

**TAIWAN STYRENE MONOMER CORPORATION
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
for the Nine Months Ended September 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 September 30, 2022 and 2021, the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2022 and 2021, as well as the changes in equity and cash flows for the nine months ended September 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 \$287,522 thousand and \$661,078 thousand, constituting 3.37% and 7.12% of consolidated total assets as of September 30, 2022 and 2021, respectively, total liabilities amounting to \$4,199 thousand and \$32,160 thousand, constituting 0.27% and 2.02% of consolidated total liabilities as of September 30, 2022 and 2021, respectively, and total comprehensive income (loss) amounting to \$(20,223) thousand, \$(4,938) thousand, \$(34,829) thousand and \$17,749 thousand, constituting 9.33%, 3.49%, 10.10% and 3.73% of consolidated total comprehensive income (loss) for the three months and nine months ended September 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 \$1,259,768 thousand and \$1,357,011 thousand as of September 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 \$5,952 thousand, \$(10,894) thousand, \$(12,699) thousand and \$41,426 thousand for the three months and nine months ended September 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 September 30, 2022 and 2021, and of its consolidated financial performance for the three months and nine months ended September 30, 2022 and 2021, as well as its consolidated cash flows for the nine months ended September 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)
November 9, 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 the generally accepted auditing standards as of September 30, 2022 and 2021

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2022, December 31 and September 30, 2021

(Expressed in Thousands of New Taiwan Dollars)

Assets		September 30, 2022		December 31, 2021		September 30, 2021		Liabilities and Equity		September 30, 2022		December 31, 2021		September 30, 2021	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 571,344	7	253,124	3	645,592	7	2100	Short-term borrowings (notes 6(p) and 8)	\$ 515,000	6	353,259	4	110,000	1
1110	Current financial assets at fair value through profit or loss (note 6(b))	233,923	3	317,929	3	188,204	2	2130	Current contract liabilities (note 6(y))	35,268	-	51,023	-	49,937	-
1170	Accounts receivable, net (note 6(c))	880,483	10	917,966	10	1,038,871	11	2150	Notes payable	-	-	2	-	-	-
1200	Other receivables	5,776	-	5,850	-	4,376	-	2170	Accounts payable	602,521	7	977,716	10	937,388	9
1220	Current tax assets	4,876	-	1,749	-	1,472	-	2200	Other payables (note 6(q))	76,471	1	178,497	2	143,812	2
130X	Inventories (note 6(d))	385,505	5	826,641	9	385,248	4	2230	Current tax liabilities	907	-	31	-	917	-
1410	Prepayments (note 6(e))	207,109	2	149,645	2	146,815	2	2250	Current provisions	18	-	349	-	349	-
1460	Non-current assets (or disposal groups) held for sale (note 6(f))	-	-	64,744	1	63,957	1	2280	Current lease liabilities (note 6(s))	5,691	-	4,069	-	4,802	-
1470	Other current assets	39	-	8	-	43	-	2320	Long-term liabilities, current portion (notes 6(r) and 8)	8,264	-	8,349	-	8,315	-
1476	Other current financial assets (notes 6(g) and 8)	30,844	-	159,466	2	130,459	1	2399	Other current liabilities	2,594	-	40,879	-	22,078	-
	Total current assets	<u>2,319,899</u>	<u>27</u>	<u>2,697,122</u>	<u>30</u>	<u>2,605,037</u>	<u>28</u>		Total current liabilities	<u>1,246,734</u>	<u>14</u>	<u>1,614,174</u>	<u>16</u>	<u>1,277,598</u>	<u>12</u>
Non-current assets:								Non-Current liabilities:							
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	6,372	-	5,756	-	6,142	-	2540	Long-term borrowings (notes 6(r) and 8)	62,575	1	68,686	1	70,788	1
1517	Non-current financial assets at fair value through other comprehensive income (note 6(h))	924,523	11	1,016,623	11	1,160,804	13	2570	Deferred tax liabilities	175,541	2	174,659	2	174,564	2
1550	Investments accounted for using equity method (note 6(i))	1,259,768	15	1,395,848	15	1,357,011	15	2581	Non-current lease liabilities (note 6(s))	11,303	-	5,729	-	5,885	-
1600	Property, plant and equipment (notes 6(j), 7 and 8)	3,674,350	43	3,853,008	41	3,877,597	41	2640	Net defined benefit liability, non-current	64,681	1	64,100	1	59,891	1
1755	Right-of-use assets (note 6(k))	17,704	-	9,965	-	10,666	-	2600	Other non-current liabilities	660	-	716	-	823	-
1760	Investment property, net (note 6(l))	56,756	1	57,015	1	57,102	1		Total non-current liabilities	<u>314,760</u>	<u>4</u>	<u>313,890</u>	<u>4</u>	<u>311,951</u>	<u>4</u>
1780	Intangible assets (note 6(m))	6,491	-	7,932	-	7,674	-		Total liabilities	<u>1,561,494</u>	<u>18</u>	<u>1,928,064</u>	<u>20</u>	<u>1,589,549</u>	<u>16</u>
1840	Deferred tax assets	188,261	2	130,868	1	79,667	1	Equity attributable to owners of parent (note 6(v)):							
1970	Other long-term investments, net (note 6(n))	29,136	-	30,576	-	30,204	-	3100	Capital stock	5,278,698	62	5,278,698	57	5,278,698	57
1920	Refundable deposits	3,818	-	3,587	-	3,598	-	3200	Capital surplus	70,882	1	46,300	-	52,670	1
1990	Other non-current assets (note 6(o))	46,090	1	90,890	1	88,754	1		Retained earnings:						
	Total non-current assets	<u>6,213,269</u>	<u>73</u>	<u>6,602,068</u>	<u>70</u>	<u>6,679,219</u>	<u>72</u>	3310	Legal reserve	639,287	7	612,264	7	612,264	7
								3320	Special reserve	8,811	-	-	-	-	-
								3350	Unappropriated retained earnings	831,371	10	1,167,693	13	1,309,172	14
										<u>1,479,469</u>	<u>17</u>	<u>1,779,957</u>	<u>20</u>	<u>1,921,436</u>	<u>21</u>
								3400	Other equity	(110,872)	(1)	56,031	1	234,634	3
								3500	Treasury shares	-	-	(13)	-	(13)	-
									Total equity attributable to owners of parent	<u>6,718,177</u>	<u>79</u>	<u>7,160,973</u>	<u>78</u>	<u>7,487,425</u>	<u>82</u>
								36XX	Non-controlling interests	253,497	3	210,153	2	207,282	2
									Total equity	<u>6,971,674</u>	<u>82</u>	<u>7,371,126</u>	<u>80</u>	<u>7,694,707</u>	<u>84</u>
									Total liabilities and equity	<u>\$ 8,533,168</u>	<u>100</u>	<u>\$ 9,299,190</u>	<u>100</u>	<u>\$ 9,284,256</u>	<u>100</u>
	Total assets	<u>\$ 8,533,168</u>	<u>100</u>	<u>\$ 9,299,190</u>	<u>100</u>	<u>\$ 9,284,256</u>	<u>100</u>								

See accompanying notes to financial statements.

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

Consolidated Statements of Comprehensive Income

For the three months and nine months ended September 30, 2022 and 2021

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

	For the three months ended September 30				For the nine months ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue (notes 6(i) and (y))	\$ 3,040,831	100	3,288,328	100	10,398,523	100	8,856,418	100
5000 Operating costs (notes 6(d), (j), (k), (l), (m), (s), (t), (w) and (aa))	<u>3,237,480</u>	<u>106</u>	<u>3,418,925</u>	<u>104</u>	<u>10,591,873</u>	<u>102</u>	<u>8,496,137</u>	<u>96</u>
Gross profit (loss) from operations	<u>(196,649)</u>	<u>(6)</u>	<u>(130,597)</u>	<u>(4)</u>	<u>(193,350)</u>	<u>(2)</u>	<u>360,281</u>	<u>4</u>
Operating expenses (notes 6(c), (j), (k), (l), (m), (s), (t), (w) and (aa)):								
6100 Selling expenses	17,355	1	17,757	1	52,155	1	46,091	1
6200 Administrative expenses	35,708	-	25,125	1	102,301	1	122,100	1
6300 Research and development expenses	771	-	482	-	1,878	-	1,723	-
6450 Expected credit impairment loss (gain)	<u>(57)</u>	<u>-</u>	<u>(77)</u>	<u>-</u>	<u>(80)</u>	<u>-</u>	<u>(81)</u>	<u>-</u>
	<u>53,777</u>	<u>1</u>	<u>43,287</u>	<u>2</u>	<u>156,254</u>	<u>2</u>	<u>169,833</u>	<u>2</u>
Operating income (loss)	<u>(250,426)</u>	<u>(7)</u>	<u>(173,884)</u>	<u>(6)</u>	<u>(349,604)</u>	<u>(4)</u>	<u>190,448</u>	<u>2</u>
Non-operating income and expenses (notes 6(f), (i), (s) and (z)):								
7100 Interest income	1,503	-	1,040	-	3,919	-	3,011	-
7010 Other income	27,982	1	3,178	-	51,234	-	26,915	-
7020 Other gains and losses	(4,237)	-	(2,906)	-	104,257	1	14,057	-
7050 Finance costs	(2,469)	-	(647)	-	(4,841)	-	(1,931)	-
7060 Shares of profit (loss) of associates and joint ventures accounted for using equity method	<u>8,329</u>	<u>-</u>	<u>(9,397)</u>	<u>-</u>	<u>(7,022)</u>	<u>-</u>	<u>46,822</u>	<u>1</u>
	<u>31,108</u>	<u>1</u>	<u>(8,732)</u>	<u>-</u>	<u>147,547</u>	<u>1</u>	<u>88,874</u>	<u>1</u>
9900 Profit (loss) before tax	<u>(219,318)</u>	<u>(6)</u>	<u>(182,616)</u>	<u>(6)</u>	<u>(202,057)</u>	<u>(3)</u>	<u>279,322</u>	<u>3</u>
7950 Less: Income tax expenses (benefits) (note 6(u))	<u>(43,884)</u>	<u>(1)</u>	<u>(33,152)</u>	<u>(1)</u>	<u>(12,832)</u>	<u>-</u>	<u>(60,623)</u>	<u>(1)</u>
Net income (loss)	<u>(175,434)</u>	<u>(5)</u>	<u>(149,464)</u>	<u>(5)</u>	<u>(189,225)</u>	<u>(3)</u>	<u>339,945</u>	<u>4</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	(41,056)	(1)	2,005	-	(120,955)	(1)	66,667	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>(21,905)</u>	<u>(1)</u>	<u>7,169</u>	<u>-</u>	<u>(80,976)</u>	<u>(1)</u>	<u>80,950</u>	<u>1</u>
Components of other comprehensive income (loss) that will not be reclassified to profit or loss	<u>(62,961)</u>	<u>(2)</u>	<u>9,174</u>	<u>-</u>	<u>(201,931)</u>	<u>(2)</u>	<u>147,617</u>	<u>2</u>
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361 Exchange differences on translation	21,070	1	(1,043)	-	45,163	-	(11,368)	-
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>484</u>	<u>-</u>	<u>(137)</u>	<u>-</u>	<u>1,102</u>	<u>-</u>	<u>(907)</u>	<u>-</u>
Components of other comprehensive income (loss) that will be reclassified to profit or loss	<u>21,554</u>	<u>1</u>	<u>(1,180)</u>	<u>-</u>	<u>46,265</u>	<u>-</u>	<u>(12,275)</u>	<u>-</u>
8300 Other comprehensive income, net	<u>(41,407)</u>	<u>(1)</u>	<u>7,994</u>	<u>-</u>	<u>(155,666)</u>	<u>(2)</u>	<u>135,342</u>	<u>2</u>
8500 Comprehensive income	<u>\$ (216,841)</u>	<u>(6)</u>	<u>(141,470)</u>	<u>(5)</u>	<u>(344,891)</u>	<u>(5)</u>	<u>475,287</u>	<u>6</u>
Profit attributable to:								
8610 Owners of parent	\$ (176,017)	(5)	(147,875)	(5)	(227,866)	(3)	341,165	4
8620 Non-controlling interests	<u>583</u>	<u>-</u>	<u>(1,589)</u>	<u>-</u>	<u>38,641</u>	<u>-</u>	<u>(1,220)</u>	<u>-</u>
	<u>\$ (175,434)</u>	<u>(5)</u>	<u>(149,464)</u>	<u>(5)</u>	<u>(189,225)</u>	<u>(3)</u>	<u>339,945</u>	<u>4</u>
Comprehensive income attributable to:								
8710 Owners of parent	\$ (219,558)	(8)	(139,524)	(4)	(388,235)	(4)	477,879	5
8720 Non-controlling interests	<u>2,717</u>	<u>-</u>	<u>(1,946)</u>	<u>-</u>	<u>43,344</u>	<u>-</u>	<u>(2,592)</u>	<u>-</u>
	<u>\$ (216,841)</u>	<u>(8)</u>	<u>(141,470)</u>	<u>(4)</u>	<u>(344,891)</u>	<u>(4)</u>	<u>475,287</u>	<u>5</u>
Earnings per share (note 6(x))								
Basic earnings per share	<u>\$ (0.33)</u>		<u>(0.28)</u>		<u>(0.43)</u>		<u>0.65</u>	
Diluted earnings per share	<u>\$ (0.33)</u>		<u>(0.28)</u>		<u>(0.43)</u>		<u>0.65</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 nine months ended September 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
	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				
	Ordinary shares	Capital surplus	Legal reserve	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	-	-	-	-	341,165	341,165	-	-	-	-	341,165	(1,220)	339,945
Other comprehensive income	-	-	-	-	-	-	(10,903)	147,617	136,714	-	136,714	(1,372)	135,342
Total comprehensive income	-	-	-	-	341,165	341,165	(10,903)	147,617	136,714	-	477,879	(2,592)	475,287
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	1,829	-	(1,829)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(263,917)	(263,917)	-	-	-	-	(263,917)	-	(263,917)
Reversal of special reserve	-	-	-	(581,249)	581,249	-	-	-	-	-	-	-	-
Endowment received from shareholders	-	13	-	-	-	-	-	-	-	(13)	-	-	-
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	-	-	-	-	70,543	70,543	-	(70,543)	(70,543)	-	-	-	-
Balance at September 30, 2021	\$ 5,278,698	52,670	612,264	-	1,309,172	1,921,436	(37,648)	272,282	234,634	(13)	7,487,425	207,282	7,694,707
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	-	-	-	-	(227,866)	(227,866)	-	-	-	-	(227,866)	38,641	(189,225)
Other comprehensive income	-	-	-	-	-	-	41,558	(201,927)	(160,369)	-	(160,369)	4,703	(155,666)
Total comprehensive income	-	-	-	-	(227,866)	(227,866)	41,558	(201,927)	(160,369)	-	(388,235)	43,344	(344,891)
Legal reserve appropriated	-	-	27,023	-	(27,023)	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	8,811	(8,811)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(79,156)	(79,156)	-	-	-	-	(79,156)	-	(79,156)
Overdue dividends not received by shareholders	-	24,585	-	-	-	-	-	-	-	-	24,585	-	24,585
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	504	504	-	(504)	(504)	-	-	-	-
Associates disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	6,030	6,030	-	(6,030)	(6,030)	-	-	-	-
Treasury shares transactions	-	(3)	-	-	-	-	-	-	-	13	10	-	10
Balance at September 30, 2022	\$ 5,278,698	70,882	639,287	8,811	831,371	1,479,469	6,924	(117,796)	(110,872)	-	6,718,177	253,497	6,971,674

See accompanying notes to financial statements.

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

Consolidated Statements of Cash Flows

For the nine months ended September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2022	2021
Cash flows from operating activities:		
Profit (loss) before tax	\$ (202,057)	279,322
Adjustments:		
Adjustments to reconcile profit		
Depreciation expense	206,857	185,638
Amortization expense	1,441	1,896
Expected credit impairment gain	(80)	(81)
Interest expense	4,841	1,931
Interest income	(3,919)	(3,011)
Dividend income	(21,967)	(7,863)
Share-based payments	-	4,472
Share of loss (profit) of associates and joint ventures accounted for using equity method	12,699	(41,426)
Gain on disposal of property, plant and equipment	(172)	(460)
Gain on disposal of non-current assets held for sale	(133,363)	-
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	(125,320)	13,227
Total adjustments to reconcile profit	<u>(58,905)</u>	<u>153,920</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets mandatorily measured at fair value through profit or loss	83,390	(38,386)
Accounts receivable	37,363	(160,994)
Other receivables	685	921
Inventories	566,456	32,815
Prepayments	3,517	(30,556)
Other current assets	(31)	80
Other financial assets	128,622	(87,016)
Total changes in operating assets	<u>820,002</u>	<u>(283,136)</u>
Changes in operating liabilities:		
Current contract liabilities	(15,755)	4,920
Notes payable	(2)	-
Accounts payable	(375,195)	139,083
Other payables	(55,378)	(25,598)
Provisions	(331)	-
Other current liabilities	(38,285)	19,290
Net defined benefit liabilities	581	683
Total changes in operating liabilities	<u>(484,365)</u>	<u>138,378</u>
Total changes in operating assets and liabilities	<u>335,637</u>	<u>(144,758)</u>

See accompanying notes to financial statements.

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

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the nine months ended September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2022	2021
Cash inflow generated from operations	\$ 74,675	288,484
Interest received	5,052	2,989
Dividends received	20,534	7,863
Interest paid	(4,614)	(1,931)
Dividends paid	(38)	(41)
Income taxes paid	(45,930)	(36,621)
Net cash flows from operating activities	49,679	260,743
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,873	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	8,134
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	(62,191)	(173,544)
Proceeds from disposal of property, plant and equipment	233	460
Increase in refundable deposits	(231)	(33)
Decrease in other long-term investment	1,440	-
Dividends received	45,291	24,312
Net cash flows from (used in) investing activities	189,327	(157,944)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	1,965,000	197,500
Decrease in short-term borrowings	(1,803,259)	(185,000)
Repayments of long-term borrowings	(6,196)	(9,675)
Payment of lease liabilities	(4,861)	(4,298)
Decrease in other non-current liabilities	(56)	(127)
Cash dividends paid	(79,156)	(263,917)
Proceeds from disposal of treasury shares	10	-
Proceeds from transfer of treasury shares to employees	-	15,139
Net cash (used in) from financing activities	71,482	(250,378)
Effect of exchange rate changes on cash and cash equivalents	7,732	149
Net increase (decrease) in cash and cash equivalents	318,220	(147,430)
Cash and cash equivalents at beginning of period	253,124	793,022
Cash and cash equivalents at end of period	\$ 571,344	645,592

See accompanying notes to financial statements.

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

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 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 November 9, 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 “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(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
			September 30, 2022	December 31, 2021	September 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

(Continued)

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

Name of investor	Name of subsidiary	Principal activity	Shareholding (%)			Note
			September 30, 2022	December 31, 2021	September 30, 2021	
YSIC Ltd.	Tien Lai Co., Ltd.	Piping engineering	50.00	50.00	50.00	Notes 1 and 3
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.

(Continued)

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

Except for the following, the preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2021. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2021.

(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>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Cash on hand	\$ 722	724	403
Petty cash	964	1,014	1,022
Deposits in bank	368,636	251,386	545,753
Cash equivalents			
Time deposits due within one year	<u>201,022</u>	<u>-</u>	<u>98,414</u>
	<u>\$ 571,344</u>	<u>253,124</u>	<u>645,592</u>

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Mandatorily measured at fair value through profit or loss:			
Current:			
Listed stocks	\$ 197,107	266,352	128,579
Funds	29,221	51,577	59,625
Derivative instruments not used for hedging-foreign exchange swap contracts	7,595	-	-
Non-current:			
Listed stocks	<u>6,372</u>	<u>5,756</u>	<u>6,142</u>
Total	<u>\$ 240,295</u>	<u>323,685</u>	<u>194,346</u>

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

The Group uses derivative financial instruments to hedge certain foreign exchange risk exposures arising from its operating activities. The following derivative instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss financial assets and liabilities:

	September 30, 2022		
	Contract amount		Maturity dates
	(in thousand)		
Buy USD / Sell TWD	USD	8,000	2022.10

(c) Accounts receivable

	September 30, 2022	December 31, 2021	September 30, 2021
Accounts receivable	\$ 882,882	920,432	1,041,347
Less: Loss allowance	(2,399)	(2,466)	(2,476)
	\$ 880,483	917,966	1,038,871

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:

	September 30, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 880,182	0.005%	43
1 to 90 days past due	103	1%	1
91 to 180 days past due	123	2%	2
181 to 365 days past due	75	2%	1
More than 1 year past due	2,399	50%~100%	2,352
	\$ 882,882		2,399
	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	2,490	50%~100%	2,412
	\$ 920,432		2,466

(Continued)

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

	September 30, 2021		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,038,268	0.005%	52
1 to 90 days past due	281	1%	3
91 to 180 days past due	214	2%	4
181 to 365 days past due	94	2%	2
More than 1 year past due	<u>2,490</u>	50%~100%	<u>2,415</u>
	<u>\$ 1,041,347</u>		<u>2,476</u>

The movements in the allowance for accounts receivable were as follows:

	For the nine months ended September 30	
	2022	2021
Beginning balance	\$ 2,466	2,565
Reversal of impairment loss	(80)	(81)
Effect of exchange rate changes	13	(8)
Ending balance	<u>\$ 2,399</u>	<u>2,476</u>

(d) Inventories

	September 30, 2022	December 31, 2021	September 30, 2021
Merchandise inventory	\$ 1,338	1,665	928
Finished goods	129,989	241,732	71,840
By-product	7,192	7,160	5,348
Semi-finished products	62,317	79,182	143,219
Work in progress	37,424	46,133	42,036
Raw materials	127,017	422,913	100,798
Supplies	<u>20,228</u>	<u>27,856</u>	<u>21,079</u>
	<u>\$ 385,505</u>	<u>826,641</u>	<u>385,248</u>

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

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Loss from decline (gain from recovery) in value of inventories	<u>\$ (22,781)</u>	<u>13,001</u>	<u>(125,320)</u>	<u>13,227</u>

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

(Continued)

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

(e) Prepayments

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Prepayment for purchases	\$ -	719	4,159
Supplies	109,493	87,837	95,408
Overpaid sales tax	68,051	55,529	19,953
Others	<u>29,565</u>	<u>5,560</u>	<u>27,295</u>
	<u>\$ 207,109</u>	<u>149,645</u>	<u>146,815</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 \$133,363 thousand.

(g) Other current financial assets

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Time deposits maturing over three months	\$ 29,000	155,067	123,473
Restricted deposits in bank	<u>1,844</u>	<u>4,399</u>	<u>6,986</u>
	<u>\$ 30,844</u>	<u>159,466</u>	<u>130,459</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>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Equity investments:			
Domestic non-listed stocks	\$ 608,325	696,898	724,612
Foreign non-listed equity investments	<u>316,198</u>	<u>319,725</u>	<u>436,192</u>
	<u>\$ 924,523</u>	<u>1,016,623</u>	<u>1,160,804</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 nine months ended September 30, 2022 and 2021, the dividends of \$18 thousand, \$19 thousand, \$13,132 thousand and \$3,261 thousand, respectively, were recognized.

(Continued)

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

- (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 \$1,873 thousand and the Group realized a gain of \$504 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 nine months ended September 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 September 30, 2022, December 31 and September 30, 2021.
- (i) Investments accounted for using equity method
- (i) Associates

Associates of the Group consisted of the following:

	September 30, 2022		December 31, 2021		September 30, 2021	
	Amount	Share- holding (%)	Amount	Share- holding (%)	Amount	Share- holding (%)
Grand Cathay Venture Capital Co., Ltd.	\$ 405,726	25.00	467,450	25.00	444,192	25.00
Wonderland Enterprise Co., Ltd.	765,072	37.04	835,959	37.04	788,491	37.04
Globaltop Technology Inc.	44,653	23.89	49,332	23.89	48,981	31.85
Gvision-USA, Inc.	-	-	-	-	31,638	44.44
Functional Coating System Technologies Co., Ltd.	25,921	34.88	26,069	34.88	26,436	34.88
Universal Investments Limited	18,396	40.00	17,038	40.00	17,273	40.00
	\$ 1,259,768		1,395,848		1,357,011	

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.

(Continued)

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

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

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2022	2021	2022	2021
Attributable to the Group:				
Net income (loss) \$	5,952	(10,894)	(12,699)	41,426
Other comprehensive income	(21,421)	7,032	(79,874)	80,043
Total comprehensive income	<u>\$ (15,469)</u>	<u>(3,862)</u>	<u>(92,573)</u>	<u>121,469</u>

(ii) Pledge to secure

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

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

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

(j) 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	-	-	2,708	33,551	39,939
Disposals	-	-	-	(68,936)	(1,333)	-	(920)	-	(71,189)
Reclassification	-	-	-	291,152	-	-	5,763	(313,180)	(16,265)
Effect of exchange rate changes	-	-	-	-	32	-	-	-	32
Balance as of September 30, 2022	<u>\$ 1,576,740</u>	<u>8,462</u>	<u>621,630</u>	<u>7,533,004</u>	<u>2,975</u>	<u>-</u>	<u>851,771</u>	<u>18,429</u>	<u>10,613,011</u>
Balance as of January 1, 2021	\$ 1,577,303	8,462	621,630	7,280,629	10,887	-	946,252	232,174	10,677,337
Additions	-	-	-	-	-	-	6,751	102,565	109,316
Disposals	-	-	-	(356)	(6,606)	-	(7,000)	-	(13,962)
Reclassification	-	-	-	10,371	-	-	41,715	(52,086)	-
Effect of exchange rate changes	-	-	-	-	(18)	-	-	-	(18)
Balance as of September 30, 2021	<u>\$ 1,577,303</u>	<u>8,462</u>	<u>621,630</u>	<u>7,290,644</u>	<u>4,263</u>	<u>-</u>	<u>987,718</u>	<u>282,653</u>	<u>10,772,673</u>
Accumulated depreciation:									
Balance as of January 1, 2022	\$ -	8,404	244,208	6,008,783	4,004	-	542,087	-	6,807,486
Depreciation	-	16	10,831	156,134	90	-	35,203	-	202,274
Disposals	-	-	-	(68,936)	(1,333)	-	(859)	-	(71,128)
Effect of exchange rate changes	-	-	-	-	29	-	-	-	29
Balance as of September 30, 2022	<u>\$ -</u>	<u>8,420</u>	<u>255,039</u>	<u>6,095,981</u>	<u>2,790</u>	<u>-</u>	<u>576,431</u>	<u>-</u>	<u>6,938,661</u>
Balance as of January 1, 2021	\$ -	8,383	229,758	5,830,382	10,474	-	649,155	-	6,728,152
Depreciation	-	16	10,838	133,818	108	-	36,123	-	180,903
Disposals	-	-	-	(356)	(6,606)	-	(7,000)	-	(13,962)
Effect of exchange rate changes	-	-	-	-	(17)	-	-	-	(17)
Balance as of September 30, 2021	<u>\$ -</u>	<u>8,399</u>	<u>240,596</u>	<u>5,963,844</u>	<u>3,959</u>	<u>-</u>	<u>678,278</u>	<u>-</u>	<u>6,895,076</u>

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

Carrying value:	<u>Land</u>	<u>Land improvements</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Leased assets</u>	<u>Other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Balance as of January 1, 2022	\$ 1,576,740	58	377,422	1,298,325	272	-	302,133	298,058	3,853,008
Balance as of September 30, 2022	\$ 1,576,740	42	366,591	1,437,023	185	-	275,340	18,429	3,674,350
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 September 30, 2021	\$ 1,577,303	63	381,034	1,326,800	304	-	309,440	282,653	3,877,597

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

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

(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	11,555	-	11,979
Lease modification	84	-	-	-	84
Disposals	-	(426)	(11,769)	-	(12,195)
Balance as of September 30, 2022	\$ 4,148	1,252	12,555	4,814	22,769
Balance as of January 1, 2022	\$ 387	1,429	12,769	4,814	19,399
Additions	4,064	-	-	-	4,064
Disposals	(387)	-	-	-	(387)
Balance as of September 30, 2021	\$ 4,064	1,429	12,769	4,814	23,076
Accumulated depreciation:					
Balance as of January 1, Balance as of January 1, 2022	\$ 87	354	10,328	2,167	12,936
Depreciation	161	470	2,972	721	4,324
Disposals	-	(426)	(11,769)	-	(12,195)
Balance as of September 30, 2022	\$ 248	398	1,531	2,888	5,065
Balance as of January 1, 2021	\$ 353	635	6,130	1,203	8,321
Depreciation	69	536	3,148	723	4,476
Disposals	(387)	-	-	-	(387)
Balance as of September 30, 2021	\$ 35	1,171	9,278	1,926	12,410
Carrying amount:					
Balance as of January 1, 2022	\$ 3,977	900	2,441	2,647	9,965
Balance as of September 30, 2022	\$ 3,900	854	11,024	1,926	17,704
Balance as of January 1, 2021	\$ 34	794	6,639	3,611	11,078
Balance as of September 30, 2021	\$ 4,029	258	3,491	2,888	10,666

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

(l) Investment property

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
Cost:			
Balance as of September 30, 2022 (Balance as of January 1, 2022)	\$ <u>46,101</u>	<u>17,625</u>	<u>63,726</u>
Balance as of September 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	-	259	259
Balance as of September 30, 2022	\$ <u>-</u>	<u>6,970</u>	<u>6,970</u>
Balance as of January 1, 2021	\$ -	6,365	6,365
Depreciation	-	259	259
Balance as of September 30, 2021	\$ <u>-</u>	<u>6,624</u>	<u>6,624</u>
Carrying value:			
Balance as of January 1, 2022	\$ <u>46,101</u>	<u>10,914</u>	<u>57,015</u>
Balance as of September 30, 2022	\$ <u>46,101</u>	<u>10,655</u>	<u>56,756</u>
Balance as of January 1, 2021	\$ <u>46,101</u>	<u>11,260</u>	<u>57,361</u>
Balance as of September 30, 2021	\$ <u>46,101</u>	<u>11,001</u>	<u>57,102</u>

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 September 30, 2022, December 31 and September 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 January 1, 2022	\$ 22,242	6,061	28,303
Disposals	-	(4,100)	(4,100)
Balance as of September 30, 2022	\$ <u>22,242</u>	<u>1,961</u>	<u>24,203</u>
Balance as of September 30, 2021 (Balance as of January 1, 2021)	\$ <u>22,242</u>	<u>5,146</u>	<u>27,388</u>

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

	<u>Technical royalty</u>	<u>Computer software</u>	<u>Total</u>
Accumulated amortization:			
Balance as of January 1, 2022	\$ 16,068	4,303	20,371
Amortization	731	710	1,441
Disposals	-	(4,100)	(4,100)
Balance as of September 30, 2022	<u>\$ 16,799</u>	<u>913</u>	<u>17,712</u>
Balance as of January 1, 2021	\$ 15,093	2,725	17,818
Amortization	731	1,165	1,896
Balance as of September 30, 2021	<u>\$ 15,824</u>	<u>3,890</u>	<u>19,714</u>
Carrying value:			
Balance as of January 1, 2022	<u>\$ 6,174</u>	<u>1,758</u>	<u>7,932</u>
Balance as of September 30, 2022	<u>\$ 5,443</u>	<u>1,048</u>	<u>6,491</u>
Balance as of January 1, 2021	<u>\$ 7,149</u>	<u>2,421</u>	<u>9,570</u>
Balance as of September 30, 2021	<u>\$ 6,418</u>	<u>1,256</u>	<u>7,674</u>
(n) Other long-term investment, net			
	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Construction and operation of student dormitory	<u>\$ 29,136</u>	<u>30,576</u>	<u>30,204</u>
The period of rights of investment in construction and operation of student dormitory is 30 years. The subsidy and management income will be recovered annually according to the agreement to July 31, 2035.			
(o) Other non-current assets			
	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Long-term prepaid expenses	\$ 40,601	85,401	83,476
Net defined benefit assets	5,489	5,489	5,278
	<u>\$ 46,090</u>	<u>90,890</u>	<u>88,754</u>

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

(p) Short-term borrowings

Short-term borrowings of the Group were as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Unsecured bank loans	\$ 400,000	235,759	110,000
Secured bank loans	115,000	117,500	-
Total	<u>\$ 515,000</u>	<u>353,259</u>	<u>110,000</u>
Unused short-term credit lines	<u>\$ 1,192,653</u>	<u>559,617</u>	<u>1,419,553</u>
Range of interest rate	<u>1.475~1.749%</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>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Accrued payroll	\$ 8,761	19,192	10,499
Employee bonus payable	392	441	7,657
Compensation payable to directors	78	128	7,576
Compensated absences	17,015	28,602	28,320
Other accrued expenses payable	36,379	73,081	58,702
Payables on equipment	1,995	24,247	3,091
Dividends payable	452	9,730	9,746
Other payables-other	11,399	23,076	18,221
Total	<u>\$ 76,471</u>	<u>178,497</u>	<u>143,812</u>

(r) Long-term borrowings

Long-term borrowings of the Group were as follows:

	<u>September 30, 2022</u>			
	<u>Currency</u>	<u>Range of interest rate</u>	<u>Due year</u>	<u>Amount</u>
Secured bank loans		1.885-		
	NTD	2.010%	2030	\$ 70,839
Less: current portion				8,264
Total				<u>\$ 62,575</u>
Unused long-term credit lines				<u>\$ 16,861</u>

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TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
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	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
	September 30, 2021			
	Currency	Range of interest rate	Due year	Amount
Secured bank loans	NTD	1.51%	2030	\$ 79,103
Less: current portion				8,315
Total				\$ 70,788
Unused long-term credit lines				\$ 8,597

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

(s) Lease liabilities

Lease liabilities of the Group were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Current	\$ 5,691	4,069	4,802
Non-current	\$ 11,303	5,729	5,885

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

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Interest on lease liabilities	\$ 49	38	123	113
Expenses relating to short-term leases	\$ 94	57	262	513
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 151	253	494	559

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

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

	For the nine months ended September 30	
	2022	2021
	Total cash outflow for leases	\$ 5,740

(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 September 30		For the nine months ended September 30	
	2022	2021	2022	2021
	Operating cost	\$ 245	294	777
Operating expenses	84	100	283	301
Total	\$ 329	394	1,060	1,187

(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 September 30		For the nine months ended September 30	
	2022	2021	2022	2021
	Operating cost	\$ 2,151	1,974	6,368
Operating expenses	739	700	2,243	2,369
Total	\$ 2,890	2,674	8,611	8,491

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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 September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Current income tax expense				
Current period	\$ 1,044	1,257	34,789	1,368
Adjustment for prior periods	-	-	8,890	146
Deferred income tax benefit				
Origination and reversal of temporary difference	(44,928)	(34,409)	(56,511)	(62,137)
Income tax expense	<u>\$ (43,884)</u>	<u>(33,152)</u>	<u>(12,832)</u>	<u>(60,623)</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 nine months ended September 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:

	September 30, 2022	December 31, 2021	September 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	13
Overdue dividends not received by shareholders	24,585	-	-
Total	<u>\$ 70,882</u>	<u>46,300</u>	<u>52,670</u>

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

(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:

	2021	2020
Dividends distributed to ordinary shareholders		
Cash	\$ 79,156	263,917

(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	40,456	-	40,456
Exchange differences on associates and joint ventures accounted for using equity method	1,102	-	1,102
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(120,951)	(120,951)
Unrealized losses from financial assets measured at fair value through other comprehensive income on associates and joint ventures accounted for using equity method	-	(80,976)	(80,976)
Cumulative gains reclassified to retained earnings on disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(504)	(504)
Cumulative gains reclassified to retained earnings on associates disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(6,030)	(6,030)
Balance as of September 30, 2022	\$ 6,924	(117,796)	(110,872)

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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	(9,996)	-	(9,996)
Exchange differences on associates and joint ventures accounted for using equity method	(907)	-	(907)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	66,667	66,667
Unrealized gains from financial assets measured at fair value through other comprehensive income on associates and joint ventures accounted for using equity method	-	80,950	80,950
Cumulative gains reclassified to retained earnings on associates disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(70,543)	(70,543)
Balance as of September 30, 2021	<u>\$ (37,648)</u>	<u>272,282</u>	<u>234,634</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 September 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 nine months ended September 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 %

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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 nine months ended September 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	<u>(1,040)</u>
Outstanding at end of period	-	<u><u>-</u></u>

(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 September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Profit (loss) attributable to \$ the Company	<u>(176,017)</u>	<u>(147,875)</u>	<u>(227,866)</u>	<u>341,165</u>
Weighted-average number of ordinary shares outstanding	<u>527,870</u>	<u>527,869</u>	<u>527,870</u>	<u>527,393</u>
Earnings per share (NTD) \$	<u>(0.33)</u>	<u>(0.28)</u>	<u>(0.43)</u>	<u>0.65</u>

(ii) Diluted earnings per share

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Profit (loss) attributable to the Company (diluted)	<u>(176,017)</u>	<u>(147,875)</u>	<u>(227,866)</u>	<u>341,165</u>
Weighted-average number of ordinary shares outstanding	527,870	527,869	527,870	527,393
Effect of dilutive potential ordinary shares				
Employee remuneration in stock	-	-	-	697
Weighted-average number of ordinary shares outstanding (diluted)	<u>527,870</u>	<u>527,869</u>	<u>527,870</u>	<u>528,090</u>
Diluted earnings per share (NTD)	<u>(0.33)</u>	<u>(0.28)</u>	<u>(0.43)</u>	<u>0.65</u>

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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 September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Primary geographical markets:				
Asia	\$ 3,007,444	3,283,754	10,234,789	8,826,413
America	-	13,496	145,148	13,496
Europe	39,632	-	46,899	11,615
Total	<u>\$ 3,047,076</u>	<u>3,297,250</u>	<u>10,426,836</u>	<u>8,851,524</u>
Major products/services lines:				
Commodity sales revenue	\$ 2,997,713	3,281,799	10,305,345	8,771,259
Travel service revenue	45,554	11,508	112,022	70,561
Other operating revenue	3,809	3,943	9,469	9,704
	<u>\$ 3,047,076</u>	<u>3,297,250</u>	<u>10,426,836</u>	<u>8,851,524</u>

(ii) Contract balances

	September 30, 2022	December 31, 2021	September 30, 2021
Contract liabilities-travel service contract	\$ 7,867	38,155	19,633
Contract liabilities-unearned sales revenue	27,401	12,868	30,304
Total	<u>\$ 35,268</u>	<u>51,023</u>	<u>49,937</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 nine months ended September 30, 2022 and 2021 that were included in the contract liability balance at the beginning of the period were \$1,217 thousand, \$492 thousand, \$12,922 thousand, and \$3,921 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
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(z) Non-operating income and expenses

(i) Other income

Details of other income of the Group were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Rent income	\$ 281	277	835	831
Gain from bargain purchase transactions	-	-	-	403
Dividend income	4,974	1,668	20,878	5,287
Others	<u>22,727</u>	<u>1,233</u>	<u>29,521</u>	<u>20,394</u>
Total	<u>\$ 27,982</u>	<u>3,178</u>	<u>51,234</u>	<u>26,915</u>

(ii) Other gains and losses

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Foreign exchange gains	\$ 17,186	140	23,693	6,716
Gains (losses) on financial assets at fair value through profit or loss	(21,804)	(3,309)	(52,149)	6,913
Gains on disposals of non-current assets (or disposal groups) held for sale	218	-	133,363	-
Gains on disposals of property, plant and equipment	172	270	172	460
Impairment losses	-	-	(84)	-
Gains on lease modification	-	-	6	-
Others	<u>(9)</u>	<u>(7)</u>	<u>(744)</u>	<u>(32)</u>
Total	<u>\$ (4,237)</u>	<u>(2,906)</u>	<u>104,257</u>	<u>14,057</u>

(iii) Finance costs

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Interest expense	\$ <u>2,469</u>	<u>647</u>	<u>4,841</u>	<u>1,931</u>

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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 nine months ended September 30, 2022, there was no appropriation of remunerations to employees and directors because of net loss before tax.

For the three and nine months ended September 30, 2022, the remunerations to employees amounted to \$(4,135) thousand and \$7,576 thousand, respectively, and the remunerations to directors amounted to \$(4,135) thousand and \$7,576 thousand, respectively. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholders' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. Shares distributed to employees as employees' remuneration are calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors.

For the years ended December 31, 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 September 30, 2022, December 31 and September 30, 2021, the Group reviewed the concentrations of credit risk arising from the major top ten customers, and it was 94%, 96% and 95%, respectively, of the total accounts receivable. The concentrations of credit risk of the remaining accounts receivable are relatively small.

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3) Credit risk of receivables

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

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	Over 5 years
September 30, 2022						
Non-derivative financial liabilities						
Short-term borrowings	\$ 515,000	516,488	516,488	-	-	-
Payables	678,290	678,290	678,290	-	-	-
Long-term borrowings	70,839	76,510	9,615	9,615	28,865	28,415
Deposit received	660	660	-	350	310	-
Lease liabilities	16,994	17,865	5,953	5,028	3,715	3,169
	<u>\$ 1,281,783</u>	<u>1,289,813</u>	<u>1,210,346</u>	<u>14,993</u>	<u>32,890</u>	<u>31,584</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>
September 30, 2021						
Non-derivative financial liabilities						
Short-term borrowings	\$ 110,000	110,503	110,503	-	-	-
Payables	1,077,209	1,077,209	1,077,209	-	-	-
Long-term borrowings	79,103	86,181	8,411	8,667	27,982	41,121
Deposit received	823	823	-	-	823	-
Lease liabilities	10,687	11,353	4,922	1,367	1,717	3,347
	<u>\$ 1,277,822</u>	<u>1,286,069</u>	<u>1,201,045</u>	<u>10,034</u>	<u>30,522</u>	<u>44,468</u>

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

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(iii) Market risk

1) Currency risk

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

	September 30, 2022			December 31, 2021			September 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	\$ 11,911	31.750	378,174	10,593	27.680	293,214	13,291	27.850	370,154
CNY	60,862	4.472	272,175	40,119	4.347	174,397	36,054	4.294	154,825
EUR	39	31.260	1,219	-	-	-	-	-	-
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	219	31.750	6,953	16,189	27.680	448,112	10,451	27.850	291,060
CNY	742	4.472	3,318	1,502	4.347	6,529	1,445	4.294	6,205

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 September 30, 2022 and 2021, would have increased (decreased) net profit before tax by \$6,413 thousand and \$2,277 thousand for the nine months ended September 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 nine months ended September 30, 2022 and 2021, foreign exchange gain (loss) (including realized and unrealized portions) amounted to gain of \$23,693 thousand and \$6,716 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 \$4,394 thousand and \$1,418 thousand for nine months ended September 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:

	For the nine months ended September 30			
	2022		2021	
	Prices of securities at the reporting date	Other comprehensive income after tax	Net income	Other comprehensive income after tax
Increasing 1%	\$ 9,245	2,327	11,608	1,943
Decreasing 1%	\$ (9,245)	(2,327)	(11,608)	(1,943)

(iv) Fair value information

1) Types and fair value of financial instruments

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

	September 30, 2022				
	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	\$ 203,479	203,479	-	-	203,479
Funds	29,221	29,221	-	-	29,221
Derivative instruments not used for hedging- foreign exchange swap contracts	7,595	-	7,595	-	7,595
Financial assets at fair value through other comprehensive income:					
Domestic and foreign non-listed stocks	924,523	-	-	924,523	924,523
Financial assets measured at amortized cost:					
Cash and cash equivalents	571,344	-	-	-	-
Accounts receivable	880,483	-	-	-	-
Other receivables	5,776	-	-	-	-
Other financial assets-current	30,884	-	-	-	-
Refundable deposits	3,818	-	-	-	-
Subtotal	1,492,305	-	-	-	-
Total	\$ 2,657,123	232,700	7,595	924,523	1,164,818

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TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
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		September 30, 2022				
		Book value	Fair value			Total
			Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost:						
Short-term borrowings	\$	515,000	-	-	-	-
Accounts payable		602,521	-	-	-	-
Other payables		75,769	-	-	-	-
Long-term borrowings		70,839	-	-	-	-
Other non-current liabilities		660	-	-	-	-
Lease liabilities		16,994	-	-	-	-
Total	\$	<u>1,281,783</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		December 31, 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	\$	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	\$	<u>2,680,301</u>	<u>323,685</u>	<u>-</u>	<u>1,016,623</u>	<u>1,340,308</u>
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	\$	<u>1,589,876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
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	September 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	\$ 134,721	134,721	-	-	134,721
Funds	59,625	59,625	-	-	59,625
Financial assets at fair value through other comprehensive income:					
Domestic and foreign non-listed stocks	1,160,804	-	-	1,160,804	1,160,804
Financial assets measured at amortized cost:					
Cash and cash equivalents	645,592	-	-	-	-
Accounts receivable	1,038,871	-	-	-	-
Other receivables	4,376	-	-	-	-
Other financial assets-current	130,459	-	-	-	-
Refundable deposits	3,598	-	-	-	-
Subtotal	<u>1,822,896</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,178,046</u>	<u>194,346</u>	<u>-</u>	<u>1,160,804</u>	<u>1,355,150</u>
Financial liabilities measured at amortized cost:					
Short-term borrowings	\$ 110,000	-	-	-	-
Accounts payable	937,388	-	-	-	-
Other payables	139,823	-	-	-	-
Long-term borrowings	79,103	-	-	-	-
Other non-current liabilities	823	-	-	-	-
Lease liabilities	10,687	-	-	-	-
Total	<u>\$ 1,277,824</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Valuation techniques for financial instruments measured at fair value

A. Non-derivative financial instruments

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.

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

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

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.

B. Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of currency swap contract is usually determined by the forward currency exchange rate.

3) Transfers between Level 1 and Level 2

There were no transfers for the nine months ended September 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	(120,955)
Disposals	(1,873)
Effect of exchange rate changes	30,728
Ending Balance, September 30, 2022	\$ 924,523

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TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
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	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	(120,955)
Disposals	(1,873)
Effect of exchange rate changes	30,728
Ending Balance, September 30, 2022	<u>\$ 924,523</u>
Opening balance, January 1, 2021	\$ 1,109,979
Total gains and losses recognized	
Other comprehensive income	66,667
Capital reduction by cash	(8,134)
Effect of exchange rate changes	(7,708)
Ending Balance, September 30, 2021	<u>\$ 1,160,804</u>
Opening balance, January 1, 2021	\$ 1,109,979
Total gains and losses recognized	
Other comprehensive income	66,667
Capital reduction by cash	(8,134)
Effect of exchange rate changes	(7,708)
Ending Balance, September 30, 2021	<u>\$ 1,160,804</u>

Above-mentioned total gains and losses were included in unrealized gains and losses from financial assets at fair value through other comprehensive income. Among those related to the assets still held on September 30, 2022 and 2021 were as follows:

	For the three months ended September 30		For the nine months ended September 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"\$	(41,056)	2,005	(120,955)	66,667

(Continued)

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

- 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:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income - equity investments without an active market	Market method (Comparable listed company method and comparable transaction method)	<ul style="list-style-type: none"> · Price to book ratio (0.93~1.90, 0.96~2.01 and 0.95~2.05 as of September 30, 2022, December 31 and September 30, 2021) · Lack of market liquidity discount (10%~30%, 3%~43% and 10%~30% as of September 30, 2022, December 31 and September 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

- 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:

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TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
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	Inputs	Increase/ Decrease	Other comprehensive income	
			Favorable	Unfavorable
September 30, 2022				
Financial assets at fair value through other comprehensive income	Price to book ratio	10%	\$ 887	(887)
	Liquidity discount	10%	19,000	(19,000)
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)
September 30, 2021				
Financial assets at fair value through other comprehensive income	Price to book ratio	10%	116,093	(116,093)
	Liquidity discount	10%	23,072	(23,072)

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.

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

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

	January 1, 2022	Cash flows	Non-cash changes			September 30, 2022
			Lease modification	Effect of consolidation changes	Additions	
Lease liabilities	\$ 9,798	(4,861)	78	-	11,979	16,994
			Non-cash changes			
	January 1, 2021	Cash flows	Lease modification	Effect of consolidation changes	Additions	September 30, 2021
Lease liabilities	\$ 10,921	(4,298)	-	-	4,064	10,687

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(7) Related-party transactions

(a) Key management personnel compensation

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 7,693	8,178	23,193	23,707
Post-employment benefits	327	161	1,164	694
	<u>\$ 8,020</u>	<u>8,339</u>	<u>24,357</u>	<u>24,401</u>

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	September 30, 2022	December 31, 2021	September 30, 2021
Cash in banks (other financial assets)	Performance guarantee	\$ 1,844	1,843	4,430
Land, buildings and structures	Borrowings	584,107	587,889	589,712
		<u>\$ 585,951</u>	<u>589,732</u>	<u>594,142</u>

(9) Commitments and contingencies

(a) Letter of credit issued but not expired

	September 30, 2022	December 31, 2021	September 30, 2021
Letter of credit outstanding for the import of raw materials	\$ 966,412	1,168,086	1,756,326
	(including USD285 thousand and EUR140 thousand)	(including USD256 thousand)	(including USD18,360 thousand)

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

(11) Subsequent events: None.

(12) Other

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

By Function	For the three months ended September 30					
	2022			2021		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salary	\$ 33,545	17,705	51,250	37,566	11,390	48,956
Labor and health insurance	4,635	1,923	6,558	4,206	1,184	5,390
Pension	2,396	823	3,219	2,268	800	3,068
Remuneration of directors	-	330	330	-	(3,899)	(3,899)
Others	2,395	3,309	5,704	2,057	4,049	6,106
Depreciation	66,421	2,699	69,120	59,823	2,389	62,212
Amortization	319	47	366	633	-	633

By Function	For the nine months ended September 30					
	2022			2021		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salary	\$ 117,795	53,306	171,101	140,235	68,374	208,609
Labor and health insurance	13,308	4,395	17,703	13,502	3,667	17,169
Pension	7,145	2,526	9,671	7,008	2,670	9,678
Remuneration of directors	-	941	941	-	11,093	11,093
Others	7,225	12,152	19,377	6,430	10,693	17,123
Depreciation	198,981	7,876	206,857	178,594	7,044	185,638
Amortization	1,301	140	1,441	1,896	-	1,896

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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 nine months ended September 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	475,000	29,545	0.20 %	29,545	
The Company	Gloria Material Technology Corp.	-	Current financial assets at fair value through profit or loss	170,000	5,024	0.04 %	5,024	
The Company	Solar Applied Materials Technology Corp.	-	Current financial assets at fair value through profit or loss	2,842,000	84,976	0.48 %	84,976	
The Company	Universal Venture Capital Investment Corporation	-	Non-current investment in equity instrument at FVOCI	8,400,000	57,353	6.98 %	57,353	
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	86,738	5.82 %	86,738	
The Company	Faith Alliance Corporation	-	Non-current investment in equity instrument at FVOCI	25,720	49	0.06 %	49	
The Company	Excellence Electronic Co., Ltd.	-	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	1,140	0.06 %	1,140	
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	1,275	0.11 %	1,275	
The Company	Vxis Technology Corp.	-	Non-current investment in equity instrument at FVOCI	72,480	939	0.61 %	939	
The Company	Asia Global Venture Capital II CO., Ltd.	-	Non-current investment in equity instrument at FVOCI	531,300	18,378	10.00 %	18,378	
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	198,421	19.09 %	198,421	
The Company	Yu-Jie Investment Co., Ltd.	-	Non-current investment in equity instrument at FVOCI	21,320,000	241,427	19.38 %	241,427	
The Company	Deng Yun Co., Ltd.	-	Non-current investment in equity instrument at FVOCI	591,945	43,567	3.09 %	43,567	
The Company	Lidien Inc.	-	Non-current investment in equity instrument at FVOCI	760,000	13,035	19.00 %	13,035	
The Company	GVISION-USA, INC.	-	Non-current investment in equity instrument at FVOCI	666,667	27,384	19.05 %	27,384	
YSIC Ltd.	Senao Networks, Inc.	-	Current financial assets at fair value through profit or loss	60,000	10,200	0.12 %	10,200	
YSIC Ltd.	Actron Technology Corp.	-	Current financial assets at fair value through profit or loss	20,000	5,450	- %	5,450	
YSIC Ltd.	Handa Pharmaceuticals, Inc.	-	Current financial assets at fair value through profit or loss	46,000	2,433	0.04 %	2,433	

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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.	Eson Precision Ind Co., Ltd.	-	Current financial assets at fair value through profit or loss	30,000	1,806	0.02 %	1,806	
YSIC Ltd.	Turvo International Co., Ltd.	-	Current financial assets at fair value through profit or loss	20,000	1,988	0.03 %	1,988	
YSIC Ltd.	Oneness Biotech Co., Ltd.	-	Current financial assets at fair value through profit or loss	70,000	17,675	0.02 %	17,675	
YSIC Ltd.	OBI Pharma, Inc.	-	Current financial assets at fair value through profit or loss	170,032	12,157	0.07 %	12,157	
YSIC Ltd.	BizLink Holding Inc.	-	Current financial assets at fair value through profit or loss	20,000	5,610	0.01 %	5,610	
YSIC Ltd.	MPI Corporation	-	Current financial assets at fair value through profit or loss	10,000	827	0.01 %	827	
YSIC Ltd.	Yulon Finance Corporation	-	Current financial assets at fair value through profit or loss	20,000	2,870	- %	2,870	
YSIC Ltd.	Chunghwa Precision Test Tech Co., Ltd.	-	Current financial assets at fair value through profit or loss	10,000	3,856	0.03 %	3,856	
YSIC Ltd.	Shin Kong Chi-Shin Money-Market Fund	-	Current financial assets at fair value through profit or loss	1,800,000	28,224	- %	28,224	
YSIC Ltd.	Fubon Taiwan High Dividend 30 ETF	-	Current financial assets at fair value through profit or loss	100,000	997	- %	997	
YSIC Ltd.	Cjw International Co., Ltd.	-	Non-current financial assets at fair value through profit or loss	676,413	6,372	0.65 %	6,372	
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	359	0.63 %	359	
YSIC Ltd.	Vxis Technology Corp.	-	Non-current investment in equity instrument at FVOCI	72,480	939	0.61 %	939	
YSIC Ltd.	Infomedia Inc.	-	Non-current investment in equity instrument at FVOCI	650,000	4,142	0.35 %	4,142	
YSIC Ltd.	Yuan-Jie Investment Co., Ltd.	-	Non-current investment in equity instrument at FVOCI	100,000	945	0.09 %	945	
YSIC Ltd.	Yu-Jie Investment Co., Ltd.	-	Non-current investment in equity instrument at FVOCI	103,000	1,166	0.09 %	1,166	
Grand Capital Co., Ltd.	Deng Yun Co., Ltd	-	Non-current investment in equity instrument at FVOCI	3,082,453	226,869	16.10 %	226,869	
Yuan-Shin Materials Technology Co., Ltd.	Yuanta Financial Holding Co., Ltd.	-	Current financial assets at fair value through profit or loss	309,000	6,041	- %	6,041	
Yuan Shin Materials Technology Co., Ltd.	Wei Kong Industrial Co., Ltd.	-	Current financial assets at fair value through profit or loss	40,000	1,020	0.01 %	1,020	
Yuan Shin Materials Technology Co., Ltd.	Wah Lee Industrial Corp.	-	Current financial assets at fair value through profit or loss	20,000	1,670	0.01 %	1,670	
Yuan Shin Materials Technology Co., Ltd.	China General Plastics Corp.	-	Current financial assets at fair value through profit or loss	50,000	1,025	0.01 %	1,025	
Yuan Shin Materials Technology Co., Ltd.	Asustek Computer Inc.	-	Current financial assets at fair value through profit or loss	6,000	1,404	- %	1,404	
Yuan Shin Materials Technology Co., Ltd.	Giga-Byte Technology Co., Ltd.	-	Current financial assets at fair value through profit or loss	4,000	352	- %	352	
Yuan Shin Materials Technology Co., Ltd.	Supreme Electronics Co., Ltd.	-	Current financial assets at fair value through profit or loss	30,000	1,021	0.01 %	1,021	
Yuan Shin Materials Technology Co., Ltd.	Chang Wah Electromaterial Inc.	-	Current financial assets at fair value through profit or loss	5,000	157	- %	157	

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TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
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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: Please refer to note 6(b).
- (x) Significant transactions and business relationship between the parent company and its subsidiaries for the nine months ended September 30, 2022: None
- (b) Information on investees:

The following is the information on investees for the nine months ended September 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 September 30, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 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 %	405,726	(29,536)	(7,384)	
The Company	Wonderland Enterprise Co., Ltd.	Taiwan	General investment business	325,230	325,230	29,629,597	37.04 %	765,072	2,529	937	
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 %	25,921	(424)	(148)	
The Company	Universal Investments Limited	British Cayman Islands	Real estate investment business	17,273	17,273	80	40.00 %	18,396	(647)	(427)	
The Company	YSIC Ltd.	Taiwan	Residential building and industrial plant development rental business	1,638,169	1,638,169	72,446,838	99.99 %	901,856	28,666	28,660	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 %	48,421	(2,317)	(2,317)	Subsidiary
The Company	Yangmingshan Tien Lai Resort & SPA	Taiwan	General hotel industry	630,555	630,555	25,865,618	65.07 %	688,548	(970)	(2,366)	Subsidiary
The Company	Asia Carbon & Technology Inc.	Taiwan	Electronic component manufacturing	291,064	291,064	9,866,389	98.58 %	(816)	(1,457)	(1,436)	Subsidiary
YSIC Ltd.	Kun Shan International Ltd.	Seychelles	General investment business	122,572	122,572	3,702,718	62.03 %	210,704	102,801	63,771	Subsidiary
YSIC Ltd.	Grand Capital Co., Ltd.	Seychelles	General investment business	90,182	90,182	2,698,002	100.00 %	228,862	(189)	(189)	Subsidiary
YSIC Ltd.	Yangmingshan Tien Lai Resort & SPA	Taiwan	General hotel industry	110,836	110,836	4,807,774	12.10 %	117,703	(970)	(387)	Subsidiary
YSIC Ltd.	Globaltop Technology Inc.	Taiwan	Aluminum Nitride Powder	162,643	162,643	5,255,553	23.89 %	44,653	(23,764)	(5,677)	
YSIC Ltd.	Tien Lai Co., Ltd.	Taiwan	Pipe Lines Construction	5,000	5,000	500,000	50.00 %	1,290	(301)	(151)	Subsidiary

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TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
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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 September 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	110,122 (USD 3,468)	(2)	115,888 (USD 3,650)	-	-	115,888 (USD 3,650)	82,013 (USD 2,806)	62.03%	50,876	126,797	-
Kun Shan Jia-An Technology Education Consulting Co., Ltd.	Educational consulting, information operation consulting, software and data storage consultation	72,203 (USD 2,432)	(2)	(Note 3)	-	-	-	24,726 (USD 846)	62.03%	15,338	55,691	-

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=NTD31.75, USD1=NTD29.2275).

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 September 30, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note)
115,888 (USD 3,650)	115,888 (USD 3,650)	541,189

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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TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
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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 September 30, 2022				
	Plasticization segment	Investment segment	Other segments	Reconciliation and elimination	Total
Revenue					
Revenue from external customers	\$ 2,997,713	(3,005)	46,123	-	3,040,831
Intersegments revenues	-	126	1,387	(1,513)	-
Total revenue	<u>\$ 2,997,713</u>	<u>(2,879)</u>	<u>47,510</u>	<u>(1,513)</u>	<u>3,040,831</u>
Reportable segment profit or loss	<u>\$ (221,817)</u>	<u>(5,967)</u>	<u>1,046</u>	<u>7,420</u>	<u>(219,318)</u>
	For the three months ended September 30, 2021				
	Plasticization segment	Investment segment	Other segments	Reconciliation and elimination	Total
Revenue					
Revenue from external customers	\$ 3,281,799	(4,850)	11,379	-	3,288,328
Intersegments revenues	-	(1,893)	1,325	568	-
Total revenue	<u>\$ 3,281,799</u>	<u>(6,743)</u>	<u>12,704</u>	<u>568</u>	<u>3,288,328</u>
Reportable segment profit or loss	<u>\$ (177,101)</u>	<u>(9,260)</u>	<u>(14,728)</u>	<u>18,473</u>	<u>(182,616)</u>
	For the nine months ended September 30, 2022				
	Plasticization segment	Investment segment	Other segments	Reconciliation and elimination	Total
Revenue					
Revenue from external customers	\$ 10,305,345	(21,128)	114,306	-	10,398,523
Inter-segment revenues	-	(258)	3,073	(2,815)	-
Total revenue	<u>\$ 10,305,345</u>	<u>(21,386)</u>	<u>117,379</u>	<u>(2,815)</u>	<u>10,398,523</u>
Reportable segment profit or loss	<u>\$ (277,803)</u>	<u>102,635</u>	<u>(2,728)</u>	<u>(24,161)</u>	<u>(202,057)</u>

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TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
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	For the nine months ended September 30, 2021				
	Plasticization segment	Investment segment	Other segments	Reconciliation and elimination	Total
Revenue					
Revenue from external customers	\$ 8,771,259	12,485	72,674	-	8,856,418
Inter-segment revenues	-	(1,807)	1,983	(176)	-
Total revenue	<u>\$ 8,771,259</u>	<u>10,678</u>	<u>74,657</u>	<u>(176)</u>	<u>8,856,418</u>
Reportable segment profit or loss	<u>\$ 298,203</u>	<u>2,582</u>	<u>(19,299)</u>	<u>(2,164)</u>	<u>279,322</u>