

**TAIWAN STYRENE MONOMER CORPORATION
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
for the Six Months Ended June 30, 2022 and 2021**

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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 June 30, 2022 and 2021, the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2022 and 2021, as well as the changes in equity and cash flows for the six months ended June 30, 2022 and 2021, 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 \$300,948 thousand and \$659,634 thousand, constituting 3.09% and 6.77% of consolidated total assets as of June 30, 2022 and 2021, respectively, total liabilities amounting to \$5,488 thousand and \$31,126 thousand, constituting 0.21% and 1.89% of consolidated total liabilities as of June 30, 2022 and 2021, respectively, and total comprehensive income (loss) amounting to \$(16,637) thousand, \$6,434 thousand, \$(14,606) thousand and \$22,688 thousand, constituting 6.74%, 2.30%, 11.41% and 3.68% of consolidated total comprehensive income (loss) for the three months and six months ended June 30, 2022 and 2021, 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 \$1,274,352 thousand and \$1,360,872 thousand as of June 30, 2022 and 2021, respectively, and the related share of profit (loss) of associates and joint ventures accounted for using equity method on these investee companies of \$(9,082) thousand, \$14,660 thousand, \$(18,651) thousand and \$52,320 thousand for the three months and six months ended June 30, 2022 and 2021, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Taiwan Styrene Monomer Corporation and its subsidiaries as of June 30, 2022 and 2021, and of its consolidated financial performance for the three months and six months ended June 30, 2022 and 2021, as well as its consolidated cash flows for the six months ended June 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Lin Wu and Yuan-Sheng Yin.

KPMG

Taipei, Taiwan (Republic of China)
August 10, 2022

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 generally accepted auditing standards

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and six months ended June 30, 2022 and 2021

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

	For the three months ended June 30				For the six months ended June 30				
	2022		2021		2022		2021		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue (notes 6(i) and (y))	\$ 3,822,078	100	3,430,211	100	7,357,692	100	5,568,090	100
5000	Operating costs (notes 6(d), (j), (k), (l), (m), (s), (t), (w) and (aa))	<u>3,918,577</u>	<u>103</u>	<u>3,226,762</u>	<u>94</u>	<u>7,354,393</u>	<u>100</u>	<u>5,077,212</u>	<u>91</u>
	Gross profit (loss) from operations	<u>(96,499)</u>	<u>(3)</u>	<u>203,449</u>	<u>6</u>	<u>3,299</u>	<u>-</u>	<u>490,878</u>	<u>9</u>
	Operating expenses (notes 6(c), (j), (k), (l), (m), (s), (t), (w) and (aa)):								
6100	Selling expenses	15,595	-	17,240	1	34,800	-	28,334	1
6200	Administrative expenses	26,651	-	40,481	1	66,593	1	96,975	2
6300	Research and development expenses	610	-	605	-	1,107	-	1,241	-
6450	Expected credit impairment loss (gain)	<u>29</u>	<u>-</u>	<u>65</u>	<u>-</u>	<u>(23)</u>	<u>-</u>	<u>(4)</u>	<u>-</u>
		<u>42,885</u>	<u>-</u>	<u>58,391</u>	<u>2</u>	<u>102,477</u>	<u>1</u>	<u>126,546</u>	<u>3</u>
	Operating income	<u>(139,384)</u>	<u>(3)</u>	<u>145,058</u>	<u>4</u>	<u>(99,178)</u>	<u>(1)</u>	<u>364,332</u>	<u>6</u>
	Non-operating income and expenses (notes 6(f), (i), (s) and (z)):								
7100	Interest income	1,481	-	1,075	-	2,416	-	1,971	-
7010	Other income	17,676	-	8,771	-	23,252	-	23,737	-
7020	Other gains and losses	(33,512)	(1)	7,160	-	108,494	1	16,963	-
7050	Finance costs	(1,203)	-	(632)	-	(2,372)	-	(1,284)	-
7060	Shares of profit (loss) of associates and joint ventures accounted for using equity method	<u>(6,973)</u>	<u>-</u>	<u>16,825</u>	<u>-</u>	<u>(15,351)</u>	<u>-</u>	<u>56,219</u>	<u>1</u>
		<u>(22,531)</u>	<u>(1)</u>	<u>33,199</u>	<u>-</u>	<u>116,439</u>	<u>1</u>	<u>97,606</u>	<u>1</u>
9900	Profit (loss) before tax	<u>(161,915)</u>	<u>(4)</u>	<u>178,257</u>	<u>4</u>	<u>17,261</u>	<u>-</u>	<u>461,938</u>	<u>7</u>
7950	Less: Income tax expenses (benefits) (note 6(u))	<u>(12,404)</u>	<u>-</u>	<u>(69,728)</u>	<u>(2)</u>	<u>31,052</u>	<u>-</u>	<u>(27,471)</u>	<u>-</u>
	Net income (loss)	<u>(149,511)</u>	<u>(4)</u>	<u>247,985</u>	<u>6</u>	<u>(13,791)</u>	<u>-</u>	<u>489,409</u>	<u>7</u>
8300	Other comprehensive income (loss):								
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(66,046)	(2)	22,518	1	(79,899)	(1)	64,662	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>(36,571)</u>	<u>(1)</u>	<u>19,813</u>	<u>1</u>	<u>(59,071)</u>	<u>(1)</u>	<u>73,781</u>	<u>1</u>
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	<u>(102,617)</u>	<u>(3)</u>	<u>42,331</u>	<u>2</u>	<u>(138,970)</u>	<u>(2)</u>	<u>138,443</u>	<u>2</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361	Exchange differences on translation	5,137	-	(9,855)	-	24,093	-	(10,325)	-
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>264</u>	<u>-</u>	<u>(1,137)</u>	<u>-</u>	<u>618</u>	<u>-</u>	<u>(770)</u>	<u>-</u>
	Components of other comprehensive income (loss) that will be reclassified to profit or loss	<u>5,401</u>	<u>-</u>	<u>(10,992)</u>	<u>-</u>	<u>24,711</u>	<u>-</u>	<u>(11,095)</u>	<u>-</u>
8300	Other comprehensive income, net	<u>(97,216)</u>	<u>(3)</u>	<u>31,339</u>	<u>2</u>	<u>(114,259)</u>	<u>(2)</u>	<u>127,348</u>	<u>2</u>
8500	Comprehensive income	<u>\$ (246,727)</u>	<u>(7)</u>	<u>279,324</u>	<u>8</u>	<u>(128,050)</u>	<u>(2)</u>	<u>616,757</u>	<u>9</u>
	Profit attributable to:								
8610	Owners of parent	\$ (146,935)	(4)	249,626	6	(51,849)	(1)	489,040	7
8620	Non-controlling interests	<u>(2,576)</u>	<u>-</u>	<u>(1,641)</u>	<u>-</u>	<u>38,058</u>	<u>1</u>	<u>369</u>	<u>-</u>
		<u>\$ (149,511)</u>	<u>(4)</u>	<u>247,985</u>	<u>6</u>	<u>(13,791)</u>	<u>-</u>	<u>489,409</u>	<u>7</u>
	Comprehensive income attributable to:								
8710	Owners of parent	\$ (242,656)	(7)	281,550	8	(168,677)	(2)	617,403	11
8720	Non-controlling interests	<u>(4,071)</u>	<u>-</u>	<u>(2,226)</u>	<u>-</u>	<u>40,627</u>	<u>-</u>	<u>(646)</u>	<u>-</u>
		<u>\$ (246,727)</u>	<u>(7)</u>	<u>279,324</u>	<u>8</u>	<u>(128,050)</u>	<u>(2)</u>	<u>616,757</u>	<u>11</u>
	Earnings per share (note 6(x))								
	Basic earnings per share	<u>\$ (0.28)</u>		<u>0.47</u>		<u>(0.10)</u>		<u>0.93</u>	
	Diluted earnings per share	<u>\$ (0.28)</u>		<u>0.47</u>		<u>(0.10)</u>		<u>0.93</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 Changes in Equity

For the six months ended June 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Other equity interest			Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Retained earnings			Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total				
				Special reserve	Unappropriated retained earnings	Total							
Balance at January 1, 2021	\$ 5,278,698	48,224	610,435	581,249	581,961	1,773,645	(26,745)	195,208	168,463	(15,178)	7,253,852	209,874	7,463,726
Net income	-	-	-	-	489,040	489,040	-	-	-	-	489,040	369	489,409
Other comprehensive income	-	-	-	-	-	-	(10,080)	138,443	128,363	-	128,363	(1,015)	127,348
Total comprehensive income	-	-	-	-	489,040	489,040	(10,080)	138,443	128,363	-	617,403	(646)	616,757
Share-based payments transactions	-	4,433	-	-	-	-	-	-	-	15,178	19,611	-	19,611
Associates disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	66,650	66,650	-	(66,650)	(66,650)	-	-	-	-
Balance at June 30, 2021	\$ 5,278,698	52,657	610,435	581,249	1,137,651	2,329,335	(36,825)	267,001	230,176	-	7,890,866	209,228	8,100,094
Balance at January 1, 2022	\$ 5,278,698	46,300	612,264	-	1,167,693	1,779,957	(34,634)	90,665	56,031	(13)	7,160,973	210,153	7,371,126
Net loss	-	-	-	-	(51,849)	(51,849)	-	-	-	-	(51,849)	38,058	(13,791)
Other comprehensive income	-	-	-	-	-	-	22,140	(138,968)	(116,828)	-	(116,828)	2,569	(114,259)
Total comprehensive income	-	-	-	-	(51,849)	(51,849)	22,140	(138,968)	(116,828)	-	(168,677)	40,627	(128,050)
Legal reserve appropriated	-	-	27,023	-	(27,023)	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	8,811	(8,811)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(79,180)	(79,180)	-	-	-	-	(79,180)	-	(79,180)
Overdue dividends not received by shareholders	-	18,374	-	-	-	-	-	-	-	-	18,374	-	18,374
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	481	481	-	(481)	(481)	-	-	-	-
Associates disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	1,782	1,782	-	(1,782)	(1,782)	-	-	-	-
Treasury shares transactions	-	(3)	-	-	-	-	-	-	-	13	10	-	10
Balance at June 30, 2022	\$ 5,278,698	64,671	639,287	8,811	1,003,093	1,651,191	(12,494)	(50,566)	(63,060)	-	6,931,500	250,780	7,182,280

See accompanying notes to financial statements.

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TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2022	2021
Cash flows from operating activities:		
Profit before tax	\$ 17,261	461,938
Adjustments:		
Adjustments to reconcile profit		
Depreciation expense	137,737	123,426
Amortization expense	1,075	1,263
Expected credit impairment gain	(23)	(4)
Interest expense	2,372	1,284
Interest income	(2,416)	(1,971)
Dividend income	(16,282)	(4,142)
Share-based payments	-	4,472
Share of loss (profit) of associates and joint ventures accounted for using equity method	18,651	(52,320)
Gain on disposal of property, plant and equipment	-	(190)
Gain on disposal of non-current assets held for sale	(133,145)	-
Impairment loss on non-financial assets	84	-
Gain on bargain purchase transaction	-	(403)
Gain on lease modification	(6)	-
Loss from decline (gain from recovery) in value of inventories	(102,539)	226
Total adjustments to reconcile profit	<u>(94,492)</u>	<u>71,641</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets mandatorily measured at fair value through profit or loss	63,883	(28,353)
Accounts receivable	(228,188)	(221,291)
Other receivables	(1,921)	(6,066)
Inventories	(146,582)	(54,740)
Prepayments	24,075	(21,843)
Other current assets	(342)	74
Other financial assets	(64,350)	1,457
Total changes in operating assets	<u>(353,425)</u>	<u>(330,762)</u>
Changes in operating liabilities:		
Current contract liabilities	(1,467)	(10,236)
Notes payable	(2)	-
Accounts payable	776,751	207,522
Other payables	(52,064)	(2,998)
Provisions	827	-
Other current liabilities	(38,380)	19,240
Net defined benefit liabilities	387	457
Total changes in operating liabilities	<u>686,052</u>	<u>213,985</u>
Total changes in operating assets and liabilities	<u>332,627</u>	<u>(116,777)</u>

See accompanying notes to financial statements.

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TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the six months ended June 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2022	2021
Cash inflow generated from operations	\$ 255,396	416,802
Interest received	2,597	1,904
Dividends received	10,002	4,142
Interest paid	(2,370)	(1,292)
Dividends paid	(14)	(17)
Income taxes paid	(41,177)	(36,195)
Net cash flows from operating activities	224,434	385,344
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,471	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	5,510
Acquisition of investments accounted for using equity method	-	(17,273)
Proceeds from disposal of non-current assets classified as held for sale	202,912	-
Acquisition of property, plant and equipment	(48,978)	(141,346)
Proceeds from disposal of property, plant and equipment	-	190
Decrease (increase) in refundable deposits	75	(24)
Decrease in other long-term investment	577	-
Dividends received	45,291	-
Net cash flows from (used in) investing activities	201,348	(152,943)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	1,217,500	87,500
Decrease in short-term borrowings	(1,303,259)	(90,500)
Repayments of long-term borrowings	(4,135)	(7,615)
Payment of lease liabilities	(3,677)	(2,980)
Increase in other non-current liabilities	(56)	(83)
Proceeds from disposal of treasury shares	10	-
Proceeds from transfer of treasury shares to employees	-	15,139
Net cash (used in) from financing activities	(93,617)	1,461
Effect of exchange rate changes on cash and cash equivalents	1,875	(426)
Net increase in cash and cash equivalents	334,040	233,436
Cash and cash equivalents at beginning of period	253,124	793,022
Cash and cash equivalents at end of period	\$ 587,164	1,026,458

See accompanying notes to financial statements.

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TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

(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 authorized for issue by the Board of Directors on August 10, 2022.

(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, 2022:

- 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”

(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, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(Continued)

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 IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”

(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, 2021. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2021.

- (b) Basis of consolidation

- (i) List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding (%)			Note
			June 30, 2022	December 31, 2021	June 30, 2021	
The Company	YSIC Ltd.	Residential building and industrial plant development rental business	99.99	99.99	99.99	-
The Company	Yuan-Shin Materials Technology Co., Ltd.	Basic chemical materials and plastic raw material manufacturing	100.00	100.00	100.00	Note 1
The Company	Yangmingshan Tien Lai Resort & SPA	Hotel	65.07	65.07	65.07	Note 2
The Company	Asia Carbons & Technology Inc.	Electronic component manufacturing	98.58	98.58	98.58	Note 1
YSIC Ltd.	Grand Capital Co., Ltd.	Investment	100.00	100.00	100.00	Note 1
YSIC Ltd.	Tien Lai Co., Ltd.	Piping engineering	50.00	50.00	50.00	Notes 1 and 3

(Continued)

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

Name of investor	Name of subsidiary	Principal activity	Shareholding (%)			Note
			June 30, 2022	December 31, 2021	June 30, 2021	
YSIC Ltd.	Kun Shan International Ltd.	Investment	62.03	62.03	62.03	-
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	-
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 1: Non-significant subsidiaries for which the financial statements have not been reviewed by independent auditors.

Note 2: 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 3: 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) 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).

(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 the 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.

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, 2021. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2021.

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

(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, 2021. Please refer to notes 6 (a) to (ag) of the 2021 annual consolidated financial statements.

(a) Cash and cash equivalents

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Cash on hand	\$ 705	724	116
Petty cash	994	1,014	1,033
Deposits in bank	386,341	251,386	378,136
Cash equivalents			
Bonds under resell agreements	-	-	50,000
Time deposits due within one year	199,124	-	597,173
	<u>\$ 587,164</u>	<u>253,124</u>	<u>1,026,458</u>

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Mandatorily measured at fair value through profit or loss:			
Current:			
Listed stocks	\$ 213,737	266,352	130,602
Funds	38,083	51,577	46,879
Non-current:			
Listed stocks	7,982	5,756	6,832
Total	<u>\$ 259,802</u>	<u>323,685</u>	<u>184,313</u>

(c) Accounts receivable

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Accounts receivable	\$ 1,148,751	920,432	1,101,647
Less: Loss allowance	(2,451)	(2,466)	(2,556)
	<u>\$ 1,146,300</u>	<u>917,966</u>	<u>1,099,091</u>

(Continued)

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

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

	June 30, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 1,144,988	0.005%	57
1 to 90 days past due	1,132	1%	11
91 to 180 days past due	62	2%	1
181 to 365 days past due	136	2%	3
More than 1 year past due	<u>2,433</u>	50%~100%	<u>2,379</u>
	<u>\$ 1,148,751</u>		<u>2,451</u>
	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 917,335	0.005%	46
1 to 90 days past due	394	1%	4
91 to 180 days past due	112	2%	2
181 to 365 days past due	101	2%	2
More than 1 year past due	<u>2,490</u>	50%~100%	<u>2,412</u>
	<u>\$ 920,432</u>		<u>2,466</u>
	June 30, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 1,090,412	0.005%	55
1 to 90 days past due	8,411	0.005%~1%	4
91 to 180 days past due	116	2%	2
181 to 365 days past due	133	2%	3
More than 1 year past due	<u>2,575</u>	50%~100%	<u>2,492</u>
	<u>\$ 1,101,647</u>		<u>2,556</u>

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

	For the six months ended June 30	
	2022	2021
Beginning balance	\$ 2,466	2,565
Reversal of impairment loss	(23)	(4)
Effect of exchange rate changes	8	(5)
Ending balance	<u>\$ 2,451</u>	<u>2,556</u>

(Continued)

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

(d) Inventories

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Merchandise inventory	\$ 1,230	1,665	1,064
Finished goods	267,803	241,732	130,226
By-product	9,245	7,160	7,680
Semi-finished products	75,546	79,182	80,465
Work in progress	64,536	46,133	41,197
Raw materials	638,230	422,913	199,362
Supplies	19,172	27,856	25,810
	<u>\$ 1,075,762</u>	<u>826,641</u>	<u>485,804</u>

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

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Loss from decline (gain from recovery) in value of inventories	\$ 18,130	161	(102,539)	226

None of the inventories of the Group was pledged as collateral on June 30, 2022, December 31 and June 30, 2021.

(e) Prepayments

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Prepayment for purchases	\$ 6,103	719	194
Supplies	103,719	87,837	88,663
Overpaid sales tax	50,798	55,529	10,970
Others	8,698	5,560	25,974
	<u>\$ 169,318</u>	<u>149,645</u>	<u>125,801</u>

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

On January 22, 2021, the Group obtained an approval from the Board of Directors 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. Therefore, the Group reclassified them as non-current assets (or disposal groups) held for sale, which amounting to \$65,008 thousand. The Group completed the disposal in February 2022 and recognized the gain on disposal amounting to \$133,145 thousand.

(Continued)

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

(g) Other current financial assets

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Time deposits maturing over three months	\$ 219,416	155,067	35,000
Restricted deposits in bank	4,400	4,399	6,986
	<u>\$ 223,816</u>	<u>159,466</u>	<u>41,986</u>

The above assets of the Group had been pledged as collateral; please refer to note 8.

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Equity investments:			
Domestic non-listed stocks	\$ 630,255	696,898	722,496
Foreign non-listed equity investments	320,912	319,725	439,027
	<u>\$ 951,167</u>	<u>1,016,623</u>	<u>1,161,523</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. During the three months and six months ended June 30, 2022 and 2021, the dividends of \$13,114 thousand, \$3,242 thousand, \$13,114 thousand and \$3,242 thousand.
- (ii) In May, 2022, the Group disposed its shares held in Yu-Chie Inc., as a result of the completion of the liquidation. The shares disposed had a fair value of \$1,851 thousand and the Group realized a gain of \$481 thousand, which was recognized as other comprehensive income, and thereafter, was reclassified to retained earnings. There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments for the six months ended June 30, 2021.
- (iii) For market risk; please refer to note 6(ab).
- (iv) None of the above-mentioned financial assets had been pledged as collateral as of June 30, 2022, December 31 and June 30, 2021.

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

(i) Investments accounted for using equity method

(i) Associates

Associates of the Group consisted of the following:

	June 30, 2022		December 31, 2021		June 30, 2021	
	Amount	Share- holding (%)	Amount	Share- holding (%)	Amount	Share- holding (%)
Grand Cathay Venture Capital Co., Ltd. \$	401,021	25.00	467,450	25.00	445,848	25.00
Wonderland Enterprise Co., Ltd.	782,781	37.04	835,959	37.04	787,177	37.04
Globaltop Technology Inc.	46,545	23.89	49,332	23.89	50,608	31.85
Gvision-USA, Inc.	-	-	-	-	33,197	44.44
Functional Coating System Technologies Co., Ltd.	26,377	34.88	26,069	34.88	26,621	34.88
Universal Investments Limited	17,628	40.00	17,038	40.00	17,421	40.00
	\$ 1,274,352		1,395,848		1,360,872	

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.

Gvision-USA, Inc. conducted a capital increase by cash of USD2,000 thousand on October 25, 2021. The Group did not participate in the capital increase proportionally, and its shares of the company dropped to 19.61%. 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's financial information for investments accounted for using equity method that are individually insignificant was as follows:

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Attributable to the Group:				
Net income (loss) \$	(9,082)	14,660	(18,651)	52,320
Other comprehensive income	(36,307)	18,676	(58,453)	73,011
Total comprehensive income	\$ (45,389)	33,336	(77,104)	125,331

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

(ii) Pledge to secure

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

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

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

(j) Property, plant and equipment

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

	Land	Land improvements	Buildings and structures	Machinery and equipment	Transportation equipment	Leased assets	Other equipment	Construction in progress	Total
Cost:									
Balance as of January 1, 2022	\$ 1,576,740	8,462	621,630	7,307,108	4,276	-	844,220	298,058	10,660,494
Additions	-	-	-	3,680	-	-	2,126	20,929	26,735
Disposals	-	-	-	(68,936)	-	-	(16)	-	(68,952)
Reclassification	-	-	-	281,250	-	-	1,200	(296,330)	(13,880)
Effect of exchange rate changes	-	-	-	-	21	-	-	-	21
Balance as of June 30, 2022	\$ 1,576,740	8,462	621,630	7,523,102	4,297	-	847,530	22,657	10,604,418
Balance as of January 1, 2021	\$ 1,577,303	8,462	621,630	7,280,629	10,887	-	946,252	232,174	10,677,337
Additions	-	-	-	-	-	-	2,448	76,351	78,799
Disposals	-	-	-	(356)	-	-	(1,794)	-	(2,150)
Reclassification	-	-	-	10,371	-	-	24,415	(34,786)	-
Effect of exchange rate changes	-	-	-	-	(15)	-	-	-	(15)
Balance as of June 30, 2021	\$ 1,577,303	8,462	621,630	7,290,644	10,872	-	971,321	273,739	10,753,971
Accumulated depreciation:									
Balance as of January 1, 2022	\$ -	8,404	244,208	6,008,783	4,004	-	542,087	-	6,807,486
Depreciation	-	11	7,222	103,799	59	-	23,574	-	134,665
Disposals	-	-	-	(68,936)	-	-	(16)	-	(68,952)
Effect of exchange rate changes	-	-	-	-	19	-	-	-	19
Balance as of June 30, 2022	\$ -	8,415	251,430	6,043,646	4,082	-	565,645	-	6,873,218
Balance as of January 1, 2021	\$ -	8,383	229,758	5,830,382	10,474	-	649,155	-	6,728,152
Depreciation	-	11	7,225	89,254	71	-	23,720	-	120,281
Disposals	-	-	-	(356)	-	-	(1,794)	-	(2,150)
Effect of exchange rate changes	-	-	-	-	(14)	-	-	-	(14)
Balance as of June 30, 2021	\$ -	8,394	236,983	5,919,280	10,531	-	671,081	-	6,846,269
Carrying value:									
Balance as of January 1, 2022	\$ 1,576,740	58	377,422	1,298,325	272	-	302,133	298,058	3,853,008
Balance as of June 30, 2022	\$ 1,576,740	47	370,200	1,479,456	215	-	281,885	22,657	3,731,200
Balance as of January 1, 2021	\$ 1,577,303	79	391,872	1,450,247	413	-	297,097	232,174	3,949,185
Balance as of June 30, 2021	\$ 1,577,303	68	384,647	1,371,364	341	-	300,240	273,739	3,907,702

As of June 30, 2022, December 31 and June 30, 2021, there was no recognized accumulated impairment losses of property, plant and equipment.

As of June 30, 2022, December 31 and June 30, 2021, the property, plant and equipment of the Group had been pledged as collateral for loans; please refer to note 8.

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

(k) Right-of-use assets

The cost and accumulated depreciation of leased land, buildings and structures, transportation equipment, and office 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, 2022	\$ 4,064	1,254	12,769	4,814	22,901
Additions	-	424	3,850	-	4,274
Lease modification	84	-	-	-	84
Disposals	-	(426)	(5,160)	-	(5,586)
Balance as of June 30, 2022	<u>\$ 4,148</u>	<u>1,252</u>	<u>11,459</u>	<u>4,814</u>	<u>21,673</u>
Balance as of January 1, 2021	\$ 387	1,429	12,769	4,814	19,399
Disposals	(387)	-	-	-	(387)
Balance as of June 30, 2021	<u>\$ -</u>	<u>1,429</u>	<u>12,769</u>	<u>4,814</u>	<u>19,012</u>
Accumulated depreciation:					
Balance as of January 1, 2022	\$ 87	354	10,328	2,167	12,936
Depreciation	107	313	1,999	481	2,900
Disposals	-	(426)	(5,160)	-	(5,586)
Balance as of June 30, 2022	<u>\$ 194</u>	<u>241</u>	<u>7,167</u>	<u>2,648</u>	<u>10,250</u>
Balance as of January 1, 2021	\$ 353	635	6,130	1,203	8,321
Depreciation	34	357	2,099	482	2,972
Disposals	(387)	-	-	-	(387)
Balance as of June 30, 2021	<u>\$ -</u>	<u>992</u>	<u>8,229</u>	<u>1,685</u>	<u>10,906</u>
Carrying amount:					
Balance as of January 1, 2022	<u>\$ 3,977</u>	<u>900</u>	<u>2,441</u>	<u>2,647</u>	<u>9,965</u>
Balance as of June 30, 2022	<u>\$ 3,954</u>	<u>1,011</u>	<u>4,292</u>	<u>2,166</u>	<u>11,423</u>
Balance as of January 1, 2021	<u>\$ 34</u>	<u>794</u>	<u>6,639</u>	<u>3,611</u>	<u>11,078</u>
Balance as of June 30, 2021	<u>\$ -</u>	<u>437</u>	<u>4,540</u>	<u>3,129</u>	<u>8,106</u>

(l) Investment property

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
Cost:			
Balance as of June 30, 2022			
(Balance as of January 1, 2022)	<u>\$ 46,101</u>	<u>17,625</u>	<u>63,726</u>
Balance as of June 30, 2021			
(Balance as of January 1, 2021)	<u>\$ 46,101</u>	<u>17,625</u>	<u>63,726</u>
Accumulated depreciation:			
Balance as of January 1, 2022	\$ -	6,711	6,711
Depreciation	-	172	172
Balance as of June 30, 2022	<u>\$ -</u>	<u>6,883</u>	<u>6,883</u>
Balance as of January 1, 2021	\$ -	6,365	6,365
Depreciation	-	173	173
Balance as of June 30, 2021	<u>\$ -</u>	<u>6,538</u>	<u>6,538</u>

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TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
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	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
Carrying value:			
Balance as of January 1, 2022	\$ <u>46,101</u>	<u>10,914</u>	<u>57,015</u>
Balance as of June 30, 2022	\$ <u>46,101</u>	<u>10,742</u>	<u>56,843</u>
Balance as of January 1, 2021	\$ <u>46,101</u>	<u>11,260</u>	<u>57,361</u>
Balance as of June 30, 2021	\$ <u>46,101</u>	<u>11,087</u>	<u>57,188</u>

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, 2021. For other relevant information, please refer to note 6(n) of the consolidated financial statements of 2021.

None of the investment property was pledged as collateral as of June 30, 2022, December 31 and June 30, 2021.

(m) Intangible assets

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

	<u>Technical royalty</u>	<u>Computer software</u>	<u>Total</u>
Cost:			
Balance as of June 30, 2022 (Balance as of January 1, 2022)	\$ <u>22,242</u>	<u>6,061</u>	<u>28,303</u>
Balance as of June 30, 2021 (Balance as of January 1, 2021)	\$ <u>22,242</u>	<u>5,146</u>	<u>27,388</u>
Accumulated amortization:			
Balance as of January 1, 2022	\$ 16,068	4,303	20,371
Amortization	<u>488</u>	<u>587</u>	<u>1,075</u>
Balance as of June 30, 2022	\$ <u>16,556</u>	<u>4,890</u>	<u>21,446</u>
Balance as of January 1, 2021	\$ 15,093	2,725	17,818
Amortization	<u>487</u>	<u>776</u>	<u>1,263</u>
Balance as of June 30, 2021	\$ <u>15,580</u>	<u>3,501</u>	<u>19,081</u>
Carrying value:			
Balance as of January 1, 2022	\$ <u>6,174</u>	<u>1,758</u>	<u>7,932</u>
Balance as of June 30, 2022	\$ <u>5,686</u>	<u>1,171</u>	<u>6,857</u>
Balance as of January 1, 2021	\$ <u>7,149</u>	<u>2,421</u>	<u>9,570</u>
Balance as of June 30, 2021	\$ <u>6,662</u>	<u>1,645</u>	<u>8,307</u>

(n) Other long-term investment, net

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Construction and operation of student dormitory	\$ <u>29,999</u>	<u>30,576</u>	<u>31,450</u>

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Notes to the Consolidated Financial Statements

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.

(o) Other non-current assets

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Long-term prepaid expenses	\$ 55,449	85,401	95,777
Net defined benefit assets	5,489	5,489	5,278
	<u>\$ 60,938</u>	<u>90,890</u>	<u>101,055</u>

(p) Short-term borrowings

Short-term borrowings of the Group were as follows:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Unsecured bank loans	\$ 150,000	235,759	-
Secured bank loans	117,500	117,500	94,500
Total	<u>\$ 267,500</u>	<u>353,259</u>	<u>94,500</u>
Unused short-term credit lines	<u>\$ 649,913</u>	<u>559,617</u>	<u>1,209,961</u>
Range of interest rate	<u>1.25%~1.58%</u>	<u>0.75~1.20%</u>	<u>1.20%</u>

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

(q) Other payables

Other payables of the Group were as follows:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Accrued payroll	\$ 6,477	19,192	15,763
Employee bonus payable	392	441	21,285
Compensation payable to directors	79	128	21,203
Compensated absences	24,358	28,602	27,081
Other accrued expenses payable	36,357	73,081	46,397
Payables on equipment	2,004	24,247	4,772
Dividends payable	79,632	9,730	9,770
Other payables-other	15,685	23,076	21,838
Total	<u>\$ 164,984</u>	<u>178,497</u>	<u>168,109</u>

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

(r) Long-term borrowings

Long-term borrowings of the Group were as follows:

June 30, 2022				
	Currency	Range of interest rate	Due year	Amount
Secured bank loans	NTD	1.89%	2030	\$ 72,900
Less: current portion				8,299
Total				\$ 64,601
Unused long-term credit lines				\$ 14,800
December 31, 2021				
	Currency	Range of interest rate	Due year	Amount
Secured bank loans	NTD	1.51%	2030	\$ 77,035
Less: current portion				8,349
Total				\$ 68,686
Unused long-term credit lines				\$ 10,665
June 30, 2021				
	Currency	Range of interest rate	Due year	Amount
Secured bank loans	NTD	1.51%	2030	\$ 81,163
Less: current portion				8,286
Total				\$ 72,877
Unused long-term credit lines				\$ 6,537

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

(s) Lease liabilities

Lease liabilities of the Group were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Current	\$ 3,810	4,069	5,342
Non-current	\$ 6,663	5,729	2,599

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

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
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The amounts recognized in profit or loss were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Interest on lease liabilities	\$ <u>40</u>	<u>35</u>	<u>74</u>	<u>75</u>
Expenses relating to short-term leases	\$ <u>93</u>	<u>246</u>	<u>168</u>	<u>456</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>156</u>	<u>145</u>	<u>343</u>	<u>306</u>

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

	For the six months ended June 30	
	2022	2021
Total cash outflow for leases	\$ <u>4,262</u>	<u>3,817</u>

(t) 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, 2021 and 2020.

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

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Operating cost	\$ 272	295	532	592
Operating expenses	100	101	199	201
Total	\$ <u>372</u>	<u>396</u>	<u>731</u>	<u>793</u>

(ii) Defined contribution plans

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

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Operating cost	\$ 2,143	2,042	4,217	4,148
Operating expenses	758	948	1,504	1,669
Total	\$ <u>2,901</u>	<u>2,990</u>	<u>5,721</u>	<u>5,817</u>

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
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(u) Income tax

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

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Current income tax expense				
Current period	\$ (1,547)	(42,563)	33,745	111
Adjustment for prior periods	8,890	146	8,890	146
Deferred income tax benefit				
Origination and reversal of temporary difference	(19,747)	(27,311)	(11,583)	(27,728)
Income tax expense	<u>\$ (12,404)</u>	<u>(69,728)</u>	<u>31,052</u>	<u>(27,471)</u>

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

(v) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the six months ended June 30, 2022 and 2021. Please refer to note 6(x) of the consolidated financial statements for the year ended December 31, 2021.

(i) Capital surplus

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

	December 31,		
	June 30, 2022	2021	June 30, 2021
Difference arising from subsidiary's share price and its carrying value	\$ 8,953	8,953	8,953
Changes in ownership interests in subsidiaries	26,307	26,307	25,310
Changes in equity of investments in associates using equity method	6,594	6,594	13,961
Treasury share transactions	4,430	4,433	4,433
Donation from shareholders	13	13	-
Overdue dividends not received by shareholders	18,374	-	-
Total	<u>\$ 64,671</u>	<u>46,300</u>	<u>52,657</u>

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
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(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.

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 June 22, 2022 and July 7, 2021, the shareholders' meeting resolved to distribute the 2021 and 2020 earnings. These earnings were appropriated as follows:

	<u>2021</u>	<u>2020</u>
Dividends distributed to ordinary shareholders		
Cash	<u>\$ 79,180</u>	<u>263,935</u>

(iii) Other equity

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2022	\$ (34,634)	90,665	56,031
Exchange differences on foreign operations	21,522	-	21,522
Exchange differences on associates and joint ventures accounted for using equity method	618	-	618
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(79,897)	(79,897)
Unrealized losses from financial assets measured at fair value through other comprehensive income on associates and joint ventures accounted for using equity method	-	(59,071)	(59,071)
Cumulative gains reclassified to retained earnings on disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(481)	(481)
Cumulative gains reclassified to retained earnings on associates disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(1,782)	(1,782)
Balance as of June 30, 2022	<u>\$ (12,494)</u>	<u>(50,566)</u>	<u>(63,060)</u>

(Continued)

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

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

(iv) Treasury stock

In accordance with the requirements under section 28(2) of the Securities and Exchange Act, the Company repurchased 1,040 thousand shares of treasury stock in order to transfer shares to employees. As of June 30, 2022, a total of 1,040 thousand shares were all transferred to employees.

(w) 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.

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:

	For the six months ended June 30, 2021
	Treasury stock transferred to employees
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 %

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
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Details of the employee stock options and the transfer of treasury stock were as follows:

(in thousand)

	For the six months ended June 30, 2021	
	Weighted average exercise price (dollars)	Number of options
Granted during the year (number)	14.6	1,040
Exercised during the year (number)	14.6	(1,040)
Outstanding at end of period	-	-
(x) Earnings per share		

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

(i) Basic earnings per share

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Profit (loss) attributable to the Company	\$ <u>(146,935)</u>	<u>249,626</u>	<u>(51,849)</u>	<u>489,040</u>
Weighted-average number of ordinary shares outstanding	<u>527,870</u>	<u>527,458</u>	<u>527,869</u>	<u>527,146</u>
Earnings per share (NTD) \$	<u>(0.28)</u>	<u>0.47</u>	<u>(0.10)</u>	<u>0.93</u>

(ii) Diluted earnings per share

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Profit (loss) attributable to the Company (diluted)	\$ <u>(146,935)</u>	<u>249,626</u>	<u>(51,849)</u>	<u>489,040</u>
Weighted-average number of ordinary shares outstanding	527,870	527,458	527,869	527,146
Effect of dilutive potential ordinary shares				
Employee remuneration in stock	-	954	-	1,028
Weighted-average number of ordinary shares outstanding (diluted)	<u>527,870</u>	<u>528,412</u>	<u>527,869</u>	<u>528,174</u>
Diluted earnings per share (NTD) \$	<u>(0.28)</u>	<u>0.47</u>	<u>(0.10)</u>	<u>0.93</u>

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
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(y) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Primary geographical markets:				
Asia	\$ 3,840,629	3,423,824	7,227,345	5,542,659
Europe	-	11,615	7,267	11,615
America	-	-	145,148	-
Total	<u>\$ 3,840,629</u>	<u>3,435,439</u>	<u>7,379,760</u>	<u>5,554,274</u>
Major products/services lines:				
Commodity sales revenue	\$ 3,816,874	3,418,066	7,307,632	5,489,460
Travel service revenue	22,081	15,671	66,468	59,053
Other operating revenue	1,674	1,702	5,660	5,761
Total	<u>\$ 3,840,629</u>	<u>3,435,439</u>	<u>7,379,760</u>	<u>5,554,274</u>

(ii) Contract balances

	June 30, 2022	December 31, 2021	June 30, 2021
Contract liabilities-travel service contract	\$ 20,992	38,155	26,913
Contract liabilities-unearned sales revenue	28,564	12,868	7,868
Total	<u>\$ 49,556</u>	<u>51,023</u>	<u>34,781</u>

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

The amount of revenue recognized for the three months and six months ended June 30, 2022 and 2021 that were included in the contract liability balance at the beginning of the period were \$727 thousand, \$943 thousand, \$11,705 thousand, and \$3,429 thousand, respectively.

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.

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

(z) Non-operating income and expenses

(i) Other income

Details of other income of the Group were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Rent income	\$ 277	277	554	554
Gain from bargain purchase transactions	-	-	-	403
Dividend income	15,358	3,619	15,904	3,619
Others	2,041	4,875	6,794	19,161
Total	\$ 17,676	8,771	23,252	23,737

(ii) Other gains and losses

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Foreign exchange gains	\$ 3,662	(2,532)	6,507	6,576
Gains (losses) on financial assets at fair value through profit or loss	(36,776)	9,699	(30,345)	10,222
Gains on disposals of non-current assets (or disposal groups) held for sale	397	-	133,145	-
Gains on disposals of property, plant and equipment	-	-	-	190
Impairment losses	(84)	-	(84)	-
Gains on lease modification	-	-	6	-
Others	(711)	(7)	(735)	(25)
Total	\$ (33,512)	7,160	108,494	16,963

(iii) Finance costs

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Interest expense	\$ 1,203	632	\$ 2,372	1,284

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TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
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(aa) Remunerations to employees and directors

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

For the six months ended June 30, 2022, there was no appropriation of remunerations to employees and directors because of net loss before tax.

For the three and six months ended June 30, 2021, the remunerations to employees amounted to \$5,114 thousand and \$11,711 thousand, respectively, and the remunerations to directors amounted to \$5,114 thousand and \$11,711 thousand, respectively. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the proposed percentage 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, 2021 and 2020, the remunerations to employees amounted to \$49 thousand and \$5,583 thousand, respectively. The remunerations to directors amounted to \$49 thousand and \$6,979 thousand, respectively. The differences between the amount as stated before and the actual distribution to employees and directors in 2021 and 2020 were \$(49) thousand, \$(49) thousand, \$3,909 thousand and \$2,513 thousand, respectively, which already recognized in profit or loss in 2022 and 2021. The information is available on the Market Observation Post System Website.

(ab) 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(ad) of the consolidated financial statements for the year ended December 31, 2021.

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

As of June 30, 2022, December 31 and June 30, 2021, the Group reviewed the concentrations of credit risk arising from the major top ten customers, and it was 94%, 96% and 96%, respectively, of the total accounts receivable. The concentrations of credit risk of the remaining accounts receivable are relatively small.

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

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
June 30, 2022						
Non-derivative financial liabilities						
Short-term borrowings	\$ 267,500	268,089	268,089	-	-	-
Payables	1,913,680	1,913,680	1,913,680	-	-	-
Long-term borrowings	72,900	78,737	9,602	9,602	28,805	30,728
Deposit received	660	660	-	350	310	-
Lease liabilities	10,473	11,136	3,946	2,537	1,484	3,169
	<u>\$ 2,265,213</u>	<u>2,272,302</u>	<u>2,195,317</u>	<u>12,489</u>	<u>30,599</u>	<u>33,897</u>
December 31, 2021						
Non-derivative financial liabilities						
Short-term borrowings	\$ 353,259	353,746	353,746	-	-	-
Payables	1,149,068	1,149,068	1,149,068	-	-	-
Long-term borrowings	77,035	82,255	9,454	9,454	28,363	34,984
Deposit received	716	716	-	350	366	-
Lease liabilities	9,798	10,438	4,181	1,692	1,217	3,348
	<u>\$ 1,589,876</u>	<u>1,596,223</u>	<u>1,516,449</u>	<u>11,496</u>	<u>29,946</u>	<u>38,332</u>
June 30, 2021						
Non-derivative financial liabilities						
Short-term borrowings	\$ 94,500	94,631	94,631	-	-	-
Payables	1,164,032	1,164,032	1,164,032	-	-	-
Long-term borrowings	81,163	88,841	8,411	8,666	27,976	43,788
Deposit received	867	867	-	-	867	-
Lease liabilities	7,941	8,061	5,424	1,637	1,000	-
	<u>\$ 1,348,503</u>	<u>1,356,432</u>	<u>1,272,498</u>	<u>10,303</u>	<u>29,843</u>	<u>43,788</u>

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:

	June 30, 2022			December 31, 2021			June 30, 2021		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 18,883	29.720	561,203	10,593	27.680	293,214	19,000	27.860	529,340
CNY	69,336	4.428	307,020	40,119	4.294	172,281	35,095	4.342	152,396
EUR	40	31.050	1,242	-	-	-	550	33.150	18,233
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	23,255	29.720	691,139	16,189	27.680	448,112	15,210	27.860	423,751
CNY	705	4.428	3,122	1,502	4.294	6,450	1,441	4.342	6,257

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, other financial assets, accounts payable and other payables that are denominated in foreign currency. A weakening (strengthening) of 1% of the NTD against the USD, CNY and EUR as of June 30, 2022 and 2021, would have increased (decreased) net profit before tax by \$1,752 thousand and \$2,700 thousand for the six months ended June 30, 2022 and 2021, respectively. The analysis is performed on the same basis.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the six months ended June 30, 2022 and 2021, foreign exchange gain (loss) (including realized and unrealized portions) amounted to gain of \$6,507 thousand and \$6,576 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 \$1,702 thousand and \$878 thousand for the six months ended June 30, 2022 and 2021, 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 six months ended June 30			
	2022		2021	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 1%	\$ 9,512	2,598	11,615	1,843
Decreasing 1%	\$ (9,512)	(2,598)	(11,615)	(1,843)

(iv) Fair value information

1) Types and fair value of financial instruments

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

	June 30, 2022			
	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	\$ 221,719	221,719	-	221,719
Funds	38,083	38,083	-	38,083
Financial assets at fair value through other comprehensive income:				
Domestic and foreign non-listed stocks	951,167	-	-	951,167
Financial assets measured at amortized cost:				
Cash and cash equivalents	587,164	-	-	-
Accounts receivable	1,146,300	-	-	-
Other receivables	14,127	-	-	-
Other financial assets-current	223,816	-	-	-
Refundable deposits	3,512	-	-	-
Subtotal	1,974,919	-	-	-
Total	\$ 3,185,888	259,802	-	951,167
		-	1,210,969	

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		June 30, 2022			
		Fair value			
Book value	Level 1	Level 2	Level 3	Total	
Financial liabilities measured at amortized cost:					
Short-term borrowings	\$ 267,500	-	-	-	-
Accounts payable	1,754,467	-	-	-	-
Other payables	159,213	-	-	-	-
Long-term borrowings	72,900	-	-	-	-
Other non-current liabilities	660	-	-	-	-
Lease liabilities	10,473	-	-	-	-
Total	\$ 2,265,213	-	-	-	-
		December 31, 2021			
		Fair value			
Book value	Level 1	Level 2	Level 3	Total	
Financial assets at fair value through profit or loss:					
Financial assets mandatorily at fair value through profit or loss:					
Listed stocks	\$ 272,108	272,108	-	-	272,108
Funds	51,577	51,577	-	-	51,577
Financial assets at fair value through other comprehensive income:					
Domestic and foreign non-listed stocks	1,016,623	-	-	1,016,623	1,016,623
Financial assets measured at amortized cost:					
Cash and cash equivalents	253,124	-	-	-	-
Accounts receivable	917,966	-	-	-	-
Other receivables	5,850	-	-	-	-
Other financial assets-current	159,466	-	-	-	-
Refundable deposits	3,587	-	-	-	-
Subtotal	1,339,993	-	-	-	-
Total	\$ 2,680,301	323,685	-	1,016,623	1,340,308
Financial liabilities measured at amortized cost:					
Short-term borrowings	\$ 353,259	-	-	-	-
Notes payable	2	-	-	-	-
Accounts payable	977,716	-	-	-	-
Other payables	171,350	-	-	-	-
Long-term borrowings	77,035	-	-	-	-
Other non-current liabilities	716	-	-	-	-
Lease liabilities	9,798	-	-	-	-
Total	\$ 1,589,876	-	-	-	-

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	June 30, 2021				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss:					
Financial assets mandatorily at fair value through profit or loss:					
Listed stocks	\$ 137,434	137,434	-	-	137,434
Funds	46,879	46,879	-	-	46,879
Financial assets at fair value through other comprehensive income:					
Domestic and foreign non-listed stocks	1,161,523	-	-	1,161,523	1,161,523
Financial assets measured at amortized cost:					
Cash and cash equivalents	1,026,458	-	-	-	-
Accounts receivable	1,099,091	-	-	-	-
Other receivables	35,720	-	-	-	-
Other financial assets-current	41,986	-	-	-	-
Refundable deposits	3,589	-	-	-	-
Subtotal	<u>2,206,844</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,552,680</u>	<u>184,313</u>	<u>-</u>	<u>1,161,523</u>	<u>1,345,836</u>
Financial liabilities measured at amortized cost:					
Short-term borrowings	\$ 94,500	-	-	-	-
Accounts payable	1,005,827	-	-	-	-
Other payables	158,205	-	-	-	-
Long-term borrowings	81,163	-	-	-	-
Other non-current liabilities	867	-	-	-	-
Lease liabilities	7,941	-	-	-	-
Total	<u>\$ 1,348,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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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TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
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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.

Measurements of fair value of equity investments without an active market nor quoted market price are based on comparable listed company method. This method is based on the estimated earnings before interest, taxes, depreciation and amortization and the multipliers that are extrapolated from comparable listed company quoted prices. The estimated fair values are adjusted to the discounting effect of lack of market liquidity.

3) Transfers between Level 1 and Level 2

There were no transfers for the six months ended June 30, 2022 and 2021.

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
Opening balance, January 1, 2022	\$ 1,016,623
Total gains and losses recognized	
Other comprehensive income	(79,899)
Disposal	(1,851)
Effect of exchange rate changes	16,294
Ending Balance, June 30, 2022	\$ 951,167
Opening balance, January 1, 2021	\$ 1,109,979
Total gains and losses recognized	
Other comprehensive income	64,662
Capital reduction by cash	(5,510)
Effect of exchange rate changes	(7,608)
Ending Balance, June 30, 2021	\$ 1,161,523

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TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
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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 June 30, 2022 and 2021 were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
	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>(66,046)</u>	<u>22,518</u>	<u>(79,899)</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 other comprehensive income-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"> · Price to book ratio (0.96~1.97, 0.96~2.01 and 0.97~2.01 as of June 30, 2022, December 31 and June 30, 2021) · Lack of market liquidity discount (10%~30%, 3%~43% and 10%~30% as of June 30, 2022, December 31 and June 30, 2021) 	<ul style="list-style-type: none"> · The fair value would increase if price to book ratio increase · The fair value would decrease if lack of market liquidity discount increase

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TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
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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>
June 30, 2022				
Financial assets at fair value through other comprehensive income	Price to book ratio	10%	\$ 885	(885)
	Liquidity discount	10%	19,642	(19,642)
December 31, 2021				
Financial assets at fair value through other comprehensive income	Price to book ratio	10%	898	(898)
	Liquidity discount	10%	21,553	(21,553)
June 30, 2021				
Financial assets at fair value through other comprehensive income	Price to book ratio	10%	116,152	(116,152)
	Liquidity discount	10%	23,615	(23,615)

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.

- (ac) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(ae) of the consolidated financial statements for the year ended December 31, 2021.

- (ad) 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, 2021. Please refer to note 6(af) of the consolidated financial statements for the year ended December 31, 2021 for further details.

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

There were no non-cash investing activities for the six months ended June 30, 2022 and 2021. Reconciliation of liabilities arising from non-cash financing activities for the six months ended June 30, 2022 and 2021 were as follows:

	January 1, 2022	Cash flows	Non-cash changes			June 30, 2022
			Lease modification	Effect of consolidation changes	Additions	
Lease liabilities	\$ 9,798	(3,677)	78	-	4,274	10,473

	January 1, 2021	Cash flows	Non-cash changes			June 30, 2021
			Lease modification	Effect of consolidation changes	Additions	
Lease liabilities	\$ 10,921	(2,980)	-	-	-	7,941

(7) Related-party transactions

(a) Key management personnel compensation

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 7,673	7,294	15,500	15,529
Post-employment benefits	323	262	837	533
	\$ 7,996	7,556	16,337	16,062

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

(8) Pledged assets

The carrying amounts of pledged assets were as follows:

Pledged assets	Object	June 30, 2022	December 31,	
			2021	June 30, 2021
Cash in banks (other financial assets)	Performance guarantee	\$ 1,844	1,843	4,430
Land, buildings and structures	Borrowings	585,367	587,889	590,973
		\$ 587,211	589,732	595,403

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TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
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(9) Commitments and contingencies

(a) Letter of credit issued but not expired

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Letter of credit outstanding for the import of raw materials	\$ 1,756,341 (including EUR140 thousand)	1,168,086 (including USD256 thousand)	1,188,276 (including USD3,270 thousand and EUR548 thousand)

(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 June 30					
	2022			2021		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salary	\$ 37,406	14,794	52,200	48,888	32,010	80,898
Labor and health insurance	4,412	1,245	5,657	4,356	1,210	5,566
Pension	2,415	858	3,273	2,337	1,049	3,386
Remuneration of directors	-	(2,291)	(2,291)	-	8,065	8,065
Others	2,209	4,702	6,911	2,108	3,965	6,073
Depreciation	66,375	2,596	68,971	59,588	2,323	61,911
Amortization	320	47	367	632	-	632

By Function	For the six months ended June 30					
	2022			2021		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salary	\$ 84,250	35,601	119,851	102,669	56,984	159,653
Labor and health insurance	8,673	2,472	11,145	9,296	2,483	11,779
Pension	4,749	1,703	6,452	4,740	1,870	6,610
Remuneration of directors	-	611	611	-	14,992	14,992
Others	4,830	8,843	13,673	4,373	6,644	11,017
Depreciation	132,560	5,177	137,737	118,771	4,655	123,426
Amortization	982	93	1,075	1,263	-	1,263

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TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the six months ended June 30, 2022:

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

(in Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with the security issuer	Account	Ending balance				Note
				Shares	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Test Research, Inc.	-	Current financial assets at fair value through profit or loss	500,000	29,850	0.21 %	29,850	
The Company	Gloria Material Technology Corp.	-	Current financial assets at fair value through profit or loss	390,000	9,789	0.09 %	9,789	
The Company	Solar Applied Materials Technology Corp.	-	Current financial assets at fair value through profit or loss	2,842,000	116,238	0.48 %	116,238	
The Company	Universal Venture Capital Investment Corporation	-	Non-current investment in equity instrument at FVOCI	8,400,000	54,171	6.98 %	54,171	
The Company	Euroc Venture Capital Corp.	-	Non-current investment in equity instrument at FVOCI	19,000	144	2.38 %	144	
The Company	Euroc III Venture Capital Corp.	-	Non-current investment in equity instrument at FVOCI	15,000	228	5.00 %	228	
The Company	Global Investment Holding Co., Ltd	-	Non-current investment in equity instrument at FVOCI	10,233,608	87,429	5.82 %	87,429	
The Company	Faith Alliance Corporation	-	Non-current investment in equity instrument at FVOCI	25,720	71	0.06 %	71	
The Company	Multilayer P. C. B.& Assembly Manufacturer	-	Non-current investment in equity instrument at FVOCI	912	8	0.01 %	8	
The Company	Leadwell Cnc Machines Mfg., Corp.	-	Non-current investment in equity instrument at FVOCI	37,352	862	0.06 %	862	
The Company	Crownpo Technology Inc.	-	Non-current investment in equity instrument at FVOCI	709	17	0.01 %	17	
The Company	Infomedia Inc.	-	Non-current investment in equity instrument at FVOCI	200,000	1,316	0.11 %	1,316	
The Company	Vxis Technology Corp.	-	Non-current investment in equity instrument at FVOCI	72,480	974	0.61 %	974	
The Company	Asia Global Venture Capital II CO., Ltd.	-	Non-current investment in equity instrument at FVOCI	531,300	18,330	10.00 %	18,330	
The Company	Shieh Tai Biochemical Technology Co., Ltd	-	Non-current investment in equity instrument at FVOCI	120,339	-	0.32 %	-	
The Company	Lof Solar Corp.	-	Non-current investment in equity instrument at FVOCI	600,000	-	3.64 %	-	
The Company	Yuan-Jie Investment Co., Ltd.	-	Non-current investment in equity instrument at FVOCI	21,000,000	209,757	19.09 %	209,757	
The Company	Yu-Jie Investment Co., Ltd.	-	Non-current investment in equity instrument at FVOCI	21,320,000	252,736	19.38 %	252,736	
The Company	Deng Yun Co., Ltd.	-	Non-current investment in equity instrument at FVOCI	591,945	44,454	3.09 %	44,454	
The Company	Lidien Inc.	-	Non-current investment in equity instrument at FVOCI	760,000	14,716	19.00 %	14,716	
The Company	GVISION-USA, INC.	-	Non-current investment in equity instrument at FVOCI	666,667	26,640	19.05 %	26,640	
YSIC Ltd.	M31 Technology Corporation	-	Current financial assets at fair value through profit or loss	10,000	2,345	0.03 %	2,345	
YSIC Ltd.	Actron Technology Corp.	-	Current financial assets at fair value through profit or loss	10,000	1,515	0.01 %	1,515	
YSIC Ltd.	Micro-Star International Co., Ltd.	-	Current financial assets at fair value through profit or loss	20,000	2,270	- %	2,270	

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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.	Phison Electronics Corp.	-	Current financial assets at fair value through profit or loss	20,000	5,420	0.01 %	5,420	
YSIC Ltd.	Oneness Biotech Co., Ltd.	-	Current financial assets at fair value through profit or loss	50,000	8,775	0.01 %	8,775	
YSIC Ltd.	OBI Pharma, Inc.	-	Current financial assets at fair value through profit or loss	139,032	13,556	0.06 %	13,556	
YSIC Ltd.	Brilliant Network & Automation Integrated System Co., Ltd.	-	Current financial assets at fair value through profit or loss	15,000	1,755	0.04 %	1,755	
YSIC Ltd.	MPI Corporation	-	Current financial assets at fair value through profit or loss	10,000	851	0.01 %	851	
YSIC Ltd.	GlobalWafers Co., Ltd.	-	Current financial assets at fair value through profit or loss	10,000	4,530	- %	4,530	
YSIC Ltd.	Avertronics Inc.	-	Current financial assets at fair value through profit or loss	100,000	2,385	0.26 %	2,385	
YSIC Ltd.	Shin Kong Chi-Shin Money-Market Fund	-	Current financial assets at fair value through profit or loss	2,355,588	36,882	- %	36,882	
YSIC Ltd.	Fubon Taiwan High Dividend 30 ETF	-	Current financial assets at fair value through profit or loss	100,000	1,201	- %	1,201	
YSIC Ltd.	Cjw International Co., Ltd.	-	Non-current investment in equity instrument at FVOCI	676,413	7,982	0.65 %	7,982	
YSIC Ltd.	Cyca International	-	Non-current financial assets at fair value through profit or loss	101,677	-	- %	-	
YSIC Ltd.	Mcm Stamping Co., Ltd.	-	Non-current investment in equity instrument at FVOCI	200,000	356	0.63 %	356	
YSIC Ltd.	Vxis Technology Corp.	-	Non-current investment in equity instrument at FVOCI	72,480	974	0.61 %	974	
YSIC Ltd.	Infomedia Inc.	-	Non-current investment in equity instrument at FVOCI	650,000	4,276	0.35 %	4,276	
YSIC Ltd.	Yuan-Jie Investment Co., Ltd.	-	Non-current investment in equity instrument at FVOCI	100,000	999	0.09 %	999	
YSIC Ltd.	Yu-Jie Investment Co., Ltd.	-	Non-current investment in equity instrument at FVOCI	103,000	1,221	0.09 %	1,221	
Grand Capital Co., Ltd.	Deng Yun Co., Ltd	-	Non-current investment in equity instrument at FVOCI	3,082,453	231,488	16.10 %	231,488	
Yuan-Shin Materials Technology Co., Ltd.	Yuanta Financial Holding Co., Ltd.	-	Current financial assets at fair value through profit or loss	309,000	6,087	- %	6,087	
Yuan Shin Materials Technology Co., Ltd.	Wei Kong Industrial Co., Ltd.	-	Current financial assets at fair value through profit or loss	40,000	1,108	0.01 %	1,108	
Yuan Shin Materials Technology Co., Ltd.	Wah Lee Industrial Corp.	-	Current financial assets at fair value through profit or loss	20,000	1,688	0.01 %	1,688	
Yuan Shin Materials Technology Co., Ltd.	China General Plastics Corp.	-	Current financial assets at fair value through profit or loss	50,000	1,530	0.01 %	1,530	
Yuan Shin Materials Technology Co., Ltd.	Asustek Computer Inc.	-	Current financial assets at fair value through profit or loss	7,000	2,174	- %	2,174	
Yuan Shin Materials Technology Co., Ltd.	Giga-Byte Technology Co., Ltd.	-	Current financial assets at fair value through profit or loss	5,000	443	- %	443	
Yuan Shin Materials Technology Co., Ltd.	Supreme Electronics Co., Ltd.	-	Current financial assets at fair value through profit or loss	30,000	1,261	0.01 %	1,261	
Yuan Shin Materials Technology Co., Ltd.	Chang Wah Electromaterial Inc.	-	Current financial assets at fair value through profit or loss	5,000	167	- %	167	

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- (iv) Information regarding purchase or sale of securities for the period exceeding NTD300 million or 20% of the Company's paid-in capital: None
- (v) Information on acquisition of real estate with purchase amount exceeding NTD300 million or 20% of the Company's paid-in capital: None
- (vi) Information regarding receivables from disposal of real estate exceeding NTD300 million or 20% of the Company's paid-in capital: None
- (vii) Information regarding related-parties purchases and/or sales exceeding NTD100 million or 20% of the Company's paid-in capital: None
- (viii) Information regarding receivables from related-parties exceeding NTD100 million or 20% of the Company's paid-in capital: None
- (ix) Information regarding trading in derivative financial instruments: None
- (x) Significant transactions and business relationship between the parent company and its subsidiaries for the six months ended June 30, 2022: None
- (b) Information on investees:

The following is the information on investees for the six months ended June 30, 2022 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2022	December 31, 2021	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 %	401,021	(50,501)	(12,625)	
The Company	Wonderland Enterprise Co., Ltd.	Taiwan	General investment business	325,230	325,230	29,629,597	37.04 %	782,781	(7,357)	(2,725)	
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 %	26,377	881	307	
The Company	Universal Investments Limited	British Cayman Islands	Real estate investment business	17,273	17,273	80	40.00 %	17,628	(490)	(308)	
The Company	YSIC Ltd.	Taiwan	Residential building and industrial plant development rental business	1,638,169	1,638,169	72,446,838	99.99 %	910,088	36,106	36,100	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 %	49,293	(1,445)	(1,445)	Subsidiary
The Company	Yangmingshan Tien Lai Resort & SPA	Taiwan	General hotel industry	630,555	630,555	25,865,618	65.07 %	688,199	(2,395)	(2,715)	Subsidiary
The Company	Asia Carbon & Technology Inc.	Taiwan	Electronic component manufacturing	291,064	291,064	9,866,389	98.58 %	(607)	(1,245)	(1,227)	Subsidiary
YSIC Ltd.	Kun Shan International Ltd.	Seychelles	General investment business	122,572	122,572	3,702,718	62.03 %	206,652	101,892	63,207	Subsidiary
YSIC Ltd.	Grand Capital Co., Ltd.	Seychelles	General investment business	90,182	90,182	2,698,002	100.00 %	233,451	(91)	(91)	Subsidiary
YSIC Ltd.	Yangmingshan Tien Lai Resort & SPA	Taiwan	General hotel industry	110,836	110,836	4,807,774	12.10 %	117,620	(2,395)	(469)	Subsidiary
YSIC Ltd.	Globaltop Technology Inc.	Taiwan	Aluminum Nitride Powder	162,643	162,643	5,255,553	23.89 %	46,545	(13,818)	(3,300)	
YSIC Ltd.	Tien Lai Co., Ltd.	Taiwan	Pipe Lines Construction	5,000	5,000	500,000	50.00 %	1,373	(134)	(67)	Subsidiary

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(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, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2022	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	103,081 (USD 3,468)	(2)	108,478 (USD 3,650)	-	-	108,478 (USD 3,650)	77,463 (USD 2,704)	62.03%	48,053	122,816	-
Kun Shan Jia-An Technology Education Consulting Co., Ltd.	Educational consulting, information operation consulting, software and data storage consultation	72,267 (USD 2,432)	(2)	(Note 3)	-	-	-	26,565 (USD 928)	62.03%	16,479	56,315	-

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 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= NTD29.72, USD1=NTD28.6413).

Note3: Kun Shan Yu-Fu Technology Education Consulting Co., Ltd. had been spun-off as Kun Shan Yu-Fu Technology Education Consulting Co., Ltd. and Kun Shan Jia-An Technology Education Consulting Co., Ltd.

(ii) Upper limit on investment in Mainland China:

Accumulated Investment in Mainland China as of June 30, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note)
108,478 (USD 3,650)	108,478 (USD 3,650)	546,128

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:

	For the three months ended June 30, 2022				
	Plasticization segment	Investment segment	Other segments	Reconciliation and elimination	Total
Revenue					
Revenue from external customers	\$ 3,816,874	(18,017)	23,221	-	3,822,078
Intersegments revenues	-	(1,146)	707	439	-
Total revenue	<u>\$ 3,816,874</u>	<u>(19,163)</u>	<u>23,928</u>	<u>439</u>	<u>3,822,078</u>
Reportable segment profit or loss	<u>\$ (161,013)</u>	<u>(23,346)</u>	<u>(11,671)</u>	<u>34,115</u>	<u>(161,915)</u>
	For the three months ended June 30, 2021				
	Plasticization segment	Investment segment	Other segments	Reconciliation and elimination	Total
Revenue					
Revenue from external customers	\$ 3,418,066	(5,687)	17,832	-	3,430,211
Intersegments revenues	-	43	(511)	468	-
Total revenue	<u>\$ 3,418,066</u>	<u>(5,644)</u>	<u>17,321</u>	<u>468</u>	<u>3,430,211</u>
Reportable segment profit or loss	<u>\$ 181,066</u>	<u>(8,791)</u>	<u>(9,633)</u>	<u>15,615</u>	<u>178,257</u>
	For the six months ended June 30, 2022				
	Plasticization segment	Investment segment	Other segments	Reconciliation and elimination	Total
Revenue					
Revenue from external customers	\$ 7,307,632	(18,123)	68,183	-	7,357,692
Inter-segment revenues	-	(384)	1,686	(1,302)	-
Total revenue	<u>\$ 7,307,632</u>	<u>(18,507)</u>	<u>69,869</u>	<u>(1,302)</u>	<u>7,357,692</u>
Reportable segment profit or loss	<u>\$ (55,986)</u>	<u>108,602</u>	<u>(3,774)</u>	<u>(31,581)</u>	<u>17,261</u>

(Continued)

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

	For the six months ended June 30, 2021				
	Plasticization segment	Investment segment	Other segments	Reconciliation and elimination	Total
Revenue					
Revenue from external customers	\$ 5,489,460	17,335	61,295	-	5,568,090
Inter-segment revenues	-	86	658	(744)	-
Total revenue	<u>\$ 5,489,460</u>	<u>17,421</u>	<u>61,953</u>	<u>(744)</u>	<u>5,568,090</u>
Reportable segment profit or loss	<u>\$ 475,304</u>	<u>11,842</u>	<u>(4,571)</u>	<u>(20,637)</u>	<u>461,938</u>