	EUR/USD	2022.10.20~2022.11.1
	USD	10,440		
Swap contracts	TWD	63,098 /	TWD/USD	2022.10.27
	USD	2,000		

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	September 30, 2023	December 31, 2022	September 30, 2022
Equity investments at fair value through other comprehensive income:			
Listed stocks (domestic)	\$ 862,508	626,837	647,488
Unlisted stocks (domestic and overseas)	<u>1,872,728</u>	<u>796,059</u>	<u>562,817</u>
Total	<u><u>\$ 2,735,236</u></u>	<u><u>1,422,896</u></u>	<u><u>1,210,305</u></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
September 30, 2023			
THB	\$ 1,559,729	0.8822	1,375,993
December 31, 2022			
THB	454,224	0.8941	406,122
September 30, 2022			
THB	239,615	0.8452	202,523

(d) Notes and accounts receivable

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable	\$ 992,030	940,938	1,045,016
Accounts receivable	3,598,990	3,049,625	3,820,118
Less: allowance for impairment	<u>4,189</u>	<u>4,985</u>	<u>5,845</u>
	<u><u>\$ 4,586,831</u></u>	<u><u>3,985,578</u></u>	<u><u>4,859,289</u></u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	September 30, 2023		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	\$ 4,497,818	0.02%~0.11%	2,390
1 to 30 days past due	92,907	1.03%~1.81%	1,535
31 to 90 days past due	41	18.80%~24.13%	10
More than 90 days past due	254	100%	254
	\$ 4,591,020		4,189
	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
	\$ 3,990,563		4,985
	September 30, 2022		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	\$ 4,742,467	0.05%~0.14%	520
1 to 30 days past due	112,045	2.35%~6.31%	2,976
31 to 90 days past due	10,183	8.38%~39.47%	1,910
More than 90 days past due	439	100%	439
	\$ 4,865,134		5,845

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The movement in the allowance for impairment with respect to notes and accounts receivable of the Group was as follows:

	For the nine months ended September 30	
	2023	2022
Balance at beginning of the period	\$ 4,985	7,399
Impairment losses reversed	(911)	(2,054)
Foreign exchange gain or loss	115	500
Balance at end of the period	<u><u>\$ 4,189</u></u>	<u><u>5,845</u></u>

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

(e) Other receivables (including related parties)

	September 30, 2023	December 31, 2022	September 30, 2022
Other receivables—related parties	\$ 39,925	42,870	44,698
Other	188,572	103,613	99,575
	<u><u>\$ 228,497</u></u>	<u><u>146,483</u></u>	<u><u>144,273</u></u>

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

(f) Inventories

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

	September 30, 2023	December 31, 2022	September 30, 2022
Raw materials	\$ 1,803,854	2,056,771	2,190,126
Supplies	7,857	10,491	10,897
Work in progress	338,901	328,291	358,474
Finished goods	2,902,306	4,160,906	3,704,022
Merchandise	718,901	935,573	924,370
Total	<u><u>\$ 5,771,819</u></u>	<u><u>7,492,032</u></u>	<u><u>7,187,889</u></u>

The aforementioned inventories were not pledged as collateral.

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Loss (reversal of loss) on decline in market value of inventory	\$ (73,175)	16,249	(2,148)	41,482
Income from sale of scrap	(7,206)	(8,002)	(22,936)	(24,830)
Loss on physical count	(1,043)	-	(1,043)	-
Unallocated production overhead	<u>266,617</u>	<u>157,548</u>	<u>552,319</u>	<u>384,160</u>
Total	<u>\$ 185,193</u>	<u>165,795</u>	<u>526,192</u>	<u>400,812</u>

(g) Investments accounted for under equity method

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

	September 30, 2023	December 31, 2022	September 30, 2022
Associates	\$ 1,002,049	906,310	956,046
Joint ventures	<u>1,493,161</u>	<u>1,315,890</u>	<u>1,437,528</u>
	<u>\$ 2,495,210</u>	<u>2,222,200</u>	<u>2,393,574</u>

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

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Associates	\$ 40,145	(12,703)	80,409	117,844
Joint ventures	<u>63,413</u>	<u>60,867</u>	<u>232,708</u>	<u>252,366</u>
	<u>\$ 103,558</u>	<u>48,164</u>	<u>313,117</u>	<u>370,210</u>

(i) Associates

The details of the significant associates are as follows:

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

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	September 30, 2023	December 31, 2022	September 30, 2022
Current assets	\$ 1,251,004	1,144,407	1,164,565
Non-current assets	834,734	566,744	578,662
Current liabilities	(549,127)	(291,797)	(307,521)
Non-current liabilities	(85,854)	(86,311)	(87,991)
Equity	<u>\$ 1,450,757</u>	<u>1,333,043</u>	<u>1,347,715</u>
Equity attributable to the Group	<u>\$ 725,379</u>	<u>666,522</u>	<u>673,858</u>

	For the three months ended September 30 2023	2022	For the nine months ended September 30 2023	2022
Revenue	\$ 446,407	430,862	1,307,110	1,739,801
Net income of continued operations	\$ 63,124	34,063	111,241	307,643
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>\$ 63,124</u>	<u>34,063</u>	<u>111,241</u>	<u>307,643</u>
Total comprehensive income attributable to the Group	<u>\$ 31,562</u>	<u>17,031</u>	<u>55,621</u>	<u>153,821</u>

	For the nine months ended September 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	55,621	153,821
Other	2,085	14,844
Ending balance of the equity of the associate attributable to the Group	<u>\$ 725,489</u>	<u>674,159</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Balance of not significant associate's equity	<u>\$ 276,560</u>	<u>238,527</u>	<u>281,887</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Attributable to the Group:				
Net income (loss) of continued operations	\$ 8,583	(29,734)	24,788	(35,977)
Other comprehensive income	-	-	-	-
Total comprehensive income (loss)	<u>\$ 8,583</u>	<u>(29,734)</u>	<u>24,788</u>	<u>(35,977)</u>

(ii) Joint ventures

The details of the significant joint ventures are as follows:

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

	September 30, 2023	December 31, 2022	September 30, 2022
Current assets	\$ 3,104,559	2,221,809	3,137,638
Non-current assets	2,437,108	2,350,978	2,587,488
Current liabilities	(1,039,633)	(600,484)	(1,436,741)
Non-current liabilities	(1,498,146)	(1,372,905)	(1,444,717)
Equity	<u>\$ 3,003,888</u>	<u>2,599,398</u>	<u>2,843,668</u>
Equity attributable to the Group	<u>\$ 1,501,944</u>	<u>1,299,699</u>	<u>1,421,834</u>

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Revenue	<u>\$ 1,439,449</u>	<u>1,732,322</u>	<u>4,296,581</u>	<u>5,173,559</u>
Net income of continued operations	\$ 127,370	125,194	463,597	505,306
Other comprehensive income	10,823	18,445	10,823	98,748
Total comprehensive income	<u>\$ 138,193</u>	<u>143,639</u>	<u>474,420</u>	<u>604,054</u>
Total comprehensive income attributable to the Group	<u>\$ 69,097</u>	<u>71,820</u>	<u>237,210</u>	<u>302,028</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the nine months ended September 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	237,210	302,028
Current dividend received from joint venture	(51,281)	-
Other	(9,820)	(51,869)
Ending balance of the equity of the joint venture attributable to the Group	<u>\$ 1,434,395</u>	<u>1,380,356</u>

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Balance of not significant joint venture's equity	\$ <u><u>58,766</u></u>	<u><u>57,604</u></u>	<u><u>57,172</u></u>
	<u>For the three months ended September 30 2023</u>	<u>For the nine months ended September 30 2022</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>
Attributable to the Group:			
Net income (loss) of continued operations	\$ (272)	(1,730)	910
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income (loss)	\$ <u><u>(272)</u></u>	<u><u>(1,730)</u></u>	<u><u>910</u></u>
			<u><u>(287)</u></u>

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

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

(h) Material non-controlling interests of subsidiaries

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

Name of joint ventures	The main operating place / register country	Proportion of Non-controlling interests		
		September 30, 2023	December 31, 2022	September 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 %

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

	September 30, 2023	December 31, 2022	September 30, 2022
Current assets	\$ 3,005,525	3,334,434	3,754,897
Non-current assets	2,568,951	1,774,494	1,131,036
Current liabilities	(579,856)	(894,168)	(693,946)
Non-current liabilities	(983,208)	(495,653)	(500,081)
Net assets	<u>\$ 4,011,412</u>	<u>3,719,107</u>	<u>3,691,906</u>
Non-controlling interests	<u>\$ 1,386,344</u>	<u>1,285,323</u>	<u>1,275,922</u>

	For the three months ended September 30 2023	2022	For the nine months ended September 30 2023	2022
Revenue	<u>\$ 1,745,978</u>	<u>2,178,485</u>	<u>5,864,957</u>	<u>6,090,630</u>
Net income	\$ 98,592	34,559	274,507	252,358
Other comprehensive income	128,608	12,396	17,798	91,866
Total comprehensive income	<u>\$ 227,200</u>	<u>46,955</u>	<u>292,305</u>	<u>344,224</u>
Total net income attributable to non-controlling interests	<u>\$ 34,074</u>	<u>11,944</u>	<u>94,870</u>	<u>87,215</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 78,520</u>	<u>16,228</u>	<u>101,020</u>	<u>118,964</u>

	For the nine months ended September 30 2023	2022
Net cash flow from operating activities	\$ 27,325	14,103
Net cash flow from (used in) investing activities	(496,237)	147,011
Net cash flow from (used in) financing activities	159,098	(63,257)
Effect on exchange rate changes on cash and cash equivalents	4,444	34,781
Increase (decrease) in cash and cash equivalents	<u>\$ (305,370)</u>	<u>132,638</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	September 30, 2023	December 31, 2022	September 30, 2022
Current assets	\$ 1,421,329	1,584,402	1,487,813
Non-current assets	739,604	773,087	789,334
Current liabilities	(213,777)	(290,263)	(270,471)
Non-current liabilities	(24,121)	(24,138)	(14,365)
Net assets	<u>\$ 1,923,035</u>	<u>2,043,088</u>	<u>1,992,311</u>
Non-controlling interests	<u>\$ 865,365</u>	<u>919,390</u>	<u>896,540</u>
	For the three months ended September 30	For the nine months ended September 30	
	2023	2022	2023
Revenue	<u>\$ 823,528</u>	<u>891,320</u>	<u>2,505,062</u>
Net income	<u>\$ 90,462</u>	<u>84,910</u>	<u>245,746</u>
Other comprehensive income (loss)	<u>57,027</u>	<u>(6,200)</u>	<u>(5,533)</u>
Total comprehensive income	<u>\$ 147,489</u>	<u>78,710</u>	<u>240,213</u>
Total net income attributable to non-controlling interests	<u>\$ 40,707</u>	<u>38,209</u>	<u>110,585</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 66,371</u>	<u>35,419</u>	<u>108,096</u>
	For the nine months ended September 30		
	2023	2022	
Net cash flow from operating activities	\$ 242,773	283,454	
Net cash used in investing activities	(62,887)	(37,684)	
Net cash used in financing activities	(353,757)	(342,610)	
Effect on exchange rate changes on cash and cash equivalents	2,588	23,046	
Decrease in cash and cash equivalents	<u>\$ (171,283)</u>	<u>(73,794)</u>	
Dividends in NCI	<u>\$ (162,120)</u>	<u>(249,496)</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	-	-	-	9,154	356	654,661	664,171
Disposals	-	-	(289)	(75,019)	(8,211)	-	(83,519)
Reclassification	-	-	31,188	313,191	9,930	(437,915)	(83,606)
Effect on changes in exchange rates	1,133	3,219	33,192	283,596	3,999	3,000	328,139
Balance at September 30, 2023	<u>\$ 643,245</u>	<u>160,007</u>	<u>5,075,001</u>	<u>24,321,609</u>	<u>279,776</u>	<u>1,010,147</u>	<u>31,489,785</u>
Balance at January 1, 2022	\$ 639,920	150,505	4,931,763	22,755,392	255,962	661,868	29,395,410
Additions	-	-	-	6,503	122	503,216	509,841
Disposals	-	-	(20,450)	(98,492)	(1,826)	(17,610)	(138,378)
Reclassification	-	-	6,940	312,387	5,377	(358,499)	(33,795)
Effect on changes in exchange rates	2,944	8,527	147,113	887,639	11,020	9,933	1,067,176
Balance at September 30, 2022	<u>\$ 642,864</u>	<u>159,032</u>	<u>5,065,366</u>	<u>23,863,429</u>	<u>270,655</u>	<u>798,908</u>	<u>30,800,254</u>
Depreciation and impairment loss:							
Balance at January 1, 2023	\$ -	110,887	2,811,062	17,541,670	214,009	-	20,677,628
Depreciation	-	6,598	134,560	652,518	12,792	-	806,468
Disposals	-	-	(160)	(69,098)	(7,915)	-	(77,173)
Effect on changes in exchange rates	-	1,786	13,441	227,750	3,097	-	246,074
Balance at September 30, 2023	<u>\$ -</u>	<u>119,271</u>	<u>2,958,903</u>	<u>18,352,840</u>	<u>221,983</u>	<u>-</u>	<u>21,652,997</u>
Balance at January 1, 2022	\$ -	99,240	2,607,460	16,343,116	190,954	-	19,240,770
Depreciation	-	6,480	135,847	645,185	14,242	-	801,754
Disposals	-	-	(8,249)	(90,248)	(1,659)	-	(100,156)
Effect on changes in exchange rates	-	4,073	59,406	653,787	8,368	-	725,634
Balance at September 30, 2022	<u>\$ -</u>	<u>109,793</u>	<u>2,794,464</u>	<u>17,551,840</u>	<u>211,905</u>	<u>-</u>	<u>20,668,002</u>
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>
September 30, 2023	<u>\$ 643,245</u>	<u>40,736</u>	<u>2,116,098</u>	<u>5,968,769</u>	<u>57,793</u>	<u>1,010,147</u>	<u>9,836,788</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>
September 30, 2022	<u>\$ 642,864</u>	<u>49,239</u>	<u>2,270,902</u>	<u>6,311,589</u>	<u>58,750</u>	<u>798,908</u>	<u>10,132,252</u>

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	612,609	110,526	147,320	7,835	878,290
Write-off	-	(101,432)	-	(5,480)	(106,912)
Lease modification	(31)	2,655	-	(962)	1,662
Transfer to operating costs and inventories	-	(2,867)	(55,991)	-	(58,858)
Effect on changes in foreign exchange rates	11,860	7,258	5,976	1,511	26,605
Balance at September 30, 2023	<u>\$ 1,206,046</u>	<u>252,223</u>	<u>519,745</u>	<u>37,085</u>	<u>2,015,099</u>
Balance at January 1, 2022	\$ 564,225	202,597	374,699	32,988	1,174,509
Additions	-	24,118	91,949	8,614	124,681
Write-off	-	(11,593)	-	(7,324)	(18,917)
Lease modification	97	503	20,167	-	20,767
Transfer to operating costs and inventories	-	(2,867)	(55,990)	-	(58,857)
Effect on changes in foreign exchange rates	27,834	16,365	17,888	3,973	66,060
Balance at September 30, 2022	<u>\$ 592,156</u>	<u>229,123</u>	<u>448,713</u>	<u>38,251</u>	<u>1,308,243</u>
Accumulated depreciation and impairment losses:					
Balance at January 1, 2023	\$ 175,443	117,596	9,652	11,932	314,623
Depreciation	19,911	40,530	14,579	7,738	82,758
Write-off	-	(101,432)	-	(5,480)	(106,912)
Effect on changes in exchange rates	1,856	1,701	1,122	542	5,221
Balance at September 30, 2023	<u>\$ 197,210</u>	<u>58,395</u>	<u>25,353</u>	<u>14,732</u>	<u>295,690</u>
Balance at January 1, 2022	\$ 157,671	132,851	-	16,502	307,024
Depreciation	10,589	38,633	5,053	6,353	60,628
Write-off	-	(11,593)	-	(7,324)	(18,917)
Lease modification	51	951	-	-	1,002
Effect on changes in exchange rates	6,390	11,780	429	2,742	21,341
Balance at September 30, 2022	<u>\$ 174,701</u>	<u>172,622</u>	<u>5,482</u>	<u>18,273</u>	<u>371,078</u>
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>
September 30, 2023	<u>\$ 1,008,836</u>	<u>193,828</u>	<u>494,392</u>	<u>22,353</u>	<u>1,719,409</u>
January 1, 2022	<u>\$ 406,554</u>	<u>69,746</u>	<u>374,699</u>	<u>16,486</u>	<u>867,485</u>
September 30, 2022	<u>\$ 417,455</u>	<u>56,501</u>	<u>443,231</u>	<u>19,978</u>	<u>937,165</u>

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

Please refer to note 8 for the pledged and collateral information of right-of-use assets.

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Investment property

	<u>Owne d property</u> <u>Buildings</u>
Carrying value:	
January 1, 2023	\$ <u>1,537,423</u>
September 30, 2023	\$ <u>1,526,379</u>
January 1, 2022	\$ <u>1,552,148</u>
September 30, 2022	\$ <u>1,541,104</u>

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

	<u>Industrial technology and know-how</u>	<u>Computer software</u>	<u>Patent and trademark</u>	<u>Customer relationship</u>	<u>Total</u>
Carrying value:					
January 1, 2023	\$ <u>291,393</u>	<u>30,865</u>	<u>194,278</u>	<u>351,277</u>	<u>867,813</u>
September 30, 2023	\$ <u>253,680</u>	<u>22,329</u>	<u>190,407</u>	<u>341,195</u>	<u>807,611</u>
January 1, 2022	\$ <u>328,474</u>	<u>24,594</u>	<u>190,903</u>	<u>348,708</u>	<u>892,679</u>
September 30, 2022	\$ <u>316,487</u>	<u>30,598</u>	<u>205,331</u>	<u>372,275</u>	<u>924,691</u>

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

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TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Short-term and long-term borrowings

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

(i) Short-term bank borrowings

September 30, 2023			
	Range of interest rates (%)	Year of maturity	Amount
Unsecured loans	0.85~6.92	2023~2024	\$ <u>5,395,546</u>
			<u>15,751,064</u>
December 31, 2022			
	Range of interest rates (%)	Year of maturity	Amount
Unsecured loans	0.85~5.85	2023	\$ <u>6,079,332</u>
			<u>15,451,065</u>
September 30, 2022			
	Range of interest rates (%)	Year of maturity	Amount
Unsecured loans	0.40~4.14	2022~2023	\$ <u>5,849,710</u>
			<u>14,359,011</u>

(ii) Short-term commercial paper payable

	September 30, 2023	December 31, 2022	September 30, 2022
Short-term commercial paper payable	\$ 455,000	250,000	690,000
Less: discount on short-term commercial paper payable	280	296	597
Total	\$ <u>454,720</u>	<u>249,704</u>	<u>689,403</u>
Interest Rate	<u>1.87%~1.88%</u>	<u>2.058%</u>	<u>1.36%~1.54%</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Long-term borrowings

1) Long-term bank borrowings

September 30, 2023				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Secured loans	USD	4.38	2023	\$ 17,862
Secured loans	CNY	2.85	2026~2032	65,544
Unsecured loans	NTD	1.05~2.32	2023~2028	3,034,423
Unsecured loans	USD	6.83~7.03	2023~2028	507,737
Total				\$ 3,625,566
Current				\$ 1,649,930
Non-current				1,975,636
Total				\$ 3,625,566

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				\$ 2,854,417
Current				\$ 724,563
Non-current				2,129,854
Total				\$ 2,854,417

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

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the nine months ended September 30, 2023 and 2022, the Group repaid the amounts of \$663,194 thousand and \$678,864 thousand, respectively, for its long-term borrowings, wherein the proceeds amounting to \$1,406,942 thousand and \$745,433 thousand bore the interest rates of 1.90%~7.03% and 1.15%~4.65%, as well as maturities ranging from Jan 2025 to Dec 2032 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	September 30, 2022
Long-term commercial paper payable	\$ 350,000	350,000
Less: discount on long-term commercial paper payable	233	332
Less: current portion	349,767	349,668
Total	<u>\$ -</u>	<u>-</u>
Interest rate	<u>1.8650%</u>	<u>1.6503%</u>

- (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	(24,876)	-	(24,876)
Effect on changes in exchange rates	-	1,043	1,043
Balance at September 30, 2023	<u>\$ 110</u>	<u>246,341</u>	<u>246,451</u>
Balance at January 1, 2022	\$ 27,757	241,779	269,536
Reverse in provisions	(1,665)	-	(1,665)
Effect on changes in exchange rates	-	7,112	7,112
Balance at September 30, 2022	<u>\$ 26,092</u>	<u>248,891</u>	<u>274,983</u>

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:

	September 30, 2023	December 31, 2022	September 30, 2022
Current	<u>\$ 151,093</u>	<u>127,731</u>	<u>132,417</u>
Non-current	<u>\$ 589,411</u>	<u>451,756</u>	<u>418,828</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Interest on lease liabilities	\$ <u>3,692</u>	<u>6,730</u>	<u>8,199</u>	<u>7,804</u>
Expenses relating to short-term leases	\$ <u>248</u>	<u>3,395</u>	<u>821</u>	<u>15,122</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>7,405</u>	<u>68</u>	<u>15,935</u>	<u>6,454</u>

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

	For the nine months ended September 30	
	2023	2022
Total cash outflow for leases	\$ <u>153,552</u>	<u>143,583</u>

(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. However, the situation mentioned above is not applicable in 2023. Since there were no material volatility of the market, no material reduction, 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 September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Operating costs	\$ 587	821	1,730	2,465
Operating expenses	378	512	1,165	1,537
	\$ <u>965</u>	<u>1,333</u>	<u>2,895</u>	<u>4,002</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Defined contribution plans

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

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Operating costs	\$ 23,711	20,779	70,047	60,722
Operating expenses	8,905	8,439	27,269	24,949
	<u>\$ 32,616</u>	<u>29,218</u>	<u>97,316</u>	<u>85,671</u>

(q) Income tax

The components of income tax expense were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Current income tax expense				
Current period	\$ 191,020	206,208	457,414	713,750
Adjustment for prior periods	1,327	4	(13,808)	(172)
	<u>192,347</u>	<u>206,212</u>	<u>443,606</u>	<u>713,578</u>
Deferred tax expense				
Origination and reversal of temporary differences	(66,765)	14,849	(145,986)	97,142
Income tax expenses of continued operations	<u>\$ 125,582</u>	<u>221,061</u>	<u>297,620</u>	<u>810,720</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 September 30		For the nine months ended September 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>\$ 49,120</u>	<u>(2,708)</u>	<u>80,960</u>	<u>(17,469)</u>

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

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Capital and other equity

Except as explained in the following paragraphs, there were no significant changes in the capital and other equity during the nine months ended September 30, 2023 and 2022. Please refer to note 6(s) to the consolidated financial statements for the year ended December 31, 2022 for the related information.

(i) Retained earnings — earnings distribution

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

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

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>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other equities (net for tax)

	Foreign exchange differences arising from foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total
Balance as of January 1, 2023	\$ 251,770	1,004,081	(45,789)	1,210,062
Foreign exchange differences arising from foreign operations	539,864	-	-	539,864
Exchange differences on translation financial statements from investments accounted for using equity method	(111,039)	-	-	(111,039)
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	-	1,228,402	-	1,228,402
Share of cash flow hedges of associates and joint ventures accounted for under equity method	-	-	3,244	3,244
Balance as of September 30, 2023	<u>\$ 680,595</u>	<u>2,232,483</u>	<u>(42,545)</u>	<u>2,870,533</u>
Balance as of January 1, 2022	\$ (456,708)	1,047,059	(26,847)	563,504
Foreign exchange differences arising from foreign operations	1,413,567	-	-	1,413,567
Exchange differences on translation financial statements from investments accounted for using equity method	(254,068)	-	-	(254,068)
Unrealized gains or losses from financial assets measured at fair value through other comprehensive loss	-	(240,550)	-	(240,550)
Share of cash flow hedges of associates and joint ventures accounted for under equity method	-	-	1,291	1,291
Balance as of September 30, 2022	<u>\$ 702,791</u>	<u>806,509</u>	<u>(25,556)</u>	<u>1,483,744</u>

(s) Earnings per share

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

(i) Basic earnings per share

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Net income attributable to common shareholders of the Company	<u>\$ 158,289</u>	<u>393,483</u>	<u>455,409</u>	<u>1,794,318</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>\$ 0.19</u>	<u>0.47</u>	<u>0.55</u>	<u>2.17</u>

(Continued)

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(ii) Diluted earnings per share

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Net income attributable to common shareholders of the Company (diluted)	<u>\$ 158,289</u>	<u>393,483</u>	<u>455,409</u>	<u>1,794,318</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>1,658</u>	<u>4,701</u>	<u>2,742</u>	<u>5,964</u>
Weighted-average number of shares outstanding (diluted) (in thousands)	<u>827,368</u>	<u>830,411</u>	<u>828,452</u>	<u>831,674</u>
Diluted earnings per share (NTD)	<u>\$ 0.19</u>	<u>0.47</u>	<u>0.55</u>	<u>2.16</u>

(t) Remuneration to employees and directors

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

For the three months and nine months ended September 30, 2023 and 2022, the Company recognized the employees' compensation of \$287 thousand, \$26,435 thousand, \$39,209 thousand and \$122,233 thousand, respectively, and the directors' remuneration to be \$0, \$2,495 thousand, \$0 and \$11,197 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.

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(u) Revenue from contracts with customers

For the three months ended September 30, 2023			
	Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:			
Asia	\$ 5,415,644	202,197	5,617,841
Americas	1,158,505	2,632	1,161,137
Europe	768,852	44	768,896
Others	140,988	-	140,988
	<u>\$ 7,483,989</u>	<u>204,873</u>	<u>7,688,862</u>
Major product lines:			
Synthetic rubber / elastomers	\$ 7,353,239	-	7,353,239
Applied materials	-	204,873	204,873
Others	130,750	-	130,750
	<u>\$ 7,483,989</u>	<u>204,873</u>	<u>7,688,862</u>
For the three months ended September 30, 2022			
	Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:			
Asia	\$ 6,279,079	183,772	6,462,851
Americas	1,228,640	334	1,228,974
Europe	898,462	21	898,483
Others	150,231	-	150,231
	<u>\$ 8,556,412</u>	<u>184,127</u>	<u>8,740,539</u>
Major product lines:			
Synthetic rubber / elastomers	\$ 8,371,667	-	8,371,667
Applied materials	-	184,096	184,096
Others	184,745	31	184,776
	<u>\$ 8,556,412</u>	<u>184,127</u>	<u>8,740,539</u>
For the nine months ended September 30, 2023			
	Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:			
Asia	\$ 16,405,581	538,682	16,944,263
Americas	3,578,951	5,102	3,584,053
Europe	2,579,845	83	2,579,928
Others	436,438	-	436,438
	<u>\$ 23,000,815</u>	<u>543,867</u>	<u>23,544,682</u>

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For the nine months ended September 30, 2023			
	Synthetic rubber	Non-synthetic rubber	Total
Major product lines:			
Synthetic rubber / elastomers	\$ 22,660,879	-	22,660,879
Applied materials	-	540,226	540,226
Others	339,936	3,641	343,577
	<u>\$ 23,000,815</u>	<u>543,867</u>	<u>23,544,682</u>
For the nine months ended September 30, 2022			
	Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:			
Asia	\$ 18,424,352	556,304	18,980,656
Americas	3,928,061	8,883	3,936,944
Europe	2,872,738	162	2,872,900
Others	566,886	-	566,886
	<u>\$ 25,792,037</u>	<u>565,349</u>	<u>26,357,386</u>
Major product lines:			
Synthetic rubber / elastomers	\$ 25,402,632	-	25,402,632
Applied materials	-	561,672	561,672
Others	389,405	3,677	393,082
	<u>\$ 25,792,037</u>	<u>565,349</u>	<u>26,357,386</u>

(v) Other income and expenses

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Rental income	\$ 18,657	18,560	54,474	55,258
Royalty income	33,082	61,688	90,008	137,240
Net service income	6,565	1,651	12,325	3,856
Depreciation of investment properties	(3,681)	(3,681)	(11,044)	(11,044)
Net other income	5,920	3,822	17,575	15,819
Other income and expenses	<u>\$ 60,543</u>	<u>82,040</u>	<u>163,338</u>	<u>201,129</u>

(Continued)

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(w) Non-operating income and expenses

(i) Interest income

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Interest income from bank deposits	<u>\$ 62,414</u>	<u>23,508</u>	<u>171,585</u>	<u>44,999</u>

(ii) Other gains

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Dividend income	<u>\$ 99,571</u>	<u>78,532</u>	<u>122,199</u>	<u>101,160</u>

(iii) Other gains and losses

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Gains or losses on disposal of property, plant and equipment	\$ (1,619)	(3,074)	(4,953)	(19,371)
Foreign exchange gain or loss, net	(4,343)	(15,776)	20,161	(46,319)
Gains or losses on financial assets (liabilities) at fair value through profit or loss	25,299	56,984	23,760	108,616
Other gains and losses	<u>2,248</u>	<u>11,468</u>	<u>2,319</u>	<u>1,031</u>
Other gains and losses, net	<u>\$ 21,585</u>	<u>49,602</u>	<u>41,287</u>	<u>43,957</u>

(iv) Finance costs

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Interest expense	<u>\$ 93,072</u>	<u>61,452</u>	<u>261,269</u>	<u>120,154</u>

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TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Financial instruments

Except for the contention mentioned below, there was no significant changes in the Group's degree of exposure to credit risk, liquidity risk, and market risk arising from financial instruments. Please refer to note 6(z) to the consolidated financial statements for the year ended December 31, 2022.

(i) Liquidity risk

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

	<u>Contractual cash flows</u>	<u>Within 1 years</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
September 30, 2023					
Non-derivative financial liabilities					
Short-term borrowings (including short-term commercial paper payable)	\$ 5,876,322	5,876,322	-	-	-
Accounts payable	1,413,283	1,413,283	-	-	-
Other payables (including related parties)	1,238,773	1,238,773	-	-	-
Long-term borrowings (including current portion)	3,775,142	1,763,947	498,537	1,429,846	82,812
Lease liabilities	775,497	164,358	158,185	395,049	57,905
Deposits received	47,003	11,247	32,636	-	3,120
	<u><u>\$ 13,126,020</u></u>	<u><u>10,467,930</u></u>	<u><u>689,358</u></u>	<u><u>1,824,895</u></u>	<u><u>143,837</u></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	-	-	-
Other payables (including related parties)	1,433,551	1,433,551	-	-	-
Long-term borrowings (including other long-term borrowings, current portion and current portion of long-term payables)	3,296,334	1,128,019	1,624,036	544,279	-
Lease liabilities	593,823	132,885	101,921	273,352	85,665
Deposits received	51,168	-	35,654	11,247	4,267
Derivative financial liabilities					
Other swap contracts / Other forward contracts:					
Outflow	36,729	36,729	-	-	-
	<u><u>\$ 13,449,314</u></u>	<u><u>10,768,893</u></u>	<u><u>1,761,611</u></u>	<u><u>828,878</u></u>	<u><u>89,932</u></u>

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	<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>
September 30, 2022					
Non-derivative financial liabilities					
Short-term borrowings (including short-term commercial paper payable)	\$ 6,567,628	6,567,628	-	-	-
Accounts payable	1,581,667	1,581,667	-	-	-
Other payables (including related parties)	1,347,706	1,347,706	-	-	-
Long-term borrowings (including other long-term borrowings, current portion and current portion of long-term payables)	3,332,832	1,026,521	1,688,721	617,590	-
Lease liabilities	564,327	136,872	115,436	211,670	100,349
Deposits received	50,820	-	36,453	11,247	3,120
Derivative financial liabilities					
Other swap contracts / Other forward contracts:					
Outflow	2,396	2,396	-	-	-
	<u>\$ 13,447,376</u>	<u>10,662,790</u>	<u>1,840,610</u>	<u>840,507</u>	<u>103,469</u>

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

(ii) Currency risk

1) Risk exposure

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

	<u>Foreign currency (thousand dollars)</u>	<u>Exchange rate</u>	<u>NTD</u>
September 30, 2023			
Financial assets:			
Monetary assets:			
USD	\$ 54,518	32.2680	1,759,187
EUR	\$ 12,946	34.2234	443,056
JPY	\$ 528,724	0.2169	114,680
CNY	\$ 18,751	4.4266	83,003
Financial liabilities:			
Monetary liabilities:			
USD	\$ 65,965	32.2680	2,128,559
EUR	\$ 8,328	34.2234	285,012
JPY	\$ 387,479	0.2169	84,044

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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 decreased/increased by \$977 thousand for the nine months ended September 30, 2023, the Group's net income before tax would have increased /decreased by \$11,405 thousand for the nine months ended September 30, 2022, respectively, with all other variable factors remaining constant. The analysis was performed on the same basis for both periods.

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TSRC CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Since the Group has many kinds of functional currencies, the information on foreign exchange gain (loss) on monetary items is disclosed by gross amount. For the nine months ended September 30, 2023 and 2022, foreign exchange gain (loss) (including Derivative financial instruments for non-hedging profit and loss) amounting to \$43,921 thousand and \$62,297 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 \$67,658 thousand and \$68,207 thousand for the nine months ended September 30, 2023 and 2022, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at floating rates.

(iii) Fair value

1) Hierarchy and fair value of financial instruments

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

	September 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	\$ 26,804	-	26,804	-	26,804
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	862,508	862,508	-	-	862,508
Unlisted stocks (domestic and overseas)	1,872,728	-	-	1,872,728	1,872,728
Subtotal	2,735,236	862,508	-	1,872,728	2,735,236
Total	<u>\$ 2,762,040</u>	<u>862,508</u>	<u>26,804</u>	<u>1,872,728</u>	<u>2,762,040</u>

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TSRC CORPORATION AND SUBSIDIARIES
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		December 31, 2022				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss						
Derivative financial assets	\$	14	-	14	-	14
Financial assets at fair value through other comprehensive income						
Listed stocks (domestic)		626,837	626,837	-	-	626,837
Unlisted stocks (domestic and overseas)		796,059	-	-	796,059	796,059
Subtotal		1,422,896	626,837	-	796,059	1,422,896
Total	\$	<u>1,422,910</u>	<u>626,837</u>	<u>14</u>	<u>796,059</u>	<u>1,422,910</u>
Financial liabilities at fair value through profit or loss						
Derivative financial liabilities	\$	<u>36,729</u>	<u>-</u>	<u>36,729</u>	<u>-</u>	<u>36,729</u>
		September 30, 2022				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss						
Derivative financial assets	\$	32,189	-	32,189	-	32,189
Financial assets at fair value through other comprehensive income						
Listed stocks (domestic)		647,488	647,488	-	-	647,488
Unlisted stocks (domestic and overseas)		562,817	-	-	562,817	562,817
Subtotal		1,210,305	647,488	-	562,817	1,210,305
Total	\$	<u>1,242,494</u>	<u>647,488</u>	<u>32,189</u>	<u>562,817</u>	<u>1,242,494</u>
Financial liabilities at fair value through profit or loss						
Derivative financial liabilities	\$	<u>2,396</u>	<u>-</u>	<u>2,396</u>	<u>-</u>	<u>2,396</u>

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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	1,076,669
Balance at September 30, 2023	\$ 1,872,728
Balance at January 1, 2022	\$ 792,446
Total gains:	
Recognized in other comprehensive loss	(229,629)
Balance at September 30, 2022	\$ 562,817

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

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income-equity investments without an active market	Comparative listed company	<ul style="list-style-type: none"> Multipliers of price-to-earnings ratios as of September 30, 2023, December 31, 2022 and September 30, 2022 was all 19.28~27.93, 9.36~17.59 and 6.27~16.85, 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:

	Input	Move up or down	Other comprehensive income	
			Favorable	Unfavorable
September 30, 2023				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	1%	\$ 23,412	(23,412)
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)
September 30, 2022				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	1%	\$ 7,031	(7,031)

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

(y) Financial risk management

The objectives and policies of the Group's financial risk management are the same as those in note 6(aa) to the consolidated financial statements for the year ended December 31, 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 nine months ended September 30, 2023 and 2022.

(ab) Reconciliation of liabilities arising from financing activities

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

			Non-cash changes			
	January 1,	Cash flows	Foreign	Amortization	Others	September
	2023		exchange	of		30, 2023
			movement	commercial		
				paper		
				discount		
Long-term borrowings (including current portion)	\$ 2,854,417	743,748	27,401	-	-	3,625,566
Other long-term borrowings (including current portion)	349,767	(350,000)	-	233	-	-
Short-term borrowings (including short-term commercial paper payable)	6,329,036	(690,274)	211,488	-	16	5,850,266
Lease liabilities	579,487	(128,597)	(18,994)	8,199	300,409	740,504
Total liabilities from financing activities	<u>\$ 10,112,707</u>	<u>(425,123)</u>	<u>219,895</u>	<u>8,432</u>	<u>300,425</u>	<u>10,216,336</u>

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

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(7) Related-party transactions

(a) Names and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Indian Synthetic Rubber Private Limited	The Group recognized joint venture under equity method
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
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
Marubeni Petrochemicals Investment B.V.	Substantive related party

(b) Significant transactions with related parties

(i) Operating revenue

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

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Associates	\$ (14)	389	4,315	389

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

(ii) Purchases

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

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Other related parties	\$ (599)	1,821	184,003	109,042

(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 September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Associates				
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 40,869	41,952	123,335	129,576
Joint ventures				
Indian Synthetic Rubber Private Limited	15,512	18,573	47,076	53,525
Others joint ventures	1,339	1,427	4,719	4,977
Other related parties				
Others related parties	(3,261)	(3,622)	(9,410)	(11,178)
	<u>\$ 54,459</u>	<u>58,330</u>	<u>165,720</u>	<u>176,900</u>

(iv) Lease—Rental income

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Associates	\$ 614	623	1,854	1,868
Other related parties	1,146	1,119	3,440	3,358
	<u>\$ 1,760</u>	<u>1,742</u>	<u>5,294</u>	<u>5,226</u>

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

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Receivables from related parties

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

<u>Account</u>	<u>Type of related parties</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Other receivables	Associates			
	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 24,403	31,017	25,349
Other receivables	Joint ventures			
	Indian Synthetic Rubber Private Limited	15,124	11,227	18,878
	Others	398	626	471
		<u>\$ 39,925</u>	<u>42,870</u>	<u>44,698</u>

(vi) Payables to related parties

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

<u>Account</u>	<u>Type of related parties</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accounts payable	Other related parties	\$ -	33,236	-
Other payables	Associates	16	-	-
Other payables	Joint ventures	-	1,382	1,428
Other payables	Other related parties	1,251	1,578	1,291
		<u>\$ 1,267</u>	<u>36,196</u>	<u>2,719</u>

(vii) Guarantees

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Associates			
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 44,266	308,546	467,037
Joint ventures			
Indian Synthetic Rubber Private Limited	-	1,022,576	1,057,042
	<u>\$ 44,266</u>	<u>1,331,122</u>	<u>1,524,079</u>

(Continued)

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

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Associates			
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 110	1,261	301
Joint ventures			
Indian Synthetic Rubber Private Limited	-	23,725	25,791
	<u>\$ 110</u>	<u>24,986</u>	<u>26,092</u>

(viii) Property transaction

On September 1, 2023, the Board of the Director of the Group decided to acquire 22.56% shares of Shen Hua Chemical Industries Co., Ltd. for USD 20,500 thousand from the substantive related party, Marubeni Petrochemicals Investment B.V. As of September 30, 2023, the acquisition process is still ongoing.

(c) Key management personnel transactions

The compensation of the key management personnel comprised the following:

	<u>For the three months</u> <u>ended September 30</u>		<u>For the nine months</u> <u>ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 39,869	34,502	113,362	103,867
Post-employment benefits	510	286	1,235	1,003
	<u>\$ 40,379</u>	<u>34,788</u>	<u>114,597</u>	<u>104,870</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	September 30, 2023	December 31, 2022	September 30, 2022
Restricted savings deposits (recorded as other non-current assets)	Bank guarantee for electricity usage	\$ 1,261	1,237	1,264
Machinery etc. (recorded as property, plant and equipment)	Guarantee for long-term borrowings	97,753	120,802	134,607
Land-use right (recorded as right-of-use assets)	Guarantee for long-term borrowings	607,762	-	-
		<u>\$ 706,776</u>	<u>122,039</u>	<u>135,871</u>

(9) Commitments and contingencies

(a) The unused letters of credit outstanding

	September 30, 2023	December 31, 2022	September 30, 2022
The Group's unused letters of credit outstanding	<u>\$ 1,254,104</u>	<u>1,123,836</u>	<u>859,604</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Total amounts of construction in progress contracts	<u>\$ 5,122,011</u>	<u>1,263,653</u>	<u>636,717</u>
Cumulative payments	<u>\$ 1,377,516</u>	<u>448,595</u>	<u>365,211</u>

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Other

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

By function By nature	Three months ended September 30, 2023			Three months ended September 30, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	245,449	184,210	429,659	226,280	174,895	401,175
Labor and health insurance	28,444	16,302	44,746	27,045	16,741	43,786
Pension	24,298	9,283	33,581	21,600	8,951	30,551
Others (note 1)	46,651	17,302	63,953	52,576	30,932	83,508
Depreciation (note 2)	249,342	32,692	282,034	258,524	34,733	293,257
Amortization	2,744	31,809	34,553	2,710	31,910	34,620

By function By nature	Nine months ended September 30, 2023			Nine months ended September 30, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	736,814	572,511	1,309,325	723,473	540,885	1,264,358
Labor and health insurance	86,105	53,809	139,914	81,394	52,231	133,625
Pension	71,777	28,434	100,211	63,187	26,486	89,673
Others (note 1)	152,015	80,694	232,709	183,881	118,371	302,252
Depreciation (note 2)	790,173	99,053	889,226	759,406	102,976	862,382
Amortization	8,376	93,306	101,682	7,458	91,428	98,886

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, \$3,681 thousand, \$11,044 thousand and \$11,044 thousand for the three months and nine months ended September 30, 2023 and 2022.

- (b) Seasonality or cyclicity of interim operations

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

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (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.

	September 30, 2023	December 31, 2022	September 30, 2022
Cumulative compensation received	\$ <u>637,001</u>	<u>212,166</u>	<u>212,444</u>
Land-use right price for new location / Prepaid land-use right price for new location	\$ <u>617,017</u>	<u>596,499</u>	<u>-</u>
Provision for demolish and relocation	\$ <u>246,341</u>	<u>245,298</u>	<u>248,891</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 nine months ended September 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	75,252	75,252	75,252	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	-	Operating capital	-		-	1,553,392	3,106,784

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)	484,020	484,020	65,665	-	2.45 %	(Note 3)	Y		
0	TSRC	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	6	(Note 2)	311,395	44,266	-	-	0.22 %	(Note 3)			Y
0	TSRC	Indian Synthetic Rubber Private Limited	6	(Note 2)	1,060,738	-	-	-	- %	(Note 3)			
0	TSRC	TSRC (Vietnam) Co., Ltd.	4	(Note 2)	556,394	532,422	442,072	-	2.70 %	(Note 3)	Y		
0	TSRC	TSRC Specialty Materials LLC	4	(Note 2)	322,680	322,680	17,862	-	1.63 %	(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 \$11,850,469 thousand.

Note 3: The aggregate amount of guarantee by the Company is limited to 1.5 times its stockholders' equity, amounting to \$29,626,173 thousand.

(Continued)

TSRC CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iii) Securities held as of September 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	862,508	2.91 %	862,508	
TSRC	Thai Synthetic Rubbers Co., Ltd.	-	Financial assets at fair value through other comprehensive income — non-current	599,999	574,306	5.42 %	574,306	
TSRC	Hsin-Yung Enterprise Corporation	-	Financial assets at fair value through other comprehensive income — non-current	5,657,000	496,735	3.90 %	496,735	
Dymas Corporation	Thai Synthetic Rubbers Co., Ltd.	-	Financial assets at fair value through other comprehensive income — non-current	837,552	801,687	7.57 %	801,687	
					<u>2,735,236</u>		<u>2,735,236</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:

Unit: thousand NTD

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
Shen Hua Chemical Industries Co., Ltd.	The Construction Project of the Safety and Environmental Protection Improvement for One Kilometer Moving out of the Yangtze River.	2023.5.30	1,797,200	Payment based on project progress	China Tianchen Engineering Corporation	Unrelated Parties	NA	NA	NA	-	NA	For the purpose of factory relocation and manufacture.	-

(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	207,173	12.81 %	70 days	-		(61,127)	(17.07) %	
TSRC	TSRC (Lux.) Corporation S.A R.L	Parent and subsidiary companies	Sale	(207,173)	(2.60) %	70 days	-		61,127	4.43 %	
TSRC Specialty Materials LLC	TSRC	Parent and subsidiary companies	Purchase	288,952	15.05 %	70 days	-		(139,229)	(43.12) %	
TSRC	TSRC Specialty Materials LLC	Parent and subsidiary companies	Sale	(288,952)	(3.63) %	70 days	-		139,229	10.10 %	
Shen Hua Chemical Industries Co., Ltd.	Marubeni Corporation	A director of Shen Hua Chemical Industries Co., Ltd.	Purchase	128,419	3.15 %	14 days	-		-	- %	

(Continued)

TSRC CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of company	Counter-party	Relationship	Transaction details				Status and reason for deviation from arm's-length transaction		Account / note receivable (payable)		Remarks
			Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
Polybus Corporation Pte Ltd	TSRC (Nantong) Industries Ltd.	Related parties	Purchase	198,360	31.80 %	40 days	-		(78,301)	(50.56) %	
TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd	Related parties	Sale	(198,360)	(5.01) %	40 days	-		78,301	11.48 %	
Polybus Corporation Pte Ltd	Shen Hua Chemical Industries Co., Ltd.	Related parties	Purchase	374,158	59.97 %	40 days	-		(68,569)	(44.27) %	
Shen Hua Chemical Industries Co., Ltd.	Polybus Corporation Pte Ltd	Related parties	Sale	(374,158)	(6.38) %	40 days	-		68,569	4.23 %	
TSRC (Lux.) Corporation S.A R.L	TSRC Specialty Materials LLC	Related parties	Purchase	375,690	23.23 %	90 days	-		(104,610)	(29.21) %	
TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L	Related parties	Sale	(375,690)	(12.41) %	90 days	-		104,610	19.00 %	
TSRC (Lux.) Corporation S.A R.L	TSRC (Nantong) Industries Ltd.	Related parties	Purchase	1,026,938	63.50 %	70 days	-		(201,050)	(56.13) %	
TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L	Related parties	Sale	(1,026,938)	(25.95) %	70 days	-		201,050	29.47 %	

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	139,229	4.41	-		36,999	-
TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L	Related parties	104,610	4.22	-		28,883	-
TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L	Related parties	201,050	6.69	-		98,390	-

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

Note 2: Until November 2, 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	54,280	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.23 %
0	TSRC	TSRC (Lux.) Corporation S.A R.L	1	Sales revenue	207,173	"	0.88 %
0	TSRC	TSRC (Lux.) Corporation S.A R.L	1	Accounts receivable	61,127	"	0.16 %
0	TSRC	Polybus Corporation Pte Ltd	1	Sales revenue	49,481	"	0.21 %
0	TSRC	TSRC Specialty Materials LLC	1	Sales revenue	288,952	"	1.23 %

(Continued)

TSRC CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

No.	Name of company	Name of counter-party	Existing relationship with the counter-party	Transaction details			
				Account name	Amount	Trading terms	Percentage of the total consolidated revenue or total assets
0	TSRC	TSRC Specialty Materials LLC	1	Accounts receivable	139,229	"	0.37 %
0	TSRC	TSRC (Nantong) Industries Ltd.	1	Other income and expenses	45,536	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	58,351	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.25 %
1	TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd	3	Sales revenue	198,360	"	0.84 %
1	TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd	3	Accounts receivable	78,301	"	0.21 %
1	TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L	3	Sales revenue	1,026,938	"	4.36 %
1	TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L	3	Accounts receivable	201,050	"	0.53 %
1	TSRC (Nantong) Industries Ltd.	TSRC-UBE (Nantong) Industries Ltd.	3	Other income and expenses	229,094	"	0.97 %
2	TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L	3	Sales revenue	375,690	The transaction is not significantly different from normal transactions, and the collection terms were about three months	1.60 %
2	TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L	3	Accounts receivable	104,610	"	0.27 %
3	Shen Hua Chemical Industries Co., Ltd.	Polybus Corporation Pte Ltd	3	Sales revenue	374,158	The transaction is not significantly different from normal transactions, and the collection terms were about two months	1.59 %
3	Shen Hua Chemical Industries Co., Ltd.	Polybus Corporation Pte Ltd	3	Accounts receivable	68,569	"	0.18 %
4	TSRC (Lux.) Corporation S.A R.L	TSRC	2	Other income and expenses	33,708	The transaction is not significantly different from normal transactions, and the collection terms were about six months	0.14 %
5	TSRC (Shanghai) Industries Ltd.	TSRC (Nantong) Industries Ltd.	3	Entrusted loans	75,252	The loan term was one year	0.20 %

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.

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the nine months ended September 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
				September 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 %	17,285,273	273,347	273,347	(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 %	1,182,610	45,654	45,654	(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 %	266,172	55,738	10,858	(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 %	137,979	(64,649)	(64,649)	(Note 3)
Trimurti Holding Corporation	Polybus Corporation Pte Ltd	100 Peck Seah Street #09-16 Singapore 079333	International commerce and investment corporation	2,100,679 (USD65,101)	2,100,679 (USD65,101)	105,830,000	100.00 %	8,752,869	575,372	575,372	(Note 3)
Trimurti Holding Corporation	TSRC (Hong Kong) Limited	15/F BOC Group Life Assurance Tower 136 Des Voeux Road Central	Investment corporation	3,351,032 (USD103,850)	3,351,032 (USD103,850)	103,850,000	100.00 %	3,106,784	(637,301)	(637,301)	(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	951,035 (USD29,473)	951,035 (USD29,473)	222,861,375	50.00 %	1,434,395	463,597	231,798	-
TSRC (Hong Kong) Limited	TSRC (Lux.) Corporation S.A R.L	39-43 avenue de la Liberté L-1931 Luxembourg	International commerce and investment corporation	2,562,293 (EUR74,870)	2,562,293 (EUR74,870)	74,869,617	100.00 %	2,655,258	(664,957)	(664,957)	(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	3,099,341 (USD96,050)	3,099,341 (USD96,050)	130	100.00 %	2,700,897	(486,689)	(486,689)	(Note 3)
TSRC (USA) Investment Corporation	TSRC Specialty Materials LLC	23027 Elkana Deane Lane, Katy, Texas 77449-3696	Production and sale of TPE	7,054,333 (USD218,617)	7,054,333 (USD218,617)	-	100.00 %	1,948,207	(526,057)	(526,057)	(Note 3)
Hardison International Corporation	Triton International Holdings Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	1,613 (USD50)	1,613 (USD50)	50,000	100.00 %	59,027	856	856	(Note 3)
Hardison International Corporation	Dymas Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	154,854 (USD4,799)	154,854 (USD4,799)	4,798,566	80.52 %	1,121,529	55,738	44,880	(Note 3)
Dymas Corporation	Asia Pacific Energy Development Co., Ltd.	Cayman Islands	Consulting for electric power facilities management and electrical system design	364,144 (USD11,285)	364,144 (USD11,285)	7,522,337	37.78 %	276,560	65,612	24,788	-

Note 1: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD32.268; EUR1 to NTD34.2234).

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:

Unit: thousand NTD/thousand USD

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2023	Investment flow during current period		Cumulative investment (amount) from Taiwan as of September 30, 2023	Net income (losses) of investee	Direct / indirect investment holding percentage	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount						
Shen Hua Chemical Industries Co., Ltd.	Production and sale of synthetic rubber products	1,330,087 (USD41,220)	(2) a.	-	-	-	-	274,507	65.44 %	179,637 (Note 4(2))	2,643,087 (Note 4(2))	4,786,340
Changzhou Asia Pacific Co-generation Co., Ltd.	Power generation and sale of electricity and steam	745,391 (USD23,100)	(2) c.	123,651 (USD3,832)	-	-	123,651 (USD3,832)	104,425	28.34 %	29,594 (Note 4(1))	288,957 (Note 4(1))	358,308
TSRC (Shanghai) Industries Ltd.	Production and sale of compounding materials	177,474 (USD5,500)	(2) b.	126,491 (USD3,920)	-	-	126,491 (USD3,920)	25,928	100.00 %	25,928 (Note 4(1))	333,407 (Note 4(1))	-
Nantong Qix Storage Co., Ltd.	Storehouse for chemicals	96,804 (USD3,000)	(2) d.	48,402 (USD1,500)	-	-	48,402 (USD1,500)	1,820	50.00 %	910 (Note 4(1))	58,766 (Note 4(1))	74,060
TSRC-UBE (Nantong) Chemical Industrial Co., Ltd.	Production and sale of synthetic rubber products	1,290,720 (USD40,000)	(2) a.	32,268 (USD1,000)	-	-	32,268 (USD1,000)	245,746	55.00 %	135,161 (Note 4(1))	1,057,670 (Note 4(1))	-
TSRC (Nantong) Industries Ltd.	Production and sale of TPE	3,392,174 (USD105,125)	(2) a.	214,518 (USD6,648)	-	-	214,518 (USD6,648)	217,446	100.00 %	217,446 (Note 4(2))	4,133,078 (Note 4(2))	440,864
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	Production and sale of NBR	1,445,606 (USD44,800)	(2) a.	-	-	-	-	111,241	50.00 %	55,621 (Note 4(1))	725,489 (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 NTD32.268).

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

Note 4: Investmetn 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.

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(ii) Limitation on investment in Mainland China:

Unit: thousand NTD/thousand USD

Company name	Accumulated investment amount in Mainland China as of September 30, 2023	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
TSRC	545,330 (USD16,900)	6,044,926 (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 NTD32.268).

(iii) Significant transactions:

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

(d) Major shareholders:

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

(Continued)

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(14) Segment information

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

	<u>Synthetic rubber</u>	<u>Non-synthetic rubber</u>	<u>Others</u>	<u>Total</u>
Three months ended September 30, 2023				
Revenue:				
Revenue from external customers	\$ <u>7,483,989</u>	<u>204,873</u>	<u>-</u>	<u>7,688,862</u>
Income from operations	\$ <u>318,105</u>	<u>(36,477)</u>	<u>77,024</u>	<u>358,652</u>
Three months ended September 30, 2022				
Revenue:				
Revenue from external customers	\$ <u>8,556,412</u>	<u>184,127</u>	<u>-</u>	<u>8,740,539</u>
Income from operations	\$ <u>648,826</u>	<u>(42,128)</u>	<u>57,999</u>	<u>664,697</u>
Nine months ended September 30, 2023				
Revenue:				
Revenue from external customers	\$ <u>23,000,815</u>	<u>543,867</u>	<u>-</u>	<u>23,544,682</u>
Income from operations	\$ <u>1,045,689</u>	<u>(136,194)</u>	<u>48,989</u>	<u>958,484</u>
Nine months ended September 30, 2022				
Revenue:				
Revenue from external customers	\$ <u>25,792,037</u>	<u>565,349</u>	<u>-</u>	<u>26,357,386</u>
Income from operations	\$ <u>2,953,598</u>	<u>(121,495)</u>	<u>48,938</u>	<u>2,881,041</u>