

**TAIWAN STYRENE MONOMER CORPORATION
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
for the Six Months Ended June 30, 2021 and 2020**

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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.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of significant accounting policies	9~11
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	11~12
(6) Explanation of significant accounts	12~40
(7) Related-party transactions	40~41
(8) Pledged assets	41
(9) Commitments and contingencies	41
(10) Losses due to major disasters	41
(11) Subsequent events	41
(12) Other	42
(13) Other disclosures	
(a) Information on significant transactions	43~45
(b) Information on investees	45
(c) Information on investment in mainland China	46
(d) Major shareholders	46
(14) Segment information	47~48



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Independent Auditors' Review Report

To the Board of Directors of
Taiwan Styrene Monomer Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Taiwan Styrene Monomer Corporation and its subsidiaries as of June 30, 2021 and 2020, the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2021 and 2020, as well as the changes in equity and cash flows for the six months ended June 30, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$659,634 thousand and \$339,558 thousand, constituting 6.77% and 4.11% of consolidated total assets as of June 30, 2021 and 2020, respectively, total liabilities amounting to \$31,126 thousand and \$9,949 thousand, constituting 1.89% and 0.55% of consolidated total liabilities as of June 30, 2021 and 2020, respectively, and total comprehensive income (loss) amounting to \$6,434 thousand, \$(26,288) thousand, \$22,688 thousand and \$(27,024) thousand, constituting 2.30%, (10.79)%, 3.68% and 11.29% of consolidated total comprehensive income (loss) for the three months and six months ended June 30, 2021 and 2020, respectively.

Furthermore, as stated in note 6(i), the equity accounted investments of Taiwan Styrene Monomer Corporation and its subsidiaries in its investee companies of \$1,360,872 thousand and \$982,962 thousand as of June 30, 2021 and 2020, respectively, and the related share of profit (loss) of associates and joint ventures accounted for using equity method on these investee companies of \$14,660 thousand, \$32,447 thousand, \$52,320 thousand and \$11,659 thousand for the three months and six months ended June 30, 2021 and 2020, 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 Taiwan Styrene Monomer Corporation and its subsidiaries as of June 30, 2021 and 2020, and of its consolidated financial performance for the three months and six months ended June 30, 2021 and 2020, as well as its consolidated cash flows for the six months ended June 30, 2021 and 2020 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 Lin Wu and Yuan-Sheng Yin.

KPMG

Taipei, Taiwan (Republic of China)
August 11, 2021

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards as of June 30, 2021 and 2020

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2021, December 31 and June 30, 2020

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2021		December 31, 2020		June 30, 2020				June 30, 2021		December 31, 2020		June 30, 2020	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Assets															
Current assets:															
1100	Cash and cash equivalents (note 6(a))	\$ 1,026,458	12	793,022	9	818,579	10	2100	Short-term borrowings (notes 6(q) and 8)	\$ 94,500	1	97,500	1	180,500	2
1110	Current financial assets at fair value through profit or loss (note 6(b))	177,481	2	149,027	2	199,221	2	2130	Current contract liabilities (note 6(z))	34,781	-	45,017	-	32,723	-
1170	Accounts receivable, net (note 6(c))	1,099,091	11	877,796	10	654,230	8	2170	Accounts payable	1,005,827	10	798,305	9	646,273	8
1200	Other receivables	35,720	-	5,275	-	16,266	-	2200	Other payables (note 6(r))	168,109	2	233,679	3	672,351	8
1220	Current tax assets	1,440	-	1,470	-	210	-	2230	Current tax liabilities	54	-	36,022	-	27	-
130X	Inventories (note 6(d))	485,804	5	431,290	5	412,080	5	2250	Current provisions	349	-	349	-	-	-
1410	Prepayments (note 6(e))	125,801	1	139,133	2	180,603	2	2280	Current lease liabilities (note 6(t))	5,342	-	5,893	-	5,706	-
1460	Non-current assets (or disposal groups) held for sale (note 6(f))	64,230	1	65,008	-	-	-	2320	Long-term liabilities, current portion (notes 6(s) and 8)	8,286	-	11,742	-	16,661	-
1470	Other current assets	49	-	123	-	301	-	2399	Other current liabilities	22,028	-	2,788	-	2,629	-
1476	Other current financial assets (notes 6(g) and 8)	41,986	-	43,443	-	44,341	1		Total current liabilities	<u>1,339,276</u>	<u>13</u>	<u>1,231,295</u>	<u>13</u>	<u>1,556,870</u>	<u>18</u>
	Total current assets	<u>3,058,060</u>	<u>32</u>	<u>2,505,587</u>	<u>28</u>	<u>2,325,831</u>	<u>28</u>		Non-Current liabilities:						
Non-current assets:															
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	6,832	-	6,933	-	10,350	-	2540	Long-term borrowings (notes 6(s) and 8)	72,877	1	77,036	1	-	-
1517	Non-current financial assets at fair value through other comprehensive income (note 6(h))	1,161,523	12	1,109,979	12	685,520	8	2570	Deferred tax liabilities	174,564	2	175,127	2	174,579	2
1550	Investments accounted for using equity method (note 6(i))	1,360,872	14	1,242,177	14	982,962	12	2581	Non-current lease liabilities (note 6(t))	2,599	-	5,028	-	7,726	-
1600	Property, plant and equipment (notes 6(k), 7 and 8)	3,907,702	40	3,949,185	44	3,949,409	49	2640	Net defined benefit liability, non-current	59,665	1	59,208	1	65,026	1
1755	Right-of-use assets (note 6(l))	8,106	-	11,078	-	16,918	-	2600	Other non-current liabilities	867	-	950	-	960	-
1760	Investment property, net (note 6(m))	57,188	1	57,361	1	92,433	1		Total non-current liabilities	<u>310,572</u>	<u>4</u>	<u>317,349</u>	<u>4</u>	<u>248,291</u>	<u>3</u>
1780	Intangible assets (note 6(n))	8,307	-	9,570	-	10,834	-		Total liabilities	<u>1,649,848</u>	<u>17</u>	<u>1,548,644</u>	<u>17</u>	<u>1,805,161</u>	<u>21</u>
1840	Deferred tax assets	45,258	-	18,093	-	62,535	1		Equity attributable to owners of parent: (note 6(w))						
1970	Other long-term investments, net (note 6(o))	31,450	-	32,962	-	32,692	-	3100	Capital stock	5,278,698	54	5,278,698	59	5,278,698	64
1920	Refundable deposits	3,589	-	3,565	-	4,079	-	3200	Capital surplus	52,657	1	48,224	1	42,418	1
1990	Other non-current assets (note 6(p))	101,055	1	65,880	1	78,170	1		Retained earnings:						
	Total non-current assets	<u>6,691,882</u>	<u>68</u>	<u>6,506,783</u>	<u>72</u>	<u>5,925,902</u>	<u>72</u>	3310	Legal reserve	610,435	6	610,435	7	610,435	8
								3320	Special reserve	581,249	6	581,249	6	581,249	7
								3350	Unappropriated retained earnings	1,137,651	12	581,961	6	261,008	3
										<u>2,329,335</u>	<u>24</u>	<u>1,773,645</u>	<u>19</u>	<u>1,452,692</u>	<u>18</u>
								3400	Other equity	230,176	2	168,463	2	(518,108)	(6)
								3500	Treasury shares	-	-	(15,178)	-	(15,178)	-
									Total equity attributable to owners of parent	<u>7,890,866</u>	<u>81</u>	<u>7,253,852</u>	<u>81</u>	<u>6,240,522</u>	<u>77</u>
								36XX	Non-controlling interests	<u>209,228</u>	<u>2</u>	<u>209,874</u>	<u>2</u>	<u>206,050</u>	<u>2</u>
									Total equity	<u>8,100,094</u>	<u>83</u>	<u>7,463,726</u>	<u>83</u>	<u>6,446,572</u>	<u>79</u>
									Total liabilities and equity	<u>\$ 9,749,942</u>	<u>100</u>	<u>9,012,370</u>	<u>100</u>	<u>8,251,733</u>	<u>100</u>
	Total assets	<u>\$ 9,749,942</u>	<u>100</u>	<u>9,012,370</u>	<u>100</u>	<u>8,251,733</u>	<u>100</u>								

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
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TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and six months ended June 30, 2021 and 2020

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

	For the three months ended June 30				For the six months ended June 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue (notes 6(i), (z))	\$ 3,430,211	100	1,875,476	100	\$ 5,568,090	100	3,575,334	100
5000 Operating costs (notes 6(d), (k), (l), (m), (n), (t), (u), and (ab))	<u>3,226,762</u>	<u>94</u>	<u>1,771,833</u>	<u>94</u>	<u>5,077,212</u>	<u>91</u>	<u>3,772,206</u>	<u>106</u>
Gross profit (loss) from operations	<u>203,449</u>	<u>6</u>	<u>103,643</u>	<u>6</u>	<u>490,878</u>	<u>9</u>	<u>(196,872)</u>	<u>(6)</u>
Operating expenses (notes 6(c), (k), (l), (m), (t), (u), (x) and (ab)):								
6100 Selling expenses	17,240	1	17,204	1	28,334	1	28,573	1
6200 Administrative expenses	40,481	1	34,008	2	96,975	2	68,289	2
6300 Research and development expenses	605	-	470	-	1,241	-	2,718	-
6450 Expected credit impairment loss (gain)	<u>65</u>	<u>-</u>	<u>(113)</u>	<u>-</u>	<u>(4)</u>	<u>-</u>	<u>(194)</u>	<u>-</u>
	<u>58,391</u>	<u>2</u>	<u>51,569</u>	<u>3</u>	<u>126,546</u>	<u>3</u>	<u>99,386</u>	<u>3</u>
Operating income (loss)	<u>145,058</u>	<u>4</u>	<u>52,074</u>	<u>3</u>	<u>364,332</u>	<u>6</u>	<u>(296,258)</u>	<u>(9)</u>
Non-operating income and expenses (notes 6(i), (t) and (aa)):								
7100 Interest income	1,075	-	1,266	-	1,971	-	2,899	-
7010 Other income	8,771	-	24,521	1	23,737	-	26,654	1
7020 Other gains and losses	7,160	-	85,106	5	16,963	-	80,663	2
7050 Finance costs	(632)	-	(1,549)	-	(1,284)	-	(3,191)	-
7060 Share of profit of associates and joint ventures accounted for using equity method	<u>16,825</u>	<u>-</u>	<u>38,746</u>	<u>2</u>	<u>56,219</u>	<u>1</u>	<u>21,272</u>	<u>1</u>
	<u>33,199</u>	<u>-</u>	<u>148,090</u>	<u>8</u>	<u>97,606</u>	<u>1</u>	<u>128,297</u>	<u>4</u>
9900 Profit (loss) before tax	178,257	4	200,164	11	461,938	7	(167,961)	(5)
7950 Less: Income tax expenses (benefits) (note 6(v))	<u>(69,728)</u>	<u>(2)</u>	<u>55,942</u>	<u>3</u>	<u>(27,471)</u>	<u>-</u>	<u>(1,469)</u>	<u>-</u>
Net income (loss)	<u>247,985</u>	<u>6</u>	<u>144,222</u>	<u>8</u>	<u>489,409</u>	<u>7</u>	<u>(166,492)</u>	<u>(5)</u>
8300 Other comprehensive income (loss):								
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	22,518	1	59,245	3	64,662	1	(50,818)	(1)
8320 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	<u>19,813</u>	<u>1</u>	<u>47,893</u>	<u>3</u>	<u>73,781</u>	<u>1</u>	<u>(13,689)</u>	<u>-</u>
Components of other comprehensive income (loss) that will not be reclassified to profit or loss	<u>42,331</u>	<u>2</u>	<u>107,138</u>	<u>6</u>	<u>138,443</u>	<u>2</u>	<u>(64,507)</u>	<u>(1)</u>
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361 Exchange differences on translation	(9,855)	-	(6,916)	-	(10,325)	-	(7,851)	-
8370 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	<u>(1,137)</u>	<u>-</u>	<u>(866)</u>	<u>-</u>	<u>(770)</u>	<u>-</u>	<u>(516)</u>	<u>-</u>
Components of other comprehensive income (loss) that will be reclassified to profit or loss	<u>(10,992)</u>	<u>-</u>	<u>(7,782)</u>	<u>-</u>	<u>(11,095)</u>	<u>-</u>	<u>(8,367)</u>	<u>-</u>
8300 Other comprehensive income, net	<u>31,339</u>	<u>2</u>	<u>99,356</u>	<u>6</u>	<u>127,348</u>	<u>2</u>	<u>(72,874)</u>	<u>(1)</u>
8500 Comprehensive income	<u>\$ 279,324</u>	<u>8</u>	<u>243,578</u>	<u>14</u>	<u>616,757</u>	<u>9</u>	<u>(239,366)</u>	<u>(6)</u>
Profit attributable to:								
8610 Owners of parent	\$ 249,626	6	145,018	8	489,040	7	(166,268)	(5)
8620 Non-controlling interests	<u>(1,641)</u>	<u>-</u>	<u>(796)</u>	<u>-</u>	<u>369</u>	<u>-</u>	<u>(224)</u>	<u>-</u>
	<u>\$ 247,985</u>	<u>6</u>	<u>144,222</u>	<u>8</u>	<u>489,409</u>	<u>7</u>	<u>(166,492)</u>	<u>(5)</u>
Comprehensive income attributable to:								
8710 Owners of parent	\$ 281,550	8	245,901	14	617,403	11	(237,033)	(6)
8720 Non-controlling interests	<u>(2,226)</u>	<u>-</u>	<u>(2,323)</u>	<u>-</u>	<u>(646)</u>	<u>-</u>	<u>(2,333)</u>	<u>-</u>
	<u>\$ 279,324</u>	<u>8</u>	<u>243,578</u>	<u>14</u>	<u>616,757</u>	<u>11</u>	<u>(239,366)</u>	<u>(6)</u>
Earnings per share (note 6(y))								
Basic earnings per share	<u>\$ 0.47</u>		<u>0.28</u>		<u>0.93</u>		<u>(0.32)</u>	
Diluted earnings per share	<u>\$ 0.47</u>		<u>0.28</u>		<u>0.93</u>		<u>(0.32)</u>	

See accompanying notes to financial statements.

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TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Other equity interest			Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Retained earnings			Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total				
				Special reserve	Unappropriated retained earnings	Total							
Balance at January 1, 2020	\$ 5,278,698	42,418	531,249	430,668	1,320,268	2,282,185	(10,913)	(570,336)	(581,249)	-	7,022,052	207,208	7,229,260
Net loss	-	-	-	-	(166,268)	(166,268)	-	-	-	-	(166,268)	(224)	(166,492)
Other comprehensive income	-	-	-	-	-	-	(4,813)	(65,952)	(70,765)	-	(70,765)	(2,109)	(72,874)
Total comprehensive income	-	-	-	-	(166,268)	(166,268)	(4,813)	(65,952)	(70,765)	-	(237,033)	(2,333)	(239,366)
Legal reserve appropriated	-	-	79,186	-	(79,186)	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	150,581	(150,581)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(527,870)	(527,870)	-	-	-	-	(527,870)	-	(527,870)
Purchase of treasury share	-	-	-	-	-	-	-	-	-	(15,178)	(15,178)	-	(15,178)
Associates disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	13,448	13,448	-	(13,448)	(13,448)	-	-	-	-
Changes in ownership interests in associates	-	-	-	-	(151,985)	(151,985)	(186)	151,985	151,799	-	(186)	-	(186)
Other-effect of consolidation changes	-	-	-	-	3,182	3,182	(1,263)	(3,182)	(4,445)	-	(1,263)	1,175	(88)
Balance at June 30, 2020	\$ 5,278,698	42,418	610,435	581,249	261,008	1,452,692	(17,175)	(500,933)	(518,108)	(15,178)	6,240,522	206,050	6,446,572
Balance at January 1, 2021	\$ 5,278,698	48,224	610,435	581,249	581,961	1,773,645	(26,745)	195,208	168,463	(15,178)	7,253,852	209,874	7,463,726
Net income	-	-	-	-	489,040	489,040	-	-	-	-	489,040	369	489,409
Other comprehensive income	-	-	-	-	-	-	(10,080)	138,443	128,363	-	128,363	(1,015)	127,348
Total comprehensive income	-	-	-	-	489,040	489,040	(10,080)	138,443	128,363	-	617,403	(646)	616,757
Share-based payment transactions	-	4,433	-	-	-	-	-	-	-	15,178	19,611	-	19,611
Associates disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	66,650	66,650	-	(66,650)	(66,650)	-	-	-	-
Balance at June 30, 2021	\$ 5,278,698	52,657	610,435	581,249	1,137,651	2,329,335	(36,825)	267,001	230,176	-	7,890,866	209,228	8,100,094

See accompanying notes to financial statements.

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

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2021	2020
Cash flows from operating activities:		
Profit (loss) before tax	\$ 461,938	(167,961)
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	123,426	125,979
Amortization expense	1,263	1,264
Expected credit impairment gain	(4)	(194)
Interest expense	1,284	3,191
Interest income	(1,971)	(2,899)
Dividend income	(4,142)	(3,016)
Share-based payments	4,472	-
Share of profit of associates and joint ventures accounted for using equity method	(52,320)	(11,659)
Gain on disposal of property, plant and equipment	(190)	(1,419)
Gain on disposal of non-current assets held for sale	-	(72,103)
Gain on disposal of investments	-	(1,446)
Impairment loss on non-financial assets	-	17
Gain on bargain purchase transaction	(403)	-
Gain on lease modification	-	(2)
Loss from decline (gain from recovery) in value of inventories	226	(19,795)
Total adjustments to reconcile profit (loss)	<u>71,641</u>	<u>17,918</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets mandatorily measured at fair value through profit or loss	(28,353)	7,149
Notes receivable	-	33
Accounts receivable	(221,291)	156,234
Other receivables	(6,066)	(4,108)
Inventories	(54,740)	41,352
Prepayments	(21,843)	(49,120)
Other current assets	74	192
Other financial assets	1,457	824
Total changes in operating assets	<u>(330,762)</u>	<u>152,556</u>
Changes in operating liabilities:		
Current contract liabilities	(10,236)	(7,808)
Notes payable	-	18,472
Accounts payable	207,522	(448,713)
Other payables	(2,998)	(63,865)
Other current liabilities	19,240	(1,263)
Net defined benefit liabilities	457	581
Total changes in operating liabilities	<u>213,985</u>	<u>(502,596)</u>
Total changes in operating assets and liabilities	<u>(116,777)</u>	<u>(350,040)</u>

See accompanying notes to financial statements.

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

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the six months ended June 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2021	2020
Cash inflow (outflow) generated from operations	\$ 416,802	(500,083)
Interest received	1,904	2,857
Dividends received	4,142	3,016
Interest paid	(1,292)	(3,221)
Dividends paid	(17)	(29)
Income taxes paid	(36,195)	(109,819)
Net cash flows from (used in) operating activities	385,344	(607,279)
Cash flows from investing activities:		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	5,510	2,494
Acquisition of investments accounted for using equity method	(17,273)	(28,500)
Proceeds from disposal of subsidiaries	-	197,647
Acquisition of property, plant and equipment	(141,346)	(186,376)
Proceeds from disposal of property, plant and equipment	190	1,453
(Increase) decrease in refundable deposits	(24)	811
Loss control of subsidiaries	-	(97,328)
Net cash flows from investing activities	(152,943)	(109,799)
Cash flows from financing activities:		
Increase in short-term borrowings	87,500	97,500
Decrease in short-term borrowings	(90,500)	(34,500)
Repayments of long-term borrowings	(7,615)	(13,142)
Payment of lease liabilities	(2,980)	(4,237)
Increase in other non-current liabilities	(83)	212
Acquisition of treasury shares	-	(15,178)
Proceeds from transfer of treasury shares to employees	15,139	-
Net cash flows from financing activities	1,461	30,655
Effect of exchange rate changes on cash and cash equivalents	(426)	(1,825)
Net increase (decrease) in cash and cash equivalents	233,436	(688,248)
Cash and cash equivalents at beginning of period	793,022	1,506,827
Cash and cash equivalents at end of period	\$ 1,026,458	818,579

See accompanying notes to financial statements.

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

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2021 and 2020

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

(1) Company history

Taiwan Styrene Monomer Corp. (the “Company”) was incorporated on November 16, 1979, under the approval of Ministry of Economic Affairs, Republic of China (ROC). Registered address is 8F.-1, No.6, Sec.1, Roosevelt Rd., Taipei City. Please refer to note 4(b) for the major business activities of the Company and its subsidiaries (together referred to as the "Group").

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

The consolidated financial statements were reported to the Board of Directors, then were issued on August 11, 2021.

(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, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from April 1, 2021:

- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

- (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, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

The Group does not expect the following 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 IAS 1 “Classification of Liabilities as Current or Non-current”
- 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”

(4) Summary of significant accounting policies

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers (the “Regulation”) and IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2020. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2020.

- (b) Basis of consolidation

List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding (%)			Note
			June 30, 2021	December 31, 2020	June 30, 2020	
The Company	Zung-Fu Co., Ltd.	Building cleaning and maintenance, sewage treatment, air conditioning equipment maintenance	-	-	-	Note 1
The Company	Lei-Ting Construction Corporation	Civil and construction engineering	-	-	-	Note 2
The Company	YSIC Ltd.	Residential building and industrial plant development rental business	99.99	99.99	99.99	-

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding (%)			Note
			June 30, 2021	December 31, 2020	June 30, 2020	
The Company	Yuan-Shin Materials Technology Co., Ltd.	Basic chemical materials and plastic raw material manufacturing	100.00	100.00	100.00	Note 3
The Company	Yangmingshan Tien Lai Resort & SPA	Hotel	65.07	65.07	65.07	Note 4
The Company	Asia Carbons & Technology Inc.	Electronic component manufacturing	98.58	98.58	98.58	Note 3
YSIC Ltd.	Grand Capital Co., Ltd.	Investment	100.00	100.00	97.22	Notes 3 and 5
YSIC Ltd.	Tien Lai Co., Ltd.	Piping engineering	50.00	50.00	50.00	Notes 3 and 6
YSIC Ltd.	Kun Shan International Ltd.	Investment	62.03	62.03	62.03	Note 3
Kun Shan International Ltd.	Kun Shan Yu-Fu Technology Education Consulting Co., Ltd.	Educational consulting, information consulting, software and data storage consultation	100.00	100.00	100.00	Note 3
Kun Shan International Ltd.	Kun Shan Jia-an Technology Education Consulting Co., Ltd.	Educational consulting, information consulting, software and data storage consultation	100.00	100.00	100.00	Note 3

Note 1: As of December 31, 2019, the Company and Lei-Ting Construction Corporation (holding 9.84% of common shares) totally hold 99.00% of common shares of Zung-Fu Co., Ltd.. After Lei-Ting Construction Corporation sold all common shares of Zung-Fu Co., Ltd. to the Company on March 12, 2020, the Company totally holds 99.00% of common shares of Zung-Fu Co., Ltd.. The Company sold all its shares of Zung-Fu Co., Ltd. on June 30, 2020.

Note 2: As of March 31, 2020, the Company and YSIC Ltd. (holding 8.6% of common shares) totally holds 100.00% of common shares of Lei-Ting Construction Corporation. The Company and YSIC Ltd. sold all its shares of Lei-Ting Construction Corporation on May 6, 2020.

Note 3: Non-significant subsidiaries for which the financial statements have not been reviewed by independent auditors.

Note 4: The Company and YSIC Ltd. (holding 12.10% of common shares) totally hold 77.17% of common shares of Yangmingshan Tien Lai Resort & SPA.

Note 5: As of June 30, 2020, YSIC Ltd. hold 97.22% of common shares of Grand Capital Co., Ltd.. Zung-Fu Co., Ltd. sold all its common shares of Grand Capital Co., Ltd. to YSIC Ltd. on July 1, 2020, and YSIC Ltd. totally holds 100.00% of common shares of Grand Capital Co., Ltd..

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Note 6: The Group does not directly or indirectly hold more than half of the total shares of Tien Lai Co., Ltd., but because the chairman of the company is designated by the Group and the Group has control over the company, it is incorporated into consolidation.

(c) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

(d) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date which the Board of Directors authorized the price and the subscription date.

(e) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Accounting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period (and 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 of 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 IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and 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.

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Except for the following, the preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2020. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2020.

The Group holds 40.00% of the outstanding voting shares of Universal Investments Limited. Although the remaining 60.00% of Universal Investments Limited's shares are not concentrated within specific shareholders, the Group still cannot obtain more than half of the total number of Universal Investments Limited's directors, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Group has significant influence on Universal Investments Limited.

(6) Explanation of significant accounts

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2020. Please refer to notes 6 (a) to (af) of the 2020 annual consolidated financial statements.

(a) Cash and cash equivalents

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Cash on hand	\$ 116	535	1,027
Petty cash	1,033	1,127	1,646
Deposits in bank	378,136	309,219	339,006
Cash equivalents			
Bonds under resell agreements	50,000	356,550	368,082
Time deposits due within one year	597,173	125,591	108,818
	<u>\$ 1,026,458</u>	<u>793,022</u>	<u>818,579</u>

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Mandatorily measured at fair value through profit or loss:			
Current:			
Listed stocks	\$ 177,481	149,027	199,221
Non-current:			
Listed stocks	6,832	6,933	10,350
Total	<u>\$ 184,313</u>	<u>155,960</u>	<u>209,571</u>

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Accounts receivable

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Accounts receivable	\$ 1,101,647	880,361	656,765
Less: Loss allowance	<u>(2,556)</u>	<u>(2,565)</u>	<u>(2,535)</u>
	<u>\$ 1,099,091</u>	<u>877,796</u>	<u>654,230</u>

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

	<u>June 30, 2021</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 1,090,412	0.005%	55
1 to 90 days past due	8,411	0.005%~1%	4
91 to 180 days past due	116	2%	2
181 to 365 days past due	133	2%	3
More than 1 year past due	<u>2,575</u>	50%~100%	<u>2,492</u>
	<u>\$ 1,101,647</u>		<u>2,556</u>
	<u>December 31, 2020</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 877,089	0.005%	44
1 to 90 days past due	349	1%	3
91 to 180 days past due	75	2%	1
181 to 365 days past due	238	2%	3
More than 1 year past due	<u>2,610</u>	50%~100%	<u>2,514</u>
	<u>\$ 880,361</u>		<u>2,565</u>
	<u>June 30, 2020</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 653,470	0.005%	32
1 to 90 days past due	366	1%	4
91 to 180 days past due	206	2%	3
181 to 365 days past due	285	2%~100%	152
More than 1 year past due	<u>2,438</u>	50%~100%	<u>2,344</u>
	<u>\$ 656,765</u>		<u>2,535</u>

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>For the six months ended June 30</u>	
	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 2,565	2,747
Reversal of impairment loss	(4)	(194)
Effect of consolidation changes	-	(2)
Effect of exchange rate changes	(5)	(16)
Ending balance	<u>\$ 2,556</u>	<u>2,535</u>

(d) Inventories

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
	Merchandise inventory	\$ 1,064	1,310
Finished goods	130,226	56,249	88,039
By-product	7,680	6,724	8,333
Semi-finished products	80,465	141,737	112,099
Work in progress	41,197	26,821	31,276
Raw materials	199,362	180,941	150,684
Supplies	25,810	17,508	20,737
	<u>\$ 485,804</u>	<u>431,290</u>	<u>412,080</u>

Except for the transfer of inventory to operating costs from sales, other losses (gains) directly included in operating costs are as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Loss from decline (gain from recovery) in value of inventories	\$ <u>161</u>	<u>(51,763)</u>	<u>226</u>	<u>(19,795)</u>

None of the inventories of the Group was pledged as collateral on June 30, 2021, December 31 and June 30, 2020.

(e) Prepayments

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
	Prepayment for purchases	\$ 194	7,909
Supplies	88,663	95,205	96,628
Overpaid sales tax	10,970	20,470	40,135
Others	25,974	15,549	40,241
	<u>\$ 125,801</u>	<u>139,133</u>	<u>180,603</u>

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Non-current assets (or disposal groups) held for sale

The Group planned to dispose the partial property, plant and equipment, right-of-use assets and investment property held by Kun Shan Yu-Fu Technology Education Consulting Co., Ltd. and Kun Shan Jia-an Technology Education Consulting Co., Ltd.. The efforts of sale have commenced and a sale is expected to be completed within one year. Therefore, the Group reclassified them as non-current assets (or disposal groups) held for sale, which amounting to \$65,008 thousand.

(g) Other current financial assets

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Time deposits maturing over three months	\$ 35,000	35,000	35,000
Restricted deposits in bank	<u>6,986</u>	<u>8,443</u>	<u>9,341</u>
	<u>\$ 41,986</u>	<u>43,443</u>	<u>44,341</u>

The above assets of the Group had been pledged as collateral for long-term and short-term bank loans; please refer to note 8.

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Equity investments:			
Domestic non-listed stocks	\$ 722,496	671,848	587,146
Foreign non-listed equity investments	<u>439,027</u>	<u>438,131</u>	<u>98,374</u>
	<u>\$ 1,161,523</u>	<u>1,109,979</u>	<u>685,520</u>

(i) The Group designated the investments shown above at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes not for trading purposes.

(ii) There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity related to these investments for the six months ended June 30, 2021 and 2020.

(iii) For market risk; please refer to note 6(ac).

(iv) None of the above-mentioned financial assets had been pledged as collateral as of June 30, 2021, December 31 and June 30, 2020.

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Investments accounted for using equity method

(i) Associates

Associates of the Group consisted of the following:

	June 30, 2021		December 31, 2020		June 30, 2020	
	Amount	Share- holding (%)	Amount	Share- holding (%)	Amount	Share- holding (%)
Grand Cathay Venture Capital Co., Ltd.	\$ 445,848	25.00	382,377	25.00	358,741	25.00
Wonderland Enterprise Co., Ltd.	787,177	37.04	744,788	37.04	511,360	37.04
Globaltop Technology Inc.	50,608	31.85	54,505	31.85	48,866	33.74
Gvision-USA, Inc.	33,197	44.44	34,112	44.44	36,337	44.44
Functional Coating System Technologies Co., Ltd.	26,621	34.88	26,395	34.88	27,658	34.88
Universal Investments Limited	17,421	40.00	-	-	-	-
	\$ 1,360,872		1,242,177		982,962	

Yu-Jie Investment Co., Ltd. conducted a capital increase by cash of \$576,000 thousand on January 10, 2020. The Group did not participate in the capital increase proportionally, and its shares of the company dropped to 19.48%. The Group increased the capital surplus \$2,614 thousand due to the decrease of its ownership. Meanwhile, the unrealized loss of \$151,985 thousand from investments measured at fair value through other comprehensive income as well as exchange difference of \$186 thousand, had been reclassified to retain earnings and profit or loss, respectively. The Group lost the significant influence on the company and reclassified the investment to financial assets at fair value through other comprehensive income.

The Group acquired 34.88% of total shares of Functional Coating System Technologies Co., Ltd. with \$28,500 thousand, getting the significant influence in January 2020.

The Group acquired 40% of the shares of Universal Investments Limited with \$17,273 thousand, getting the significant influence in February 2021. The identifiable net equity on the purchase date was greater than the purchase price, the Group has therefore recognized gain on bargain purchase of \$403 thousand as other income in the consolidated statement of comprehensive income.

The Group's financial information for investments accounted for using equity method that are individually insignificant was as follows:

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Attributable to the Group:				
Net income	\$ 14,660	32,447	52,320	11,659
Other comprehensive income	18,676	(45,582)	73,011	(15,650)
Total comprehensive income	\$ 33,336	(13,135)	125,331	(3,991)

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Pledge to secure

None of the investments using equity method of the Group was pledged as collateral.

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

The investments accounted for using equity method and the share of the profit or loss and other comprehensive income were calculated based on the financial statements that had not been reviewed.

(j) Loss of control over subsidiaries

In December 2019 and May 2020, the Group obtained an approval of the Board of Directors to sell all the shares of Lei-Ting Construction Corporation and Zung-Fu Co., Ltd.. The transactions were completed on May 6 and June 30, 2020 at the total price of \$197,647 thousand, and the gain on disposal of investments amounting to \$72,103 thousand was included in other gains and losses of the consolidated comprehensive income statements. Meanwhile, the unrealized gain of \$3,182 thousand from investments measured at fair value through other comprehensive income as well as exchange difference of \$1,263 thousand previously recognized in other comprehensive income, had been reclassified to retain earnings and profit or loss, respectively.

The carrying amounts of assets and liabilities of Lei-Ting Construction Corporation on May 6, 2020 were as follows:

Cash and cash equivalents	\$	41,062
Prepayments		805
Other current assets		5,398
Property, plant and equipment		6
Right-of-use assets		517
Refundable deposits		2
Notes payable		(450)
Accounts payable		(106)
Other payables		(1,019)
Lease liabilities		(440)
Other current liabilities		(4,578)
Carrying amount of net assets	<u>\$</u>	<u><u>41,197</u></u>

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The carrying amounts of assets and liabilities of Zung-Fu Co., Ltd. on June 30, 2020 were as follows:

Cash and cash equivalents	\$	56,266
Account receivable, net		44,564
Other receivables		63
Current tax assets		10
Prepayments		25,603
Other current assets		900
Non-current financial assets at fair value through other comprehensive income		32,278
Investment accounted for using equity method		9,224
Property, plant and equipment		98,403
Right of use assets		1,551
Investment property, net		43,929
Deferred tax assets		15,485
Refundable deposits		142
Other non-current assets		21,090
Short-term borrowings		(200,000)
Notes payable		(29,420)
Accounts payable		(3,404)
Other payables		(18,766)
Lease liabilities		(1,573)
Other current liabilities		(576)
Other non-current liabilities		(10,572)
Carrying amount of net assets	\$	<u>85,197</u>

(k) Property, plant and equipment

The movements of the property, plant and equipment of the Group were as follows:

Cost:	Land	Land improvements	Buildings and structures	Machinery and equipment	Transportation equipment	Leased assets	Other equipment	Construction in progress	Total
Balance as of January 1, 2021	\$ 1,577,303	8,462	621,630	7,280,629	10,887	-	946,252	232,174	10,677,337
Additions	-	-	-	-	-	-	2,448	76,351	78,799
Disposals	-	-	-	(356)	-	-	(1,794)	-	(2,150)
Reclassification	-	-	-	10,371	-	-	24,415	(34,786)	-
Effect of exchange rate changes	-	-	-	-	(15)	-	-	-	(15)
Balance as of June 30, 2021	<u>\$ 1,577,303</u>	<u>8,462</u>	<u>621,630</u>	<u>7,290,644</u>	<u>10,872</u>	<u>-</u>	<u>971,321</u>	<u>273,739</u>	<u>10,753,971</u>
Balance as of January 1, 2020	\$ 1,612,235	8,462	714,254	7,871,105	18,403	72,796	966,230	89,486	11,352,971
Additions	21,353	-	6,142	-	-	-	518	158,363	186,376
Disposals	-	-	-	(16,269)	-	-	(6,721)	-	(22,990)
Reclassification	-	-	-	59,700	-	-	5,762	(65,462)	-
Effect of consolidation changes	(52,142)	-	(57,714)	-	(7,450)	-	(2,840)	-	(120,146)
Effect of exchange rate changes	-	-	(1,344)	-	(29)	-	(241)	-	(1,614)
Balance as of June 30, 2020	<u>\$ 1,581,446</u>	<u>8,462</u>	<u>661,338</u>	<u>7,914,536</u>	<u>10,924</u>	<u>72,796</u>	<u>962,708</u>	<u>182,387</u>	<u>11,394,597</u>

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Land improvements</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Leased assets</u>	<u>Other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Accumulated depreciation and impairment losses:									
Balance as of January 1, 2021	\$ -	8,383	229,758	5,830,382	10,474	-	649,155	-	6,728,152
Depreciation	-	11	7,225	89,254	71	-	23,720	-	120,281
Disposals	-	-	-	(356)	-	-	(1,794)	-	(2,150)
Effect of exchange rate changes	-	-	-	-	(14)	-	-	-	(14)
Balance as of June 30, 2021	\$ -	<u>8,394</u>	<u>236,983</u>	<u>5,919,280</u>	<u>10,531</u>	-	<u>671,081</u>	-	<u>6,846,269</u>
Balance as of January 1, 2020	\$ -	8,362	249,667	6,375,202	15,402	72,796	649,402	-	7,370,831
Depreciation	-	11	8,901	86,990	440	-	23,630	-	119,972
Disposals	-	-	-	(16,269)	-	-	(6,721)	-	(22,990)
Effect of consolidation changes	-	-	(13,539)	-	(5,373)	-	(2,831)	-	(21,743)
Effect of exchange rate changes	-	-	(638)	-	(25)	-	(219)	-	(882)
Balance as of June 30, 2020	\$ -	<u>8,373</u>	<u>244,391</u>	<u>6,445,923</u>	<u>10,444</u>	<u>72,796</u>	<u>663,261</u>	-	<u>7,445,188</u>
Carrying value:									
Balance as of January 1, 2021	\$ 1,577,303	79	391,872	1,450,247	413	-	297,097	232,174	3,949,185
Balance as of June 30, 2021	\$ 1,577,303	68	384,647	1,371,364	341	-	300,240	273,739	3,907,702
Balance as of January 1, 2020	\$ 1,612,235	100	464,587	1,495,903	3,001	-	316,828	89,486	3,982,140
Balance as of June 30, 2020	\$ 1,581,446	89	416,947	1,468,613	480	-	299,447	182,387	3,949,409

As of June 30, 2021 there was no recognized accumulated impairment losses of property, plant and equipment. As of December 31 and June 30, 2020, the accumulated impairment losses of property, plant and equipment were amounted to \$1,090 thousand and \$456,573 thousand, respectively.

As of June 30, 2021, December 31 and June 30, 2020, the property, plant and equipment of the Group had been pledged as collateral for loans; please refer to note 8.

(l) Right-of-use assets

The cost and accumulated depreciation of leased land, buildings and structures, and transportation equipment of the Group were as follows:

	<u>Land</u>	<u>Buildings and structures</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Total</u>
Cost:					
Balance as of January 1, 2021	\$ 387	1,429	12,769	4,814	19,399
Disposals	(387)	-	-	-	(387)
Balance as of June 30, 2021	\$ -	<u>1,429</u>	<u>12,769</u>	<u>4,814</u>	<u>19,012</u>
Balance as of January 1, 2020	\$ 3,981	3,051	16,877	4,814	28,723
Additions	-	177	423	-	600
Lease modification	(139)	(1,321)	(1,731)	-	(3,191)
Effect of consolidation changes	-	(508)	(2,800)	-	(3,308)
Effect of exchange rate changes	(90)	-	-	-	(90)
Balance as of June 30, 2020	\$ <u>3,752</u>	<u>1,399</u>	<u>12,769</u>	<u>4,814</u>	<u>22,734</u>
Accumulated depreciation:					
Balance as of January 1, 2021	\$ 353	635	6,130	1,203	8,321
Depreciation	34	357	2,099	482	2,972
Disposals	(387)	-	-	-	(387)
Balance as of June 30, 2021	\$ -	<u>992</u>	<u>8,229</u>	<u>1,685</u>	<u>10,906</u>

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings and structures</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Total</u>
Balance as of January 1, 2020	\$ 328	1,368	4,156	241	6,093
Depreciation	150	802	2,790	481	4,223
Lease modification	-	(1,321)	(1,419)	-	(2,740)
Effect of consolidation changes	-	(260)	(1,497)	-	(1,757)
Effect of exchange rate changes	(3)	-	-	-	(3)
Balance as of June 30, 2020	<u>\$ 475</u>	<u>589</u>	<u>4,030</u>	<u>722</u>	<u>5,816</u>
Carrying amount:					
Balance as of January 1, 2021	<u>\$ 34</u>	<u>794</u>	<u>6,639</u>	<u>3,611</u>	<u>11,078</u>
Balance as of June 30, 2021	<u>\$ -</u>	<u>437</u>	<u>4,540</u>	<u>3,129</u>	<u>8,106</u>
Balance as of January 1, 2020	<u>\$ 3,653</u>	<u>1,683</u>	<u>12,721</u>	<u>4,573</u>	<u>22,630</u>
Balance as of June 30, 2020	<u>\$ 3,277</u>	<u>810</u>	<u>8,739</u>	<u>4,092</u>	<u>16,918</u>

(m) Investment property

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
Cost:			
Balance as of June 30, 2021			
(Balance as of January 1, 2021)	\$ <u>46,101</u>	<u>17,625</u>	<u>63,726</u>
Balance as of January 1, 2020	\$ 90,030	89,655	179,685
Effect of consolidation changes	(43,929)	-	(43,929)
Effect of exchange rate changes	-	(1,880)	(1,880)
Balance as of June 30, 2020	<u>\$ 46,101</u>	<u>87,775</u>	<u>133,876</u>
Accumulated depreciation and impairment losses:			
Balance as of January 1, 2021	\$ -	6,365	6,365
Depreciation	-	173	173
Balance as of June 30, 2021	<u>\$ -</u>	<u>6,538</u>	<u>6,538</u>
Balance as of January 1, 2020	\$ -	40,594	40,594
Depreciation	-	1,784	1,784
Effect of exchange rate changes	-	(935)	(935)
Balance as of June 30, 2020	<u>\$ -</u>	<u>41,443</u>	<u>41,443</u>
Carrying value:			
Balance as of January 1, 2021	<u>\$ 46,101</u>	<u>11,260</u>	<u>57,361</u>
Balance as of June 30, 2021	<u>\$ 46,101</u>	<u>11,087</u>	<u>57,188</u>
Balance as of January 1, 2020	<u>\$ 90,030</u>	<u>49,061</u>	<u>139,091</u>
Balance as of June 30, 2020	<u>\$ 46,101</u>	<u>46,332</u>	<u>92,433</u>

The fair value of the investment property was not significantly different from those disclosed in note 6(n) of the annual consolidated financial statements for the year ended December 31, 2020. For other relevant information, please refer to note 6(n) of the consolidated financial statements of 2020.

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

None of the investment property was pledged as collateral as of June 30, 2021, December 31 and June 30, 2020.

(n) Intangible assets

The movements of intangible assets of the Group were as follows:

	<u>Technical royalty</u>	<u>Computer software</u>	<u>Total</u>
Cost:			
Balance as of June 30, 2021 (Balance as of January 2021)	\$ <u>22,242</u>	<u>5,146</u>	<u>27,388</u>
Balance as of January 1, 2020	\$ 22,242	6,146	28,388
Disposals	<u>-</u>	<u>(1,000)</u>	<u>(1,000)</u>
Balance as of June 30, 2020	\$ <u>22,242</u>	<u>5,146</u>	<u>27,388</u>
Accumulated amortization:			
Balance as of January 1, 2021	\$ 15,093	2,725	17,818
Amortization	<u>487</u>	<u>776</u>	<u>1,263</u>
Balance as of June 30, 2021	\$ <u>15,580</u>	<u>3,501</u>	<u>19,081</u>
Balance as of January 1, 2020	\$ 14,118	2,172	16,290
Amortization	<u>488</u>	<u>776</u>	<u>1,264</u>
Disposals	<u>-</u>	<u>(1,000)</u>	<u>(1,000)</u>
Balance as of June 30, 2020	\$ <u>14,606</u>	<u>1,948</u>	<u>16,554</u>
Carrying value:			
Balance as of January 1, 2021	\$ <u>7,149</u>	<u>2,421</u>	<u>9,570</u>
Balance as of June 30, 2021	\$ <u>6,662</u>	<u>1,645</u>	<u>8,307</u>
Balance as of January 1, 2020	\$ <u>8,124</u>	<u>3,974</u>	<u>12,098</u>
Balance as of June 30, 2020	\$ <u>7,636</u>	<u>3,198</u>	<u>10,834</u>

(o) Other long-term investment, net

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Construction and operation of student dormitory	\$ <u>31,450</u>	<u>32,962</u>	<u>32,692</u>

The period of rights of investment in construction and operation of student dormitory is 30 years. The subsidy and management income will be recovered annually according to the agreement to July 31, 2035.

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Other non-current assets

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Long-term prepaid expenses	\$ 95,777	60,602	73,272
Net defined benefit assets	5,278	5,278	4,898
	<u>\$ 101,055</u>	<u>65,880</u>	<u>78,170</u>

(q) Short-term borrowings

Short-term borrowings of the Group were as follows:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Secured bank loans	\$ 94,500	97,500	180,500
Unused short-term credit lines	\$ 1,209,961	1,283,556	1,602,500
Range of interest rate	<u>1.20%</u>	<u>0.90~1.20%</u>	<u>0.98%~2.22%</u>

For the collateral for short-term borrowings, please refer to note 8.

(r) Other payables

Other payables of the Group were as follows:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Accrued payroll	\$ 15,763	44,546	6,522
Employee bonus payable	21,285	5,665	24,254
Compensation payable to directors	21,203	6,979	23,949
Compensated absences	27,081	27,804	23,112
Other accrued expenses payable	46,397	40,473	44,667
Payables on equipment	4,772	67,319	-
Dividends payable	9,770	9,787	537,711
Other payables-other	21,838	31,106	12,136
Total	<u>\$ 168,109</u>	<u>233,679</u>	<u>672,351</u>

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(s) Long-term borrowings

Long-term borrowings of the Group were as follows:

June 30, 2021				
	Currency	Range of interest rate	Due year	Amount
Secured bank loans	NTD	1.51%	2030	\$ 81,163
Less: current portion				8,286
Total				\$ 72,877
Unused long-term credit lines				\$ 6,537
December 31, 2020				
	Currency	Range of interest rate	Due year	Amount
Secured bank loans	NTD	1.51~1.66%	2030	\$ 88,778
Less: current portion				11,742
Total				\$ 77,036
Unused long-term credit lines				\$ 2,441
June 30, 2020				
	Currency	Range of interest rate	Due year	Amount
Secured bank loans	NTD	1.51~1.66%	2023	\$ 16,661
Less: current portion				16,661
Total				\$ -
Unused long-term credit lines				\$ 282,854

For the collateral for long-term borrowings, please refer to note 8.

(t) Lease liabilities

Lease liabilities of the Group were as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Current	\$ 5,342	5,893	5,706
Non-current	\$ 2,599	5,028	7,726

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

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Interest on lease liabilities	\$ <u>35</u>	<u>71</u>	<u>75</u>	<u>144</u>
Expenses relating to short-term leases	\$ <u>246</u>	<u>83</u>	<u>456</u>	<u>139</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>145</u>	<u>233</u>	<u>306</u>	<u>374</u>
Covid-19-related rent concessions	\$ <u>-</u>	<u>46</u>	<u>-</u>	<u>46</u>

The amounts recognized in the statements of cash flows were as follows:

	<u>For the six months ended June 30</u>	
	<u>2021</u>	<u>2020</u>
Total cash outflow for leases	\$ <u>3,817</u>	<u>4,894</u>

(u) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2020 and 2019.

The expenses recognized in profit or loss for the Group were as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Operating cost	\$ 295	527	592	703
Operating expenses	101	117	201	411
Total	\$ <u>396</u>	<u>644</u>	<u>793</u>	<u>1,114</u>

(ii) Defined contribution plans

The Group's expenses under the pension plan cost to Bureau of Labor Insurance were as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Operating cost	\$ 2,042	2,684	4,148	5,475
Operating expenses	948	810	1,669	1,646
Total	\$ <u>2,990</u>	<u>3,494</u>	<u>5,817</u>	<u>7,121</u>

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Income tax

The components of income tax expense (benefit) of the Group were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Current income tax expense				
Current period	\$ (42,563)	52	111	139
Adjustment for prior periods	146	40,398	146	40,398
Deferred income tax benefit				
Origination and reversal of temporary difference	(27,311)	15,492	(27,728)	(42,006)
Income tax expense (benefit)	<u>\$ (69,728)</u>	<u>55,942</u>	<u>(27,471)</u>	<u>(1,469)</u>

The Company's income tax return for the year 2019 had been examined by the tax authorities.

(w) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the six months ended June 30, 2021 and 2020. Please refer to note 6(x) of the consolidated financial statements for the year ended December 31, 2020.

(i) Capital surplus

The balances of capital surplus of the Company were as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
	Difference arising from subsidiary's share price and its carrying value	\$ 8,953	8,953
Changes in ownership interests in subsidiaries	25,310	25,310	22,118
Changes in equity of investments in associates using equity method	13,961	13,961	11,347
Treasury share transactions	4,433	-	-
Total	<u>\$ 52,657</u>	<u>48,224</u>	<u>42,418</u>

(ii) Retained earnings

The Company's Article of Incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

In general, cash dividends shall not be less than 30% of total dividends. However, based on the need to respond to changes in the industry, major investment plans and improve the financial structure, or in the case of sudden major capital needs, the cash dividend payout rate could be adjusted to 10% to 30%. If the cash dividend is less than \$0.1 per share, it will not be issued, and the stock dividend will be paid instead.

On March 24, 2021, the Company's Board of Directors resolved to appropriate the 2020 earnings which was resolved by the shareholders' meeting on July 7, 2021. On May 27, 2020, the shareholders' meeting resolved to distribute the 2019 earnings. These earnings were appropriated as follows:

	2020	2019	
Dividends distributed to ordinary shareholders			
Cash	\$ 263,935	527,870	
(iii) Other equity			
	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2021	\$ (26,745)	195,208	168,463
Exchange differences on foreign operations	(9,310)	-	(9,310)
Exchange differences on associates and joint ventures accounted for using equity method	(770)	-	(770)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	64,662	64,662
Unrealized gains from financial assets measured at fair value through other comprehensive income on associates and joint ventures accounted for using equity method	-	73,781	73,781
Cumulative gains reclassified to retained earnings on associates disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(66,650)	(66,650)
Balance as of June 30, 2021	\$ (36,825)	267,001	230,176

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2020	\$ (10,913)	(570,336)	(581,249)
Exchange differences on foreign operations	(4,297)	-	(4,297)
Exchange differences on associates and joint ventures accounted for using equity method	(516)	-	(516)
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(50,818)	(50,818)
Unrealized losses from financial assets measured at fair value through other comprehensive income on associates and joint ventures accounted for using equity method	-	(15,134)	(15,134)
Effect of consolidation changes	(1,263)	(3,182)	(4,445)
Changes in ownership interests in associates	(186)	151,985	151,799
Cumulative gains reclassified to retained earnings on associates disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(13,448)	(13,448)
Balance as of June 30, 2020	<u>\$ (17,175)</u>	<u>(500,933)</u>	<u>(518,108)</u>
(iv) Treasury stock			

For the six months ended June 30, 2020, in accordance with the requirements under section 28(2) of the Securities and Exchange Act, the Company repurchased 1,040 thousand shares in order to transfer shares to employees. As of June 30, 2021, a total of 1,040 thousand shares were all transferred to employees.

(x) Share-based payment

A resolution was decided during the Board meeting held on March 24, 2021 to award 1,040 thousand shares of employee stock options to employees. These employees with the employee stock option are entitled to purchase shares at the price of \$14.6 per share, the Group therefore recognized related remuneration cost of \$4,472 thousand.

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group used Black-Scholes option pricing model in measuring the fair value of the share-based payment at the grant date. The measurement inputs were as follows:

	<u>For the six months ended June 30, 2021</u>
	<u>Treasury stock transferred to employees</u>
Fair value at grant date (NT dollars per share)	4.3
Share price at grant date	19.05
Exercise price	14.60
Expected volatility (%)	25.91 %
Expected life (years)	0.12
Expected dividend (%)	2.83 %
Risk-free interest rate (%)	0.76 %

Details of the employee stock options and the transfer of treasury stock were as follows:

(in thousand)

	<u>For the six months ended June 30</u>	
	<u>Weighted average exercise price (dollars)</u>	<u>Number of options</u>
Outstanding at beginning of period	-	-
Granted during the year (number)	14.6	1,040
Exercised during the year (number)	14.6	<u>(1,040)</u>
Outstanding at end of period	-	<u>-</u>

(y) Earnings per share

The Group's basic earnings per share and diluted earnings per share were calculated as follows:

(i) Basic earnings per share

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Profit (loss) attributable to the Company	<u>\$ 249,626</u>	<u>145,018</u>	<u>489,040</u>	<u>(166,268)</u>
Weighted-average number of ordinary shares outstanding	<u>527,458</u>	<u>527,182</u>	<u>527,146</u>	<u>527,404</u>
Earnings per share (NTD)	<u>\$ 0.47</u>	<u>0.28</u>	<u>0.93</u>	<u>(0.32)</u>

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Diluted earnings per share

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Profit attributable to the Company (diluted)	\$ <u>249,626</u>	<u>145,018</u>	<u>489,040</u>	<u>(166,268)</u>
Weighted-average number of ordinary shares outstanding	527,458	527,182	527,146	527,404
Effect of dilutive potential ordinary shares				
Employee remuneration in stock	<u>954</u>	<u>-</u>	<u>1,028</u>	<u>-</u>
Weighted-average number of ordinary shares outstanding (diluted)	<u>528,412</u>	<u>527,182</u>	<u>528,174</u>	<u>527,404</u>
Diluted earnings per share (NTD)	\$ <u>0.47</u>	<u>0.28</u>	<u>0.93</u>	<u>(0.32)</u>

(z) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Primary geographical markets:				
Asia	\$ 3,423,824	1,853,474	5,542,659	3,611,474
Europe	<u>11,615</u>	<u>-</u>	<u>11,615</u>	<u>-</u>
Total	\$ <u>3,435,439</u>	<u>1,853,474</u>	<u>5,554,274</u>	<u>3,611,474</u>
Major products/services lines:				
Commodity sales revenue	\$ 3,418,066	1,775,725	5,489,460	3,452,303
Travel service revenue	15,671	21,133	59,053	57,051
Service revenue	-	52,901	-	93,171
Other operating revenue	<u>1,702</u>	<u>3,715</u>	<u>5,761</u>	<u>8,949</u>
	\$ <u>3,435,439</u>	<u>1,853,474</u>	<u>5,554,274</u>	<u>3,611,474</u>

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Contract balances

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Contract liabilities-travel service contract	\$ 26,913	37,149	24,855
Contract liabilities-unearned sales revenue	7,868	7,868	7,868
Total	<u>\$ 34,781</u>	<u>45,017</u>	<u>32,723</u>

For details on accounts receivable and allowance for impairment, please refer to note 6(c).

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(aa) Non-operating income and expenses

(i) Other income

Details of other income of the Group were as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Rent income	\$ 277	592	554	1,127
Gain from bargain purchase transactions	-	-	403	-
Dividend income	3,619	2,914	3,619	2,914
Others	4,875	21,015	19,161	22,613
Total	<u>\$ 8,771</u>	<u>24,521</u>	<u>23,737</u>	<u>26,654</u>

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other gains and losses

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Foreign exchange gains (losses)	\$ (2,532)	894	6,576	(1,021)
Gains on disposals of investments	-	1,263	-	1,449
Gains on financial assets at fair value through profit or loss	9,699	12,344	10,222	9,345
Gain on disposal of non-current assets (or disposal groups) held for sale	-	72,103	-	72,103
Gains on disposals of property, plant and equipment	-	16	190	1,419
Impairment losses	-	-	-	(17)
Gain on lease modification	-	-	-	2
Others	(7)	(1,514)	(25)	(2,617)
Total	<u>\$ 7,160</u>	<u>85,106</u>	<u>16,963</u>	<u>80,663</u>

(iii) Finance costs

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Interest expense	<u>\$ 632</u>	<u>1,549</u>	<u>1,284</u>	<u>3,191</u>

(ab) Remunerations to employees and directors

According to the Article of Incorporation, once the Company has annual profit, it should appropriate 1%~5% of the profit to its employees and 2.5% or less to its directors as remuneration. However, if the Company still has accumulated deficit, the profit should be reserved to offset the deficit.

For the six months ended June 30, 2020, there was no appropriation of remunerations to employees and directors because of the net loss before tax. The remunerations to employees for the three months ended and six months ended June 30, 2021, were amounted to \$5,114 thousand and \$11,711 thousand, respectively. The remunerations to directors were amounted to \$5,114 thousand and \$11,711 thousand, respectively. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the proposed percentage percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholders' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. Shares distributed to employees as employees' remuneration are calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors.

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019, the remunerations to employees amounted to \$5,583 thousand and \$23,949 thousand, respectively. The remunerations to directors amounted to \$6,979 thousand and \$23,949 thousand, respectively. The differences between the amount as stated before and the actual distribution to employees and directors in 2020 were \$3,909 thousand and \$2,513 thousand, respectively, which already recognized in profit in 2021. The differences between the amount as stated before and the actual distribution to employees and directors in 2019 were \$(2,410) thousand and \$2,975 thousand, respectively, which already recognized in profit or loss in 2020.

(ac) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(ac) of the consolidated financial statements for the year ended December 31, 2020.

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

As of June 30, 2021, December 31 and June 30, 2020, the Group reviewed the concentrations of credit risk arising from the major top ten customers, and it was 96%, 95% and 96%, respectively, of the total accounts receivable. The concentrations of credit risk of the remaining accounts receivable are relatively small.

3) Credit risk of receivables

For credit risk exposure of trade receivables, please refer to note 6(c). Other financial assets at amortized cost include time deposits and other receivables, etc. The allowance for receivables in the financial assets is measured by the amount of lifetime expected credit losses. The remaining financial assets are measured by the amount of 12-month expected credit losses.

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
June 30, 2021						
Non-derivative financial liabilities						
Short-term borrowings	\$ 94,500	94,631	94,631	-	-	-
Payables	1,164,032	1,164,032	1,164,032	-	-	-
Long-term borrowings	81,163	88,841	8,411	8,666	27,976	43,788
Deposit received	867	867	-	-	867	-
Lease liabilities	7,941	8,061	5,424	1,637	1,000	-
	<u>\$ 1,348,503</u>	<u>1,356,432</u>	<u>1,272,498</u>	<u>10,303</u>	<u>29,843</u>	<u>43,788</u>
December 31, 2020						
Non-derivative financial liabilities						
Short-term borrowings	\$ 97,500	97,629	97,629	-	-	-
Payables	1,014,804	1,014,804	1,014,804	-	-	-
Long-term borrowings	88,778	97,381	11,875	8,601	27,766	49,139
Deposit received	950	950	-	-	950	-
Lease liabilities	10,921	11,116	6,019	3,529	1,568	-
	<u>\$ 1,212,953</u>	<u>1,221,880</u>	<u>1,130,327</u>	<u>12,130</u>	<u>30,284</u>	<u>49,139</u>
June 30, 2020						
Non-derivative financial liabilities						
Short-term borrowings	\$ 180,500	197,656	197,656	-	-	-
Payables	1,317,847	1,317,847	1,317,847	-	-	-
Long-term borrowings	16,661	16,823	16,823	-	-	-
Deposit received	960	960	-	-	960	-
Lease liabilities	13,432	13,718	5,873	5,208	2,637	-
	<u>\$ 1,529,400</u>	<u>1,547,004</u>	<u>1,538,199</u>	<u>5,208</u>	<u>3,597</u>	<u>-</u>

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

(iii) Market risk

1) Currency risk

The Group's significant exposure to foreign currency risk was as follows:

	<u>June 30, 2021</u>			<u>December 31, 2020</u>			<u>June 30, 2020</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
Financial assets									
<u>Monetary items</u>									
USD	\$ 19,000	27.860	529,340	6,591	28.480	187,712	7,157	29.630	212,062
CNY	35,095	4.342	152,396	29,346	4.360	128,091	27,923	4.185	116,868
EUR	550	33.150	18,233	-	-	-	-	-	-
Financial liabilities									
<u>Monetary items</u>									
USD	15,210	27.860	423,751	11,388	28.480	324,330	6,437	29.630	190,728
CNY	1,441	4.342	6,257	1,544	4.360	6,739	1,442	4.185	6,035

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, accounts payable and other payables that are denominated in foreign currency. A weakening (strengthening) of 1% of the NTD against the USD and CNY as of June 30, 2021 and 2020, would have increased (decreased) net profit before tax by \$2,700 thousand and \$1,322 thousand for the six months ended June 30, 2021 and 2020, respectively. The analysis is performed on the same basis.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the six months ended June 30, 2021 and 2020, foreign exchange gain (loss) (including realized and unrealized portions) amounted to gain of \$6,576 thousand and loss of \$1,021 thousand, respectively.

2) Interest rate risk

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

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding through the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the management's assessment of the reasonably possible interest rate change.

If the interest rate had increased/decreased by 1%, the Group's profit (loss) before tax would have decreased/increase by \$878 thousand and \$986 thousand for the six months ended June 30, 2021 and 2020, respectively, with all other variable factors remaining constant. This is mainly due to the Group's loan at variable rates.

3) Other market price risk

If the securities price at the reporting date changes (the analysis is performed on the same basis and all other variable factors remaining constant), the effect for the profit and loss is illustrated below:

Prices of securities at the reporting date	For the six months ended June 30			
	2021		2020	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 1%	\$ 11,615	1,843	6,855	2,096
Decreasing 1%	\$ (11,615)	(1,843)	(6,855)	(2,096)

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Fair value information

1) Types and fair value of financial instruments

Financial assets measured at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at fair value on the basis of repeatability. The carrying amount and fair value of the financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	June 30, 2021				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss:					
Financial assets mandatorily at fair value through profit or loss	\$ 184,313	184,313	-	-	184,313
Financial assets at fair value through other comprehensive income:					
Domestic and foreign non-listed stocks	1,161,523	-	-	1,161,523	1,161,523
Financial assets measured at amortized cost:					
Cash and cash equivalents	1,026,458	-	-	-	-
Accounts receivable	1,099,091	-	-	-	-
Other receivables	35,720	-	-	-	-
Other financial assets-current	41,986	-	-	-	-
Refundable deposits	3,589	-	-	-	-
Subtotal	<u>2,206,844</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,552,680</u>	<u>184,313</u>	<u>-</u>	<u>1,161,523</u>	<u>1,345,836</u>
Financial liabilities measured at amortized cost:					
Short-term borrowings	\$ 94,500	-	-	-	-
Accounts payable	1,005,827	-	-	-	-
Other payables	158,205	-	-	-	-
Long-term borrowings	81,163	-	-	-	-
Other non-current liabilities	867	-	-	-	-
Lease liabilities	7,941	-	-	-	-
Total	<u>\$ 1,348,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	June 30, 2020				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 818,579	-	-	-	-
Accounts receivable	654,230	-	-	-	-
Other receivables	16,266	-	-	-	-
Other financial assets-current	44,341	-	-	-	-
Refundable deposits	4,079	-	-	-	-
Subtotal	<u>1,537,495</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,432,586</u>	<u>199,221</u>	<u>10,350</u>	<u>685,520</u>	<u>895,091</u>
Financial liabilities measured at amortized cost:					
Short-term borrowings	\$ 180,500	-	-	-	-
Accounts payable	646,273	-	-	-	-
Other payables	671,574	-	-	-	-
Long-term borrowings	16,661	-	-	-	-
Other non-current liabilities	960	-	-	-	-
Lease liabilities	13,432	-	-	-	-
Total	<u>\$ 1,529,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Valuation techniques for financial instruments measured at fair value

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments without an active market are based on valuation technique or quoted price from a competitor. Fair value, measured by using valuation technique that can be extrapolated from either similar financial instruments or discounted cash flow method or other valuation techniques, including models, is calculated based on available market data at the reporting date. For example, yield curve of Taipei Exchange and average interest rate of commercial paper quoted by Reuters.

3) Transfers between Level 1 and Level 2

There is no transfer for the six months ended June 30, 2021 and 2020.

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
Opening balance, January 1, 2021	\$ 1,109,979
Total gains and losses recognized	
Other comprehensive income	64,662
Capital reduction by cash	(5,510)
Effect of exchange rate changes	(7,608)
Ending Balance, June 30, 2021	<u>\$ 1,161,523</u>
Opening balance, January 1, 2020	\$ 504,147
Total gains and losses recognized	
Other comprehensive income	(50,818)
Reclassification	267,794
Effect of consolidated changes	(32,278)
Capital reduction by cash	(2,494)
Effect of exchange rate changes	(831)
Ending Balance, June 30, 2020	<u>\$ 685,520</u>

Above-mentioned total gains and losses were included in unrealized gains and losses from financial assets at fair value through other comprehensive income. Among those related to the assets still held on June 30, 2021 and 2020 were as follows:

	For the three months ended		For the six months ended	
	June 30		June 30	
	2021	2020	2021	2020
Total gains and losses recognized:				
In other comprehensive income, and presented in "unrealized gains and losses from financial assets at fair value through other comprehensive income"	\$ 22,518	59,245	64,662	(50,818)

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include financial assets measured at fair value through profit or loss-equity investments.

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group's equity investments without an active market which are classified as Level 3 have numerous unobservable inputs. The significant unobservable inputs of equity instrument investments are not correlated to each other.

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income - equity investments without an active market	Market method (Comparable listed company method and comparable transaction method)	<ul style="list-style-type: none"> · Price to book ratio (0.97~2.01, 0.89~1.35 and 0.78~1.21 as of June 30, 2021, December 31 and June 30, 2020) · Lack of market liquidity discount (10%~30% as of June 30, 2021, December 31 and June 30, 2020) 	<ul style="list-style-type: none"> · The fair value would increase if price to book ratio increase · The fair value would decrease if lack of market liquidity discount increase

6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The fair value measurement of financial instruments by the Group is reasonable, but the use of different evaluation models or evaluation parameters may result in different evaluation results. For financial instruments classified as Level 3, changing the price to book ratio or liquidity discount would have the following effects on other comprehensive income:

	<u>Inputs</u>	<u>Increase/Decrease</u>	<u>Other comprehensive income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>
June 30, 2021				
Financial assets at fair value through other comprehensive income	Price to book ratio	10%	\$ 116,152	(116,152)
	Liquidity discount	10%	23,615	(23,615)
December 31, 2020				
Financial assets at fair value through other comprehensive income	Price to book ratio	10%	110,998	(110,998)
	Liquidity discount	10%	22,782	(22,782)
June 30, 2020				
Financial assets at fair value through other comprehensive income	Price to book ratio	10%	55,673	(55,673)
	Liquidity discount	10%	68,552	(68,552)

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The favorable and unfavorable changes of the Group refer to the fluctuation of fair value, and the fair value is calculated by valuation techniques based on the unobservable input parameters of different degrees.

(ad) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(ad) of the consolidated financial statements for the year ended December 31, 2020.

(ae) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2020. Please refer to note 6(ae) of the consolidated financial statements for the year ended December 31, 2020 for further details.

(af) Investing and financing activities not affecting current cash flows

There is no non-cash investing activities for six months ended June 30, 2021 and 2020. Reconciliation of liabilities arising from non-cash financing activities for the six months ended June 30, 2021 and 2020 was as follows:

	<u>January 1,</u>		<u>Non-cash changes</u>			<u>June 30,</u>
	<u>2021</u>	<u>Cash flows</u>	<u>Lease</u>	<u>Effect of</u>	<u>Additions</u>	<u>2021</u>
			<u>modification</u>	<u>consolidation</u>		
				<u>changes</u>		
Lease liabilities	\$ <u>10,921</u>	<u>(2,980)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,941</u>
	<u>January 1,</u>		<u>Non-cash changes</u>			<u>June 30,</u>
	<u>2020</u>	<u>Cash flows</u>	<u>Lease</u>	<u>Effect of</u>	<u>Additions</u>	<u>2020</u>
			<u>modification</u>	<u>consolidation</u>		
				<u>changes</u>		
Lease liabilities	\$ <u>19,013</u>	<u>(4,237)</u>	<u>147</u>	<u>(1,491)</u>	<u>-</u>	<u>13,432</u>

(7) Related-party transactions

(a) Names and relationship with related parties

<u>Name of related party</u>	<u>Relationship with the Group</u>
Yu-Jie Investment Co., Ltd.	A substantive related party
OFCO Industrial Corporation	A substantive related party

(b) Significant transactions with related parties

(i) Disposals of securities

The Group sold all its shares of Zung-Fu Co., Ltd. to OFCO Industrial Corporation on June 30, 2020, with a selling price of \$150,000 thousand and a disposal gain of \$65,862 thousand.

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Property transactions

The purchase price of property, plant and equipment purchased from related parties is summarized as follows:

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Yu-Jie Investment Co., Ltd.	\$ -	-	-	27,417

(c) Key management personnel compensation

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Short-term employee benefits	\$ 7,294	7,653	15,529	15,816
Post-employment benefits	262	2,337	533	2,467
	\$ 7,556	9,990	16,062	18,283

Short-term employee benefits include the estimated employee compensation. Please refer to note 6(ab) for the estimated method.

(8) Pledged assets

The carrying amounts of pledged assets were as follows:

Pledged assets	Object	June 30, 2021	December 31, 2020	June 30, 2020
Cash in banks (other financial assets)	Performance guarantee	\$ 4,430	5,887	6,785
Land, buildings and structures	Borrowings	590,973	593,494	596,015
		\$ 595,403	599,381	602,800

(9) Commitments and contingencies:

(a) Letter of credit issued but not expired

	June 30, 2021	December 31, 2020	June 30, 2020
Letter of credit outstanding for the import of raw materials	\$ 1,188,276 (including USD3,270 thousand and EUR548 thousand)	867,570 (including USD161 thousand and EUR1,570 thousand)	767,095 (including USD4,964 thousand)

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(Continued)

TAIWAN STYRENE MONOMER 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:

	For the three months ended June 30					
	2021			2020		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salary	\$ 48,888	32,010	80,898	53,890	20,152	74,042
Labor and health insurance	4,356	1,210	5,566	5,768	1,600	7,368
Pension	2,337	1,049	3,386	3,211	927	4,138
Remuneration of directors	-	8,065	8,065	-	-	-
Others	2,108	3,965	6,073	2,055	2,411	4,466
Depreciation	59,588	2,323	61,911	60,718	2,821	63,539
Amortization	632	-	632	632	-	632

By Function	For the six months ended June 30					
	2021			2020		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
By item						
Employee benefits						
Salary	\$ 102,669	56,984	159,653	115,405	39,534	154,939
Labor and health insurance	9,296	2,483	11,779	11,732	2,780	14,512
Pension	4,740	1,870	6,610	6,178	2,057	8,235
Remuneration of directors	-	14,992	14,992	-	20	20
Others	4,373	6,644	11,017	4,235	4,707	8,942
Depreciation	118,771	4,655	123,426	120,239	5,740	125,979
Amortization	1,263	-	1,263	1,264	-	1,264

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the six months ended June 30, 2021:

- (i) Lending to other parties: None.
- (ii) Guarantees and endorsements for other parties: None.
- (iii) Information regarding securities held at the reporting day (excluding investment in subsidiaries, associates and joint ventures):

(in Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with the security issuer	Account	Ending balance				Note
				Shares	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Test Research, Inc.	-	Current financial assets at fair value through profit or loss	500,000	29,800	0.21 %	29,800	
The Company	Gloria Material Technology Corp.	-	Current financial assets at fair value through profit or loss	900,000	24,750	0.20 %	24,750	
The Company	Universal Venture Capital Investment Corporation	-	Non-current investment in equity instrument at FVOCI	8,400,000	51,255	6.98 %	51,255	
The Company	Euroc Venture Capital Corp.	-	Non-current investment in equity instrument at FVOCI	145,464	1,759	2.38 %	1,759	
The Company	Euroc III Venture Capital Corp.	-	Non-current investment in equity instrument at FVOCI	155,925	2,286	5.00 %	2,286	
The Company	Global Investment Holding Co., Ltd.	-	Non-current investment in equity instrument at FVOCI	10,233,608	97,969	5.82 %	97,969	
The Company	Faith Alliance Corporation	-	Non-current investment in equity instrument at FVOCI	25,720	112	0.06 %	112	
The Company	Excellent Electronic Co., Ltd.	-	Non-current investment in equity instrument at FVOCI	912	10	0.01 %	10	
The Company	Leadwell Cnc Machines Mfg., Corp.	-	Non-current investment in equity instrument at FVOCI	37,352	1,410	0.06 %	1,410	
The Company	Crownpo Technology Inc.	-	Non-current investment in equity instrument at FVOCI	709	16	0.01 %	16	
The Company	Infomedia Inc.	-	Non-current investment in equity instrument at FVOCI	200,000	1,221	0.11 %	1,221	
The Company	Vxis Technology Corp.	-	Non-current investment in equity instrument at FVOCI	72,480	1,070	0.61 %	1,070	
The Company	Asia Global Venture Capital II CO., Ltd.	-	Non-current investment in equity instrument at FVOCI	770,000	29,318	10.00 %	29,318	
The Company	Shieh-Tai Biochemical Technology Co., Ltd.	-	Non-current investment in equity instrument at FVOCI	120,339	-	0.32 %	-	
The Company	Lof Solar Corp.	-	Non-current investment in equity instrument at FVOCI	600,000	-	3.64 %	-	
The Company	Yuan-Jie Investment Co., Ltd.	-	Non-current investment in equity instrument at FVOCI	21,000,000	232,470	19.09 %	232,470	
The Company	Yu-Jie Investment Co., Ltd.	-	Non-current investment in equity instrument at FVOCI	21,320,000	307,221	19.38 %	307,221	
The Company	Deng Yun Co., Ltd.	-	Non-current investment in equity instrument at FVOCI	591,945	66,004	3.09 %	66,004	
The Company	Lidien Inc.	-	Non-current investment in equity instrument at FVOCI	760,000	14,352	19.00 %	14,352	
The Company	Yu Chie Inc.	-	Non-current investment in equity instrument at FVOCI	38,000	3,330	19.00 %	3,330	
YSIC Ltd.	TOPCO Scientific Co., Ltd.	-	Current financial assets at fair value through profit or loss	5,000	625	- %	625	
YSIC Ltd.	Taita Chemical Company, Limited	-	Current financial assets at fair value through profit or loss	10,000	436	- %	436	
YSIC Ltd.	Unimicron Technology Corp.	-	Current financial assets at fair value through profit or loss	10,000	1,290	- %	1,290	
YSIC Ltd.	Gigabyte Technology Co., Ltd.	-	Current financial assets at fair value through profit or loss	15,000	1,612	- %	1,612	
YSIC Ltd.	Hon Hai Precision Industry Co., Ltd.	-	Current financial assets at fair value through profit or loss	10,000	1,120	- %	1,120	

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of holder	Category and name of security	Relationship with the security issuer	Account	Ending balance				Note
				Shares	Carrying value	Percentage of ownership (%)	Fair value	
YSIC Ltd.	Actron Technology Corp.	-	Current financial assets at fair value through profit or loss	10,000	1,680	0.01 %	1,680	
YSIC Ltd.	Fittech Co., Ltd.	-	Current financial assets at fair value through profit or loss	10,000	1,730	0.01 %	1,730	
YSIC Ltd.	Micro-star International Co., Ltd.	-	Current financial assets at fair value through profit or loss	10,000	1,575	- %	1,575	
YSIC Ltd.	Hocheng Corporation	-	Current financial assets at fair value through profit or loss	100,000	1,335	0.03 %	1,335	
YSIC Ltd.	Mediatek Inc.	-	Current financial assets at fair value through profit or loss	2,000	1,924	- %	1,924	
YSIC Ltd.	Chlitina Holding Limited.	-	Current financial assets at fair value through profit or loss	25,000	5,150	0.03 %	5,150	
YSIC Ltd.	Shinfox Energy Co., Ltd.	-	Current financial assets at fair value through profit or loss	38,100	4,762	0.03 %	4,762	
YSIC Ltd.	Elitegroup Computer System Co., Ltd.	-	Current financial assets at fair value through profit or loss	100,000	2,200	0.02 %	2,200	
YSIC Ltd.	Cheng Uei Precision Industry Co., Ltd.	-	Current financial assets at fair value through profit or loss	10,000	423	- %	423	
YSIC Ltd.	Formosa Plastics Corporation	-	Current financial assets at fair value through profit or loss	50,000	5,150	- %	5,150	
YSIC Ltd.	Longwell Company	-	Current financial assets at fair value through profit or loss	30,000	2,058	0.02 %	2,058	
YSIC Ltd.	Nantex Industry Co., Ltd.	-	Current financial assets at fair value through profit or loss	1,000	144	- %	144	
YSIC Ltd.	Shin Foong Special and Applied Materials Co., Ltd.	-	Current financial assets at fair value through profit or loss	1,000	289	- %	289	
YSIC Ltd.	Macronix International Co., Ltd.	-	Current financial assets at fair value through profit or loss	10,000	457	- %	457	
YSIC Ltd.	Wan Hai Lines Ltd.	-	Current financial assets at fair value through profit or loss	10,000	3,210	- %	3,210	
YSIC Ltd.	China General Plastics Corp.	-	Current financial assets at fair value through profit or loss	100,000	3,785	0.02 %	3,785	
YSIC Ltd.	Sinbon Electronics Company Ltd.	-	Current financial assets at fair value through profit or loss	10,000	2,740	- %	2,740	
YSIC Ltd.	Taiwan Cement Corporation	-	Current financial assets at fair value through profit or loss	30,000	1,530	- %	1,530	
YSIC Ltd.	Arcadyan Technology Corporation	-	Current financial assets at fair value through profit or loss	20,000	2,130	0.01 %	2,130	
YSIC Ltd.	China Steel Corporation	-	Current financial assets at fair value through profit or loss	40,000	1,584	- %	1,584	
YSIC Ltd.	Grape King Bio Ltd.	-	Current financial assets at fair value through profit or loss	2,000	345	- %	345	
YSIC Ltd.	Chroma Ate Inc.	-	Current financial assets at fair value through profit or loss	4,000	766	- %	766	
YSIC Ltd.	Novatek Microelectronics Corp.	-	Current financial assets at fair value through profit or loss	15,000	7,485	- %	7,485	
YSIC Ltd.	Oneness Biotech Co., Ltd.	-	Current financial assets at fair value through profit or loss	40,000	9,280	0.01 %	9,280	
YSIC Ltd.	U-Ming Marine Transport Corporation	-	Current financial assets at fair value through profit or loss	9,000	802	- %	802	
YSIC Ltd.	Eva Airways Corporation	-	Current financial assets at fair value through profit or loss	50,000	1,008	- %	1,008	
YSIC Ltd.	LemTech Holdings Co., Ltd.	-	Current financial assets at fair value through profit or loss	10,000	1,775	0.02 %	1,775	
YSIC Ltd.	Tripod Technology Corporation	-	Current financial assets at fair value through profit or loss	10,000	1,350	- %	1,350	
YSIC Ltd.	Ta Chen Stainless Pipe Co., Ltd.	-	Current financial assets at fair value through profit or loss	20,000	1,190	- %	1,190	
YSIC Ltd.	Formosa Sumco Technology Corporation	-	Current financial assets at fair value through profit or loss	10,000	1,890	- %	1,890	
YSIC Ltd.	Wafer Works Corporation	-	Current financial assets at fair value through profit or loss	20,000	1,222	- %	1,222	
YSIC Ltd.	Shin Kong Chi-Shin Money-Market Fund	-	Current financial assets at fair value through profit or loss	3,000,555	46,879	- %	46,879	
YSIC Ltd.	Cjw International Co., Ltd.	-	Non-current financial assets at fair value through profit or loss	676,413	6,832	0.65 %	6,832	

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of holder	Category and name of security	Relationship with the security issuer	Account	Ending balance				Note
				Shares	Carrying value	Percentage of ownership (%)	Fair value	
YSIC Ltd.	Cyca International	-	Non-current financial assets at fair value through profit or loss	101,677	-	- %	-	
YSIC Ltd.	Mcm Stamping Co., Ltd.	-	Non-current investment in equity instrument at FVOCI	200,000	384	0.63 %	384	
YSIC Ltd.	Vxis Technology Corp.	-	Non-current investment in equity instrument at FVOCI	72,480	1,070	0.61 %	1,070	
YSIC Ltd.	Infomedia Inc.	-	Non-current investment in equity instrument at FVOCI	650,000	3,970	0.35 %	3,970	
YSIC Ltd.	Yuan-Jie Investment Co., Ltd.	-	Non-current investment in equity instrument at FVOCI	100,000	1,107	0.09 %	1,107	
YSIC Ltd.	Yu-Jie Investment Co., Ltd.	-	Non-current investment in equity instrument at FVOCI	103,000	1,484	0.09 %	1,484	
Grand Capital Co., Ltd.	Deng Yun Co., Ltd.	-	Non-current investment in equity instrument at FVOCI	3,082,453	343,705	16.10 %	343,705	

- (iv) Information regarding purchase or sale of securities for the period exceeding NTD300 million or 20% of the Company's paid-in capital: None
- (v) Information on acquisition of real estate with purchase amount exceeding NTD300 million or 20% of the Company's paid-in capital: None
- (vi) Information regarding receivables from disposal of real estate exceeding NTD300 million or 20% of the Company's paid-in capital: None
- (vii) Information regarding related-parties purchases and/or sales exceeding NTD100 million or 20% of the Company's paid-in capital: None
- (viii) Information regarding receivables from related-parties exceeding NTD100 million or 20% of the Company's paid-in capital: None
- (ix) Information regarding trading in derivative financial instruments: None
- (x) Significant transactions and business relationship between the parent company and its subsidiaries for the six months ended June 30, 2021: None
- (b) Information on investees:

The following is the information on investees for the six months ended June 30, 2021 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2021	December 31, 2020	Shares	Percentage of ownership	Carrying value			
The Company	Grand Cathay Venture Capital Co., Ltd.	Taiwan	Investment business	400,000	400,000	40,000,000	25.00 %	445,848	243,038	60,759	
The Company	Wonderland Enterprise Co., Ltd.	Taiwan	General investment business	325,230	325,230	29,629,597	37.04 %	787,177	(11,796)	(4,369)	
The Company	Gvision-USA, Inc.	USA	Sale and distribution of liquid crystal displays	56,266	56,266	666,667	44.44 %	33,197	(390)	(173)	
The Company	Functional Coating System Technologies Co., Ltd.	Taiwan	OEM Of Semiconductor and components conformal coating	28,500	28,500	1,744,186	34.88 %	26,621	648	226	
The Company	Universal Investments Limited	British Cayman Islands	Real estate investment business	17,273	-	80	40.00 %	17,421	(458)	(224)	
The Company	YSIC Ltd.	Taiwan	Residential building and industrial plant development rental business	1,638,169	1,638,169	72,446,838	99.99 %	984,168	10,176	10,175	Subsidiary
The Company	Yuan Shin Materials Technology Corp. Ltd.	Taiwan	Basic precision chemical materials and plastic raw material manufacturing	145,900	145,900	5,000,000	100.00 %	56,165	13,846	13,846	Subsidiary
The Company	Yangmingshan Tien Lai Resort & SPA	Taiwan	General hotel industry	630,555	630,555	25,865,618	65.07 %	693,662	(3,750)	(3,597)	Subsidiary
The Company	Asia Carbon & Technology Inc.	Taiwan	Electronic component manufacturing	291,064	291,064	9,866,389	98.58 %	1,005	(497)	(490)	Subsidiary
YSIC Ltd.	Kun Shan International Ltd.	Seychelles	General investment business	122,572	122,572	3,702,718	62.03 %	136,608	3,670	2,277	Subsidiary
YSIC Ltd.	Grand Capital Co., Ltd.	Seychelles	General investment business	90,182	90,182	2,698,002	100.00 %	345,728	(33)	(33)	Subsidiary
YSIC Ltd.	Yangmingshan Tien Lai Resort & SPA	Taiwan	General hotel industry	110,836	110,836	4,807,774	12.10 %	118,565	(3,750)	(633)	Subsidiary
YSIC Ltd.	Globaltop Technology Inc.	Taiwan	GPS Module, GPS Handheld System and GPS Antenna.	162,643	162,643	7,962,803	31.85 %	50,608	(11,557)	(3,899)	
YSIC Ltd.	Tien Lai Co., Ltd.	Taiwan	Pipe Lines Construction	5,000	5,000	500,000	50.00 %	1,552	(325)	(163)	Subsidiary

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(c) Information on investment in mainland China:

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

(in Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2021	Net income (losses) of the investee (Note 2)	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Kun Shan Yu-Fu Technology Education Consulting Co., Ltd.	Educational consulting, information operation consulting, software and data storage consultation	96,630 (USD 3,468)	(2)	101,689 (USD 3,650)	-	-	101,689 (USD 3,650)	3,749 (USD 133.18)	62.03%	2,326	95,551	-
Kun Shan Jia-An Technology Education Consulting Co., Ltd.	Educational consulting, information operation consulting, software and data storage consultation	67,744 (USD 2,432)	(2)	(Note 4)	-	-	-	(32) (USD -1.15)	62.03%	(20)	39,886	-

Note1: The investment methods are divided into the following three types: (1) Direct investment in Mainland China. (2) Indirect investment in Mainland China through a holding company established in other countries. (3) Others.

Note2: The investment income (losses) recognized in the current period were calculated based on the financial statements that have not been reviewed.

Note3: The foreign currency transactions have been translated into New Taiwan Dollar at the exchange rate at the end of the financial reporting date and the average exchange rate (USD1= NTD27.86, USD1=NTD28.15).

Note4: Kun Shan Yu-Fu Technology Education Consulting Co., Ltd. had been spun-off as Kun Shan Yu-Fu Technology Education Consulting Co., Ltd. and Kun Shan Jia-An Technology Education Consulting Co., Ltd..

(ii) Upper limit on investment in Mainland China:

Accumulated Investment in Mainland China as of June 30, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note)
101,689 (USD 3,650)	101,689 (USD 3,650)	590,582

Note: The investment limit was calculated based on the official document 10804600980 announced by the MOEAIC on March 12, 2019.

(iii) Significant inter-company transactions with the subsidiary in Mainland China: None.

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Taiwan Steel Group United Co., Ltd.		41,794,000	7.91 %
Frank.C. Chen Foundation for Culture and Education		28,750,000	5.44 %

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

- (a) Plasticization segment: manufacturing and domestic/international sales of styrene monomer, manufacturing and sales of chemical materials and plastic materials.
- (b) Investment segment: investment business.
- (c) Other segment: the revenues of the segments that have not reached the quantitative threshold are hotel and general service business.

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

	For the three months ended June 30, 2021				
	Plasticization segment	Investment segment	Other segments	Reconciliation and elimination	Total
Revenue					
Revenue from external customers	\$ 3,418,066	(5,687)	17,832	-	3,430,211
Intersegments revenues	-	43	(511)	468	-
Total revenue	<u>\$ 3,418,066</u>	<u>(5,644)</u>	<u>17,321</u>	<u>468</u>	<u>3,430,211</u>
Reportable segment profit or loss	<u>\$ 181,066</u>	<u>(8,791)</u>	<u>(9,633)</u>	<u>15,615</u>	<u>178,257</u>
	For the three months ended June 30, 2020				
	Plasticization segment	Investment segment	Other segments	Reconciliation and elimination	Total
Revenue					
Revenue from external customers	\$ 1,775,778	24,417	75,281	-	1,875,476
Intersegments revenues	-	65	617	(682)	-
Total revenue	<u>\$ 1,775,778</u>	<u>24,482</u>	<u>75,898</u>	<u>(682)</u>	<u>1,875,476</u>
Reportable segment profit or loss	<u>\$ 201,487</u>	<u>22,157</u>	<u>(30,376)</u>	<u>6,896</u>	<u>200,164</u>
	For the six months ended June 30, 2021				
	Plasticization segment	Investment segment	Other segments	Reconciliation and elimination	Total
Revenue					
Revenue from external customers	\$ 5,489,460	17,335	61,295	-	5,568,090
Intersegments revenues	-	86	658	(744)	-
Total revenue	<u>\$ 5,489,460</u>	<u>17,421</u>	<u>61,953</u>	<u>(744)</u>	<u>5,568,090</u>
Reportable segment profit or loss	<u>\$ 475,304</u>	<u>11,842</u>	<u>(4,571)</u>	<u>(20,637)</u>	<u>461,938</u>

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the six months ended June 30, 2020				
	Plasticization segment	Investment segment	Other segments	Reconciliation and elimination	Total
Revenue					
Revenue from external customers	\$ 3,453,788	(30,791)	152,337	-	3,575,334
Intersegments revenues	-	131	1,042	(1,173)	-
Total revenue	<u>\$ 3,453,788</u>	<u>(30,660)</u>	<u>153,379</u>	<u>(1,173)</u>	<u>3,575,334</u>
Reportable segment profit or loss	<u>\$ (165,424)</u>	<u>(35,455)</u>	<u>(42,029)</u>	<u>74,947</u>	<u>(167,961)</u>