

**TAIWAN STYRENE MONOMER CORPORATION  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
for the Nine Months Ended September 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.

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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 September 30, 2021 and 2020, the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2021 and 2020, as well as the changes in equity and cash flows for the nine months ended September 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 \$661,078 thousand and \$346,960 thousand, constituting 7.12% and 4.57% of consolidated total assets as of September 30, 2021 and 2020, respectively, total liabilities amounting to \$32,160 thousand and \$10,425 thousand, constituting 2.02% and 0.91% of consolidated total liabilities as of September 30, 2021 and 2020, respectively, and total comprehensive income (loss) amounting to \$(4,938) thousand, \$634 thousand, \$17,749 thousand and \$(26,390) thousand, constituting 3.49%, 18.00%, 3.73% and 11.39% of consolidated total comprehensive income (loss) for the three months and nine months ended September 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 \$1,357,011 thousand and \$991,891 thousand as of September 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 \$(10,894) thousand, \$3,062 thousand, \$41,426 thousand and \$14,721 thousand for the three months and nine months ended September 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 September 30, 2021 and 2020, and of its consolidated financial performance for the three months and nine months ended September 30, 2021 and 2020, as well as its consolidated cash flows for the nine months ended September 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)  
November 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 September 30, 2021 and 2020**

**TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**September 30, 2021, December 31 and September 30, 2020**

(Expressed in Thousands of New Taiwan Dollars)

		September 30, 2021		December 31, 2020		September 30, 2020				September 30, 2021		December 31, 2020		September 30, 2020	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Assets</b>															
<b>Current assets:</b>															
1100	Cash and cash equivalents (note 6(a))	\$ 645,592	7	793,022	9	334,181	4	2100	Short-term borrowings (notes 6(q) and 8)	\$ 110,000	1	97,500	1	117,500	2
1110	Current financial assets at fair value through profit or loss (note 6(b))	188,204	2	149,027	2	202,180	3	2130	Current contract liabilities (note 6(z))	49,937	-	45,017	-	37,576	-
1170	Accounts receivable, net (note 6(c))	1,038,871	11	877,796	10	651,983	9	2170	Accounts payable	937,388	9	798,305	9	559,091	8
1200	Other receivables	4,376	-	5,275	-	5,219	-	2200	Other payables (note 6(r))	143,812	2	233,679	3	97,623	1
1220	Current tax assets	1,472	-	1,470	-	2,810	-	2230	Current tax liabilities	917	-	36,022	-	201	-
130X	Inventories (note 6(d))	385,248	4	431,290	5	275,738	4	2250	Current provisions	349	-	349	-	-	-
1410	Prepayments (note 6(e))	146,815	2	139,133	2	148,330	2	2280	Current lease liabilities (note 6(t))	4,802	-	5,893	-	5,943	-
1460	Non-current assets (or disposal groups) held for sale (note 6(f))	63,957	1	65,008	-	-	-	2320	Long-term liabilities, current portion (notes 6(s) and 8)	8,315	-	11,742	-	16,632	-
1470	Other current assets	43	-	123	-	542	-	2399	Other current liabilities	22,078	-	2,788	-	2,689	-
1476	Other current financial assets (notes 6(g) and 8)	130,459	1	43,443	-	43,167	1		<b>Total current liabilities</b>	<u>1,277,598</u>	<u>12</u>	<u>1,231,295</u>	<u>13</u>	<u>837,255</u>	<u>11</u>
	<b>Total current assets</b>	<u>2,605,037</u>	<u>28</u>	<u>2,505,587</u>	<u>28</u>	<u>1,664,150</u>	<u>23</u>		<b>Non-Current liabilities:</b>						
<b>Non-current assets:</b>															
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	6,142	-	6,933	-	10,484	-	2540	Long-term borrowings (notes 6(s) and 8)	70,788	1	77,036	1	62,917	1
1517	Non-current financial assets at fair value through other comprehensive income (notes 6(h) and 7)	1,160,804	13	1,109,979	12	707,522	9	2570	Deferred tax liabilities	174,564	2	175,127	2	174,633	2
1550	Investments accounted for using equity method (note 6(i))	1,357,011	15	1,242,177	14	991,891	13	2581	Non-current lease liabilities (note 6(t))	5,885	-	5,028	-	6,720	-
1600	Property, plant and equipment (notes 6(k), 7 and 8)	3,877,597	41	3,949,185	44	3,950,567	52	2640	Net defined benefit liability, non-current	59,891	1	59,208	1	65,326	1
1755	Right-of-use assets (note 6(l))	10,666	-	11,078	-	15,846	-	2600	Other non-current liabilities	823	-	950	-	966	-
1760	Investment property, net (note 6(m))	57,102	1	57,361	1	92,273	1		<b>Total non-current liabilities</b>	<u>311,951</u>	<u>4</u>	<u>317,349</u>	<u>4</u>	<u>310,562</u>	<u>4</u>
1780	Intangible assets (note 6(n))	7,674	-	9,570	-	10,202	-		<b>Total liabilities</b>	<u>1,589,549</u>	<u>16</u>	<u>1,548,644</u>	<u>17</u>	<u>1,147,817</u>	<u>15</u>
1840	Deferred tax assets	79,667	1	18,093	-	62,640	1		<b>Equity attributable to owners of parent: (note 6(w))</b>						
1970	Other long-term investments, net (note 6(o))	30,204	-	32,962	-	32,269	-	3100	Capital stock	5,278,698	57	5,278,698	59	5,278,698	69
1920	Refundable deposits	3,598	-	3,565	-	4,103	-	3200	Capital surplus	52,670	1	48,224	1	42,351	1
1990	Other non-current assets (note 6(p))	88,754	1	65,880	1	57,853	1		Retained earnings:						
	<b>Total non-current assets</b>	<u>6,679,219</u>	<u>72</u>	<u>6,506,783</u>	<u>72</u>	<u>5,935,650</u>	<u>77</u>	3310	Legal reserve	612,264	7	610,435	7	610,435	8
	<b>Total assets</b>	<u>\$ 9,284,256</u>	<u>100</u>	<u>9,012,370</u>	<u>100</u>	<u>7,599,800</u>	<u>100</u>	3320	Special reserve	-	-	581,249	6	581,249	8
								3350	Unappropriated retained earnings	1,309,172	14	581,961	6	272,168	3
										<u>1,921,436</u>	<u>21</u>	<u>1,773,645</u>	<u>19</u>	<u>1,463,852</u>	<u>19</u>
								3400	Other equity	234,634	3	168,463	2	(524,157)	(7)
								3500	Treasury shares	(13)	-	(15,178)	-	(15,178)	-
									<b>Total equity attributable to owners of parent</b>	<u>7,487,425</u>	<u>82</u>	<u>7,253,852</u>	<u>81</u>	<u>6,245,566</u>	<u>82</u>
								36XX	<b>Non-controlling interests</b>	<u>207,282</u>	<u>2</u>	<u>209,874</u>	<u>2</u>	<u>206,417</u>	<u>3</u>
									<b>Total equity</b>	<u>7,694,707</u>	<u>84</u>	<u>7,463,726</u>	<u>83</u>	<u>6,451,983</u>	<u>85</u>
									<b>Total liabilities and equity</b>	<u>\$ 9,284,256</u>	<u>100</u>	<u>9,012,370</u>	<u>100</u>	<u>7,599,800</u>	<u>100</u>

(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 Comprehensive Income**

**For the three months and nine months ended September 30, 2021 and 2020**

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

	For the three months ended September 30				For the nine months ended September 30				
	2021		2020		2021		2020		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	<b>Operating revenue (notes 6(i), (z))</b>	\$ 3,288,328	100	1,984,109	100	\$ 8,856,418	100	5,559,443	100
5000	<b>Operating costs (notes 6(d), (k), (l), (m), (n), (t), (u), and (ab))</b>	<u>3,418,925</u>	<u>104</u>	<u>1,955,342</u>	<u>99</u>	<u>8,496,137</u>	<u>96</u>	<u>5,727,548</u>	<u>103</u>
	<b>Gross profit (loss) from operations</b>	<u>(130,597)</u>	<u>(4)</u>	<u>28,767</u>	<u>1</u>	<u>360,281</u>	<u>4</u>	<u>(168,105)</u>	<u>(3)</u>
	<b>Operating expenses (notes 6(c), (k), (l), (m), (t), (u), (x) and (ab)):</b>								
6100	Selling expenses	17,757	1	16,590	1	46,091	1	45,163	1
6200	Administrative expenses	25,125	1	29,447	1	122,100	1	97,736	2
6300	Research and development expenses	482	-	2,571	-	1,723	-	5,289	-
6450	Expected credit impairment loss (gain)	<u>(77)</u>	<u>-</u>	<u>(2)</u>	<u>-</u>	<u>(81)</u>	<u>-</u>	<u>(196)</u>	<u>-</u>
		<u>43,287</u>	<u>2</u>	<u>48,606</u>	<u>2</u>	<u>169,833</u>	<u>2</u>	<u>147,992</u>	<u>3</u>
	<b>Operating income (loss)</b>	<u>(173,884)</u>	<u>(6)</u>	<u>(19,839)</u>	<u>(1)</u>	<u>190,448</u>	<u>2</u>	<u>(316,097)</u>	<u>(6)</u>
	<b>Non-operating income and expenses (notes 6(i), (t) and (aa)):</b>								
7100	Interest income	1,040	-	1,028	-	3,011	-	3,927	-
7010	Other income	3,178	-	18,664	1	26,915	-	45,318	1
7020	Other gains and losses	(2,906)	-	2,899	-	14,057	-	87,656	2
7050	Finance costs	(647)	-	(687)	-	(1,931)	-	(3,878)	-
7060	Shares of profit of associates and joint ventures accounted for using equity method	<u>(9,397)</u>	<u>-</u>	<u>5,488</u>	<u>-</u>	<u>46,822</u>	<u>1</u>	<u>26,760</u>	<u>-</u>
		<u>(8,732)</u>	<u>-</u>	<u>27,392</u>	<u>1</u>	<u>88,874</u>	<u>1</u>	<u>159,783</u>	<u>3</u>
9900	<b>Profit (loss) before tax</b>	<u>(182,616)</u>	<u>(6)</u>	<u>7,553</u>	<u>-</u>	<u>279,322</u>	<u>3</u>	<u>(156,314)</u>	<u>(3)</u>
7950	Less: Income tax expenses (benefits) (note 6(v))	<u>(33,152)</u>	<u>(1)</u>	<u>121</u>	<u>-</u>	<u>(60,623)</u>	<u>(1)</u>	<u>(1,348)</u>	<u>-</u>
	<b>Net income (loss)</b>	<u>(149,464)</u>	<u>(5)</u>	<u>7,432</u>	<u>-</u>	<u>339,945</u>	<u>4</u>	<u>(154,966)</u>	<u>(3)</u>
8300	<b>Other comprehensive income (loss):</b>								
8310	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	2,005	-	(8,936)	-	66,667	1	(59,754)	(1)
8320	Shares 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>7,169</u>	<u>-</u>	<u>1,390</u>	<u>-</u>	<u>80,950</u>	<u>1</u>	<u>(12,299)</u>	<u>-</u>
	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>	<u>9,174</u>	<u>-</u>	<u>(7,546)</u>	<u>-</u>	<u>147,617</u>	<u>2</u>	<u>(72,053)</u>	<u>(1)</u>
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>								
8361	Exchange differences on translation	(1,043)	-	4,371	-	(11,368)	(1)	(3,480)	-
8370	Shares 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>(137)</u>	<u>-</u>	<u>(734)</u>	<u>-</u>	<u>(907)</u>	<u>-</u>	<u>(1,250)</u>	<u>-</u>
	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>	<u>(1,180)</u>	<u>-</u>	<u>3,637</u>	<u>-</u>	<u>(12,275)</u>	<u>(1)</u>	<u>(4,730)</u>	<u>-</u>
8300	<b>Other comprehensive income, net</b>	<u>7,994</u>	<u>-</u>	<u>(3,909)</u>	<u>-</u>	<u>135,342</u>	<u>1</u>	<u>(76,783)</u>	<u>(1)</u>
8500	<b>Comprehensive income</b>	<u>\$ (141,470)</u>	<u>(5)</u>	<u>3,523</u>	<u>-</u>	<u>475,287</u>	<u>5</u>	<u>(231,749)</u>	<u>(4)</u>
	<b>Profit attributable to:</b>								
8610	Owners of parent	\$ (147,875)	(5)	6,670	-	341,165	4	(155,504)	(3)
8620	Non-controlling interests	<u>(1,589)</u>	<u>-</u>	<u>762</u>	<u>-</u>	<u>(1,220)</u>	<u>-</u>	<u>538</u>	<u>-</u>
		<u>\$ (149,464)</u>	<u>(5)</u>	<u>7,432</u>	<u>-</u>	<u>339,945</u>	<u>4</u>	<u>(154,966)</u>	<u>(3)</u>
	<b>Comprehensive income attributable to:</b>								
8710	Owners of parent	\$ (139,524)	(5)	1,126	-	477,879	5	(231,813)	(4)
8720	Non-controlling interests	<u>(1,946)</u>	<u>-</u>	<u>2,397</u>	<u>-</u>	<u>(2,592)</u>	<u>-</u>	<u>64</u>	<u>-</u>
		<u>\$ (141,470)</u>	<u>(5)</u>	<u>3,523</u>	<u>-</u>	<u>475,287</u>	<u>5</u>	<u>(231,749)</u>	<u>(4)</u>
	<b>Earnings per share (note 6(y))</b>								
	Basic earnings per share	<u>\$ (0.28)</u>		<u>0.01</u>		<u>0.65</u>		<u>(0.29)</u>	
	Diluted earnings per share	<u>\$ (0.28)</u>		<u>0.01</u>		<u>0.65</u>		<u>(0.29)</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 Changes in Equity**  
**For the nine months ended September 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				
<b>Balance at January 1, 2020</b>	\$ 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	-	-	-	-	(155,504)	(155,504)	-	-	-	-	(155,504)	538	(154,966)
Other comprehensive income	-	-	-	-	-	-	(4,256)	(72,053)	(76,309)	-	(76,309)	(474)	(76,783)
Total comprehensive income	-	-	-	-	(155,504)	(155,504)	(4,256)	(72,053)	(76,309)	-	(231,813)	64	(231,749)
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	79,186	-	(79,186)	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	150,581	(150,581)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(526,830)	(526,830)	-	-	-	-	(526,830)	-	(526,830)
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	-	-	-	-	13,953	13,953	-	(13,953)	(13,953)	-	-	-	-
Changes in ownership interests in subsidiaries	-	(67)	-	-	-	-	-	-	-	-	(67)	67	-
Changes in ownership interests in associates	-	-	-	-	(153,134)	(153,134)	(186)	151,985	151,799	-	(1,335)	(2,097)	(3,432)
Other-effect of consolidation changes	-	-	-	-	3,182	3,182	(1,263)	(3,182)	(4,445)	-	(1,263)	1,175	(88)
<b>Balance at September 30, 2020</b>	<u>\$ 5,278,698</u>	<u>42,351</u>	<u>610,435</u>	<u>581,249</u>	<u>272,168</u>	<u>1,463,852</u>	<u>(16,618)</u>	<u>(507,539)</u>	<u>(524,157)</u>	<u>(15,178)</u>	<u>6,245,566</u>	<u>206,417</u>	<u>6,451,983</u>
<b>Balance at January 1, 2021</b>	\$ 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	-	-	-	-	341,165	341,165	-	-	-	-	341,165	(1,220)	339,945
Other comprehensive income	-	-	-	-	-	-	(10,903)	147,617	136,714	-	136,714	(1,372)	135,342
Total comprehensive income	-	-	-	-	341,165	341,165	(10,903)	147,617	136,714	-	477,879	(2,592)	475,287
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	1,829	-	(1,829)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(263,917)	(263,917)	-	-	-	-	(263,917)	-	(263,917)
Reversal of special reserve	-	-	-	(581,249)	581,249	-	-	-	-	-	-	-	-
Endowments received from shareholders	-	13	-	-	-	-	-	-	-	(13)	-	-	-
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	-	-	-	-	70,543	70,543	-	(70,543)	(70,543)	-	-	-	-
<b>Balance at September 30, 2021</b>	<u>\$ 5,278,698</u>	<u>52,670</u>	<u>612,264</u>	<u>-</u>	<u>1,309,172</u>	<u>1,921,436</u>	<u>(37,648)</u>	<u>272,282</u>	<u>234,634</u>	<u>(13)</u>	<u>7,487,425</u>	<u>207,282</u>	<u>7,694,707</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**

**For the nine months ended September 30, 2021 and 2020**

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

	<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities:</b>		
<b>Profit (loss) before tax</b>	\$ 279,322	(156,314)
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss)</b>		
Depreciation expense	185,638	187,489
Amortization expense	1,896	1,896
Expected credit impairment gain	(81)	(196)
Interest expense	1,931	3,878
Interest income	(3,011)	(3,927)
Dividend income	(7,863)	(6,387)
Share-based payments	4,472	-
Share of profit of associates and joint ventures accounted for using equity method	(41,426)	(14,721)
Gain on disposal of property, plant and equipment	(460)	(1,535)
Gain on disposal of non-current assets held for sale	-	(76,197)
Gain on disposal of investments	-	(1,449)
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	13,227	(13,536)
<b>Total adjustments to reconcile profit (loss)</b>	<b>153,920</b>	<b>75,330</b>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Financial assets mandatorily measured at fair value through profit or loss	(38,386)	4,056
Notes receivable	-	33
Accounts receivable	(160,994)	158,483
Other receivables	921	(1,965)
Inventories	32,815	171,435
Prepayments	(30,556)	3,470
Other current assets	80	(49)
Other financial assets	(87,016)	1,998
<b>Total changes in operating assets</b>	<b>(283,136)</b>	<b>337,461</b>
<b>Changes in operating liabilities:</b>		
Current contract liabilities	4,920	(2,955)
Notes payable	-	18,472
Accounts payable	139,083	(535,895)
Other payables	(25,598)	(110,696)
Other current liabilities	19,290	(1,203)
Net defined benefit liabilities	683	881
<b>Total changes in operating liabilities</b>	<b>138,378</b>	<b>(631,396)</b>
<b>Total changes in operating assets and liabilities</b>	<b>(144,758)</b>	<b>(293,935)</b>

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 nine months ended September 30, 2021 and 2020**

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

	<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>
Cash inflow (outflow) generated from operations	\$ 288,484	(374,919)
Interest received	2,989	3,900
Dividends received	7,863	6,387
Interest paid	(1,931)	(3,894)
Dividends paid	(41)	(70)
Income taxes paid	(36,621)	(112,417)
<b>Net cash flows from (used in) operating activities</b>	<b>260,743</b>	<b>(481,013)</b>
<b>Cash flows (used in) from investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	-	(32,278)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	8,134	2,494
Acquisition of investments accounted for using equity method	(17,273)	(35,695)
Proceeds from disposal of subsidiaries	-	197,647
Acquisition of property, plant and equipment	(173,544)	(241,947)
Proceeds from disposal of property, plant and equipment	460	1,569
(Increase) decrease in refundable deposits	(33)	787
Dividends received	24,312	11,169
Loss control of subsidiaries	-	(97,328)
<b>Net cash used in investing activities</b>	<b>(157,944)</b>	<b>(193,582)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	197,500	80,000
Decrease in short-term borrowings	(185,000)	(80,000)
Proceeds from long-term borrowings	-	70,000
Repayments of long-term borrowings	(9,675)	(20,254)
Payment of lease liabilities	(4,298)	(5,416)
Increase in other non-current liabilities	(127)	218
Cash dividends paid	(263,917)	(526,830)
Acquisition of treasury shares	-	(15,178)
Proceeds from transfer of treasury shares to employees	15,139	-
Acquisition of ownership interests in subsidiaries	-	(2,097)
<b>Net cash used in financing activities</b>	<b>(250,378)</b>	<b>(499,557)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>149</b>	<b>1,506</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(147,430)</b>	<b>(1,172,646)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>793,022</b>	<b>1,506,827</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 645,592</b>	<b>334,181</b>

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**

**September 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 November 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
			September 30, 2021	December 31, 2020	September 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
			September 30, 2021	December 31, 2020	September 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	100.00	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>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Cash on hand	\$ 403	535	868
Petty cash	1,022	1,127	1,591
Deposits in bank	545,753	309,219	195,877
Cash equivalents			
Bonds under resell agreements	-	356,550	-
Time deposits due within one year	98,414	125,591	135,845
	<u>\$ 645,592</u>	<u>793,022</u>	<u>334,181</u>

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Mandatorily measured at fair value through profit or loss:			
Current:			
Listed stocks	\$ 128,579	88,160	141,529
Funds	59,625	60,867	60,651
Non-current:			
Listed stocks	6,142	6,933	10,484
Total	<u>\$ 194,346</u>	<u>155,960</u>	<u>212,664</u>

(Continued)

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

## (c) Accounts receivable

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Accounts receivable	\$ 1,041,347	880,361	654,527
Less: Loss allowance	<u>(2,476)</u>	<u>(2,565)</u>	<u>(2,544)</u>
	<u><b>\$ 1,038,871</b></u>	<u><b>877,796</b></u>	<u><b>651,983</b></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>September 30, 2021</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 1,038,268	0.005%	52
1 to 90 days past due	281	1%	3
91 to 180 days past due	214	2%	4
181 to 365 days past due	94	2%	2
More than 1 year past due	<u>2,490</u>	50%~100%	<u>2,415</u>
	<u><b>\$ 1,041,347</b></u>		<u><b>2,476</b></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><b>\$ 880,361</b></u>		<u><b>2,565</b></u>
	<u>September 30, 2020</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 651,360	0.005%	33
1 to 90 days past due	190	1%	2
91 to 180 days past due	145	2%	3
181 to 365 days past due	314	2%~100%	71
More than 1 year past due	<u>2,518</u>	50%~100%	<u>2,435</u>
	<u><b>\$ 654,527</b></u>		<u><b>2,544</b></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:

	<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>
Beginning balance	\$ 2,565	2,747
Reversal of impairment loss	(81)	(196)
Effect of consolidation changes	-	(2)
Effect of exchange rate changes	(8)	(5)
Ending balance	<b>\$ 2,476</b>	<b>2,544</b>

(d) Inventories

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
Merchandise inventory	\$ 928	1,310	1,085
Finished goods	71,840	56,249	60,540
By-product	5,348	6,724	4,260
Semi-finished products	143,219	141,737	45,859
Work in progress	42,036	26,821	24,356
Raw materials	100,798	180,941	120,797
Supplies	21,079	17,508	18,841
	<b>\$ 385,248</b>	<b>431,290</b>	<b>275,738</b>

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

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Loss from decline (gain from recovery) in value of inventories	\$ 13,001	6,259	13,227	(13,536)
Loss on inventory scrapping	-	26	-	26
	<b>\$ 13,001</b>	<b>6,285</b>	<b>13,227</b>	<b>(13,510)</b>

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

(Continued)



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

## (e) Prepayments

	<u>September 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>September 30,</u> <u>2020</u>
Prepayment for purchases	\$ 4,159	7,909	3,832
Supplies	95,408	95,205	96,981
Overpaid sales tax	19,953	20,470	32,163
Others	27,295	15,549	15,354
	<u>\$ 146,815</u>	<u>139,133</u>	<u>148,330</u>

## (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>September 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>September 30,</u> <u>2020</u>
Time deposits maturing over three months	\$ 123,473	35,000	35,000
Restricted deposits in bank	6,986	8,443	8,167
	<u>\$ 130,459</u>	<u>43,443</u>	<u>43,167</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>September 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>September 30,</u> <u>2020</u>
Equity investments:			
Domestic non-listed stocks	\$ 724,612	671,848	593,722
Foreign non-listed equity investments	436,192	438,131	113,800
	<u>\$ 1,160,804</u>	<u>1,109,979</u>	<u>707,522</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 nine months ended September 30, 2021 and 2020.

(Continued)

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

- (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 September 30, 2021, December 31 and September 30, 2020.
- (i) Investments accounted for using equity method
- (i) Associates

Associates of the Group consisted of the following:

	<u>September 30, 2021</u>		<u>December 31, 2020</u>		<u>September 30, 2020</u>	
	<u>Amount</u>	<u>Share-holding (%)</u>	<u>Amount</u>	<u>Share-holding (%)</u>	<u>Amount</u>	<u>Share-holding (%)</u>
Grand Cathay Venture Capital Co., Ltd.	\$ 444,192	25.00	382,377	25.00	358,529	25.00
Wonderland Enterprise Co., Ltd.	788,491	37.04	744,788	37.04	519,602	37.04
Globaltop Technology Inc.	48,981	31.85	54,505	31.85	52,068	37.92
Gvision-USA, Inc.	31,638	44.44	34,112	44.44	34,694	44.44
Functional Coating System Technologies Co., Ltd.	26,436	34.88	26,395	34.88	26,998	34.88
Universal Investments Limited	17,273	40.00	-	-	-	-
	<u>\$ 1,357,011</u>		<u>1,242,177</u>		<u>991,891</u>	

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.

(Continued)

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

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

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Attributable to the Group:				
Net income (loss)	\$ (10,894)	3,062	41,426	14,721
Other comprehensive income	7,032	2,101	80,043	(13,549)
Total comprehensive income	<u>\$ (3,862)</u>	<u>5,163</u>	<u>121,469</u>	<u>1,172</u>

(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>\$ 41,197</u>

(Continued)

**TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES**  
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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	<b>\$</b>	<b><u>85,197</u></b>

(k) Property, plant and equipment

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

Cost:	<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>
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	-	-	-	-	-	-	6,751	102,565	109,316
Disposals	-	-	-	(356)	(6,606)	-	(7,000)	-	(13,962)
Reclassification	-	-	-	10,371	-	-	41,715	(52,086)	-
Effect of exchange rate changes	-	-	-	-	(18)	-	-	-	(18)
Balance as of September 30, 2021	<u>\$ 1,577,303</u>	<u>8,462</u>	<u>621,630</u>	<u>7,290,644</u>	<u>4,263</u>	<u>-</u>	<u>987,718</u>	<u>282,653</u>	<u>10,772,673</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	2,970	-	-	518	210,964	241,947
Disposals	-	-	-	(29,300)	-	-	(7,033)	-	(36,333)
Reclassification	-	-	-	73,247	-	-	25,807	(99,054)	-
Effect of consolidation changes	(52,142)	-	(57,714)	-	(7,450)	-	(2,840)	-	(120,146)
Effect of exchange rate changes	-	-	(293)	-	(6)	-	(51)	-	(350)
Balance as of September 30, 2020	<u>\$ 1,581,446</u>	<u>8,462</u>	<u>662,389</u>	<u>7,918,022</u>	<u>10,947</u>	<u>72,796</u>	<u>982,631</u>	<u>201,396</u>	<u>11,438,089</u>

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**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	-	16	10,838	133,818	108	-	36,123	-	180,903
Disposals	-	-	-	(356)	(6,606)	-	(7,000)	-	(13,962)
Effect of exchange rate changes and others	-	-	-	-	(17)	-	-	-	(17)
Balance as of September 30, 2021	<u>\$ -</u>	<u>8,399</u>	<u>240,596</u>	<u>5,963,844</u>	<u>3,959</u>	<u>-</u>	<u>678,278</u>	<u>-</u>	<u>6,895,076</u>
Balance as of January 1, 2020	\$ -	8,362	249,667	6,375,202	15,402	72,796	649,402	-	7,370,831
Depreciation	-	16	13,087	130,211	476	-	35,254	-	179,044
Disposals	-	-	-	(29,300)	-	-	(7,033)	-	(36,333)
Effect of consolidation changes	-	-	(17,633)	-	(5,373)	-	(2,831)	-	(25,837)
Effect of exchange rate changes	-	-	(131)	-	(5)	-	(47)	-	(183)
Balance as of September 30, 2020	<u>\$ -</u>	<u>8,378</u>	<u>244,990</u>	<u>6,476,113</u>	<u>10,500</u>	<u>72,796</u>	<u>674,745</u>	<u>-</u>	<u>7,487,522</u>
Carrying value:									
Balance as of January 1, 2021	\$ <u>1,577,303</u>	<u>79</u>	<u>391,872</u>	<u>1,450,247</u>	<u>413</u>	<u>-</u>	<u>297,097</u>	<u>232,174</u>	<u>3,949,185</u>
Balance as of September 30, 2021	<u>\$ 1,577,303</u>	<u>63</u>	<u>381,034</u>	<u>1,326,800</u>	<u>304</u>	<u>-</u>	<u>309,440</u>	<u>282,653</u>	<u>3,877,597</u>
Balance as of January 1, 2020	\$ <u>1,612,235</u>	<u>100</u>	<u>464,587</u>	<u>1,495,903</u>	<u>3,001</u>	<u>-</u>	<u>316,828</u>	<u>89,486</u>	<u>3,982,140</u>
Balance as of September 30, 2020	<u>\$ 1,581,446</u>	<u>84</u>	<u>417,399</u>	<u>1,441,909</u>	<u>447</u>	<u>-</u>	<u>307,886</u>	<u>201,396</u>	<u>3,950,567</u>

As of September 30, 2021 there was no recognized accumulated impairment losses of property, plant and equipment. As of December 31 and September 30, 2020, the accumulated impairment losses of property, plant and equipment were amounted to \$1,090 thousand and \$446,219 thousand, respectively.

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

(1) 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
Additions	4,064	-	-	-	4,064
Disposals	(387)	-	-	-	(387)
Balance as of September 30, 2021	<u>\$ 4,064</u>	<u>1,429</u>	<u>12,769</u>	<u>4,814</u>	<u>23,076</u>
Balance as of January 1, 2020	\$ 3,981	3,051	16,877	4,814	28,723
Additions	-	603	423	-	1,026
Lease modification	(155)	(1,413)	(1,731)	-	(3,299)
Effect of consolidation changes	-	(508)	(2,800)	-	(3,308)
Effect of exchange rate changes	(19)	-	-	-	(19)
Balance as of September 30, 2020	<u>\$ 3,807</u>	<u>1,733</u>	<u>12,769</u>	<u>4,814</u>	<u>23,123</u>
Accumulated depreciation:					
Balance as of January 1, 2021	\$ 353	635	6,130	1,203	8,321
Depreciation	69	536	3,148	723	4,476
Disposals	(387)	-	-	-	(387)
Balance as of September 30, 2021	<u>\$ 35</u>	<u>1,171</u>	<u>9,278</u>	<u>1,926</u>	<u>12,410</u>

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**TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES**  
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	<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	184	1,027	3,840	722	5,773
Lease modification	-	(1,413)	(1,419)	-	(2,832)
Effect of consolidation changes	-	(260)	(1,497)	-	(1,757)
Balance as of September 30, 2020	<u>\$ 512</u>	<u>722</u>	<u>5,080</u>	<u>963</u>	<u>7,277</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 September 30, 2021	<u>\$ 4,029</u>	<u>258</u>	<u>3,491</u>	<u>2,888</u>	<u>10,666</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 September 30, 2020	<u>\$ 3,295</u>	<u>1,011</u>	<u>7,689</u>	<u>3,851</u>	<u>15,846</u>

## (m) Investment property

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
Cost:			
Balance as of September 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	-	(409)	(409)
Balance as of September 30, 2020	<u>\$ 46,101</u>	<u>89,246</u>	<u>135,347</u>
Accumulated depreciation and impairment losses:			
Balance as of January 1, 2021	\$ -	6,365	6,365
Depreciation	-	259	259
Balance as of September 30, 2021	<u>\$ -</u>	<u>6,624</u>	<u>6,624</u>
Balance as of January 1, 2020	\$ -	40,594	40,594
Depreciation	-	2,672	2,672
Effect of exchange rate changes	-	(192)	(192)
Balance as of September 30, 2020	<u>\$ -</u>	<u>43,074</u>	<u>43,074</u>
Carrying value:			
Balance as of January 1, 2021	<u>\$ 46,101</u>	<u>11,260</u>	<u>57,361</u>
Balance as of September 30, 2021	<u>\$ 46,101</u>	<u>11,001</u>	<u>57,102</u>
Balance as of January 1, 2020	<u>\$ 90,030</u>	<u>49,061</u>	<u>139,091</u>
Balance as of September 30, 2020	<u>\$ 46,101</u>	<u>46,172</u>	<u>92,273</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.

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

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**TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES**  
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## (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 September 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	-	(1,000)	(1,000)
Balance as of September 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	731	1,165	1,896
Balance as of September 30, 2021	\$ <u>15,824</u>	<u>3,890</u>	<u>19,714</u>
Balance as of January 1, 2020	\$ 14,118	2,172	16,290
Amortization	731	1,165	1,896
Disposals	-	(1,000)	(1,000)
Balance as of September 30, 2020	\$ <u>14,849</u>	<u>2,337</u>	<u>17,186</u>
Carrying value:			
Balance as of January 1, 2021	\$ <u>7,149</u>	<u>2,421</u>	<u>9,570</u>
Balance as of September 30, 2021	\$ <u>6,418</u>	<u>1,256</u>	<u>7,674</u>
Balance as of January 1, 2020	\$ <u>8,124</u>	<u>3,974</u>	<u>12,098</u>
Balance as of September 30, 2020	\$ <u>7,393</u>	<u>2,809</u>	<u>10,202</u>

## (o) Other long-term investment, net

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Construction and operation of student dormitory	\$ <u>30,204</u>	<u>32,962</u>	<u>32,269</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.

## (p) Other non-current assets

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Long-term prepaid expenses	\$ 83,476	60,602	52,955
Net defined benefit assets	5,278	5,278	4,898
	\$ <u>88,754</u>	<u>65,880</u>	<u>57,853</u>

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**TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES**  
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## (q) Short-term borrowings

Short-term borrowings of the Group were as follows:

	<u>September 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>September 30,</u> <u>2020</u>
Secured bank loans	\$ <u>110,000</u>	<u>97,500</u>	<u>117,500</u>
Unused short-term credit lines	\$ <u>1,419,553</u>	<u>1,283,556</u>	<u>1,665,500</u>
Range of interest rate	<u>1.20%</u>	<u>0.90~1.20%</u>	<u>1.20%</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>September 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>September 30,</u> <u>2020</u>
Accrued payroll	\$ 10,499	44,546	8,047
Employee bonus payable	7,657	5,665	305
Compensation payable to directors	7,576	6,979	-
Compensated absences	28,320	27,804	23,552
Other accrued expenses payable	58,702	40,473	41,794
Payables on equipment	3,091	67,319	2,076
Dividends payable	9,746	9,787	9,800
Other payables-other	18,221	31,106	12,049
Total	\$ <u>143,812</u>	<u>233,679</u>	<u>97,623</u>

## (s) Long-term borrowings

Long-term borrowings of the Group were as follows:

	<u>September 30, 2021</u>			
	<u>Currency</u>	<u>Range of</u> <u>interest rate</u>	<u>Due year</u>	<u>Amount</u>
Secured bank loans	NTD	1.51%	2030	\$ 79,103
Less: current portion				<u>8,315</u>
Total				\$ <u>70,788</u>
Unused long-term credit lines				\$ <u>8,597</u>

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**TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES**  
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	<b>December 31, 2020</b>			
	<b>Currency</b>	<b>Range of interest rate</b>	<b>Due year</b>	<b>Amount</b>
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

  

	<b>September 30, 2020</b>			
	<b>Currency</b>	<b>Range of interest rate</b>	<b>Due year</b>	<b>Amount</b>
Secured bank loans	NTD	1.51~1.66%	2030	\$ 79,549
Less: current portion				16,632
Total				\$ 62,917
Unused long-term credit lines				\$ 258,151

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

(t) Lease liabilities

Lease liabilities of the Group were as follows:

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
Current	\$ 4,802	5,893	5,943
Non-current	\$ 5,885	5,028	6,720

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

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Interest on lease liabilities	\$ 38	52	113	196
Expenses relating to short-term leases	\$ 57	21	513	160
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 253	115	559	489
Covid-19-related rent concessions	\$ -	17	-	63

(Continued)

**TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES**  
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The amounts recognized in the statements of cash flows were as follows:

	<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>
	Total cash outflow for leases	\$ <b>5,483</b>

(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:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	Operating cost	\$ 294	351	886
Operating expenses	100	122	301	356
Total	\$ <b>394</b>	<b>473</b>	<b>1,187</b>	<b>1,410</b>

(ii) Defined contribution plans

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

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	Operating cost	\$ 1,974	2,186	6,122
Operating expenses	700	709	2,369	2,355
Total	\$ <b>2,674</b>	<b>2,895</b>	<b>8,491</b>	<b>10,016</b>

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**TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES**  
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## (v) Income tax

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

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Current income tax expense				
Current period	\$ 1,257	173	1,368	312
Adjustment for prior periods	-	-	146	40,398
Deferred income tax benefit				
Origination and reversal of temporary difference	(34,409)	(52)	(62,137)	(42,058)
Income tax expense (benefit)	<u>\$ (33,152)</u>	<u>121</u>	<u>(60,623)</u>	<u>(1,348)</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 nine months ended September 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:

	September 30, 2021	December 31, 2020	September 30, 2020
Difference arising from subsidiary's share price and its carrying value	\$ 8,953	8,953	8,953
Changes in ownership interests in subsidiaries	25,310	25,310	22,051
Changes in equity of investments in associates using equity method	13,961	13,961	11,347
Treasury share transactions	4,433	-	-
Donation from shareholders	13	-	-
Total	<u>\$ 52,670</u>	<u>48,224</u>	<u>42,351</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.

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**TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES**  
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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 July 7, 2021 and May 27, 2020, the shareholders' meetings resolved to distribute the 2020 and 2019 earnings. These earnings were appropriated as follows:

	<b>2020</b>	<b>2019</b>	
Dividends distributed to ordinary shareholders			
Cash	\$ <b>263,935</b>	<b>527,870</b>	
 (iii) Other equity			
	<b>Exchange differences on translation of foreign financial statements</b>	<b>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</b>	<b>Total</b>
Balance as of January 1, 2021	\$ (26,745)	195,208	168,463
Exchange differences on foreign operations	(9,996)	-	(9,996)
Exchange differences on associates and joint ventures accounted for using equity method	(907)	-	(907)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	66,667	66,667
Unrealized gains from financial assets measured at fair value through other comprehensive income on associates and joint ventures accounted for using equity method	-	80,950	80,950
Cumulative gains reclassified to retained earnings on associates disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(70,543)	(70,543)
Balance as of September 30, 2021	\$ <b>(37,648)</b>	<b>272,282</b>	<b>234,634</b>

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	<b>Exchange differences on translation of foreign financial statements</b>	<b>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</b>	<b>Total</b>
Balance as of January 1, 2020	\$ (10,913)	(570,336)	(581,249)
Exchange differences on foreign operations	(3,006)	-	(3,006)
Exchange differences on associates and joint ventures accounted for using equity method	(1,250)	-	(1,250)
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(59,754)	(59,754)
Unrealized losses from financial assets measured at fair value through other comprehensive income on associates and joint ventures accounted for using equity method	-	(12,299)	(12,299)
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	-	(13,953)	(13,953)
Balance as of September 30, 2020	<u>\$ (16,618)</u>	<u>(507,539)</u>	<u>(524,157)</u>
(iv) Treasury stock			

For the nine months ended September 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 September 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.

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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:

	<b>For the nine months ended September 30, 2021</b>
	<b>Treasury stock transferred to employees</b>
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)

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

(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

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Profit (loss) attributable to the Company	\$ (147,875)	6,670	341,165	(155,504)
Weighted-average number of ordinary shares outstanding	527,869	526,830	527,393	527,211
Earnings per share (NTD)	\$ (0.28)	0.01	0.65	(0.29)

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(ii) Diluted earnings per share

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Profit attributable to the Company (diluted)	\$ <u>(147,875)</u>	<u>6,670</u>	<u>341,165</u>	<u>(155,504)</u>
Weighted-average number of ordinary shares outstanding	527,869	526,830	527,393	527,211
Effect of dilutive potential ordinary shares				
Employee remuneration in stock	-	-	697	-
Weighted-average number of ordinary shares outstanding (diluted)	<u>527,869</u>	<u>526,830</u>	<u>528,090</u>	<u>527,211</u>
Diluted earnings per share (NTD)	\$ <u>(0.28)</u>	<u>0.01</u>	<u>0.65</u>	<u>(0.29)</u>

(z) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Primary geographical markets:				
Asia	\$ 3,283,754	1,952,761	8,826,413	5,564,235
Europe	11,615	14,799	11,615	14,799
Others	1,881	17,010	13,496	17,010
Total	\$ <u>3,297,250</u>	<u>1,984,570</u>	<u>8,851,524</u>	<u>5,596,044</u>

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**TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES**  
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	For the three months ended		For the nine months ended	
	September 30		September 30	
	2021	2020	2021	2020
Major products/services lines:				
Commodity sales revenue	\$ 3,281,799	1,943,121	8,771,259	5,396,909
Travel service revenue	11,508	39,679	70,561	96,730
Service revenue	-	-	-	93,171
Other operating revenue	3,943	1,770	9,704	9,234
	<u>\$ 3,297,250</u>	<u>1,984,570</u>	<u>8,851,524</u>	<u>5,596,044</u>

## (ii) Contract balances

	September 30, 2021	December 31, 2020	September 30, 2020
Contract liabilities-travel service contract	\$ 19,633	37,149	27,911
Contract liabilities-unearned sales revenue	30,304	7,868	9,665
Total	<u>\$ 49,937</u>	<u>45,017</u>	<u>37,576</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:

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2021	2020	2021	2020
Rent income	\$ 277	225	831	1,352
Gain from bargain purchase transactions	-	-	403	-
Dividend income	1,668	1,445	5,287	4,359
Others	1,233	16,994	20,394	39,607
Total	<u>\$ 3,178</u>	<u>18,664</u>	<u>26,915</u>	<u>45,318</u>

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(ii) Other gains and losses

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Foreign exchange gains	\$ 140	1,997	6,716	976
Gains on disposals of investments	-	-	-	1,449
Gains (losses) on financial assets at fair value through profit or loss	(3,309)	851	6,913	10,196
Gains on disposals of non-current assets (or disposal groups) held for sale	-	-	-	76,197
Gains on disposals of property, plant and equipment	270	116	460	1,535
Impairment losses	-	-	-	(17)
Gains on lease modification	-	-	-	2
Others	(7)	(65)	(32)	(2,682)
Total	<u>\$ (2,906)</u>	<u>2,899</u>	<u>14,057</u>	<u>87,656</u>

(iii) Finance costs

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Interest expense	\$ 647	687	1,931	3,878

(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.

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For the nine months ended September 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 nine months ended September 30, 2021, were amounted to \$(4,135) thousand and \$7,576 thousand, respectively. The remunerations to directors were amounted to \$(4,135) thousand and \$7,576 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 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.

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 loss 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 September 30, 2021, December 31 and September 30, 2020, the Group reviewed the concentrations of credit risk arising from the major top ten customers, and it was 95%, 95% and 92%, respectively, of the total accounts receivable. The concentrations of credit risk of the remaining accounts receivable are relatively small.

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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.

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	Over 5 years
<b>September 30, 2021</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 110,000	110,503	110,503	-	-	-
Payables	1,077,209	1,077,209	1,077,209	-	-	-
Long-term borrowings	79,103	86,181	8,411	8,667	27,982	41,121
Deposit received	823	823	-	-	823	-
Lease liabilities	10,687	11,353	4,922	1,367	1,717	3,347
	<u>\$ 1,277,822</u>	<u>1,286,069</u>	<u>1,201,045</u>	<u>10,034</u>	<u>30,522</u>	<u>44,468</u>
<b>December 31, 2020</b>						
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>
<b>September 30, 2020</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 117,500	118,093	118,093	-	-	-
Payables	656,216	656,216	656,216	-	-	-
Long-term borrowings	79,549	86,796	16,790	6,842	22,089	41,075
Deposit received	966	966	-	-	966	-
Lease liabilities	12,663	12,904	6,093	4,683	2,128	-
	<u>\$ 866,894</u>	<u>874,975</u>	<u>797,192</u>	<u>11,525</u>	<u>25,183</u>	<u>41,075</u>

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

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(iii) Market risk

1) Currency risk

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

	September 30, 2021			December 31, 2020			September 30, 2020		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 13,291	27.850	370,154	6,591	28.480	187,712	5,468	29.100	159,119
CNY	36,054	4.294	154,825	29,346	4.360	128,091	29,030	4.270	124,048
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	10,451	27.850	291,060	11,388	28.480	324,330	6,437	29.100	187,317
CNY	1,445	4.294	6,205	1,544	4.360	6,739	1,524	4.270	6,512

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 September 30, 2021 and 2020, would have increased (decreased) net profit before tax by \$2,277 thousand and \$893 thousand for the nine months ended September 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 nine months ended September 30, 2021 and 2020, foreign exchange gain (loss) (including realized and unrealized portions) amounted to gain of \$6,716 thousand and \$976 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 \$1,418 thousand and \$1,478 thousand for the nine months ended September 30, 2021 and 2020, respectively, with all other variable factors remaining constant. This is mainly due to the Group's loan at variable rates.

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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 nine months ended September 30			
	2021		2020	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 1%	\$ 11,608	1,943	7,075	2,127
Decreasing 1%	\$ (11,608)	(1,943)	(7,075)	(2,127)

(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:

	September 30, 2021			
	Book value	Fair value		
	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:				
Listed stocks	\$ 134,721	134,721	-	134,721
Funds	59,625	59,625	-	59,625
Financial assets at fair value through other comprehensive income:				
Domestic and foreign non-listed stocks	1,160,804	-	-	1,160,804
Financial assets measured at amortized cost:				
Cash and cash equivalents	645,592	-	-	-
Accounts receivable	1,038,871	-	-	-
Other receivables	4,376	-	-	-
Other financial assets-current	130,459	-	-	-
Refundable deposits	3,598	-	-	-
Subtotal	1,822,896	-	-	-
Total	\$ 3,178,046	194,346	-	1,160,804
		-	1,160,804	1,355,150

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	<b>September 30, 2021</b>				
	<b>Book value</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Financial liabilities measured at amortized cost:					
Short-term borrowings	\$ 110,000	-	-	-	-
Accounts payable	937,388	-	-	-	-
Other payables	139,823	-	-	-	-
Long-term borrowings	79,103	-	-	-	-
Other non-current liabilities	823	-	-	-	-
Lease liabilities	10,687	-	-	-	-
<b>Total</b>	<b>\$ 1,277,824</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>December 31, 2020</b>					
	<b>Book value</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Financial assets at fair value through profit or loss:					
Financial assets mandatorily at fair value through profit or loss:					
Listed stocks	\$ 95,093	95,093	-	-	95,093
Funds	60,867	60,867	-	-	60,867
Financial assets at fair value through other comprehensive income:					
Domestic and foreign non-listed stocks	1,109,979	-	-	1,109,979	1,109,979
Financial assets measured at amortized cost:					
Cash and cash equivalents	793,022	-	-	-	-
Accounts receivable	877,796	-	-	-	-
Other receivables	5,275	-	-	-	-
Other financial assets-current	43,443	-	-	-	-
Refundable deposits	3,565	-	-	-	-
Subtotal	1,723,101	-	-	-	-
<b>Total</b>	<b>\$ 2,989,040</b>	<b>155,960</b>	<b>-</b>	<b>1,109,979</b>	<b>1,265,939</b>
Financial liabilities measured at amortized cost:					
Short-term borrowings	\$ 97,500	-	-	-	-
Accounts payable	798,305	-	-	-	-
Other payables	216,499	-	-	-	-
Long-term borrowings	88,778	-	-	-	-
Other non-current liabilities	950	-	-	-	-
Lease liabilities	10,921	-	-	-	-
<b>Total</b>	<b>\$ 1,212,953</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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	September 30, 2020				
	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:					
Listed stocks	\$ 152,013	141,529	10,484	-	152,013
Funds	60,651	60,651	-	-	60,651
Financial assets at fair value through other comprehensive income:					
Domestic and foreign non-listed stocks	707,522	-	-	707,522	707,522
Financial assets measured at amortized cost:					
Cash and cash equivalents	334,181	-	-	-	-
Accounts receivable	651,983	-	-	-	-
Other receivables	5,219	-	-	-	-
Other financial assets-current	43,167	-	-	-	-
Refundable deposits	4,103	-	-	-	-
Subtotal	<u>1,038,653</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,958,839</u>	<u>202,180</u>	<u>10,484</u>	<u>707,522</u>	<u>920,186</u>
Financial liabilities measured at amortized cost:					
Short-term borrowings	\$ 117,500	-	-	-	-
Accounts payable	559,091	-	-	-	-
Other payables	97,125	-	-	-	-
Long-term borrowings	79,549	-	-	-	-
Other non-current liabilities	966	-	-	-	-
Lease liabilities	12,663	-	-	-	-
Total	<u>\$ 866,894</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.

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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 nine months ended September 30, 2021 and 2020.

4) Reconciliation of Level 3 fair values

	<b>Fair value through other comprehensive income</b>
	<b>Unquoted equity instruments</b>
Opening balance, January 1, 2021	\$ 1,109,979
Total gains and losses recognized	
Other comprehensive income	66,667
Capital reduction by cash	(8,134)
Effect of exchange rate changes	(7,708)
Ending Balance, September 30, 2021	<b>\$ 1,160,804</b>
Opening balance, January 1, 2020	\$ 504,147
Total gains and losses recognized	
Other comprehensive income	(59,754)
Reclassification	267,794
Effect of consolidated changes	(32,278)
Purchase	32,278
Capital reduction by cash	(2,494)
Effect of exchange rate changes	(2,171)
Ending Balance, September 30, 2020	<b>\$ 707,522</b>

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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 September 30, 2021 and 2020 were as follows:

	For the three months ended September 30		For the nine months ended September 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”	\$ <u>2,005</u>	<u>(8,936)</u>	<u>66,667</u>	<u>(59,754)</u>

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.

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:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income - equity investments without an active market	Market method  (Comparable listed company method and comparable transaction method)	<ul style="list-style-type: none"> <li>· Price to book ratio (0.95~2.05, 0.89~1.35 and 0.78~1.21 as of September 30, 2021, December 31 and September 30, 2020)</li> <li>· Lack of market liquidity discount (10%~30% as of September 30, 2021, December 31 and September 30, 2020)</li> </ul>	<ul style="list-style-type: none"> <li>· The fair value would increase if price to book ratio increase</li> <li>· The fair value would decrease if lack of market liquidity discount increase</li> </ul>

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- 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>
<b>September 30, 2021</b>				
Financial assets at fair value through other comprehensive income	Price to book ratio	10%	\$ 116,093	(116,093)
	Liquidity discount	10%	23,072	(23,072)
<b>December 31, 2020</b>				
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)
<b>September 30, 2020</b>				
Financial assets at fair value through other comprehensive income	Price to book ratio	10%	58,222	(58,222)
	Liquidity discount	10%	70,571	(70,571)

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.

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**TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES**  
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(af) Investing and financing activities not affecting current cash flows

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

	January 1, 2021	Cash flows	Non-cash changes			September 30, 2021
			Lease modification	Effect of consolidation changes	Additions	
Lease liabilities	\$ 10,921	(4,298)	-	-	4,064	10,687

  

	January 1, 2020	Cash flows	Non-cash changes			September 30, 2020
			Lease modification	Effect of consolidation changes	Additions	
Lease liabilities	\$ 19,013	(5,416)	557	(1,491)	-	12,663

**(7) Related-party transactions**

(a) Names and relationship with related parties

Name of related party	Relationship with the Group
Yu-Jie Investment Co., Ltd.	A substantive related party
OFCO Industrial Corporation	A substantive related party
Zung-Fu Investment Co., Ltd.	A substantive related party (As a subsidiary before June 30, 2020)

(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.

(ii) Purchases of property, plant and equipment

Prices of property, plant and equipment purchased from related parties is summarized as follows:

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

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**TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES**  
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(iii) Acquisitions of financial assets

On July 1, 2020 the Group acquired shares of Globaltop Technology Inc. and Grand Capital Co., Ltd. from Zung-Fu Co., Ltd. with cash of \$7,195 thousand and \$2,092 thousand, respectively. And the Group also acquired shares of Liden Inc., Yu-Jie Inc. and Deng Yun Co., Ltd. at a price of \$32,278 thousand which were accounted for as financial assets at fair value through other comprehensive income.

(c) Key management personnel compensation

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Short-term employee benefits	\$ 8,178	12,700	23,707	28,516
Post-employment benefits	161	624	694	3,091
Other long-term benefits	-	138	-	138
	<u>\$ 8,339</u>	<u>13,462</u>	<u>24,401</u>	<u>31,745</u>

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	September 30, 2021	December 31, 2020	September 30, 2020
Cash in banks (other financial assets)	Performance guarantee	\$ 4,430	5,887	5,611
Land, buildings and structures	Borrowings	589,712	593,494	594,755
		<u>\$ 594,142</u>	<u>599,381</u>	<u>600,366</u>

**(9) Commitments and contingencies:**

(a) Letter of credit issued but not expired

	September 30, 2021	December 31, 2020	September 30, 2020
Letter of credit outstanding for the import of raw materials	\$ 1,576,326 (including USD18,360 thousand)	867,570 (including USD161 thousand and EUR1,570 thousand)	641,697 (including USD161 thousand)

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**TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES**  
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(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(12) Other:

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

By Function	For the three months ended September 30					
	2021			2020		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salary	\$ 37,566	11,390	48,956	42,779	12,389	55,168
Labor and health insurance	4,206	1,184	5,390	4,461	1,127	5,588
Pension	2,268	800	3,068	2,537	831	3,368
Remuneration of directors	-	(3,899)	(3,899)	-	4,603	4,603
Others	2,057	4,049	6,106	2,236	3,020	5,256
Depreciation	59,823	2,389	62,212	59,396	2,114	61,510
Amortization	633	-	633	632	-	632

By Function	For the nine months ended September 30					
	2021			2020		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salary	\$ 140,235	68,374	208,609	158,185	51,922	210,107
Labor and health insurance	13,502	3,667	17,169	16,193	3,907	20,100
Pension	7,008	2,670	9,678	8,715	2,711	11,426
Remuneration of directors	-	11,093	11,093	-	4,623	4,623
Others	6,430	10,693	17,123	6,471	7,727	14,198
Depreciation	178,594	7,044	185,638	179,635	7,854	187,489
Amortization	1,896	-	1,896	1,896	-	1,896

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**TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES**  
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**(13) Other disclosures:**

## (a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the nine months ended September 30, 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	27,900	0.21 %	27,900	
The Company	Gloria Material Technology Corp.	-	Current financial assets at fair value through profit or loss	390,000	9,770	0.09 %	9,770	
The Company	Universal Venture Capital Investment Corporation	-	Non-current investment in equity instrument at FVOCI	8,400,000	51,488	6.98 %	51,488	
The Company	Euroc Venture Capital Corp.	-	Non-current investment in equity instrument at FVOCI	19,000	644	2.38 %	644	
The Company	Euroc III Venture Capital Corp.	-	Non-current investment in equity instrument at FVOCI	15,000	1,084	5.00 %	1,084	
The Company	Global Investment Holding Co., Ltd.	-	Non-current investment in equity instrument at FVOCI	10,233,608	99,438	5.82 %	99,438	
The Company	Faith Alliance Corporation	-	Non-current investment in equity instrument at FVOCI	25,720	80	0.06 %	80	
The Company	Excellent Electronic Co., Ltd.	-	Non-current investment in equity instrument at FVOCI	912	9	0.01 %	9	
The Company	Leadwell Cnc Machines Mfg., Corp.	-	Non-current investment in equity instrument at FVOCI	37,352	971	0.06 %	971	
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	1,196	0.11 %	1,196	
The Company	Vxis Technology Corp.	-	Non-current investment in equity instrument at FVOCI	72,480	1,133	0.61 %	1,133	
The Company	Asia Global Venture Capital II CO., Ltd.	-	Non-current investment in equity instrument at FVOCI	770,000	28,228	10.00 %	28,228	
The Company	Yuan-Jie Investment Co., Ltd.	-	Non-current investment in equity instrument at FVOCI	21,000,000	232,890	19.09 %	232,890	
The Company	Yu-Jie Investment Co., Ltd.	-	Non-current investment in equity instrument at FVOCI	21,320,000	309,780	19.38 %	309,780	
The Company	Deng Yun Co., Ltd.	-	Non-current investment in equity instrument at FVOCI	591,945	65,723	3.09 %	65,723	
The Company	Lidien Inc.	-	Non-current investment in equity instrument at FVOCI	760,000	14,854	19.00 %	14,854	
The Company	Yu Chie Inc.	-	Non-current investment in equity instrument at FVOCI	38,000	2,996	19.00 %	2,996	
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 %	-	
YSIC Ltd.	Hon Hai Precision Ind. Co., Ltd.	-	Current financial assets at fair value through profit or loss	20,000	2,100	- %	2,100	
YSIC Ltd.	Actron Technology Corp.	-	Current financial assets at fair value through profit or loss	10,000	2,060	0.01 %	2,060	
YSIC Ltd.	Micro-star International Co., Ltd.	-	Current financial assets at fair value through profit or loss	10,000	1,295	- %	1,295	
YSIC Ltd.	Shinfox Energy Co., Ltd.	-	Current financial assets at fair value through profit or loss	38,100	5,524	0.03 %	5,524	

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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.	Ample Electronic Technology Co., Ltd.	-	Current financial assets at fair value through profit or loss	55,000	5,720	0.17 %	5,720	
YSIC Ltd.	Visual Photonics Epitaxy Co., Ltd.	-	Current financial assets at fair value through profit or loss	10,000	1,180	0.01 %	1,180	
YSIC Ltd.	VisEra Technologies Co., Ltd.	-	Current financial assets at fair value through profit or loss	5,000	2,217	- %	2,217	
YSIC Ltd.	Flexium Interconnect Inc	-	Current financial assets at fair value through profit or loss	50,000	5,125	0.01 %	5,125	
YSIC Ltd.	Bizlink Holding Inc.	-	Current financial assets at fair value through profit or loss	10,000	2,235	0.01 %	2,235	
YSIC Ltd.	Synnex Technology International Corp.	-	Current financial assets at fair value through profit or loss	100,000	5,220	0.01 %	5,220	
YSIC Ltd.	Apacer Technology Inc.	-	Current financial assets at fair value through profit or loss	20,000	837	0.02 %	837	
YSIC Ltd.	Eris Technology Corp.	-	Current financial assets at fair value through profit or loss	10,000	1,845	0.02 %	1,845	
YSIC Ltd.	Evergreen Marine Corp. (Taiwan) Ltd.	-	Current financial assets at fair value through profit or loss	20,000	2,520	- %	2,520	
YSIC Ltd.	Holtek Semiconductor Inc.	-	Current financial assets at fair value through profit or loss	10,000	1,135	- %	1,135	
YSIC Ltd.	Thinking Electronic Industrial Co., Ltd.	-	Current financial assets at fair value through profit or loss	10,000	1,660	0.01 %	1,660	
YSIC Ltd.	Weltrend Semiconductor, Inc.	-	Current financial assets at fair value through profit or loss	20,000	1,718	0.01 %	1,718	
YSIC Ltd.	Panion & BF Biotech Inc.	-	Current financial assets at fair value through profit or loss	20,000	1,424	0.03 %	1,424	
YSIC Ltd.	Eternal Material Co., Ltd.	-	Current financial assets at fair value through profit or loss	20,000	753	- %	753	
YSIC Ltd.	Shin Kong Environmental Sustainability Bond Fund	-	Current financial assets at fair value through profit or loss	150,000	1,490	- %	1,490	
YSIC Ltd.	Mosel Vitelic Inc.	-	Current financial assets at fair value through profit or loss	100,000	4,725	0.06 %	4,725	
YSIC Ltd.	Phison Electronics Corp.	-	Current financial assets at fair value through profit or loss	15,000	5,655	0.01 %	5,655	
YSIC Ltd.	Longwell Company	-	Current financial assets at fair value through profit or loss	30,000	1,608	0.02 %	1,608	
YSIC Ltd.	Sinbon Electronics Co., Ltd.	-	Current financial assets at fair value through profit or loss	10,000	2,350	- %	2,350	
YSIC Ltd.	Taiwan Cement Corp.	-	Current financial assets at fair value through profit or loss	30,000	1,530	- %	1,530	
YSIC Ltd.	Novatek Microelectronics Corp.	-	Current financial assets at fair value through profit or loss	10,000	4,100	- %	4,100	
YSIC Ltd.	Oneness Biotech Co., Ltd.	-	Current financial assets at fair value through profit or loss	40,000	7,400	0.01 %	7,400	
YSIC Ltd.	Eva Airways Corporation	-	Current financial assets at fair value through profit or loss	50,000	945	- %	945	
YSIC Ltd.	Shin Kong Chi-Shin Money-Market Fund	-	Current financial assets at fair value through profit or loss	3,719,459	58,135	- %	58,135	
YSIC Ltd.	Taiwan Semiconductor Co., Ltd.	-	Current financial assets at fair value through profit or loss	50,000	3,240	0.02 %	3,240	
YSIC Ltd.	Taiwan Semiconductor Manufacturing Co., Ltd.	-	Current financial assets at fair value through profit or loss	10,000	5,800	- %	5,800	
YSIC Ltd.	Cjw International Co., Ltd.	-	Non-current financial assets at fair value through profit or loss	676,413	6,142	0.65 %	6,142	
YSIC Ltd.	Cyca International Co., Ltd.	-	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	406	0.63 %	406	
YSIC Ltd.	Vxis Technology Corp.	-	Non-current investment in equity instrument at FVOCI	72,480	1,133	0.61 %	1,133	
YSIC Ltd.	Infomedia Inc.	-	Non-current investment in equity instrument at FVOCI	650,000	3,888	0.35 %	3,888	

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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.	Yuan-Jie Investment Co., Ltd.	-	Non-current investment in equity instrument at FVOCI	100,000	1,109	0.09 %	1,109	
YSIC Ltd.	Yu-Jie Investment Co., Ltd.	-	Non-current investment in equity instrument at FVOCI	103,000	1,497	0.09 %	1,497	
Yuan Shin Materials Technology Co., Ltd.	Yuanta Financial Holding Co., Ltd.	-	Current financial assets at fair value through profit or loss	300,000	7,410	- %	7,410	
Yuan Shin Materials Technology Co., Ltd.	Weikeng Industrial Co., Ltd.	-	Current financial assets at fair value through profit or loss	50,000	1,415	0.01 %	1,415	
Yuan Shin Materials Technology Co., Ltd.	Wah Lee Industrial Corp.	-	Current financial assets at fair value through profit or loss	2,000	163	- %	163	
Grand Capital Co., Ltd.	Deng Yun Co., Ltd.	-	Non-current investment in equity instrument at FVOCI	3,082,453	342,241	16.10 %	342,241	

- (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 nine months ended September 30, 2021: None

(b) Information on investees:

The following is the information on investees for the nine months ended September 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 September 30, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 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 %	444,192	216,403	54,101	
The Company	Wonderland Enterprise Co., Ltd.	Taiwan	General investment business	325,230	325,230	29,629,597	37.04 %	788,491	(14,098)	(5,221)	
The Company	Gvision-USA, Inc.	USA	Sale and distribution of liquid crystal displays	56,266	56,266	666,667	44.44 %	31,638	(3,896)	(1,732)	
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 %	26,436	119	41	
The Company	Universal Investments Limited	British Cayman Islands	Real estate investment business	17,273	-	80	40.00 %	17,273	(651)	(367)	
The Company	YSIC Ltd.	Taiwan	Residential building and industrial plant development rental business	1,638,169	1,638,169	72,446,838	99.99 %	970,638	(1,194)	(1,194)	Subsidiary
The Company	Yuan Shin Materials Technology Co., Ltd.	Taiwan	Basic precision chemical materials and plastic raw material manufacturing	145,900	145,900	5,000,000	100.00 %	56,988	14,669	14,669	Subsidiary
The Company	Yangmingshan Tien Lai Resort & SPA	Taiwan	General hotel industry	630,555	630,555	25,865,618	65.07 %	686,562	(13,772)	(10,697)	Subsidiary
The Company	Asia Carbon & Technology Inc.	Taiwan	Electronic component manufacturing	291,064	291,064	9,866,389	98.58 %	812	(693)	(683)	Subsidiary
YSIC Ltd.	Kun Shan International Ltd.	Seychelles	General investment business	122,572	122,572	3,702,718	62.03 %	137,532	6,100	3,784	Subsidiary
YSIC Ltd.	Grand Capital Co., Ltd.	Seychelles	General investment business	90,182	90,182	2,698,002	100.00 %	344,257	(39)	(39)	Subsidiary
YSIC Ltd.	Yangmingshan Tien Lai Resort & SPA	Taiwan	General hotel industry	110,836	110,836	4,807,774	12.10 %	117,263	(13,772)	(1,935)	Subsidiary

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Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 2021	December 31, 2020	Shares	Percentage of ownership	Carrying value			
YSIC Ltd.	Globaltop Technology Inc.	Taiwan	GPS Module, GPS Handheld System and GPS Antenna.	162,643	162,643	7,962,803	31.85 %	48,981	(16,939)	(5,396)	
YSIC Ltd.	Tien Lai Co., Ltd.	Taiwan	Pipe Lines Construction	5,000	5,000	500,000	50.00 %	1,334	(761)	(381)	Subsidiary

## (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 September 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	96,596 (USD 3,468)	(2)	101,653 (USD 3,650)	-	-	101,653 (USD 3,650)	6,227 (USD 221.99)	62.03%	3,863	96,675	-
Kun Shan Jia-An Technology Education Consulting Co., Ltd.	Educational consulting, information operation consulting, software and data storage consultation	67,720 (USD 2,432)	(2)	(Note 4)	-	-	-	(29) (USD -1.03)	62.03%	(18)	39,718	-

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=NTD27.85, USD1=NTD28.05).

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 September 30, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note)
101,653 (USD 3,650)	101,653 (USD 3,650)	582,463

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 %

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**(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:

	<b>For the three months ended September 30, 2021</b>				
	<b>Plasticization segment</b>	<b>Investment segment</b>	<b>Other segments</b>	<b>Reconciliation and elimination</b>	<b>Total</b>
Revenue					
Revenue from external customers	\$ 3,281,799	(4,850)	11,379	-	3,288,328
Intersegments revenues	-	(1,893)	1,325	568	-
Total revenue	<u>\$ 3,281,799</u>	<u>(6,743)</u>	<u>12,704</u>	<u>568</u>	<u>3,288,328</u>
Reportable segment profit or loss	<u>\$ (177,101)</u>	<u>(9,260)</u>	<u>(14,728)</u>	<u>18,473</u>	<u>(182,616)</u>
	<b>For the three months ended September 30, 2020</b>				
	<b>Plasticization segment</b>	<b>Investment segment</b>	<b>Other segments</b>	<b>Reconciliation and elimination</b>	<b>Total</b>
Revenue					
Revenue from external customers	\$ 1,943,121	902	40,086	-	1,984,109
Intersegments revenues	-	(267)	919	(652)	-
Total revenue	<u>\$ 1,943,121</u>	<u>635</u>	<u>41,005</u>	<u>(652)</u>	<u>1,984,109</u>
Reportable segment profit or loss	<u>\$ 6,610</u>	<u>(3,558)</u>	<u>1,132</u>	<u>3,369</u>	<u>7,553</u>
	<b>For the nine months ended September 30, 2021</b>				
	<b>Plasticization segment</b>	<b>Investment segment</b>	<b>Other segments</b>	<b>Reconciliation and elimination</b>	<b>Total</b>
Revenue					
Revenue from external customers	\$ 8,771,259	12,485	72,674	-	8,856,418
Intersegments revenues	-	(1,807)	1,983	(176)	-
Total revenue	<u>\$ 8,771,259</u>	<u>10,678</u>	<u>74,657</u>	<u>(176)</u>	<u>8,856,418</u>
Reportable segment profit or loss	<u>\$ 298,203</u>	<u>2,582</u>	<u>(19,299)</u>	<u>(2,164)</u>	<u>279,322</u>

(Continued)

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

	<b>For the nine months ended September 30, 2020</b>				
	<b>Plasticization segment</b>	<b>Investment segment</b>	<b>Other segments</b>	<b>Reconciliation and elimination</b>	<b>Total</b>
Revenue					
Revenue from external customers	\$ 5,396,909	(29,889)	192,423	-	5,559,443
Intersegments revenues	-	(136)	1,961	(1,825)	-
Total revenue	<u>\$ 5,396,909</u>	<u>(30,025)</u>	<u>194,384</u>	<u>(1,825)</u>	<u>5,559,443</u>
Reportable segment profit or loss	<u>\$ (154,720)</u>	<u>(39,013)</u>	<u>(40,897)</u>	<u>78,316</u>	<u>(156,314)</u>