

TSE : 1310

# 2021 Annual Report

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## Taiwan Styrene Monomer Corporation

Printed on April 30, 2022

### Notice to Readers

For the convenience of readers, the Annual Report has been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any different in the interpretation of the two version, the Chinese version shall prevail.

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# 01 Letter to Shareholders

Dear Shareholders,

## 1.1 2021 Business Report

Although COVID-19 continued to spread in 2021, due to the continuous quantitative easing of central banks in various countries, the global economic situation has improved significantly compared with 2020. In October, 2020, the International Monetary Fund (IMF) estimated that in 2021 global GDP has grown by 5.9%, and Taiwan's GDP has also grown significantly by 6.28%, the highest in 40 years. However, in recent years, mainland China has aggressively expanded the production capacity of styrene monomer (SM). Last year, its new production capacity was 3.8 million tons, resulting in an oversupply of the SM market in Northeast Asia, which made the price of SM in Northeast Asia become the lowest in the world. Ending with a profit, the full-year EPS was just NT\$ 0.2.

In the first half of 2021, due to the steady recovery of crude oil prices, Asian SM plants were repaired more frequently from March to June, and the United States was hit by an ice storm in February. More than half of the SM plants were suspended, and the resumption of work was delayed until the end of April. At the same time, many factories in Europe also had production accidents, which caused the price of SM in the United States and Europe to rise sharply. Many conditions allowed mainland China to export SM, which relieved the pressure on the supply of new factories.

As the new production capacity of styrene (SM) in mainland China was put into operation successively last year, the SM market in Northeast Asia was severely oversupplied in the second half of the year, which put SM market in an unfavorable situation. The Company actively adjusted raw material inventories, stabilized production, and hedged foreign exchange operations to reduce operating losses. Last year's annual revenue still increased by approximately 46.58% over the previous year. The annual output of SM last year was 346,178 tons, an increase of 4,628 tons (about 1.35%) compared with 2020; the sales volume of SM was 340,811 tons, a decrease of 5,100 tons (about -1.47%) compared with 2020.

The consolidated revenue of Taiwan Styrene Monomer Corporation Group in 2021 was NT\$ 11,714,016,000, an increase of NT\$ 3,600,791,000 compared with that in 2020. The consolidated net loss before tax was NT\$ 6,247,000, a decrease of NT\$ 375,504,000 compared with that in 2020. The consolidated net profit after tax was 105,239,000, and the consolidated net profit after tax attributable to the owners of the Company was 104,604,000.

The Company's individual revenue was 11,579,268,000, accounting for 98.85% of the consolidated revenue. Here is a brief summary of the Company's individual business in 2021 as follows:

Comparison of production and sales of the Company's main products in 2021 and 2020: SM's

annual output in 2021 was 346,178 tons, an increase of 4,628 tons compared with 341,550 tons in 2020; the annual sales volume was 340,811 tons, a decrease of 5,100 tons compared with 345,911 tons in 2020. The annual sales volume of p-diethyl benzene in 2021 was 2,042 tons, a decrease of 405 tons compared with 2,447 tons in 2020; the sales volume of toluene was 8,297 tons, a decrease of 793 tons compared with 9,090 tons in 2020.

The operating income of the Company in 2021 was 11,579,268,000, an increase of 3,679,383,000 (46.58%) compared with 7,899,885,000 in 2020; the net profit after tax in 2021 was 104,604,000, a decrease of 182,912,000 (-63.62%) compared with 287,516,000 in 2020. The operating income of the reinvested company in 2021 was 134,748,000, a decrease of 78,592,000 (36.84%) compared with 213,340,000 in 2020.

## **1.2 Summary of Business Plan for 2022**

1. Operating tenet: Sustainable operations, continuous improvement.
2. Sales strategy: full production and full sales, and give priority to the domestic market.
3. Expected number of sales

### **A. Styrene Monomer (SM)**

Looking forward to the SM market this year (2022), in addition to the epidemic that will continue to suppress economic growth in the first quarter of this year, it is also affected by the sharp rise in crude oil and raw material prices caused by the Russia–Ukraine war. The negative effects will begin to fade if Russia-Ukraine hold a peace talk. The IMF estimates that global GDP growth this year is still good, reaching 4.4%. The Company completed the debottlenecking project of the SM production line in March last year. In addition to reducing production costs, the annual production capacity of SM can be increased by about 15,000 tons, and the sales volume of SM will reach a record high of 376,500 tons. Therefore, it is estimated that the Company's business results this year will also be better than last year.

### **B. P-Diethyl Benzene**

Since more than 85% of paradiethylbenzene products are exported and processed by bidding, we will try our best to obtain bids, and the sales volume target this year is 2,500 tons.

## **1.3 Future Company Development Strategy**

The Company will continue to strengthen the competitiveness of its own SM products as the main direction, completed the de-bottlenecking project of the styrene production line in March last year, making the Company's products more competitive. In addition, it will seek strategic alliances with downstream product manufacturers to strengthen The Company's market competition and make its business performance more stable.

## **1.4 Influence of External Competitive Environment, Regulatory Environment and Overall Business Environment**

As the new production capacity of SM in mainland China is estimated to reach 5.7 million tons

this year (accounting for 14% of global production capacity), in the case of a substantial increase in supply, it will have a serious impact on the SM market in Northeast Asia. In addition, the signing of the Regional Comprehensive Economic Partnership (RCEP) will bring greater competitive pressure to Taiwan's SM industry. In addition, Taiwan's rising awareness of environmental protection, increasingly stringent environmental regulations, and the trend of net-zero carbon emissions by 2050 will make the future business environment even more severe.

Our company will continue various improvement works. When setting business goals, we can meet industrial safety and environmental protection requirements such as safe production, energy saving and carbon reduction, in order to overcome the challenges that come one after another. The Company will continue to develop, improve production technology, reduce production costs, improve business performance, and will continue to rectify the reinvestment business to seek the best interests of shareholders and live up to the support and expectations of shareholders.

I wish you all good health and good luck

Chairman:



General Manager:



Accounting Supervisor:



## 02 Company Profile

### 2.1 Date of Incorporation: November 16, 1979

### 2.2 Company History

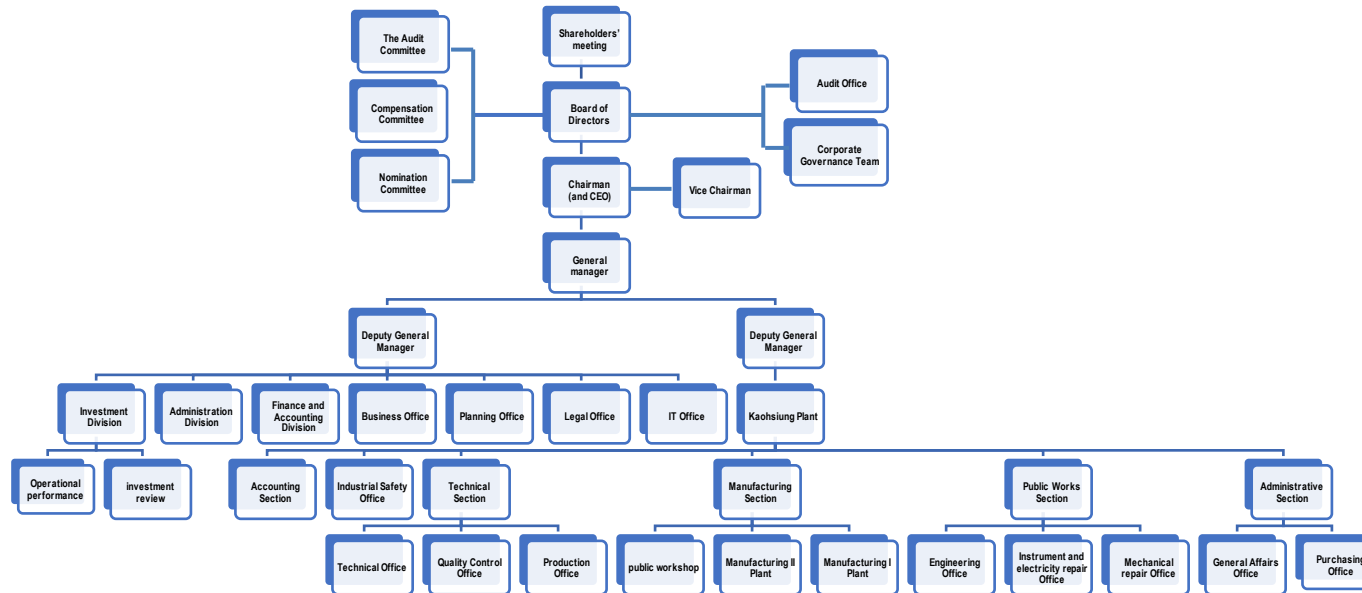
|          |                                                                                                                                                                                                                                            |
|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| May 1980 | The first production line of styrene (SM1) began to be built                                                                                                                                                                               |
| Mar 1982 | The first styrene production line (SM1) was completed, with an annual output of 100,000 MT                                                                                                                                                 |
| Aug 1984 | The SM1 debottlenecking project was carried out (DB-84)                                                                                                                                                                                    |
| Feb 1985 | The SM1 debottlenecking project was completed, and the annual output was increased from 100,000 MT to 140,000 MT                                                                                                                           |
| Aug 1987 | The Company's stock was publicly underwritten and listed                                                                                                                                                                                   |
| Mar 1988 | The second styrene production line (SM2) was expanded                                                                                                                                                                                      |
| Aug 1989 | The construction of a p-diethyl benzene (P-DEB) factory began, with an annual output of 1,500 MT                                                                                                                                           |
| Apr 1990 | The official production of p-diethyl benzene                                                                                                                                                                                               |
| Apr 1990 | The second styrene production line (SM2) was completed, with an annual output of 100,000 MT                                                                                                                                                |
| Feb 1993 | The DB-95 task force for the debottlenecking project of the first production line and the second production line was established                                                                                                           |
| Sep 1995 | Passed the ISO 9002 international certification                                                                                                                                                                                            |
| Feb 1997 | The improvement of paradiethylbenzene catalyst was completed, and the production capacity was increased to 3,500 MT per year                                                                                                               |
| Dec 1997 | Passed the ISO 14001 international certification                                                                                                                                                                                           |
| Mar 1999 | The DB-95 de-bottlenecking project was completed, and the production capacity was increased to 340,000 MT per year                                                                                                                         |
| Jan 2003 | The board of directors approved the "Kaohsiung Plant Phase III Five-Year Plan Phase I Project – Kaohsiung Plant Efficiency and Quality Improvement Project"                                                                                |
| Jan 2006 | The board of directors approved the proposal of "purchasing the Company's shares and transferring them to employees"                                                                                                                       |
| Mar 2006 | The board of directors approved the "Kaohsiung Plant Phase III Five-Year Plan Phase II Project – SM2 Dehydrogenation Reaction Zone Efficiency Improvement and Process Control System DCS Update Project"                                   |
| Mar 2006 | The board of directors approved the proposal of "purchasing the Company's shares and transferring them to employees"                                                                                                                       |
| May 2006 | The "EB reaction zone was changed to a liquid phase reaction process" project (the first phase of the Kaohsiung Plant Phase III Five-Year Plan – Kaohsiung Plant Efficiency and Quality Improvement Project, the whole case was completed) |
| Sep 2008 | The board of directors passed the proposal of "purchasing the Company's shares to protect the Company's credit and shareholders' rights and interests"                                                                                     |
| Dec 2008 | The board of directors approved the case of "the Company's first and third repurchase of the Company's shares for cancellation"                                                                                                            |
| Mar 2009 | The board of directors approved the case of "the Company's second repurchase of company shares for cancellation"                                                                                                                           |

|          |                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Dec 2010 | The board of directors approved the investment in the tourism industry                                                                                                                                                                                                                                                                                                                                                                              |
| Oct 2011 | The board of directors approved the case of investing in the establishment of a steam-electricity symbiosis plant                                                                                                                                                                                                                                                                                                                                   |
| Dec 2011 | The modification of boiler C to a dual-purpose boiler for fuel oil and natural gas was completed.                                                                                                                                                                                                                                                                                                                                                   |
| Jun 2012 | Boiler B was changed to a dual-purpose boiler for fuel oil and natural gas.                                                                                                                                                                                                                                                                                                                                                                         |
| Dec 2012 | Completed the “multi-efficiency cascade reboiler distillation energy-saving project and the vacuum compressor project of the updated styrene second production line (SM2) process”                                                                                                                                                                                                                                                                  |
| Dec 2012 | 2012, the shareholders’ general meeting on June 28, 2012 resolved to reduce capital, reduce the capital by NT\$ 776,071,890, and cancel 77,607,189 shares. It was approved by the Financial Supervision and Administration Commission on November 21, 2012. Jin-Guan-Zheng-Fa-Zi No. 1010048476 Letter Approved on the record, and approved by the Ministry of Economic Affairs on December 7, 2012, by the letter of Shou-Shang Zi No. 10101251550 |
| Dec 2013 | The steam-electricity symbiosis plant began to build                                                                                                                                                                                                                                                                                                                                                                                                |
| Mar 2014 | The annual production capacity of two P-Diethyl Benzene (PDEB) plants was 3,500 tons, and the production capacity was increased to 7,000 tons.                                                                                                                                                                                                                                                                                                      |
| Nov 2015 | The steam-electricity symbiosis plant was completed and turned into business                                                                                                                                                                                                                                                                                                                                                                        |
| Nov 2017 | The “Information Security” strengthening project was completed                                                                                                                                                                                                                                                                                                                                                                                      |
| Jan 2019 | an audit committee was established to replace the supervisor system                                                                                                                                                                                                                                                                                                                                                                                 |
| Mar 2020 | The board of directors approved the proposal of “purchasing the Company’s shares and transferring them to employees”                                                                                                                                                                                                                                                                                                                                |
| Mar 2021 | The board of directors approved the case of “the Company’s fourth repurchase of company shares for transfer of employees”                                                                                                                                                                                                                                                                                                                           |
| Mar 2021 | The Nomination Committee was established                                                                                                                                                                                                                                                                                                                                                                                                            |
| Mar 2021 | The debottlenecking project of the first styrene production line was completed, increasing the production capacity to 350,000 MT per year                                                                                                                                                                                                                                                                                                           |

## 03 Corporate Governance Report

### 3.1 Organization

#### 3.1.1 Company Organization Chart



#### 3.1.2 Responsibilities of Respective Department

| Department                        | Responsibilities                                                                                                                                                                                                                                                                                         |
|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Administration Department         | Handle personnel training, administrative affairs, environmental maintenance and other affairs                                                                                                                                                                                                           |
| Finance and Accounting Department | Handle accounting, taxation, profit and loss calculation, business analysis, stock affairs and financial management related operations                                                                                                                                                                   |
| Sales Office                      | Selling company products, coordinating production plans and purchasing raw materials                                                                                                                                                                                                                     |
| Planning Office                   | Research, planning and implementation of short, medium and long-term business strategies                                                                                                                                                                                                                 |
| Kaohsiung Plant                   | Responsible for product planning and production, product quality management, customer technical services, raw material product transportation and storage management, process R&D improvement, management and maintenance of workshops, production equipment, and maintenance of employee safety matters |
| Investment Department             | Responsible for the supervision of investment business and the evaluation of long-term and short-term investments                                                                                                                                                                                        |
| Legal Office                      | Responsible for reviewing all contracts of the Company and handling legal issues                                                                                                                                                                                                                         |
| IT Office                         | Responsible for the planning, implementation, management and education and training of the Company's information system software, hardware, network, and information                                                                                                                                     |

## 3.2 Directors and Management Team

### 3.2.1 Directors

April 24, 2022 Unit: shares; %

| Job title | Nationality /<br>Place of<br>Registration | Name                                                                       | Gender<br>Age | Date Elected<br>(Note 1) | Term    | Date First Elected | Shareholding When Elected |      | Current Shareholding |      | Spouse & minor<br>Shareholding |   | Shareholding by Nominees |   | Education and Work Experience                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Other Position Concurrently Held at the Company or Other Companies                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Executives, Directors or<br>Supervisors who are related by<br>Spouse or within the second<br>degree of kinship |                 |                  | Remark |
|-----------|-------------------------------------------|----------------------------------------------------------------------------|---------------|--------------------------|---------|--------------------|---------------------------|------|----------------------|------|--------------------------------|---|--------------------------|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|-----------------|------------------|--------|
|           |                                           |                                                                            |               |                          |         |                    | Shares                    | %    | Shares               | %    | Shares                         | % | Shares                   | % |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Title                                                                                                          | Name            | Relation<br>ship |        |
| Chairman  | R.O.C                                     | Taiwan Styrene Investment Inc.<br>Representative: Wen-Yuan Lin<br>(Note 2) | Male<br>61-70 | 2021.10.14               | 3 years | 2013.04.03         | 10,000,000                | 1.89 | 10,000,000           | 1.89 | —                              | — | —                        | — | Master of Civil Engineering, University of Hawaii<br>Vice-Chairman of the State-owned Business Committee of the<br>Ministry of Economic Affairs<br>Chairman of chinasteel Corporation<br>Chairman of Taiwan Cogeneration Corporation<br>Chairman of Taiwan Styrene Monomer Corporation<br>Chairman of Taiwan Power Company<br>Chairman of Eastern Integrated Marketing Company<br>Chairman of Overseas Investment Development (Shares) Company<br>Managing Director of Bank of Kaohsiung | Chairman of Taiwan Styrene Monomer Corporation<br>Chairman of Yangmingshan Tien Lai Resort & SPA Co., Ltd.<br>Chairman of Eastern Broadcasting Co., Ltd.<br>Director of Gloria Material Technology Corp.<br>Director of United Renewable Energy Co., Ltd.<br>Director of Nam Ho Industrial Co., Ltd.<br>Independent Director of Tarko Co., Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Director                                                                                                       | Jeff Chen       | In law           | —      |
| Director  | R.O.C                                     | Taiwan Styrene Investment Inc.<br>Representative: Pao-Yuan Chen            | Male<br>71-80 | 2021.10.14               | 3 years | 2013.04.03         | 10,000,000                | 1.89 | 10,000,000           | 1.89 | —                              | — | —                        | — | Master of Chemistry, Illinois Institute of Technology<br>General Manager of Taiwan Styrene Monomer Corporation<br>General Manager of China Steel Chemical Corporation                                                                                                                                                                                                                                                                                                                    | Director and Vice Chairman of Taiwan Styrene Monomer Corporation<br>Chairman of Yuan-Shin Materials Technology Corp. Ltd.<br>Director of Yu Sheng Development Co., Ltd.<br>Director of Yangmingshan Tien Lai Resort & SPA Co., Ltd.<br>Director of Grand Cathay Venture Capital Co., Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | —                                                                                                              | —               | —                | —      |
| Director  | R.O.C                                     | Jinchihon Investment Inc.<br>Representative: Joseph Wang                   | Male<br>51-60 | 2021.10.14               | 3 years | 2019.01.31         | 1,000,000                 | 0.19 | 1,000,000            | 0.19 | —                              | — | —                        | — | Department of Law, NCHU                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Director of Taiwan Styrene Monomer Corporation<br>Chairman of Taiwan Steel Group United Co., Ltd.<br>Chairman of Gloria Material Technology Corp.<br>Chairman of S-Tech Corp.<br>Chairman of Homkom Precision Industry Corp.<br>Chairman of Taiwan Netcom Investment Holding Co., Ltd.<br>Chairman of Kings Asset Management Co., Ltd.<br>Vice Chairman of Chun Zu Machinery Industry Co., Ltd.<br>Chairman of Hoyang Investment Co., Ltd.<br>Chairman of Rongyang Investment Corp.<br>Chairman of Na Neng Co., Ltd.<br>Director of Chun Yu Works & Co., Ltd.<br>Director of Soft-World International Corporation<br>Director of D-Link Corporation<br>Director of Cameo Communications, Inc.<br>Director of Chun Bang Precision Co., Ltd.<br>Director of Chun Yu Bio-Tech Corp.<br>Director of Chun Yu Investment Company<br>Independent Director of Golden Huang Long Construction Co., Ltd.<br>Director of Taiwan Steel Sport Marketing Co., Ltd.<br>Director of Shanghai Chun Zu Machinery Industry Co., Ltd.<br>Chairman of Guangzhou Goldway Special Metal Co., Ltd.<br>Chairman of Tianjin Goldway Special Metal Co., Ltd.<br>Chairman of Xian Goldway Special Metal Co., Ltd.<br>Chairman of Jiaxing Goldway Special Metal Co., Ltd.<br>Chairman of Jiaxing Xiangyang Metal Material Technology Co., Ltd.<br>Chairman of Alloy Tool Steel Inc.<br>Chairman of G-Yao Enterprises Ltd.<br>Chairman of All Win Enterprises Ltd.<br>Chairman of Faith Enterprises Ltd.<br>Attorney-at-law at Pro Law Firm | —                                                                                                              | —               | —                | —      |
| Director  | R.O.C                                     | Taiwan Styrene Investment Inc.<br>Representative: Jeff Chen                | Male<br>41-50 | 2021.10.14               | 3 years | 2019.01.31         | 10,000,000                | 1.89 | 10,000,000           | 1.89 | —                              | — | —                        | — | EMBA, Guanghua School of Management, Peking University<br>Bachelor of Mechanical Engineering, UC Berkeley<br>Research Fellow, Harvard Business School                                                                                                                                                                                                                                                                                                                                    | Director of Taiwan Styrene Monomer Corporation<br>Chairman of Chuanguo Investment Holding Co., Ltd.<br>Chairman of Yu Chuan Cultural Investment Co., Ltd.<br>Director of Harn Shuiuan Co., Ltd.<br>Director of Adimmune Corporation<br>Director of Senhwa Biosciences, Inc.<br>Director of Bank of Kaohsiung<br>Director of E&E Recycling, Inc.<br>Director of Wen Teng Investment Co., Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Director                                                                                                       | Wen-Yuan<br>Lin | In law           | —      |

| Job title<br>(Note 1)   | Nationality or<br>registration | Name                                                                   | Gender                    | Appointment date | Term of office | First election<br>Date<br>(Note 2) | Holding shares at the time of<br>election |                       | Number of shares currently<br>held |                       | Spouse, minor children<br>now hold shares |                       | Holding shares in someone<br>else's name |                       | Main economic (education) degree<br>(Note 3)                                                                                                                                                                                                                                                                                                          | Currently holding positions in the Company and other companies                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Other supervisors, directors or<br>supervisors who are related by<br>spouse or within the second<br>degree of kinship |      |                  | Remark<br>(Note 4) |
|-------------------------|--------------------------------|------------------------------------------------------------------------|---------------------------|------------------|----------------|------------------------------------|-------------------------------------------|-----------------------|------------------------------------|-----------------------|-------------------------------------------|-----------------------|------------------------------------------|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|------|------------------|--------------------|
|                         |                                |                                                                        |                           |                  |                |                                    | Number of<br>shares                       | Shareholding<br>ratio | Number of<br>shares                | Shareholding<br>ratio | Number of<br>shares                       | Shareholding<br>ratio | Number of<br>shares                      | Shareholding<br>ratio |                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Job title                                                                                                             | Name | Relation<br>ship |                    |
| Director                | R.O.C                          | Taiwan Styrene<br>Investment Inc.<br>Representative: Richard<br>Lee    | Male<br>51-60             | 2021.10.14       | 3 years        | 2013.04.03                         | 10,000,000                                | 1.89                  | 10,000,000                         | 1.89                  | —                                         | —                     | —                                        | —                     | Master; Institute of Mainland China, NSYSU<br>Judge and Chief Judge, Taiwan Kaohsiung District Court<br>Judge and Division- Chief Judge, Taiwan Taitung District Court<br>Supervisor of CHC Resources Corporation<br>Supervisor of Taiwan Wax Co., Ltd.<br>Supervisor of Synnex Technology International Corporation<br>Director of Bank of Kaohsiung | Director of Taiwan Styrene Monomer Corporation<br>Independent Director of Taiwan Tea Corporation<br>Independent Director of D-Link Corporation<br>Independent Director of Tatung Company<br>Partner Attorney, Yuan, Chen & Partners Attorneys-at-Law                                                                                                                                                                                                                                                                                                             | —                                                                                                                     | —    | —                | —                  |
|                         |                                |                                                                        |                           |                  |                |                                    | 70,000                                    | 0.01                  | 70,000                             | 0.01                  |                                           |                       |                                          |                       |                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                       |      |                  |                    |
| Director                | R.O.C                          | Chun Yu Works & Co., Ltd.<br>Representative:<br>Chi-Tai Chen           | Male<br>61~70             | 2021.10.14       | 3 years        | 2021.10.14                         | 11,678,000                                | 2.21                  | 11,678,000                         | 2.21                  | —                                         | —                     | —                                        | —                     | Tainan advanced business vocational school business division                                                                                                                                                                                                                                                                                          | Director of Taiwan Styrene Monomer Corporation<br>Chairman of Chun Zu Machinery Industry Co., Ltd.<br>Chairman of Chun Bang Precision Co., Ltd.<br>Chairman of Jingkom Investment Co., Ltd.<br>Chairman of Chun Yu Investment Co., Ltd.<br>Chairman of Chun Yu Bio-Tech Corp.<br>Chairman of Li Chiao Investment Co., Ltd.<br>Chairman of Pai Chia Yuan Investment Co., Ltd.<br>Vice Chairman of Chun Yu Works & Co., Ltd.<br>Supervisor of Taiwan Steel Sport Marketing Co., Ltd.<br>Director of OFCO Industrial Corp.<br>Director of Quin Tain Steel Co., Ltd. | —                                                                                                                     | —    | —                | —                  |
|                         |                                |                                                                        |                           |                  |                |                                    | 0                                         | 0                     | 0                                  | 0                     |                                           |                       |                                          |                       |                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                       |      |                  |                    |
| Director                | R.O.C                          | Kai Chiang Co., Ltd.<br>Representative:<br>Chih-Yao Sun<br>(Note 3)    | Female<br>41~50 years old | 2021.10.14       | 3 years        | 2019.01.31                         | 760,000                                   | 0.14                  | 800,000                            | 0.15                  | —                                         | —                     | —                                        | —                     | Baofuniversityofcalifornia,santacruz<br>L.L.m.ofpacouniversityenvironmentallaw<br>J.d.ofvermontlawschool<br>Director of legal affairs, taiwan styrene monomer corporation<br>Legal of mediatek inc.                                                                                                                                                   | Director of Taiwan Styrene Monomer Corporation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | —                                                                                                                     | —    | —                | —                  |
|                         |                                |                                                                        |                           |                  |                |                                    | 0                                         | 0                     | 0                                  | 0                     |                                           |                       |                                          |                       |                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                       |      |                  |                    |
| Director                | R.O.C.a                        | An Ching Development<br>Co., Ltd.<br>Representative:<br>Cheng-Yuan Liu | Male<br>71-80             | 2021.10.14       | 3 years        | 2016.04.03                         | 487,000                                   | 0.09                  | 487,000                            | 0.09                  | —                                         | —                     | —                                        | —                     | Graduated from the fine arts department of chinese culture university<br>Chairman and Vice chairman of Taiwan Styrene Monomer Corporation<br>Chairman of yangmingshan tien lai resort & spa<br>Chairman of cheng de interior decoration design engineering company                                                                                    | Director of Taiwan Styrene Monomer Corporation<br>Head of Cheng De Interior Design Co., Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | —                                                                                                                     | —    | —                | —                  |
|                         |                                |                                                                        |                           |                  |                |                                    | 18,191                                    | 0.00                  | 18,191                             | 0.00                  |                                           |                       |                                          |                       |                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                       |      |                  |                    |
| Independent<br>Director | R.O.C                          | Chin-Chen Chien                                                        | Male<br>61~70             | 2021.10.14       | 3 years        | 2019.01.31                         | 0                                         | 0                     | 0                                  | 0                     | —                                         | —                     | —                                        | —                     | PhD (Accounting), Rutgers University, USA<br>Professor, Department of Accounting, NCKU<br>Independent Director of S-Tech Corp.                                                                                                                                                                                                                        | Independent Director of Taiwan Styrene Monomer Corporation<br>Independent Director of Ton Yi Industrial Corp.<br>Independent Director of Gloria Material Technology Corp.<br>Director of Soft-World International Corporation                                                                                                                                                                                                                                                                                                                                    | —                                                                                                                     | —    | —                | —                  |
|                         |                                |                                                                        |                           |                  |                |                                    |                                           |                       |                                    |                       |                                           |                       |                                          |                       |                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                       |      |                  |                    |
| Independent<br>Director | R.O.C                          | Jui-Mu Huang<br>(Note 4)                                               | Male<br>61~70             | 2021.10.14       | 3 years        | 2021.10.14                         | 0                                         | 0                     | 0                                  | 0                     | -                                         | -                     | -                                        | -                     | Department of Technology Mechanical Engineering, Ming Chi Institute of<br>Technology President of Chang Hwa Bank<br>Senior Executive Vice President of Bank of Taiwan<br>General Auditor of Bank of Taiwan                                                                                                                                            | Independent Director of Taiwan Styrene Monomer Corporation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                       |      |                  |                    |
| Independent<br>Director | R.O.C                          | Yu-Chang Lin<br>(Note 4)                                               | Male<br>61~70             | 2021.10.14       | 3 years        | 2021.10.14                         | 0                                         | 0                     | 0                                  | 0                     | 25,000                                    | 0.00                  | —                                        | —                     | Department of Law, NCHU<br>Vice president of MasterLink Securities Corporation<br>Independent Director of Cameo Communications, Inc.<br>Independent Director of Chillsin Electronics Corp.                                                                                                                                                            | Independent Director of Taiwan Styrene Monomer Corporation<br>Independent Director of Cameo Communications, Inc. Independent<br>Director of Jia Jie Biomedical Co., Ltd.                                                                                                                                                                                                                                                                                                                                                                                         | —                                                                                                                     | —    | —                | —                  |

Note 1: The Company's directors were re-elected on October 14, 2021.

Note 2: Chairman was elected by the Board of Directors on October 26, 2021.

Note 3: Reassigned the representative from Hua-Kan Peng to Chih-Yao Sun on February 1, 2022.

### 3.2.2 Major Shareholders of Corporate Shareholders

Table 1: Major shareholders of Institutional Shareholders

April 24, 2022

| Name of Institutional Shareholders | Major shareholder                   | Shareholding % |
|------------------------------------|-------------------------------------|----------------|
| Taiwan Styrene Investment Inc.     | I Tung Yuan Investment Co., Ltd.    | 36.23          |
|                                    | Chun-Jen Huang                      | 10.51          |
|                                    | Chun-Yi Huang                       | 9.78           |
|                                    | Shih-Chen Huang                     | 9.46           |
|                                    | Hsin-Hsuan Hsu                      | 4.71           |
|                                    | Hsin-Yu Hsu                         | 4.71           |
|                                    | Ming-Ling Yan                       | 4.71           |
|                                    | Chun-Wen Chen                       | 4.71           |
|                                    | Chun-Yan Huang                      | 4.71           |
|                                    | Fang-Ching Lin                      | 3.62           |
| Jinchihon Investment Inc.          | I Tung Yuan Investment Co., Ltd.    | 100            |
| An Ching Development Co., Ltd.     | Lin-Lin Sun                         | 30.42          |
|                                    | Hao Fang                            | 18.75          |
|                                    | Kai-Jian Co., Ltd.                  | 15.42          |
| Kai Chiang Co., Ltd.               | Lin-Lin Sun                         | 69.72          |
| Chun Yu Works & Co., Ltd.          | Parkland Investment Co., Ltd.       | 27.87          |
|                                    | Jinzhibu Asset Management Co., Ltd. | 9.28           |
|                                    | Chun Yu Investment Co., Ltd.        | 7.75           |
|                                    | Yi Tai Shen Co., Ltd.               | 4.89           |
|                                    | Ching-Chi Chang                     | 2.37           |
|                                    | Yu-Chi Chang                        | 2.19           |
|                                    | Ching-Shin Chen                     | 1.36           |
|                                    | Shi-He Li                           | 1.31           |
|                                    | Li-Jong Huang                       | 1.30           |
|                                    | Sheng Shang Investment Co., Ltd.    | 1.28           |

Table 2: Institutional shareholders whose major shareholders are institutions

April 24, 2022

| Name of Institutional Shareholders | Major Shareholder               | Shareholding % |
|------------------------------------|---------------------------------|----------------|
| I Tung Yuan Investment Co., Ltd.   | E-Sheng Steel Co., Ltd.         | 100            |
| Kai-Jian Co., Ltd.                 | Lin-Lin Sun                     | 69.72          |
| Parkland Investment Co., Ltd.      | PROMINENT SINO HOLDINGS LIMITED | 100            |
| Kings Asset Management Co., Ltd.   | Chun-Yi Huang                   | 45             |
|                                    | Joseph Wang                     | 36             |
|                                    | Parkland Investment Co., Ltd.   | 19             |
| Chun Yu Investment Co., Ltd.       | Chun Yu Works & CO., LTD.       | 100            |
| Yi Tai Shen Co., Ltd.              | Li-Jong Huang                   | 18.68          |
|                                    | Ching-Chi Chang                 | 16.70          |
|                                    | Cong-Xin Chen                   | 13.53          |
|                                    | Chang-Ping Wang                 | 1.84           |
| Sheng Shang Investment Co., Ltd.   | Li-Jong Huang                   | 28             |
|                                    | Lian-Ying Ni                    | 25             |

### 3.2.3 Professional Qualifications and Independence Status of Directors

| Disclosure of Professional Qualifications of Directors and Independence of Independent Directors |                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                      |                                                                                                                                                                       |
|--------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| April 24, 2022                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                      |                                                                                                                                                                       |
| Condition<br>Name (Note 1)                                                                       | Professional Qualifications and Experience                                                                                                                                                                                                                                                                                                                                                                                         | Independence Situation<br>(Note 2)                                                                                                   | Number of Independent<br>Directors of Other Public<br>Companies                                                                                                       |
| Taiwan Styrene Investment Inc.<br>Representative: Wen-Yuan Lin                                   | 1. Work experience required by the Company's business, such as business, legal, financial or business management capabilities<br>2. Work experience: Chairman and director experience of Taipower, Taiqi, Sinosteel, Eastern, Kaohsiung Bank, etc.                                                                                                                                                                                 | Relationship with Director Jeff Chen by marriage                                                                                     | None                                                                                                                                                                  |
| Taiwan Styrene Investment Inc.<br>Representative: Pao-Yuan Chen                                  | 1. Work experience required by the Company's business, such as business, legal, financial or business management capabilities<br>2. Work experience: general manager of China Steel Corp., general manager of Taiwan Styrene Monomer Corporation and vice chairman, etc.                                                                                                                                                           | -                                                                                                                                    | None                                                                                                                                                                  |
| Jinchihon Investment Inc.<br>Representative: Joseph Wang                                         | 1. Work experience required by the Company's business, such as business, legal, financial or business management capabilities<br>2. Work experience: Chairman and director experience of Ronggang, Taigang, Chunri Machinery, etc.; legal experience of the lawyer in charge of a law firm                                                                                                                                         | -                                                                                                                                    | None                                                                                                                                                                  |
| Taiwan Styrene Investment Inc.<br>Representative: Jeff Chen                                      | 1. Work experience required by the Company's business, such as business, legal, financial or business management capabilities<br>2. Work experience: Chairman of Chuanpupu Investment Control and Yuchuan Culture; Director of Hanxuan Enterprise, Guoguang Biotechnology, Kaohsiung Bank, etc.                                                                                                                                    | Related by marriage to Director Wen-Yuan Lin, but does not participate in any managerial positions in the Company and is independent | None                                                                                                                                                                  |
| Taiwan Styrene Investment Inc.<br>Representative: Richard Lee                                    | 1. Work experience required by the Company's business, such as business, legal, financial or business management capabilities<br>2. Work experience: independent director experience in Tai Nong, Youxun, Datong; legal experience such as judge, presiding judge                                                                                                                                                                  | -                                                                                                                                    | Tatung Company independent director<br>D-Link Technology Co., Ltd.<br>Independent Director<br>Independent Director of Taiwan Tea Corporation                          |
| Chun Yu Inc..<br>Representative: Chi-Tai Chen                                                    | 1. Work experience required by the Company's business, such as business, legal, financial or business management capabilities<br>2. Work experience: Chairman experience of Chunbang Precision, Chunri Machinery, etc.; Director experience of Chun Yu Factory, Jiuyang Precision, etc.                                                                                                                                            | -                                                                                                                                    | None                                                                                                                                                                  |
| Kai Chiang Co., Ltd.<br>Representative: Chih-Yao Sun                                             | 1. Work experience required by the Company's business, such as business, legal, financial or business management capabilities<br>2. Work experience: legal experience in Taiwan Styrene Monomer Corporation, mediatek, etc.                                                                                                                                                                                                        | -                                                                                                                                    | None                                                                                                                                                                  |
| An Chin Development Inc.<br>Representative: Cheng-Yuan Liu                                       | 1. Work experience required by the Company's business, such as business, legal, financial or business management capabilities<br>2. Work experience: Vice Chairman of Taiwan Styrene Monomer Corporation, Chairman of Yangmingshan Teana                                                                                                                                                                                           | -                                                                                                                                    | None                                                                                                                                                                  |
| Independent Director:<br>Chin-Chen Chien                                                         | 1. Work experience required by the Company's business, such as business, legal, financial or business management capabilities<br>2. Accounting professor certificate from public and private colleges and universities with relevant disciplines required for business, legal affairs, finance, accounting or corporate business<br>3. Work experience: independent director experience of Uni-President, Ronggang, Jinggang, etc. | (Note 2)                                                                                                                             | Independent Director of Gloria Material Technology Corp.<br>Independent Director of S-TECH Corp.<br>Independent Director of Uni-President Industrial (Shares) Company |
| Independent Director:<br>Jui-Mu Huang                                                            | 1. Work experience required for corporate business such as business, legal affairs, finance, banking or business management capabilities<br>2. Work experience: Deputy General Manager and Chief Auditor of Taiwan Bank, General Manager of Changhua Bank                                                                                                                                                                          | (Note 2)                                                                                                                             | None                                                                                                                                                                  |
| Independent Director:<br>Yu-Chang Lin                                                            | 1. Work experience required by the Company's business, such as business, legal, financial or business management capabilities<br>2. Work experience: Deputy General Manager of Yuanfu Securities; Independent Director of Kaimel Electric                                                                                                                                                                                          | (Note 2)                                                                                                                             | Independent Director of Cameo Communications, Inc.<br>Independent Director of Jia Jie Biomedical Co., Ltd.                                                            |

Note 1: None of the directors has any of the conditions specified in Article 30 of the Company Law.

Note 2: to entry: Independent situations include the following:

- (1) Not an employee of the Company or its affiliates.
- (2) Not a director or supervisor of the Company or its affiliates.
- (3) Non-personal shareholders who are not themselves and their spouses, minor children or natural person shareholders who hold more than 1% of the Company's total issued shares or hold the top ten shares in the name of others.
- (4) Spouses, relatives within the second degree of kinship, or lineal blood relatives within the third degree of kinship of persons not listed in the preceding three paragraphs.
- (5) Not serve as a director, supervisor or employee of a company that has a specific relationship with the Company.
- (6) No amount of remuneration received from the Company or its affiliated companies for providing commercial legal, financial, accounting and other services in the last two years.

## Board Diversity and Independence:

(I) The Company adopts a candidate nomination system, and sets the number of directors according to the current operation scale and development needs. In addition to the statutory basic conditions, it also considers relevant industry knowledge, experience and other fields, and implements the policy of diversifying the composition of the Board of Directors. The main policy objectives include:

1. The composition of the Board of Directors should consider diversity, and formulate an appropriate diversity policy according to its own operation and development needs, including but not limited to the following standards:
  - (1) Basic conditions and values: gender, age, nationality and culture, etc.
  - (2) Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.
2. The members of the Board of Directors of the Company should generally have the necessary knowledge, skills and qualities to perform their duties, and their overall capabilities should be as follows:
  - (1) Operational Judgment
  - (2) Accounting and financial analysis skills
  - (3) Management ability
  - (4) Crisis management ability
  - (5) Industry knowledge
  - (6) international market view
  - (7) leadership
  - (8) Decision-making capacity
3. Among the members of the Board of Directors of the Company, independent directors account for 27%, and directors with employee status account for 18%. At present, the term of office of two independent directors is less than 3 years, and the term of office of one independent director is 4–6 years. To achieve gender equality in the composition of directors, the goal is to have a female director. The Company's future goal is to appoint independent directors for each term, with a consecutive term of no more than 9 years and at least one female director.

(II) The currently (2021/10/14–2024/10/13) achieved diversity of board members:

| Title                | Name            | Basic component        |        |                                   |      |                                           | Industry experience/professional ability |                |                      |            |                   |                    |                           |            |                          |
|----------------------|-----------------|------------------------|--------|-----------------------------------|------|-------------------------------------------|------------------------------------------|----------------|----------------------|------------|-------------------|--------------------|---------------------------|------------|--------------------------|
|                      |                 | Country of citizenship | Gender | Part-time employee of the Company | Age  | Length of tenure of independent directors | Operational judgment                     | Legal practice | Financial accounting | Management | Crisis management | Industry knowledge | International market view | Leadership | Decision-making capacity |
| Chairman             | Wen-Yuan Lin    | R.O.C                  | Male   | ✓                                 | > 50 |                                           | ✓                                        |                | ✓                    | ✓          | ✓                 | ✓                  | ✓                         | ✓          | ✓                        |
| Vice Chairman        | Pao-Yuan Chen   | R.O.C                  | Male   | ✓                                 | > 50 |                                           | ✓                                        |                | ✓                    | ✓          | ✓                 | ✓                  | ✓                         | ✓          | ✓                        |
| Director             | Joseph Wang     | R.O.C                  | Male   |                                   | > 50 |                                           | ✓                                        | ✓              | ✓                    | ✓          | ✓                 | ✓                  | ✓                         | ✓          | ✓                        |
| Director             | Jeff Chen       | R.O.C                  | Male   |                                   | < 50 |                                           | ✓                                        |                | ✓                    | ✓          | ✓                 | ✓                  | ✓                         | ✓          | ✓                        |
| Director             | Richard Lee     | R.O.C                  | Male   |                                   | > 50 |                                           | ✓                                        | ✓              | ✓                    | ✓          | ✓                 | ✓                  | ✓                         | ✓          | ✓                        |
| Director             | Chen Chi-Tai    | R.O.C                  | Male   |                                   | > 50 |                                           | ✓                                        |                | ✓                    | ✓          | ✓                 | ✓                  | ✓                         | ✓          | ✓                        |
| Director             | Sun Chih-Yao    | R.O.C                  | Female |                                   | < 50 |                                           | ✓                                        | ✓              | ✓                    | ✓          | ✓                 | ✓                  | ✓                         | ✓          | ✓                        |
| Director             | Cheng-Yuan Liu  | R.O.C                  | Male   |                                   | > 50 |                                           | ✓                                        |                | ✓                    | ✓          | ✓                 | ✓                  | ✓                         | ✓          | ✓                        |
| Independent Director | Chin-Chen Chien | R.O.C                  | Male   |                                   | > 50 | > 3                                       | ✓                                        |                | ✓                    | ✓          | ✓                 | ✓                  | ✓                         | ✓          | ✓                        |
| Independent Director | Huang Jui-Mu    | R.O.C                  | Male   |                                   | > 50 | < 3                                       | ✓                                        |                | ✓                    | ✓          | ✓                 | ✓                  | ✓                         | ✓          | ✓                        |
| Independent Director | Lin Yu-Chang    | R.O.C                  | Male   |                                   | > 50 | < 3                                       | ✓                                        | ✓              | ✓                    | ✓          | ✓                 | ✓                  | ✓                         | ✓          | ✓                        |

### 3.2.4 General Manager, Deputy General Manager, Assistant Manager, Supervisors of Departments and Branches

April 24, 2022

| Title                 | Nationality | Name          | Gender | Appointment Date | Shareholding |      | Spouse/Minor Shareholding |      | Shareholding by Nominees |   | Education and work experiences                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Currently holding positions in other companies                                                                                                                                                                                                                                                                                                                                                                                      | Managers with a relationship within the spouse or second degree of kinship |      |              | Remark |
|-----------------------|-------------|---------------|--------|------------------|--------------|------|---------------------------|------|--------------------------|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|------|--------------|--------|
|                       |             |               |        |                  | Shares       | %    | Shares                    | %    | Shares                   | % |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                     | Title                                                                      | Name | Relationship |        |
| CEO                   | R.O.C       | Wen-Yuan Lin  | Male   | 2019.01.31       | 105,000      | 0.02 | -                         | -    | -                        | - | Master of Civil Engineering, University of Hawaii<br>Vice-Chairman of the State-owned Business Committee of the Ministry of Economic Affairs<br>Chairman of chinasteel Corporation<br>Chairman of Taiwan Cogeneration Corporation<br>Chairman of Taiwan Styrene Monomer Corporation<br>Chairman of Taiwan Power Company<br>Chairman of Eastern Integrated Marketing Company<br>Chairman of Overseas Investment Development (Shares) Company<br>Managing Director of Bank of Kaohsiung | Chairman of Taiwan Styrene Monomer Corporation<br>Chairman of Yangmingshan Tien Lai Resort & SPA<br>Chairman of Eastern Broadcasting Co., Ltd.<br>Director of Gloria Material Technology Corp.<br>Director of United Renewable Energy Co., Ltd.<br>Director of Nam Ho Industrial Co., Ltd.<br>Independent Director of TRK Corporation                                                                                               | -                                                                          | -    | -            | -      |
| General Manager       | R.O.C       | T.K Chung     | Male   | 2021.06.01       | 59,688       | 0.01 | 500                       | 0.00 | -                        | - | Master of Chemical Engineering, National Taiwan University<br>Director of Taiwan Styrene Monomer Corporation<br>Vice President of Taiwan Styrene Monomer Corporation                                                                                                                                                                                                                                                                                                                  | Director of Grand Cathay Venture Capital Co., Ltd.                                                                                                                                                                                                                                                                                                                                                                                  | -                                                                          | -    | -            | -      |
| Director              | R.O.C       | Joe Lu        | Male   | 2018.03.13       | 14,958       | 0.00 | -                         | -    | -                        | - | Dr. Baylor College of Medicine, USA<br>Deputy director of bio-information division, Vita Genomics, Inc.<br>Researcher and Consultant of IBM Taiwan<br>Deputy Manager of the planning office of Taiwan Styrene Monomer Corporation<br>Manager of investment division of Taiwan Styrene Monomer Corporation                                                                                                                                                                             | Director of Yu Sheng Development Co., Ltd.<br>Director of Kun Shan International Ltd<br>Chairman of Grand Capitalco., Ltd<br>Director of Gvision-USA, Inc<br>Director of KunShan Yu; Fu Science and Technology Education Consulting (YES) Company<br>Director of Asia Global Venture Capital II Co., Ltd<br>Director of Functional Coating System Technologies Co., Ltd<br>General Manager of Grand Cthay Venture Capital Co., Ltd. | -                                                                          | -    | -            | -      |
| Finance Supervisor    | R.O.C       | Hui-Shan Chan | Female | 2021.11.11       | -            | -    | -                         | -    | -                        | - | Master of Finance, University of Glasgow, UK<br>Senior manager of D-Link Co., Ltd.<br>Senior deputy manager of E-Ink Holdings Inc<br>Supervisor of HTC Corporation                                                                                                                                                                                                                                                                                                                    | Supervisor of Yangmingshan Tien Lai Resort & Spa<br>Supervisor of Yu Sheng Development Co., Ltd.<br>Supervisor of Kunshan Yu Fu Technology Education Consulting Co., Ltd.                                                                                                                                                                                                                                                           | -                                                                          | -    | -            | -      |
| Accounting Supervisor | R.O.C       | Yan-Chun Chen | Female | 2021.11.11       | -            | -    | -                         | -    | -                        | - | Master of Accounting, National Taipei University<br>Manager of Adecco Personnel Co., Ltd.<br>Deputy Manager of PWC Taiwan                                                                                                                                                                                                                                                                                                                                                             | -                                                                                                                                                                                                                                                                                                                                                                                                                                   | -                                                                          | -    | -            | -      |

### 3.3 Remuneration Paid to Directors, General Managers and Deputy General Managers in the Most Recent Year

#### 3.3.1 Remuneration for directors (including independent directors)

| Unit: NT\$ Thousands |                                |                         |                           |                        |                           |                             |                           |                                 |                           |                                                                            |                           |                                              |                           |                        |                           |                           |              |                           |              |                                                          |                           |                                                                          |
|----------------------|--------------------------------|-------------------------|---------------------------|------------------------|---------------------------|-----------------------------|---------------------------|---------------------------------|---------------------------|----------------------------------------------------------------------------|---------------------------|----------------------------------------------|---------------------------|------------------------|---------------------------|---------------------------|--------------|---------------------------|--------------|----------------------------------------------------------|---------------------------|--------------------------------------------------------------------------|
| Job title            | Name                           | Director's Remuneration |                           |                        |                           |                             |                           |                                 |                           | The ratio of the total amount of a, b, c and d to the net profit after tax |                           | Remuneration for part-time employees         |                           |                        |                           |                           |              |                           |              | Total of (a+ b+c+d+e+f+g) as a % of net income after tax |                           | Compensation Received from Non-consolidated Affiliates or Parent Company |
|                      |                                | Remuneration (a)        |                           | Retirement Pension (b) |                           | Director's Remuneration (c) |                           | Business Execution Expenses (d) |                           |                                                                            |                           | Salary, Bonus and Special Expenses, etc. (e) |                           | Retirement Pension (f) |                           | Employee Compensation (g) |              |                           |              |                                                          |                           |                                                                          |
|                      |                                | The Company             | All Consolidated Entities | The Company            | All Consolidated Entities | The Company                 | All Consolidated Entities | The Company                     | All Consolidated Entities | The Company                                                                | All Consolidated Entities | The Company                                  | All Consolidated Entities | The Company            | All Consolidated Entities | The Company               |              | All Consolidated Entities |              | The Company                                              | All Consolidated Entities |                                                                          |
|                      |                                |                         |                           |                        |                           |                             |                           |                                 |                           |                                                                            |                           |                                              |                           |                        |                           | Cash amount               | Stock amount | Cash amount               | Stock amount |                                                          |                           |                                                                          |
| Chairman             | Taiwan Styrene Investment Inc. | 961                     | 961                       | 0                      | 0                         | 0                           | 0                         | 640                             | 674                       | 1,601<br>(1.52%)                                                           | 1,635<br>(1.55%)          | 11,306                                       | 11,970                    | 153                    | 153                       | 0                         | 0            | 0                         | 0            | 13,060<br>(12.41%)                                       | 13,758<br>(13.07%)        | None                                                                     |
|                      |                                |                         |                           |                        |                           |                             |                           |                                 |                           |                                                                            |                           |                                              |                           |                        |                           |                           |              |                           |              |                                                          |                           |                                                                          |
| Director             | Taiwan Styrene Investment Inc. |                         |                           |                        |                           |                             |                           |                                 |                           |                                                                            |                           |                                              |                           |                        |                           |                           |              |                           |              |                                                          |                           |                                                                          |
|                      | Representative: Pao-Yuan Chen  |                         |                           |                        |                           |                             |                           |                                 |                           |                                                                            |                           |                                              |                           |                        |                           |                           |              |                           |              |                                                          |                           |                                                                          |
|                      | Representative: Jeff Chen      |                         |                           |                        |                           |                             |                           |                                 |                           |                                                                            |                           |                                              |                           |                        |                           |                           |              |                           |              |                                                          |                           |                                                                          |
|                      | Representative: Richard Lee    |                         |                           |                        |                           |                             |                           |                                 |                           |                                                                            |                           |                                              |                           |                        |                           |                           |              |                           |              |                                                          |                           |                                                                          |
|                      | Representative: Joseph Wang    |                         |                           |                        |                           |                             |                           |                                 |                           |                                                                            |                           |                                              |                           |                        |                           |                           |              |                           |              |                                                          |                           |                                                                          |
|                      |                                |                         |                           |                        |                           |                             |                           |                                 |                           |                                                                            |                           |                                              |                           |                        |                           |                           |              |                           |              |                                                          |                           |                                                                          |
| Director             | Jinchihon Investment Inc.      |                         |                           |                        |                           |                             |                           |                                 |                           |                                                                            |                           |                                              |                           |                        |                           |                           |              |                           |              |                                                          |                           |                                                                          |
|                      | Representative: Joseph Wang    |                         |                           |                        |                           |                             |                           |                                 |                           |                                                                            |                           |                                              |                           |                        |                           |                           |              |                           |              |                                                          |                           |                                                                          |
|                      | Representative: Richard Lee    |                         |                           |                        |                           |                             |                           |                                 |                           |                                                                            |                           |                                              |                           |                        |                           |                           |              |                           |              |                                                          |                           |                                                                          |
| Director             | Chun Yu Works & Co., Ltd.      |                         |                           |                        |                           |                             |                           |                                 |                           |                                                                            |                           |                                              |                           |                        |                           |                           |              |                           |              |                                                          |                           |                                                                          |
|                      | Representative: Chi-Tai Chen   |                         |                           |                        |                           |                             |                           |                                 |                           |                                                                            |                           |                                              |                           |                        |                           |                           |              |                           |              |                                                          |                           |                                                                          |
|                      | Representative: Pao-Yuan Chen  |                         |                           |                        |                           |                             |                           |                                 |                           |                                                                            |                           |                                              |                           |                        |                           |                           |              |                           |              |                                                          |                           |                                                                          |
|                      |                                |                         |                           |                        |                           |                             |                           |                                 |                           |                                                                            |                           |                                              |                           |                        |                           |                           |              |                           |              |                                                          |                           |                                                                          |
| Director             | Kai Chiang Co., Ltd.           |                         |                           |                        |                           |                             |                           |                                 |                           |                                                                            |                           |                                              |                           |                        |                           |                           |              |                           |              |                                                          |                           |                                                                          |
|                      | Representative: Hua-Kan Peng   |                         |                           |                        |                           |                             |                           |                                 |                           |                                                                            |                           |                                              |                           |                        |                           |                           |              |                           |              |                                                          |                           |                                                                          |
|                      | Representative: Cheng-Yuan Liu |                         |                           |                        |                           |                             |                           |                                 |                           |                                                                            |                           |                                              |                           |                        |                           |                           |              |                           |              |                                                          |                           |                                                                          |
| Director             | AnChin Development Inc.        |                         |                           |                        |                           |                             |                           |                                 |                           |                                                                            |                           |                                              |                           |                        |                           |                           |              |                           |              |                                                          |                           |                                                                          |
|                      | Representative: Cheng-Yuan Liu |                         |                           |                        |                           |                             |                           |                                 |                           |                                                                            |                           |                                              |                           |                        |                           |                           |              |                           |              |                                                          |                           |                                                                          |
|                      | Representative: Ding-Jui Hsu   |                         |                           |                        |                           |                             |                           |                                 |                           |                                                                            |                           |                                              |                           |                        |                           |                           |              |                           |              |                                                          |                           |                                                                          |
|                      | Representative: Bai-Hao Huang  |                         |                           |                        |                           |                             |                           |                                 |                           |                                                                            |                           |                                              |                           |                        |                           |                           |              |                           |              |                                                          |                           |                                                                          |

| Job title            | Name            | Director's Remuneration |                           |                        |                           |                             |                           |                                 |                           | The ratio of the total amount of a, b, c and d to the net profit after tax |                | Remuneration for part-time employees         |                           |                        |                           |                           |                           |             |              | Total of (a+ b+c+d+e+f+g) as a % of net income after tax |                           | Compensation Received from Non-consolidated Affiliates or Parent Company |
|----------------------|-----------------|-------------------------|---------------------------|------------------------|---------------------------|-----------------------------|---------------------------|---------------------------------|---------------------------|----------------------------------------------------------------------------|----------------|----------------------------------------------|---------------------------|------------------------|---------------------------|---------------------------|---------------------------|-------------|--------------|----------------------------------------------------------|---------------------------|--------------------------------------------------------------------------|
|                      |                 | Remuneration (a)        |                           | Retirement Pension (b) |                           | Director's Remuneration (c) |                           | Business Execution Expenses (d) |                           |                                                                            |                | Salary, Bonus and Special Expenses, etc. (e) |                           | Retirement Pension (f) |                           | Employee Compensation (g) |                           |             |              |                                                          |                           |                                                                          |
|                      |                 | The Company             | All Consolidated Entities | The Company            | All Consolidated Entities | The Company                 | All Consolidated Entities | The Company                     | All Consolidated Entities |                                                                            |                | The Company                                  | All Consolidated Entities | The Company            | All Consolidated Entities | The Company               | All Consolidated Entities | The Company |              |                                                          |                           |                                                                          |
|                      |                 |                         |                           |                        |                           |                             |                           |                                 |                           | Cash amount                                                                | Stock amount   |                                              |                           |                        |                           |                           |                           | Cash amount | Stock amount | The Company                                              | All Consolidated Entities |                                                                          |
| Independent Director | Chin-Chen Chien | 360                     | 360                       | 0                      | 0                         | 0                           | 0                         | 240                             | 240                       | 600<br>(0.57%)                                                             | 600<br>(0.57%) | 0                                            | 0                         | 0                      | 0                         | 0                         | 0                         | 0           | 0            | 600<br>(0.57%)                                           | 600<br>(0.57%)            | None                                                                     |
|                      | Jui-Mu Huang    |                         |                           |                        |                           |                             |                           |                                 |                           |                                                                            |                |                                              |                           |                        |                           |                           |                           |             |              |                                                          |                           |                                                                          |
|                      | Yu-Chang Lin    |                         |                           |                        |                           |                             |                           |                                 |                           |                                                                            |                |                                              |                           |                        |                           |                           |                           |             |              |                                                          |                           |                                                                          |
|                      | Gao-Wei Hsu     |                         |                           |                        |                           |                             |                           |                                 |                           |                                                                            |                |                                              |                           |                        |                           |                           |                           |             |              |                                                          |                           |                                                                          |
|                      | Kuo-Chin Chang  |                         |                           |                        |                           |                             |                           |                                 |                           |                                                                            |                |                                              |                           |                        |                           |                           |                           |             |              |                                                          |                           |                                                                          |

1. Please describe the remuneration policy, system, standards and structure of independent directors, and describe the relationship with the remuneration amount according to the responsibilities, risks, investment time and other factors:

In order to improve the remuneration management system for directors and functional members, and give reasonable feedback to the board members for participating in the Company's major decision-making and management operations, in accordance with the provisions of article 26 of the Company's articles of association, when the Company's directors perform their duties, the Company may pay remuneration, and their remuneration is authorized. The board of directors shall negotiate on the basis of their participation in the Company's operations and the value of their contributions in accordance with the usual standards of the industry.

2. Except as disclosed in the above table, the remuneration received by the directors of the Company for providing services to all companies in the financial report (such as serving as a consultant for non-employees) in the most recent year: none.

3. Director Wen-Yuan Lin's term of office is 2021/1/1–2021/12/31; the remuneration of the driver is NT\$ 547,000.

The Company's directors were re-elected on October 14, 2021,

Note 1: Chairman was elected by the Board of Directors on October 26, 2021.

Note 2: Chin-Chen Chien was re-elected as TSMC's independent director on October 14, 2021.

Jui-Mu Huang and Yu-Chang Lin were elected as TSMC's independent directors on October 14, 2021.

Kao-Wei Hsu and Kuo-Chin Chang's tenure expired on October 14, 2021.

Table of Remuneration Range for the Directors

| Remuneration scale of each director of the Company         | Director's name                                                                                                                                                                                                                          |                                                                                                                                                                                                                                          |                                                                                                                                                                                                          |                                                                                                                                                                                                          |
|------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                            | The total amount of the first four remunerations (A+B+C+D)                                                                                                                                                                               |                                                                                                                                                                                                                                          | The total amount of the first seven items of remuneration (A+B+C+D+E+F+G)                                                                                                                                |                                                                                                                                                                                                          |
|                                                            | The Company                                                                                                                                                                                                                              | All Consolidated Entities                                                                                                                                                                                                                | The Company                                                                                                                                                                                              | All Consolidated Entities                                                                                                                                                                                |
| Below NT\$ 1,000,000                                       | Wen-Yuan Lin, Pao-Yuan Chen,<br>Joseph Wang, Jeff Chen,<br>Richard Lee, Chi-Tai Chen,<br>Hua-Kan Peng, Cheng-Yuan Liu,<br>Ding-Jui Hsu, Bai-Hao Huang,<br>Chin-Chen Chien, Jui-Mu Huang,<br>Yu-Chang Lin, Hsu Gao-Wei,<br>Kuo-Chin Chang | Wen-Yuan Lin, Pao-Yuan Chen,<br>Joseph Wang, Jeff Chen,<br>Richard Lee, Chi-Tai Chen,<br>Hua-Kan Peng, Cheng-Yuan Liu,<br>Ding-Jui Hsu, Bai-Hao Huang,<br>Chin-Chen Chien, Jui-Mu Huang,<br>Yu-Chang Lin, Gao-Wei Hsu,<br>Kuo-Chin Chang | Joseph Wang, Jeff Chen,<br>Richard Lee, Chi-Tai Chen,<br>Hua-Kan Peng, Cheng-Yuan Liu,<br>Ding-Jui Hsu, Bai-Hao Huang,<br>Chin-Chen Chien, Jui-Mu Huang,<br>Yu-Chang Lin, Gao-Wei Hsu,<br>Kuo-Chin Chang | Joseph Wang, Jeff Chen,<br>Richard Lee, Chi-Tai Chen,<br>Hua-Kan Peng, Cheng-Yuan Liu,<br>Ding-Jui Hsu, Bai-Hao Huang,<br>Chin-Chen Chien, Jui-Mu Huang,<br>Yu-Chang Lin, Gao-Wei Hsu,<br>Kuo-Chin Chang |
| NT\$ 1,000,000 (inclusive) ~ NT\$ 2,000,000 (exclusive)    |                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                          |                                                                                                                                                                                                          |                                                                                                                                                                                                          |
| NT\$ 2,000,000 (inclusive) ~ NT\$ 3,500,000 (exclusive)    |                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                          | Pao-Yuan Chen                                                                                                                                                                                            | Pao-Yuan Chen                                                                                                                                                                                            |
| NT\$ 3,500,000 (inclusive) ~ NT\$ 5,000,000 (exclusive)    |                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                          |                                                                                                                                                                                                          |                                                                                                                                                                                                          |
| NT\$ 5,000,000 (inclusive) ~ NT\$ 10,000,000 (exclusive)   |                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                          | Wen-Yuan Lin                                                                                                                                                                                             | Wen-Yuan Lin                                                                                                                                                                                             |
| NT\$ 10,000,000 (inclusive) ~ NT\$ 15,000,000 (exclusive)  |                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                          |                                                                                                                                                                                                          |                                                                                                                                                                                                          |
| NT\$ 15,000,000 (inclusive) ~ NT\$ 30,000,000 (exclusive)  |                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                          |                                                                                                                                                                                                          |                                                                                                                                                                                                          |
| NT\$ 30,000,000 (inclusive) ~ NT\$ 50,000,000 (exclusive)  |                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                          |                                                                                                                                                                                                          |                                                                                                                                                                                                          |
| NT\$ 50,000,000 (inclusive) ~ NT\$ 100,000,000 (exclusive) |                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                          |                                                                                                                                                                                                          |                                                                                                                                                                                                          |
| Above NT\$ 100,000,000                                     |                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                          |                                                                                                                                                                                                          |                                                                                                                                                                                                          |
| Total                                                      | 15 people                                                                                                                                                                                                                                | 15 people                                                                                                                                                                                                                                | 15 people                                                                                                                                                                                                | 15 people                                                                                                                                                                                                |

Note: Chairman Wen-Yuan Lin's term of office is 2021/1/1–2021/12/31; the remuneration of the driver is NTD547,000.

### 3.3.2 Remuneration for CEO and General Manager

Unit: NT\$ Thousands

| Title           | Name                      | Salary (A)  |                           | Severance Pay and Pensions (B) |                           | Bonus and Allowances (C) |                           | Profit Sharing (D) |       |                           |       | The ratio of the total amount of a, b, c and d to the net profit after tax |                           | Compensation Received from Non-consolidated Affiliates or Parent Company |
|-----------------|---------------------------|-------------|---------------------------|--------------------------------|---------------------------|--------------------------|---------------------------|--------------------|-------|---------------------------|-------|----------------------------------------------------------------------------|---------------------------|--------------------------------------------------------------------------|
|                 |                           | The Company | All Consolidated Entities | The Company                    | All Consolidated Entities | The Company              | All Consolidated Entities | The Company        |       | All Consolidated Entities |       | The Company                                                                | All Consolidated Entities |                                                                          |
|                 |                           |             |                           |                                |                           |                          |                           | Cash               | Stock | Cash                      | Stock |                                                                            |                           |                                                                          |
| CEO             | Wen-Yuan Lin              | 11,327      | 11,327                    | 225                            | 225                       | 3,394                    | 3,394                     | 0                  | 0     | 0                         | 0     | 14,946<br>(14.20%)                                                         | 14,946<br>(14.20%)        | None                                                                     |
| Vice Chairman   | Pao-Yuan Chen<br>(Note 1) |             |                           |                                |                           |                          |                           |                    |       |                           |       |                                                                            |                           |                                                                          |
| General Manager | T.K Chung<br>(Note 2)     |             |                           |                                |                           |                          |                           |                    |       |                           |       |                                                                            |                           |                                                                          |

Note 1: Pao-Yuan Chen adjusted his position as Vice Chairman on June 01, 2021.

Note 2: T.K Chung was promoted to General Manager on June 01, 2021.

Table of Remuneration Range for CEO and General Manager

| Remuneration scale of each director of the Company         | Director's Name                                            |                                       |                                                                           |                                       |
|------------------------------------------------------------|------------------------------------------------------------|---------------------------------------|---------------------------------------------------------------------------|---------------------------------------|
|                                                            | The total amount of the first four remunerations (A+B+C+D) |                                       | The total amount of the first seven items of remuneration (A+B+C+D+E+F+G) |                                       |
|                                                            | The Company                                                | All companies in the financial report | The Company                                                               | All companies in the financial report |
| Below NT\$ 1,000,000                                       |                                                            |                                       |                                                                           |                                       |
| NT\$ 1,000,000 (inclusive) ~ NT\$ 2,000,000 (exclusive)    |                                                            |                                       |                                                                           |                                       |
| NT\$ 2,000,000 (inclusive) ~ NT\$ 3,500,000 (exclusive)    | Pao-Yuan Chen, T.K Chung                                   | Pao-Yuan Chen, T.K Chung              | Pao-Yuan Chen, T.K Chung                                                  | Pao-Yuan Chen, T.K Chung              |
| NT\$ 3,500,000 (inclusive) ~ NT\$ 5,000,000 (exclusive)    |                                                            |                                       |                                                                           |                                       |
| NT\$ 5,000,000 (inclusive) ~ NT\$ 10,000,000 (exclusive)   | Wen-Yuan Lin                                               | Wen-Yuan Lin                          | Wen-Yuan Lin                                                              | Wen-Yuan Lin                          |
| NT\$ 10,000,000 (inclusive) ~ NT\$ 15,000,000 (exclusive)  |                                                            |                                       |                                                                           |                                       |
| NT\$ 15,000,000 (inclusive) ~ NT\$ 30,000,000 (exclusive)  |                                                            |                                       |                                                                           |                                       |
| NT\$ 30,000,000 (inclusive) ~ NT\$ 50,000,000 (exclusive)  |                                                            |                                       |                                                                           |                                       |
| NT\$ 50,000,000 (inclusive) ~ NT\$ 100,000,000 (exclusive) |                                                            |                                       |                                                                           |                                       |
| Above NT\$ 100,000,000                                     |                                                            |                                       |                                                                           |                                       |
| total                                                      | 3 people                                                   | 3 people                              | 3 people                                                                  | 3 people                              |

### 3.3.3 Managerial Officer Who Distribute Remuneration to Employee and the Status

Unit: NT\$ Thousands

| Title              |                                                          | Name                       | Stock amount | Cash amount | Total | Proportion of total amount to net profit after tax (%) |
|--------------------|----------------------------------------------------------|----------------------------|--------------|-------------|-------|--------------------------------------------------------|
| Managerial Officer | CEO                                                      | Wen-Yuan Lin               | 0            | 0           | 0     | 0                                                      |
|                    | Vice Chairman                                            | Pao-Yuan Chen<br>(Note 1)  |              |             |       |                                                        |
|                    | General Manager                                          | T.K Chung<br>(Note 2)      |              |             |       |                                                        |
|                    | Finance , Accounting and Corporate Governance Supervisor | Tzu-Sheng Chou<br>(Note 3) |              |             |       |                                                        |
|                    | Director                                                 | Joe Lu                     |              |             |       |                                                        |
|                    | Finance and Corporate Governance Supervisor              | Hui-Shan Chan<br>(Note 4)  |              |             |       |                                                        |
|                    | Accounting Supervisor                                    | Yan-Chun Chen<br>(Note 5)  |              |             |       |                                                        |

Note 1: Pao-Yuan Chen adjusted his position as Vice Chairman on June 01, 2021.

Note 2: T.K Chung was promoted to General Manager on June 01, 2021.

Note 3: Tzu-Sheng Chou dismissed Finance , Accounting and Corporate Governance Supervisor on November 11, 2021.

Note 4: Hui-Shan Chan was appointed as Financial Supervisor and Corporate Governance Supervisor on November 11, 2021.

Note 5: Yan-Chun Chen was appointed as Accounting Supervisor on November 11, 2021.

### 3.3.4 The Analysis of the Ratio of the Total Remuneration Paid to the Company's Directors, President,Vice Presidents by the Company and all Companies Listed in the Consolidated Financial Statements During in the Most Recent Two Fiscal Years to Net Income, and the Relevance between the Remuneration Policies, Standards, and Packages, Procedure for Determining, and Correlation with Business Performance and Future Risks

1. Analysis of the proportion of the total remuneration paid to the managing director and deputy general manager of the Company in the last two years to the net profit after tax in the financial report:

| Title              | Ratio of total remuneration to net income after tax |                           | Title              | Ratio of total remuneration to net income after tax |                           |
|--------------------|-----------------------------------------------------|---------------------------|--------------------|-----------------------------------------------------|---------------------------|
|                    | 2020                                                |                           |                    | 2021                                                |                           |
|                    | Our company (%)                                     | Consolidated statement(%) |                    | Our company (%)                                     | Consolidated statement(%) |
| Directors          | 8.91                                                | 9.22                      | Directors          | 12.98                                               | 13.64                     |
| Managerial Officer | 2.88                                                | 2.88                      | Managerial Officer | 14.20                                               | 14.20                     |

Note: On January 31, 2019, the Company set up an Audit Committee to replace the functions of the supervisors.

2. The Company's remuneration policies, standards and combinations, procedures for determining remuneration, and the correlation with business performance and future risks:

The remuneration paid by the Company to directors and managers is based on the Company's remuneration concept, the remuneration committee refers to the industry's usual level of payment, and considers the Company's business performance, personal performance and future risks. The amounts, payment methods and future risks of the Company shall be submitted to the shareholders' meeting for approval.

In accordance with Article 29 of the Company's Articles of Association, the remuneration of the directors of the Company may be used as the remuneration of directors for the current year within the limit of 2.5% of the profit of the current year, taking into account the Company's operating results and its contribution to the Company's performance. The remuneration policy of the general manager and deputy general managers is based on the Company's "salary management method" and the salary level of the position in the industry market, the scope of power and responsibility of the position in the Company, and the contribution to the Company's operating goals. The procedures for setting remuneration are based on the Company's "Directors and Managers Performance Evaluation Method," which not only refers to the overall operating performance of the Company, future business risks and development trends of the industry, but also refers to the individual's performance achievement rate and expectations. The contribution of the Company's performance, and reasonable remuneration, the relevant performance assessment and the rationality of the remuneration are reviewed by the remuneration committee and the Board of Directors, and the remuneration system will be reviewed at any time according to the actual operating conditions and relevant laws and regulations, in order to seek the Company's sustainable operation and risk control.

### 3.4 Implementation of Corporate Governance

#### 3.4.1 Operational Status of the Board

On October 14, 2021, the extraordinary meeting of shareholders completed the re-election of the 15th Board of Directors, and the Board of Directors held eight meetings in 2021 (the 14th Board of Directors Six meetings were held [A], and the fifteenth session of the Board of Directors was held twice [A]). The attendance of directors was as follows:

| Title                | Name                                           |                | The actual number of seats (column) [b] | Number of delegated attendance | Actual attendance rate (%) [b/a] | Remark                     |
|----------------------|------------------------------------------------|----------------|-----------------------------------------|--------------------------------|----------------------------------|----------------------------|
| Chairman             | Taiwan Styrene Investment Inc. Representative: | Wen-Yuan Lin   | 8                                       | 0                              | 100%                             | 2021/10/14 Renewal         |
| Director             | Taiwan Styrene Investment Inc. Representative: | Joseph Wang    | 6                                       | 0                              | 100%                             | 2021/10/14 Retired         |
|                      |                                                | Pao-Yuan Chen  | 2                                       | 0                              | 100%                             | 2021/10/14 New Appointment |
|                      |                                                | Richard Lee    | 2                                       | 0                              | 100%                             |                            |
|                      |                                                | Jeff Chen      | 8                                       | 0                              | 100%                             | 2021/10/14 Renewal         |
| Director             | JinChiHong Investment Inc. Representative:     | Richard Lee    | 6                                       | 0                              | 100%                             | 2021/10/14 Retired         |
|                      |                                                | Joseph Wang    | 2                                       | 0                              | 100%                             | 2021/10/14 New Appointment |
| Director             | Chun Yu Work Co., Ltd. Representative:         | Pao-Yuan Chen  | 6                                       | 0                              | 100%                             | 2021/10/14 Retired         |
|                      |                                                | Chi-Tai Chen   | 2                                       | 0                              | 100%                             | 2021/10/14 New Appointment |
| Director             | Kai Chiang Co., Ltd. Representative:           | Cheng-Yuan Liu | 6                                       | 0                              | 100%                             | 2021/10/14 Retired         |
|                      |                                                | Hua-Kan Peng   | 2                                       | 0                              | 100%                             | 2021/10/14 New Appointment |
| Director             | An Ching Development Inc. Representative:      | Ding-Jui Hsu   | 6                                       | 0                              | 100%                             | 2021/10/14 Retired         |
|                      |                                                | Bai-Hao Huang  | 6                                       | 0                              | 100%                             |                            |
|                      |                                                | Cheng-Yuan Liu | 2                                       | 0                              | 100%                             | 2021/10/14 New Appointment |
| Independent Director | Chin-Chen Chien                                |                | 8                                       | 0                              | 100%                             | 2021/10/14 Renewal         |
|                      | Jui-Mu Huang                                   |                | 2                                       | 0                              | 100%                             | 2021/10/14 New Appointment |
|                      | Yu-Chang Lin                                   |                | 2                                       | 0                              | 100%                             |                            |
| Independent Director | Gao-Wei Hsu                                    |                | 6                                       | 0                              | 100%                             | 2021/10/14 Retired         |
|                      | Kuo-Chin Chang                                 |                | 6                                       | 0                              | 100%                             |                            |

Other matters to be recorded:

I. If the operation of the board of directors falls under any of the following circumstances, the date of the board of directors, the period, the content of the proposals, the opinions of all independent directors and the Company's handling of the opinions of the independent directors shall be stated:

(I) Matters listed in article 14-3 of the securities and exchange act:

| Date<br>(Term)                                                         | Contents                                                                                                                                                               | Independent<br>directors<br>have<br>objections or<br>reservations | Independent<br>director's<br>opinion | The company's<br>handling of the<br>opinions of<br>independent<br>directors | Resolution result                                              |
|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|--------------------------------------|-----------------------------------------------------------------------------|----------------------------------------------------------------|
| 2021/01/21<br>16 <sup>th</sup> meeting of<br>the 14 <sup>th</sup> Term | Yu Sheng Development Co., Ltd., a subsidiary of the Company, plans to reduce capital to cover the losses.                                                              | None                                                              | Agree to pass                        | Not applicable                                                              | All the present directors approved the plans without objection |
|                                                                        | The case of disposing of the Company and its subsidiary Grand Capital Co., Ltd. Holding the entire equity of Mauritius Dengyun (stock) Company.                        | None                                                              | Agree to pass                        | Not applicable                                                              |                                                                |
| 2021/05/12<br>18 <sup>th</sup> meeting of<br>the 14 <sup>th</sup> Term | 2021 Service Fee for KPMG.                                                                                                                                             | None                                                              | Agree to pass                        | Not applicable                                                              |                                                                |
|                                                                        | Yuan-Shin Materials Technology Corp. Ltd., a subsidiary of the Company, intends to allocate part of its funds to engage in investment business cases for active funds. | None                                                              | Agree to pass                        | Not applicable                                                              |                                                                |
| 2021/11/11<br>2 <sup>nd</sup> meeting of<br>the 15 <sup>th</sup> Term  | Appointment of the Company's Financial, Accounting and Corporate Governance Supervisor.                                                                                | None                                                              | Agree to pass                        | Not applicable                                                              |                                                                |

- (II) Except for the matters mentioned above, other matters resolved by the board of directors with objections or reservations of independent directors and with records or written statements:

| Date<br>(Term)                                                         | Contents, opinions with objections and reservations, and countermeasures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2021/03/24<br>17 <sup>th</sup> meeting of<br>the 14 <sup>th</sup> Term | <p><b>Proposal content:</b><br/>2020 Earnings Distribution</p> <p><b>Objections and reservations:</b><br/>Independent director Kuo-Chin Chang expressed his disagreement with the Company's proposed distribution of cash dividends to shareholders of NT\$ 0.5 per share. Considering the long-term stable operation of the Company, it is proposed to distribute a cash dividend of NT\$ 0.3 per share this year.</p> <p>This case was put to a vote, with seven votes in favor of the allotment of NT\$ 0.5, four votes against the allotment of NT\$ 0.5 and in favor of NT\$ 0.3.</p> <p>In this case, it was voted to distribute a cash dividend of NT\$ 0.5 this year.</p> <p><b>Countermeasures:</b><br/>The Company handles the matter in accordance with the resolutions of the board of directors, and releases major information in accordance with regulations.</p> |
|                                                                        | <p><b>Proposal content:</b><br/>Appointment of members of the "Nomination Committee"</p> <p><b>Objections and reservations:</b><br/>Director Cheng-Yuan Liu expressed his objection. He believed that the chairman had a high position. In order to avoid the suspicion of mixing players and referees, it was recommended that all three seats should be held by independent directors. Independent director chang kuo-chin expressed his support for the opinion of director Cheng-Yuan Liu and also objected to this case. Director Wen-Yuan Lin voted after withdrawing, with six votes in favor and four votes against.</p> <p><b>Countermeasures:</b><br/>The Company handles the matter in accordance with the resolutions of the board of directors, and releases major information in accordance with regulations.</p>                                                  |

|                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2021/08/11<br>20 <sup>th</sup> meeting of<br>the 14 <sup>th</sup> Term | <p><b>Proposal content:</b><br/>Convening an extraordinary meeting of shareholders.</p> <p><b>Objections and reservations:</b><br/>Independent director Kuo-Chin Chang expressed his objection against shortening the term of the current director, which affects the rights and interests of the director.<br/>Director Hsu Ding-Jui and Director Cheng-Yuan Liu also suggested that the re-election be postponed until June.<br/>This case was put to a vote, with seven votes in favor and four votes against.</p> <p><b>Countermeasures:</b><br/>The Company handles the matter in accordance with the resolutions of the board of directors, and releases major information in accordance with regulations.</p> |
|------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

II. The implementation of the director's recusal of the proposal of interest shall state the name of the director, the content of the proposal, the reason for the recusal of interest, and the circumstances of participation in voting:

| Date<br>(Term)                                                         | Contents                                                  | Name of director<br>who should be<br>recused    | Reasons                                                                                                                                                                                                                                                                   | Voting situation                                                                                                                                                                 |
|------------------------------------------------------------------------|-----------------------------------------------------------|-------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2021/03/24<br>17 <sup>th</sup> meeting of<br>the 14 <sup>th</sup> Term | Appointment of members of the<br>"Nomination Committee"   | Wen-Yuan Lin                                    | Director Cheng-Yuan Liu believes that the chairman has a high position, and in order to avoid the suspicion of players and referees, he avoided participating in the voting.                                                                                              | Director Wen-Yuan Lin voted after withdrawing, with six votes in favor and four votes against.                                                                                   |
| 2021/11/11<br>2 <sup>nd</sup> meeting of<br>the 15 <sup>th</sup> Term  | Appointment of members of the<br>"Compensation Committee" | Chin-Chen Chien<br>Jui-Mu Huang<br>Yu-Chang Lin | Since the appointment of the members of the remuneration committee in this case involved personal interests, the independent directors Chin-Chen Chien, Jui-Mu Huang and Yu-Chang Lin were interested parties of the case and refrained from participating in the voting. | The case was discussed after the three independent directors had withdrawn, and the remaining directors present had no objection after consultation and passed the proposal.     |
|                                                                        | Salary of Pao-Yuan Chen, Vice<br>Chairman of the Company  | Pao-Yuan Chen                                   | Since this case involves personal interests, director Pao-Yuan Chen was an interested party of the case and refrained from participating in the voting.                                                                                                                   | The case was discussed after director Pao-Yuan Chen recused himself from the case, and after consultation, the remaining directors present had no objection and passed the case. |

III. Information on the evaluation cycle and period, evaluation scope, method and evaluation content of the board's self-evaluation:

| Cycle       | Period                           | Scope                      | Method                                             | Evaluation content                                                                                                                                                                                                                                                                                                                                     |
|-------------|----------------------------------|----------------------------|----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Once a year | 01 Jan 2021<br>to<br>31 Dec 2021 | Overall board of directors | Internal self-assessment of the board of directors | <ol style="list-style-type: none"> <li>1. Involvement in company operations</li> <li>2. Improve the quality of board decision-making</li> <li>3. Board composition and structure</li> <li>4. Election of directors and continuing education</li> <li>5. Internal control</li> </ol>                                                                    |
|             |                                  | Individual board members   | Board member self-assessment                       | <ol style="list-style-type: none"> <li>1. Mastery of company goals and tasks</li> <li>2. Awareness of directors' responsibilities</li> <li>3. Involvement in company operations</li> <li>4. Internal relationship management and communication</li> <li>5. Professional and continuing education for directors</li> <li>6. Internal control</li> </ol> |
|             |                                  | Functional Committees      | Committee member self-assessment                   | <ol style="list-style-type: none"> <li>1. Involvement in company operations</li> <li>2. Functional committee responsibilities cognition</li> <li>3. Improve the decision-making quality of functional committees</li> <li>4. Composition of functional committees and selection of members</li> <li>5. Internal control</li> </ol>                     |

(I) The 2021 annual performance evaluation results were presented to the board of directors of the Company on March 22, 2022.

(II) Evaluation results: the performance evaluation results of the Company's overall board of directors, individual directors, audit committee and remuneration committee are "excellent" (90 points or above), indicating the overall operation of the Company's board of directors, audit committee and remuneration committee the situation is excellent and in line with corporate governance.

IV. Goals of strengthening the functions of the board of directors in the current year and the most recent year (such as establishing an Audit Committee, improving information transparency) and implementation evaluation: the Company established an Audit Committee on January 31, 2019, which consists of all independent directors to improve the operational efficiency of the board of directors. In order to implement corporate governance and enhance the functions of the board of directors of the Company, the Company formulated the "measures for performance evaluation of the board of directors" on November 9, 2020, and conducts performance evaluations every year to enhance the operational efficiency of the board of directors.

### 3.4.2 Operations of the Audit Committee

1. The Audit Committee of the Company was established on January 31, 2019 to replace the original supervisor system. The members of the committee are composed of all independent directors with a term of three years who can be re-elected. At least one of them should have accounting or financial expertise. The committee elects the convener. If he fails to perform its duties, he has the right to conduct any appropriate audits and investigations according to its organizational regulations, and has direct communication channels with the Company's internal audit supervisor, certified accountants and all employees. Audit Committee Organizational Regulations.
2. The purpose of the Audit Committee is to assist the Board in fulfilling its oversight of the Company's performance with respect to the quality and integrity of accounting, auditing, financial reporting processes and financial controls. Matters reviewed by the Audit Committee include: financial statements, internal control systems, major asset or derivative transactions, major capital loans and endorsements or guarantees, matters involving the interests of directors, offering or occurrence of securities, appointment of certified accountants, dismissal or remuneration, as well as the appointment and removal of financial, accounting or internal audit supervisors.
  - (1) Review financial reports  
The Company's annual business report, financial report and profit distribution proposal have been reviewed and approved by the Audit Committee and then submitted to the Board of Directors for approval.
  - (2) Assessing the effectiveness of the internal control system  
The internal control system self-assessment is carried out by all units per Internal Control Cycle Process annually. And the result is verified by the audit committee to ensure the Company's internal control system is effective in operation effects, target achievement level, reporting reliable, timely, transparent, and compliance with relevant laws and regulations, and can reasonably meet the relevant target.
  - (3) Appointment and assessment of certified accountants  
The Audit Committee regularly assesses the professionalism, independence and reasonableness of the remuneration of the certified public accountants at the end of each fiscal year. The 2021 certified accountant service evaluation result was reviewed and approved by the Audit Committee and the Board of Directors on March 22, 2022. Wu Lin and Yin Yuan-Sheng from KPMG Taiwan met the Company's independence and suitability evaluation standards.
3. On October 14, 2021, the extraordinary general meeting of shareholders completed the re-election of the fifteenth director, the election and appointment of the second Audit Committee, and the Audit Committee held five meetings in 2021 (the first Audit Committee held four meetings [A], the second Audit Committee held five meetings [A], the second The Audit Committee is held once [A]), and the attendance of independent directors is as follows:

| Title                | Name            | The actual number of seats (column) [B] | Number of delegated attendance | Actual attendance rate (%) [B/A] | Remark                   |
|----------------------|-----------------|-----------------------------------------|--------------------------------|----------------------------------|--------------------------|
| Independent director | Chin-Chen Chien | 5                                       | 0                              | 100%                             | Re-Elected on 2021/10/14 |
|                      | Jui-Mu Huang    | 1                                       | 0                              | 100%                             | Appointed on 2021/10/14  |
|                      | Yu-Chang Lin    | 1                                       | 0                              | 100%                             |                          |
|                      | Gao-Wei Hsu     | 4                                       | 0                              | 100%                             | Dismissed on 2021/10/14  |
|                      | Chang Kuo-Chin  | 4                                       | 0                              | 100%                             |                          |

Other matters to be recorded:

- I. If the operation of the Audit Committee falls under any of the following circumstances, the date of the Board of Directors, the period, the content of the proposal, the results of the Audit Committee's resolutions, and the Company's handling of the Audit Committee's opinions shall be stated.
  - (I) Matters listed in Article 14-5 of the Securities and Exchange Act:

| Date (Term)                                                         | Contents                                                                                                                                                               | Audit Committee Date                                               | Audit Committee Resolution Results | The Company's handling of the opinions of the audit committee | Results of Board Resolutions         |
|---------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|------------------------------------|---------------------------------------------------------------|--------------------------------------|
| 2021/01/21<br>16 <sup>th</sup> meeting of the 14 <sup>th</sup> Term | Yu Sheng Development Co., Ltd., a subsidiary of the Company, plans to reduce capital to make up for losses.                                                            | 2021/01/21<br>14 <sup>th</sup> meeting of the 1 <sup>st</sup> Term | All members present agreed to pass | Not applicable                                                | All directors present agreed to pass |
|                                                                     | The case of disposing of the Company and its subsidiary Grand Capital Co., Ltd. holding the entire equity of Mauritius Dengyun Co., Ltd.                               |                                                                    | All members present agreed to pass | Not applicable                                                | All directors present agreed to pass |
| 2021/05/12<br>18 <sup>th</sup> meeting of the 14 <sup>th</sup> Term | 2021 Service Fee for KPMG.                                                                                                                                             | 2021/05/12<br>16 <sup>th</sup> meeting of the 1 <sup>st</sup> Term | All members present agreed to pass | Not applicable                                                | All directors present agreed to pass |
|                                                                     | Yuan- Shin Materials Technology Co., Ltd., a subsidiary of the Company, intends to allocate part of the funds to engage in investment business cases for active funds. |                                                                    | All members present agreed to pass | Not applicable                                                | All directors present agreed to pass |

(II) Except for the previously mentioned matters, other matters that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors: None.

II. An independent director's recusal form discussing and voting on a proposal due to conflict of interest shall state the name of the independent director, the content of the proposal, the reason for the withdrawal of interest, and the circumstances of participating in voting: none.

III. Communication between independent directors, internal audit supervisors and accountants should include material matters, methods and results of communication on the Company's financial and business status).

(I) The internal audit supervisor of the Company regularly communicates the audit report results with the members of the Audit Committee at least once per quarter. In special circumstances, they will also report to the members of the Audit Committee immediately. There was no such special situation in the 2021 of the R.O.C.. The Audit Committee of the Company has good communication with the head of internal audit.

(II) The Company's certified accountants report the results of the quarterly financial statement audit or review and other communication matters required by relevant laws and regulations at the quarterly Audit Committee meeting. In special circumstances, they will also report to the Audit Committee members immediately. There is no such special situation. The Audit Committee of the Company communicated well with the certified accountants.

(III) Summary of the communication between independent directors and the head of internal audit and accountants:

(1) The communication between independent directors and internal audit is good. The main

communication matters in 2021 are summarized as follows:

| Date                                                               | Way of communication | Communication focus                      | Communication situation and results                                        | Results of the Company's handling of the independent directors' opinions |
|--------------------------------------------------------------------|----------------------|------------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------|
| 2021/03/24<br>15 <sup>th</sup> meeting of the 1 <sup>st</sup> Term | The Audit Committee  | Review Internal Audit Reports            | All present members agreed to discuss and report to the board of directors | None                                                                     |
|                                                                    |                      | Review the 2020 Internal Auditing Report |                                                                            |                                                                          |
| 2021/05/12<br>16 <sup>th</sup> meeting of the 1 <sup>st</sup> Term | The Audit Committee  | Review Internal Audit Reports            | All present members agreed to discuss and report to the board of directors | None                                                                     |
| 2021/08/11<br>17 <sup>th</sup> meeting of the 1 <sup>st</sup> Term | The Audit Committee  | Review Internal Audit Reports            | All present members agreed to discuss and report to the board of directors | None                                                                     |
| 2021/11/11<br>2 <sup>nd</sup> meeting of the 1 <sup>st</sup> Term  | The Audit Committee  | Review Internal Audit Reports            | All present members agreed to discuss and report to the board of directors | None                                                                     |

(2) The communication between independent directors and certified accountants is good. The main communication matters in 2021 are summarized as follows:

| Date                                                               | Way of communication | Communication focus                                | Communication situation and results                                        | Results of the Company's handling of the independent directors' opinions |
|--------------------------------------------------------------------|----------------------|----------------------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------|
| 2021/03/24<br>15 <sup>th</sup> meeting of the 1 <sup>st</sup> Term | The Audit Committee  | 2020 Consolidated and Individual Financial Report  | All present members agreed to discuss and report to the board of directors | None                                                                     |
| 2021/05/12<br>16 <sup>th</sup> meeting of the 1 <sup>st</sup> Term | The Audit Committee  | 2021 first quarter Consolidated Financial Reports  | All present members agreed to discuss and report to the board of directors | None                                                                     |
| 2021/08/11<br>17 <sup>th</sup> meeting of the 1 <sup>st</sup> Term | The Audit Committee  | 2021 second quarter Consolidated Financial Reports | All present members agreed to discuss and report to the board of directors | None                                                                     |
| 2021/11/11<br>2 <sup>nd</sup> meeting of the 1 <sup>st</sup> Term  | The Audit Committee  | 2021 third quarter Consolidated Financial Reports  | All present members agreed to discuss and report to the board of directors | None                                                                     |

### 3.4.3 Corporate Governance Implementation Status and Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and Reasons Thereof

| Items                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Implementation Status    |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and Reasons Thereof |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Yes                      | No | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                      |
| I. Does the Company establish and disclose its corporate governance best-practice principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?                                                                                                                                                                                                                                                                                                                                                                                                              | V                        |    | The board of directors of the Company approved the "Corporate Governance Best Practice Principles", details of which are available on the Company's website ( <a href="http://www.smct.com.tw/">http://www.smct.com.tw/</a> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | No major differences.                                                                                                |
| II. Shareholding structure and shareholders' rights<br>(I) Does the Company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigation, and implement based on the procedure?<br><br>(II) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?<br><br>(III) Does the Company establish and execute the risk management and firewall system within its conglomerate structure?<br>(IV) Does the Company establish internal rules against insiders trading with undisclosed information? | V<br><br>V<br><br>V<br>V |    | (I) The Company has set up relevant departments such as spokesperson, stock and legal affairs to deal with shareholders' suggestions, doubts, disputes and lawsuits, etc., and discloses the contact person and telephone number on the Company's website to ensure shareholders' rights and interests.<br>(II) The Company has appointed a stock agency to handle shareholder-related matters. According to the shareholder register of the stock agency, the major shareholders and ultimate controllers, and regularly report the changes in shareholding of directors, managers and major shareholders holding more than 10% of the shares.<br>(III) Subsidiary operation supervision measures have been formulated to control and implement them.<br>(IV) The management procedures for preventing insider transactions have been formulated, and insiders and information recipients are prohibited from using undisclosed information on the market to buy and sell securities. | No major differences.                                                                                                |
| III. Composition and Responsibilities of the Board of Directors<br>(I) Does the Board of Directors formulate diversity policies, specific management objectives and implement them?                                                                                                                                                                                                                                                                                                                                                                                                                  | V                        |    | (I) The Company has formulated a board diversity policy, and has adopted a candidate nomination system. The number of directors is set according to the current operation scale and development needs. In addition to the statutory basic conditions, it also considers relevant industry knowledge, experience and other fields to implement the composition of the Board of Directors diversity policy.<br>1. Specific management goals:<br>According to the operation type and development needs, he Company formulates an appropriate diversification policy, including but not limited to the following standards:<br>(1)Basic conditions and values: gender, age, nationality and culture, etc.                                                                                                                                                                                                                                                                                  | No major differences.                                                                                                |

| Items                                                                                                                                                                                                                                                                                                                              | Implementation Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and Reasons Thereof |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                    | Yes                   | No | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                      |
|                                                                                                                                                                                                                                                                                                                                    |                       |    | <p>(2) Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.</p> <p>2. The members of the Board of Directors of the Company should generally have the knowledge, skills and qualities necessary to perform their duties, and their overall capabilities should be as follows:</p> <p>(1) Operational Judgment<br/> (2) Legal practice ability<br/> (3) Financial accounting analysis ability<br/> (4) Management ability<br/> (5) crisis management ability<br/> (6) Industry knowledge<br/> (7) international market view<br/> (8) leadership<br/> (9) Decision-making capacity</p> <p>3. Implementation of the implementation:<br/> All members of the Board of Directors of the Company have achieved the diversity policy objectives.</p> |                                                                                                                      |
| (II) In addition to the salary and remuneration committee and the Audit Committee set up in accordance with the law, does the Company voluntarily set up other various functional committees?                                                                                                                                      | V                     |    | (II) The Company set up the Salary and Remuneration Committee and the Audit Committee in accordance with the law, set up the Corporate Social Responsibility Committee in 2017, and set up the Nomination Committee on March 24, 2021. In the future, various other functions will be set up according to the laws and regulations and the needs of the Company's practical development. committee.                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | No major differences.                                                                                                |
| (III) Does the Company formulate the performance evaluation method and method of the Board of Directors, conduct performance evaluation annually and regularly, and report the results of performance evaluation to the Board of Directors, and use it as a reference for the remuneration and nomination of individual directors? | V                     |    | (III) The Company has established a performance evaluation method for the Board of Directors. The performance evaluation of the Board of Directors of the previous year is carried out before the first quarter of each year, and the recommendations submitted to the board for discussion.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | No major differences.                                                                                                |
| (IV) Does the Company regularly assess the independence of the visa accountant?                                                                                                                                                                                                                                                    | V                     |    | (IV) According to Article 29 of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies," TWSE/TPEx-listed companies should select professional, responsible and independent certified accountants, and should regularly (at least once a year) evaluate the independence of the appointed accountants. The Company's 2021 certified accountant service evaluation results                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | No major differences.                                                                                                |

| Items                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Implementation Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and Reasons Thereof |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Yes                   | No | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                       |    | have been reviewed and approved by the second Audit Committee of the second session on March 22, 2022 and the fourth session of the fifteenth Board of Directors on March 22, 2022. KPMG Taiwan CPA Wu Lin and CPA Yin Yuan-Sheng met the Company's assessment criteria for independence and suitability; please refer to Note 1 for details.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                      |
| IV. Whether the listed TWSE/TPEX Company has a qualified and appropriate number of corporate governance personnel, and appoints a corporate governance supervisor to be responsible for corporate governance-related affairs (including but not limited to providing directors and supervisors with the information required to execute their business, assisting directors and supervisors in complying with laws and regulations, handling matters related to the meetings of the Board of Directors and shareholders' meetings in accordance with the law, and preparing minutes of the Board of Directors and shareholders' meetings)? | V                     |    | <p>In order to implement corporate governance and improve the effectiveness of the Board of Directors, on August 7, 2020, the Board of Directors approved the establishment of a corporate governance supervisor, and on November 11, 2021, the manager of the Accounting Department, Hui-Shan Chan, was appointed as the corporate governance supervisor, responsible for corporate governance related affairs. Director of Corporate Governance has been in charge of stock affairs and corporate governance related affairs in public offering companies for more than 3 years.</p> <p>The scope of corporate governance at least includes: handling matters related to the meetings of the Board of Directors and the shareholders' meeting in accordance with the law, preparing the information of the Board of Directors and the shareholders' meeting, assisting directors in their appointment and continuing education, providing directors with necessary information for business execution, and assisting directors in complying with laws and regulations and other matters in accordance with the Company's Articles of Association contract, etc.</p> <p>The 2021 business execution of the director of corporate governance is as follows:</p> <ol style="list-style-type: none"> <li>1. Assist independent directors and general directors to perform their duties, provide required information and assist directors in arranging further education.</li> <li>2. Assist the Board of Directors and shareholders in the procedures and resolutions of legal compliance matters.</li> <li>3. Set the agenda of the Board of Directors and notify the directors seven days in advance, convene the meetings and provide meeting materials. If agenda items require recusal, it will be reminded in advance, and the minutes of the Board of Directors will be completed within 20 days after the meeting.</li> <li>4. Is the pre-registration of the date of the shareholders' meeting handled according to the</li> </ol> | No major differences.                                                                                                |

| Items                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Implementation Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and Reasons Thereof |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Yes                   | No | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                       |    | law, prepare the meeting notice, meeting manual, and minutes within the statutory time limit, and handle the registration of changes in the revision of the Articles of Association or the election of directors.<br>5. Assess and take out suitable directors' liability insurance.<br>Please refer to Note 2 for details of the 2021 training for corporate governance supervisors.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                      |
| V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up a special area for stakeholders on the Company's website, and appropriately responded to the important corporate social responsibility issues of concern to stakeholders?                                                                                                                                                                                                                                                                                                                                                                                                                    | V                     |    | The Company has set up a special area for stakeholders on the Company's website, and can establish communication channels with stakeholders through the Company's website, telephone, fax, etc., including safeguarding the interests of shareholders, employees' rights and integrity with customers, etc. Different stakeholders such as shareholders, customers, suppliers and employees are served with dedicated contact information. Others, such as co-manufacturers, correspondent banks and company employees, can be communicated and coordinated by dedicated departments.                                                                                                                                                                                                                                                                                                                                           | No major differences.                                                                                                |
| VI. Does the Company appoint a professional stock agency to handle the affairs of the shareholders' meeting?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | V                     |    | The Company has appointed Yuanta Securities Co., Ltd.'s stock agency department to handle the affairs of the shareholders' meeting.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | No major differences.                                                                                                |
| VII. Information disclosure<br>(I) Does the Company set up a website to disclose financial business and corporate governance information?<br><br>(II) Does the Company adopt other methods of information disclosure (such as setting up an English website, appointing a person to be responsible for the collection and disclosure of company information, implementing the spokesperson system, placing the Company website during the corporate briefing)?<br><br>(III) Does the Company announce and file its annual financial report within two months after the end of the fiscal year, and announce and file the financial report for the first, second and third quarters and the operating conditions of each month before the specified deadline? | V<br><br>V<br><br>V   |    | (I) The Company has set up a website ( <a href="http://www.smct.com.tw/">http://www.smct.com.tw/</a> ) to promptly disclose financial business and corporate governance related information in accordance with relevant laws and regulations.<br>(II) The Company's English website also discloses relevant information simultaneously, discloses company information in the public information observatory in accordance with regulations, and establishes and implements a company spokesperson system. The Company will post relevant information on the Company's website after holding the corporate briefing.<br>(III) Although the Company did not announce and file its annual financial report within two months after the end of the fiscal year, the first, second, third quarter and annual financial reports and the operating conditions of each month were announced and reported before the specified deadline. | No major differences.                                                                                                |

| Items                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Implementation Status |    |                                                                                                                                                             | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and Reasons Thereof |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Yes                   | No | Description                                                                                                                                                 |                                                                                                                      |
| VIII. Does the Company have other important information that is helpful to understand the operation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, rights of stakeholders, training of directors and supervisors, risk management, the implementation of policies and risk measurement standards, the implementation of customer policies, The Company's purchase of liability insurance for directors and supervisors)?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | V                     |    | For other important information of the Company that is helpful for understanding the operation of corporate governance, please refer to Note 3 for details. | No major differences.                                                                                                |
| IX. Please explain the improvement status in the corporate governance evaluation results issued by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year, and propose priority enhancement matters and measures for those who have not yet improved: <ol style="list-style-type: none"> <li>Improved situation:<br/>Have the independent directors of the Company completed training according to the hours specified in the "Key Points for the Training and Implementation of Training for Directors and Supervisors of Listed Companies," and whether the Board of Directors of the Company regularly (at least once a year) evaluates the independence of certified accountants, and discloses specific evaluation items in the annual report. Whether the Company has formulated a policy for the diversity of board members, and disclosed the specific management objectives and implementation of the diversity policy on the Company's website and annual report. Whether the Company has formulated risk management policies and procedures approved by the Board of Directors, and disclosed the scope of risk management, organization, the structure and its operation; whether the Company has formulated and disclosed on the Company website internal rules that prohibit insiders such as directors or employees from making profits from information that cannot be obtained in the market, and the implementation situation; whether the Company has set up functional committees other than statutory, and its implementation. There shall be no fewer than three members, more than half of the members shall be independent directors, and more than one member shall have the professional competence required by the committee, and shall disclose its composition, responsibilities and operations.</li> <li>Propose enhancement priorities and measures for those who have not yet improved:<br/>Whether the Company voluntarily sets up more independent directors than required by law, whether The Company establishes an information security risk management structure, formulates information security policies and specific management plans, and discloses them on the Company's website or annual report, whether The Company formulates wisdom linked to operational goals The property management plan shall be disclosed on the Company's website or annual report, and shall be reported to the Board of Directors at least once a year.</li> </ol> |                       |    |                                                                                                                                                             |                                                                                                                      |

Note 1: The important evaluation indicators for the independence and willfulness of the 2021 certified accountants are listed as follows:

### 2021 Annual Accountant Independence and Suitability Evaluation Form

(I) Evaluation unit: Taiwan Styrene Monomer Corporation

(II) Year of assessment: 2021

(III) Assessment Date: March 2022

(IV) Evaluation and Appointment of Accounting Firms and Accountants: KPMG Taiwan (Accountants Wu Lin and Accountants Yin Yuan-Sheng)

(V) Assessment content:

With reference to Article 47 of the Certified Public Accountant Act and Bulletin No. 10 on the Code of Professional Ethics for Accountants of the R.O.C., it is stipulated that:

| Evaluation Items                                                                                                                                                                                                                                                                                                                                                            | Assess compliance<br>Independence situation |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| 1. There is no direct or material indirect financial interest relationship between the certified public accountant and the Company.                                                                                                                                                                                                                                         | ■Yes □No                                    |
| 2. There is no significant close commercial relationship between the certified public accountant and the Company.                                                                                                                                                                                                                                                           | ■Yes □No                                    |
| 3. The Certified Public Accountant had no potential employment relationship at the time of the audit of the Company.                                                                                                                                                                                                                                                        | ■Yes □No                                    |
| 4. The certified accountant has never had any money loan with the Company.                                                                                                                                                                                                                                                                                                  | ■Yes □No                                    |
| 5. The certified accountant did not accept any significant gifts or gifts from the Company and its directors and managers (the value of which exceeds the standard of social etiquette).                                                                                                                                                                                    | ■Yes □No                                    |
| 6. The certified public accountants have not provided audit services to the Company for seven consecutive years.                                                                                                                                                                                                                                                            | ■Yes □No                                    |
| 7. The certified public accountant does not hold any shares of the Company.                                                                                                                                                                                                                                                                                                 | ■Yes □No                                    |
| 8. The certified public accountant himself, his spouse or dependent relatives, and his audit team did not serve as a director, manager of the Company or have a significant influence on the audit case during the audit period or in the last two years, and also determined that he would not hold the aforesaid positions during the future audit period related duties. | ■Yes □No                                    |
| 9. Whether the certified accountant has complied with the standards on independence of the Bulletin on the Code of Professional Ethics for Accountants No. 10, and has obtained the "Declaration of Independence" issued by the certified accountant.                                                                                                                       | ■Yes □No                                    |

(VI) Evaluation result:

None of the certified accountants appointed by the Company have the above-mentioned circumstances, and have been assessed to have met the standards of independence and suitability.

Note 2: The 2021 training for corporate governance supervisors is as follows:

| Name          | Date       |            | Organizer                                            | Course Title                                                                         | Hours | The Total Training Hours In The Current Year |
|---------------|------------|------------|------------------------------------------------------|--------------------------------------------------------------------------------------|-------|----------------------------------------------|
|               | Start      | Until      |                                                      |                                                                                      |       |                                              |
| Hui-Shan Chan | 2021/11/11 | 2021/11/11 | TSMC commissioned training                           | Taiwan M&A Trends and Development of Investment Control Companies                    | 3.0   | 6.0                                          |
|               | 2021/12/17 | 2021/12/17 | Securities and Futures Market Development Foundation | Seminar on How to Use Futures Commodity Hedging Trading and Corporate Sustainability | 3.0   |                                              |

Note 3: Important information on the operation of corporate governance:

- (I) Employee rights and interests: the Company is people-oriented, abides by relevant labor laws and regulations, protects the legitimate rights and interests of employees, and strives to establish a complete management system for employee welfare, work safety and health, education and training, etc. The interests and the interests of the Company are combined with each other, resulting in the belief of co-prosperity and coexistence.
- (II) Employee care: the Company attaches great importance to the safety and health of employees, provides healthcare and assistance services, employees enjoy annual health checks, and establishes Welfare Committee s and related education and training to promote employee exchanges.
- (III) Investor Relationships: the Company has a spokesperson and an acting spokesperson, responsible for the Company's external relations communication. Real-time announcement of financial, business and important information on the Company's website and public information observatory, so that investors can fully understand the Company's trends to maximize the interests of shareholders. The Company's regular shareholders' meeting allows shareholders to exercise their voting rights electronically.
- (IV) Rights of Stakeholders: The Company's website has various communication and complaint channels to effectively respond to the questions and suggestions raised by stakeholders, so as to safeguard due legitimate rights and interests.
- (V) Implementation of risk management policies and risk measurement standards: The Company has always adopted a preventive policy for risk management. In addition to formulating a strict internal control system in accordance with the law and checking the implementation of internal audits regularly and from time to time, it also purchases related insurances such as property insurance, product transportation insurance and public accident liability insurance to avoid risks.
- (VI) Implementation of consumer or customer protection policies: On the consumer or customer first policy, relevant internal regulations are formulated in accordance with relevant laws and regulations for employees to implement.

(VII) The Company purchases liability insurance for directors:

1. The Company purchases liability insurance for all directors for their legal liabilities in the execution of their business scope.
2. The Company has insured "Director's Liability Insurance" with Tokio Marine Nawa Products Insurance Co., Ltd. with an insured amount of USD 5 million. Regarding the main insurance conditions for the insurance period from April 22, 2021 to April 22, 2022, Reported to the Board of Directors on May 12, 2021.

(VIII) Situation of training for directors: The Company provides relevant courses for directors from time to time in accordance with the regulations of "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies" The training situation in 2021 is as follows:

| Title    | Name           | Date       | Organizer                                                          | Course Title                                                                                                                | Hours |
|----------|----------------|------------|--------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|-------|
| Chairman | Wen-Yuan Lin   | 2021/05/12 | Chinese Corporate Governance Association                           | Corporate Sustainability Accelerator – CSR, ESG and SDGs                                                                    | 3     |
|          |                | 2021/11/04 | Chinese Corporate Governance Association                           | In response to climate change, build sustainable competitiveness of enterprises                                             | 3     |
|          |                | 2021/11/11 | Commissioned by TSMC                                               | Taiwan M&A Trends and Development of Investment Control Companies                                                           | 3     |
| Director | Pao-Yuan Chen  | 2021/05/12 | Chinese Corporate Governance Association                           | Corporate Sustainability Accelerator – CSR, ESG and SDGs                                                                    | 3     |
|          |                | 2021/09/01 | Financial Supervisory Commission                                   | Morning session of "The 13th Taipei Corporate Governance Forum"                                                             | 3     |
| Director | Joseph Wang    | 2021/05/12 | Chinese Corporate Governance Association                           | Corporate Sustainability Accelerator – CSR, ESG and SDGs                                                                    | 3     |
|          |                | 2021/08/11 | CDC and Soft-World International Corporation commissioned training | Corporate Social Responsibility (CSR, ESG) Model Practice Analysis of Corporate Governance Evaluation                       | 3     |
| Director | Richard Lee    | 2021/05/12 | Chinese Corporate Governance Association                           | Corporate Sustainability Accelerator – CSR, ESG and SDGs                                                                    | 3     |
|          |                | 2021/11/11 | Commissioned by TSMC                                               | Taiwan M&A Trends and Development of Investment Control Companies                                                           | 3     |
| Director | Jeff Chen      | 2021/05/12 | Chinese Corporate Governance Association                           | Corporate Sustainability Accelerator – CSR, ESG and SDGs                                                                    | 3     |
|          |                | 2021/09/01 | Financial Supervisory Commission                                   | Morning session of "The 13th Taipei Corporate Governance Forum"                                                             | 3     |
|          |                | 2021/11/11 | Commissioned by TSMC                                               | Taiwan M&A Trends and Development of Investment Control Companies                                                           | 3     |
| Director | Cheng-Yuan Liu | 2021/05/12 | Chinese Corporate Governance Association                           | Corporate Sustainability Accelerator – CSR, ESG and SDGs                                                                    | 3     |
|          |                | 2021/11/11 | Commissioned by TSMC                                               | Taiwan M&A Trends and Development of Investment Control Companies                                                           | 3     |
| Director | Ding-Jui Hsu   | 2021/05/12 | Chinese Corporate Governance Association                           | Corporate Sustainability Accelerator – CSR, ESG and SDGs                                                                    | 3     |
| Director | Bai-Hao Huang  | 2021/04/14 | Chinese Independent Directors Association                          | The Board's Views on M&A and Enterprise Transformation                                                                      | 3     |
|          |                | 2021/04/23 | Chinese Corporate Governance Association                           | Talking about Taiwanese business operation and M&A strategy from the perspective of global political and economic situation | 3     |
| Director | Chi-Tai Chen   | 2021/05/12 | Chinese Corporate Governance Association                           | What are Investors Thinking – Talking about the Sustainable Transformation of Enterprises from ESG Investment and Financing | 3     |
|          |                | 2021/09/07 | Chinese Corporate Governance Association                           | Corporate Governance and Securities Regulations                                                                             | 3     |
|          |                | 2021/09/22 | Republic of China Securities Business Association                  | Case Analysis of Legal Liability for False Financial Statements and Insider Trading                                         | 3     |
|          |                | 2021/09/22 | Republic of China Securities Business Association                  | Analysis of Money Laundering Prevention Law and Case Description                                                            | 3     |
| Director | Hua-Kan Peng   | 2021/11/02 | Association for the Governance of the R.O.C.                       | Directors and supervisors should understand the commercial event trial law and court trial trends                           | 3     |
|          |                | 2021/11/16 | Association for the Governance of the R.O.C.                       | Operation and decision-making effectiveness of the board of directors                                                       | 3     |
|          |                | 2021/11/23 | Association for the Governance of the R.O.C.                       | Share how issuers implement ESG from the perspectives and voting behaviors of foreign shareholders                          | 3     |

| Title                | Name            | Date       | Organizer                                                          | Course Title                                                                                          | Hours |
|----------------------|-----------------|------------|--------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|-------|
| Independent Director | Chin-Chen Chien | 2021/05/12 | Chinese Corporate Governance Association                           | Corporate Sustainability Accelerator – CSR, ESG and SDGs                                              | 3     |
|                      |                 | 2021/08/11 | Securities and Futures Market Development Foundation               | Corporate Social Responsibility (CSR, ESG) Model Practice Analysis of Corporate Governance Evaluation | 3     |
|                      |                 | 2021/08/23 | Chinese Corporate Governance Association                           | COVID-19 on Corporate Governance 3.0 and Directors’ Duties and Responsibilities                       | 3     |
|                      |                 | 2021/11/10 | CDC and Soft-World International Corporation commissioned training | Blockchain technology development and business model                                                  | 3     |
| Independent Director | Jui-Mu Huang    | 2021/11/11 | Commissioned by TSMC                                               | Taiwan M&A Trends and Development of Investment Control Companies                                     | 3     |
|                      |                 | 2021/12/07 | Taiwan Stock Exchange                                              | Cathay Pacific Sustainable Finance and Climate Change Summit                                          | 6     |
| Independent Director | Yu-Chang Lin    | 2021/12/07 | Taiwan Stock Exchange                                              | Cathay Pacific Sustainable Finance and Climate Change Summit                                          | 6     |
| Independent Director | Gao-Wei Hsu     | 2021/05/12 | Chinese Corporate Governance Association                           | Corporate Sustainability Accelerator – CSR, ESG and SDGs                                              | 3     |
| Independent Director | Kuo-Chin Chang  | 2021/05/12 | Chinese Corporate Governance Association                           | Corporate Sustainability Accelerator – CSR, ESG and SDGs                                              | 3     |

### 3.4.4 Composition, responsibilities and operation of the Remuneration Committee

#### 1. Information of the members of Remuneration Committee

| Title                                 | Condition<br>Name | Professional qualifications<br>and experience                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Independence situation                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Number of<br>members who are<br>concurrently<br>members of the<br>compensation and<br>remuneration<br>committees of<br>other public<br>offering companies |
|---------------------------------------|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                       |                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                           |
| Independent<br>Director<br>(Convener) | Chin-Chen Chien   | <ol style="list-style-type: none"> <li>1. A public and private college or university accounting professor certificate with the work experience required for corporate business such as business, legal affairs, finance or business management capabilities and related disciplines</li> <li>2. Work experience: experience as an independent director such as Uni-President, Ronggang, Jinggang; experience as a professor in the Accounting Department of National Cheng Kung University</li> </ol> | I, my spouse, or relatives within the second degree of kinship do not serve as directors, supervisors or employees of the Company or its affiliated companies; do not hold shares in the Company; do not serve as directors, supervisors or employees that have a specific relationship with the Company; the amount of remuneration obtained from providing business, legal, financial, accounting and other services to the Company or its affiliates in the last 2 years | 3                                                                                                                                                         |
| Independent<br>Director               | Jui-Mu Huang      | <ol style="list-style-type: none"> <li>1. Work experience required for corporate business such as business, legal affairs, finance, banking or business management capabilities</li> <li>2. Work experience: Deputy General Manager and Chief Auditor of Taiwan Bank, General Manager of Changhua Bank</li> </ol>                                                                                                                                                                                     | I, my spouse, or relatives within the second degree of kinship do not serve as directors, supervisors or employees of the Company or its affiliated companies; do not hold shares in the Company; do not serve as directors, supervisors or employees that have a specific relationship with the Company; the amount of remuneration obtained from providing business, legal, financial, accounting and other services to the Company or its affiliates in the last 2 years | -                                                                                                                                                         |

| Title                   | Condition<br>Name | Professional qualifications<br>and experience                                                                                                                                                                                                                              | Independence situation                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Number of<br>members who are<br>concurrently<br>members of the<br>compensation and<br>remuneration<br>committees of<br>other public<br>offering companies |
|-------------------------|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
|                         |                   |                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                           |
| Independent<br>Director | Yu-Chang Lin      | 1. Work experience<br>required by the<br>Company's business,<br>such as business, legal,<br>financial or business<br>management<br>capabilities<br>2. Work experience:<br>Deputy General<br>Manager of Yuanfu<br>Securities; Independent<br>Director of Kaimei<br>Electric | I, my spouse, or relatives within the second degree of kinship do not serve as directors, supervisors or employees of the Company or its affiliated companies; do not hold shares in the Company; do not serve as directors, supervisors or employees that have a specific relationship with the Company; the amount of remuneration obtained from providing business, legal, financial, accounting and other services to the Company or its affiliates in the last 2 years | 2                                                                                                                                                         |

2. Information on the Operation of the Compensation and Compensation Committee

(1) There are three members of the Compensation Committee of the Company.

(2) The term of the 4th Remuneration Committee runs from February 20, 2019 to January 30, 2022. Due to the completion of the 15<sup>th</sup> director re-election at the extraordinary shareholders' meeting on October 14, 2021, the term of the original Remuneration Committee was earlier than Expires on October 14, 2021.

(3) On November 11, 2021, the Board of Directors resolved the appointment of the 15<sup>th</sup> session of the Compensation and Remuneration Committee.

(4) In 2021, the Salary and Remuneration Committee held four meetings (the 4<sup>th</sup> Salary and Remuneration Committee held three meetings [A], and the 5<sup>th</sup> Salary and Remuneration Committee held one meeting [A]), and the attendance of the members was as follows:

| Title     | Name            | The actual<br>number of seats<br>(column) [B] | Number of<br>delegated<br>attendance | Actual<br>attendance rate<br>(%) [B/A] | Remark                           |
|-----------|-----------------|-----------------------------------------------|--------------------------------------|----------------------------------------|----------------------------------|
| Convener  | Chin-Chen Chien | 4                                             | 0                                    | 100%                                   | Re-appointed on<br>2021/11/11    |
| Committee | Jui-Mu Huang    | 1                                             | 0                                    | 100%                                   | New Appointment<br>on 2021/11/11 |
| Committee | Yu-Chang Lin    | 1                                             | 0                                    | 100%                                   |                                  |
| Committee | Gao-Wei Hsu     | 3                                             | 0                                    | 100%                                   | Dismissed on<br>2021/10/14       |
| Committee | Kuo-Chin Chang  | 3                                             | 0                                    | 100%                                   |                                  |

Other matters to be recorded:

- I. If the Board of Directors does not adopt or amend the recommendations of the Compensation and Remuneration Committee, it shall state the date of the Board of Directors, the period, the content of the proposal, the resolution of the Board of Directors. The Company's handling of the opinions of the Compensation and Remuneration Committee (for example, the remuneration approved by the Board of Directors is superior to the recommendations of the Compensation and Remuneration Committee) should state the difference and reasons): None.
- II. For matters resolved by the Compensation and Remuneration Committee, if members have objections or reservations and there is a record or written statement, the date of the Compensation and Remuneration Committee, the period, the content of the proposal, the opinions of all members and the handling of the opinions of the members shall be stated: None.
- III. Discussions and resolutions of the Compensation and Remuneration Committee, and the Company's handling of members' opinions:

| Date<br>(Term)                                                        | Contents                                                                                                                                                                                                                                                                                           | Resolution result                                     | The Company's handling<br>of the committee's<br>opinions             |
|-----------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------------------|
| 2021/03/24<br>10 <sup>th</sup> meeting of<br>the 4 <sup>th</sup> Term | 2020 compensation for directors and employee                                                                                                                                                                                                                                                       | The participating members agreed to pass the proposal | Submit a resolution to the board of directors                        |
|                                                                       | In the case of employee subscription of The Company's treasury shares, 1,040,000 shares were buyback in 2020. In accordance with the Company's "Measures for Repurchasing Shares and Transferring Employees," it is planned to allocate the number of shares subscribed by the Company's employee. | The participating members agreed to pass the proposal | Submit a resolution to the board of directors                        |
| 2021/05/12<br>11 <sup>th</sup> meeting of<br>the 4 <sup>th</sup> Term | Appointment of Vice Chairman of the Company                                                                                                                                                                                                                                                        | The participating members agreed to pass the proposal | Submit a resolution to the board of directors                        |
|                                                                       | Appointment of the General Manager of the Company                                                                                                                                                                                                                                                  | The participating members agreed to pass the proposal | Submit a resolution to the board of directors                        |
| 2021/08/11<br>12 <sup>th</sup> meeting of<br>the 4 <sup>th</sup> Term | 2020 business performance bonus for management officers.                                                                                                                                                                                                                                           | The participating members agreed to pass the proposal | Submit a resolution to the board of directors                        |
| 2021/12/21<br>5 <sup>th</sup> meeting of<br>the 1 <sup>st</sup> Term  | 2021 Annual Manager Performance Evaluation and Performance Appraisal and Salary Adjustment Case                                                                                                                                                                                                    | The participating members agreed to pass the proposal | Relevant work has been carried out in accordance with the resolution |
|                                                                       | 2021 profit sharing                                                                                                                                                                                                                                                                                | The participating members agreed to pass the proposal | Relevant work has been carried out in accordance with the resolution |
|                                                                       | 2022 work plan of the "Compensation Committee"                                                                                                                                                                                                                                                     | The participating members agreed to pass the proposal | Relevant work has been carried out in accordance with the resolution |

### 3. Remuneration Committee Terms of Reference

The Compensation and Remuneration Committee shall be handled in accordance with the Company's "Organizational Regulations of the Compensation and Remuneration Committee." It shall, with the attention of a good manager, faithfully perform the following functions and powers, and submit the suggestions to the Board of Directors for discussion:

- (1) Review this regulation from time to time and propose amendments.
- (2) Formulate and regularly review the policies, systems, standards and structures for the annual and long-term performance goals and remuneration of directors and managers.
- (3) Regularly evaluate the achievement of the performance objectives of the directors and managers of the Company, and determine the content and amount of their individual salaries based on the evaluation results obtained from the performance evaluation standards.
- (4) The performance evaluation and remuneration of directors and managers should refer to the usual level of payment in the industry, and consider the time invested by the individual, the responsibilities he undertakes, the achievement of personal goals, the performance of other positions, and the Company's recent salary for the same position. Remuneration, which is based on the achievement of the Company's short-term and long-term business objectives, the Company's financial status, etc., to evaluate the rationality of the connection between individual performance and the Company's operating performance and future risks.
- (5) Directors and managers should not be led to engage in behavior that exceeds the Company's risk appetite in pursuit of remuneration.
- (6) The proportion of short-term performance bonuses for directors and senior managers and the timing of payment of some variable salaries should be determined in consideration of industry characteristics and the nature of the Company's business.
- (7) Members of this committee shall not participate in discussions or vote on their personal salary and remuneration decisions.

#### **3.4.5 Composition, responsibilities and operation of the Nomination Committee**

1. In order to improve the functions of the Board of Directors of the Company and strengthen the management mechanism, the "Nomination Committee" was established by a resolution of the Board of Directors on March 24, 2021. According to the organization rules of the Company's nomination committee, the committee is composed of at least three directors nominated by the Board of Directors, of which more than half of the independent directors participate. At present, the Company's nomination committee consists of three independent directors.
2. Responsibilities of the Nomination Committee of the Company:
  - (1) Formulate establishment standards and membership qualifications for each committee under the Board of Directors, and recommend their organizational rules, and propose amendments to the Board of Directors in due course.
  - (2) Review the qualifications and potential conflicts of interest of candidates for each committee member, and recommend new members and convene candidates for each committee to the Board of Directors.
3. Professional qualifications, experience and operation of members of the Nomination Committee
  - (1) The Nomination Committee of the Company has three members, all of which are composed of independent directors.
  - (2) On October 14, 2021, the extraordinary general meeting of shareholders completed the re-election of the 15th director. On October 26, 2021, the Board of Directors resolved to appoint and take office for the second nomination committee, which is the same as the term of the fifteenth term of directors.
  - (3) The Nomination Committee held two meetings in 2021 (the first Nomination Committee held one meeting [A], and the second Nomination Committee held one meeting [A]), and the attendance of members was as follows:

| Title     | Name            | Professional qualifications and experience                                                                                                                                                                                                                            | The actual number of seats (column) [B] | Number of delegated attendance | Actual attendance rate (%) [B/A] | Remark                        |
|-----------|-----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------|----------------------------------|-------------------------------|
| Convener  | Chin-Chen Chien | A public and private college accounting professor certificate with the work experience required by the Company's business, such as business, legal affairs, finance or business management capabilities, and a relevant department required by the Company's business | 2                                       | 0                              | 100%                             | Re-appointed on 2021/10/26    |
| Committee | Jui-Mu Huang    | Work experience required for corporate business such as business, legal, financial or business management capabilities                                                                                                                                                | 1                                       | 0                              | 100%                             | New appointment on 2021/10/26 |
| Committee | Yu-Chang Lin    | Work experience required for corporate business such as business, legal, financial or business management capabilities                                                                                                                                                | 1                                       | 0                              | 100%                             |                               |
| Committee | Wen-Yuan Lin    | Work experience required for corporate business such as business, legal, financial or business management capabilities                                                                                                                                                | 1                                       | 0                              | 100%                             | Dismissed on 2021/10/14       |
| Committee | Hsu Gao-Wei     | Work experience required for corporate business such as business, legal, financial or business management capabilities                                                                                                                                                | 1                                       | 0                              | 100%                             |                               |

Other matters to be recorded:

Under the authorization of the board of directors, the committee shall, with the attention of good managers, faithfully perform the listed functions and powers, and submit the proposed recommendations to the board of directors for discussion. The implementation is as follows:

| Date (Term)                                                       | Contents                                                                                                                                                     | Resolution result                                     | company-to-committee Opinion processing                              |
|-------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------------------|
| 2021/09/16<br>1 <sup>st</sup> meeting of the 1 <sup>st</sup> Term | Review of the list of candidates for directors and independent directors to be re-elected at the Company's extraordinary general meeting on October 14, 2021 | The participating members agreed to pass the proposal | Submit a resolution to the board of directors                        |
| 2021/11/11<br>1 <sup>st</sup> meeting of the 2 <sup>nd</sup> Term | Proposal by members of the "Compensation Committee"                                                                                                          | The participating members agreed to pass the proposal | Relevant work has been carried out in accordance with the resolution |

Note: Members of the Nomination Committee for the above proposals have dissenting opinions, reservations or major suggestions: none.

### 3.4.6 Implementation of the promotion of sustainable development and any Variance from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the Reasons

| Project Promoted                                                                                                                                                                                                                                                                              | Implementation (Note 1) |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Differences and Reasons With The Code Of Practice For Sustainable Development Of TWSE/TPEX-Listed Companies |
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|                                                                                                                                                                                                                                                                                               | Yes                     | No | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                             |
| I. Has the Company established a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, and has the chairman authorize the senior management to handle it, and the board of directors supervises the situation? | V                       |    | <p>1. The "Corporate Social Responsibility Committee" is the core organization of TSMC to promote sustainable governance.</p> <p>2. The Corporate Social Responsibility Committee was established by the Board of Directors in 2017, with the chairman as the coordinating member and the general manager as the chairman. Corporate Social Responsibility Code of Practice."</p> <p>The Corporate Social Responsibility Committee, a part-time unit, consists of four functional committees: "Governance Team," "Environmental Sustainability Team," "Material and Product Team" and "Social Employee Care Team." Four part-time supervisors are responsible for CSR/ESG planning and promotion, effectively and concretely implement various CSR/ESG annual goals from top to bottom, and continuously improve the Company's sustainable governance by paying attention to CSR/ESG development trends and laws and regulations.</p> <p>The Corporate Social Responsibility Committee shall hold two meetings every year to discuss the implementation goals and implementation results of each working group, and report the business implementation status to the Board of Directors at least once a year.</p> <p>3. In 2021 in response to Corporate Governance 3.0, "strengthening the functions of the Board of Directors, enhancing the sustainable value of the enterprise," "improving information transparency and promoting sustainable management," "strengthening the communication with stakeholders, creating a good interactive channel," "aligning with international norms, guiding due diligence" Governance" and "deepening the Company's sustainable governance culture and provide diversified products" and other major axes as the center to list the relevant norms, according to which to review the effectiveness of the promotion of the annual sustainable development plans, and also consider the corporate governance 3.0 sustainable development. The blueprint will strengthen the implementation of the Company's promotion of sustainable development, and enhance the disclosure of sustainable information and the enhancement of information security.</p> <p>(1)2021 Implementation Results:</p> <p>a. Due to two unplanned maintenance shutdowns and the impact of the COVID-19 epidemic, the downstream market demand has decreased, resulting in lower production and sales than expected. At the beginning of 2021, the first-line SM reaction zone was de-bottlenecked and its performance improved. The raw material environment, energy consumption and environmental sustainability were all better than expected.</p> <p>b. In line with the annual total budget of the Linyuan Industrial Park Neighborhood Fund, the apportionment ratio has been adjusted from NT\$ 9 million per year to NT\$ 40 million per year, giving back to the village, and the payment has been increased from about NT\$ 600,000 per year to about NT\$ 2.5 million per year.</p> <p>c. Through the efforts of all colleagues, the epidemic was successfully kept out of the office and factory area during the 2021 COVID-19 alert period.</p> <p>d. In 2022, the Company will set up solar panel green electricity and absorption chiller (replacing compressed chiller), which will help to promote carbon neutrality and waste energy recycling.</p> <p>e. In addition, the Company will strengthen investment in projects such as circular economy and carbon neutrality to promote the sustainable development of the Company.</p> <p>(2) 2022 business policy:</p> | No major differences.                                                                                       |

| Project Promoted                                                                                                                                                                                                                                                            | Implementation (Note 1) |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Differences and Reasons With The Code Of Practice For Sustainable Development Of TWSE/TPEx-Listed Companies |
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|                                                                                                                                                                                                                                                                             | Yes                     | No | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                             |
|                                                                                                                                                                                                                                                                             |                         |    | <p>Under the premise of zero industrial safety accidents and environmental protection (global climate change), we pursue corporate performance and pursue the principles of integrity, customer respect, quality first and sustainable operation to create maximum benefits for shareholders and customers.</p> <p>a. Production: Continue to strengthen industrial safety and environmental protection, improve equipment, optimize process, improve process efficiency and product quality, and reduce production costs.</p> <p>b. Finance: Promote the finance department as a profit center, and create higher profits for the Company through exchange rate hedging, financial investment and capital adjustment control.</p> <p>c. In terms of business: strengthen the elastic mechanism of production and sales, adjust the raw material procurement time flexibly, master the favorable raw materials, continue to find high-quality customers and increase the number of customers, and strive to improve sales profits; reduce the procurement costs of raw materials, materials and equipment to increase the Company's profit.</p> <p>d. Investment business: assist subsidiaries/affiliates to increase profits, track the disposal of mainland assets during reinvestment, handle capital reduction/clearing and settlement operations for overseas companies to retrieve funds, and seek investment targets for innovation, profit or strategic cooperation.</p> <p>e. Administration: Prevent the epidemic, protect employees, streamline personnel costs, improve administrative efficiency and the quality of employees, and train future managers in various departments.</p>                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                             |
| <p>II. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to company operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?</p> <p>(Note 2)</p> | V                       |    | <p>1. Based on the principle of materiality, the Company ensures that the Company maintains its long-term operational capabilities. The scope of risk management includes all the Company's operating activities, such as climate change, political and regulatory, information security, etc., risks. 77 stakeholder feedback results were identified in 2021. Finally, 12 major themes were formulated and combined into 10 management policies, which were used as the basis for the disclosure of risk assessment standards, processes, results and risk management policies for identifying major issues related to environmental, social and corporate governance in the 2021 Annual Sustainability Report.</p> <p>2. The Company follows the ISO 9001, ISO 14001, ISO/CNS45001 management systems, and through systematic risk management activities every year, units at all levels carry out risk assessments for each operational activity and plan corresponding management practices, and review in conjunction with the management review meeting to implement the effectiveness of risk management.</p> <p>The Corporate Social Responsibility Committee conducts risk identification on environmental, social and corporate governance risks every year, considering the degree of concern of stakeholders and the impact on the Company's operations, and establishes a rolling review of sustainable goals to continuously optimize actions to ensure that the Company responds to various risks to achieve sustainable management.</p> <p>Before the end of December every year, the Audit Office will formulate an audit plan for the next year based on the risk assessment results and submit it to the Board of Directors for approval, and then carry out an operation audit to detect possible risks as early as possible, rectify them, and properly prevent them.</p> <p>2021: In Response to ISO 9001, ISO 14001, ISO/CNS45001 management system appraisal</p> <p>For other risk projects, the countermeasures and target plans have been achieved through the management review meeting.</p> | No major differences.                                                                                       |

| Project Promoted                                                                                                                                               | Implementation (Note 1) |                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Differences and Reasons With The Code Of Practice For Sustainable Development Of TWSE/TPEx-Listed Companies |         |                 |                                    |      |            |                                           |      |            |                                                                          |      |            |                                                                  |      |            |                                                                      |      |       |                                                                                                                                    |  |  |                       |
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|                                                                                                                                                                | Yes                     | No              | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                             |         |                 |                                    |      |            |                                           |      |            |                                                                          |      |            |                                                                  |      |            |                                                                      |      |       |                                                                                                                                    |  |  |                       |
| III. Environmental issues                                                                                                                                      |                         |                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                             |         |                 |                                    |      |            |                                           |      |            |                                                                          |      |            |                                                                  |      |            |                                                                      |      |       |                                                                                                                                    |  |  |                       |
| (I) Has the Company established an appropriate environmental management system according to its industrial characteristics?                                    | V                       |                 | (I) The Company follows the EU REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) chemical regulations and relevant domestic specifications, and provides customers with the highest quality and safe products (styrene and p-diethyl benzene). Continue to implement ISO 9001, ISO 14001 and ISO/CNS45001 systems, and ensure the applicability and effectiveness of the management system through third-party verification every year. <table><tr><th>Certification Program</th><th>Version</th><th>Validity period</th></tr><tr><td>ISO 9001 Quality Management System</td><td>2015</td><td>2022/10/29</td></tr><tr><td>ISO 14001 Environmental Management System</td><td>2015</td><td>2024/01/02</td></tr><tr><td>ISO 45001 International Occupational Safety and Health Management System</td><td>2018</td><td>2024/11/14</td></tr><tr><td>CNS45001 Taiwan Occupational Safety and Health Management System</td><td>2018</td><td>2024/11/14</td></tr><tr><td>ISO 14064-1(CNS14064-1) Greenhouse Gas Inventory Verification System</td><td>2006</td><td>*Note</td></tr><tr><td colspan="3">Remarks: Greenhouse gas emissions are verified once a year, and the 2021 emissions are expected to be verified on August 31, 2022.</td></tr></table>                                                                                                                                                                                                                                                                                                                                                                                                                                    | Certification Program                                                                                       | Version | Validity period | ISO 9001 Quality Management System | 2015 | 2022/10/29 | ISO 14001 Environmental Management System | 2015 | 2024/01/02 | ISO 45001 International Occupational Safety and Health Management System | 2018 | 2024/11/14 | CNS45001 Taiwan Occupational Safety and Health Management System | 2018 | 2024/11/14 | ISO 14064-1(CNS14064-1) Greenhouse Gas Inventory Verification System | 2006 | *Note | Remarks: Greenhouse gas emissions are verified once a year, and the 2021 emissions are expected to be verified on August 31, 2022. |  |  | No major differences. |
| Certification Program                                                                                                                                          | Version                 | Validity period |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                             |         |                 |                                    |      |            |                                           |      |            |                                                                          |      |            |                                                                  |      |            |                                                                      |      |       |                                                                                                                                    |  |  |                       |
| ISO 9001 Quality Management System                                                                                                                             | 2015                    | 2022/10/29      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                             |         |                 |                                    |      |            |                                           |      |            |                                                                          |      |            |                                                                  |      |            |                                                                      |      |       |                                                                                                                                    |  |  |                       |
| ISO 14001 Environmental Management System                                                                                                                      | 2015                    | 2024/01/02      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                             |         |                 |                                    |      |            |                                           |      |            |                                                                          |      |            |                                                                  |      |            |                                                                      |      |       |                                                                                                                                    |  |  |                       |
| ISO 45001 International Occupational Safety and Health Management System                                                                                       | 2018                    | 2024/11/14      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                             |         |                 |                                    |      |            |                                           |      |            |                                                                          |      |            |                                                                  |      |            |                                                                      |      |       |                                                                                                                                    |  |  |                       |
| CNS45001 Taiwan Occupational Safety and Health Management System                                                                                               | 2018                    | 2024/11/14      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                             |         |                 |                                    |      |            |                                           |      |            |                                                                          |      |            |                                                                  |      |            |                                                                      |      |       |                                                                                                                                    |  |  |                       |
| ISO 14064-1(CNS14064-1) Greenhouse Gas Inventory Verification System                                                                                           | 2006                    | *Note           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                             |         |                 |                                    |      |            |                                           |      |            |                                                                          |      |            |                                                                  |      |            |                                                                      |      |       |                                                                                                                                    |  |  |                       |
| Remarks: Greenhouse gas emissions are verified once a year, and the 2021 emissions are expected to be verified on August 31, 2022.                             |                         |                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                             |         |                 |                                    |      |            |                                           |      |            |                                                                          |      |            |                                                                  |      |            |                                                                      |      |       |                                                                                                                                    |  |  |                       |
| (II) Is the Company committed to improving energy efficiency and using recycled materials with low impact on the environment?                                  | V                       |                 | (II) The products produced by Taiwan Styrene Monomer Corporation, Ltd. are bulk raw materials of petrochemical plastic products, and are not suitable for the use of recycled raw materials.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | No major differences.                                                                                       |         |                 |                                    |      |            |                                           |      |            |                                                                          |      |            |                                                                  |      |            |                                                                      |      |       |                                                                                                                                    |  |  |                       |
| (III) Has the Company assessed the current and future potential risks and opportunities of climate change for the Company, and taken relevant countermeasures? | V                       |                 | (III) In recent years, global warming has caused a huge impact on climate change. Abnormal weather has caused frequent floods and droughts in various places. Economic losses are difficult to calculate. In severe cases, business operations will be affected. The scope of environmental protection and management has expanded from traditional pollution control to climate change (TCFD) impact reduction, conservation and sustainable development, in order to respond to the global trend of energy conservation and carbon reduction, Taiwan Styrene Monomer Corporation has started to implement various energy conservation measures. In recent years, in line with the government’s greenhouse gas reduction policy, it has promoted effective energy conservation and carbon reduction solutions through process improvement and energy demand management, while also moving towards carbon reduction targets.<br>The Company implements ISO 14064-1 Greenhouse Gas Inventory and Climate Change Financial Disclosure, and through risk management thinking, rolls back the impact of climate change risks and opportunities on The Company. After identification, the potential risks and opportunities of climate change are as follows:<br>1. Transformation Risk – Policy and Regulatory Risk<br>The Company is an enterprise regulated by the “Renewable Energy Development Act,” and 10% of the contracted capacity should be replaced by renewable energy every year. In response to the development of renewable energy, we have started to build solar panels in Kaohsiung Plant in 2022 for self-use of energy in the factory, and increase renewable energy. The proportion of use, and | No major differences.                                                                                       |         |                 |                                    |      |            |                                           |      |            |                                                                          |      |            |                                                                  |      |            |                                                                      |      |       |                                                                                                                                    |  |  |                       |

| Project Promoted                                                                                                                                                                                                                   | Implementation (Note 1)                        |                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Differences and Reasons With The Code Of Practice For Sustainable Development Of TWSE/TPEx-Listed Companies |  |  |         |                                                |                   |                       |
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|                                                                                                                                                                                                                                    | Yes                                            | No                | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                             |  |  |         |                                                |                   |                       |
| (IV) Has the Company inventoried greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulated policies for greenhouse gas reduction, water use reduction or other waste management? | V                                              | (IV)              | <p>the installation of renewable energy power generation equipment will be completed by the end of 2023, and the installed capacity will be 720kW. The possible impact on finance is the increase of fixed assets (solar equipment), the increase of intangible assets (corporate reputation), and the reduction of operating costs (cost of electricity), but the impact on the overall operation will not be too big.</p> <p>2. Physical Risk – Immediate<br/>Due to the increase in extreme weather events, the frequency of typhoons and rainstorms has increased, which may cause flooding in the Kaohsiung plant area, affecting the operation of the plant area. After evaluation, it may cause financial losses to the Kaohsiung plant. The Kaohsiung plant has completed the installation of waterproof gates, so it has an impact on overall operations. The degree does not have much impact.</p> <p>3. Resource Efficiency Opportunities<br/>In addition to cooperating with the government’s water conservation policy, The Company has carried out water recycling system planning, and established a wastewater treatment and recycling system to reduce the dependence on raw water resources and reduce wastewater discharge, which may cause a slight increase in operating costs to finance, but it will not have much impact on the overall operational impact.</p> <p>4. Energy Source Opportunities<br/>Due to the high proportion of energy costs in The Company’s manufacturing process, The Company actively develops renewable energy. It has started to build solar panels at the Kaohsiung plant in 2022, and will complete the installation of renewable energy power generation equipment by the end of 2022, with an obligatory installation of 720kW. It can reduce energy costs, and has the opportunity of energy sources. The possible impact on finance is the increase of fixed assets (solar equipment), the increase of intangible assets (corporate reputation), and the reduction of operating costs (cost of electricity), but the impact on the overall operation will not be affected constitute too much influence.</p> <p>1.Our company,The Taiwan Styrene Monomer Corporation in accordance with the management measures for the inventory and registration of greenhouse gas emissions announced by the Environmental Protection Agency, and the international standard for greenhouse gases ISO 14064, conducts the inventory and registration of the emission of the whole plant, and is verified by an impartial third-party verification unit: Bureau Veritas Certification Taiwan. Veritas will conduct verification, and upload the emission inventory and report, verification statement and summary report to the National Greenhouse Gas Platform.</p> <p>(1) According to the management measures for the inventory and registration of greenhouse gas emissions, the Company must complete the emission inventory and registration of the entire plant in the previous year every year and upload the emission inventory and report, verification statement and summary report, as well as the data of 2021 annual greenhouse gas inventory. The verification by a third-party notary has been expected to be verified on August 31, 2022 of this annual report.</p> <table><tr><th colspan="3">Taiwan Styrene Monomer Corporation Kaohsiung Plant<br/>Category 1 -(Seven Greenhouse Gas Emissions)</th></tr><tr><th>Project</th><th>Emission equivalent<br/>(metric tons CO2e/year)</th><th>Proportion<br/>(%)</th></tr></table> | Taiwan Styrene Monomer Corporation Kaohsiung Plant<br>Category 1 -(Seven Greenhouse Gas Emissions)          |  |  | Project | Emission equivalent<br>(metric tons CO2e/year) | Proportion<br>(%) | No major differences. |
| Taiwan Styrene Monomer Corporation Kaohsiung Plant<br>Category 1 -(Seven Greenhouse Gas Emissions)                                                                                                                                 |                                                |                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                             |  |  |         |                                                |                   |                       |
| Project                                                                                                                                                                                                                            | Emission equivalent<br>(metric tons CO2e/year) | Proportion<br>(%) |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                             |  |  |         |                                                |                   |                       |

| Project Promoted                                                                    | Implementation (Note 1) |                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Differences and Reasons With The Code Of Practice For Sustainable Development Of TWSE/TPEX-Listed Companies |            |        |                 |       |       |                  |          |       |      |       |       |      |   |    |                 |   |    |                 |   |    |       |            |      |                                                                                     |  |  |  |         |      |      |      |                     |                     |                     |                                          |            |            |            |                                          |           |           |           |                                      |            |            |            |                                                  |            |            |            |                            |            |            |            |                                                     |       |       |       |  |
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|                                                                                     | Yes                     | No                  | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                             |            |        |                 |       |       |                  |          |       |      |       |       |      |   |    |                 |   |    |                 |   |    |       |            |      |                                                                                     |  |  |  |         |      |      |      |                     |                     |                     |                                          |            |            |            |                                          |           |           |           |                                      |            |            |            |                                                  |            |            |            |                            |            |            |            |                                                     |       |       |       |  |
|                                                                                     |                         |                     | <table><tr><td>CO2</td><td>325,970.32</td><td>99.61%</td></tr><tr><td>CH<sub>4</sub></td><td>95.18</td><td>0.03%</td></tr><tr><td>N<sub>2</sub>O</td><td>1,161.37</td><td>0.35%</td></tr><tr><td>HFCs</td><td>23.32</td><td>0.01%</td></tr><tr><td>PFCs</td><td>0</td><td>0%</td></tr><tr><td>SF<sub>6</sub></td><td>0</td><td>0%</td></tr><tr><td>NF<sub>3</sub></td><td>0</td><td>0%</td></tr><tr><td>total</td><td>327,250.19</td><td>100%</td></tr></table> <p>Greenhouse gas emissions from the Kaohsiung Plant can be divided into direct emissions (Scope 1) and indirect emissions from purchased electricity (Scope 2). For other indirect greenhouse gas emissions, the main source of emissions is owned or controlled by other companies. There is considerable difficulty and a high degree of inaccuracy, such as: commuting/business travel of employees, transportation of products/materials/waste, vehicles of subcontractors and suppliers, emissions from reporting the Company's waste (such as biogas discharged from landfills), other organizational services, etc., the occurrence point of these greenhouse gas emissions is owned or controlled by other companies, so the factory will take into account the current international situation, in compliance with the requirements of ISO 14064-1, will not be quantified (Scope 3 is not covered in this report).</p> <p>The total direct greenhouse gas emissions from the Kaohsiung Plant in 2021 was 327,250.19 metric tons of CO2e, accounting for 90.61% of the total plant emissions. The main greenhouse gas produced was CO2 (99.61% of the emissions in Scope 1); the total emission is 33,901.95 metric tons of CO2e, accounting for about 9.39% of the total emission of the whole plant. The emission source comes from the electricity purchased from Taiwan Electric Power Corporation.</p> <table><tr><th colspan="4">Greenhouse gas emission statistics of the Company's Kaohsiung plant in recent years</th></tr><tr><th rowspan="2">Project</th><th>2019</th><th>2020</th><th>2021</th></tr><tr><th>Emission equivalent</th><th>Emission equivalent</th><th>Emission equivalent</th></tr><tr><td>Scope 1 GHG emissions (metric tons CO2e)</td><td>351,473.99</td><td>329,582.83</td><td>327,250.19</td></tr><tr><td>Scope 2 GHG emissions (metric tons CO2e)</td><td>34,951.26</td><td>32,939.22</td><td>33,901.95</td></tr><tr><td>Scope 1 + Scope 2 (metric tons CO2e)</td><td>386,425.26</td><td>362,522.05</td><td>361,152.13</td></tr><tr><td>Scope 1 + Scope 2 after deducting out-sale steam</td><td>344,698.06</td><td>328,201.33</td><td>335,187.76</td></tr><tr><td>Annual output of SM (tons)</td><td>357,718.87</td><td>341,549.84</td><td>346,177.96</td></tr><tr><td>Greenhouse gas emission intensity (ton CO2e/ton SM)</td><td>0.964</td><td>0.961</td><td>0.968</td></tr></table> <p>a. Scope 1 refers to emission sources directly owned or controlled by the Company, including stationary combustion sources, process emissions, mobile combustion sources in transportation and fugitive emission sources.</p> | CO2                                                                                                         | 325,970.32 | 99.61% | CH <sub>4</sub> | 95.18 | 0.03% | N <sub>2</sub> O | 1,161.37 | 0.35% | HFCs | 23.32 | 0.01% | PFCs | 0 | 0% | SF <sub>6</sub> | 0 | 0% | NF <sub>3</sub> | 0 | 0% | total | 327,250.19 | 100% | Greenhouse gas emission statistics of the Company's Kaohsiung plant in recent years |  |  |  | Project | 2019 | 2020 | 2021 | Emission equivalent | Emission equivalent | Emission equivalent | Scope 1 GHG emissions (metric tons CO2e) | 351,473.99 | 329,582.83 | 327,250.19 | Scope 2 GHG emissions (metric tons CO2e) | 34,951.26 | 32,939.22 | 33,901.95 | Scope 1 + Scope 2 (metric tons CO2e) | 386,425.26 | 362,522.05 | 361,152.13 | Scope 1 + Scope 2 after deducting out-sale steam | 344,698.06 | 328,201.33 | 335,187.76 | Annual output of SM (tons) | 357,718.87 | 341,549.84 | 346,177.96 | Greenhouse gas emission intensity (ton CO2e/ton SM) | 0.964 | 0.961 | 0.968 |  |
| CO2                                                                                 | 325,970.32              | 99.61%              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                             |            |        |                 |       |       |                  |          |       |      |       |       |      |   |    |                 |   |    |                 |   |    |       |            |      |                                                                                     |  |  |  |         |      |      |      |                     |                     |                     |                                          |            |            |            |                                          |           |           |           |                                      |            |            |            |                                                  |            |            |            |                            |            |            |            |                                                     |       |       |       |  |
| CH <sub>4</sub>                                                                     | 95.18                   | 0.03%               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                             |            |        |                 |       |       |                  |          |       |      |       |       |      |   |    |                 |   |    |                 |   |    |       |            |      |                                                                                     |  |  |  |         |      |      |      |                     |                     |                     |                                          |            |            |            |                                          |           |           |           |                                      |            |            |            |                                                  |            |            |            |                            |            |            |            |                                                     |       |       |       |  |
| N <sub>2</sub> O                                                                    | 1,161.37                | 0.35%               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                             |            |        |                 |       |       |                  |          |       |      |       |       |      |   |    |                 |   |    |                 |   |    |       |            |      |                                                                                     |  |  |  |         |      |      |      |                     |                     |                     |                                          |            |            |            |                                          |           |           |           |                                      |            |            |            |                                                  |            |            |            |                            |            |            |            |                                                     |       |       |       |  |
| HFCs                                                                                | 23.32                   | 0.01%               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                             |            |        |                 |       |       |                  |          |       |      |       |       |      |   |    |                 |   |    |                 |   |    |       |            |      |                                                                                     |  |  |  |         |      |      |      |                     |                     |                     |                                          |            |            |            |                                          |           |           |           |                                      |            |            |            |                                                  |            |            |            |                            |            |            |            |                                                     |       |       |       |  |
| PFCs                                                                                | 0                       | 0%                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                             |            |        |                 |       |       |                  |          |       |      |       |       |      |   |    |                 |   |    |                 |   |    |       |            |      |                                                                                     |  |  |  |         |      |      |      |                     |                     |                     |                                          |            |            |            |                                          |           |           |           |                                      |            |            |            |                                                  |            |            |            |                            |            |            |            |                                                     |       |       |       |  |
| SF <sub>6</sub>                                                                     | 0                       | 0%                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                             |            |        |                 |       |       |                  |          |       |      |       |       |      |   |    |                 |   |    |                 |   |    |       |            |      |                                                                                     |  |  |  |         |      |      |      |                     |                     |                     |                                          |            |            |            |                                          |           |           |           |                                      |            |            |            |                                                  |            |            |            |                            |            |            |            |                                                     |       |       |       |  |
| NF <sub>3</sub>                                                                     | 0                       | 0%                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                             |            |        |                 |       |       |                  |          |       |      |       |       |      |   |    |                 |   |    |                 |   |    |       |            |      |                                                                                     |  |  |  |         |      |      |      |                     |                     |                     |                                          |            |            |            |                                          |           |           |           |                                      |            |            |            |                                                  |            |            |            |                            |            |            |            |                                                     |       |       |       |  |
| total                                                                               | 327,250.19              | 100%                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                             |            |        |                 |       |       |                  |          |       |      |       |       |      |   |    |                 |   |    |                 |   |    |       |            |      |                                                                                     |  |  |  |         |      |      |      |                     |                     |                     |                                          |            |            |            |                                          |           |           |           |                                      |            |            |            |                                                  |            |            |            |                            |            |            |            |                                                     |       |       |       |  |
| Greenhouse gas emission statistics of the Company's Kaohsiung plant in recent years |                         |                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                             |            |        |                 |       |       |                  |          |       |      |       |       |      |   |    |                 |   |    |                 |   |    |       |            |      |                                                                                     |  |  |  |         |      |      |      |                     |                     |                     |                                          |            |            |            |                                          |           |           |           |                                      |            |            |            |                                                  |            |            |            |                            |            |            |            |                                                     |       |       |       |  |
| Project                                                                             | 2019                    | 2020                | 2021                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                             |            |        |                 |       |       |                  |          |       |      |       |       |      |   |    |                 |   |    |                 |   |    |       |            |      |                                                                                     |  |  |  |         |      |      |      |                     |                     |                     |                                          |            |            |            |                                          |           |           |           |                                      |            |            |            |                                                  |            |            |            |                            |            |            |            |                                                     |       |       |       |  |
|                                                                                     | Emission equivalent     | Emission equivalent | Emission equivalent                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                             |            |        |                 |       |       |                  |          |       |      |       |       |      |   |    |                 |   |    |                 |   |    |       |            |      |                                                                                     |  |  |  |         |      |      |      |                     |                     |                     |                                          |            |            |            |                                          |           |           |           |                                      |            |            |            |                                                  |            |            |            |                            |            |            |            |                                                     |       |       |       |  |
| Scope 1 GHG emissions (metric tons CO2e)                                            | 351,473.99              | 329,582.83          | 327,250.19                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                             |            |        |                 |       |       |                  |          |       |      |       |       |      |   |    |                 |   |    |                 |   |    |       |            |      |                                                                                     |  |  |  |         |      |      |      |                     |                     |                     |                                          |            |            |            |                                          |           |           |           |                                      |            |            |            |                                                  |            |            |            |                            |            |            |            |                                                     |       |       |       |  |
| Scope 2 GHG emissions (metric tons CO2e)                                            | 34,951.26               | 32,939.22           | 33,901.95                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                             |            |        |                 |       |       |                  |          |       |      |       |       |      |   |    |                 |   |    |                 |   |    |       |            |      |                                                                                     |  |  |  |         |      |      |      |                     |                     |                     |                                          |            |            |            |                                          |           |           |           |                                      |            |            |            |                                                  |            |            |            |                            |            |            |            |                                                     |       |       |       |  |
| Scope 1 + Scope 2 (metric tons CO2e)                                                | 386,425.26              | 362,522.05          | 361,152.13                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                             |            |        |                 |       |       |                  |          |       |      |       |       |      |   |    |                 |   |    |                 |   |    |       |            |      |                                                                                     |  |  |  |         |      |      |      |                     |                     |                     |                                          |            |            |            |                                          |           |           |           |                                      |            |            |            |                                                  |            |            |            |                            |            |            |            |                                                     |       |       |       |  |
| Scope 1 + Scope 2 after deducting out-sale steam                                    | 344,698.06              | 328,201.33          | 335,187.76                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                             |            |        |                 |       |       |                  |          |       |      |       |       |      |   |    |                 |   |    |                 |   |    |       |            |      |                                                                                     |  |  |  |         |      |      |      |                     |                     |                     |                                          |            |            |            |                                          |           |           |           |                                      |            |            |            |                                                  |            |            |            |                            |            |            |            |                                                     |       |       |       |  |
| Annual output of SM (tons)                                                          | 357,718.87              | 341,549.84          | 346,177.96                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                             |            |        |                 |       |       |                  |          |       |      |       |       |      |   |    |                 |   |    |                 |   |    |       |            |      |                                                                                     |  |  |  |         |      |      |      |                     |                     |                     |                                          |            |            |            |                                          |           |           |           |                                      |            |            |            |                                                  |            |            |            |                            |            |            |            |                                                     |       |       |       |  |
| Greenhouse gas emission intensity (ton CO2e/ton SM)                                 | 0.964                   | 0.961               | 0.968                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                             |            |        |                 |       |       |                  |          |       |      |       |       |      |   |    |                 |   |    |                 |   |    |       |            |      |                                                                                     |  |  |  |         |      |      |      |                     |                     |                     |                                          |            |            |            |                                          |           |           |           |                                      |            |            |            |                                                  |            |            |            |                            |            |            |            |                                                     |       |       |       |  |

| Project Promoted                                                                                      | Implementation (Note 1) |            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Differences and Reasons With The Code Of Practice For Sustainable Development Of TWSE/TPEx-Listed Companies |  |  |  |         |      |      |      |              |          |       |       |              |        |        |        |                   |          |          |          |                |        |        |        |                  |          |          |          |                           |            |            |         |                             |        |        |        |                        |         |         |         |                                                                   |         |         |         |  |
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|                                                                                                       | Yes                     | No         | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                             |  |  |  |         |      |      |      |              |          |       |       |              |        |        |        |                   |          |          |          |                |        |        |        |                  |          |          |          |                           |            |            |         |                             |        |        |        |                        |         |         |         |                                                                   |         |         |         |  |
|                                                                                                       |                         |            | <p>b. Scope 2 refers to indirect energy emissions such as purchased steam and electricity. The power coefficient in 2019 was 0.509kg CO2e/kWh; the power coefficient in 2020 was 0.502kg CO2e/kWh; the power coefficient in 2021 was 0.502kg CO2e/kWh in 2020.</p> <p>c. The GHG emissions of the GHG emission intensity are the GHG emissions after deducting the externally sold steam.</p> <p>d. The Company’s greenhouse gas emission calculation mainly adopts the “emission coefficient method.” When the emission coefficient cannot be directly used for calculation, the “mass balance method” is used instead, and then the EPA greenhouse gas emission coefficient management table version 6.0.4 (2019.6) published GWP value for greenhouse gas emission calculation. Among them, the GWP value mainly adopts the value of the IPCC 2007 Fourth Assessment Report, and the quantitative formula is: Greenhouse gas emissions (CO2e) = reported activity data (use amount) with emission coefficient × emission coefficient value).</p> <p>e. The 2021 warm gas emissions are estimated by the factory itself, and the verification by a third-party notary is expected to be completed in early August 2022.</p> <p>f. The source of fuel activity data for stationary source equipment is the use of direct measurements.</p> <p>(2) In 2021, the water intake of Kaohsiung Plant was 1,428 million liters, and the water recycling volume of the process 102,632 liters, water recovery rate of 98.75%. Water intensity 0.00377 million liters/metric ton – SM production, a decrease of 5.51% compared to 2020.</p> <table><tr><th colspan="4">Water consumption statistics of the Company’s Kaohsiung plant in recent years<br/>Unit: million liters</th></tr><tr><th>Project</th><th>2019</th><th>2020</th><th>2021</th></tr><tr><td>Water intake</td><td>1,539.81</td><td>1,483</td><td>1,428</td></tr><tr><td>Displacement</td><td>193.06</td><td>153.12</td><td>227.23</td></tr><tr><td>Water consumption</td><td>1,346.75</td><td>1,329.98</td><td>1,200.36</td></tr><tr><td>Steam for sale</td><td>161.08</td><td>121.60</td><td>123.55</td></tr><tr><td>Evaporation loss</td><td>1,185.67</td><td>1,208.87</td><td>1,076.81</td></tr><tr><td>Process water circulation</td><td>106,053.13</td><td>101,259.48</td><td>102,632</td></tr><tr><td>Process water recovery rate</td><td>98.72%</td><td>98.67%</td><td>98.75%</td></tr><tr><td>SM annual output (ton)</td><td>357,719</td><td>341,550</td><td>346,178</td></tr><tr><td>Water consumption per unit product (million liters/metric ton SM)</td><td>0.00385</td><td>0.00399</td><td>0.00377</td></tr></table> <p>Remark:</p> <p>1. The source of new water is the Fengshan Reservoir.</p> <p>2. The usage of raw water and purchased steam is the information provided by the monthly accounting report, and the data source is obtained from the measurement and statistics of the in-plant flowmeter.</p> <p>3. The water intake and steam sales are the data provided by the monthly accounting report, and the data source is obtained from the measurement and statistics of the in-plant flowmeter.</p> <p>4. The source of water discharge data is industrial center wastewater bills.</p> <p>5. Water consumption = water intake - water discharge.</p> <p>6. Evaporation loss = water intake - water discharge - external steam.</p> <p>7. The circulation volume of process water is calculated based on the circulation volume of steam and cooling water used in the process design, and is adjusted and corrected according to the actual refining volume in each year.</p> <p>8. Process water recovery rate = process water circulation volume / (water intake - externally sold steam + process water circulation volume).</p> <p>9. Water consumption per unit product = (water intake - external steam) / SM output.</p> <p>(3) The waste produced by the Company’s Kaohsiung Plant is general industrial waste and no hazardous industrial waste. The treatment</p> | Water consumption statistics of the Company’s Kaohsiung plant in recent years<br>Unit: million liters       |  |  |  | Project | 2019 | 2020 | 2021 | Water intake | 1,539.81 | 1,483 | 1,428 | Displacement | 193.06 | 153.12 | 227.23 | Water consumption | 1,346.75 | 1,329.98 | 1,200.36 | Steam for sale | 161.08 | 121.60 | 123.55 | Evaporation loss | 1,185.67 | 1,208.87 | 1,076.81 | Process water circulation | 106,053.13 | 101,259.48 | 102,632 | Process water recovery rate | 98.72% | 98.67% | 98.75% | SM annual output (ton) | 357,719 | 341,550 | 346,178 | Water consumption per unit product (million liters/metric ton SM) | 0.00385 | 0.00399 | 0.00377 |  |
| Water consumption statistics of the Company’s Kaohsiung plant in recent years<br>Unit: million liters |                         |            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                             |  |  |  |         |      |      |      |              |          |       |       |              |        |        |        |                   |          |          |          |                |        |        |        |                  |          |          |          |                           |            |            |         |                             |        |        |        |                        |         |         |         |                                                                   |         |         |         |  |
| Project                                                                                               | 2019                    | 2020       | 2021                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                             |  |  |  |         |      |      |      |              |          |       |       |              |        |        |        |                   |          |          |          |                |        |        |        |                  |          |          |          |                           |            |            |         |                             |        |        |        |                        |         |         |         |                                                                   |         |         |         |  |
| Water intake                                                                                          | 1,539.81                | 1,483      | 1,428                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                             |  |  |  |         |      |      |      |              |          |       |       |              |        |        |        |                   |          |          |          |                |        |        |        |                  |          |          |          |                           |            |            |         |                             |        |        |        |                        |         |         |         |                                                                   |         |         |         |  |
| Displacement                                                                                          | 193.06                  | 153.12     | 227.23                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                             |  |  |  |         |      |      |      |              |          |       |       |              |        |        |        |                   |          |          |          |                |        |        |        |                  |          |          |          |                           |            |            |         |                             |        |        |        |                        |         |         |         |                                                                   |         |         |         |  |
| Water consumption                                                                                     | 1,346.75                | 1,329.98   | 1,200.36                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                             |  |  |  |         |      |      |      |              |          |       |       |              |        |        |        |                   |          |          |          |                |        |        |        |                  |          |          |          |                           |            |            |         |                             |        |        |        |                        |         |         |         |                                                                   |         |         |         |  |
| Steam for sale                                                                                        | 161.08                  | 121.60     | 123.55                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                             |  |  |  |         |      |      |      |              |          |       |       |              |        |        |        |                   |          |          |          |                |        |        |        |                  |          |          |          |                           |            |            |         |                             |        |        |        |                        |         |         |         |                                                                   |         |         |         |  |
| Evaporation loss                                                                                      | 1,185.67                | 1,208.87   | 1,076.81                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                             |  |  |  |         |      |      |      |              |          |       |       |              |        |        |        |                   |          |          |          |                |        |        |        |                  |          |          |          |                           |            |            |         |                             |        |        |        |                        |         |         |         |                                                                   |         |         |         |  |
| Process water circulation                                                                             | 106,053.13              | 101,259.48 | 102,632                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                             |  |  |  |         |      |      |      |              |          |       |       |              |        |        |        |                   |          |          |          |                |        |        |        |                  |          |          |          |                           |            |            |         |                             |        |        |        |                        |         |         |         |                                                                   |         |         |         |  |
| Process water recovery rate                                                                           | 98.72%                  | 98.67%     | 98.75%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                             |  |  |  |         |      |      |      |              |          |       |       |              |        |        |        |                   |          |          |          |                |        |        |        |                  |          |          |          |                           |            |            |         |                             |        |        |        |                        |         |         |         |                                                                   |         |         |         |  |
| SM annual output (ton)                                                                                | 357,719                 | 341,550    | 346,178                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                             |  |  |  |         |      |      |      |              |          |       |       |              |        |        |        |                   |          |          |          |                |        |        |        |                  |          |          |          |                           |            |            |         |                             |        |        |        |                        |         |         |         |                                                                   |         |         |         |  |
| Water consumption per unit product (million liters/metric ton SM)                                     | 0.00385                 | 0.00399    | 0.00377                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                             |  |  |  |         |      |      |      |              |          |       |       |              |        |        |        |                   |          |          |          |                |        |        |        |                  |          |          |          |                           |            |            |         |                             |        |        |        |                        |         |         |         |                                                                   |         |         |         |  |

| Project Promoted                                                                     | Implementation (Note 1)                                                                                                                              |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Differences and Reasons With The Code Of Practice For Sustainable Development Of TWSE/TPEx-Listed Companies |  |  |  |  |         |                  |  |                  |  |        |               |        |               |                 |   |   |       |                                          |                |   |   |        |        |        |   |   |       |        |         |   |   |           |           |            |   |   |          |           |                                  |          |           |   |   |       |          |  |           |  |                         |                       |                                                                        |                                                                                                                   |                |                                                                                                         |              |                                                                                                                  |        |                                                                              |                |                                                                                                    |       |                               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|                                                                                      | Yes                                                                                                                                                  | No            | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  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                  |                     |                                                                                                                                                      |                  |                                                                                      |  |
|                                                                                      |                                                                                                                                                      |               | <p>methods include recycling, incineration and landfill. The waste in the factory is collected, stored and disposed of according to the provisions of the industrial waste storage, removal and treatment methods and facility standards. All the waste is entrusted to qualified cleaning companies for treatment. At the same time, it is included in the factory's "Environmental Protection Management Procedures" (KE-80-04 ) and shall be implemented in accordance with the Waste Disposal Law and the relevant subsidiary regulations. The total weight of waste generated in 2021 was 16,670.68 tons, of which the total amount of waste transferred during disposal 14,363,34 tons, the total amount of directly disposed waste is 2,307.34 tons, and the waste recycling rate is 13.8%.</p> <table><tr><th colspan="5">2021 waste disposal statistics of the Company's Kaohsiung plant<br/>Unit: metric tons</th></tr><tr><th rowspan="2">Project</th><th colspan="2">On-site disposal</th><th colspan="2">Offsite disposal</th></tr><tr><th>Weight</th><th>How to handle</th><th>Weight</th><th>How to handle</th></tr><tr><td>General garbage</td><td>-</td><td>-</td><td>52.49</td><td>Incineration (excluding energy recovery)</td></tr><tr><td>Waste catalyst</td><td>-</td><td>-</td><td>371.94</td><td>Buried</td></tr><tr><td>Sludge</td><td>-</td><td>-</td><td>15.62</td><td>Buried</td></tr><tr><td>Fly ash</td><td>-</td><td>-</td><td>11,544.47</td><td>Recycling</td></tr><tr><td>Bottom ash</td><td>-</td><td>-</td><td>2,378.82</td><td>Recycling</td></tr><tr><td>Defective product heavy industry</td><td>2,307.34</td><td>Recycling</td><td>-</td><td>-</td></tr><tr><td>Total</td><td colspan="2">2,307.34</td><td colspan="2">14,363.34</td></tr></table> <p>2.On June 15, 2015, the Legislative Yuan passed the "Greenhouse Gas Reduction and Management Act," which came into force on July 1 of the same year. According to the "Greenhouse Gas Reduction and Management Act," the national long-term reduction target for greenhouse gases is to reduce greenhouse gas emissions in 2050 to less than 50% of the emissions in 2005. (Because production and sales vary with market conditions, the base year data has no reference significance)</p> <table><tr><th>Sustainable performance</th><th>Performance statement</th></tr><tr><td>Energy saving 252,056GJ<br/>Reduction of 26,626 metric tons of CO2/year</td><td>In 2021, the total energy saving was 252,056GJ, and the greenhouse gas reduction was 26,626 metric tons CO2/year.</td></tr><tr><td>100% compliant</td><td>The key management objectives of each energy consumption are set in line with the Company's objectives.</td></tr><tr><td>None happens</td><td>The Kaohsiung Plant of Taiwan Styrene Monomer Corporation has not affected the water source due to water intake.</td></tr><tr><td>98.75%</td><td>In 2021, the water recovery rate of the Kaohsiung plant's process was 98.75%</td></tr><tr><td>5.51% decrease</td><td>2021 water intensity of 0.00377 million liters/metric ton – sm production, 5.51% less than in 2020</td></tr><tr><td>13.8%</td><td>In 2021, the recycling rate of waste was 13.8%.</td></tr><tr><td>No excess emissions</td><td>In 2021, the pollutant emission concentration is in line with the commitment value of the factory, and there is no discharge exceeding the standard.</td></tr><tr><td>114,812 thousand</td><td>The total amount of environmental protection expenditure in 2021 is 114,812 thousand</td></tr></table> | 2021 waste disposal statistics of the Company's Kaohsiung plant<br>Unit: metric tons                        |  |  |  |  | Project | On-site disposal |  | Offsite disposal |  | Weight | How to handle | Weight | How to handle | General garbage | - | - | 52.49 | Incineration (excluding energy recovery) | Waste catalyst | - | - | 371.94 | Buried | Sludge | - | - | 15.62 | Buried | Fly ash | - | - | 11,544.47 | Recycling | Bottom ash | - | - | 2,378.82 | Recycling | Defective product heavy industry | 2,307.34 | Recycling | - | - | Total | 2,307.34 |  | 14,363.34 |  | Sustainable performance | Performance statement | Energy saving 252,056GJ<br>Reduction of 26,626 metric tons of CO2/year | In 2021, the total energy saving was 252,056GJ, and the greenhouse gas reduction was 26,626 metric tons CO2/year. | 100% compliant | The key management objectives of each energy consumption are set in line with the Company's objectives. | None happens | The Kaohsiung Plant of Taiwan Styrene Monomer Corporation has not affected the water source due to water intake. | 98.75% | In 2021, the water recovery rate of the Kaohsiung plant's process was 98.75% | 5.51% decrease | 2021 water intensity of 0.00377 million liters/metric ton – sm production, 5.51% less than in 2020 | 13.8% | In 2021, the recycling rate of waste was 13.8%. | No excess emissions | In 2021, the pollutant emission concentration is in line with the commitment value of the factory, and there is no discharge exceeding the standard. | 114,812 thousand | The total amount of environmental protection expenditure in 2021 is 114,812 thousand |  |
| 2021 waste disposal statistics of the Company's Kaohsiung plant<br>Unit: metric tons |                                                                                                                                                      |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          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                  |                     |                                                                                                                                                      |                  |                                                                                      |  |
| Project                                                                              | On-site disposal                                                                                                                                     |               | Offsite disposal                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         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|                                                                                      | Weight                                                                                                                                               | How to handle | Weight                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   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                  |                     |                                                                                                                                                      |                  |                                                                                      |  |
| General garbage                                                                      | -                                                                                                                                                    | -             | 52.49                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Incineration (excluding energy recovery)                                                                    |  |  |  |  |         |                  |  |                  |  |        |               |        |               |                 |   |   |       |                                          |                |   |   |        |        |        |   |   |       |        |         |   |   |           |           |            |   |   |          |           |                                  |          |           |   |   |       |          |  |           |  |                         |                       |                                                                        |                                                                                                                   |                |                                                                                                         |              |                                                                                                                  |        |                                                                              |                |                                                                                                    |       |                                                 |                     |                                                                                                                                                      |                  |                                                                                      |  |
| Waste catalyst                                                                       | -                                                                                                                                                    | -             | 371.94                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   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                  |                     |                                                                                                                                                      |                  |                                                                                      |  |
| Sludge                                                                               | -                                                                                                                                                    | -             | 15.62                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    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                  |                     |                                                                                                                                                      |                  |                                                                                      |  |
| Fly ash                                                                              | -                                                                                                                                                    | -             | 11,544.47                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                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              |   |   |        |        |        |   |   |       |        |         |   |   |           |           |            |   |   |          |           |                                  |          |           |   |   |       |          |  |           |  |                         |                       |                                                                        |                                                                                                                   |                |                                                                                                         |              |                                                                                                                  |        |                                                                              |                |                                                                                                    |       |                                                 |                     |                                                                                                                                                      |                  |                                                                                      |  |
| Bottom ash                                                                           | -                                                                                                                                                    | -             | 2,378.82                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 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                  |                     |                                                                                                                                                      |                  |                                                                                      |  |
| Defective product heavy industry                                                     | 2,307.34                                                                                                                                             | Recycling     | -                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | - 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| Total                                                                                | 2,307.34                                                                                                                                             |               | 14,363.34                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                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                  |                     |                                                                                                                                                      |                  |                                                                                      |  |
| Sustainable performance                                                              | Performance statement                                                                                                                                |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          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                  |                     |                                                                                                                                                      |                  |                                                                                      |  |
| Energy saving 252,056GJ<br>Reduction of 26,626 metric tons of CO2/year               | In 2021, the total energy saving was 252,056GJ, and the greenhouse gas reduction was 26,626 metric tons CO2/year.                                    |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          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                  |                     |                                                                                                                                                      |                  |                                                                                      |  |
| 100% compliant                                                                       | The key management objectives of each energy consumption are set in line with the Company's objectives.                                              |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          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                  |                     |                                                                                                                                                      |                  |                                                                                      |  |
| None happens                                                                         | The Kaohsiung Plant of Taiwan Styrene Monomer Corporation has not affected the water source due to water intake.                                     |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          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                  |                     |                                                                                                                                                      |                  |                                                                                      |  |
| 98.75%                                                                               | In 2021, the water recovery rate of the Kaohsiung plant's process was 98.75%                                                                         |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          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                  |                     |                                                                                                                                                      |                  |                                                                                      |  |
| 5.51% decrease                                                                       | 2021 water intensity of 0.00377 million liters/metric ton – sm production, 5.51% less than in 2020                                                   |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          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              |   |   |        |        |        |   |   |       |        |         |   |   |           |           |            |   |   |          |           |                                  |          |           |   |   |       |          |  |           |  |                         |                       |                                                                        |                                                                                                                   |                |                                                                                                         |              |                                                                                                                  |        |                                                                              |                |                                                                                                    |       |                                                 |                     |                                                                                                                                                      |                  |                                                                                      |  |
| 13.8%                                                                                | In 2021, the recycling rate of waste was 13.8%.                                                                                                      |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          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                  |                     |                                                                                                                                                      |                  |                                                                                      |  |
| No excess emissions                                                                  | In 2021, the pollutant emission concentration is in line with the commitment value of the factory, and there is no discharge exceeding the standard. |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          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                  |                     |                                                                                                                                                      |                  |                                                                                      |  |
| 114,812 thousand                                                                     | The total amount of environmental protection expenditure in 2021 is 114,812 thousand                                                                 |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          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| Project Promoted                                                                                                                                                             | Implementation (Note 1)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Differences and Reasons With The Code Of Practice For Sustainable Development Of TWSE/TPEx-Listed Companies |  |  |        |          |                  |                                                                          |                                                                                                                                                                                                                                                                                                                                                   |               |                      |                                                                                                                                                                                                                    |               |                             |                                                                                                                                          |               |            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                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |               |                       |
| IV. Social issues<br>(I) Does the Company formulate relevant management policies and procedures in accordance with relevant laws and international human rights conventions? | V                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | (I)              | <p>Our companyIn order to fulfill its corporate social responsibilities and implement human rights protection, the Company abides by the laws and regulations of the locations where it operates, agrees with and supports the United Nations’ Universal Declaration of Human Rights, the Global Compact, and the International Labour Organization Convention. Violations and violations of human rights fully reflect the responsibility to respect and protect human rights, treat and respect all employees, contract workers, temporary staff and customers with dignity, and continue to enhance and improve the management of human rights-related issues.</p> <p>The Company attaches great importance to harmonious and good labor relations and smooth communication channels for employees. The Company has set up a complaint handling committee and an investigation team in accordance with the Gender Equality Act, and has formulated “Sexual Harassment Prevention and Management Operational Procedures,” as well as related measures and procedures for handling employee complaints. During the reporting period, no employee reported any incident of discrimination, sexual harassment or violation of labor rights.</p> <table><tr><th colspan="3">2021: Implementation Policy</th></tr><tr><th>Policy</th><th>Practice</th><th>Influence Object</th></tr><tr><td>Eliminate unlawful discrimination to reasonably secure job opportunities</td><td>The Company creates a good environment for the career development of employees, formulates personnel management rules and regulations, and evaluates performance and promotion based on job performance and development potential, sexual orientation, age, marriage, appearance, physical and mental disabilities, shall be treated differently.</td><td>All employees</td></tr><tr><td>Prohibit child labor</td><td>The Company has formulated work rules. In order to ensure compliance with corporate social responsibility and ethical standards, all recruited staff are adults over the age of 18, and child labor is prohibited.</td><td>All employees</td></tr><tr><td>Prohibition of forced labor</td><td>The Company has formulated work rules and shall not use any form of slavery or coercion to force employees to perform involuntary labor.</td><td>All employees</td></tr><tr><td>Provide a safe, hygienic and healthy working environment</td><td>In addition to the prevention and control of environmental pollution, as well as the maintenance of the working environment and the health of employees, operating procedures such as environmental safety and health management, emergency response and firefighting facility management are formulated in accordance with government regulations, and have passed ISO/CNS 45001 (occupational safety and health management system) certification to ensure the efficient operation of the system. Including the prevention of occupational disasters through hazard identification, risk management, occupational safety performance, health promotion plans, employee health management, and safety and health</td><td>All employees</td></tr></table> | 2021: Implementation Policy                                                                                 |  |  | Policy | Practice | Influence Object | Eliminate unlawful discrimination to reasonably secure job opportunities | The Company creates a good environment for the career development of employees, formulates personnel management rules and regulations, and evaluates performance and promotion based on job performance and development potential, sexual orientation, age, marriage, appearance, physical and mental disabilities, shall be treated differently. | All employees | Prohibit child labor | The Company has formulated work rules. In order to ensure compliance with corporate social responsibility and ethical standards, all recruited staff are adults over the age of 18, and child labor is prohibited. | All employees | Prohibition of forced labor | The Company has formulated work rules and shall not use any form of slavery or coercion to force employees to perform involuntary labor. | All employees | Provide a safe, hygienic and healthy working environment | In addition to the prevention and control of environmental pollution, as well as the maintenance of the working environment and the health of employees, operating procedures such as environmental safety and health management, emergency response and firefighting facility management are formulated in accordance with government regulations, and have passed ISO/CNS 45001 (occupational safety and health management system) certification to ensure the efficient operation of the system. Including the prevention of occupational disasters through hazard identification, risk management, occupational safety performance, health promotion plans, employee health management, and safety and health | All employees | No major differences. |
| 2021: Implementation Policy                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                  |                                                                                                                  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| Policy                                                                                                                                                                       | Practice                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Influence Object |                                                                                                                  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| Eliminate unlawful discrimination to reasonably secure job opportunities                                                                                                     | The Company creates a good environment for the career development of employees, formulates personnel management rules and regulations, and evaluates performance and promotion based on job performance and development potential, sexual orientation, age, marriage, appearance, physical and mental disabilities, shall be treated differently.                                                                                                                                                                                                                                                                                                                                                                 | All employees    |                                                                                                                  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| Prohibit child labor                                                                                                                                                         | The Company has formulated work rules. In order to ensure compliance with corporate social responsibility and ethical standards, all recruited staff are adults over the age of 18, and child labor is prohibited.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | All employees    |                                                                                                                                                                                                                                                                                                                                          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| Prohibition of forced labor                                                                                                                                                  | The Company has formulated work rules and shall not use any form of slavery or coercion to force employees to perform involuntary labor.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | All employees    |                                                                                                                  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| Provide a safe, hygienic and healthy working environment                                                                                                                     | In addition to the prevention and control of environmental pollution, as well as the maintenance of the working environment and the health of employees, operating procedures such as environmental safety and health management, emergency response and firefighting facility management are formulated in accordance with government regulations, and have passed ISO/CNS 45001 (occupational safety and health management system) certification to ensure the efficient operation of the system. Including the prevention of occupational disasters through hazard identification, risk management, occupational safety performance, health promotion plans, employee health management, and safety and health | All employees    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       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|                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |               | <table><tr><td></td><td>education and training to achieve a healthy workplace. The Taipei head office conducts employee health checks every year and a half, and the Kaohsiung Plant conducts employee health checks every year.</td><td></td></tr><tr><td>Support union operations</td><td>The Company has established an industrial union and signed a group agreement, which is an independent labor organization to ensure employees' rights of association and negotiation. Regular labor-management meetings are held, and any issues related to labor-management relations are fully communicated through agreement between labor and management, so there are no disputes.</td><td>All employees</td></tr><tr><td>Regularly review and evaluate relevant systems and actions</td><td>The administration office of the head office and the factory administration team review the Company's "work rules" and "promotion and transfer measures" and other human rights-related rules and regulations every year.</td><td>All employees</td></tr><tr><td>Anti-Corruption, Prohibition of Bribery and Bribery</td><td>In order to strengthen the ethical standards of behavior of the Company's internal staff and implement honest management, we have established "Code of Ethics," "Work Rules" and "Code of Integrity Management" within the Company. The contents include preventing conflicts of interest and avoiding self-interest Opportunities, confidentiality obligations, fair dealing, protection and proper use of company assets, compliance with laws and regulations, encouragement to report any illegal or violation of the Code of Ethics, and disciplinary measures. This code will be implemented after being approved by the Board of Directors, and sent to independent directors and reported the shareholders' meeting, communicated with employees and the anti-corruption policies publicized.</td><td>All employees</td></tr><tr><td>Respect privacy and implement information security</td><td>The Company has formulated the "Personal Data Protection Management Measures" and combined with the "Work Rules" to strengthen the Company's management of data confidentiality; the information security section is aimed at different information operations such as entities, networks, operating platforms, data management, application systems, and operating procedures. All levels are controlled by security level. The Company also implements information security policy tools (such as firewalls, intrusion detection systems, antivirus software, mail filtering) to achieve the effectiveness of information control.</td><td>All employees</td></tr></table> <p>Human rights related training and performance:<br/>Human rights-related training content includes prohibition of forced labor, prohibition of child labor, anti-discrimination, anti-harassment, implementation of working hours management, protection of humane treatment, and provision of a healthy and safe working environment; through publicity and announcements, employees can understand how employees at all levels perform their duties. During the process, we</p> |                                                                                                             | education and training to achieve a healthy workplace. The Taipei head office conducts employee health checks every year and a half, and the Kaohsiung Plant conducts employee health checks every year. |  | Support union operations | The Company has established an industrial union and signed a group agreement, which is an independent labor organization to ensure employees' rights of association and negotiation. 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| (II) Does The Company formulate and implement reasonable employee benefit measures (including remuneration, vacation and other benefits), and appropriately reflect business performance or results in employee compensation? | V                       |    | <p>have the responsibility to help prevent the occurrence of illegal workplace violations, and provide a complaint hotline to create a friendly working environment. Provide health promotion publicity, labor safety hygiene and fire safety training, first aid training, etc. The 2021 annual performance is listed as follows:</p> <ol style="list-style-type: none"> <li>1.To implement human rights and gender equality, Taiwan Styrene Monomer Corporation employs employees based solely on professional ability and experience, and has never been determined by race, ideology, religion, sect, place of origin, place of birth, gender, marriage, constellation, blood type, physical or mental obstacles, etc. are considered differently. During the reporting period, the Company did not have any incidents involving violations of the rights of indigenous peoples.</li> <li>2. It is indeed handled in accordance with relevant anti-discrimination laws and regulations, and in 2021, no employee reported being discriminated against.</li> <li>3. No employment or use of child labor has occurred in 2021.</li> <li>4. In 2021, no employee reported the occurrence of forced labor incidents (such as withholding of identity documents, requiring mandatory deposits, involuntary overtime work under the threat of dismissal).</li> <li>5. Taiwan Styrene Monomer Corporation Kaohsiung Plant The 2021 inspection cost of totaled 679,500. There were 149 people undergoing general health inspections and 60 people undergoing special health inspections. The inspection results showed no personnel listed in the third or fourth level of health management, and no cases of occupational diseases occurred. The information must be submitted to the competent authority for reference. The Taipei head office arranges an annual health check every 18 months (there will be no health check in 2021 as planned).</li> <li>6. In 2021, 94.3% of the employees were union members and signed a group agreement, except for nine employees above the manager level and the general affairs director who did not join the labor union.</li> <li>7. No labor disputes occurred.</li> <li>8. In 2021 there was no breach of privacy rights or information security incidents.</li> </ol> <p>(II) The Taipei head office also has a Welfare Committee in accordance with the "Organization Guidelines for Employee Welfare Committees" promulgated by the Labor Committee, and 100% of the employees participate in it. The Kaohsiung plant has another labor union. Except for the manager level and above and the general affairs director, nine people did not join the labor union. A total of 94.3% of employees are union members and have signed a group agreement. It is also an independent labor organization that ensures employees' rights of association and negotiation.</p> <ol style="list-style-type: none"> <li>1. In addition to coordinating the Company's Welfare Committee funds and promoting various welfare measures that are superior to the Labor Standards Act, the Welfare Committee also takes the initiative to care for colleagues and provide a variety of welfare options to improve physical and mental development and maintain the spirit of freedom and rights granted to the people by the Constitution. In accordance with the regulations on labor pensions, Taiwan Styrene</li> </ol> | No major differences.                                                                                       |

| Project Promoted                                                                                                                                     | Implementation (Note 1) |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Differences and Reasons With The Code Of Practice For Sustainable Development Of TWSE/TPEx-Listed Companies |
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| (III) Does The Company provide employees with a safe and healthy working environment, and conduct regular safety and health education for employees? | V                       |    | <p>Monomer Corporation, Ltd. pays 6% of the pension on a monthly basis based on the average salary of employees (refer to the monthly salary grading table), and saves it in the pension individual account for old workers established by the Bureau of Labor Insurance.</p> <p>2. In accordance with Article 14-6 of the "Securities and Exchange Act" and the "Measures for the Establishment and Exercise of Powers of the Compensation Committee for Companies Listed on Stocks or Trading in the Business Office of Securities Firms," the Company has established a Compensation and Benefits Committee to provide professional and objective status to the Company. Evaluate the remuneration policies and systems of directors and managers, and formulate organizational rules for the remuneration committee for compliance.</p> <p>3. According to Article 31 of the "Articles of Association," the remuneration of directors shall be paid. The remuneration of directors and supervisors shall be the net profit before tax of the Company for the current year (that is, the profit before tax is deducted from the profit before the distribution of employees and directors' remuneration). Within the range of five is the employee's remuneration and not more than 2.5% is the director's remuneration.</p> <p>4. The annual remuneration of the Company's managers includes salary, bonuses and employee bonuses from surplus distribution; the salaries and remunerations are based on the usual level of payment in the industry, and consider the rationality of personal performance, company operating performance and future risks. The Board of Directors makes recommendations for reference in its decision-making; among them, the positions held by managers for 2021, the distribution of bonuses and employee bonuses for the performance of the managers' participation in business contributions are proposed and distributed by the Board of Directors and approved by a regular shareholders' meeting. Regarding the remuneration of senior executives, in addition to being approved by the Remuneration Committee in accordance with laws and regulations, relevant information is also disclosed in "3.3.2 Remuneration of General Managers and Deputy General Managers in the Annual Report of the 2021 Annual General Meeting of Shareholders."</p> <p>5. Faced with the impact of US-China trade and the general environment, 2021 will still be handled in accordance with employee salaries and benefits, with year-end bonuses and work bonuses, as well as various maternity subsidies, travel subsidies, and birthday and festival bonuses.</p> <p>(III) Since the establishment of our factory in Linyuan Industrial Park, Kaohsiung County in May 1980, we have attached great importance to "industrial safety, hygiene and environmental protection." In the early days, it only focused on industrial safety, hygiene and environmental protection in the "factory," and gradually developed to take the "responsible care system" as its responsibility. There are "Safety and Sanitation Management Procedures" (KE-80-02) and "Safety and Sanitation Facilities Management Procedures" (KE-80-03). In 2021, two internal audits were carried out, and the external audit was completed by BV in September. Audit and verification, the Company implements industrial safety, environmental protection, and hygiene management through the management procedures of each management system, and conducts regular follow-up review and continuous improvement in order to ensure the safety and health of all people, and to achieve a full</p> | No major differences.                                                                                       |

| Project Promoted                                                                                                                                                                                                                                                                                        | Implementation (Note 1) |                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Differences and Reasons With The Code Of Practice For Sustainable Development Of TWSE/TPEx-Listed Companies |         |                 |                                    |      |            |                                           |      |            |                                                                          |      |            |                                                                  |      |            |                                                                         |      |       |  |
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|                                                                                                                                                                                                                                                                                                         | Yes                     | No              | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                             |         |                 |                                    |      |            |                                           |      |            |                                                                          |      |            |                                                                  |      |            |                                                                         |      |       |  |
|                                                                                                                                                                                                                                                                                                         |                         |                 | <p>range of safety and health management.</p> <p>◆ At the beginning of the establishment of the factory, OHSAS18001 and TOSHMS occupational safety and health management system were introduced.</p> <p>And in 2020, it was converted to ISO 45001 and CN S45001 the management department. The system is applicable to all workers within the workplace of the TSMC Kaohsiung plant workers.</p> <table><tr><th>Certification Program</th><th>Version</th><th>Validity period</th></tr><tr><td>ISO 9001 Quality Management System</td><td>2015</td><td>2022/10/29</td></tr><tr><td>ISO 14001 Environmental Management System</td><td>2015</td><td>2024/01/02</td></tr><tr><td>ISO 45001 International Occupational Safety and Health Management System</td><td>2018</td><td>2024/11/14</td></tr><tr><td>CNS45001 Taiwan Occupational Safety and Health Management System</td><td>2018</td><td>2024/11/14</td></tr><tr><td>ISO 14064-1(CNS14064-1)<br/>Greenhouse Gas Inventory Verification System</td><td>2006</td><td>*Note</td></tr></table> <p>Remarks: Greenhouse gas emissions are verified once a year, and the verification of 2021 emissions will be completed on August 31, 2022.</p> <p>One accident occurred in 2021, with 2 people involved (accounting for 1.26% of the total number of employees at the end of 2021). Follow-up improvements were made to personnel, machinery and equipment, operating environment and operating methods, and education and training were implemented to strengthen standard operating procedures and operating environment hazards. Notification and personnel hazard awareness.</p> | Certification Program                                                                                       | Version | Validity period | ISO 9001 Quality Management System | 2015 | 2022/10/29 | ISO 14001 Environmental Management System | 2015 | 2024/01/02 | ISO 45001 International Occupational Safety and Health Management System | 2018 | 2024/11/14 | CNS45001 Taiwan Occupational Safety and Health Management System | 2018 | 2024/11/14 | ISO 14064-1(CNS14064-1)<br>Greenhouse Gas Inventory Verification System | 2006 | *Note |  |
| Certification Program                                                                                                                                                                                                                                                                                   | Version                 | Validity period |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                             |         |                 |                                    |      |            |                                           |      |            |                                                                          |      |            |                                                                  |      |            |                                                                         |      |       |  |
| ISO 9001 Quality Management System                                                                                                                                                                                                                                                                      | 2015                    | 2022/10/29      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                             |         |                 |                                    |      |            |                                           |      |            |                                                                          |      |            |                                                                  |      |            |                                                                         |      |       |  |
| ISO 14001 Environmental Management System                                                                                                                                                                                                                                                               | 2015                    | 2024/01/02      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                             |         |                 |                                    |      |            |                                           |      |            |                                                                          |      |            |                                                                  |      |            |                                                                         |      |       |  |
| ISO 45001 International Occupational Safety and Health Management System                                                                                                                                                                                                                                | 2018                    | 2024/11/14      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                             |         |                 |                                    |      |            |                                           |      |            |                                                                          |      |            |                                                                  |      |            |                                                                         |      |       |  |
| CNS45001 Taiwan Occupational Safety and Health Management System                                                                                                                                                                                                                                        | 2018                    | 2024/11/14      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                             |         |                 |                                    |      |            |                                           |      |            |                                                                          |      |            |                                                                  |      |            |                                                                         |      |       |  |
| ISO 14064-1(CNS14064-1)<br>Greenhouse Gas Inventory Verification System                                                                                                                                                                                                                                 | 2006                    | *Note           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                             |         |                 |                                    |      |            |                                           |      |            |                                                                          |      |            |                                                                  |      |            |                                                                         |      |       |  |
| (IV) Does The Company establish an effective career development training program for employees?                                                                                                                                                                                                         | V                       |                 | (IV) Regular recurring training for professional functions To meet the needs of ISO 45001/CNS 45001 internal auditor training and process safety management execution concept training, Taiwan Styrene Monomer Corporation Kaohsiung Plant has implemented 42 different education training sessions in 2021. The courses include occupational safety and health administrator training, chemical solvent operation Supervisor training, equipment operator training, safety management training, etc., with total training hours of 1,810 hours.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | No major differences.                                                                                       |         |                 |                                    |      |            |                                           |      |            |                                                                          |      |            |                                                                  |      |            |                                                                         |      |       |  |
| (V) Regarding issues such as customer health and safety, customer privacy, marketing and labelling of products and services, does the Company follow relevant regulations and international standards, and formulate relevant consumer or customer rights protection policies and grievance procedures? | V                       |                 | (V) The Company’s internal and external business operations are known to abide by the code of ethics and code of conduct. In addition, there are relevant procedures for customer satisfaction and customer complaint handling, so as to strengthen customer relationships and ensure long-term and stable cooperative relations.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | No major differences.                                                                                       |         |                 |                                    |      |            |                                           |      |            |                                                                          |      |            |                                                                  |      |            |                                                                         |      |       |  |
| (VI) Has the Company formulated a supplier management policy, requiring suppliers to follow relevant norms on issues such as                                                                                                                                                                            | V                       |                 | (VI) Since its establishment, Taiwan Styrene Monomer Corporation has formed high-quality partnerships with upstream suppliers and customers, so that employees have a good working environment and fulfill their corporate responsibility for environmental protection. Major suppliers and customers at home and abroad are all in line with local environmental protection, occupational safety and health. and                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | No major differences.                                                                                       |         |                 |                                    |      |            |                                           |      |            |                                                                          |      |            |                                                                  |      |            |                                                                         |      |       |  |

| Project Promoted                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Implementation (Note 1) |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |               | Differences and Reasons With The Code Of Practice For Sustainable Development Of TWSE/TPEX-Listed Companies |                                                       |                 |                                    |      |            |                                           |                 |                                          |                                                                          |               |                     |                                                                   |      |            |                          |                  |       |                                              |        |     |                                                                                                                                         |    |   |                       |     |          |    |    |        |     |                                                |    |    |        |     |                 |    |   |        |     |                   |    |    |     |     |       |    |    |        |     |       |     |    |        |     |
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|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Yes                     | No                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |               |                                                                                                             |                                                       |                 |                                    |      |            |                                           |                 |                                          |                                                                          |               |                     |                                                                   |      |            |                          |                  |       |                                              |        |     |                                                                                                                                         |    |   |                       |     |          |    |    |        |     |                                                |    |    |        |     |                 |    |   |        |     |                   |    |    |     |     |       |    |    |        |     |       |     |    |        |     |
| environmental protection, occupational safety and health, or labor rights, and their implementation?                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <p>labor rights regulations. The Company has established supplier evaluation procedures, and takes environmental protection, occupational safety, and integrity management into consideration. Taiwan Styrene Monomer Corporation Kaohsiung Plant evaluates suppliers according to the “Supplier Evaluation Procedures.” In 2021, 97 suppliers were evaluated, accounting for 28.28% of the suppliers. The evaluation content includes organizational system, environmental protection, planning ability, delivery goods pass rate, on-time delivery rate, document response, safety, quality, after-sales service, etc., the evaluation result is qualified, and the pass rate is 100%.</p> <table><tr><th colspan="5">2021 TSMC Kaohsiung Plant Supplier Evaluation Results</th></tr><tr><th>Supplier category</th><th>Number of homes</th><th colspan="2">Number of appraisers/category percentage</th><th>Pass rate (%)</th></tr><tr><td>Mechanical hardware</td><td>86</td><td>6</td><td>6.98%</td><td>100</td></tr><tr><td>Motor electrical</td><td>40</td><td>5</td><td>12.50%</td><td>100</td></tr><tr><td>Meters and Measuring Instruments</td><td>31</td><td>6</td><td>19.35%</td><td>100</td></tr><tr><td>Chemical</td><td>26</td><td>12</td><td>46.15%</td><td>100</td></tr><tr><td>Industrial safety and environmental protection</td><td>45</td><td>21</td><td>46.67%</td><td>100</td></tr><tr><td>Office supplies</td><td>16</td><td>2</td><td>12.50%</td><td>100</td></tr><tr><td>Maintenance works</td><td>40</td><td>14</td><td>35%</td><td>100</td></tr><tr><td>Other</td><td>59</td><td>31</td><td>52.54%</td><td>100</td></tr><tr><td>Total</td><td>343</td><td>97</td><td>28.28%</td><td>100</td></tr></table> |               |                                                                                                             | 2021 TSMC Kaohsiung Plant Supplier Evaluation Results |                 |                                    |      |            | Supplier category                         | Number of homes | Number of appraisers/category percentage |                                                                          | Pass rate (%) | Mechanical hardware | 86                                                                | 6    | 6.98%      | 100                      | Motor electrical | 40    | 5                                            | 12.50% | 100 | Meters and Measuring Instruments                                                                                                        | 31 | 6 | 19.35%                | 100 | Chemical | 26 | 12 | 46.15% | 100 | Industrial safety and environmental protection | 45 | 21 | 46.67% | 100 | Office supplies | 16 | 2 | 12.50% | 100 | Maintenance works | 40 | 14 | 35% | 100 | Other | 59 | 31 | 52.54% | 100 | Total | 343 | 97 | 28.28% | 100 |
| 2021 TSMC Kaohsiung Plant Supplier Evaluation Results                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |               |                                                                                                             |                                                       |                 |                                    |      |            |                                           |                 |                                          |                                                                          |               |                     |                                                                   |      |            |                          |                  |       |                                              |        |     |                                                                                                                                         |    |   |                       |     |          |    |    |        |     |                                                |    |    |        |     |                 |    |   |        |     |                   |    |    |     |     |       |    |    |        |     |       |     |    |        |     |
| Supplier category                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Number of homes         | Number of appraisers/category percentage                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Pass rate (%) |                                                                                                             |                                                       |                 |                                    |      |            |                                           |                 |                                          |                                                                          |               |                     |                                                                   |      |            |                          |                  |       |                                              |        |     |                                                                                                                                         |    |   |                       |     |          |    |    |        |     |                                                |    |    |        |     |                 |    |   |        |     |                   |    |    |     |     |       |    |    |        |     |       |     |    |        |     |
| Mechanical hardware                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 86                      | 6                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 6.98%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 100           |                                                                                                             |                                                       |                 |                                    |      |            |                                           |                 |                                          |                                                                          |               |                     |                                                                   |      |            |                          |                  |       |                                              |        |     |                                                                                                                                         |    |   |                       |     |          |    |    |        |     |                                                |    |    |        |     |                 |    |   |        |     |                   |    |    |     |     |       |    |    |        |     |       |     |    |        |     |
| Motor electrical                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 40                      | 5                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 12.50%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 100           |                                                                                                             |                                                       |                 |                                    |      |            |                                           |                 |                                          |                                                                          |               |                     |                                                                   |      |            |                          |                  |       |                                              |        |     |                                                                                                                                         |    |   |                       |     |          |    |    |        |     |                                                |    |    |        |     |                 |    |   |        |     |                   |    |    |     |     |       |    |    |        |     |       |     |    |        |     |
| Meters and Measuring Instruments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 31                      | 6                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 19.35%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 100           |                                                                                                             |                                                       |                 |                                    |      |            |                                           |                 |                                          |                                                                          |               |                     |                                                                   |      |            |                          |                  |       |                                              |        |     |                                                                                                                                         |    |   |                       |     |          |    |    |        |     |                                                |    |    |        |     |                 |    |   |        |     |                   |    |    |     |     |       |    |    |        |     |       |     |    |        |     |
| Chemical                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 26                      | 12                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 46.15%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 100           |                                                                                                             |                                                       |                 |                                    |      |            |                                           |                 |                                          |                                                                          |               |                     |                                                                   |      |            |                          |                  |       |                                              |        |     |                                                                                                                                         |    |   |                       |     |          |    |    |        |     |                                                |    |    |        |     |                 |    |   |        |     |                   |    |    |     |     |       |    |    |        |     |       |     |    |        |     |
| Industrial safety and environmental protection                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 45                      | 21                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 46.67%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 100           |                                                                                                             |                                                       |                 |                                    |      |            |                                           |                 |                                          |                                                                          |               |                     |                                                                   |      |            |                          |                  |       |                                              |        |     |                                                                                                                                         |    |   |                       |     |          |    |    |        |     |                                                |    |    |        |     |                 |    |   |        |     |                   |    |    |     |     |       |    |    |        |     |       |     |    |        |     |
| Office supplies                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 16                      | 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 12.50%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 100           |                                                                                                             |                                                       |                 |                                    |      |            |                                           |                 |                                          |                                                                          |               |                     |                                                                   |      |            |                          |                  |       |                                              |        |     |                                                                                                                                         |    |   |                       |     |          |    |    |        |     |                                                |    |    |        |     |                 |    |   |        |     |                   |    |    |     |     |       |    |    |        |     |       |     |    |        |     |
| Maintenance works                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 40                      | 14                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 35%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 100           |                                                                                                             |                                                       |                 |                                    |      |            |                                           |                 |                                          |                                                                          |               |                     |                                                                   |      |            |                          |                  |       |                                              |        |     |                                                                                                                                         |    |   |                       |     |          |    |    |        |     |                                                |    |    |        |     |                 |    |   |        |     |                   |    |    |     |     |       |    |    |        |     |       |     |    |        |     |
| Other                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 59                      | 31                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 52.54%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 100           |                                                                                                             |                                                       |                 |                                    |      |            |                                           |                 |                                          |                                                                          |               |                     |                                                                   |      |            |                          |                  |       |                                              |        |     |                                                                                                                                         |    |   |                       |     |          |    |    |        |     |                                                |    |    |        |     |                 |    |   |        |     |                   |    |    |     |     |       |    |    |        |     |       |     |    |        |     |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 343                     | 97                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 28.28%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 100           |                                                                                                             |                                                       |                 |                                    |      |            |                                           |                 |                                          |                                                                          |               |                     |                                                                   |      |            |                          |                  |       |                                              |        |     |                                                                                                                                         |    |   |                       |     |          |    |    |        |     |                                                |    |    |        |     |                 |    |   |        |     |                   |    |    |     |     |       |    |    |        |     |       |     |    |        |     |
| V. Does the Company refer to the internationally accepted reporting standards or guidelines to prepare reports that disclose non-financial information of the Company, such as sustainability reports? Has the previous disclosure report obtained the assurance or assurance opinion of the third-party verification unit?                                                                                                                                                                                                                           | V                       | <p>1. The Company’s sustainability report is based on the Global Reporting Initiative (GRI) Standards, Core option published by the Global Reporting Initiative (GRI). .The Cmpany also follows the “Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies”.</p> <p>2. The Company has obtained international certifications including quality management, occupational safety and environmental protection related systems. We also follow the EU REACH chemical regulations and relevant domestic regulations. Continue to implement ISO 9001, ISO 14001 and ISO/CNS45001 systems, and ensure the applicability and effectiveness of the management system through third-party verification every year.</p> <table><tr><th>Certification program</th><th>Version</th><th>Validity period</th></tr><tr><td>ISO 9001 quality management system</td><td>2015</td><td>2022/10/29</td></tr><tr><td>ISO 14001 environmental management system</td><td>2015</td><td>2024/01/02</td></tr><tr><td>ISO 45001 International Occupational Safety and Health Management System</td><td>2018</td><td>2024/11/14</td></tr><tr><td>CNS 45001 Taiwan Occupational Safety and Health Management System</td><td>2018</td><td>2024/11/14</td></tr><tr><td>ISO 14064-1(CNS 14064-1)</td><td>2006</td><td>*note</td></tr><tr><td colspan="3">Greenhouse gas inventory verification system</td></tr><tr><td colspan="3">Remarks:Greenhouse gas emissions are verified once a year, and the verification of 2021 emissions will be completed on August 31, 2022.</td></tr></table> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |               | Certification program                                                                                       | Version                                               | Validity period | ISO 9001 quality management system | 2015 | 2022/10/29 | ISO 14001 environmental management system | 2015            | 2024/01/02                               | ISO 45001 International Occupational Safety and Health Management System | 2018          | 2024/11/14          | CNS 45001 Taiwan Occupational Safety and Health Management System | 2018 | 2024/11/14 | ISO 14064-1(CNS 14064-1) | 2006             | *note | Greenhouse gas inventory verification system |        |     | Remarks:Greenhouse gas emissions are verified once a year, and the verification of 2021 emissions will be completed on August 31, 2022. |    |   | No major differences. |     |          |    |    |        |     |                                                |    |    |        |     |                 |    |   |        |     |                   |    |    |     |     |       |    |    |        |     |       |     |    |        |     |
| Certification program                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Version                 | Validity period                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |               |                                                                                                             |                                                       |                 |                                    |      |            |                                           |                 |                                          |                                                                          |               |                     |                                                                   |      |            |                          |                  |       |                                              |        |     |                                                                                                                                         |    |   |                       |     |          |    |    |        |     |                                                |    |    |        |     |                 |    |   |        |     |                   |    |    |     |     |       |    |    |        |     |       |     |    |        |     |
| ISO 9001 quality management system                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 2015                    | 2022/10/29                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |               |                                                                                                             |                                                       |                 |                                    |      |            |                                           |                 |                                          |                                                                          |               |                     |                                                                   |      |            |                          |                  |       |                                              |        |     |                                                                                                                                         |    |   |                       |     |          |    |    |        |     |                                                |    |    |        |     |                 |    |   |        |     |                   |    |    |     |     |       |    |    |        |     |       |     |    |        |     |
| ISO 14001 environmental management system                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 2015                    | 2024/01/02                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |               |                                                                                                             |                                                       |                 |                                    |      |            |                                           |                 |                                          |                                                                          |               |                     |                                                                   |      |            |                          |                  |       |                                              |        |     |                                                                                                                                         |    |   |                       |     |          |    |    |        |     |                                                |    |    |        |     |                 |    |   |        |     |                   |    |    |     |     |       |    |    |        |     |       |     |    |        |     |
| ISO 45001 International Occupational Safety and Health Management System                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 2018                    | 2024/11/14                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |               |                                                                                                             |                                                       |                 |                                    |      |            |                                           |                 |                                          |                                                                          |               |                     |                                                                   |      |            |                          |                  |       |                                              |        |     |                                                                                                                                         |    |   |                       |     |          |    |    |        |     |                                                |    |    |        |     |                 |    |   |        |     |                   |    |    |     |     |       |    |    |        |     |       |     |    |        |     |
| CNS 45001 Taiwan Occupational Safety and Health Management System                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 2018                    | 2024/11/14                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |               |                                                                                                             |                                                       |                 |                                    |      |            |                                           |                 |                                          |                                                                          |               |                     |                                                                   |      |            |                          |                  |       |                                              |        |     |                                                                                                                                         |    |   |                       |     |          |    |    |        |     |                                                |    |    |        |     |                 |    |   |        |     |                   |    |    |     |     |       |    |    |        |     |       |     |    |        |     |
| ISO 14064-1(CNS 14064-1)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 2006                    | *note                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |               |                                                                                                             |                                                       |                 |                                    |      |            |                                           |                 |                                          |                                                                          |               |                     |                                                                   |      |            |                          |                  |       |                                              |        |     |                                                                                                                                         |    |   |                       |     |          |    |    |        |     |                                                |    |    |        |     |                 |    |   |        |     |                   |    |    |     |     |       |    |    |        |     |       |     |    |        |     |
| Greenhouse gas inventory verification system                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |               |                                                                                                             |                                                       |                 |                                    |      |            |                                           |                 |                                          |                                                                          |               |                     |                                                                   |      |            |                          |                  |       |                                              |        |     |                                                                                                                                         |    |   |                       |     |          |    |    |        |     |                                                |    |    |        |     |                 |    |   |        |     |                   |    |    |     |     |       |    |    |        |     |       |     |    |        |     |
| Remarks:Greenhouse gas emissions are verified once a year, and the verification of 2021 emissions will be completed on August 31, 2022.                                                                                                                                                                                                                                                                                                                                                                                                               |                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |               |                                                                                                             |                                                       |                 |                                    |      |            |                                           |                 |                                          |                                                                          |               |                     |                                                                   |      |            |                          |                  |       |                                              |        |     |                                                                                                                                         |    |   |                       |     |          |    |    |        |     |                                                |    |    |        |     |                 |    |   |        |     |                   |    |    |     |     |       |    |    |        |     |       |     |    |        |     |
| VI. If a company has its own sustainable development code in accordance with the “Code of Practice for Sustainable Development of Listed TWSE/TPEX Companies,” please describe the differences between its operation and the established code: TSMC Co., Ltd.’s “Corporate Social Responsibility Code of Practice” is compiled with reference to the “Code of Practice for Corporate Social Responsibility of Listed TWSE/TPEX Companies” and related laws and regulations issued by the Taiwan Stock Exchange, the R.O.C. Securities Trading Center. |                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |               |                                                                                                             |                                                       |                 |                                    |      |            |                                           |                 |                                          |                                                                          |               |                     |                                                                   |      |            |                          |                  |       |                                              |        |     |                                                                                                                                         |    |   |                       |     |          |    |    |        |     |                                                |    |    |        |     |                 |    |   |        |     |                   |    |    |     |     |       |    |    |        |     |       |     |    |        |     |

| Project Promoted                                                                                                                                                                                                                                                                                                           | Implementation (Note 1) |    |         | Differences and Reasons With The Code Of Practice For Sustainable Development Of TWSE/TPEX-Listed Companies |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|----|---------|-------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                            | Yes                     | No | Summary |                                                                                                             |
| VII. Other important information to help understand the implementation of sustainable development: Please refer to the relevant information of “Corporate Social Responsibility” on our website, <a href="http://www.smct.com.tw/Responsibility/responsibility">http://www.smct.com.tw/Responsibility/responsibility</a> . |                         |    |         |                                                                                                             |

Note 1: If you tick “Yes” for the implementation situation, please describe the important policies, strategies, measures and implementation situation adopted; if you tick “No” for the implementation situation, please refer to “Differences in the Code of Practice for the Sustainable Development of Listed TWSE/TPEX Companies” Circumstances and Reasons” field explains the circumstances and reasons for the discrepancies, as well as plans to adopt relevant policies, strategies and measures in the future.

Note 2: The principle of materiality refers to those matters that have a significant impact on the Company’s investors and other stakeholders in relation to environmental, social and corporate governance issues.

### 3.4.7 Implementation of Ethical Corporate Management best practice principles and deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof<sup>4</sup>

| Evaluation Items                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Implementation Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Yes                   | no | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                              |
| <p>I. Formulate integrity management policies and plans</p> <p>(I) Does the Company formulate an honest management policy approved by the Board of Directors, and express the policy and practice of honest management in its regulations and external documents, as well as the commitment of the Board of Directors and senior management to actively implement the management policy?</p> <p>(II) Whether the Company has established an assessment mechanism for the risk of dishonest behavior, regularly analyzes and evaluates the business activities with high risk of dishonest behavior within its business scope, and formulates a plan for preventing dishonest behavior based on it. What are the precautionary measures for the behaviors in Article 7, Paragraph 2 of the Code?</p> <p>(III) Has the Company clearly defined operating procedures, behavior guidelines, punishment and appeal systems for violations in the plan for preventing dishonest behavior, and implemented them, and regularly reviews and revises the plan before disclosure?</p> | V                     |    | <p>(I) The Company's "Integrity Management Code" was approved by the Board of Directors, which clearly stipulates that directors, managers and employees should abide by the laws and regulations in the execution of business.</p> <p>(II) The Company has established the "Integrity Management Code," which is The Company's implementation of the plan to prevent dishonest behavior. It has clearly regulated a code of conduct that all employees should abide by, and analyzed the business activities with high risk of dishonest behavior within the business scope. Commitment is required. Comply with legal and ethical principles to safeguard company assets, rights and image, and strengthen relevant preventive measures.</p> <p>(III) The Company has established a "Code of Ethics" and "Code of Integrity Management," and has a clear plan to prevent dishonest behavior. It also complies with relevant laws and regulations such as The Company Act, the Securities and Exchange Act, the Commercial Accounting Act, and the relevant regulations of listing and listing. Disciplinary and appeal system, implement the basics of honest operation, and review and amend the plan before revealing according to the situation.</p> | No major differences.                                                                                                        |
| <p>II. Implement honest management</p> <p>(I) Does the Company evaluate the integrity records of its counterparties and specify the terms of integrity in the contracts signed with its counterparties?</p> <p>(II) Does the Company set up a dedicated unit for promoting corporate integrity management under the Board of</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | V                     |    | <p>(I) The Company clearly stipulates the working rules of employees, and upholds the principle of fairness and transparency in conducting business activities. It influences the customer's business philosophy with an honest attitude, exceeds the service quality of the contract agreement, and takes the responsibility of performing honest transactions to customers. In addition to avoiding transactions with those who have a record of dishonest behavior, it will be stipulated in the business contract that both parties should conduct transactions in good faith.</p> <p>(II) The Company's corporate governance team is responsible for the formulation and supervision of the implementation of the integrity management</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | No major differences.                                                                                                        |

| Evaluation Items                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Implementation Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Yes                   | no | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                              |
| <p>Directors, and report regularly (at least once a year) to the Board of Directors on its integrity management policy and plan for preventing dishonest behavior and supervise the implementation?</p> <p>(III) Does the Company have a policy to prevent conflicts of interest, provide appropriate channels for representation, and implement it?</p> <p>(IV) Has the Company established an effective accounting system and internal control system for the implementation of honest management, and the internal audit unit has formulated relevant audit plans based on the assessment results of the risk of dishonest behavior, and checked the compliance of the plan for preventing dishonest behavior based on it. Or entrust an accountant to perform the audit?</p> <p>(V) Does the Company regularly hold internal and external education and training on integrity management?</p> | V                     |    | <p>policy, and the audit unit checks and organizes various major operations and projects to conduct audits. once) report to the Board of Directors.</p> <p>(III) The Company has established a “Code of Ethical Conduct” to prevent conflicts of interest, and has set up a special area for stakeholders on The Company’s website to provide appropriate channels for representation.</p> <p>(IV) The Company has established an effective accounting system and internal control system. The audit unit is responsible for regular and irregular auditing operations, regularly reporting to the Board of Directors, and entrusting accountants to regularly review The Company’s financial statements.</p> <p>(V) In May and August every year, the Company cooperates with the Securities and Futures Commission to organize internal education and training for directors and managers.</p>                                                                                                                                                     |                                                                                                                              |
| <p>III. Operation of the Company whistleblowing system</p> <p>(I) Has the Company formulated a specific whistleblowing and reward system, established a convenient reporting channel, and assigned appropriate personnel in charge of handling the whistleblower?</p> <p>(II) Has the Company established standard operating procedures for the investigation of reported matters, the follow-up measures to be taken after the investigation is completed, and the relevant confidentiality mechanism?</p> <p>(III) Does the Company take measures to protect whistleblowers from being mistreated due to whistleblowing?</p>                                                                                                                                                                                                                                                                    | V                     | V  | <p>(I) The Company has established “Reporting Measures for Cases of Illegal and Immoral or Dishonest Behavior” and “Employees’ Complaint Measures,” and has established a complete reporting system and channels. The Company’s corporate website has a special area for stakeholders, and provides corresponding contact windows and methods for different stakeholders. Reports or complaints can be reported or appealed through multiple reporting channels, all of which are handled by dedicated personnel.</p> <p>(II) The Company has established the “Reporting Measures for Cases of Illegal, Immoral or Dishonest Behavior” and “Staff Complaint Measures.” The Company will keep confidential and protect the whistleblowers, complainants or investigators. Written documents shall be kept for the acceptance of the report, the investigation process and the investigation results.</p> <p>(III) The Company accepts anonymous and anonymous reporting, and keeps the whistleblower and the contents of the report confidential.</p> | No major differences.                                                                                                        |

| Evaluation Items                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Implementation Status |    |                                                                                                                                                                                                                                                                                                                                                                                                          | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Yes                   | no | Description                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                              |
| IV. Strengthen information disclosure<br>Does the Company disclose the content of its integrity management code and promote its effectiveness on its website and public information observatory?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | V                     |    | The Company has set up a corporate website, annual report and set up an external mailbox, all of which disclose information on the Company's integrity management code. The information disclosure and reporting channels are still open to ensure that the information is disclosed to the competent authority or the public in a complete, fair, correct and timely manner. Disclosure of information. | No major differences.                                                                                                        |
| V. If a company has its own integrity management code in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," please describe the differences between its operation and the established code: The Company has established the "Code of Integrity Management," "Code of Ethical Conduct" and "Staff Work Rules," and operates in accordance with these codes without major differences.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                       |    |                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                              |
| VI. Other important information that helps to understand the Company's integrity management operations: (such as the Company's review and revision of its integrity management code)<br>The Company adheres to the spirit of honest management, abides by the Company Act, the Securities and Exchange Act and other laws and regulations, and promotes the policy of honest management by the manufacturers, directors, managers and colleagues, so that the Company can develop towards the concept of sustainable management; investment in shareholders, use professional and diligent management to ensure fair, sustainable and competitive returns and create the best interests of shareholders; provide working conditions that protect the health and safety of each employee, listen to employees and sincerely face employee complaints and complaints problems, encourage and assist employees to develop relevant skills and knowledge, and avoid illegal activities. The Company attaches great importance to every stakeholder in order to promote the sustainable development of the Company. |                       |    |                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                              |

### 3.4.8 The Inquiry Method about the Company's Corporate Governance Best Practice Principles and Related Regulations

The Company has established the "Code of Practice for Corporate Governance," in addition to fully disclosing financial and business-related information in the public information observatory in accordance with the regulations of the competent authority, it also discloses the relevant corporate governance situation on the Company's website. "and the "Code of Integrity Management" for reference. The enquiry methods are as follows:

1. The Company's website: <http://www.smct.com.tw>
2. Market Observation Post System: <http://mops.twse.com.tw>

### 3.4.9 Other Important Information Regarding Corporate Governance

The important information of the Company is immediately announced on the public information observatory in accordance with the regulations of the competent authority, and the relevant corporate governance situation is also disclosed on the Company's website. The brief descriptions are as follows:

1. The Company discloses material information to investors in a timely manner in accordance with regulations, and regularly holds corporate briefings to announce operating results.
2. The Company's newly appointed directors, managers and other insiders will distribute the latest version of the "Laws and Points of Attention regarding Stock-holding Rights for Insiders in TPEX-listed Companies" compiled by the Taiwan Stock Exchange when they take office, so that as insiders they can follow them.
3. From time to time, publicize the relevant information of insider trading on the website of Taiwan Stock Exchange Corporation to insiders.

### 3.4.10 Internal Control Status

#### 1. Statement on Internal Control

Taiwan Styrene Monomer Corporation  
Statement of Internal Control System



Date: March 22, 2022

Based on the results of self-assessment, the Company's internal control system for the 2021 is hereby declared as follows:

- I. The Company confirms that the establishment, implementation and maintenance of the internal control system is the responsibility of the Company's Board of Directors and managers, and the Company has established such a system. Its purpose is to provide reasonable information for the achievement of objectives such as the effect and efficiency of operations (including profit, performance, and asset security), reporting reliability, timeliness, transparency, and compliance with relevant norms and relevant laws and regulations. of assurance.
- II. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance for the achievement of the above three objectives; and, due to changes in the environment and circumstances, the effectiveness of the internal control system may vary with change. However, the Company's internal control system has a self-monitoring mechanism. Once a defect is identified, the Company will take corrective action.
- III. The Company judges whether the design and implementation of the internal control system is effective based on the items for judging the effectiveness of the internal control system stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" ("Processing Standards"). The internal control system judgment items used in this "processing standard" are based on the process of management control, and the internal control system is divided into five components: 1. Control environment, 2. Risk assessment, 3. Control operations, 4. Information and communication, and 5. Supervision of operations. Each component in turn includes several items. For the aforementioned items, please refer to the "processing criteria."
- IV. The Company has adopted the above internal control system judgment items to evaluate the effectiveness of the design and implementation of the internal control system.
- V. Based on the evaluation results in the preceding paragraph, the Company believes that the Company's internal control system (including the supervision and management of subsidiaries) as of December 31, 2021 includes understanding of the effect of operations and the degree to which efficiency goals are achieved, reports are reliable, The design and implementation of the internal control system, etc., which are timely, transparent, and comply with relevant norms and compliance with relevant laws and regulations are effective, and can reasonably ensure the achievement of the above objectives.
- VI. This statement will become the main content of the Company's annual report and prospectus, and will be made public. If the above-mentioned disclosed contents are false, concealment or other illegal activities, it will involve legal liabilities under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
- VII. This statement has been approved by the Board of Directors of the Company on March 22, 2022. Among the 11 directors present, none of them have objections. All the others agree with the content of this statement and hereby declare.

Taiwan Styrene Monomer Corporation

Chairman:

林文淵

Signature



General Manager:

仲崇國

Signature



2. If a CPA has been hired to carry out a special audit of the internal control system, the CPA audit report shall be disclosed: None.

**3.4.11 Sanctions imposed on the Company or its personnel in accordance with the laws, or disciplinary actions taken by the Company against its personnel for any violation of internal control rules within the current fiscal year and as at the date of the annual report, as well as details of the sanctions, major deficiencies and subsequent improvements:**  
None.

**3.4.12 Material resolutions of a shareholders meeting or a board of directors meeting in 2021 up to the date of publication of the annual report.**

1. Important resolutions and implementation of the 2021 Annual General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders:

| Meeting date                                            | Important Resolutions                                                                             | Implementation situation                                                                                                                                                      |
|---------------------------------------------------------|---------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2021/07/07<br>Regular<br>shareholders'<br>meeting       | 1. Approved the 2020 Business Report and Financial Statements.                                    | The relevant forms have been submitted to the competent authority for reference and announcement in accordance with the Company Law and other relevant laws and regulations.  |
|                                                         | 2. Approved the 2020 Retain Earning Distribution.                                                 | In 2020, it was decided to distribute a cash dividend of NT\$ 0.5 per share, which was fully distributed on August 6, 2021 after the resolution of the shareholders' meeting. |
|                                                         | 3. Adoption to amend the "Articles of Incorporation".                                             | Amendment of the Company's "Articles of Incorporation" change registration, approved by the Ministry of Economic Affairs on December 06, 2021.                                |
|                                                         | 4. Approved to release the directors from compete agreements.                                     | In accordance with the Company law and other relevant laws and regulations, it will be referred to the competent authority for reference.                                     |
| 2021/10/14<br>Extraordinary<br>Shareholders'<br>Meeting | 1. To re-electing the 15 <sup>th</sup> directors (including independent directors).               | It came into effect after the resolution of the extraordinary shareholders' meeting and was approved by the Ministry of Economic Affairs on November 12, 2021.                |
|                                                         | 2. Approved to release the directors and their representatives from non-competition restrictions. | In accordance with the Company law and other relevant laws and regulations, it will be referred to the competent authority for reference.                                     |

2. Important resolutions of the Board of Directors in 2021 and up to the date of publication of the annual report:

| Date/session                                                           | Important Resolutions                                                                                                                                                                                                                                    | Resolution                                                                                                                                                                 |
|------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2021/01/21<br>16 <sup>th</sup> meeting of<br>The 14 <sup>th</sup> Term | 1. Yu Sheng Development Co., Ltd., a subsidiary of the Company, plans to reduce its capital to make up for losses.<br>2. It disposed of the entire equity of Mauritius Deng Yun Co., Ltd. held by the Company and its subsidiary Grand Capital Co., Ltd. | 1. After consultation, all directors present passed the proposal without objection.<br>2. After consultation, all directors present passed the proposal without objection. |

| Date/session                                                           | Important Resolutions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Resolution                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
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| 2021/03/24<br>17 <sup>th</sup> meeting of<br>The 14 <sup>th</sup> Term | <ol style="list-style-type: none"> <li>2020 Consolidated and Individual Financial Report.</li> <li>2020 Earnings Distribution.</li> <li>2020 compensation for directors and employee.</li> <li>2020 shares buyback of Treasury Stock to allocate the number of shares subscribed for the employee.</li> <li>Adopted "Charter of Nomination Committee" and "Organizational Regulations" were revised in conjunction with the composition of the Nomination Committee.</li> <li>Appointment of members of Nomination Committee.</li> <li>To amend the "Articles of Incorporation".</li> <li>It is proposed to approve and revise some of the provisions of "Procedures for the Acquisition or Disposal of Assets," and to formulate the internal regulations of "Procedures for the Handling of Derivatives Trading."</li> <li>Amendment of the Company's "Ethical Corporate Management Best Practice Principles" and "Code of Ethical Conduct."</li> <li>Proposed to release the directors from compete agreements..</li> <li>Convening 2021 Annual Shareholders' Meeting at Kaohsiung Plant (No. 7, Industrial 1<sup>st</sup> Road, Linyuan District, Kaohsiung City) on June 25, 2021 (Friday) at 9:30 am.</li> </ol> | <ol style="list-style-type: none"> <li>After consultation, all directors present passed the proposal without objection.</li> <li>After consulting all the directors present, four votes of 0.3 were in favor, and seven votes of 0.5 were in favor. The case was voted and passed according to the original proposal of the board of directors.</li> <li>After consultation, all directors present agreed to amend the employee compensation distribution ratio.</li> <li>After consultation, all directors present passed the proposal without objection.</li> <li>After consultation, all directors present passed the proposal without objection.</li> <li>After consulting all the directors present, there were seven votes in favor and four votes against, and the case was passed according to the original proposal of the board of directors.</li> <li>After consultation, all directors present agreed without objection to the amendment proposed by directors Ding-Jui Hsu and Cheng-Yuan Liu.</li> <li>All the directors present agreed with the opinion of the Audit Committee, and the case was returned for re-examination.</li> <li>After consultation, all the directors present agreed without objection to the amendment proposed by the directors.</li> <li>After consultation, all directors present passed the proposal without objection.</li> <li>With the consent of all the directors present, the 5<sup>th</sup> and 6<sup>th</sup> cases of the report matter and the second case of the discussion</li> </ol> |

| Date/session                                                           | Important Resolutions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Resolution                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                        | <p>12. In response to the Covid-19 pandemic, the chairman is authorized to change the backup plan for the venue of the Shareholders' Meeting according to the needs of the epidemic.</p> <p>13. The period and location of the Company's 2021 Annual General Meeting of Shareholders to accept shareholder proposals.</p> <p>14. The Company's 2020 Internal Auditing Report and Statement of Internal Control System.</p>                                                                                                             | <p>matter were deleted, and the remaining proposals were passed after consultation with all the directors present without objection.</p> <p>12. After consultation, all directors present passed the proposal without objection.</p> <p>13. After consultation, all directors present passed the proposal without objection.</p> <p>14. After consultation, all directors present passed the proposal without objection.</p>                                                                                                                                                                 |
| 2021/05/12<br>18 <sup>th</sup> meeting of<br>The 14 <sup>th</sup> Term | <p>1. 2021 service fee for KPMG</p> <p>2. 2021 first quarter Consolidated Financial Report.</p> <p>3. The resignation of the General Manager and the election of the Vice Chairman.</p> <p>4. The appointment of the General Manager.</p> <p>5. To amend the Company's Organization Regulations and Organizational Chart.</p> <p>Provisional motion:</p> <p>1. Yuan-Shin Materials Technology Corp. Ltd., a subsidiary of the Company, is an active fund and plans to allocate part of the funds for investment business projects.</p> | <p>1. After consultation, all directors present passed the proposal without objection.</p> <p>2. After consultation, all directors present passed the proposal without objection.</p> <p>3. After consultation, all directors present passed the proposal without objection.</p> <p>4. After consultation, all directors present passed the proposal without objection.</p> <p>5. After consultation, all directors present passed the proposal without objection.</p> <p>Provisional motion:</p> <p>1. After consultation, all directors present passed the proposal without objection.</p> |
| 2021/06/16<br>19 <sup>th</sup> meeting of<br>The 14 <sup>th</sup> Term | <p>1. Convening the 2021 Annual Shareholders' Meeting.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <p>1. After consultation, all directors present passed the proposal without objection.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 2021/08/11<br>20 <sup>th</sup> meeting of<br>The 14 <sup>th</sup> Term | <p>1. In order to meet the needs of operating turnover, the Company intends to sign a capital loan contract with Huanan Bank Nanmen Branch.</p> <p>2. 2020 business performance bonus for management officers.</p> <p>3. Convening an extraordinary general meeting of shareholders.</p>                                                                                                                                                                                                                                               | <p>1. After consultation, all directors present passed the proposal without objection.</p> <p>2. After consultation, all directors present passed the proposal without objection.</p> <p>3. After consulting all the directors present, there were 7 votes in favor and 4 votes against, and the case</p>                                                                                                                                                                                                                                                                                    |

| Date/session                                                           | Important Resolutions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Resolution                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | was passed according to the original proposal of the board of directors.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 2021/09/16<br>21 <sup>st</sup> meeting of<br>The 14 <sup>th</sup> Term | <ol style="list-style-type: none"> <li>1. To propose a list of candidates for directors (including independent directors) nominated by shareholders who hold more than 1% of the total issued shares.</li> <li>2. To release the directors and their representatives from non-competition restrictions.</li> <li>3. Convening the first EGM of shareholders in 2021 at 9:30 a.m. On October 14, 2021 (Thursday) at the Howard Plaza Hotel in Kaohsiung.</li> </ol>                                                                                                                                                                                                                                                                                                                        | <ol style="list-style-type: none"> <li>1. After consultation, all the directors present agreed without objection to the amendment proposed by the directors.</li> <li>2. All directors present unanimously agreed to pass.</li> <li>3. After consultation, all directors present passed the proposal without objection.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 2021/10/26<br>1 <sup>st</sup> meeting of<br>The 15 <sup>th</sup> Term  | <ol style="list-style-type: none"> <li>1. Election of Chairman of the board.</li> <li>2. Election of Vice-Chairman.</li> <li>3. To appoint the members of "Nomination Committee."</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <ol style="list-style-type: none"> <li>1. All the directors present agreed that director Wen-Yuan Lin as the Chairman of the 15<sup>th</sup> session.</li> <li>2. All the directors present agreed that director Chen Bo-Yuan as the Vice Chairman of the 15<sup>th</sup> session.</li> <li>3. All the directors present agreed to appoint three Independent Directors as members of the Nomination Committee.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 2021/11/11<br>2 <sup>nd</sup> meeting of<br>The 15 <sup>th</sup> Term  | <ol style="list-style-type: none"> <li>1. To sign a comprehensive credit agreement with MEGA International Commercial Bank Dunhua Branch.</li> <li>2. To sign a letter of credit approval with Taipei Fubon Bank.</li> <li>3. To renew the comprehensive credit agreement with EnTie Bank.</li> <li>4. To sign a comprehensive credit agreement with Chang Hua Bank Guting Branch.</li> <li>5. To sign a comprehensive credit agreement with Bank of Taiwan ZhongShan Branch.</li> <li>6. To sign a comprehensive credit agreement with Taiwan Business Bank Southern Taipei Branch.</li> <li>7. To sign a comprehensive credit agreement with First Bank Bade Branch.</li> <li>8. 2022 annual service fee for KPMG</li> <li>9. To propose the 2022 Operating Plan and Budget.</li> </ol> | <ol style="list-style-type: none"> <li>1. After consultation, all directors present passed the proposal without objection.</li> <li>2. After consultation, all directors present passed the proposal without objection.</li> <li>3. After consultation, all directors present passed the proposal without objection.</li> <li>4. After consultation, all directors present passed the proposal without objection.</li> <li>5. After consultation, all directors present passed the proposal without objection.</li> <li>6. After consultation, all directors present passed the proposal without objection.</li> <li>7. After consultation, all directors present passed the proposal without objection.</li> <li>8. After consultation, all directors present passed the proposal without objection.</li> <li>9. After consultation, all directors present passed the proposal</li> </ol> |

| Date/session                                                          | Important Resolutions                                                                                                                                                                                                                                                                                                                                                  | Resolution                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-----------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                       | <p>10. Appointment of members of “Compensation Committee” .</p> <p>11. Salary of Vice Chairman.</p> <p>12. Appointment of the Company’s Financial, Accounting and Corporate Governance Supervisor.</p> <p>13. The Company’s “Legal Dispute Handling Guidelines” was newly established.</p> <p>14. The Company’s 2022 annual audit plan.</p>                            | <p>without objection.</p> <p>10. The case was discussed after the three independent directors recused themselves, and after consultation, they were passed without objection from the directors present.</p> <p>11. The case was discussed after director Bo-Yuan Chen recused himself, and after consultation with the directors present, he passed without objection.</p> <p>12. After consultation, all directors present passed the proposal without objection.</p> <p>13. After consultation, all directors present passed the proposal without objection.</p> <p>14. After consultation, all directors present passed the proposal without objection.</p> |
| 2022/01/06<br>3 <sup>rd</sup> meeting of<br>The 15 <sup>th</sup> Term | <p>1. 2021 manager performance appraisal and salary adjustment.</p> <p>2. Formulated the Company’s “Regulation for the Appointment, Dismissal, Evaluation, and Salary of Internal Auditors.”</p> <p>3. Formulate the Company’s “Risk Management Policies and Procedures.”</p>                                                                                          | <p>1. After consultation, all directors present passed the proposal without objection.</p> <p>2. After consultation, all directors present passed the proposal without objection.</p> <p>3. After consultation, all directors present passed the proposal without objection.</p>                                                                                                                                                                                                                                                                                                                                                                                |
| 2022/03/22<br>4 <sup>th</sup> meeting of<br>The 15 <sup>th</sup> Term | <p>1. 2021 Consolidated and Individual Financial Report.</p> <p>2. 2021 Earnings Distribution.</p> <p>3. 2021 compensation for directors and employee.</p> <p>4. To amend the “Articles of Incorporation.”</p> <p>5. Adopted the “Procedures for the Handling of Derivatives Trading”.</p> <p>6. To revise “Procedures for the Acquisition or Disposal of Assets.”</p> | <p>1. After consultation, all directors present passed the proposal without objection.</p> <p>2. After consultation, all directors present passed the proposal without objection.</p> <p>3. After consultation, all directors present passed the proposal without objection.</p> <p>4. After consultation, all directors present passed the proposal without objection.</p> <p>5. After consultation, all directors present passed the proposal without objection.</p> <p>6. After consultation, all directors present passed the proposal</p>                                                                                                                  |

| Date/session | Important Resolutions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Resolution                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
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|              | <p>7. To revise “Rules of Procedure for Shareholders’ Meetings.”</p> <p>8. To revise “Corporate Governance Best Practice Principle”.</p> <p>9. To revise “Ethical Corporate Management Best Practice Principle ”.</p> <p>10. To revise “Procedures for Prevention of Insider Trading”.</p> <p>11. In accordance with article 29 of the “Corporate Governance Best Practice Principles for Twse/Tpex Listed Companies” and Article 3 of the Company’s “Audit Committee Charter,” the Company’s “Evaluation of CPA” is proposed.</p> <p>12. Pursuant to the fsc’s “Regulations Governing Establishment of Internal Control Systems by Public Companies” and related regulations, it is proposed to revise the “Procedures for professional judgment, and processes for making changes in accounting policies and estimates.”</p> <p>13. In accordance with the fsc’s “Regulations Governing Establishment of Internal Control Systems by Public Companies” and related regulations, it is proposed to revise some of the Company’s “Management of the Procedures for Preparation of Financial Statements”.</p> <p>14. Decide on matters related to the Company’s holding of the 2022 annual general meeting of shareholders.</p> <p>15. The period and location of the Company’s 2022 AGM of shareholders to accept shareholders’ proposals.</p> <p>16. The Company’s 2021 Annual Internal Auditing Report and Statement of Internal Control.</p> <p>17. It is proposed to apply for a new comprehensive credit line with Taiwan Cooperative Bank Naman Branch.</p> <p>18. The Company’s subsidiary “KunShan JiaAn Technology Education Consulting Co., Ltd.” Plans to dissolve and go through liquidation procedures.</p> | <p>without objection.</p> <p>7. After consultation, all directors present passed the proposal without objection.</p> <p>8. After consultation, all directors present passed the proposal without objection.</p> <p>9. After consultation, all directors present passed the proposal without objection.</p> <p>10. After consultation, all directors present passed the proposal without objection.</p> <p>11. After consultation, all directors present passed the proposal without objection.</p> <p>12. After consultation, all directors present passed the proposal without objection.</p> <p>13. After consultation, all directors present passed the proposal without objection.</p> <p>14. After consultation, all directors present passed the proposal without objection.</p> <p>15. After consultation, all directors present passed the proposal without objection.</p> <p>16. After consultation, all directors present passed the proposal without objection.</p> <p>17. After consultation, all directors present passed the proposal without objection.</p> <p>18. After consultation, all directors present passed the proposal without objection.</p> |

| Date/session | Important Resolutions                                                                                                                                       | Resolution                                                                           |
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|              | 19. The Company's subsidiary "KunShan YuFu Technology Education Consulting Co., Ltd." plans to handle Capital Reduction by returning share capital in cash. | 19. After consultation, all directors present passed the proposal without objection. |

3. Important resolutions of the Audit Committee in 2021 and up to the date of publication of the annual report:

| Date/Session                                                          | Important Resolutions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Resolution                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
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| 2021/01/21<br>14 <sup>th</sup> meeting of<br>The 1 <sup>st</sup> Term | <ol style="list-style-type: none"> <li>1. Yu Sheng Development Co., Ltd., a subsidiary of the Company, plans to reduce its capital to make up for losses.</li> <li>2. Disposal of the entire equity of Mauritius Deng Yun Co., Ltd. held by the Company and its subsidiary Grand Capital Co., Ltd.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <ol style="list-style-type: none"> <li>1. All the members present agreed to pass the proposal.</li> <li>2. All the members present agreed to pass the proposal.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 2021/03/24<br>15 <sup>th</sup> meeting of<br>The 1 <sup>st</sup> Term | <ol style="list-style-type: none"> <li>1. 2020 Consolidated and Individual Financial Report.</li> <li>2. 2020 Earnings Distribution.</li> <li>3. 2020 remuneration distribution plan for directors and employees.</li> <li>4. It is proposed to approve and revise some of the provisions of "Procedures for the Acquisition or Disposal of Assets," and to formulate the Company's internal regulations for "Procedures for the Handling of Derivatives Trading."</li> <li>5. 2020 Internal Auditing Report and Statement of Internal Control System.</li> </ol> <p>Provisional motion:</p> <ol style="list-style-type: none"> <li>1. It is recommended to ask the management department to pay attention to the internal control recommendations put forward by the accountants and act accordingly.</li> </ol> | <ol style="list-style-type: none"> <li>1. All the members present agreed to pass the proposal.</li> <li>2. The proposal was put to vote, with two votes in favor and one vote against. The proposal was passed by the original audit committee and submitted to the board of directors for resolution.</li> <li>3. After consulting all the members present, the staff remuneration ratio was revised and submitted to the board of directors for resolution.</li> <li>4. It is recommended that the management department study the relevant handling procedures and specific explanations before submitting it to the audit committee and the board of directors for discussion.</li> <li>5. All the members present agreed to pass the proposal.</li> </ol> <p>Provisional motion:</p> <ol style="list-style-type: none"> <li>1. All the members present agreed to pass the proposal.</li> </ol> |
| 2021/05/12<br>16 <sup>th</sup> meeting of<br>The 1 <sup>st</sup> Term | <ol style="list-style-type: none"> <li>1. 2021 Service Fee for KPMG.</li> <li>2. 2021 Consolidated Financial Report.</li> </ol> <p>Provisional motion:</p> <ol style="list-style-type: none"> <li>1. Yuan-Shin Materials Technology Corp. Ltd, a subsidiary of the Company, is an active fund and plans to allocate part of the funds for investment</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <ol style="list-style-type: none"> <li>1. All the members present agreed to pass the proposal.</li> <li>2. All the members present agreed to pass the proposal.</li> </ol> <p>Provisional motion:</p> <ol style="list-style-type: none"> <li>1. All the members present agreed to pass the proposal.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

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|                                                                       | business projects.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 2021/08/11<br>17 <sup>th</sup> meeting of<br>The 1 <sup>st</sup> Term | Provisional motion:<br>Member Kuo-Chin Chang suggested that the proposed holding of an EGM of shareholders for the full re-election directors would violate the relevant rights of directors and suggested to re-elect it in AGM.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | -                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 2021/11/11<br>1 <sup>st</sup> meeting of<br>The 2 <sup>nd</sup> Term  | <ol style="list-style-type: none"> <li>1. 2022 Service Fee for KPMG.</li> <li>2. Salary payment of Bo-Yuan Chen, Vice Chairman of the Company.</li> <li>3. Appointment of the Company's Financial, Accounting and Corporate Governance Supervisor.</li> <li>4. Adopted the "Legal Dispute Handling Guidelines".</li> <li>5. 2022 Annual Audit Plan.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <ol style="list-style-type: none"> <li>1. All the members present agreed to pass the proposal.</li> <li>2. All the members present agreed to pass the proposal.</li> <li>3. All the members present agreed to pass the proposal.</li> <li>4. All the members present agreed to pass the proposal.</li> <li>5. All the members present agreed to pass the proposal.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 2022/03/22<br>2 <sup>nd</sup> meeting of<br>The 2 <sup>nd</sup> Term  | <ol style="list-style-type: none"> <li>1. 2021 Consolidated and Individual Financial Report.</li> <li>2. 2021 Earnings Distribution.</li> <li>3. To amend the "Articles of Incorporation."</li> <li>4. To adopted the "Procedures for the Handling of Derivatives Trading".</li> <li>5. To revise the "Procedures for the Acquisition or Disposal of Assets".</li> <li>6. In accordance with Article 29 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Article 3 of the Company's "Organizational Regulations of the Audit Committee," the Company's "Evaluation of CPA" is proposed.</li> <li>7. Pursuant to the FSC's "Regulations Governing Establishment of Internal Control Systems by Public Companies" and related regulations, it is proposed to revise the "Procedures for professional judgment, and processes for making changes in accounting policies and estimates."</li> </ol> | <ol style="list-style-type: none"> <li>1. The case was approved by the chairman after consultation with all the members present without objection.</li> <li>2. The case was approved by the chairman after consultation with all the members present without objection.</li> <li>3. The case was approved by the chairman after consultation with all the members present without objection.</li> <li>4. The case was approved by the chairman after consultation with all the members present without objection.</li> <li>5. The case was approved by the chairman after consultation with all the members present without objection.</li> <li>6. The case was approved by the chairman after consultation with all the members present without objection.</li> <li>7. The case was approved by the chairman after consultation with all the members present without objection.</li> </ol> |

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|  | <p>8. In accordance with the FSC's "Regulations Governing Establishment of Internal Control Systems by Public Companies" and related regulations, it is proposed to revise the "Management of Preparation Process of Financial Statements".</p> <p>9. 2021 Internal Auditing Report and Statement of Internal Control System.</p> <p>10. The Company's subsidiary "Kunshan Jia'an Technology Education Consulting Co., Ltd." plans to dissolve and go through liquidation procedures.</p> <p>11. The Company's subsidiary "Kunshan Yu Fu Technology Education Consulting Co., Ltd." plans to handle Capital Reduction by returning share capital in cash.</p> | <p>8. The case was approved by the chairman after consultation with all the members present without objection.</p> <p>9. The case was approved by the chairman after consultation with all the members present without objection.</p> <p>10. The case was approved by the chairman after consultation with all the members present without objection.</p> <p>11. The case was approved by the chairman after consultation with all the members present without objection.</p> |
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**3.4.13 In the most recent year and as of the publication date of the annual report, the directors have different opinions on the important resolutions passed by the board of directors and have records or written statements:**

| Date (Term)                                                            | Contents , opinions with objections and reservations, and countermeasures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2021/03/24<br>17 <sup>th</sup> meeting of<br>The 14 <sup>th</sup> Term | <p><b>Proposal content:</b><br/>2020 Earnings Distribution</p> <p><b>Objections and reservations:</b><br/>Independent Director Chang Kuo-Chin expressed his disagreement with the Company's proposed distribution of cash dividends to shareholders of NT\$ 0.5 per share. Considering the long-term stable operation of the Company, it is proposed to distribute a cash dividend of NT\$ 0.3 per share this year.</p> <p>This case was put to a vote, with seven votes in favor of the allotment of NT\$ 0.5, four votes against the allotment of NT\$ 0.5 and in favor of NT\$ 0.3.</p> <p>In this case, it was voted to distribute a cash dividend of NT\$ 0.5 this year.</p> <p><b>Countermeasures:</b><br/>The Company handles the matter in accordance with the resolutions of the board of directors, and releases major information in accordance with regulations.</p> |
|                                                                        | <p><b>Proposal content:</b><br/>Appointment of members of the "Nomination Committee"</p> <p><b>Objections and reservations:</b><br/>Director Cheng-Yuan Liu expressed his objection. He believed that the chairman had a high position. In order to avoid the suspicion of mixing players and referees, it was recommended that all three seats should be held by independent directors.</p> <p>Independent Director Kuo-Chin Chang expressed his support for the opinion of Director Cheng-Yuan Liu and also objected to this case.</p> <p>Director Wen-Yuan Lin voted after withdrawing, with six votes in favor and four votes against.</p> <p><b>Countermeasures:</b><br/>The Company handles the matter in accordance with the resolutions of the board of directors, and releases major information in accordance with regulations.</p>                                    |
| 2021/08/11<br>20 <sup>th</sup> meeting of<br>The 14 <sup>th</sup> Term | <p><b>Proposal content:</b><br/>Convening an extraordinary meeting of shareholders</p> <p><b>Objections and reservations:</b><br/>Independent director Kuo-Chin Chang expressed his objection against shortening the term of the current director, which affects the rights and interests of the director.</p> <p>Director Ding-Jui Hsu and Director Cheng-Yuan Liu also suggested that the re-election be postponed until June.</p> <p>This case was put to a vote, with seven votes in favor and four votes against.</p> <p><b>Countermeasures:</b><br/>The Company handles the matter in accordance with the resolutions of the board of directors, and releases major information in accordance with regulations.</p>                                                                                                                                                        |

**3.4.14 Resignation of financial reporting persons (including Chairperson, General Manager, accounting director, treasurer, internal audit director, and supervisor of research and development) as of the latest year and as of the date:**

| Title                                                   | Name           | Appointment Date | Date of Dismissal | Reason for resignation or dismissal |
|---------------------------------------------------------|----------------|------------------|-------------------|-------------------------------------|
| General Manager                                         | Pao-Yuan Chen  | 2019/01/31       | 2021/06/01        | Transferred as Vice Chairman        |
| Finance, Accounting and Corporate Governance Supervisor | Tzu-Sheng Chou | 2016/04/11       | 2021/11/11        | Job Adjustment                      |

**3.5 Information on CPA Professional Fee**

**3.5.1 Professional Fees of CPA**

Unit: NT\$ Thousands

| Accounting firm | Name of CPA    | CPA's Audit Period             | Audit Fee | Non-Audit Fee | Total | Remark |
|-----------------|----------------|--------------------------------|-----------|---------------|-------|--------|
| KPMG            | Lin Wu         | 2021.01.01<br>to<br>2021.12.31 | 3,426     | 0             | 3,426 | -      |
|                 | Yuan-Sheng Yin |                                |           |               |       |        |

**3.5.2 When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.**

**3.5.3 When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 15% or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None.**

**3.6 Replacement of CPA: None.**

**3.7 The Company's Chairperson, General Manager or Any Managerial Officer in Charge of Finance or Accounting Matters Has Not in the Most Recent Year Held a Position at the Accounting Firm of its CPA or at an Affiliated Enterprise of Such Accounting Firm: None**

### 3.8 Changes in Shareholders of Directors, Managerial Officer, and Major Shareholders

#### 3.8.1 Changes in shareholdings of directors, managers and shareholders holding more than 10% share in the Company

Unit: share

| Title    | Name                           | 2021                                             |                                                     | The current year ends on April 24                |                                                     | Remark                                             |
|----------|--------------------------------|--------------------------------------------------|-----------------------------------------------------|--------------------------------------------------|-----------------------------------------------------|----------------------------------------------------|
|          |                                | Increase (decrease) in the number of shares held | Increase (decrease) in the number of pledged shares | Increase (decrease) in the number of shares held | Increase (decrease) in the number of pledged shares |                                                    |
| Chairman | Taiwan Styrene Investment Inc. | -                                                | (4,500,000)                                         | -                                                | (1,500,000)                                         | -                                                  |
|          | Representative: Wen-Yuan Lin   | -                                                | -                                                   | -                                                | -                                                   | 2021/10/14 Renewal                                 |
| Director | Taiwan Styrene Investment Inc. | -                                                | (4,500,000)                                         | -                                                | (1,500,000)                                         | -                                                  |
|          | Representative: Joseph Wang    | -                                                | -                                                   | -                                                | -                                                   | 2021/10/14 Retired                                 |
|          | Representative: Jeff Chen      | -                                                | -                                                   | -                                                | -                                                   | 2021/10/14 Renewal                                 |
|          | Representative: Pao-Yuan Chen  | 27,000                                           | -                                                   | -                                                | -                                                   | 2021/10/14 New appointment                         |
|          | Representative: Richard Lee    | -                                                | -                                                   | -                                                | -                                                   |                                                    |
| Director | Jinchihon Investment Inc.      | -                                                | -                                                   | -                                                | -                                                   | -                                                  |
|          | Representative: Richard Lee    | -                                                | -                                                   | -                                                | -                                                   | 2021/10/14 Retired                                 |
|          | Representative: Joseph Wang    | -                                                | -                                                   | -                                                | -                                                   | 2021/10/14 New appointment                         |
| Director | Chun Yu Factory Co., Ltd.      | -                                                | -                                                   | -                                                | -                                                   | -                                                  |
|          | Representative: Pao-Yuan Chen  | 27,000                                           | -                                                   | -                                                | -                                                   | 2021/10/14 Retired                                 |
|          | Representative: Chi-Tai Chen   | -                                                | -                                                   | -                                                | -                                                   | 2021/10/14 New appointment                         |
| Director | KaiJian Co., Ltd.              | 200,000                                          | -                                                   | -                                                | -                                                   | -                                                  |
|          | Representative: Cheng-Yuan Liu | -                                                | -                                                   | -                                                | -                                                   | 2021/10/14 Retired                                 |
|          | Representative: Hua-Kan Peng   | -                                                | -                                                   | -                                                | -                                                   | 2021/10/14 New appointment<br>2022/02/01 Dismissal |
|          | Representative: Chih-Yao Sun   | -                                                | -                                                   | -                                                | -                                                   | 2022/02/01 New appointment                         |
| Director | AnChin Development Inc.        | -                                                | -                                                   | -                                                | -                                                   | -                                                  |
|          | Representative: Ding-Jui Hsu   | -                                                | -                                                   | -                                                | -                                                   | 2021/10/14 Retired                                 |
|          | Representative: Bai-Hao Huang  | -                                                | -                                                   | -                                                | -                                                   |                                                    |
|          | Representative: Cheng-Yuan Liu | -                                                | -                                                   | -                                                | -                                                   | 2021/10/14 New appointment                         |

| Title                                                   | Name            | 2021                                             |                                                     | The current year ends on April 24                |                                                     | Remark                     |
|---------------------------------------------------------|-----------------|--------------------------------------------------|-----------------------------------------------------|--------------------------------------------------|-----------------------------------------------------|----------------------------|
|                                                         |                 | Increase (decrease) in the number of shares held | Increase (decrease) in the number of pledged shares | Increase (decrease) in the number of shares held | Increase (decrease) in the number of pledged shares |                            |
| Independent Director                                    | Chin-Chen Chien | -                                                | -                                                   | -                                                | -                                                   | 2021/10/14 Renewal         |
|                                                         | Jui-Mu Huang    | -                                                | -                                                   | -                                                | -                                                   | 2021/10/14 New appointment |
|                                                         | Yu-Chang Lin    | -                                                | -                                                   | -                                                | -                                                   |                            |
|                                                         | Gao-Wei Hsu     | -                                                | -                                                   | -                                                | -                                                   | 2021/10/14 Retired         |
|                                                         | Kuo-Chin Chang  | -                                                | -                                                   | -                                                | -                                                   |                            |
| Vice chairman                                           | Pao-Yuan Chen   | 27,000                                           | -                                                   | -                                                | -                                                   | Note 1                     |
| General Manager                                         | T.K Chung       | 9,294                                            | -                                                   | -                                                | -                                                   | Note 2                     |
| Director                                                | Joe Lu          | 14,958                                           | -                                                   | -                                                | -                                                   | -                          |
| Finance, Accounting and Corporate Governance Supervisor | Tzu-Sheng Chou  | 10,088                                           | -                                                   | -                                                | -                                                   | Note 3                     |
| Financial and Corporate Governance Supervisor           | Hui-Shan Chan   | -                                                | -                                                   | -                                                | -                                                   | Note 4                     |
| Accounting Supervisor                                   | Yan-Chun Chen   | -                                                | -                                                   | -                                                | -                                                   | Note 5                     |

Note 1: Pao-Yuan Chen adjusted his position as Vice Chairman on June 1, 2021.

Note 2: T.K Chung was promoted to General Manager on June 1, 2021.

Note 3: Tzu-Sheng Chou dismissed Financial, Accounting and Corporate Governance Supervisor November 11, 2021.

Note 4: Hui-Shan Chan was appointed as Financial and Corporate Governance Supervisor on November 11, 2021.

Note 5: Yan-Chun Chen was appointed as Accounting Supervisor on November 11, 2021.

### 3.8.2 Equity Transfer Information: None.

| Name | Reason for equity transfer | transaction date | The relationship between the counterparty of the transaction and the Company, directors, supervisors and shareholders holding more than 10% of the shares | Number of shares | Trading price |
|------|----------------------------|------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|---------------|
| —    | —                          | —                | —                                                                                                                                                         | —                | —             |

### 3.8.3 Equity Pledge Information: None.

| Name | Reason For Pledge Change | Change Date | Counterparty | Trading Counterparties And Companies, Directors, Supervisors And Shareholders Holding More Than 10% Of The Shares | Number Of Shares | Shareholding Ratio | Pledge Ratio | Pledge (Redemption) Amount |
|------|--------------------------|-------------|--------------|-------------------------------------------------------------------------------------------------------------------|------------------|--------------------|--------------|----------------------------|
| —    | —                        | —           | —            | —                                                                                                                 | —                | —                  | —            | —                          |

### 3.9 Information of the Top Ten Largest Shareholders who are Related Parties or have a Spousal or Familial Relationship within the Second Degree of Kinship

April 24, 2022

| Name                                                                                                                                                                                       | Holding of shares |                    | Spouse and minor children hold shares |                    | Holding shares in the name of others |                    | If the top ten shareholders are related to each other or are spouses or relatives within the second degree of kinship, their names or names and relationships |              | Remark |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------------|---------------------------------------|--------------------|--------------------------------------|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------|
|                                                                                                                                                                                            | Number Of Shares  | Shareholding Ratio | Number Of Shares                      | Shareholding Ratio | Number Of Shares                     | Shareholding Ratio | Name                                                                                                                                                          | Relationship |        |
| Taiwan Steel Co., Ltd.                                                                                                                                                                     | 41,794,000        | 7.92%              | —                                     | —                  | —                                    | —                  | —                                                                                                                                                             | —            | —      |
| Person in charge: Joseph Wang                                                                                                                                                              | 0                 | 0.00%              | —                                     | —                  | —                                    | —                  | —                                                                                                                                                             | —            | —      |
| Frank.C.Chen Foundation for Culture and Education                                                                                                                                          | 28,750,000        | 5.45%              | —                                     | —                  | —                                    | —                  | —                                                                                                                                                             | —            | —      |
| Chun Yu Works & Co., Ltd.                                                                                                                                                                  | 11,678,000        | 2.21%              | —                                     | —                  | —                                    | —                  | —                                                                                                                                                             | —            | —      |
| Person in charge: Huei-Cheng Lin                                                                                                                                                           | 0                 | 0.00%              | —                                     | —                  | —                                    | —                  | —                                                                                                                                                             | —            | —      |
| Yujie Investment Co., Ltd.                                                                                                                                                                 | 10,800,000        | 2.05%              | —                                     | —                  | —                                    | —                  | —                                                                                                                                                             | —            | —      |
| Person in charge: Chin-Chang Hsiao                                                                                                                                                         | 0                 | 0.00%              | —                                     | —                  | —                                    | —                  | —                                                                                                                                                             | —            | —      |
| Taiwan Styrene Investment Inc.                                                                                                                                                             | 10,000,000        | 1.89%              | —                                     | —                  | —                                    | —                  | —                                                                                                                                                             | —            | —      |
| Representative: Wen-Yuan Lin                                                                                                                                                               | 105,000           | 0.02%              | —                                     | —                  | —                                    | —                  | Jeff Chen                                                                                                                                                     | in law       | —      |
| Representative: Pao-Yuan Chen                                                                                                                                                              | 37,500            | 0.01%              | —                                     | —                  | —                                    | —                  | —                                                                                                                                                             | —            | —      |
| Representative: Jeff Chen                                                                                                                                                                  | 0                 | 0.00%              | —                                     | —                  | —                                    | —                  | Wen-Yuan Lin                                                                                                                                                  | in law       | —      |
| JPMorgan Chase Bank Taipei Branch is entrusted with the custody of the Van Gard Emerging Markets Stock Index Fund Investment Account of the Manager of the Van Gard Group                  | 6,803,050         | 1.29%              | —                                     | —                  | —                                    | —                  | —                                                                                                                                                             | —            | —      |
| Chun Yu Investment Co., Ltd.                                                                                                                                                               | 6,529,000         | 1.24%              | —                                     | —                  | —                                    | —                  | —                                                                                                                                                             | —            | —      |
| Person in charge: Chi-Tai Chen                                                                                                                                                             | 0                 | 0.00%              | —                                     | —                  | —                                    | —                  | —                                                                                                                                                             | —            | —      |
| Chunbang Precision Co., Ltd.                                                                                                                                                               | 6,440,000         | 1.22%              | —                                     | —                  | —                                    | —                  | —                                                                                                                                                             | —            | —      |
| Person in charge: Chi-Tai Chen                                                                                                                                                             | 0                 | 0.00%              | —                                     | —                  | —                                    | —                  | —                                                                                                                                                             | —            | —      |
| JPMorgan Chase Bank, Taipei Branch is entrusted with the custody of Advanced Starlight Fund Company's series of funds Advanced Aggregate International Stock Index Fund Investment Account | 6,364,977         | 1.21%              | —                                     | —                  | —                                    | —                  | —                                                                                                                                                             | —            | —      |
| Heyang Investment Co., Ltd.                                                                                                                                                                | 5,067,000         | 0.96%              | —                                     | —                  | —                                    | —                  | —                                                                                                                                                             | —            | —      |
| Person in charge: Joseph Wang                                                                                                                                                              | 0                 | 0.00%              | —                                     | —                  | —                                    | —                  | —                                                                                                                                                             | —            | —      |

Note 1: If the legal person shareholders are directors and supervisors, their representatives are the directors and supervisors of the Company.

Note 2: Those who do not serve as directors or supervisors are disclosed as the chairman of the corporate shareholder.

### 3.10 Consolidated Shareholding Ratio of Investees

March 31, 2022; Unit: Shares

| Reinvestment Business                                    | The Company's Investment |                    | Investment Of Directors, Supervisors, Managers And Directly Or Indirectly Controlled Enterprises |                    | Comprehensive Investment |                    |
|----------------------------------------------------------|--------------------------|--------------------|--------------------------------------------------------------------------------------------------|--------------------|--------------------------|--------------------|
|                                                          | Number Of Shares         | Shareholding Ratio | Number Of Shares                                                                                 | Shareholding Ratio | Number Of Shares         | Shareholding Ratio |
| Grand Cathay Venture Capital Co., Ltd.                   | 40,000,000               | 25.00%             | —                                                                                                | —                  | 40,000,000               | 25.00%             |
| Wonderland Enterprise Co., Ltd.                          | 29,629,597               | 37.04%             | —                                                                                                | —                  | 29,629,597               | 37.04%             |
| Yangmingshan Tien Lai Resort & SPA                       | 25,865,618               | 65.07%             | 4,807,774                                                                                        | 12.10%             | 30,673,392               | 77.17%             |
| Datapro Information System Co., Ltd.                     | 5,000,000                | 100.00%            | —                                                                                                | —                  | 5,000,000                | 100.00%            |
| UniversalInvestmentsLimited                              | 80                       | 40.00%             | —                                                                                                | —                  | 80                       | 40.00%             |
| Yu Sheng Development Co., Ltd.                           | 72,446,838               | 99.99%             | —                                                                                                | —                  | 72,446,838               | 99.99%             |
| Asia Carbon & Technology Inc.                            | 9,866,389                | 98.58%             | —                                                                                                | —                  | 9,866,389                | 98.58%             |
| Functional Coating System Technologies Co.,Ltd           | 1,744,186                | 34.88%             | —                                                                                                | —                  | 1,744,186                | 34.88%             |
| Tien Lai Co., Ltd.                                       | —                        | —                  | 500,000                                                                                          | 50.00%             | 500,000                  | 50.00%             |
| Kun Shan International Ltd.                              | —                        | —                  | —                                                                                                | 62.03%             | —                        | 62.03%             |
| Kunshan Yu Fu Technology Education Consulting Co., Ltd.  | —                        | —                  | —                                                                                                | 100.00%            | —                        | 100.00%            |
| Kunshan Jia'an Technology Education Consulting Co., Ltd. | —                        | —                  | —                                                                                                | 100.00%            | —                        | 100.00%            |
| Grand Capital Co., Ltd.                                  | —                        | —                  | —                                                                                                | 100.00%            | —                        | 100.00%            |
| Yucheng Technology Co., Ltd.                             | —                        | —                  | 5,255,553                                                                                        | 23.89%             | 5,255,553                | 23.89%             |

Note: The Company invests with equity method.

## 04 Capital Overview

### 4.1 Capital and Shares

#### 4.1.1 Capitalization

Unit: share; NTD

| Years  | Par Value | Authorized Capital |               | Paid-in Capital  |               | Remark                                                    |                                             |                                                                     |
|--------|-----------|--------------------|---------------|------------------|---------------|-----------------------------------------------------------|---------------------------------------------|---------------------------------------------------------------------|
|        |           | Number of shares   | Amount        | Number of shares | Amount        | Source of Capital                                         | Capital Increased by Assets Other than Cash | Others                                                              |
| 68.11  | 10        | 30,000,000         | 300,000,000   | 7,500,000        | 75,000,000    | Cash issue of 75,000,000 at creation                      | —                                           |                                                                     |
| 69.09  | 10        | 30,000,000         | 300,000,000   | 30,000,000       | 300,000,000   | Reissue of 225,000,000 in cash                            | —                                           |                                                                     |
| 70.08  | 10        | 50,000,000         | 500,000,000   | 35,000,000       | 350,000,000   | Cash capital increase issue of 50,000,000                 | —                                           |                                                                     |
| 71.04  | 10        | 50,000,000         | 500,000,000   | 50,000,000       | 500,000,000   | Reissue of cash 150,000,000                               | —                                           |                                                                     |
| 76.05  | 10        | 100,000,000        | 1,000,000,000 | 100,000,000      | 1,000,000,000 | 500,000,000 capital increase from surplus                 | —                                           | (76) Taiwan Financial Certificate (1) No. 00452                     |
| 77.08  | 10        | 150,000,000        | 1,500,000,000 | 150,000,000      | 1,500,000,000 | 500,000,000 capital increase from surplus                 | —                                           | (77) Taiwan Financial Certificate (1) No. 08547                     |
| 78.07  | 10        | 180,330,000        | 1,803,300,000 | 180,330,000      | 1,803,300,000 | Surplus capital increase 303,300,000                      | —                                           | (78) Taiwan Financial Certificate (1) No. 23774                     |
| 79.09  | 10        | 216,566,000        | 2,165,660,000 | 216,566,000      | 2,165,660,000 | Surplus to capital increase 362,360,000                   | —                                           | (79) Taiwan Financial Certificate (1) No. 02187                     |
| 80.07  | 10        | 260,283,000        | 2,602,830,000 | 260,283,000      | 2,602,830,000 | Surplus capital increase 437,170,000                      | —                                           | (80) Taiwan Financial Certificate (1) No. 01472                     |
| 84.05  | 10        | 313,112,149        | 3,131,121,490 | 313,112,149      | 3,131,121,490 | Capital increase from surplus to 528,291,490              | —                                           | (84) Taiwan Financial Certificate (1) No. 25397                     |
| 85.05  | 10        | 392,332,709        | 3,923,327,090 | 392,332,709      | 3,923,327,090 | Surplus capital increase 792,205,600                      | —                                           | (85) Taiwan Financial Certificate (1) No. 27060                     |
| 87.06  | 10        | 431,565,979        | 4,315,659,790 | 431,565,979      | 4,315,659,790 | Surplus capital increase 392,332,700                      | —                                           | (87) Taiwan Financial Certificate (1) No. 52170                     |
| 89.07  | 10        | 552,600,000        | 5,526,000,000 | 461,826,455      | 4,618,264,550 | Surplus to capital increase 302,604,760                   | —                                           | (89) Taiwan Financial Certificate (1) No. 57762                     |
| 90.06  | 10        | 552,600,000        | 5,526,000,000 | 485,151,024      | 4,851,510,240 | 233,245,690 surplus to capital increase                   | —                                           | (90) Taiwan Financial Certificate (1) No. 138425                    |
| 92.07  | 10        | 675,000,000        | 6,750,000,000 | 534,156,178      | 5,341,561,780 | Surplus capital increase 490,051,540                      | —                                           | (92) Taiwan Financial Certificate (1) No. 0920133877                |
| 94.07  | 10        | 675,000,000        | 6,750,000,000 | 566,529,279      | 5,665,292,790 | Capital increase from surplus 323,731,010                 | —                                           | Jinguanzheng Yizi No. 0940127690                                    |
| 96.07  | 10        | 675,000,000        | 6,750,000,000 | 588,969,290      | 5,889,692,900 | Capital increase from surplus 224,400,110                 | —                                           | Jinguanzheng Yizi No. 0960040233                                    |
| 97.08  | 10        | 675,000,000        | 6,750,000,000 | 606,479,298      | 6,064,792,980 | 175,100,080 capital increase from surplus                 | —                                           | Jinguanzheng Yizi No. 0970040302                                    |
| 97.12  | 10        | 675,000,000        | 6,750,000,000 | 591,479,298      | 5,914,792,980 | Cancellation and repurchase of 15,000,000 treasury shares | —                                           | —                                                                   |
| 98.03  | 10        | 675,000,000        | 6,750,000,000 | 590,672,298      | 5,906,722,980 | Cancellation and repurchase of 807,000 treasury shares    | —                                           | —                                                                   |
| 98.06  | 10        | 675,000,000        | 6,750,000,000 | 580,340,298      | 5,803,402,980 | Cancellation and repurchase of 10,332,000 treasury shares | —                                           | —                                                                   |
| 101.12 | 10        | 675,000,000        | 6,750,000,000 | 502,733,109      | 5,027,331,090 | 776,071,890 yuan for capital reduction                    | —                                           | Jinguanzhengfa Zi No. 1010048476<br>Jingshu Shangzi No. 10101251550 |
| 103.10 | 10        | 675,000,000        | 6,750,000,000 | 527,869,764      | 5,278,697,640 | Capital increase of 251,366,550 from surplus              | —                                           | Jinguan Zhengfa Zi No. 1030027404                                   |
| 111.03 | 10        | 900,000,000        | 9,000,000,000 | 527,869,764      | 5,278,697,640 | —                                                         | —                                           | Jingshu Shangzi No. 09901165040                                     |

Unit: Share

| Share Type   | Authorized Capital |                 |             | Note                       |
|--------------|--------------------|-----------------|-------------|----------------------------|
|              | Issued Shares      | Unissued Shares | Total       |                            |
| Common Stock | 527,869,764        | 372,130,236     | 900,000,000 | Shares of Listed Companies |

Information about the general reporting system: None.

#### 4.1.2 Shareholders Structure

April 24, 2022; Unit: Shares

| Structure<br>Item         | Government<br>Agencies | Financial<br>Institutions | Other<br>Institutional<br>Shareholders | Domestic<br>Natural Persons | Foreign<br>Institutions and<br>Natural Persons | Total       |
|---------------------------|------------------------|---------------------------|----------------------------------------|-----------------------------|------------------------------------------------|-------------|
| Number of<br>Shareholders | 1                      | 2                         | 292                                    | 101,221                     | 173                                            | 101,689     |
| Shares Held               | 1                      | 9,694                     | 147,935,971                            | 349,641,554                 | 30,282,544                                     | 527,869,764 |
| %                         | 0                      | 0                         | 28.02                                  | 66.23                       | 5.75                                           | 100         |
| Investment from China: 0  |                        |                           |                                        |                             |                                                |             |

Note: First TWSE/TPEX-listed companies and emerging companies should disclose their shareholding ratios of mainland investors; mainland investors refer to people, legal persons, groups, and other institutions in mainland China stipulated in Article 3 of the Measures for the Permit of People from Mainland China to Invest in Taiwan or its investment company in the third region.

#### 4.1.3 Shareholding Distribution Status

##### 1. CommonShares

April 24, 2022

| Range of Shares     | Number of<br>Shareholders | Shares Held | Shareholding Ratio (%) |
|---------------------|---------------------------|-------------|------------------------|
| 1 ~ 999             | 54,891                    | 8,161,329   | 1.55%                  |
| 1,000 ~ 5,000       | 33,588                    | 74,225,365  | 14.06%                 |
| 5,001 ~ 10,000      | 6,964                     | 54,933,063  | 10.41%                 |
| 10,001 ~ 15,000     | 2,070                     | 25,848,801  | 4.9%                   |
| 15,001 ~ 20,000     | 1,409                     | 26,294,210  | 4.98%                  |
| 20,001 ~ 30,000     | 1,084                     | 27,727,696  | 5.25%                  |
| 30,001 ~ 40,000     | 511                       | 18,436,792  | 3.49%                  |
| 40,001 ~ 50,000     | 343                       | 16,140,551  | 3.06%                  |
| 50,001 ~ 100,000    | 469                       | 34,002,334  | 6.44%                  |
| 100,001 ~ 200,000   | 204                       | 28,358,296  | 5.37%                  |
| 200,001 ~ 400,000   | 90                        | 25,180,690  | 4.77%                  |
| 400,001 ~ 600,000   | 24                        | 11,833,168  | 2.24%                  |
| 600,001 ~ 800,000   | 12                        | 8,716,461   | 1.65%                  |
| 800,001 ~ 1,000,000 | 6                         | 5,743,568   | 1.09%                  |
| Over 1,000,001      | 24                        | 162,267,440 | 30.74%                 |
| total               | 101,689                   | 527,869,764 | 100%                   |

##### 2. Preferred Shares: None.

#### 4.1.4 List of Major Shareholders

April 24, 2022

| Name of Major Shareholders                                                                                                                                                                   | Shareholding | Shares Held | Shareholding Ratio (%) |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------------|------------------------|
| Taiwan steel Group United Co., Ltd.                                                                                                                                                          |              | 41,794,000  | 7.92%                  |
| Frank.C.Chen Foundation for Culture and Education                                                                                                                                            |              | 28,750,000  | 5.45%                  |
| Chun Yu Works & Co., Ltd.                                                                                                                                                                    |              | 11,678,000  | 2.21%                  |
| Yujie Investment Co., Ltd.                                                                                                                                                                   |              | 10,800,000  | 2.05%                  |
| Taiwan Styrene Investment Inc.                                                                                                                                                               |              | 10,000,000  | 1.89%                  |
| JPMorgan Chase Bank Taipei Branch<br>Entrusted with the custody of the Van Gard Emerging Markets Stock Index<br>Fund Investment Account of the Manager of the Van Gard Group                 |              | 6,803,050   | 1.29%                  |
| Chun Yu Investment Co., Ltd.                                                                                                                                                                 |              | 6,529,000   | 1.24%                  |
| Chun Bang Precision Co., Ltd.                                                                                                                                                                |              | 6,440,000   | 1.22%                  |
| JPMorgan Chase Bank Taipei Branch<br>Entrusted with the custody of Advanced Starlight Fund Company's series of<br>funds Advanced Aggregate International Stock Index Fund Investment Account |              | 6,364,977   | 1.21%                  |
| Heyang Investment Co., Ltd.                                                                                                                                                                  |              | 5,067,000   | 0.96%                  |

#### 4.1.5 Market Price, Net Worth, Earnings, Dividends and relevant information for the last two years

Unit: Thousand shares; NT\$

| Item                   |                                   | Year                         | 2020    | 2021     |
|------------------------|-----------------------------------|------------------------------|---------|----------|
| Market Price Per Share | Highest                           |                              | 21.45   | 24.95    |
|                        | Lowest                            |                              | 12.15   | 16.00    |
|                        | Average                           |                              | 16.71   | 19.17    |
| Net Worth Per Share    | Before Assignment                 |                              | 13.76   | 13.57    |
|                        | After Assignment                  |                              | 13.26   | (Note 4) |
| EPS                    | Weighted average number of shares |                              | 527,115 | 527,513  |
|                        | EPS                               |                              | 0.55    | 0.20     |
| Dividends Per Share    | Cash Dividend                     |                              | 0.5     | (Note 4) |
|                        | Free allotment                    | Earnings Allotment           | -       | (Note 4) |
|                        |                                   | Allotment of Capital Reserve | -       | (Note 4) |
|                        | Accumulated Unpaid Dividends      |                              | -       | -        |
| Return on Investment   | Price/ Earnings Ratio(Note 1)     |                              | 30.38   | 95.85    |
|                        | Price/ Dividend Ratio(Note 2)     |                              | 33.42   | (Note 4) |
|                        | Cash Dividend Yield (Note 3)      |                              | 2.99%   | (Note 4) |

Note 1: Price / Earnings Ratio=Average Market Price Per Share / Earnings Per Share

Note 2: Price / Dividend Ratio = Average Market Price Per Share / Cash Dividend Per Share

Note 3: Cash Dividend Yield = Cash Dividends Per Share / Average Market Price Per Share

Note 4: The earnings distribution proposal for 2021 has not been resolved by the Shareholders' Meeting, so the amount is not shown.

#### 4.1.6 Dividend Policy and Implementation Status

1. Dividend policy stipulated in the articles of incorporation

If the Company has a profit in the year (that is, the profit before tax is deducted from the profit before the distribution of employees and directors' remuneration), it should allocate a range of 1% to 5% for employees' compensation and no more than 2.5% for directors' remuneration, but when the Company still has accumulated losses, it should reserve the amount in advance to make it up.

Remuneration of employees shall be in stock or cash, which shall be implemented by the Board of Directors with the presence of more than two-thirds of the directors and a resolution approved by more than half of the directors present, and reported to the shareholders' meeting.

If there is a surplus in the Company's annual final accounts, it should first pay the profit-making enterprise income tax according to the law to make up for the accumulated losses, and then set aside 10% of the balance as a statutory surplus reserve. In the same way as the accumulated undistributed surplus in previous years, the Board of Directors shall formulate a distribution proposal and submit it to the shareholders' meeting for approval. The proportion of cash dividends in the distribution proposal shall not be less than 30% of the total dividends; if it is necessary for a major investment plan and improvement of the financial structure, or when there is a sudden and major capital demand, the cash dividend payout rate will be adjusted to 10% to 30%. However, if the cash dividend per share is less than NT\$0.1, it shall not be paid, and it shall be paid as a stock dividend instead.

2. The proposed dividend distribution at the shareholders' meeting

(1) The cash dividends to be distributed to shareholders in 2021 are NT\$ 79,180,465 (NT\$ 0.15 per share), calculated according to the shareholders' shareholding ratio recorded in the shareholder register on the ex-rights base date.

(2) This earnings distribution is before the ex-dividend base date. If the Company's share capital changes, which affects the number of outstanding shares, and the dividend rate changes to shareholders and needs to be revised, it is proposed to request the shareholders' meeting to authorize the chairman of the board in accordance with the Company Law or relevant regulations. deal with it.

(3) Cash dividends are distributed up to 1, and the total amount of irregularities less than 1 will be treated as reversal of undistributed earnings.

3. Explanation of expected major changes in dividend policy: None.

#### 4.1.7 Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: None.

#### 4.1.8 Compensation of Employees and Directors

1. Information or scope of the percentage of employee remuneration and directors' remuneration as stated in the Company's Articles of Association:

If the Company has a profit in the year (that is, the profit before tax is deducted from the profit before the distribution of employees and directors' remuneration), it should allocate a range of 1% to 5% for employees' compensation and no more than 2.5% • for directors' remuneration, but when the Company still has accumulated losses, it should reserve the amount in advance to make up.

Remuneration of employees shall be in stock or cash, which shall be implemented by the Board of Directors with the presence of more than two-thirds of the directors and a resolution approved by more than half of the directors present, and reported to the shareholders' meeting.

2. The estimated basis for the estimated employee compensation and directors' compensation for the current period, the calculation basis for the number of shares for employee compensation distributed by stock, and the accounting treatment if the actual distribution amount is different from the estimated amount:

- (1) Since the current year is a net loss before tax, it is not planned to distribute employee remuneration and directors' remuneration.
  - (2) If there is a major change in the amount of distribution approved by the Board of Directors before the date of approval of the annual consolidated financial report, the change will adjust the original annual expenses. Annual adjustments are recorded.
3. Remuneration distribution approved by the Board of Directors:
- (1) Resolutions passed by the Board of Directors to distribute employee remuneration and directors' remuneration amount: Not applicable.
  - (2) The amount of employee remuneration distributed in stock and its proportion to the net profit after tax and total employee remuneration in the current period's individual or individual financial report: None.
4. The actual distribution of employee remuneration and directors' remuneration in 2020 (including the number of shares allotted, amount, and share price), and the discrepancies between the recognized employee's remuneration and director's remuneration, and the number of differences, reasons and handling should be stated:
- On March 24, 2021, the Board of Directors of the Company decided to allocate NT\$ 9,491,727 for employees' compensation and NT\$ 9,491,727 for directors' compensation, and pay them in cash. There is no difference between these amounts and the amounts recognized in the 2020 accounts.

#### 4.1.9 Buyback of Treasury Stock

| Term of Repurchase                                                                                                        | 1 <sup>st</sup> batch           | 2 <sup>nd</sup> batch          | 3 <sup>rd</sup> batch                       | 4 <sup>th</sup> batch         |
|---------------------------------------------------------------------------------------------------------------------------|---------------------------------|--------------------------------|---------------------------------------------|-------------------------------|
| Purpose of the Share Buyback                                                                                              | Share transfer to employees     | Share transfer to employees    | To maintain credit and shareholders' equity | Share transfer to employees   |
| Scheduled Buyback Period                                                                                                  | January 4, 2006 - March 3, 2006 | April 4, 2006 - June 3, 2006   | September 24, 2008 - November 22, 2008      | March 25, 2020 - May 22, 2020 |
| Scheduled Buyback Price Range                                                                                             | 13.00~18.00                     | 12.00~15.00                    | 5.23~10.00                                  | 8.61~25.77                    |
| Type and Number of Shares Buyback                                                                                         | Common Share 807,000 shares     | Common Share 10,332,000 shares | Common Share 15,000,000 shares              | Common Share 1,040,000 shares |
| Amount of Shares Buyback                                                                                                  | NT\$12,119,378                  | NT\$143,314,554                | NT\$107,933,335                             | NT\$15,186,712                |
| Number of Retired and Transferred Shares                                                                                  | Cancelled                       | Registered                     | Cancelled                                   | Transfer has been processed   |
| Cumulative Number of the Company's Treasury Shares Held                                                                   | 0 share                         | 0 share                        | 0 share                                     | 0 share                       |
| Cumulative Number of the Company's Treasury Shares as a Percentage of the Total Number of the Company's issued Shares (%) | 0%                              | 0%                             | 0%                                          | 0%                            |

**4.2 Corporate Bonds: None.**

**4.3 Preferred Shares: None**

**4.4 Global Depository Receipts: None.**

**4.5 Status of Employee Stock Options: None.**

**4.6 Status of Employee Restricted Stock: None.**

**4.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.**

**4.8 Funding Plans and Implementation: None.**

## 05 Operation Highlight

### 5.1 Business Activities

#### 5.1.1 Business Content

1. Main Content

- (1) Production and sales of styrene monomer, intermediate products and by-products.
- (2) Processing of styrene monomers and intermediate products and production and sales of processed products (subject to approval by the Investment Review Committee of the Ministry of Economic Affairs).
- (3) Import and sell styrene monomers and other related chemical raw materials and products.

The operation of the business is handled in accordance with the relevant laws and regulations.

2. Proportion of business:

| Product item      | Operating percentage |
|-------------------|----------------------|
| Styrene Monomer   | 95.79%               |
| P-Diethyl Benzene | 1.14%                |
| Others            | 3.07%                |

3. The Company's current products and services

- (1) SM (2) PDEB (3) Toluene (4) Hydrogen (5) Steam

#### 5.1.2 Industry Overview

1. Current Situation and Development of Styrene Industry

The Company's main product – styrene monomers, is a key intermediate raw material in the petrochemical industry. Raw materials, because they are bulk petrochemical raw materials, their demand is closely related to global economic growth (GDP).

The COVID-19 epidemic continues to engulf the world, new variants of the virus are spreading rapidly, and economic activities are still deeply affected. With the continuous development and vaccination of COVID-19 vaccines, central banks around the world continue to launch quantitative easing policies to stimulate the economy. The IMF predicts that the global economic growth rate will be 5.9% in 2021. The demand for crude oil has gradually recovered, and the oil price has gradually risen, which has also prompted the global cost of raw materials, including SM, to rise sharply.

In 2021, SM's new production capacity in mainland China totaled 3.8 million tons. Fortunately, downstream demand was also good after the epidemic eased. In the first half of the year, SM plants were repaired more frequently from March to June, and the United States was hit by an ice storm in February. More than half of SM plants were closed; the resumption of work has been delayed until the end of April. At the same time, many factories in Europe also had production accidents, and the price of SM in the United States and Europe rose sharply. Those conditions allowed mainland China to export SM, which relieved the pressure on the supply of new factories.

In order to reduce production costs, in addition to the sharp drop in demand in the first quarter due to the raging Delta virus, the Company also arranged for the SM1 production line to carry out de-bottlenecking work during the annual maintenance period, which was completed as scheduled in March last year. However, new SM factories in mainland China have been put into operation, and Asia has achieved a balance of production and sales from the original SM import area. The second half of last year The gradual rise in oil prices in the second half of last year led

to a sharp rise in raw material prices. Due to the oversupply of SM, the cost could not be passed on. Therefore, the annual maintenance period of the SM2 production line was promptly adjusted to avoid high-priced raw material inventory and effectively reduce losses.

Comparison of production and sales of the Company's main products in 2021 and 2020: SM's annual output in 2021 was 346,178 tons, an increase of 4,628 tons compared with 341,550 tons in 2020; the annual sales volume was 340,811 tons, a decrease of 5,100 tons compared with 345,911 tons in 2020. The annual output of paradiethylbenzene in 2021 was 2,262 tons, a decrease of 77 tons compared with 2,339 tons in 2020; the annual sales volume was 2,042 tons, a decrease of 405 tons compared with 2,447 tons in 2020.

## 2. The relationship between upstream, mid-stream and downstream of styrene industry

| Project           | Upstream          | Midstream             | Downstream                                                                                                                |
|-------------------|-------------------|-----------------------|---------------------------------------------------------------------------------------------------------------------------|
| Related Products  | Benzene, Ethylene | Styrene               | Ps (Polystyrene), Eps (Expanded Polystyrene), Abs (Acrylonitrile-Butadiene-Styrene Resin), Sbr (Styrene Butadiene Rubber) |
| Related Companies | CPC               | TMSC, Guoqiao, Taihua | Chi Mei, Delta, Universal Rubber, Taiwan Rubber, Etc.                                                                     |

## 3. Development trend and competition of styrene products

At present, general-purpose plastics such as ABS and PS are widely used in home appliances, 3C products, furniture, and auto parts. Due to their excellent processability, dimensional stability, and popular price, they are still the most widely used engineering plastics, so the demand for styrene is also proportional to economic growth.

Looking forward to the SM market this year (2022), the IMF estimates that the epidemic will suppress economic growth in the first quarter of this year. If the epidemic can cool down in the second quarter, the negative impact will begin to subside. The IMF estimates that global GDP growth this year will reach 4.4%. However, in the past (2021) and this year (2022), the new global SM production capacity is estimated to reach about 10 million tons (an increase of 26%), all of which are located in mainland China. With the substantial increase in supply, mainland China has been exporting SM one after another. After that, the market price of SM will have some pressure.

In addition, with the signing of the Regional Comprehensive Economic Partnership (RCEP), China, Japan and South Korea, which did not have a Free Trade Agreement (FTA) before, also have tax reductions with each other, which will bring greater competitive pressure to traditional industries such as plastics in Taiwan.

In order to strengthen the competitiveness of the industry, the Company has completed a de-bottlenecking project in March of last year (2021). In addition to reducing production costs, the annual production capacity of SM can be increased by about 15,000 tons. It is estimated that the sales volume of SM this year will reach 376,500 tons, a new record, so it is estimated that the Company's operating results this year will also be better than last year.

### 5.1.3 Technology and R&D Overview

For sustainable operations, the Company takes its own business as the core, continuously improves the process, and removes bottlenecks in the production line; in order to pursue excellent and innovative products, it develops a variety of high-value application products to enhance the Company's competitiveness.

In 2020 and 2021, the Company invested NT\$ 6,371,000 in research and NT\$ 2,127,000 in development.

**The overview and results of process improvement and R&D are as follows:**

- (1) In February 2021, the VOC recovery system project of the storage tank was completed, which effectively reduced the escape of volatile organic gases.
- (2) In March 2021, the EB/SM1 Revamping EPC project was completed, which greatly reduced energy costs and increased production capacity.
- (3) In March 2021, the cooling water pump coating ceramic composite material coating operation was completed to improve the pumping efficiency.
- (4) In October 2021, the inner wall of the heating furnace HS-601 was coated with high-temperature and high-radiation paint, which effectively saves fuel consumption.
- (5) Develop semiconductor-related coating materials, and make strategic alliances with domestic professional coating manufacturers to commercialize products.
- (6) The above coating materials have been tested by many well-known international companies and received good responses.

**5.1.4 Long- Term and Short-Term Business Development Plans**

**1. Short-Term Plan**

- (1) Continuously improve or update the process and equipment, optimize production capacity and intelligent efficiency, so as to reduce energy consumption and improve the efficiency of raw material use.
- (2) Introduce whole plant heat integration, waste heat recovery, and reduce greenhouse gas emissions.
- (3) Continuous wastewater recycling and promotion of water conservation measures.
- (4) Diversify raw material procurement sources and increase scheduling flexibility.
- (5) Pay attention to market dynamics and price trends of raw materials and products, and adjust inventory as soon as possible to reduce inventory depreciation losses.
- (6) Assist subsidiaries/affiliated companies to increase profits, continue to handle mainland asset disposals, and handle capital reduction/clearing and settlement operations for overseas companies to retrieve funds, and seek investment targets for innovation, profit or strategic cooperation.

**2. Long-term plan**

- (1) Respond to energy policies, adjust energy cost structure, and reduce the impact of climate change impact risks.
- (2) Deepen the vertical integration of upstream and downstream, develop downstream products, and reduce the impact of business cycle on products.
- (3) Continuously optimize energy costs, enhance the added value of products, and create operational performance.
- (4) Establish massive data collection and analysis technology to optimize equipment operation to improve process quality, improve equipment utilization, production efficiency and optimize industrial safety and environmental performance.
- (5) In line with government policies, net zero emissions will be achieved by 2050.

## 5.2 Market and Sales Overview

### 5.2.1 Market Analysis

1. Main product sales areas: Styrene is mainly sold domestically.

2. Market share:

Competing peers of the Company's related products are: Guoqiao and Taihua.

Current market share in Taiwan: 17.15%

3. The future supply and demand of the market and its growth potential

Styrene monomer is one of the indispensable intermediate raw materials in the petrochemical industry. Its downstream derivatives, such as ABS, PS, SBR, EPS, etc., have flourished in recent years due to the booming of such industries as electronics, home appliances, office automation and automobiles, and the demand has increased greatly. The domestic market demand is equivalent to the production capacity of domestic manufacturers. Last year, the domestic demand was about 2.07 million metric tons, the domestic production was 1.99 million metric tons, the import was 440,000 tons, and the export was 360,000 tons.

The relationship between the Company and customers has always been good. Last year, 100% of the Company's styrene sales were supplied to domestic contract customers. There were no exports.

Looking forward to this year (2022), as the newly developed COVID-19 vaccine has been actively vaccinated all over the world, it should be effectively controlled at present. The world will gradually unblock and resume business and tourism activities of free movement in the past. Demand will gradually recover, and economic prospects give cause for optimism. The IMF estimates that the global GDP will grow by 4.4% this year, the United States is 4%, mainland China is 4.8%, and Taiwan is 4%. In addition to the United States will launch an infrastructure construction plan, the Chinese mainland has also launched a policy of cutting interest rates and reserve ratios to stabilize the economy and stimulate real estate market. The Russia-Ukraine war broke out in February this year. Russia is the third largest crude oil producer in the world. Russia is subject to international sanctions. The crude oil continues to rise, and the global raw materials are rising. After the war, it is expected that there will be a wave of post-disaster reconstruction needs.

4. Expected number of sales

(1) Business targets

| Main products | 2022 Estimated Sales (Metric Tons) |
|---------------|------------------------------------|
| Styrene       | 376,500                            |

(2) Development advantages and disadvantages

A. Development favorable factors

(a) In order to improve profitability, the Company strives to reduce production costs: the first-line styrene plant de-bottlenecking project was successfully completed and put into operation in March of last year (2021). The purpose was and is to reduce production costs and increase production capacity, making the Company's products more Competitiveness.

(b) As the vaccination against COVID-19 has been actively carried out around the world, the world will gradually resume business and tourism activities with free movement in the past, demand will gradually recover, and the economic outlook is optimistic. The IMF estimates that the global GDP growth this year will reach 4.4%. The United States will launch another infrastructure construction plan, and mainland China will also launch a policy of lowering interest rates and reserve requirements to stabilize the

economy, stimulate the real estate market, and the Russia–Ukraine war that broke out in February. After the war, it is expected that there will be a wave of post-disaster reconstruction needs.

#### B. Development Disadvantages

- (a) This year, about 5.7 million tons of new SM production capacity in mainland China will be put into operation one after another, which will make the SM market more severe, and the competition will become more intense.
- (b) The Asia Regional Comprehensive Economic Partnership (RCEP) was signed and entered into force. China, Japan and South Korea, which did not have a free trade agreement (FTA), also have tax reductions with each other, which will bring greater competitive pressure to traditional industries such as plastics in Taiwan.
- (c) The total pollution control in the Kaohsiung-Pingtung area will limit the development of industries, especially the petrochemical industry. Since it is impossible to replace the old with new ones and expand production capacity, Taiwan's petrochemical industry can only maintain its success and cannot develop.

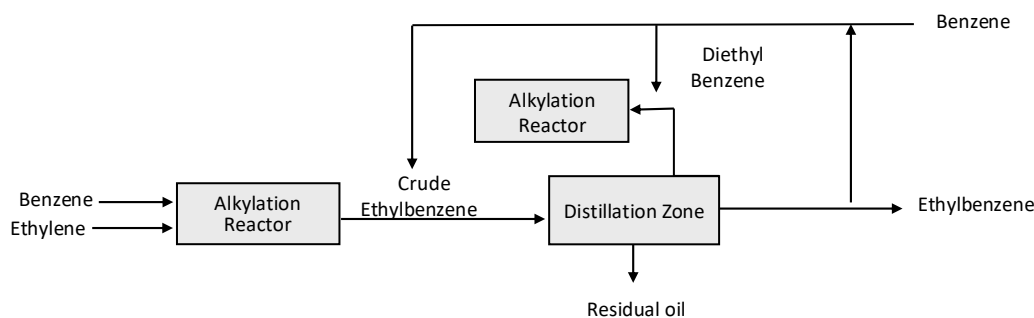
### 5.2.2 Important uses and production process of main products

1. The Company's main product, styrene monomer, is a key intermediate raw material in the petrochemical industry. Its downstream derivatives are various plastics such as: PS, ABS, SAN, SBR, EPS, etc. It is closely related to people's livelihood and has a wide range of uses.
2. The Company's main product, styrene monomer, is a key intermediate raw material in the petrochemical industry. Its downstream derivatives are various plastics such as: PS, ABS, SAN, SBR, EPS, etc. It is closely related to people's livelihood and has a wide range of uses.

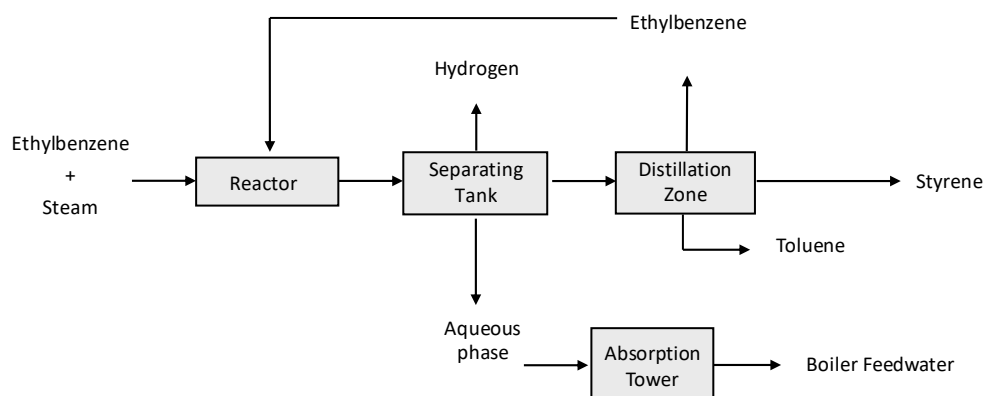
#### 3. Product process introduction:

- (1) Styrene production process: It uses benzene and ethylene as raw materials to obtain styrene through two processes of alkylation reaction and dehydrogenation reaction.

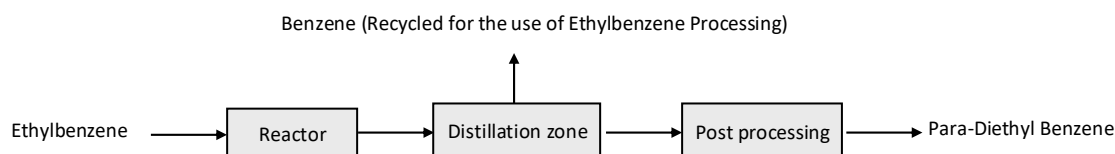
① Alkylation process:  $\text{benzene} + \text{ethylene} \rightarrow \text{ethylbenzene}$



② Dehydrogenation process:  $\text{Ethylbenzene} \xrightarrow{\text{dehydrogenation}} \text{Styrene Monomer}$



- (2) PDEB process: PDEB is produced by highly selective disproportionation reaction of ethyl benzene.



### 5.2.3 Availability of main raw materials

1. Benzene: mainly supplied by CPC Corporation and imported from abroad.
2. Ethylene: mainly supplied by CPC Corporation.

### 5.2.4 Information on major suppliers and sales customers in the last two years

1. Information on major suppliers in the last two years

Unit: NT\$ Thousands

| Project | 2020         |           |                                               |                              | 2021         |            |                                               |                              |
|---------|--------------|-----------|-----------------------------------------------|------------------------------|--------------|------------|-----------------------------------------------|------------------------------|
|         | Name         | Amount    | Ratio to net purchases for the whole year (%) | Relationship with the Issuer | Name         | Amount     | Ratio to net purchases for the whole year (%) | Relationship with the issuer |
| 1       | First        | 3,772,161 | 54.46                                         | none                         | First        | 6,039,405  | 53.90                                         | none                         |
| 2       | Second       | 1,109,102 | 16.01                                         | none                         | Second       | 1,155,230  | 10.31                                         | none                         |
| 3       | other        | 2,045,668 | 29.53                                         | none                         | other        | 4,010,952  | 35.79                                         | none                         |
|         | Net purchase | 6,926,931 | 100.00                                        | none                         | Net purchase | 11,205,587 | 100.00                                        | none                         |

Note 1: List the names of suppliers who have purchased more than 10% of the total purchases in the last two years, as well as the purchase amount and proportion. However, because the contract stipulates that the name of the supplier should not be disclosed or the transaction object is an individual and not a related person, it can be a code name.

Note 2: As of the date of publication of the annual report, companies whose stocks are listed or whose stocks have been traded at the business offices of securities firms should also disclose their latest financial information that has been certified, certified or reviewed by an accountant.

2. Information on major sales customers in the last two years

Unit: NT\$ Thousands

| Project | 2020      |           |                                          |                              | 2021      |            |                                          |                              |
|---------|-----------|-----------|------------------------------------------|------------------------------|-----------|------------|------------------------------------------|------------------------------|
|         | Name      | Amount    | Ratio to net sales of the whole year [%] | Relationship with the issuer | Name      | Amount     | Ratio to net sales of the whole year [%] | Relationship with the issuer |
| 1       | A         | 3,777,315 | 47.81%                                   | none                         | A         | 5,550,675  | 47.94%                                   | none                         |
| 2       | B         | 1,512,846 | 19.15%                                   | none                         | B         | 2,302,837  | 19.89%                                   | none                         |
| 3       | other     | 2,609,724 | 33.04%                                   | none                         | other     | 3,725,756  | 32.17%                                   | none                         |
|         | net sales | 7,899,885 | 100.00%                                  | none                         | net sales | 11,579,268 | 100.00%                                  | none                         |

Note 1: List the names of customers who are more than 10% of the total sales in the last two years and their sales amount and proportion. However, because the contract stipulates that the name of the customer or the transaction object should not be disclosed as an individual and not a related person, the code name may be used.

Note 2: As of the date of publication of the annual report, companies whose stocks are listed or whose stocks have been traded at the business offices of securities firms should also disclose their latest financial information that has been certified, certified or reviewed by an accountant.

### 5.2.5 Production value table for the last two years

Unit: MT/NT\$ 1,000

| Major products  | Production year<br>Magnitude | 2020     |         |           | 2021     |         |            |
|-----------------|------------------------------|----------|---------|-----------|----------|---------|------------|
|                 |                              | Capacity | Yield   | Value     | Capacity | Yield   | Value      |
|                 |                              |          |         |           |          |         |            |
| Styrene monomer |                              | 340,000  | 341,550 | 7,102,468 | 340,000  | 346,178 | 11,100,019 |
| Total           |                              | 340,000  | 341,550 | 7,102,468 | 340,000  | 346,178 | 11,100,019 |

Note: The main business of the Company is petrochemical industry. Subsidiaries have no similar business and cannot be combined for analysis. Therefore, the analysis of petrochemical industry is the main business.

### 5.2.6 Sales value table for the last two years

Unit: MT/NT\$ 1,000

| Major products    | Sales year<br>magnitude | 2020         |             |              |             | 2021         |             |              |             |
|-------------------|-------------------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|
|                   |                         | Domestic     |             | Export       |             | Domestic     |             | Export       |             |
|                   |                         | Sales volume | Sales value | Sales volume | Sales value | Sales volume | Sales value | Sales volume | Sales value |
| Styrene monomer   |                         | 345,911      | 7,453,182   | 0            | 0           | 340,811      | 11,091,274  | 0            | 0           |
| P-diethyl benzene |                         | 581          | 35,498      | 1,866        | 117,593     | 260          | 16,380      | 1,782        | 115,507     |
| Other             |                         | 0            | 293,612     | 0            | 0           | 0            | 356,107     | 0            | 0           |
| Total             |                         | 346,492      | 7,782,292   | 1,866        | 117,593     | 341,071      | 11,463,761  | 1,782        | 115,507     |

Note: The main business of the Company is petrochemical industry. Subsidiaries have no similar business and cannot be combined for analysis. Therefore, the analysis of petrochemical industry is the main business.

## 5.3 Human Resource

| Year                           |                   | 2020   | 2021   | The current year ends on 2022/03/31 |
|--------------------------------|-------------------|--------|--------|-------------------------------------|
| Number of workers              | Staff             | 76     | 78     | 79                                  |
|                                | Staff             | 113    | 109    | 122                                 |
|                                | Total             | 189    | 187    | 201                                 |
| Average age                    |                   | 46.3   | 45.5   | 44.67                               |
| Average years of service       |                   | 14.6   | 14.75  | 14                                  |
| Educational distribution ratio | PHD               | 0.53%  | 0.53%  | 0.50%                               |
|                                | Master            | 14.29% | 15.51% | 14.93%                              |
|                                | College           | 68.78% | 68.99% | 70.64%                              |
|                                | High School       | 12.70% | 11.23% | 10.45%                              |
|                                | Below High School | 3.70%  | 3.74%  | 3.48%                               |

## 5.4 Environmental Protection Expenditure

Any losses suffered by the Company in the most recent fiscal year and up to publication date of the annual report due to environmental pollution incidents:None.

## 5.5 Labor Relations

### 5.5.1 The Company's various employee welfare measures, further education, training, retirement systems and their implementation, as well as labor-management agreements and various employee rights protection measures

#### 1. Employee welfare measures, further education, training, retirement system and its implementation

A harmonious and good labor-management relationship is the driving force for the growth of the enterprise, and it also helps to enhance the corporate image. Therefore, in order to create a good working environment and improve the performance of employees, the Company strives for the stability of life and the development of talents of colleagues, so as to achieve the goal of combining personal growth and company development. In addition to strictly abiding by labor laws, the Company also has various welfare measures that are superior to the Labor Standards Act. Relevant welfare measures include employee dividends and share subscriptions, regular health inspections, etc., and arranges employee education and training funds to improve employees' various professional skill.

#### 2. Various employee rights protection measures

The Company began to implement labor retirement measures in 1986, and set up a labor retirement reserve supervision committee in accordance with the law to manage the retirement reserve. In 2018, in response to the revision of the Labor Standards Act, the Company also actively cooperated with the revision of work rules and related management measures to comply with legal requirements and create a win-win situation for labor and management.

#### 3. Retirement system

##### (1) Withdrawal and management of pension

- A. In accordance with the provisions of Article 56 of the Labor Standards Act ("Old System"), the Company allocates labor retirement reserves on a monthly basis, establishes a special account to store them, and establishes a labor retirement reserve supervision committee to supervise them.
- B. In accordance with the Regulations on Labor Pensions ("New System"), the Company shall pay 6% of the employees' monthly average wages (refer to the monthly wage grading table) in accordance with the law, and deposit them in the Labor Pension Individual Specialized Department established by the Bureau of Labor Insurance. household.

##### (2) Retirement conditions

- A. voluntary retirement
  - (a) Those who have worked in the Company for more than 15 years and are at least 55 years old.
  - (b) Those who have worked in the Company for more than 25 years.
  - (c) Those who have worked in the Company for more than ten years and are at least 60 years old.
- B. order retirement
  - (a) At least sixty-five years old.
  - (b) Those who are mentally or physically disabled and unable to perform their duties shall be subject to the disability of the first to sixth levels of labor insurance.
- C. early retirement  
Age plus seniority  $\geq$  60 and there are special reasons, including family or health factors, and approved.
- D. Those who choose the new system of labor and retirement: workers must be at least 60 years old.

##### (3) Requirements for claiming pensions

- A. If the Labor Pension Regulations (New System) applies, the employee shall apply to the Bureau of Labor Insurance for their pension, and the pension shall be calculated according to its regulations:
  - (a) Workers who have reached the age of 60 and have worked for less than 15 years shall apply for a one-time pension.
  - (b) Workers who have reached the age of 60 and have worked for more than 15 years should receive a monthly pension.

- (c) Workers continue to work after receiving pensions, and their years of service are recalculated. The number of times a worker can receive this contribution pension and its benefits is limited to once a year.
- B. For those who apply the provisions of the Labor Standards Act (the old system), the pension shall be paid in accordance with Article 55 of the Labor Standards Act, and the calculation method is as follows:
  - (a) According to their working experience, two bases will be given for each full year; however, if the working experience exceeds 15 years, one base will be given for every full year. The maximum total is limited to forty-five bases. Less than half a year will be counted as half a year, and more than half a year will be counted as one year.
  - (b) In accordance with the provisions of Paragraph 2 of Article 7, workers who are forced to retire and whose mental or physical disability is caused by the performance of their duties shall be subject to an additional 20% in accordance with the provisions of the preceding Article.
  - (c) The pension base refers to the average monthly salary (including meal allowances, transportation allowances, shift allowances, overtime pay, and non-vacation wages) earned during the six months prior to the effective date of retirement. The calculation method of the average wage shall be in accordance with the relevant provisions of the Labor Standards Act and the Enforcement Rules of the Labor Standards Act.
- (4) Other
  - A. Although workers have reached the age of 65, those who are retained by the Company may continue to work.
  - B. The term of service years as mentioned in these Measures shall be calculated from the date of entering the Company's work, but the following years of service shall not be counted:
    - (a) If he resigns and interrupts his work, if he works for the Company again, his past working experience will not be counted.
    - (b) Seniority during the period of leave without pay shall not be counted.
  - C. In the event of the death of a worker whose age and years of service conform to one of the conditions of voluntary retirement or ordered retirement in Article 4 of these Regulations, a pension shall be paid out.

#### **4. Labor agreement situation**

The Company established an industrial trade union in 1988 and signed a collective agreement, and in accordance with the Labor Standards Act, regular labor-management meetings are held.

#### **5. Work environment and employee personal safety protection measures**

The Company has been committed to industrial safety, environmental protection, energy saving and waste reduction and employee care for a long time. In addition to complying with relevant domestic regulations, it has passed ISO 45001 international occupational health and safety management system certification, CNS 45001 Taiwan occupational safety and health management system certification, and ISO 14001 international environmental management system certification.

In accordance with the Occupational Safety and Health Act, the Company provides pre-employment physical examinations and labor safety and health education and training when employees are hired. Regular health examinations and anomaly follow-up examinations are carried out for in-service employees every year. Implement health counseling and follow-up management. For those who engage in operations that are particularly harmful to health, implement specific items of health inspection and implement health management. At the same time, each unit implements internal and external education and training according to the nature of its work and arranges professional license training, such as organic solvent work, Courses on specific chemical operations, first aid personnel, hypoxia operations, Class A boiler operators and process operations.

For the environmental protection, safety and sanitation operation of the factory area, in addition to the inspection of various environments and facilities, and the measurement of the operating environment every six months, a complete audit procedure has been established. The internal management system audit of environmental safety and health is carried out every six months, and the relevant audit by the third-party verification unit is accepted every year. In addition, management review organizations at the

Company and factory levels were established respectively. The general manager and the factory manager held management review meetings to conduct regular reviews of various environmental safety and health affairs, review the operation situation, set goals and directions, and implement continuous improvement and enhancement of environmental safety and health performance.

In order to effectively prevent the occurrence of occupational diseases and occupational disasters, in addition to formulating an occupational safety and health management plan in accordance with the provisions of the Occupational Safety and Health ACT, setting up occupational safety and health business supervisors and management personnel, carrying out work environment inspections every six months, and the industrial environment room according to the annual arrangement. On a fixed date, each unit will implement the automatic inspection method audit, and the staff of the industrial safety office will conduct regular inspections in each operating environment. In addition to the labor safety-related operation specifications, the relevant specifications of each management system and the material safety data sheet are published on the Company's internal website for employees to read, so that employees can have a deeper understanding of the concept of safety and hygiene and internalize them in their lives.

#### **5.5.2 Losses due to labor disputes in the last two years and up to the date of publication of the annual report, and disclose the estimated amount and countermeasures that may occur at present and in the future**

The Company's labor-management interaction is good, and it has been awarded the National Labor-Management Relationships Excellent Institution for many times. All labor-management issues can be smoothly resolved at the monthly labor-management meeting. Therefore, in the last two years and as of the publication date of the annual report, there have been no labor-management disputes or losses. The Company will continue to maintain a good interaction mechanism with labor and harmonious labor-management relations, and it is expected that there will be no labor disputes and losses in the future.

## **5.6 Cyber Security Management**

### **5.6.1 Describe the information security risk management framework, the information security policy, the specific management plan and the resources invested in the information security management, etc.:**

#### **1. Information Security Risk Management Framework:**

In 2021, the Board of Directors of the Company adjusted the organizational structure, and the information room was responsible for planning, implementing and promoting information security management matters, and promoting information security awareness to reduce internal security risks.

#### **2. Information Security Policy:**

- (1) Prevent hackers, various viruses from invading and destroying.
- (2) Prevent leakage of confidential information.
- (3) Maintain the continuous operation of various information systems.
- (4) Maintain physical environment security.
- (5) Avoid accidental human error.
- (6) Prevent improper and illegal use with human intentions.
- (7) Build a remote backup system.

#### **3. Information security specific management plan:**

- (1) The computer room is equipped with independent air conditioners to keep the computer equipment running at an appropriate temperature; fire extinguishers are also placed for use in the event of fire caused by general or electrical appliances.
- (2) The Company's computer host, various application servers and other equipment are set up in a dedicated computer room, and the computer room keeps records of entry and exit.
- (3) The servers in the computer room is equipped with an uninterruptible power supply and voltage stabilizer equipment to avoid the system crash caused by sudden power failure, and to ensure that the operation of the computer application system is not interrupted during a temporary power failure.
- (4) Provide information security education and publicity from time to time, and require colleagues

to change system passwords regularly to maintain account security.

**5.6.2 List the losses, possible impacts and countermeasures caused by major information security incidents in the most recent year and up to the date of publication of the annual report. If it cannot be reasonably estimated, the facts that cannot be reasonably estimated shall be stated:** No major information communication security incident.

## **5.7 Important Contracts**

Except for general commercial transactions, the Company does not currently have any significant contracts.

## 06 Financial Highlights and Analysis

### 6.1 Financial Summary for the Past 5 Fiscal Years

#### 6.1.1 Consolidated Condensed Balance Sheet – IFRS

Unit: NT\$ Thousands

| Project \ Year                                  |                   | Financial information for the last five years |            |           |           |           |
|-------------------------------------------------|-------------------|-----------------------------------------------|------------|-----------|-----------|-----------|
|                                                 |                   | 2017                                          | 2018       | 2019      | 2020      | 2021      |
| Current assets                                  |                   | 4,843,559                                     | 4,129,843  | 3,220,542 | 2,505,587 | 2,697,122 |
| Property, plant and equipment                   |                   | 4,436,213                                     | 4,133,895  | 3,982,140 | 3,949,185 | 3,853,008 |
| Intangible assets                               |                   | 16,518                                        | 16,609     | 12,098    | 9,570     | 7,932     |
| Other assets                                    |                   | 2,588,594                                     | 2,230,209  | 2,089,562 | 2,548,028 | 2,741,128 |
| Total assets                                    |                   | 10,924,691                                    | 10,510,046 | 9,304,342 | 9,012,370 | 9,299,190 |
| Current liabilities                             | Before assignment | 2,343,499                                     | 2,393,363  | 1,809,054 | 1,231,295 | 1,614,174 |
|                                                 | After assignment  | 3,188,091                                     | 3,449,103  | 2,335,884 | 1,495,212 | (Note)    |
| Non-current liabilities                         |                   | 1,008,930                                     | 399,269    | 266,028   | 317,349   | 313,890   |
| Total liabilities                               | Before assignment | 3,352,429                                     | 2,792,632  | 2,075,082 | 1,548,644 | 1,928,064 |
|                                                 | After assignment  | 4,197,021                                     | 3,848,372  | 2,601,912 | 1,812,561 | (Note)    |
| Equity attributable to owners of parent company |                   | 7,287,931                                     | 7,463,319  | 7,022,052 | 7,253,852 | 7,160,973 |
| Share capital                                   |                   | 5,278,698                                     | 5,278,698  | 5,278,698 | 5,278,698 | 5,278,698 |
| Capital reserve                                 |                   | 68,142                                        | 60,415     | 42,418    | 48,224    | 46,300    |
| Retained surplus                                | Before assignment | 1,843,580                                     | 2,546,063  | 2,282,185 | 1,773,645 | 1,779,957 |
|                                                 | After assignment  | 998,988                                       | 1,490,323  | 1,755,355 | 1,509,728 | (Note)    |
| Other rights                                    |                   | 97,511                                        | (421,857)  | (581,249) | 168,463   | 56,031    |
| Treasury stock                                  |                   | -                                             | -          | -         | (15,178)  | (13)      |
| Non-controlling interests                       |                   | 284,331                                       | 254,095    | 207,208   | 209,874   | 210,153   |
| Total equity                                    | Before assignment | 7,572,262                                     | 7,717,414  | 7,229,260 | 7,463,726 | 7,371,126 |
|                                                 | After assignment  | 6,727,670                                     | 6,661,674  | 6,702,430 |           | (Note)    |

Note: The 2021 surplus distribution proposal has not been resolved by the shareholders' meeting, so the amount after distribution is not listed.

### 6.1.2 Consolidated Condensed Consolidated Income Statement – IFRS

Unit: NT\$ Thousands

| Project \ Year                                                               | Financial information for the last five years |            |            |           |            |
|------------------------------------------------------------------------------|-----------------------------------------------|------------|------------|-----------|------------|
|                                                                              | 2017                                          | 2018       | 2019       | 2020      | 2021       |
| Operating income                                                             | 14,750,826                                    | 15,382,654 | 12,219,389 | 8,113,225 | 11,714,016 |
| Operating profit                                                             | 1,689,216                                     | 1,976,994  | 1,391,937  | 305,103   | 132,912    |
| Operating profit and loss                                                    | 1,282,663                                     | 1,534,999  | 1,070,680  | 90,328    | (85,678)   |
| Non-operating income and expenses                                            | (36,525)                                      | 12,666     | (35,920)   | 278,929   | 79,431     |
| Net profit before tax                                                        | 1,246,138                                     | 1,547,665  | 1,034,760  | 369,257   | (6,247)    |
| Net profit of continuing business units for the current period               | 984,593                                       | 1,186,794  | 881,756    | 289,723   | 105,239    |
| Profit and loss of closed units                                              | -                                             | -          | -          | -         | -          |
| Net profit (loss) for the current period                                     | 984,593                                       | 1,186,794  | 881,756    | 289,723   | 105,239    |
| Other comprehensive gains and losses for the period (net of tax)             | 214,613                                       | (180,486)  | (144,142)  | 486,685   | (43,675)   |
| Total comprehensive profit and loss for the current period                   | 1,199,206                                     | 1,006,308  | 737,614    | 776,408   | 61,564     |
| Net profit attributable to owners of parent company                          | 1,055,749                                     | 1,216,401  | 882,065    | 287,516   | 104,604    |
| Net profit attributable to non-controlling interests                         | (71,156)                                      | (29,607)   | (309)      | 2,207     | 635        |
| Total comprehensive profit and loss attributable to owners of parent company | 1,273,709                                     | 1,036,567  | 739,732    | 772,887   | 61,285     |
| Total comprehensive profit or loss attributable to non-controlling interests | (74,503)                                      | (30,259)   | (2,118)    | 3,521     | 279        |
| EPS                                                                          | 2.00                                          | 2.30       | 1.67       | 0.55      | 0.20       |

### 6.1.3 Individual Condensed Balance Sheet – IFRS

Unit: NT\$ Thousands

| <div> <div>project</div> <div>Year</div> </div> |                   | Financial information for the last five years |           |           |           |           |
|-------------------------------------------------|-------------------|-----------------------------------------------|-----------|-----------|-----------|-----------|
|                                                 |                   | 2017                                          | 2018      | 2019      | 2020      | 2021      |
| Current assets                                  |                   | 3,096,042                                     | 3,385,032 | 2,657,016 | 1,995,977 | 2,112,427 |
| Property, Plant and Equipment                   |                   | 2,724,081                                     | 2,667,126 | 2,693,666 | 2,775,535 | 2,695,789 |
| Intangible assets                               |                   | 10,574                                        | 9,266     | 12,098    | 9,570     | 7,932     |
| Other assets                                    |                   | 3,900,661                                     | 3,673,118 | 3,250,379 | 3,752,349 | 3,965,871 |
| Total assets                                    |                   | 9,731,358                                     | 9,734,542 | 8,613,159 | 8,533,431 | 8,782,019 |
| Current liabilities                             | Before assignment | 1,738,887                                     | 1,904,625 | 1,343,835 | 1,041,758 | 1,378,038 |
|                                                 | After assignment  | 2,583,479                                     | 2,960,365 | 1,870,665 | 1,305,675 | (Note)    |
| Non-current liabilities                         |                   | 704,540                                       | 366,598   | 247,272   | 237,821   | 243,008   |
| Total liabilities                               | Before assignment | 2,443,427                                     | 2,271,223 | 1,591,107 | 1,279,579 | 1,621,046 |
|                                                 | After assignment  | 3,288,019                                     | 3,326,963 | 2,117,937 | 1,543,496 | (Note)    |
| Equity attributable to owners of parent company |                   | -                                             | -         | -         | -         | -         |
| Share capital                                   |                   | 5,278,698                                     | 5,278,698 | 5,278,698 | 5,278,698 | 5,278,698 |
| Capital reserve                                 |                   | 68,142                                        | 68,415    | 42,418    | 48,224    | 46,300    |
| Retained surplus                                | Before assignment | 1,843,580                                     | 2,546,063 | 2,282,185 | 1,773,645 | 1,779,957 |
|                                                 | After assignment  | 998,988                                       | 1,490,323 | 1,755,355 | 1,509,728 | (Note)    |
| Other rights                                    |                   | 97,511                                        | (421,857) | (581,249) | 168,463   | 56,031    |
| Treasury stock                                  |                   | -                                             | -         | -         | (15,178)  | (13)      |
| Non-controlling interests                       |                   | -                                             | -         | -         | -         | -         |
| Total equity                                    | Before assignment | 7,287,931                                     | 7,463,319 | 7,022,052 | 7,253,852 | 7,160,973 |
|                                                 | After assignment  | 6,443,339                                     | 6,407,579 | 6,495,222 | 6,989,935 | (Note)    |

Note: The 2021 surplus distribution proposal has not been resolved by the shareholders' meeting, so the amount after distribution is not listed.

### 6.1.4 Individual Condensed Consolidated Income Statement – Using IFRS

Unit: NT\$ Thousands

| Project \ Year                                                               | Financial information for the last five years |            |            |           |            |
|------------------------------------------------------------------------------|-----------------------------------------------|------------|------------|-----------|------------|
|                                                                              | 2017                                          | 2018       | 2019       | 2020      | 2021       |
| Operating income                                                             | 14,015,626                                    | 14,806,544 | 11,717,894 | 7,899,885 | 11,579,268 |
| Operating profit                                                             | 1,642,533                                     | 1,976,965  | 1,349,049  | 323,217   | 94,783     |
| Operating profit and loss                                                    | 1,418,231                                     | 1,695,716  | 1,137,689  | 174,174   | (75,333)   |
| Non-operating income and expenses                                            | (107,984)                                     | (126,945)  | (108,633)  | 192,933   | 70,536     |
| Net profit before tax                                                        | 1,310,247                                     | 1,568,771  | 1,029,056  | 367,107   | (4,797)    |
| Net profit of continuing business units for the current period               | 1,055,749                                     | 1,216,401  | 882,065    | 287,516   | 104,604    |
| Profit and loss of closed units                                              | -                                             | -          | -          | -         | -          |
| Net profit (loss) for the current period                                     | 1,055,749                                     | 1,216,401  | 882,065    | 287,516   | 104,604    |
| Other comprehensive gains and losses for the period (net of tax)             | 217,960                                       | (179,834)  | (142,333)  | 485,371   | (43,319)   |
| Total comprehensive profit and loss for the current period                   | 1,273,709                                     | 1,036,567  | 739,732    | 772,887   | 61,285     |
| Net profit attributable to owners of parent company                          | -                                             | -          | -          | -         | -          |
| Net profit attributable to non-controlling interests                         | -                                             | -          | -          | -         | -          |
| Total comprehensive profit and loss attributable to owners of parent company | -                                             | -          | -          | -         | -          |
| Total comprehensive profit or loss attributable to non-controlling interests | -                                             | -          | -          | -         | -          |
| EPS (continuing operating units)                                             | 2.00                                          | 2.30       | 1.67       | 0.55      | 0.20       |

### 6.1.5 Names of certified public accountants in the last five years and their audit opinions

| Year | Accounting Firm        | CPA                          | Opinion            |
|------|------------------------|------------------------------|--------------------|
| 2017 | Baker Tilly Clock & CO | Chou Yin-Lai / Wu Hsin-Liang | Unmodified opinion |
| 2018 | Baker Tilly Clock & CO | Chou Yin-Lai / Wu Hsin-Liang | Unmodified opinion |
| 2019 | KPMG                   | Wu Lin / Yin Yuan-Sheng      | Unmodified opinion |
| 2020 | KPMG                   | Wu Lin / Yin Yuan-Sheng      | Unmodified opinion |
| 2021 | KPMG                   | Wu Lin / Yin Yuan-Sheng      | Unmodified opinion |

## 6.2 Financial Analysis for the Past 5 Fiscal Years

### 6.2.1 Consolidated Financial Analysis – IFRS

| Analysis items (Note 1)                                                                                                                                                             |                                                                        | Financial analysis for the last five years |        |        |        |         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|--------------------------------------------|--------|--------|--------|---------|
|                                                                                                                                                                                     |                                                                        | 2017                                       | 2018   | 2019   | 2020   | 2021    |
| Financial structure                                                                                                                                                                 | Liabilities to Assets Ratio (%)                                        | 30.69                                      | 26.57  | 22.30  | 17.18  | 20.73   |
|                                                                                                                                                                                     | Long-term funds account for real estate, Plant and equipment ratio (%) | 205.00                                     | 196.34 | 188.22 | 197.03 | 199.45  |
| Solvency                                                                                                                                                                            | Current ratio (%)                                                      | 176.39                                     | 172.55 | 178.02 | 203.49 | 167.09  |
|                                                                                                                                                                                     | Quick ratio (%)                                                        | 112.99                                     | 135.71 | 140.31 | 153.51 | 96.62   |
|                                                                                                                                                                                     | Interest coverage ratio                                                | 44.23                                      | 84.59  | 125.10 | 80.91  | (1.13)  |
| Management capacity                                                                                                                                                                 | Accounts receivable turnover rate (times)                              | 12.45                                      | 13.48  | 13.56  | 9.37   | 13.05   |
|                                                                                                                                                                                     | Average days of receipt                                                | 29.31                                      | 27.08  | 26.92  | 38.95  | 27.92   |
|                                                                                                                                                                                     | Inventory turnover rate (times)                                        | 21.18                                      | 19.35  | 18.94  | 18.05  | 18.41   |
|                                                                                                                                                                                     | Payables turnover rate (times)                                         | 8.89                                       | 11.14  | 9.22   | 8.19   | 13.04   |
|                                                                                                                                                                                     | Average days on sale                                                   | 17.23                                      | 18.86  | 19.27  | 20.22  | 19.82   |
|                                                                                                                                                                                     | Real estate, plant and equipment turnover (times)                      | 3.42                                       | 3.70   | 3.01   | 2.05   | 3.00    |
|                                                                                                                                                                                     | Total asset turnover rate (times)                                      | 1.30                                       | 1.44   | 1.23   | 0.89   | 1.28    |
| Profitability                                                                                                                                                                       | Return on Assets (%)                                                   | 8.88                                       | 11.21  | 8.97   | 3.20   | 1.18    |
|                                                                                                                                                                                     | Return on Equity (%)                                                   | 13.02                                      | 15.52  | 11.80  | 3.94   | 1.42    |
|                                                                                                                                                                                     | Ratio of net profit before tax to paid-in capital (%)                  | 23.61                                      | 29.32  | 19.60  | 7.00   | (0.12)  |
|                                                                                                                                                                                     | Net Profit Rate (%)                                                    | 6.67                                       | 7.72   | 7.22   | 3.57   | 0.90    |
|                                                                                                                                                                                     | Earnings per share (yuan)                                              | 2.00                                       | 2.30   | 1.67   | 0.55   | 0.20    |
| Cash flow                                                                                                                                                                           | Cash flow ratio (%)                                                    | 16.63                                      | 117.41 | 52.39  | 1.66   | (22.62) |
|                                                                                                                                                                                     | Cash flow fair ratio (%)                                               | 134.23                                     | 119.59 | 135.98 | 109.89 | 67.84   |
|                                                                                                                                                                                     | Cash reinvestment ratio (%)                                            | (4.93)                                     | 12.95  | (0.73) | (3.49) | (4.34)  |
| Leverage                                                                                                                                                                            | Operating leverage                                                     | 2.11                                       | 2.07   | 2.31   | 12.39  | -       |
|                                                                                                                                                                                     | Financial leverage                                                     | 1.02                                       | 1.01   | 1.01   | 1.05   | -       |
| Reasons for the 20% changes in various financial ratios in the last two years:                                                                                                      |                                                                        |                                            |        |        |        |         |
| I. The decrease in interest coverage ratio was mainly due to the increase in interest expenses in the current period compared with the previous period and the net loss before tax. |                                                                        |                                            |        |        |        |         |
| II. The decline in profitability was mainly due to the decrease in after-tax benefits in the current period compared with the previous period.                                      |                                                                        |                                            |        |        |        |         |
| III. The decrease in cash flow ratio was mainly due to the increase in net cash outflow from operating activities in the current period compared with the previous period.          |                                                                        |                                            |        |        |        |         |
| IV. The decrease in cash reinvestment ratio was mainly due to the increase in net cash outflow from operating activities in the current period compared with the previous period.   |                                                                        |                                            |        |        |        |         |
| V. The increase in the ratio of liabilities to assets was mainly due to the increase in short-term borrowings in the current period.                                                |                                                                        |                                            |        |        |        |         |

## 6.2.2 Individual Financial Analysis – IFRS

| Analysis items (Note 1)                                                                                                                                                            |                                                                        | Year | Financial analysis for the last five years |        |          |          |         |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|------|--------------------------------------------|--------|----------|----------|---------|
|                                                                                                                                                                                    |                                                                        |      | 2017                                       | 2018   | 2019     | 2020     | 2021    |
| Financial structure                                                                                                                                                                | Liabilities to Assets Ratio (%)                                        |      | 25.11                                      | 23.33  | 18.47    | 14.99    | 18.46   |
|                                                                                                                                                                                    | Long-term funds account for real estate, Plant and equipment ratio (%) |      | 293.40                                     | 293.57 | 269.87   | 269.92   | 274.65  |
| Solvency                                                                                                                                                                           | Current ratio (%)                                                      |      | 178.05                                     | 177.73 | 197.72   | 191.60   | 153.29  |
|                                                                                                                                                                                    | Quick ratio (%)                                                        |      | 101.83                                     | 139.53 | 153.89   | 138.51   | 83.73   |
|                                                                                                                                                                                    | Interest coverage ratio                                                |      | 100.21                                     | 209.95 | 1,054.28 | 2,186.16 | (9.71)  |
| Management capacity                                                                                                                                                                | Accounts receivable turnover rate (times)                              |      | 13.13                                      | 13.83  | 13.65    | 9.37     | 13.01   |
|                                                                                                                                                                                    | Average days of receipt                                                |      | 27.80                                      | 26.39  | 26.73    | 38.96    | 28.06   |
|                                                                                                                                                                                    | Inventory turnover rate (times)                                        |      | 22.55                                      | 22.52  | 19.40    | 17.67    | 18.30   |
|                                                                                                                                                                                    | Payables turnover rate (times)                                         |      | 8.83                                       | 11.08  | 9.04     | 8.09     | 13.10   |
|                                                                                                                                                                                    | Average days on sale                                                   |      | 16.18                                      | 17.79  | 18.81    | 20.66    | 19.94   |
|                                                                                                                                                                                    | Real estate, plant and equipment turnover (times)                      |      | 5.03                                       | 5.49   | 4.37     | 2.89     | 4.23    |
|                                                                                                                                                                                    | Total asset turnover rate (times)                                      |      | 1.39                                       | 1.52   | 1.28     | 0.92     | 1.34    |
| Profitability                                                                                                                                                                      | Return on Assets (%)                                                   |      | 10.59                                      | 12.56  | 9.62     | 3.36     | 1.21    |
|                                                                                                                                                                                    | Return on Equity (%)                                                   |      | 14.59                                      | 16.49  | 12.18    | 4.03     | 1.45    |
|                                                                                                                                                                                    | Ratio of net profit before tax to paid-in capital (%)                  |      | 24.82                                      | 29.72  | 19.49    | 6.95     | (0.09)  |
|                                                                                                                                                                                    | Net Profit Rate (%)                                                    |      | 7.53                                       | 8.22   | 7.53     | 3.64     | 0.90    |
|                                                                                                                                                                                    | Earnings per share (yuan)                                              |      | 2.00                                       | 2.30   | 1.67     | 0.55     | 0.20    |
| Cash flow                                                                                                                                                                          | Cash flow ratio (%)                                                    |      | 26.17                                      | 140.46 | 84.31    | (2.92)   | (19.46) |
|                                                                                                                                                                                    | Cash flow fair ratio (%)                                               |      | 119.54                                     | 154.86 | 137.77   | 116.95   | 73.92   |
|                                                                                                                                                                                    | Cash reinvestment ratio (%)                                            |      | (5.10)                                     | 13.20  | 0.57     | (4.04)   | (3.82)  |
| Leverage                                                                                                                                                                           | Operating leverage                                                     |      | 1.74                                       | 1.66   | 1.90     | 5.64     | -       |
|                                                                                                                                                                                    | Financial leverage                                                     |      | 1.01                                       | 1.00   | 1.00     | 1.00     | -       |
| Analysis of 20% changes in various financial ratios in the last two years:                                                                                                         |                                                                        |      |                                            |        |          |          |         |
| I. The decrease in interest coverage ratio was mainly due to an increase in interest expenses in the current period compared with the previous period and the net loss before tax. |                                                                        |      |                                            |        |          |          |         |
| II. The decline in profitability was mainly due to a decrease in after-tax benefits in the current period compared with the previous period.                                       |                                                                        |      |                                            |        |          |          |         |
| III. The decrease in cash flow ratio was mainly due to the increase in net cash outflow from operating activities in the current period compared with the previous period.         |                                                                        |      |                                            |        |          |          |         |
| IV. The decrease in cash reinvestment ratio was mainly due to an increase in net cash outflow from operating activities in the current period compared with the previous period.   |                                                                        |      |                                            |        |          |          |         |
| VI. The increase in the ratio of liabilities to assets was mainly due to an increase in short-term borrowings in the current period.                                               |                                                                        |      |                                            |        |          |          |         |

**The formula for calculating financial ratios is as follows:**

**1. Financial structure**

- (1) Liabilities to assets ratio = total liabilities/total assets.
- (2) Long-term funds to property, plant and equipment ratio = (total equity + non-current liabilities) / net property, plant and equipment.

**2. Solvency**

- (1) Current ratio = current assets/current liabilities.
- (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
- (3) Interest coverage ratio = net profit before income tax and interest expense / interest expense for the current period.

**3. Management capacity**

- (1) Accounts receivable (including accounts receivable and bills receivable arising from business operations) turnover ratio = net sales / average receivables in each period (including accounts receivable and bills receivable arising from business operations) balance.
- (2) Average collection days = 365/receivables turnover ratio.
- (3) Inventory turnover = cost of goods sold / average inventory.
- (4) Accounts payable (including accounts payable and bills payable arising from business operations) turnover ratio = cost of goods sold / balance of average payables (including accounts payable and bills payable arising from business operations) in each period.
- (5) Average days of sales = 365/inventory turnover.
- (6) Property, plant and equipment turnover = net sales/average net property, plant and equipment.
- (7) Total asset turnover = net sales / average total assets.

**4. Profitability**

- (1) Return on assets = [after-tax profit and loss + interest expense × (1-tax rate)]/average total assets.
- (2) Return on Equity = Profit and Loss After Tax / Total Average Equity.
- (3) Net profit ratio = after-tax profit and loss / net sales.
- (4) Earnings per share = (profit or loss attributable to owners of parent company - dividend on preferred stock) / weighted average number of issued shares.

**5. Cash flow**

- (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
- (2) Cash flow ratio = net cash flow from operating activities / current liabilities. Net cash flow fair ratio = net cash flow from operating activities in the last five years / (capital expenditure + inventory increase + cash dividends) in the last five years.
- (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross real estate, plant and equipment + long-term investments + other non-current assets + working capital).

**6. Leverage:**

- (1) Operating leverage = (net operating income - variable operating costs and expenses) / operating profit.
- (2) Financial leverage = operating profit / (operating profit - interest expense).

### 6.3 2021 Audit Committee's Audit Report for 2021 Financial Statement

#### Audit Committee's Audit Report

The Board of Directors prepared 2021 the Company's annual business report, financial statements (including consolidated and individual financial statements) and earnings distribution proposal. The financial report was audited by KPMG Taiwan, and an audit report was issued. The above-mentioned business report, financial statement and profit distribution proposal have been reviewed and completed by the Audit Committee, and it is believed that there is no discrepancy. The report will be issued in accordance with the relevant regulations of the Securities and Exchange Law and the Company Law. Please check.

Taiwan Styrene Monomer Corporation

Audit Committee Convener:



March 22, 2022

#### **6.4 Financial Statements for the Most Recent Year**

See pages 108 to 179.

#### **6.5 Individual Financial Statements Audited by CPA for the Most Recent Year**

See pages 180 to 241.

#### **6.6 Impact of Financial Difficulties of the Company and its Affiliates: None.**

## 07 Financial Status, Operating Results, and Risk Management

### 7.1 Financial Status

Unit: NT\$ Thousands

| Project                                                                                 | 2020             | 2021             | Difference     |              |
|-----------------------------------------------------------------------------------------|------------------|------------------|----------------|--------------|
|                                                                                         |                  |                  | Amount         | %            |
| Cash and cash equivalents                                                               | 793,022          | 253,124          | (539,898)      | (68.08)      |
| Financial assets at fair value through profit or loss – current                         | 149,027          | 317,929          | 168,902        | 113.34       |
| Net bills receivable                                                                    | -                | -                | -              | -            |
| Net accounts receivable                                                                 | 877,796          | 917,966          | 40,170         | 4.58         |
| Other receivables                                                                       | 5,275            | 5,850            | 575            | 10.90        |
| Current income tax assets                                                               | 1,470            | 1,749            | 279            | 18.98        |
| Stock                                                                                   | 431,290          | 826,641          | 395,351        | 91.67        |
| Prepayments                                                                             | 139,133          | 149,645          | 10,512         | 7.56         |
| Net non-current assets (or disposal group) pending sale                                 | 65,008           | 64,744           | (264)          | (0.41)       |
| Other current assets                                                                    | 123              | 8                | (115)          | (93.50)      |
| Other financial assets – current                                                        | 43,443           | 159,466          | 116,023        | 267.07       |
| <b>Total current assets</b>                                                             | <b>2,505,587</b> | <b>2,697,122</b> | <b>191,535</b> | <b>7.64</b>  |
| Financial assets at fair value through profit or loss – non-current                     | 6,933            | 5,756            | (1,177)        | (16.98)      |
| Financial assets at fair value through other comprehensive profit or loss – non-current | 1,109,979        | 1,016,623        | (93,356)       | (8.41)       |
| Investments using the equity method                                                     | 1,242,177        | 1,395,848        | 153,671        | 12.37        |
| Property, Plant and Equipment                                                           | 3,949,185        | 3,853,008        | (96,177)       | (2.44)       |
| Right-of-use asset                                                                      | 11,078           | 9,965            | (1,113)        | (10.05)      |
| Investment real estate                                                                  | 57,361           | 57,015           | (346)          | (0.60)       |
| Intangible assets                                                                       | 9,570            | 7,932            | (1,638)        | (17.12)      |
| Deferred tax assets                                                                     | 18,093           | 130,868          | 112,775        | 623.31       |
| Prepaid equipment                                                                       | -                | -                | -              | -            |
| Other long-term investments                                                             | 32,962           | 30,576           | (2,386)        | (7.24)       |
| Refundable deposits                                                                     | 3,565            | 3,587            | 22             | 0.62         |
| Other non-current assets                                                                | 65,880           | 90,890           | 25,010         | 37.96        |
| <b>Total non-current assets</b>                                                         | <b>6,506,783</b> | <b>6,602,068</b> | <b>95,285</b>  | <b>1.46</b>  |
| <b>Total assets</b>                                                                     | <b>9,012,370</b> | <b>9,299,190</b> | <b>286,820</b> | <b>3.18</b>  |
| Short-term loan                                                                         | 97,500           | 353,259          | 255,759        | 262.32       |
| Contract liabilities – current                                                          | 45,017           | 51,023           | 6,006          | 13.34        |
| Bills payable                                                                           | -                | 2                | 2              | NA           |
| Accounts payable                                                                        | 798,305          | 977,716          | 179,411        | 22.47        |
| Other payables                                                                          | 233,679          | 178,497          | (55,182)       | (23.61)      |
| Current income tax liability                                                            | 36,022           | 31               | (35,991)       | (99.91)      |
| Liability provision – current                                                           | 349              | 349              | 0              | 0            |
| Lease liabilities – current                                                             | 5,893            | 4,069            | (1,824)        | (30.95)      |
| Liabilities directly related to non-current assets (or disposal groups) for sale        | -                | -                | -              | -            |
| Long-term liabilities due within one year                                               | 11,742           | 8,349            | (3,393)        | (28.90)      |
| Other current liabilities                                                               | 2,788            | 40,879           | 38,091         | 1366.25      |
| <b>Total current liabilities</b>                                                        | <b>1,231,295</b> | <b>1,614,174</b> | <b>382,879</b> | <b>31.10</b> |
| Long term loan                                                                          | 77,036           | 68,686           | (8,350)        | (10.84)      |
| Deferred tax liabilities                                                                | 175,127          | 174,659          | (468)          | (0.27)       |
| Lease liabilities – non-current                                                         | 5,028            | 5,729            | 701            | 13.94        |

|                                                                                                            |                  |                  |                 |               |
|------------------------------------------------------------------------------------------------------------|------------------|------------------|-----------------|---------------|
| Net defined benefit liability – non-current                                                                | 59,208           | 64,100           | 4,892           | 8.26          |
| Other non-current liabilities                                                                              | 950              | 716              | (234)           | (24.63)       |
| <b>Total non-current liabilities</b>                                                                       | <b>317,349</b>   | <b>313,890</b>   | <b>(3,459)</b>  | <b>(1.09)</b> |
| <b>Total liabilities</b>                                                                                   | <b>1,548,644</b> | <b>1,928,064</b> | <b>379,420</b>  | <b>24.50</b>  |
| Share capital                                                                                              | 5,278,698        | 5,278,698        | 0               | 0             |
| Capital reserve                                                                                            | 48,224           | 46,300           | (1,924)         | (3.99)        |
| Retained surplus                                                                                           | 1,773,645        | 1,779,957        | 6,312           | 0.36          |
| Exchange differences on translation of financial statements of foreign operating agencies                  | (26,745)         | (34,634)         | (7,889)         | 29.50         |
| Unrealized gains and losses on financial assets at fair value through other comprehensive gains and losses | 195,208          | 90,665           | (104,543)       | (53.55)       |
| Treasury stock                                                                                             | (15,178)         | (13)             | (15,165)        | (99.91)       |
| Non-controlling interests                                                                                  | 209,874          | 210,153          | 279             | 0.13          |
| <b>Total equity</b>                                                                                        | <b>7,463,726</b> | <b>7,371,126</b> | <b>(92,600)</b> | <b>(1.24)</b> |

**The main reasons for the significant changes in assets, liabilities and shareholders' equity in the last two years and their effects:**

The main reasons for the increase or decrease ratio of more than 20% and 1% of the total assets:

1. The decrease in cash and cash equivalents was mainly due to the increase in the purchase of raw materials at the end of the year and the sharp rise in prices resulting in higher payment for goods.
2. The increase in current assets was mainly due to the increase in financial assets measured at fair value through profit or loss – current, inventories and other financial assets – current compared with the previous period.
3. Financial assets measured at fair value through profit or loss – the increase in current flow is mainly due to the additional purchase of investment targets.
4. The increase in inventories was mainly due to a sharp rise in the price of raw materials at the end of the year compared with the same period of last year and the increase in the purchase of raw materials in line with the operation strategy.
5. The increase in other financial assets-current was mainly due to an increase in time deposits held for more than three months compared with the previous period.
6. The decrease in financial assets measured at fair value through other comprehensive profit and loss – non-current is mainly due to the impact of the epidemic, and the post-assessment value of the companies held decreased.
7. The increase in investment using the equity method was mainly due to an increase in investment targets, and the operating performance of two companies in 2021 was better than that in 2020.
8. The increase in short-term borrowing is mainly due to an increase in the purchase of raw materials at the end of the year, and the early departure of shipping vessels to avoid port congestion, and short-term funds are needed to pay for the goods.
9. The increase in accounts payable was mainly due to a sharp increase in the price of raw materials at the end of the year compared with the previous period and the increase in the purchase of raw materials in line with the operation strategy.
10. The decrease in the unrealized gains and losses of financial assets measured at fair value through other comprehensive gains and losses was mainly due to the impact of the epidemic, which resulted in a decrease in the post-assessed value of the companies held.

## 7.2 Operation Results

### 7.2.1 The main reasons for the significant changes in operating income, net operating profit and net profit before tax in the last two years

Unit: NT\$ Thousands

| Project                                                  | 2020      | 2021       | Difference |          |
|----------------------------------------------------------|-----------|------------|------------|----------|
|                                                          |           |            | Amount     | %        |
| Operating income                                         | 8,113,225 | 11,714,016 | 3,600,791  | 44.38    |
| Operating cost                                           | 7,808,122 | 11,581,104 | 3,772,982  | 48.32    |
| Operating gross profit (gross loss), net                 | 305,103   | 132,912    | (172,191)  | (56.44)  |
| Operating expenses                                       | 214,775   | 218,590    | 3,815      | 1.78     |
| Operating profit (loss)                                  | 90,328    | (85,678)   | (176,006)  | (194.85) |
| Non-operating income and expenses                        | 278,929   | 79,431     | (199,498)  | (71.52)  |
| Net profit before tax (net loss)                         | 369,257   | (6,247)    | (375,504)  | (101.69) |
| Income tax expense (profit)                              | 79,534    | (111,486)  | (191,020)  | (240.17) |
| Net profit (net loss) for the current period             | 289,723   | 105,239    | (184,484)  | (63.68)  |
| Other comprehensive (loss), net                          | 486,685   | (43,675)   | (530,360)  | (108.97) |
| Total comprehensive (loss) profit for the current period | 776,408   | 61,564     | (714,844)  | (92.07)  |

Analysis and explanation of the main reasons for major changes:

1. The decrease in operating gross profit, operating profit and net profit before tax was mainly due to the fact that the increase in the sales price of styrene monomer in 2021 was less than that of raw materials and the significant increase in freight for export due to the impact of the epidemic.
2. The increase in income tax benefits is mainly due to the fact that subsidiaries and financial assets companies measured at fair value through other comprehensive gains and losses reduce capital to make up for losses, so that the holding company has the right to future tax deductions, resulting in deferred income tax assets and income tax benefits.

### 7.2.2 Expected sales volume and its basis

Please refer to "1 Report to Shareholders."

### 7.2.3 The possible impact on the Company's future financial business and its response plan.

No significant effect.

## 7.3 Cash Flow

### 7.3.1 Analysis and explanation of cash flow changes in recent years

Unit: NT\$ Thousands

| Project                | 2020      | 2021      | Difference |           |
|------------------------|-----------|-----------|------------|-----------|
|                        |           |           | Amount     | %         |
| Business activities    | 20,385    | (365,095) | (385,480)  | (1890.99) |
| Investment activity    | (225,990) | (165,481) | 60,509     | 26.78     |
| Fundraising            | (512,086) | (10,996)  | 501,090    | 97.85     |
| Exchange rate impact   | 3,886     | 1,674     | (2,212)    | (56.92)   |
| Net cash flow (out) in | (713,805) | (539,898) | 173,907    | 24.36     |

1. Analysis of cash flow changes:

- (1) Operating activities: The increase in net cash outflow was mainly due to the increase in the purchase of raw materials and the increase in investment targets in 2021.
- (2) Investing activities: The decrease in net cash outflow was mainly due to a decrease in the

acquisition of real estate, plant and equipment in 2021 as compared with the previous period.

(3) Financing activities: The decrease in net cash outflow was mainly due to a decrease in cash dividends issued in 2021 compared with the previous period.

2. Improvement plan for illiquidity: There is no cash illiquidity situation.

3. Analysis of cash flow in the coming year:

Unit: NT\$ Thousands

| Beginning cash balance<br>① | Expected full-year net cash flow from operating activities② | Expected net cash outflow from investing and financing activities for the full year③ | Estimated cash remaining (insufficient) amount<br>①+②-③ | Remedial measures for projected cash shortfalls |                |
|-----------------------------|-------------------------------------------------------------|--------------------------------------------------------------------------------------|---------------------------------------------------------|-------------------------------------------------|----------------|
|                             |                                                             |                                                                                      |                                                         | Investment plan                                 | Financing plan |
| 253,124                     | 372,792                                                     | (332,174)                                                                            | 293,742                                                 | —                                               | —              |

Analysis of cash flow changes:

1. Operating activities: It is expected that the operating profit will be generated by operating activities in 2022, so that operating activities will generate cash inflows.
2. Investing activities: It is mainly the capital expenditures incurred to meet production needs and the disposal of investments and financial assets using the equity method.
3. Funding Activities: Expected to pay cash dividends.

## 7.4 Major Capital Expenditure Items: None.

## 7.5 Investment Policy for the Most Recent Fiscal Year, and the Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

The most recent annual reinvestment policy is to eliminate the weak and retain the strong, retain reinvestment companies with sound physique and good performance, and deal with non-core investment projects in a timely manner. The profit or loss of reinvestment depends on the prosperity and decline of the industry where the investment target is located, the domestic economic situation and business strategy. A reinvested enterprise that has made a loss in non-industry investment can turn a loss into a profit.

## 7.6 Analysis of Risk Management

### 7.6.1 The impact of interest rate, exchange rate changes and inflation on the Company's profit and loss and future countermeasures

#### 1. In terms of interest rates:

In response to possible changes in interest rates, the Company will adjust the allocation of long-term and short-term loans and negotiate with financial institutions for better interest rates. In the future, we will continue to monitor trends in interest rates and adjust the position of our long-term and short-term loans in a timely manner to reduce the impact of those interest rate changes.

#### 2. Exchange rate:

The Company's product prices and raw material purchase prices are all denominated in US dollars, and will closely monitor exchange rate changes to reduce the impact of exchange rate fluctuations on the Company's profit and loss.

#### 3. Inflation:

According to the statistics of the General Accounting Office of the Executive Yuan, the consumer price index (CPI) in 2021 increased by an average of 2.01% compared with 2020. In the future, in response to inflation, the Company will continue to focus on reducing production and sales costs, and pay close attention to supply, demand and prices of raw materials and materials, and flexibly adjust inventory to reduce the impact of price fluctuations on the Company's operations.

### 7.6.2 Policies, main reasons for profit or loss and future countermeasures for engaging in high-risk, high-leverage investments, lending funds to others, endorsement guarantees and

## **derivatives trading**

The Company is not currently engaged in high-risk, high-leverage investments, capital lending to others, endorsement guarantees and derivatives transactions.

### **7.6.3 Future R&D plans and estimated R&D expenses**

For the research and development plan, please refer to the description of the business content in “05 Operational Overview” of this annual report, and the plans are all implemented on schedule.

### **7.6.4 The impact of important domestic and foreign policies and legal changes on the Company's financial business and countermeasures**

In 2021, there were no changes in policies and laws that had a significant impact on The Company's financial business.

### **7.6.5 The impact of technological changes (including cyber security risks) and industrial changes on the Company's financial business and countermeasures**

Although the Company is in a mature industry, there is no revolutionary technology to produce alternative products, but the Company will still take proactive actions to improve the process to improve process efficiency, develop new production technology for related products, enhance the added value of products, and strengthen the Company's competitiveness.

### **7.6.6 Influence of corporate image change on corporate crisis management and countermeasures**

The Company adopts a prudent and conservative business strategy, fulfills its responsibilities for work safety and environmental protection, and establishes a pragmatic corporate image of the Company. At present, there is no change in the corporate image. The Company continues to strengthen the management team's awareness of crisis management, and develops preventive measures in advance to avoid the occurrence of crises.

### **7.6.7 Expected benefits and possible risks of mergers and acquisitions and countermeasures**

The Company currently has no ongoing merger and acquisition operations.

### **7.6.8 Expected benefits and possible risks of plant expansion and countermeasures**

The Company currently has no plant expansion going on.

### **7.6.9 Risks and countermeasures for purchase or sales concentration**

#### **Incoming goods:**

The main supplier of the Company's raw materials is CNPC, Taiwan. Occasionally or when the supply is reduced, it can be purchased from the international market immediately to supplement it, and the raw materials required for production should be fully supplied.

#### **In terms of sales:**

The Company's sales customers remained stable, and the Company strengthened its customer service to stabilize the domestic sales market.

### **7.6.10 Directors, supervisors or major shareholders holding more than 10% of the shares, the impact and risks of large-scale transfer or replacement of shares on the Company and countermeasures**

In 2021, the directors, supervisors or major shareholders holding more than 10% of the Company's shares did not transfer or replace a large number of shares.

### **7.6.11 The impact and risks of the change of management rights on the Company and countermeasures**

The management rights of the Company in 2021 were stable up to the date of publication of the annual report, and there is no fear of change.

### **7.6.12 For litigation or non-litigation events, the Company and its directors, supervisors, general managers, substantive persons in charge, major shareholders with a shareholding ratio of more than 10%, and affiliated companies have been determined by judgment or are still in**

**the process of being affiliated. If the outcome of a major lawsuit, non-litigation or administrative dispute may have a significant impact on shareholders' rights and interests or securities prices, the facts at issue, the amount of the subject matter, the start date of the lawsuit, the main parties involved, and the date of publication of the annual report shall be disclosed. Handling the situation**

The Company currently has no major litigation, non-litigation or administrative disputes.

#### **7.6.13 Other important risks and countermeasures**

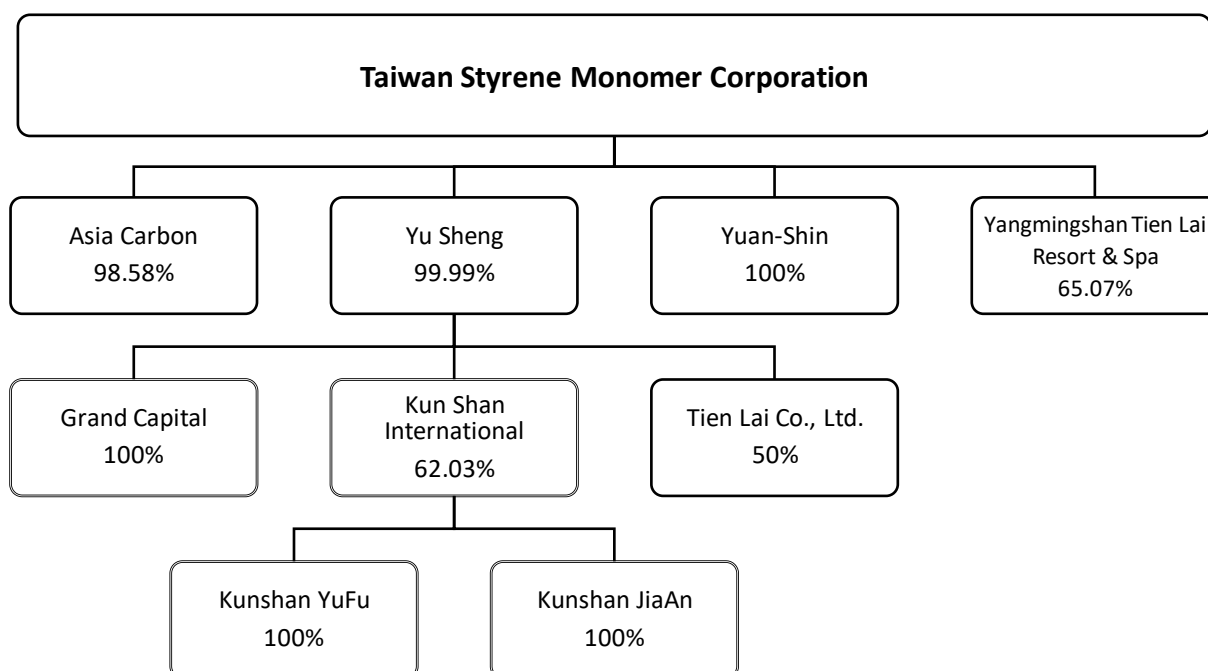
The Company conducted an information security risk assessment and analysis in 2017, and after three or more companies conducted overall planning and briefings, it finally commissioned Jetwell Computer Co., Ltd. to carry out an "information security construction" project. The system installation and launch were completed in November 2017. They have held information security publicity meetings at Kaohsiung Plant and Taipei Head Office, which have worked well so far and can meet future information security needs. Therefore, after the above assessment and response, the information security risk should not be a major operational risk of the Company.

#### **7.7 Other Important Matters: None.**

## 08 Special Disclosure

### 8.1 Information of the Company's Affiliates

#### 8.1.1 Relationship Enterprise Organization Chart



#### 8.1.2 Basic information of affiliated companies

| Company Name                                         | Date of Establishment | Address                                                                                             | Paid-up Capital (Thousand) | Main Business or Production Items                                                                                                                                                                                                                   |
|------------------------------------------------------|-----------------------|-----------------------------------------------------------------------------------------------------|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Yangmingshan Tien Lai Resort & Spa                   | 1997.7.28             | No. 1-6, No. 1-7, No. 1-9, No. 1-9 5F, No. 1-9 5F-1 to 1-9, 5F-8, Jinshan District, New Taipei City | NT397,500                  | General hotel industry, etc.                                                                                                                                                                                                                        |
| Yuan-Shin Materials Technological Material Co., Ltd. | 1994.02.11            | Section 1, Roosevelt Road, Taipei City<br>One of the eighth floor of No. 6                          | NT50,000                   | Chemical material development, manufacturing and sales business                                                                                                                                                                                     |
| Yu Sheng Development Co., Ltd.                       | 2001.08.20            | Section 1, Roosevelt Road, Taipei City<br>One of the eighth floor of No. 6                          | NT724,570                  | Development, rental and sales of residential buildings and industrial plants, investment and construction of public construction business and specific professional areas, new towns, new community development business, investment business, etc. |
| Tien Lai Co., Ltd.                                   | 1993.06.20            | 5th Floor-7, No. 41, Section 1, Zhongxiao West Road, Zhongzheng District, Taipei City               | NT10,000                   | Plumbing engineering and water supply business                                                                                                                                                                                                      |
| Kun Shan International Ltd.                          | 2000.07.17            | No.4, Franky Building Providence Industrial Estate, Mahe, Seychelles                                | US\$5,969                  | Reinvest in other businesses                                                                                                                                                                                                                        |

| Company Name                                           | Date of Establishment | Address                                                                    | Paid-up Capital (Thousand) | Main Business or Production Items                                                                                                                                                                                 |
|--------------------------------------------------------|-----------------------|----------------------------------------------------------------------------|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Kunshan YuFu Technology Education Consulting Co., Ltd. | 1993.03.28            | Bacheng Town, Kunshan City, Jiangsu Province<br>255 Xueyuan Road           | US3,468                    | Education consulting, information operation consulting, software and data storage consulting; development, construction, sale, rental housing and other infrastructure consulting, property management consulting |
| Grand Capital Co., Ltd.                                | 2000.07.17            | No.4, Franky Building Providence Industrial Estate, Mahe, Seychelles       | US2,698                    | Reinvest in other businesses                                                                                                                                                                                      |
| Asia Carbon & Technology Inc.                          | 2009.05.25            | Section 1, Roosevelt Road, Taipei City<br>One of the eighth floor of No. 6 | NT100,087                  | Research and development, manufacturing, processing and trading of high-temperature graphitization of carbon materials, etc.                                                                                      |
| JiaAn Education Technology Counselling Co., Ltd        | 2011.05.27            | Bacheng Town, Kunshan City, Jiangsu Province<br>255 Xueyuan Road           | US2,432                    | Education consulting, information operation consulting, software and data storage consulting; development, construction, sale, rental housing and other infrastructure consulting, property management consulting |

**8.1.3 Information on the same shareholders for those who are presumed to have control and affiliation: None.**

**8.1.4 Information on directors, supervisors and general managers of related companies**

| Company name                         | Job title       | Name or representative                                                | Holding shares |                    |
|--------------------------------------|-----------------|-----------------------------------------------------------------------|----------------|--------------------|
|                                      |                 |                                                                       | Shares         | Shareholding ratio |
| Yangmingshan Tien Lai Resort & SPA   | Chairman        | Taiwan Styrene Monomer Corporation<br>Representative: Wen-Yuan Lin    | 25,865,618     | 65.07%             |
|                                      | Vice Chairman   | Wen-Tong Xu                                                           | 3,622,500      | 9.11%              |
|                                      | Director        | Taiwan Styrene Monomer Corporation<br>Representative: Pao-Yuan Chen   | 25,865,618     | 65.07%             |
|                                      | Director        | Taiwan Styrene Monomer Corporation<br>Representative: Yi-Ching Wu     | 25,865,618     | 65.07%             |
|                                      | Director        | Taiwan Styrene Monomer Corporation<br>Representative: Hung-Kuang Tsui | 25,865,618     | 65.07%             |
|                                      | Director        | Taiwan Styrene Monomer Corporation<br>Representative: Chia-Yu Wang    | 25,865,618     | 65.07%             |
|                                      | Director        | I-Chih Chiu                                                           | 3,622,500      | 9.11%              |
|                                      | Supervisor      | Yu Sheng Development Co., Ltd.<br>Representative: Hui-Shan Chan       | 4,807,774      | 12.10%             |
|                                      | Supervisor      | Yu Sheng Development Co., Ltd.<br>Representative: Pei-Yi Chen         | 4,807,774      | 12.10%             |
|                                      | General Manager | Hung-Kuang Tsui                                                       | —              | —                  |
| Datapro Information System Co., Ltd. | Chairman        | Taiwan Styrene Monomer Corporation<br>Representative: Pao-Yuan Chen   | 5,000,000      | 100%               |
|                                      | General Manager | Pao-Yuan Chen                                                         | —              | —                  |
| Yu Sheng Development Co., Ltd.       | Chairman        | Taiwan Styrene Monomer Corporation<br>Representative: Tzu-Sheng Chou  | 72,446,838     | 99.99%             |

| Company name                                         | Job title       | Name or representative                                                               | Holding shares |                    |
|------------------------------------------------------|-----------------|--------------------------------------------------------------------------------------|----------------|--------------------|
|                                                      |                 |                                                                                      | Shares         | Shareholding ratio |
|                                                      | Director        | Taiwan Styrene Monomer Corporation<br>Representative: Pao-Yuan Chen                  | 72,446,838     | 99.99%             |
|                                                      | Director        | Taiwan Styrene Monomer Corporation<br>Representative: Joe Lu                         | 72,446,838     | 99.99%             |
|                                                      | Supervisor      | Hui-Shan Chan                                                                        | —              | —                  |
|                                                      | General Manager | Tzu-Sheng Chou                                                                       | —              | —                  |
| Tien Lai Co., Ltd.                                   | Chairman        | Yu Sheng Development Co., Ltd.<br>Representative: Tsui Hung-Kuang                    | 500,000        | 50%                |
|                                                      | Director        | Wen-Tong Xu                                                                          | —              | —                  |
|                                                      | Director        | Hsiu-Pin Chen                                                                        | 450,000        | 45%                |
|                                                      | Supervisor      | Hekang Engineering Consultants (Shares)<br>Company<br>Representative: Guan-Ping Hong | 50,000         | 5%                 |
|                                                      | Supervisor      | Chia-Yu Wang                                                                         | —              | —                  |
| KunShan<br>InternationalLtd.                         | Chairman        | Yu Sheng Development Co., Ltd.<br>Representative: Pei-Yi Chen                        | —              | 62.03%             |
|                                                      | Director        | Yu Sheng Development Co., Ltd.<br>Representative: Joe Lu                             | —              | 62.03%             |
| Kunshan Yu FuTechnology<br>Education Consulting Co   | Chairman        | Kun Shan International Ltd.<br>Representative: Tzu-Sheng Chou                        | —              | 100%               |
|                                                      | Director        | Kun Shan International Ltd.<br>Representative: Joe Lu                                | —              | 100%               |
|                                                      | Director        | Kun Shan International Ltd.<br>Representative: Pei-Yi Chen                           | —              | 100%               |
|                                                      | Supervisor      | Kun Shan International Ltd.<br>Representative: Hui-Shan Chan                         | —              | 100%               |
|                                                      | General Manager | Tzu-Sheng Chou                                                                       | —              | —                  |
| Grand Capital Co., Ltd.                              | Chairman        | Yu Sheng Development Co., Ltd.<br>Representative: Joe Lu                             | —              | 100%               |
|                                                      | Director        | Yu Sheng Development Co., Ltd.<br>Representative: Tzu-Sheng Chou                     | —              | 100%               |
|                                                      | Director        | Yu Sheng Development Co., Ltd.<br>Representative: Pei-Yi Chen                        | —              | 100%               |
| Asia Carbon & Technology Inc.                        | Supervisor      | Hsiang-Kan Cheng                                                                     | —              | —                  |
| Kunshan Jia'an Technology<br>Education Consulting Co | Chairman        | Kun Shan International Ltd.<br>Representative: Kuang-De Wang                         | —              | 100%               |
|                                                      | Director        | Kun Shan International Ltd.<br>Representative: Kun-Hui Lin                           | —              | 100%               |
|                                                      | Director        | Kun Shan International Ltd.<br>Representative: Hong-Chiang Chang                     | —              | 100%               |
|                                                      | Director        | Kun Shan International Ltd.<br>Representative: Joe Lu                                | —              | 100%               |
|                                                      | Director        | Kun Shan International Ltd.<br>Representative: Pei-Yi Chen                           | —              | 100%               |
|                                                      | Supervisor      | Kun Shan International Ltd.<br>Representative: Hsiu-Mei Lu                           | —              | 100%               |
|                                                      | General Manager | Kuang-De Wang                                                                        | —              | —                  |

### 8.1.5 Industries covered by the business of the overall affiliated company

- (1) The business of the Company and its affiliated companies mainly includes petrochemical industry, general investment industry, hotel service industry and chemical material development, manufacturing and sales.
- (2) The Company is mainly engaged in the production and sales of styrene monomer and p-diethyl benzene.

### 8.1.6 Operational Status of Each Affiliated Company

| Unit: Thousands                                 |                 |              |                   |              |                  |                         |                                                |                                      |
|-------------------------------------------------|-----------------|--------------|-------------------|--------------|------------------|-------------------------|------------------------------------------------|--------------------------------------|
| Company name                                    | Paid-up capital | Total assets | Total liabilities | Total equity | Operating income | Operating (loss) profit | Current period (loss) profit (NTD) (after tax) | Earnings per share (NTD) (after tax) |
| Yangmingshan Tien Lai Resort & Spa              | 397,500         | 794,781      | 254,552           | 540,229      | 110,579          | (13,058)                | (6,233)                                        | (0.16)                               |
| Datapro Information System Co., Ltd.            | 50,000          | 58,091       | 715               | 57,376       | —                | (1,933)                 | 15,056                                         | 3.01                                 |
| Yu Sheng Development Co., Ltd.                  | 724,570         | 869,210      | 4,067             | 865,143      | 15,346           | 5,649                   | 5,129                                          | 0.06                                 |
| Tien Lai Co., Ltd.                              | 10,000          | 8,748        | 3,184             | 5,564        | 5,715            | (893)                   | (549)                                          | (0.55)                               |
| Kunshan International Ltd. and Its Subsidiaries | 195,157         | 224,565      | 90                | 224,475      | -                | (137)                   | (6,174)                                        | —                                    |
| Grand Capital Co., Ltd.                         | 90,590          | 229,242      | 80                | 229,162      | —                | (173)                   | (128)                                          | —                                    |
| Asia Carbon & Technology Inc.                   | 100,087         | 2,659        | 2,030             | 629          | —                | (887)                   | (888)                                          | (0.09)                               |

Note: USD to New Taiwan dollar is calculated at 1:27.68 (exchange rate on December 31, 2021); USD to is calculated at 1:6.3674 (exchange rate on December 31, 2021).

### 8.1.7 Consolidated Financial Statements of Related Businesses

Same as parent-subsidiary consolidated financial statements, see pages 108 to 179.

### 8.1.8 Relationship Report: None.

### 8.2 Private Equity Securities: None.

### 8.3 Holding or Disposal of Shares in the Company of by Subsidiaries: None.

### 8.4 Other Necessary Remark: None.

## 09 Items Which Might Material Affect Shareholders' Equity or Prices of the Company's Securities Specified in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act.: None.

## **Independent Auditors’ Report**

To the Board of Directors of Taiwan Styrene Monomer Corporation:

### **Opinion**

We have audited the consolidated financial statements of Taiwan Styrene Monomer Corporation ( “the Company” ), and its subsidiaries (together referred to as the “Group” ), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ( “IFRSs” ), International Accounting Standards ( “IASs” ), Interpretations developed by the International Financial Reporting Interpretations Committee ( “IFRIC” ) or the former Standing Interpretations Committee ( “SIC” ) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the “Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants” and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ( “the Code” ), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### **1. Revenue recognition**

Regarding accounting policies on revenue recognition, please refer to note 4(p) “Revenue recognition” to the consolidated financial statements.

Description of key audit matter:

The Group’s sales revenue is recognized when a performance obligation is satisfied, which depends on the various trade terms agreed with customers. Therefore, the accuracy of revenue recognition is considered to be one of most significance in the audit.

How the matter was addressed in our audit

Our principal audit procedures included assessing whether the accounting policies regarding to revenue recognition were inconformity with relevant accounting standards; obtaining understanding and testing the design and implement effectiveness of internal controls over revenue recognition; selecting samples and examining the transaction terms and vouchers; in addition, we also performed analytical procedures on primary customers and products to evaluate if there is any material abnormality.

## 2. Impairment assessment of investments accounted for using equity method

Refer to note 4(o) “ Impairment of non-financial assets” and note 6 (i) “ Investments accounted for using equity method” to the consolidated financial statements for details of accounting policies and relevant information about impairment assessment of investments accounted for using equity method.

Description of key audit matter:

The Group assesses impairment of investments accounted for using equity method in accordance with relevant accounting standards. Such assessment of impairment requires management to make judgments and assumptions, therefore, the assessment of impairment loss on investments accounted for using equity method is considered to be one of most significance in the audit.

How the matter was addressed in our audit:

Our principal audit procedures included obtaining understanding of the Group’ s internal controls over impairment loss assessment; evaluating the appropriateness of assumptions adopted by management when determining the recoverable amount based on an appraisal report issued by a third party; and assessing the qualification and independence of the Certified Business Valuator.

## Other Matter

We did not audit the financial statements of some equity-accounted investees of the Group. Those statements, which were prepared using a different financial reporting framework, were audited by other auditors, whose reports have been furnished to us. We have performed audit procedures on the conversion adjustments to the financial statements of those investees, which conform to those financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our opinion, insofar as it relates to the amounts included for those investees prior to the conversion adjustments, is based solely on the reports of other auditors. Investments accounted for using equity method on those investees constituting 14.83% and 13.40% of the consolidated total assets at December 31, 2021 and 2020, respectively, and the related share of profit of associates and joint ventures accounted for using equity method constituted (586.97)% and 32.23% of the consolidated total profit before tax for the years ended December 31, 2021 and 2020, respectively.

Taiwan Styrene Monomer Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unqualified opinion with other matters paragraph.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged; with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.<sup>4</sup>

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

KPMG

Taipei, Taiwan (Republic of China)  
March 22, 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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' 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' report and consolidated financial statements, the Chinese version shall prevail.

**Consolidated Balance Sheets**  
**December 31, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars)**

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the years ended December 31, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)**

|      |                                                                                                                                                                                                   | 2021                     |                 | 2020                  |                  |
|------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-----------------|-----------------------|------------------|
|      |                                                                                                                                                                                                   | Amount                   | %               | Amount                | %                |
| 4000 | <b>Operating revenue (notes 6(i) and (aa))</b>                                                                                                                                                    | \$ 11,714,016            | 100             | 8,113,225             | 100              |
| 5000 | <b>Operating costs (notes 6(d), (l), (m), (n), (o), (u), (v) and (ac))</b>                                                                                                                        | <u>11,581,104</u>        | <u>99</u>       | <u>7,808,122</u>      | <u>96</u>        |
|      | <b>Gross profit from operations</b>                                                                                                                                                               | <u>132,912</u>           | <u>1</u>        | <u>305,103</u>        | <u>4</u>         |
|      | <b>Operating expenses (notes 6(c), (l), (m), (n), (u), (v), (y) and (ac)):</b>                                                                                                                    |                          |                 |                       |                  |
| 6100 | Selling expenses                                                                                                                                                                                  | 64,989                   | 1               | 63,676                | 1                |
| 6200 | Administrative expenses                                                                                                                                                                           | 151,387                  | 1               | 144,520               | 2                |
| 6300 | Research and development expenses                                                                                                                                                                 | 2,311                    | -               | 6,415                 | -                |
| 6450 | Expected credit impairment loss (gain)                                                                                                                                                            | <u>(97)</u>              | <u>-</u>        | <u>164</u>            | <u>-</u>         |
|      |                                                                                                                                                                                                   | <u>218,590</u>           | <u>2</u>        | <u>214,775</u>        | <u>3</u>         |
|      | <b>Operating income (loss)</b>                                                                                                                                                                    | <u>(85,678)</u>          | <u>(1)</u>      | <u>90,328</u>         | <u>1</u>         |
|      | <b>Non-operating income and expenses (notes 6(i), (u) and (ab)):</b>                                                                                                                              |                          |                 |                       |                  |
| 7100 | Interest income                                                                                                                                                                                   | 3,869                    | -               | 4,788                 | -                |
| 7010 | Other income                                                                                                                                                                                      | 29,874                   | -               | 48,090                | 1                |
| 7020 | Other gains and losses                                                                                                                                                                            | 8,140                    | -               | 98,939                | 1                |
| 7050 | Finance costs                                                                                                                                                                                     | <u>(2,933)</u>           | <u>-</u>        | <u>(4,621)</u>        | <u>-</u>         |
| 7060 | Shares of profit of associates and joint ventures accounted for using equity method                                                                                                               | <u>40,481</u>            | <u>1</u>        | <u>131,733</u>        | <u>2</u>         |
|      |                                                                                                                                                                                                   | <u>79,431</u>            | <u>1</u>        | <u>278,929</u>        | <u>4</u>         |
| 9900 | <b>Profit (loss) before tax</b>                                                                                                                                                                   | <u>(6,247)</u>           | <u>-</u>        | <u>369,257</u>        | <u>5</u>         |
| 7950 | Less: Income tax expenses (benefits) (note 6(w))                                                                                                                                                  | <u>(111,486)</u>         | <u>(1)</u>      | <u>79,534</u>         | <u>1</u>         |
|      | <b>Net income</b>                                                                                                                                                                                 | <u>105,239</u>           | <u>1</u>        | <u>289,723</u>        | <u>4</u>         |
| 8300 | <b>Other comprehensive income (loss):</b>                                                                                                                                                         |                          |                 |                       |                  |
| 8310 | <b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>                                                                                            |                          |                 |                       |                  |
| 8311 | Gains (losses) on remeasurements of defined benefit plans                                                                                                                                         | (3,889)                  | -               | 6,622                 | -                |
| 8316 | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income                                                                        | <u>(93,480)</u>          | <u>(1)</u>      | <u>359,680</u>        | <u>4</u>         |
| 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 | 63,558                   | 1               | 135,215               | 2                |
| 8349 | Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(w))                                                                  | <u>(778)</u>             | <u>-</u>        | <u>1,324</u>          | <u>-</u>         |
|      | <b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>                                                                                            | <u>(33,033)</u>          | <u>-</u>        | <u>500,193</u>        | <u>6</u>         |
| 8360 | <b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>                                                                                                |                          |                 |                       |                  |
| 8361 | Exchange differences on translation                                                                                                                                                               | (10,369)                 | -               | (11,303)              | -                |
| 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>(273)</u>             | <u>-</u>        | <u>(2,205)</u>        | <u>-</u>         |
| 8399 | Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss                                                                                  | <u>-</u>                 | <u>-</u>        | <u>-</u>              | <u>-</u>         |
|      | <b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>                                                                                                | <u>(10,642)</u>          | <u>-</u>        | <u>(13,508)</u>       | <u>-</u>         |
| 8300 | <b>Other comprehensive income</b>                                                                                                                                                                 | <u>(43,675)</u>          | <u>-</u>        | <u>486,685</u>        | <u>6</u>         |
| 8500 | <b>Comprehensive income</b>                                                                                                                                                                       | <u><b>\$ 61,564</b></u>  | <u><b>1</b></u> | <u><b>776,408</b></u> | <u><b>10</b></u> |
|      | <b>Profit attributable to:</b>                                                                                                                                                                    |                          |                 |                       |                  |
| 8610 | Owners of parent                                                                                                                                                                                  | \$ 104,604               | 1               | 287,516               | 4                |
| 8620 | Non-controlling interests                                                                                                                                                                         | <u>635</u>               | <u>-</u>        | <u>2,207</u>          | <u>-</u>         |
|      |                                                                                                                                                                                                   | <u><b>\$ 105,239</b></u> | <u><b>1</b></u> | <u><b>289,723</b></u> | <u><b>4</b></u>  |
|      | <b>Comprehensive income attributable to:</b>                                                                                                                                                      |                          |                 |                       |                  |
| 8710 | Owners of parent                                                                                                                                                                                  | \$ 61,285                | 1               | 772,887               | 10               |
| 8720 | Non-controlling interests                                                                                                                                                                         | <u>279</u>               | <u>-</u>        | <u>3,521</u>          | <u>-</u>         |
|      |                                                                                                                                                                                                   | <u><b>\$ 61,564</b></u>  | <u><b>1</b></u> | <u><b>776,408</b></u> | <u><b>10</b></u> |
|      | <b>Earnings per share (note 6(z))</b>                                                                                                                                                             |                          |                 |                       |                  |
|      | Basic earnings per share                                                                                                                                                                          | <u><b>\$ 0.20</b></u>    |                 | <u><b>0.55</b></u>    |                  |
|      | Diluted earnings per share                                                                                                                                                                        | <u><b>\$ 0.20</b></u>    |                 | <u><b>0.54</b></u>    |                  |

See accompanying notes to financial statements.

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

**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars)**

|                                                                                                                      | Equity attributable to owners of parent |                 |               |                 |                                  |           |                                                                                                         |           |                 |                                               |                             |              |           |
|----------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-----------------|---------------|-----------------|----------------------------------|-----------|---------------------------------------------------------------------------------------------------------|-----------|-----------------|-----------------------------------------------|-----------------------------|--------------|-----------|
|                                                                                                                      | Retained earnings                       |                 |               |                 |                                  |           | Other equity interest                                                                                   |           | Treasury shares | Total equity attributable to owners of parent | Non-controlling g interests | Total equity |           |
|                                                                                                                      |                                         |                 |               |                 |                                  |           | Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income |           |                 |                                               |                             |              |           |
|                                                                                                                      | Ordinary shares                         | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings | Total     | Exchange differences on translation of foreign financial statements                                     | Total     |                 |                                               |                             |              |           |
| Balance at January 1, 2020                                                                                           | \$ 5,278,698                            | 42,418          | 531,249       | 430,668         | 1,320,268                        | 2,282,185 | (10,913)                                                                                                | (570,336) | (581,249)       | -                                             | 7,022,052                   | 207,208      | 7,229,260 |
| Net income                                                                                                           | -                                       | -               | -             | -               | 287,516                          | 287,516   | -                                                                                                       | -         | -               | -                                             | 287,516                     | 2,207        | 289,723   |
| Other comprehensive income                                                                                           | -                                       | -               | -             | -               | 5,261                            | 5,261     | (14,743)                                                                                                | 494,853   | 480,110         | -                                             | 485,371                     | 1,314        | 486,685   |
| Total comprehensive income                                                                                           | -                                       | -               | -             | -               | 292,777                          | 292,777   | (14,743)                                                                                                | 494,853   | 480,110         | -                                             | 772,887                     | 3,521        | 776,408   |
| Appropriation and distribution of retained earnings:                                                                 |                                         |                 |               |                 |                                  |           |                                                                                                         |           |                 |                                               |                             |              |           |
| Legal reserve appropriated                                                                                           | -                                       | -               | 79,186        | -               | (79,186)                         | -         | -                                                                                                       | -         | -               | -                                             | -                           | -            | -         |
| Special reserve appropriated                                                                                         | -                                       | -               | -             | 150,581         | (150,581)                        | -         | -                                                                                                       | -         | -               | -                                             | -                           | -            | -         |
| Cash dividends of ordinary share                                                                                     | -                                       | -               | -             | -               | (526,830)                        | (526,830) | -                                                                                                       | -         | -               | -                                             | (526,830)                   | -            | (526,830) |
| Acquisition of treasury share                                                                                        | -                                       | -               | -             | -               | -                                | -         | -                                                                                                       | -         | -               | (15,178)                                      | (15,178)                    | -            | (15,178)  |
| Changes in ownership interests in subsidiaries                                                                       | -                                       | 3,192           | -             | -               | (513)                            | (513)     | 356                                                                                                     | 513       | 869             | -                                             | 3,548                       | 67           | 3,615     |
| Changes in ownership interests in associates                                                                         | -                                       | 2,614           | -             | -               | (276,730)                        | (276,730) | (185)                                                                                                   | 272,934   | 272,749         | -                                             | (1,367)                     | (2,097)      | (3,464)   |
| Other-effect of consolidation changes                                                                                | -                                       | -               | -             | -               | 2,756                            | 2,756     | (1,260)                                                                                                 | (2,756)   | (4,016)         | -                                             | (1,260)                     | 1,175        | (85)      |
| Balance at December 31, 2020                                                                                         | 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                                                                                                           | -                                       | -               | -             | -               | 104,604                          | 104,604   | -                                                                                                       | -         | -               | -                                             | 104,604                     | 635          | 105,239   |
| Other comprehensive income                                                                                           | -                                       | -               | -             | -               | (3,120)                          | (3,120)   | (10,293)                                                                                                | (29,906)  | (40,199)        | -                                             | (43,319)                    | (356)        | (43,675)  |
| Total comprehensive income                                                                                           | -                                       | -               | -             | -               | 101,484                          | 101,484   | (10,293)                                                                                                | (29,906)  | (40,199)        | -                                             | 61,285                      | 279          | 61,564    |
| Appropriation and distribution of retained earnings:                                                                 |                                         |                 |               |                 |                                  |           |                                                                                                         |           |                 |                                               |                             |              |           |
| Legal reserve appropriated                                                                                           | -                                       | -               | 1,829         | -               | (1,829)                          | -         | -                                                                                                       | -         | -               | -                                             | -                           | -            | -         |
| Cash dividends of ordinary share                                                                                     | -                                       | -               | -             | -               | (263,917)                        | (263,917) | -                                                                                                       | -         | -               | -                                             | (263,917)                   | -            | (263,917) |
| Reversal of special reserve                                                                                          | -                                       | -               | -             | (581,249)       | 581,249                          | -         | -                                                                                                       | -         | -               | -                                             | -                           | -            | -         |
| Endowments received from shareholders                                                                                | -                                       | 13              | -             | -               | -                                | -         | -                                                                                                       | -         | -               | (13)                                          | -                           | -            | -         |
| Share-based payment transactions                                                                                     | -                                       | 4,433           | -             | -               | -                                | -         | -                                                                                                       | -         | -               | 15,178                                        | 19,611                      | -            | 19,611    |
| Associates disposal of investments in equity instruments designated at fair value through other comprehensive income |                                         |                 |               |                 |                                  |           |                                                                                                         |           |                 |                                               |                             |              |           |
|                                                                                                                      | -                                       | -               | -             | -               | 74,637                           | 74,637    | -                                                                                                       | (74,637)  | (74,637)        | -                                             | -                           | -            | -         |
| Changes in ownership interests in subsidiaries                                                                       | -                                       | 997             | -             | -               | -                                | -         | 546                                                                                                     | -         | 546             | -                                             | 1,543                       | -            | 1,543     |
| Changes in ownership interest in associates                                                                          | -                                       | (7,367)         | -             | -               | 94,108                           | 94,108    | 1,858                                                                                                   | -         | 1,858           | -                                             | 88,599                      | -            | 88,599    |
| Balance at December 31, 2021                                                                                         | \$ 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 |

See accompanying notes to financial statements.

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

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2021 and 2020**

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

|                                                                                    | <u>2021</u>      | <u>2020</u>      |
|------------------------------------------------------------------------------------|------------------|------------------|
| <b>Cash flows from operating activities:</b>                                       |                  |                  |
| Profit (loss) before tax                                                           | \$ (6,247)       | 369,257          |
| Adjustments:                                                                       |                  |                  |
| Adjustments to reconcile profit (loss)                                             |                  |                  |
| Depreciation expense                                                               | 248,077          | 250,205          |
| Amortization expense                                                               | 2,553            | 2,528            |
| Expected credit impairment loss (gain)                                             | (97)             | 164              |
| Interest expense                                                                   | 2,933            | 4,621            |
| Interest income                                                                    | (3,869)          | (4,788)          |
| Dividend income                                                                    | (9,706)          | (6,526)          |
| Share-based payments                                                               | 4,472            | -                |
| Share of profit of associates and joint ventures accounted for using equity method | (34,521)         | (117,836)        |
| Gain on disposal of property, plant and equipment                                  | (1,335)          | (4,202)          |
| Gain on disposal of non-current assets held for sale                               | -                | (76,197)         |
| Loss (gain) on disposal of investments                                             | 2,404            | (1,089)          |
| Impairment loss on non-financial assets                                            | 139              | 101              |
| Gain on bargain purchase transaction                                               | (403)            | -                |
| Gain on lease modification                                                         | -                | (2)              |
| Loss from decline (gain from recovery) in value of inventories                     | 130,000          | (23,758)         |
| <b>Total adjustments to reconcile profit (loss)</b>                                | <u>340,647</u>   | <u>23,221</u>    |
| <b>Changes in operating assets and liabilities:</b>                                |                  |                  |
| <b>Changes in operating assets:</b>                                                |                  |                  |
| Financial assets mandatorily measured at fair value through profit or loss         | (167,725)        | 60,760           |
| Notes receivable                                                                   | -                | 33               |
| Accounts receivable                                                                | (40,071)         | (67,339)         |
| Other receivables                                                                  | (541)            | (2,262)          |
| Inventories                                                                        | (525,351)        | 26,105           |
| Prepayments                                                                        | (35,450)         | 4,556            |
| Other current assets                                                               | 115              | 370              |
| Other financial assets                                                             | (116,023)        | 1,722            |
| <b>Total changes in operating assets</b>                                           | <u>(885,046)</u> | <u>23,945</u>    |
| <b>Changes in operating liabilities:</b>                                           |                  |                  |
| Current contract liabilities                                                       | 6,006            | 4,486            |
| Notes payable                                                                      | 2                | 18,472           |
| Accounts payable                                                                   | 179,411          | (296,681)        |
| Other payables                                                                     | (12,165)         | (16,976)         |
| Increase in provisions                                                             | -                | 349              |
| Other current liabilities                                                          | 38,091           | (1,104)          |
| Net defined benefit liabilities                                                    | 1,570            | 60               |
| <b>Total changes in operating liabilities</b>                                      | <u>212,915</u>   | <u>(291,394)</u> |
| <b>Total changes in operating assets and liabilities</b>                           | <u>(672,131)</u> | <u>(267,449)</u> |

See accompanying notes to financial statements.

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

**Consolidated Statements of Cash Flows (Continued)**

**For the years ended December 31, 2021 and 2020**

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

|                                                                                                      | 2021              | 2020             |
|------------------------------------------------------------------------------------------------------|-------------------|------------------|
| Cash inflow (outflow) generated from operations                                                      | \$ (337,731)      | 125,029          |
| Interest received                                                                                    | 3,835             | 4,651            |
| Dividends received                                                                                   | 9,706             | 6,526            |
| Interest paid                                                                                        | (2,821)           | (4,641)          |
| Dividends paid                                                                                       | (57)              | (83)             |
| Income taxes paid                                                                                    | (38,027)          | (111,097)        |
| <b>Net cash flows from (used in) operating activities</b>                                            | <b>(365,095)</b>  | <b>20,385</b>    |
| <b>Cash flows (used in) from investing activities:</b>                                               |                   |                  |
| Acquisition of financial assets at fair value through other comprehensive income                     | -                 | (32,278)         |
| Proceeds from capital reduction of financial assets at fair value through other comprehensive income | 15,718            | 9,803            |
| Acquisition of investments accounted for using equity method                                         | (17,273)          | (35,695)         |
| Proceeds from disposal of subsidiaries                                                               | -                 | 197,647          |
| Acquisition of property, plant and equipment                                                         | (189,199)         | (284,869)        |
| Proceeds from disposal of property, plant and equipment                                              | 1,898             | 4,236            |
| Increase in refundable deposits                                                                      | (22)              | -                |
| Decrease in refundable deposits                                                                      | -                 | 1,325            |
| Acquisition of intangible assets                                                                     | (915)             | -                |
| Dividends received                                                                                   | 24,312            | 11,169           |
| Loss control of subsidiaries                                                                         | -                 | (97,328)         |
| <b>Net cash used in investing activities</b>                                                         | <b>(165,481)</b>  | <b>(225,990)</b> |
| <b>Cash flows from (used in) financing activities:</b>                                               |                   |                  |
| Increase in short-term borrowings                                                                    | 640,759           | 80,000           |
| Decrease in short-term borrowings                                                                    | (385,000)         | (100,000)        |
| Proceeds from long-term borrowings                                                                   | -                 | 87,700           |
| Repayments of long-term borrowings                                                                   | (11,743)          | (28,725)         |
| Payment of lease liabilities                                                                         | (6,000)           | (7,158)          |
| Increase in other non-current liabilities                                                            | -                 | 202              |
| Decrease in other non-current liabilities                                                            | (234)             | -                |
| Cash dividends paid                                                                                  | (263,917)         | (526,830)        |
| Acquisition of treasury shares                                                                       | -                 | (15,178)         |
| Proceeds from transfer of treasury shares to employees                                               | 15,139            | -                |
| Acquisition of ownership interests in subsidiaries                                                   | -                 | (2,097)          |
| <b>Net cash used in financing activities</b>                                                         | <b>(10,996)</b>   | <b>(512,086)</b> |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>                                  | <b>1,674</b>      | <b>3,886</b>     |
| <b>Net decrease in cash and cash equivalents</b>                                                     | <b>(539,898)</b>  | <b>(713,805)</b> |
| <b>Cash and cash equivalents at beginning of period</b>                                              | <b>793,022</b>    | <b>1,506,827</b> |
| <b>Cash and cash equivalents at end of period</b>                                                    | <b>\$ 253,124</b> | <b>793,022</b>   |

See accompanying notes to financial statements.

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

**Notes to the Consolidated Financial Statements**

**For the years ended December 31, 2021 and 2020**

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

**(1) Company history**

Taiwan Styrene Monomer Corp. (the “Company”) was incorporated on November 16, 1979, under the approval of Ministry of Economic Affairs, Republic of China (ROC). Registered address is 8F.-1, No.6, Sec.1, Roosevelt Rd., Taipei City. Please refer to note 4(c) 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 issued by the Board of Directors on March 22, 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, 2021:

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

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

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

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

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

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

### (4) Summary of significant accounting policies

The significant accounting policies presented in the consolidated financial statements are summarized as follows. Except for those specifically indicated, the following accounting policies were applied consistently throughout the presented periods in the consolidated financial statements.

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations” ) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

- (b) Basis of Preparation

- (i) Basis of Measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities are measured at the present value of the defined benefit obligation less fair value of the plan assets.

- (ii) Functional and presentation currency

The functional currency of the Group is determined based on the primary economic environment in which its entities operate. The consolidated financial statements are presented in New Taiwan Dollar, which is the Group’s functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (c) Basis of consolidation

#### (i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprised of the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost ;and (ii) the assets and liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

#### (ii) List of subsidiaries in the consolidated financial statements:

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

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

| Name of investor            | Name of subsidiary                                        | Principal activity                                                                     | Shareholding (%)  |                   | Note   |
|-----------------------------|-----------------------------------------------------------|----------------------------------------------------------------------------------------|-------------------|-------------------|--------|
|                             |                                                           |                                                                                        | December 31, 2021 | December 31, 2020 |        |
| The Company                 | Yuan-Shin Materials Technology Co., Ltd.                  | Basic chemical materials and plastic raw material manufacturing                        | 100.00            | 100.00            | -      |
| The Company                 | Yangmingshan Tien Lai Resort & SPA                        | Hotel                                                                                  | 65.07             | 65.07             | Note 3 |
| The Company                 | Asia Carbons & Technology Inc.                            | Electronic component manufacturing                                                     | 98.58             | 98.58             | -      |
| YSIC Ltd.                   | Grand Capital Co., Ltd.                                   | Investment                                                                             | 100.00            | 100.00            | Note 4 |
| YSIC Ltd.                   | Tien Lai Co., Ltd.                                        | Piping engineering                                                                     | 50.00             | 50.00             | Note 5 |
| YSIC Ltd.                   | Kun Shan International Ltd.                               | Investment                                                                             | 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            | -      |
| 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            | -      |

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

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

Note 3: 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 4: YSIC Ltd. hold 97.22% of common shares of Grand Capital Co., Ltd. Zung-Fu Co., Ltd. sold all its common shares of Grand Capital Co., Ltd. to YSIC Ltd. on July 1, 2020, and YSIC Ltd. totally holds 100.00% of common shares of Grand Capital Co., Ltd.

Note 5: 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.

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (d) Foreign currencies

#### (i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary item denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

#### (ii) Foreign operations

The assets and liabilities of foreign operations are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate of joint venture that includes a foreign operation, the relevant proportion of the cumulative amount is reclassified to profit or loss.

### (e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as noncurrent:

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset within twelve months after the reporting period; or
- (iv) The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as noncurrent.

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading;

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

- (iii) The liability is due to be settled within twelve months after the reporting period; or
- (iv) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(Continued)

## TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

#### 2) Fair value through other comprehensive income (FVOCI )

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

#### 3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

#### 4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, trade receivables, other receivables, refundable deposits and other financial assets).

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables is always measured at an amount equal to lifetime ECL.

(Continued)

## TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

(Continued)

## TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

#### 5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

#### (ii) Financial liabilities and equity instruments

##### 1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### 2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

##### 3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity.

Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

##### 4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition.

(Continued)

## TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

#### 5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

#### 6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

#### (h) Inventories

Inventories are measured at the lower of cost and net realizable value. The costs of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs incurred upon completion and selling expenses.

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

##### (i) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36-Impairment of Assets. Such assets will continue to be measured in accordance with the Group's accounting policies.

(Continued)

## TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

#### (ii) Discontinued operations

A discontinued operation is a component of the Group's business that either has been disposed of or is classified as held for sale, and

- represents a separate major line of business or geographic area of operations
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

#### (j) Investments in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies. Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interest in associates, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(Continued)

## TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The Group discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (or retained earnings) when the equity method is discontinued. If the Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

#### (k) Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

#### (l) Property, plant and equipment

##### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

(Continued)

## TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- 1) Buildings: 3~60 years
- 2) Machineries and equipments: 4~21 years
- 3) Transportation equipment: 3~10 years
- 4) Leased assets: 2~10 years
- 5) Other equipment: 3~20 years

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(m) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

(Continued)

## TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of its assessment on whether it will exercise a purchase option; or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there is any lease modifications.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

(Continued)

## TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of transportation and office equipment that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Group elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2021; and
- there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

#### (ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

#### (n) Intangible assets

##### (i) Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Other intangible assets, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

##### (ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

|                    |            |
|--------------------|------------|
| Technical royalty: | 1~15 years |
|--------------------|------------|

|                    |           |
|--------------------|-----------|
| Computer software: | 1~3 years |
|--------------------|-----------|

Amortization methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

### (o) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. For non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### (p) Revenue recognition

#### (i) Revenue from contract with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### 1) Sale of goods

The Group manufactures and sells styrene monomer. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

### 2) Hospitality and incinerator operation management

The Group provides services such as hospitality and incinerator operation management. Revenue is recognized in the accounting period in which the goods are provided or services are rendered.

### 3) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

### (q) Government grants

The Group recognizes an unconditional government grant related to operation in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

### (r) Employee benefits

#### (i) Defined contribution plan

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

#### (ii) Defined benefit plan

The Group's net obligation in respect of defined benefit plans is calculated separately by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

(Continued)

## TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

#### (iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### (s) Share-based payment

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

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

#### (t) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

(Continued)

## TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future tax improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - 1) the same taxable entity; or
  - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(Continued)

## TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(u) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(v) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

In preparing these consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC, management has made judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

The accounting policies involved significant judgments and the information that have significant effect on the amounts recognized in the consolidated financial statements is judgment of whether the Group has substantive control over its investees. The Group holds 40.00% of the outstanding voting shares of Universal Investments Limited. Although the remaining 60.00% of Universal Investments Limited's shares are not concentrated within specific shareholders, the Group still cannot obtain more than half of the total number of Universal Investments Limited's directors, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Group has significant influence on Universal Investments Limited.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (a) Impairment assessment of investments accounted for using equity method

The Group compares the carrying amounts and the recoverable amount (the greater of its value in use and its fair value less costs to sell) of investments accounted for using equity method to determine whether there is any impairment. In the process of determining the recoverable amount, the Group rely on an appraisal report issued by an expert which had been prepared based on the market approach, the income approach and the asset approach. Any changes in economic conditions could result in significant impairment charges.

### (b) Fair value measurement in level 3 equity instruments

If the fair value of financial assets recognized in balance sheets cannot be reached from the active market, the Group will measure the fair value of financial assets based on valuation technique, including market approach and asset-based approach. The measurement of fair value involves in assumptions, estimations and judgements, such as the selection of comparable company, comparable transaction or price of equity transaction, liquidity discount and valuation multiplier. The fluctuation of assumption used in measurements of fair value may influence the fair value of financial instruments recognized. Please refer to note 6(h) and (ad) for relevant explanation.

The accounting policies and disclosure of the Group include the adoption of fair value measurement of its financial and non-financial assets and liabilities. The Group has established internal control policies for fair value measurement, including obtaining valuation report issued by external experts for the fair value measurement of significant level 3 equity instruments. The Group will evaluate the supporting evidence for expert' s work, and determine if the valuation and the classification of fair value level comply with the rule set by IFRS.

The Group uses the market observable inputs as much as possible when measuring its assets and liabilities. The levels of fair value are classified with the inputs used in valuation technique as below:

- (a) Level 1: The quoted prices in active market of the same assets or liabilities (not adjusted)
- (b) Level 2: Except for the quoted prices included in Level 1, the input parameter of assets or liabilities is directly (price) or indirectly (derive from price) observable.
- (c) Level 3: The input parameter of assets or liabilities is not based on observable market information (unobservable parameter).

## (6) Explanation of significant accounts

### (a) Cash and cash equivalents

|                                   | December 31,<br>2021 | December 31,<br>2020 |
|-----------------------------------|----------------------|----------------------|
| Cash on hand                      | \$ 724               | 535                  |
| Petty cash                        | 1,014                | 1,127                |
| Deposits in bank                  | 251,386              | 309,219              |
| Cash equivalents                  |                      |                      |
| Bonds under resell agreements     | -                    | 356,550              |
| Time deposits due within one year | -                    | 125,591              |
|                                   | <u>\$ 253,124</u>    | <u>793,022</u>       |

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

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

|                                                            | December 31,<br>2021 | December 31,<br>2020 |
|------------------------------------------------------------|----------------------|----------------------|
| Mandatorily measured at fair value through profit or loss: |                      |                      |
| Current:                                                   |                      |                      |
| Listed stocks                                              | \$ 266,352           | 88,160               |
| Funds                                                      | 51,577               | 60,867               |
| Non-current:                                               |                      |                      |
| Listed stocks                                              | 5,756                | 6,933                |
| Total                                                      | <u>\$ 323,685</u>    | <u>155,960</u>       |

### (c) Accounts receivable

|                      | December 31,<br>2021 | December 31,<br>2020 |
|----------------------|----------------------|----------------------|
| Accounts receivable  | \$ 920,432           | 880,361              |
| Less: Loss allowance | (2,466)              | (2,565)              |
|                      | <u>\$ 917,966</u>    | <u>877,796</u>       |

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

|                           | December 31, 2021        |                                |                             |
|---------------------------|--------------------------|--------------------------------|-----------------------------|
|                           | Gross carrying<br>amount | Weighted-averag<br>e loss rate | Loss allowance<br>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                       |
|                           | <u>\$ 920,432</u>        |                                | <u>2,466</u>                |
|                           | December 31, 2020        |                                |                             |
|                           | Gross carrying<br>amount | Weighted-averag<br>e loss rate | Loss allowance<br>provision |
| Current                   | \$ 877,089               | 0.005%                         | 44                          |
| 1 to 90 days past due     | 349                      | 1%                             | 3                           |
| 91 to 180 days past due   | 75                       | 2%                             | 1                           |
| 181 to 365 days past due  | 238                      | 2%                             | 3                           |
| More than 1 year past due | 2,610                    | 50%~100%                       | 2,514                       |
|                           | <u>\$ 880,361</u>        |                                | <u>2,565</u>                |

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

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

|                                 | 2021                   | 2020                |
|---------------------------------|------------------------|---------------------|
| Beginning balance               | \$ 2,565               | 2,747               |
| Reversal of impairment loss     | (97)                   | (187)               |
| Effect of consolidation changes | -                      | (2)                 |
| Effect of exchange rate changes | (2)                    | 7                   |
| Ending balance                  | <u><u>\$ 2,466</u></u> | <u><u>2,565</u></u> |

(d) Inventories

|                        | December 31,<br>2021     | December 31,<br>2020  |
|------------------------|--------------------------|-----------------------|
| Merchandise inventory  | \$ 1,665                 | 1,310                 |
| Finished goods         | 241,732                  | 56,249                |
| By-product             | 7,160                    | 6,724                 |
| Semi-finished products | 79,182                   | 141,737               |
| Work in progress       | 46,133                   | 26,821                |
| Raw materials          | 422,913                  | 180,941               |
| Supplies               | 27,856                   | 17,508                |
|                        | <u><u>\$ 826,641</u></u> | <u><u>431,290</u></u> |

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

|                                                                | 2021                     | 2020                   |
|----------------------------------------------------------------|--------------------------|------------------------|
| Loss from decline (gain from recovery) in value of inventories | \$ 130,000               | (23,758)               |
| Loss on inventory scrapping                                    | -                        | 27                     |
|                                                                | <u><u>\$ 130,000</u></u> | <u><u>(23,731)</u></u> |

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

(e) Prepayments

|                          | December 31,<br>2021     | December 31,<br>2020  |
|--------------------------|--------------------------|-----------------------|
| Prepayment for purchases | \$ 719                   | 7,909                 |
| Supplies                 | 87,837                   | 95,205                |
| Overpaid sales tax       | 55,529                   | 20,470                |
| Others                   | 5,560                    | 15,549                |
|                          | <u><u>\$ 149,645</u></u> | <u><u>139,133</u></u> |

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

- (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 disposal was completed in February 2022.

- (g) Other current financial assets

|                                          | December 31,<br>2021     | December 31,<br>2020 |
|------------------------------------------|--------------------------|----------------------|
| Time deposits maturing over three months | \$ 155,067               | 35,000               |
| Restricted deposits in bank              | 4,399                    | 8,443                |
|                                          | <b><u>\$ 159,466</u></b> | <b><u>43,443</u></b> |

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

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

|                                       | December 31,<br>2021       | December 31,<br>2020    |
|---------------------------------------|----------------------------|-------------------------|
| Equity investments:                   |                            |                         |
| Domestic non-listed stocks            | \$ 696,898                 | 671,848                 |
| Foreign non-listed equity investments | 319,725                    | 438,131                 |
|                                       | <b><u>\$ 1,016,623</u></b> | <b><u>1,109,979</u></b> |

- (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 year ended December 31, 2021 and 2020, the dividends of \$4,853 thousand and \$1,573 thousand, respectively, related to equity investment at fair value through other comprehensive income held on the years then ended, were recognized.
- (ii) There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity related to these investments for the years ended December 31, 2021 and 2020.
- (iii) For market risk; please refer to note 6(ad).
- (iv) None of the above-mentioned financial assets had been pledged as collateral as of December 31, 2021 and 2020.

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (i) Investments accounted for using equity method

#### (i) Associates

Associates of the Group consisted of the following:

|                                                  | December 31, 2021   |                   | December 31, 2020 |                   |
|--------------------------------------------------|---------------------|-------------------|-------------------|-------------------|
|                                                  | Amount              | Share-holding (%) | Amount            | Share-holding (%) |
| Grand Cathay Venture Capital Co., Ltd.           | \$ 467,450          | 25.00             | 382,377           | 25.00             |
| Wonderland Enterprise Co., Ltd.                  | 835,959             | 37.04             | 744,788           | 37.04             |
| Globaltop Technology Inc.                        | 49,332              | 23.89             | 54,505            | 31.85             |
| Gvision-USA, Inc.                                | -                   | -                 | 34,112            | 44.44             |
| Functional Coating System Technologies Co., Ltd. | 26,069              | 34.88             | 26,395            | 34.88             |
| Universal Investments Limited                    | 17,038              | 40.00             | -                 | -                 |
|                                                  | <u>\$ 1,395,848</u> |                   | <u>1,242,177</u>  |                   |

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

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

The Group acquired all shares of Globaltop Technology Inc. held by Zung-Fu Co., Ltd. With \$7,195 thousand on July 1, 2020. The Group decreased the capital surplus of \$1,150 thousand due to the change of its ownership. Globaltop Technology Inc. conducted a capital increase by cash of \$40,000 thousand on October 18, 2020. The Group did not participate in the capital increase proportionally, and its shares of the company dropped to 31.85%. The Group increased the capital surplus of \$4,410 thousand due to the decrease of its ownership. Meanwhile, the exchange difference of \$360 thousand previously recognized in other comprehensive income had been reclassified to profit or loss; and then the company conducted a capital reduction of \$85,000 thousand to make up for the deficit in November 2021, and conducted a capital increase by cash of \$55,000 thousand on November 22, 2021. The Group did not participate in the capital increase proportionally, and its shares of the company dropped to 23.89%. The Group increased the capital surplus of \$997 thousand due to the decrease of its ownership. Meanwhile, the exchange difference of \$(546) thousand previously recognized in other comprehensive income had been reclassified to profit or loss.

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

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 decreased the capital surplus of \$7,367 thousand due to the decrease of its ownership. Meanwhile, the exchange difference of \$(1,858) thousand previously recognized in other comprehensive income had been reclassified to profit or loss. The Group lost the significant influence on the company and reclassified the investment to financial assets at fair value through other comprehensive income.

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

|                            | 2021             | 2020           |
|----------------------------|------------------|----------------|
| Attributable to the Group: |                  |                |
| Net income (loss)          | \$ 34,521        | 117,836        |
| Other comprehensive income | 63,285           | 133,010        |
| Total comprehensive income | <u>\$ 97,806</u> | <u>250,846</u> |

To assess the impairment of Grand Cathay Venture Capital Co., Ltd. an appraisal report issued by an expert had been prepared based on an asset-based approach.

None of the investments using equity method of the Group was pledged as collateral as of December 31, 2021 and 2020.

### (j) Changes in a parent's ownership interest in subsidiary

The Group acquired all shares of Grand Capital Co., Ltd. held by Zung-Fu Co., Ltd. with \$2,092 thousand on July 1, 2020. The Group decreased the capital surplus of \$68 thousand from the difference between consideration and carrying amount of subsidiaries acquired.

The Group acquired shares of YSIC Ltd. with \$5 thousand in August 2020, and its shares of the company rose from 99.99% to 99.99%.

### (k) Loss of control over subsidiaries

In December 2019 and May 2020, the Group obtained an approval of the Board of Directors to sell all the shares of Lei-Ting Construction Corporation and Zung-Fu Co., Ltd.. The transactions were completed on May 6 and June 30, 2020 at the total price of \$197,647 thousand, and the gain on disposal of investments amounting to \$76,197 thousand was included in other gains and losses of the consolidated comprehensive income statements. Meanwhile, the unrealized gain of \$3,182 thousand from investments measured at fair value through other comprehensive income as well as exchange difference of \$1,263 thousand previously recognized in other comprehensive income, had been reclassified to retain earnings and profit or loss, respectively.

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

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

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

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

|                                                                               |           |               |
|-------------------------------------------------------------------------------|-----------|---------------|
| Cash and cash equivalents                                                     | \$        | 56,266        |
| Account receivable, net                                                       |           | 44,564        |
| Other receivables                                                             |           | 63            |
| Current tax assets                                                            |           | 10            |
| Prepayments                                                                   |           | 25,603        |
| Other current assets                                                          |           | 900           |
| Non-current financial assets at fair value through other comprehensive income |           | 32,278        |
| Investment accounted for using equity method                                  |           | 9,224         |
| Property, plant and equipment                                                 |           | 94,309        |
| Right of use assets                                                           |           | 1,551         |
| Investment property, net                                                      |           | 43,929        |
| Deferred tax assets                                                           |           | 15,485        |
| Refundable deposits                                                           |           | 142           |
| Other non-current assets                                                      |           | 21,090        |
| Short-term borrowings                                                         |           | (200,000)     |
| Notes payable                                                                 |           | (29,420)      |
| Accounts payable                                                              |           | (3,404)       |
| Other payables                                                                |           | (18,766)      |
| Lease liabilities                                                             |           | (1,573)       |
| Other current liabilities                                                     |           | (576)         |
| Other non-current liabilities                                                 |           | (10,572)      |
| Carrying amount of net assets                                                 | <u>\$</u> | <u>81,103</u> |

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (1) 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, 2021                   | \$ 1,577,303        | 8,462             | 621,630                  | 7,280,629               | 10,887                   | -             | 946,252         | 232,174                  | 10,677,337        |
| Additions                                       | -                   | -                 | -                        | -                       | -                        | -             | 7,943           | 138,184                  | 146,127           |
| Disposals                                       | (563)               | -                 | -                        | (356)                   | (6,606)                  | -             | (155,440)       | -                        | (162,965)         |
| Reclassification                                | -                   | -                 | -                        | 26,835                  | -                        | -             | 45,465          | (72,300)                 | -                 |
| Effect of exchange rate changes                 | -                   | -                 | -                        | -                       | (5)                      | -             | -               | -                        | (5)               |
| Balance as of December 31, 2021                 | <u>\$ 1,576,740</u> | <u>8,462</u>      | <u>621,630</u>           | <u>7,307,108</u>        | <u>4,276</u>             | <u>-</u>      | <u>844,220</u>  | <u>298,058</u>           | <u>10,660,494</u> |
| Balance as of January 1, 2020                   | \$ 1,612,235        | 8,462             | 714,254                  | 7,871,105               | 18,403                   | 72,796        | 966,230         | 89,486                   | 11,352,971        |
| Additions                                       | 21,353              | -                 | 6,142                    | 2,970                   | -                        | -             | 1,240           | 295,517                  | 327,222           |
| Disposals                                       | -                   | -                 | -                        | (719,568)               | (84)                     | (72,796)      | (35,786)        | -                        | (828,234)         |
| Reclassification                                | -                   | -                 | (52,318)                 | 126,122                 | -                        | -             | 17,260          | (152,829)                | (61,765)          |
| Effect of consolidation changes                 | (56,285)            | -                 | (47,255)                 | -                       | (7,450)                  | -             | (2,840)         | -                        | (113,830)         |
| Effect of exchange rate changes                 | -                   | -                 | 807                      | -                       | 18                       | -             | 148             | -                        | 973               |
| Balance as of December 31, 2020                 | <u>\$ 1,577,303</u> | <u>8,462</u>      | <u>621,630</u>           | <u>7,280,629</u>        | <u>10,887</u>            | <u>-</u>      | <u>946,252</u>  | <u>232,174</u>           | <u>10,677,337</u> |
| Accumulated depreciation and impairment losses: |                     |                   |                          |                         |                          |               |                 |                          |                   |
| Balance as of January 1, 2021                   | \$ -                | 8,383             | 229,758                  | 5,830,382               | 10,474                   | -             | 649,155         | -                        | 6,728,152         |
| Depreciation                                    | -                   | 21                | 14,450                   | 178,757                 | 141                      | -             | 48,372          | -                        | 241,741           |
| Disposals                                       | -                   | -                 | -                        | (356)                   | (6,606)                  | -             | (155,440)       | -                        | (162,402)         |
| Effect of exchange rate changes                 | -                   | -                 | -                        | -                       | (5)                      | -             | -               | -                        | (5)               |
| Balance as of December 31, 2021                 | <u>\$ -</u>         | <u>8,404</u>      | <u>244,208</u>           | <u>6,008,783</u>        | <u>4,004</u>             | <u>-</u>      | <u>542,087</u>  | <u>-</u>                 | <u>6,807,496</u>  |
| Balance as of January 1, 2020                   | \$ -                | 8,362             | 249,667                  | 6,375,202               | 15,402                   | 72,796        | 649,402         | -                        | 7,370,831         |
| Depreciation                                    | -                   | 21                | 17,282                   | 174,748                 | 512                      | -             | 46,742          | -                        | 239,305           |
| Disposals                                       | -                   | -                 | -                        | (719,568)               | (84)                     | (72,796)      | (35,786)        | -                        | (828,234)         |
| Reclassification                                | -                   | -                 | (26,289)                 | -                       | -                        | -             | (8,503)         | -                        | (34,792)          |
| Effect of consolidation changes                 | -                   | -                 | (11,317)                 | -                       | (5,373)                  | -             | (2,831)         | -                        | (19,521)          |
| Effect of exchange rate changes                 | -                   | -                 | 415                      | -                       | 17                       | -             | 131             | -                        | 563               |
| Balance as of December 31, 2020                 | <u>\$ -</u>         | <u>8,383</u>      | <u>229,758</u>           | <u>5,830,382</u>        | <u>10,474</u>            | <u>-</u>      | <u>649,155</u>  | <u>-</u>                 | <u>6,728,152</u>  |
| Carrying value:                                 |                     |                   |                          |                         |                          |               |                 |                          |                   |
| Balance as of December 31, 2021                 | <u>\$ 1,576,740</u> | <u>58</u>         | <u>377,422</u>           | <u>1,298,325</u>        | <u>272</u>               | <u>-</u>      | <u>302,133</u>  | <u>298,058</u>           | <u>3,853,008</u>  |
| Balance as of January 1, 2020                   | <u>\$ 1,612,235</u> | <u>100</u>        | <u>464,587</u>           | <u>1,495,903</u>        | <u>3,001</u>             | <u>-</u>      | <u>316,828</u>  | <u>89,486</u>            | <u>3,982,140</u>  |
| Balance as of December 31, 2020                 | <u>\$ 1,577,303</u> | <u>79</u>         | <u>391,872</u>           | <u>1,450,247</u>        | <u>413</u>               | <u>-</u>      | <u>297,097</u>  | <u>232,174</u>           | <u>3,949,185</u>  |

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

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

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (m) Right-of-use assets

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

|                                  | Land            | Buildings<br>and<br>structures | Transportation<br>equipment | Office<br>equipment | Total         |
|----------------------------------|-----------------|--------------------------------|-----------------------------|---------------------|---------------|
| Cost:                            |                 |                                |                             |                     |               |
| Balance as of January 1, 2021    | \$ 387          | 1,429                          | 12,769                      | 4,814               | 19,399        |
| Additions                        | 4,064           | 828                            | -                           | -                   | 4,892         |
| Lease modification               | -               | (177)                          | -                           | -                   | (177)         |
| Disposals                        | (387)           | (826)                          | -                           | -                   | (1,213)       |
| Balance as of December 31, 2021  | <b>\$ 4,064</b> | <b>1,254</b>                   | <b>12,769</b>               | <b>4,814</b>        | <b>22,901</b> |
| Balance as of January 1, 2020    | \$ 3,981        | 3,051                          | 16,877                      | 4,814               | 28,723        |
| Additions                        | -               | 603                            | 423                         | -                   | 1,026         |
| Lease modification               | (165)           | (1,717)                        | (1,731)                     | -                   | (3,613)       |
| Reclassification                 | (3,482)         | -                              | -                           | -                   | (3,482)       |
| Effect of consolidation changes  | -               | (508)                          | (2,800)                     | -                   | (3,308)       |
| Effects of exchange rate changes | 53              | -                              | -                           | -                   | 53            |
| Balance as of December 31, 2020  | <b>\$ 387</b>   | <b>1,429</b>                   | <b>12,769</b>               | <b>4,814</b>        | <b>19,399</b> |
| Accumulated depreciation:        |                 |                                |                             |                     |               |
| Balance as of January 1, 2021    | \$ 353          | 635                            | 6,130                       | 1,203               | 8,321         |
| Depreciation                     | 121             | 707                            | 4,198                       | 964                 | 5,990         |
| Lease modification               | -               | (162)                          | -                           | -                   | (162)         |
| Disposals                        | (387)           | (826)                          | -                           | -                   | (1,213)       |
| Balance as of December 31, 2021  | <b>\$ 87</b>    | <b>354</b>                     | <b>10,328</b>               | <b>2,167</b>        | <b>12,936</b> |
| Balance as of January 1, 2020    | \$ 328          | 1,368                          | 4,156                       | 241                 | 6,093         |
| Depreciation                     | 230             | 1,244                          | 4,890                       | 962                 | 7,326         |
| Lease modification               | (10)            | (1,717)                        | (1,419)                     | -                   | (3,146)       |
| Reclassification                 | (197)           | -                              | -                           | -                   | (197)         |
| Effect of consolidation changes  | -               | (260)                          | (1,497)                     | -                   | (1,757)       |
| Effect of exchange rate changes  | 2               | -                              | -                           | -                   | 2             |
| Balance as of December 31, 2020  | <b>\$ 353</b>   | <b>635</b>                     | <b>6,130</b>                | <b>1,203</b>        | <b>8,321</b>  |
| Carrying amount:                 |                 |                                |                             |                     |               |
| Balance as of December 31, 2021  | <b>\$ 3,977</b> | <b>900</b>                     | <b>2,441</b>                | <b>2,647</b>        | <b>9,965</b>  |
| Balance as of January 1, 2020    | <b>\$ 3,653</b> | <b>1,683</b>                   | <b>12,721</b>               | <b>4,573</b>        | <b>22,630</b> |
| Balance as of December 31, 2020  | <b>\$ 34</b>    | <b>794</b>                     | <b>6,639</b>                | <b>3,611</b>        | <b>11,078</b> |

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (n) Investment property

|                                                                    | <u>Land</u>      | <u>Buildings and<br/>structures</u> | <u>Total</u>   |
|--------------------------------------------------------------------|------------------|-------------------------------------|----------------|
| Cost:                                                              |                  |                                     |                |
| Balance as of December 31, 2021<br>(Balance as of January 1, 2021) | <u>\$ 46,101</u> | <u>17,625</u>                       | <u>63,726</u>  |
| Balance as of January 1, 2020                                      | \$ 90,030        | 89,655                              | 179,685        |
| Reclassification                                                   | -                | (73,158)                            | (73,158)       |
| Effect of consolidation changes                                    | (43,929)         | -                                   | (43,929)       |
| Effect of exchange rate changes                                    | -                | 1,128                               | 1,128          |
| Balance as of December 31, 2020                                    | <u>\$ 46,101</u> | <u>17,625</u>                       | <u>63,726</u>  |
| Accumulated depreciation and impairment losses:                    |                  |                                     |                |
| Balance as of January 1, 2021                                      | \$ -             | 6,365                               | 6,365          |
| Depreciation                                                       | -                | 346                                 | 346            |
| Balance as of December 31, 2021                                    | <u>\$ -</u>      | <u>6,711</u>                        | <u>6,711</u>   |
| Balance as of January 1, 2020                                      | \$ -             | 40,594                              | 40,594         |
| Depreciation                                                       | -                | 3,574                               | 3,574          |
| Reclassification                                                   | -                | (38,408)                            | (38,408)       |
| Effect of exchange rate changes                                    | -                | 605                                 | 605            |
| Balance as of December 31, 2020                                    | <u>\$ -</u>      | <u>6,365</u>                        | <u>6,365</u>   |
| Carrying value:                                                    |                  |                                     |                |
| Balance as of December 31, 2021                                    | <u>\$ 46,101</u> | <u>10,914</u>                       | <u>57,015</u>  |
| Balance as of January 1, 2020                                      | <u>\$ 90,030</u> | <u>49,061</u>                       | <u>139,091</u> |
| Balance as of December 31, 2020                                    | <u>\$ 46,101</u> | <u>11,260</u>                       | <u>57,361</u>  |
| Fair value:                                                        |                  |                                     |                |
| Balance as of December 31, 2021                                    |                  | <u>\$ 79,431</u>                    |                |
| Balance as of January 1, 2020                                      |                  | <u>\$ 196,688</u>                   |                |
| Balance as of December 31, 2020                                    |                  | <u>\$ 101,435</u>                   |                |

The fair value of the investment properties is based on an independent professional who has professional qualifications and has relevant experience. The inputs of levels of fair value hierarchy in determining the fair value is classified to Level 3. Fair value was measured using the market approach.

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

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (o) Intangible assets

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

|                                 | Technical<br>royalty | Computer<br>software | Total         |
|---------------------------------|----------------------|----------------------|---------------|
| Cost:                           |                      |                      |               |
| Balance as of January 1, 2021   | \$ 22,242            | 5,146                | 27,388        |
| Additions                       | -                    | 915                  | 915           |
| Balance as of December 31, 2021 | <u>\$ 22,242</u>     | <u>6,061</u>         | <u>28,303</u> |
| Balance as of January 1, 2020   | \$ 22,242            | 6,146                | 28,388        |
| Disposals                       | -                    | (1,000)              | (1,000)       |
| Balance as of December 31, 2020 | <u>\$ 22,242</u>     | <u>5,146</u>         | <u>27,388</u> |
| Accumulated amortization:       |                      |                      |               |
| Balance as of January 1, 2021   | \$ 15,093            | 2,725                | 17,818        |
| Amortization                    | 975                  | 1,578                | 2,553         |
| Balance as of December 31, 2021 | <u>\$ 16,068</u>     | <u>4,303</u>         | <u>20,371</u> |
| Balance as of January 1, 2020   | \$ 14,118            | 2,172                | 16,290        |
| Amortization                    | 975                  | 1,553                | 2,528         |
| Disposals                       | -                    | (1,000)              | (1,000)       |
| Balance as of December 31, 2020 | <u>\$ 15,093</u>     | <u>2,725</u>         | <u>17,818</u> |
| Carrying value:                 |                      |                      |               |
| Balance as of December 31, 2021 | <u>\$ 6,174</u>      | <u>1,758</u>         | <u>7,932</u>  |
| Balance as of January 1, 2020   | <u>\$ 8,124</u>      | <u>3,974</u>         | <u>12,098</u> |
| Balance as of December 31, 2020 | <u>\$ 7,149</u>      | <u>2,421</u>         | <u>9,570</u>  |

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

|                                                 | December 31,<br>2021 | December 31,<br>2020 |
|-------------------------------------------------|----------------------|----------------------|
| Construction and operation of student dormitory | <u>\$ 30,576</u>     | <u>32,962</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.

### (q) Other non-current assets

|                            | December 31,<br>2021 | December 31,<br>2020 |
|----------------------------|----------------------|----------------------|
| Long-term prepaid expenses | \$ 85,401            | 60,602               |
| Net defined benefit assets | 5,489                | 5,278                |
|                            | <u>\$ 90,890</u>     | <u>65,880</u>        |

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (r) Short-term borrowings

Short-term borrowings of the Group were as follows:

|                                | December 31,<br>2021 | December 31,<br>2020 |
|--------------------------------|----------------------|----------------------|
| Unsecured bank loans           | \$ 235,759           | -                    |
| Secured bank loans             | 117,500              | 97,500               |
| Total                          | <u>\$ 353,259</u>    | <u>97,500</u>        |
| Unused short-term credit lines | <u>\$ 559,617</u>    | <u>1,283,556</u>     |
| Range of interest rate         | <u>0.75~1.20%</u>    | <u>0.90~1.20%</u>    |

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

### (s) Other payables

Other payables of the Group were as follows:

|                                   | December 31,<br>2021 | December 31,<br>2020 |
|-----------------------------------|----------------------|----------------------|
| Accrued payroll                   | \$ 19,192            | 44,546               |
| Employee bonus payable            | 441                  | 5,665                |
| Compensation payable to directors | 128                  | 6,979                |
| Compensated absences              | 28,602               | 27,804               |
| Other accrued expenses payable    | 73,081               | 40,473               |
| Payables on equipment             | 24,247               | 67,319               |
| Dividends payable                 | 9,730                | 9,787                |
| Other payables-other              | 23,076               | 31,106               |
| Total                             | <u>\$ 178,497</u>    | <u>233,679</u>       |

### (t) Long-term borrowings

Long-term borrowings of the Group were as follows:

|                               | December 31, 2021 |                           |          |                  |
|-------------------------------|-------------------|---------------------------|----------|------------------|
|                               | Currency          | Range of<br>interest rate | Due year | Amount           |
| Secured bank loans            | NTD               | 1.51%                     | 2030     | \$ 77,035        |
| Less: current portion         |                   |                           |          | 8,349            |
| Total                         |                   |                           |          | <u>\$ 68,686</u> |
| Unused long-term credit lines |                   |                           |          | <u>\$ 10,664</u> |

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

|                               | December 31, 2020 |                        |          |                  |
|-------------------------------|-------------------|------------------------|----------|------------------|
|                               | Currency          | Range of interest rate | Due year | Amount           |
| Secured bank loans            | NTD               | 1.51~1.66%             | 2030     | \$ 88,778        |
| Less: current portion         |                   |                        |          | 11,742           |
| Total                         |                   |                        |          | <u>\$ 77,036</u> |
| Unused long-term credit lines |                   |                        |          | <u>\$ 2,441</u>  |

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

### (u) Lease liabilities

Lease liabilities of the Group were as follows:

|             | December 31, 2021 | December 31, 2020 |
|-------------|-------------------|-------------------|
| Current     | <u>\$ 4,069</u>   | <u>5,893</u>      |
| Non-current | <u>\$ 5,729</u>   | <u>5,028</u>      |

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

The amounts recognized in profit or loss were as follows:

|                                                                                                  | 2021          | 2020       |
|--------------------------------------------------------------------------------------------------|---------------|------------|
| Interest on lease liabilities                                                                    | <u>\$ 152</u> | <u>242</u> |
| Expenses relating to short-term leases                                                           | <u>\$ 564</u> | <u>535</u> |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | <u>\$ 703</u> | <u>647</u> |
| Covid-19-related rent concessions                                                                | <u>\$ -</u>   | <u>63</u>  |

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

|                               | 2021            | 2020         |
|-------------------------------|-----------------|--------------|
| Total cash outflow for leases | <u>\$ 7,419</u> | <u>8,582</u> |

### (v) Employee benefits

#### (i) Defined benefit plans

The reconciliations of defined benefit obligations and plan assets as of December 31, 2021 and 2020 were as follows:

|                                                 | December 31, 2021 | December 31, 2020 |
|-------------------------------------------------|-------------------|-------------------|
| Present value of defined benefit obligation     | \$ 235,348        | 258,253           |
| Fair value of plan assets                       | (176,737)         | (204,323)         |
| Net position                                    | <u>\$ 58,611</u>  | <u>53,930</u>     |
| Net defined benefit assets (non-current assets) | <u>\$ 5,489</u>   | <u>5,278</u>      |
| Net defined benefit liabilities                 | <u>\$ 64,100</u>  | <u>59,208</u>     |

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

The Group makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

### 1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$176,737 thousand as of December 31, 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

### 2) Movements in the present value of defined benefit obligation

The movements in the present value of defined benefit obligation of the Group were as follows:

|                                                                  | <b>2021</b>              | <b>2020</b>           |
|------------------------------------------------------------------|--------------------------|-----------------------|
| Defined benefit obligation at January 1                          | \$ 258,253               | 279,319               |
| Current service cost and interest cost                           | 3,056                    | 3,877                 |
| Net remeasurements of defined benefit liabilities                |                          |                       |
| — Actuarial gains and losses arising from financial assumptions  | 2,422                    | 1,556                 |
| — Actuarial gains and losses arising from experience adjustments | 3,468                    | (1,356)               |
| Benefits paid                                                    | (31,851)                 | (16,994)              |
| Effect of business combinations                                  | -                        | (8,149)               |
| Defined benefit obligation at December 31                        | <b><u>\$ 235,348</u></b> | <b><u>258,253</u></b> |

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### 3) Movements in fair value of plan assets

The movements in the fair value of the defined benefit plan assets of the Group were as follows:

|                                                     | <u>2021</u>              | <u>2020</u>           |
|-----------------------------------------------------|--------------------------|-----------------------|
| Fair value of plan assets, January 1                | \$ 204,323               | 221,732               |
| Interests income                                    | 1,637                    | 2,171                 |
| Remeasurements of defined benefit assets            |                          |                       |
| — Return on plan assets (excluding interest income) | 2,001                    | 6,822                 |
| Contributions                                       | 627                      | 711                   |
| Benefits paid                                       | (31,851)                 | (16,994)              |
| Effect of business combinations                     | -                        | (10,119)              |
| Fair value of plan assets at December 31            | <u><u>\$ 176,737</u></u> | <u><u>214,442</u></u> |

### 4) Expenses recognized in profit or loss

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

|                                                      | <u>2021</u>            | <u>2020</u>         |
|------------------------------------------------------|------------------------|---------------------|
| Current service costs                                | \$ 991                 | 1,124               |
| Net interest on defined benefit liabilities (assets) | 428                    | 582                 |
|                                                      | <u><u>\$ 1,419</u></u> | <u><u>1,706</u></u> |

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

|                    | <u>2021</u>            | <u>2020</u>         |
|--------------------|------------------------|---------------------|
| Operating cost     | \$ 1,078               | 1,288               |
| Operating expenses | 341                    | 418                 |
| Total              | <u><u>\$ 1,419</u></u> | <u><u>1,706</u></u> |

### 5) Remeasurement values of the defined benefit liabilities (assets) recognized in other comprehensive income

The remeasurement values of the defined benefit liabilities (assets) recognized in other comprehensive income of the Group were as follows:

|                              | <u>2021</u>            | <u>2020</u>           |
|------------------------------|------------------------|-----------------------|
| Recognized during the period | <u><u>\$ 3,889</u></u> | <u><u>(6,622)</u></u> |

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### 6) Actuarial assumptions

Principal actuarial assumptions at the reporting date were as follows:

|                                              | <b>December 31,<br/>2021</b> | <b>December 31,<br/>2020</b> |
|----------------------------------------------|------------------------------|------------------------------|
| Discount rate                                | 0.50%~0.60%                  | 0.80%                        |
| Expected rate of increase in future salaries | 1.50%~2.00%                  | 1.50%                        |

The expected allocation payment to be made by the Group to the defined benefit plans, for the one-year period after the reporting date is \$682 thousand.

The weighted-average lifetime of the defined benefit plan is 3.80 to 10.50 years.

### 7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligations shall be as follows:

|                                             | <b>Influence of defined benefit<br/>obligations</b> |                 |
|---------------------------------------------|-----------------------------------------------------|-----------------|
|                                             | <b>Increase</b>                                     | <b>Decrease</b> |
| December 31, 2021                           |                                                     |                 |
| Discount rate (changed by 0.25%)            | \$ (1,866)                                          | 1,914           |
| Future salary increase rate (changed by 1%) | 7,846                                               | (7,245)         |
| December 31, 2020                           |                                                     |                 |
| Discount rate (changed by 0.25%)            | (1,941)                                             | 1,992           |
| Future salary increase rate (changed by 1%) | 8,350                                               | (7,705)         |

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

### (ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$11,174 thousand and \$12,829 thousand for the years ended December 31, 2021 and 2020, respectively.

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (w) Income tax

#### (i) Income tax expense (benefits)

The components of income tax in the years 2021 and 2020 were as follows:

|                                                   | <u>2021</u>                | <u>2020</u>          |
|---------------------------------------------------|----------------------------|----------------------|
| Current tax expense                               |                            |                      |
| Current period                                    | \$ 851                     | 37,477               |
| Adjustment for prior periods                      | 128                        | 40,398               |
|                                                   | <u>979</u>                 | <u>77,875</u>        |
| Deferred tax expense                              |                            |                      |
| Origination and reversal of temporary differences | (112,465)                  | 1,659                |
| Income tax expense (benefits)                     | <u><u>\$ (111,486)</u></u> | <u><u>79,534</u></u> |

The amount of income tax recognized in other comprehensive income for 2021 and 2020 was as follows:

|                                                                     | <u>2021</u>            | <u>2020</u>         |
|---------------------------------------------------------------------|------------------------|---------------------|
| Items that will not be reclassified subsequently to profit or loss: |                        |                     |
| Remeasurement from defined benefit plans                            | <u><u>\$ (778)</u></u> | <u><u>1,324</u></u> |

Reconciliation of income tax and profit before tax for 2021 and 2020 is as follows:

|                                                                    | <u>2021</u>                | <u>2020</u>           |
|--------------------------------------------------------------------|----------------------------|-----------------------|
| Profit before income tax                                           | <u><u>\$ (6,247)</u></u>   | <u><u>369,257</u></u> |
| Income tax using the Group' s domestic tax rate                    | \$ 1,951                   | 65,717                |
| Tax credit of investment                                           | -                          | (795)                 |
| Non-deductible expenses                                            | 3,408                      | 20,968                |
| Tax-exempt income                                                  | (7,274)                    | (4,545)               |
| Recognition of previously unrecognized tax losses                  | (2,871)                    | -                     |
| Current-year losses for which no deferred tax asset was recognized | 17,449                     | 28,953                |
| Change in unrecognized temporary differences                       | 17                         | (28,265)              |
| Adjustment for prior periods                                       | 128                        | 40,398                |
| Undistributed earnings additional tax                              | 31                         | 390                   |
| Investment loss                                                    | (124,337)                  | (43,287)              |
| Land value increment tax                                           | 12                         | -                     |
| Total                                                              | <u><u>\$ (111,486)</u></u> | <u><u>79,534</u></u>  |

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (ii) Deferred income tax assets and liabilities

#### 1) Unrecognized deferred income tax assets

The Group's unrecognized deferred tax assets were composed of the following items:

|                                       | December 31,<br>2021     | December 31,<br>2020  |
|---------------------------------------|--------------------------|-----------------------|
| The carryforward of unused tax losses | \$ 102,460               | 101,162               |
| Other                                 | 70                       | 70                    |
| Total                                 | <b><u>\$ 102,530</u></b> | <b><u>101,232</u></b> |

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2021 the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

#### a) Unused tax loss information

| Year of loss | Year of expiry | Unused amount            |
|--------------|----------------|--------------------------|
| 2012         | 2022           | \$ 46,030                |
| 2013         | 2023           | 32,590                   |
| 2014         | 2024           | 10,893                   |
| 2015         | 2025           | 12,755                   |
| 2016         | 2026           | 27,488                   |
| 2017         | 2027           | 5,783                    |
| 2018         | 2028           | 7,803                    |
| 2019         | 2029           | 173,202                  |
| 2020         | 2030           | 139,621                  |
| 2021         | 2031           | 56,136                   |
|              |                | <b><u>\$ 512,301</u></b> |

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### 2) Recognized deferred income tax assets and liabilities

Movements of recognized deferred income tax assets and liabilities for the years ended December 31, 2021 and 2020 were as follows:

Deferred tax liabilities:

|                                          | <b>Land value<br/>increment tax</b> | <b>Other</b> | <b>Total</b>   |
|------------------------------------------|-------------------------------------|--------------|----------------|
| Balance at January 1, 2021               | \$ 173,509                          | 1,618        | 175,127        |
| Recognized in profit or loss             | -                                   | (478)        | (478)          |
| Recognized in other comprehensive income | -                                   | 10           | 10             |
| Balance at December 31, 2021             | <b>\$ 173,509</b>                   | <b>1,150</b> | <b>174,659</b> |
| Balance at January 1, 2020               | \$ 173,509                          | 2,125        | 175,634        |
| Recognized in profit or loss             | -                                   | (547)        | (547)          |
| Recognized in other comprehensive income | -                                   | 40           | 40             |
| Balance at December 31, 2020             | <b>\$ 173,509</b>                   | <b>1,618</b> | <b>175,127</b> |

Deferred tax assets:

|                                          | <b>Allowance<br/>for inventory<br/>write-down</b> | <b>Defined<br/>benefit<br/>pension plans</b> | <b>Accumulating<br/>compensated<br/>absences</b> | <b>Tax loss<br/>carryforward</b> | <b>Total</b>   |
|------------------------------------------|---------------------------------------------------|----------------------------------------------|--------------------------------------------------|----------------------------------|----------------|
| Balance at January 1, 2021               | \$ 149                                            | 11,842                                       | 5,004                                            | 1,098                            | 18,093         |
| Recognized in profit or loss             | 26,000                                            | 190                                          | 707                                              | 85,090                           | 111,987        |
| Recognized in other comprehensive income | -                                                 | 788                                          | -                                                | -                                | 788            |
| Balance at December 31, 2021             | <b>\$ 26,149</b>                                  | <b>12,820</b>                                | <b>5,711</b>                                     | <b>86,188</b>                    | <b>130,868</b> |
| Balance at January 1, 2020               | \$ 4,901                                          | 15,795                                       | 4,281                                            | 12,091                           | 37,068         |
| Recognized in profit or loss             | (4,752)                                           | 1,707                                        | 723                                              | 116                              | (2,206)        |
| Recognized in other comprehensive income | -                                                 | (1,284)                                      | -                                                | -                                | (1,284)        |
| Effect of consolidation changes          | -                                                 | (4,376)                                      | -                                                | (11,109)                         | (15,485)       |
| Balance at December 31, 2020             | <b>\$ 149</b>                                     | <b>11,842</b>                                | <b>5,004</b>                                     | <b>1,098</b>                     | <b>18,093</b>  |

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

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (x) Capital and other equity

#### (i) Ordinary shares

As of December 31, 2021 and 2020, the number of authorized ordinary shares were 6,750,000 thousand shares with par value of \$10 per share. As of December 31, 2021 and 2020, of 527,870 thousand shares were issued. All issued shares were paid up upon issuance.

#### (ii) Capital surplus

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

|                                                                          | December 31,<br>2021 | December 31,<br>2020 |
|--------------------------------------------------------------------------|----------------------|----------------------|
| Difference arising from subsidiary' s share price and its carrying value | \$ 8,953             | 8,953                |
| Changes in ownership interests in subsidiaries                           | 26,307               | 25,310               |
| Changes in equity of investments in associates using equity method       | 6,594                | 13,961               |
| Treasury share transactions                                              | 4,433                | -                    |
| Donation from shareholders                                               | 13                   | -                    |
| Total                                                                    | <u>\$ 46,300</u>     | <u>48,224</u>        |

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

#### (iii) 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.

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### 1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

### 2) Special reserve

In accordance with ruling issued by the FSC, the Company is required to appropriate a special reserve in the amount equal to the sum of debit elements under other equity arising in current period. While the appropriation of earnings for 2019 in 2020, special reserve shall be appropriated from current-period earnings and undistributed prior-period earnings. While the appropriation of earnings for 2020 in 2021, special reserve shall be appropriated from current-period net income plus items other than net income adjusted to the current year's undistributed earnings and undistributed prior-period earnings; for debit elements under other equity arising in prior periods, special reserve is appropriated from undistributed prior-period earnings and is prohibited from distribution. If any of the debit elements are reversed, then the special reserve in the amount equal to the reversal may be released for earnings distribution.

### 3) Earnings distribution

On July 7, 2021 and May 27, 2020, the shareholders' meetings resolved to distribute the 2020 and 2019 earnings. These earnings were appropriated as follows:

|                                                | <u>2020</u>       | <u>2019</u>    |
|------------------------------------------------|-------------------|----------------|
| Dividends distributed to ordinary shareholders |                   |                |
| Cash                                           | <u>\$ 263,917</u> | <u>526,830</u> |

On March 22, 2022, the Board of Directors planned to distribute the 2021 earnings. The earning was appropriated as follows:

|                                                | <u>2021</u>                                       |                  |
|------------------------------------------------|---------------------------------------------------|------------------|
|                                                | <u>Ratio of<br/>allotment of<br/>shares (NTD)</u> | <u>Amount</u>    |
| Dividends distributed to ordinary shareholders |                                                   |                  |
| Cash                                           | \$ 0.15                                           | <u>\$ 79,180</u> |

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (iv) Other equity

|                                                                                                                                                                            | Exchange differences on translation of foreign financial statements | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | Total          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|----------------|
| Balance as of January 1, 2021                                                                                                                                              | \$ (26,745)                                                         | 195,208                                                                                                   | 168,463        |
| Exchange differences on foreign operations                                                                                                                                 | (10,020)                                                            | -                                                                                                         | (10,020)       |
| Exchange differences on associates and joint ventures accounted for using equity method                                                                                    | (273)                                                               | -                                                                                                         | (273)          |
| Unrealized losses from financial assets measured at fair value through other comprehensive income                                                                          | -                                                                   | (93,464)                                                                                                  | (93,464)       |
| Unrealized gains from financial assets measured at fair value through other comprehensive income on associates and joint ventures accounted for using equity method        | -                                                                   | 63,558                                                                                                    | 63,558         |
| Cumulative gains reclassified to retained earnings on associates disposal of investments in equity instruments designated at fair value through other comprehensive income | -                                                                   | (74,637)                                                                                                  | (74,637)       |
| Changes in ownership interests in subsidiaries                                                                                                                             | 546                                                                 | -                                                                                                         | 546            |
| Changes in ownership interests in associates                                                                                                                               | 1,858                                                               | -                                                                                                         | 1,858          |
| Balance as of December 31, 2021                                                                                                                                            | <u>\$ (34,634)</u>                                                  | <u>90,665</u>                                                                                             | <u>56,031</u>  |
| Balance as of January 1, 2020                                                                                                                                              | \$ (10,913)                                                         | (570,336)                                                                                                 | (581,249)      |
| Exchange differences on foreign operations                                                                                                                                 | (12,538)                                                            | -                                                                                                         | (12,538)       |
| Exchange differences on associates and joint ventures accounted for using equity method                                                                                    | (2,205)                                                             | -                                                                                                         | (2,205)        |
| Unrealized gains from financial assets measured at fair value through other comprehensive income                                                                           | -                                                                   | 359,638                                                                                                   | 359,638        |
| Unrealized gains from financial assets measured at fair value through other comprehensive income on associates and joint ventures accounted for using equity method        | -                                                                   | 135,215                                                                                                   | 135,215        |
| Changes in ownership interests in subsidiaries                                                                                                                             | 356                                                                 | 513                                                                                                       | 869            |
| Effect of consolidation changes                                                                                                                                            | (1,260)                                                             | (2,756)                                                                                                   | (4,016)        |
| Changes in ownership interests in associates                                                                                                                               | (185)                                                               | 272,934                                                                                                   | 272,749        |
| Balance as of December 31, 2020                                                                                                                                            | <u>\$ (26,745)</u>                                                  | <u>195,208</u>                                                                                            | <u>168,463</u> |

### (v) Treasury stock

For the year ended December 31, 2020, in accordance with the requirements under section 28(2) of the Securities and Exchange Act, the Company repurchased 1,040 thousand shares in order to transfer shares to employees. As of December 31, 2021, a total of 1,040 thousand shares were all transferred to employees.

### (y) Share-based payment

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

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

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

|                                                 | <b>2021</b>                                            |
|-------------------------------------------------|--------------------------------------------------------|
|                                                 | <b>Treasury stock<br/>transferred to<br/>employees</b> |
| Fair value at grant date (NT dollars per share) | 4.3                                                    |
| Share price at grant date                       | 19.05                                                  |
| Exercise price                                  | 14.60                                                  |
| Expected volatility (%)                         | 25.91%                                                 |
| Expected life (years)                           | 0.12                                                   |
| Expected dividend (%)                           | 2.83%                                                  |
| Risk-free interest rate (%)                     | 0.76%                                                  |

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

(in thousand)

|                                    | <b>2021</b>                                          |                           |
|------------------------------------|------------------------------------------------------|---------------------------|
|                                    | <b>Weighted average<br/>exercise p<br/>(dollars)</b> | <b>Number<br/>options</b> |
| Granted during the year (number)   | 14.6                                                 | 1,040                     |
| Exercised during the year (number) | 14.6                                                 | (1,040)                   |
| Outstanding at end of period       | -                                                    | -                         |
| (z) Earnings per share             |                                                      |                           |

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

(i) Basic earnings per share

|                                                        | <b>2021</b>       | <b>2020</b>    |
|--------------------------------------------------------|-------------------|----------------|
| Profit attributable to the Company                     | <b>\$ 104,604</b> | <b>287,516</b> |
| Weighted-average number of ordinary shares outstanding | <b>527,513</b>    | <b>527,115</b> |
| Earnings per share (NTD)                               | <b>\$ 0.20</b>    | <b>0.55</b>    |

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (ii) Diluted earnings per share

|                                                                  | <b>2021</b>       | <b>2020</b>    |
|------------------------------------------------------------------|-------------------|----------------|
| Profit attributable to the Company (diluted)                     | <b>\$ 104,604</b> | <b>287,516</b> |
| Weighted-average number of ordinary shares outstanding           | 527,513           | 527,115        |
| Effect of dilutive potential ordinary shares                     |                   |                |
| Employee remuneration in stock                                   | 244               | 555            |
| Weighted-average number of ordinary shares outstanding (diluted) | <b>\$ 527,757</b> | <b>527,670</b> |
| Diluted earnings per share (NTD)                                 | <b>\$ 0.20</b>    | <b>0.54</b>    |

### (aa) Revenue from contracts with customers

#### (i) Disaggregation of revenue

|                                | <b>2021</b>          | <b>2020</b>      |
|--------------------------------|----------------------|------------------|
| Primary geographical markets:  |                      |                  |
| Asia                           | \$ 11,663,481        | 8,105,998        |
| America                        | 21,308               | 26,834           |
| Europe                         | 15,757               | 17,010           |
| Total                          | <b>\$ 11,700,546</b> | <b>8,149,842</b> |
| Major products/services lines: |                      |                  |
| Commodity sales revenue        | \$ 11,579,268        | 7,899,885        |
| Travel service revenue         | 109,853              | 144,464          |
| Service revenue                | -                    | 93,171           |
| Other operating revenue        | 11,425               | 12,322           |
|                                | <b>\$ 11,700,546</b> | <b>8,149,842</b> |

#### (ii) Contract balances

|                                              | <b>December 31,<br/>2021</b> | <b>December 31,<br/>2020</b> | <b>December 31,<br/>2020</b> |
|----------------------------------------------|------------------------------|------------------------------|------------------------------|
| Contract liabilities-travel service contract | \$ 38,155                    | 37,149                       | 32,663                       |
| Contract liabilities-unearned sales revenue  | 12,868                       | 7,868                        | 7,868                        |
| Total                                        | <b>\$ 51,023</b>             | <b>45,017</b>                | <b>40,531</b>                |

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

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

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (ab) Non-operating income and expenses

#### (i) Other income

Details of other income of the Group were as follows:

|                                         | 2021             | 2020          |
|-----------------------------------------|------------------|---------------|
| Rent income                             | \$ 1,109         | 1,719         |
| Gain from bargain purchase transactions | 403              | -             |
| Dividend income                         | 6,843            | 4,441         |
| Government grants                       | -                | 16,264        |
| Others                                  | 21,519           | 25,666        |
| Total                                   | <u>\$ 29,874</u> | <u>48,090</u> |

#### (ii) Other gains and losses

|                                                                             | 2021            | 2020          |
|-----------------------------------------------------------------------------|-----------------|---------------|
| Foreign exchange gains                                                      | \$ 6,449        | 6,579         |
| Gains (losses) on disposals of investments                                  | (2,404)         | 1,089         |
| Gains on financial assets at fair value through profit or loss              | 2,942           | 14,849        |
| Gains on disposals of non-current assets (or disposal groups) held for sale | -               | 76,197        |
| Gains on disposals of property, plant and equipment                         | 1,335           | 4,202         |
| Impairment losses                                                           | (139)           | (101)         |
| Gains on lease modification                                                 | -               | 2             |
| Others                                                                      | (43)            | (3,878)       |
| Total                                                                       | <u>\$ 8,140</u> | <u>98,939</u> |

#### (iii) Finance costs

|                  | 2021            | 2020         |
|------------------|-----------------|--------------|
| Interest expense | <u>\$ 2,933</u> | <u>4,621</u> |

### (ac) 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.

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020, the remunerations to employees amounted to \$49 thousand and \$5,583 thousand, respectively, and the remuneration to directors amounted to \$49 thousand and \$6,979 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2021 and 2020. Related information would be available at the Market Observation Post System website. If there are any subsequent adjustments to the actual remuneration amounts, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. The differences between the amount as stated before and the actual distribution to employees and directors for year 2020 were \$3,909 thousand and \$2,513 thousand, respectively, which already recognized in profit or loss in 2021.

### (ad) Financial instruments

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

##### 3) Credit risk of receivables

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

#### (ii) Liquidity risk

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

|                                      | Carrying<br>amount  | Contractual<br>cash flows | Within 1 year    | 1-2 years     | 2-5 years     | Over 5 years  |
|--------------------------------------|---------------------|---------------------------|------------------|---------------|---------------|---------------|
| <b>December 31, 2021</b>             |                     |                           |                  |               |               |               |
| 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         |
|                                      | <b>\$ 1,589,876</b> | <b>1,596,223</b>          | <b>1,516,449</b> | <b>11,496</b> | <b>29,946</b> | <b>38,332</b> |

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

|                                      | Carrying<br>amount  | Contractual<br>cash flows | Within 1 year    | 1-2 years     | 2-5 years     | Over 5 years  |
|--------------------------------------|---------------------|---------------------------|------------------|---------------|---------------|---------------|
| <b>December 31, 2020</b>             |                     |                           |                  |               |               |               |
| Non-derivative financial liabilities |                     |                           |                  |               |               |               |
| Short-term borrowings                | \$ 97,500           | 97,629                    | 97,629           | -             | -             | -             |
| Payables                             | 1,014,804           | 1,014,804                 | 1,014,804        | -             | -             | -             |
| Long-term borrowings                 | 88,778              | 97,381                    | 11,875           | 8,601         | 27,766        | 49,139        |
| Deposit received                     | 950                 | 950                       | -                | -             | 950           | -             |
| Lease liabilities                    | 10,921              | 11,116                    | 6,019            | 3,529         | 1,568         | -             |
|                                      | <b>\$ 1,212,953</b> | <b>1,221,880</b>          | <b>1,130,327</b> | <b>12,130</b> | <b>30,284</b> | <b>49,139</b> |

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

### (iii) Market risk

#### 1) Currency risk

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

|                              | December 31, 2021   |                  |        | December 31, 2020   |                  |         |
|------------------------------|---------------------|------------------|--------|---------------------|------------------|---------|
|                              | Foreign<br>currency | Exchange<br>rate | NTD    | Foreign<br>currency | Exchange<br>rate | NTD     |
| <u>Financial assets</u>      |                     |                  |        |                     |                  |         |
| <u>Monetary items</u>        |                     |                  |        |                     |                  |         |
| USD                          | \$                  | 10,593           | 27,680 | 6,591               | 28,480           | 187,712 |
| CNY                          |                     | 11,119           | 4,294  | 29,346              | 4,360            | 128,091 |
| <u>Financial liabilities</u> |                     |                  |        |                     |                  |         |
| <u>Monetary items</u>        |                     |                  |        |                     |                  |         |
| USD                          |                     | 16,189           | 27,680 | 11,388              | 28,480           | 324,330 |
| CNY                          |                     | 1,502            | 4,294  | 1,544               | 4,360            | 6,739   |

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, short-term borrowings, accounts payable and other payables that are denominated in foreign currency. A weakening (strengthening) of 1% of the NTD against the USD and CNY as of December 31, 2021 and 2020, would have increased (decreased) net profit before tax by \$1,136 thousand and \$153 thousand for the years ended December 31, 2021 and 2020, respectively. The analysis is performed on the same basis.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2021 and 2020, foreign exchange gain (loss) (including realized and unrealized portions) amounted to gain of \$6,449 thousand and \$6,579 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.

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

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 \$4,303 thousand and \$1,863 thousand for the years ended December 31, 2021 and 2020, respectively, with all other variable factors remaining constant. This is mainly due to the Group's loan at variable rates.

### 3) Other market price risk

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

| Prices of securities<br>at the reporting date | 2021                                    |            | 2020                                    |            |
|-----------------------------------------------|-----------------------------------------|------------|-----------------------------------------|------------|
|                                               | Other comprehensive<br>income after tax | Net income | Other comprehensive<br>income after tax | Net income |
| Increasing 1%                                 | \$ 10,166                               | 3,237      | 11,100                                  | 1,560      |
| Decreasing 1%                                 | \$ (10,166)                             | (3,237)    | (11,100)                                | (1,560)    |

### (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:

|                                                                          | December 31, 2021 |            |         |         |         |
|--------------------------------------------------------------------------|-------------------|------------|---------|---------|---------|
|                                                                          | Book value        | Fair value |         |         | Total   |
|                                                                          |                   | Level 1    | Level 2 | Level 3 |         |
| Financial assets at fair value<br>through profit or loss:                |                   |            |         |         |         |
| Financial assets mandatorily at<br>fair value through profit or<br>loss: |                   |            |         |         |         |
| Listed stocks                                                            | \$ 272,108        | 272,108    | -       | -       | 272,108 |
| Funds                                                                    | 51,577            | 51,577     | -       | -       | 51,577  |

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# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

| December 31, 2021                                                  |                     |                |          |                  |                  |
|--------------------------------------------------------------------|---------------------|----------------|----------|------------------|------------------|
|                                                                    | Book value          | Fair value     |          |                  | Total            |
|                                                                    |                     | Level 1        | Level 2  | Level 3          |                  |
| 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                                                              | <b>\$ 2,680,301</b> | <b>323,685</b> | <b>-</b> | <b>1,016,623</b> | <b>1,340,308</b> |
| 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                                                              | <b>\$ 1,589,876</b> | <b>-</b>       | <b>-</b> | <b>-</b>         | <b>-</b>         |
| December 31, 2020                                                  |                     |                |          |                  |                  |
|                                                                    | Book value          | Fair value     |          |                  | Total            |
|                                                                    |                     | Level 1        | Level 2  | Level 3          |                  |
| Financial assets at fair value through profit or loss:             |                     |                |          |                  |                  |
| Financial assets mandatorily at fair value through profit or loss: |                     |                |          |                  |                  |
| Listed stocks                                                      | \$ 95,093           | 95,093         | -        | -                | 95,093           |
| Funds                                                              | 60,867              | 60,867         | -        | -                | 60,867           |
| Financial assets at fair value through other comprehensive income: |                     |                |          |                  |                  |
| Domestic and foreign non-listed stocks                             | 1,109,979           | -              | -        | 1,109,979        | 1,109,979        |

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# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

|                                                   |    | December 31, 2020   |                |         |                  |                  |
|---------------------------------------------------|----|---------------------|----------------|---------|------------------|------------------|
|                                                   |    | Book value          | Fair value     |         |                  |                  |
|                                                   |    |                     | Level 1        | Level 2 | Level 3          | Total            |
| Financial assets measured at amortized cost:      |    |                     |                |         |                  |                  |
| Cash and cash equivalents                         | \$ | 793,022             | -              | -       | -                | -                |
| Accounts receivable                               |    | 877,796             | -              | -       | -                | -                |
| Other receivables                                 |    | 5,275               | -              | -       | -                | -                |
| Other financial assets-current                    |    | 43,443              | -              | -       | -                | -                |
| Refundable deposits                               |    | 3,565               | -              | -       | -                | -                |
| Subtotal                                          |    | 1,723,101           | -              | -       | -                | -                |
| Total                                             |    | <b>\$ 2,989,040</b> | <b>155,960</b> | -       | <b>1,109,979</b> | <b>1,265,939</b> |
| Financial liabilities measured at amortized cost: |    |                     |                |         |                  |                  |
| Short-term borrowings                             | \$ | 97,500              | -              | -       | -                | -                |
| Accounts payable                                  |    | 798,305             | -              | -       | -                | -                |
| Other payables                                    |    | 216,499             | -              | -       | -                | -                |
| Long-term borrowings                              |    | 88,778              | -              | -       | -                | -                |
| Other non-current liabilities                     |    | 950                 | -              | -       | -                | -                |
| Lease liabilities                                 |    | 10,921              | -              | -       | -                | -                |
| Total                                             |    | <b>\$ 1,212,953</b> | -              | -       | -                | -                |

### 2) Valuation techniques for financial instruments measured at fair value

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

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

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

### 3) Transfers between Level 1 and Level 2

There is no transfer for the years ended December 31, 2021 and 2020.

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### 4) Reconciliation of Level 3 fair values

|                                   | <b>Fair value through<br/>other comprehensive<br/>income</b> |
|-----------------------------------|--------------------------------------------------------------|
|                                   | <b>Unquoted equity<br/>instruments</b>                       |
| Opening balance, January 1, 2021  | \$ 1,109,979                                                 |
| Total gains and losses recognized |                                                              |
| Other comprehensive income        | (93,480)                                                     |
| Reclassification                  | 24,389                                                       |
| Capital reduction by cash         | (15,718)                                                     |
| Effect of exchange rate changes   | (8,547)                                                      |
| Ending Balance, December 31, 2021 | <b><u>\$ 1,016,623</u></b>                                   |
| Opening balance, January 1, 2020  | \$ 504,147                                                   |
| Total gains and losses recognized |                                                              |
| Other comprehensive income        | 359,680                                                      |
| Reclassification                  | 270,408                                                      |
| Effect of consolidated changes    | (32,278)                                                     |
| Purchase                          | 32,278                                                       |
| Capital reduction by cash         | (9,803)                                                      |
| Effect of exchange rate changes   | (14,453)                                                     |
| Ending Balance, December 31, 2020 | <b><u>\$ 1,109,979</u></b>                                   |

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 December 31, 2021 and 2020 were as follows:

|                                                                                                                                                            | <b>2021</b>               | <b>2020</b>           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|-----------------------|
| Total gains and losses recognized:                                                                                                                         |                           |                       |
| In other comprehensive income, and presented in<br>“unrealized gains and losses from financial assets at<br>fair value through other comprehensive income” | <b><u>\$ (93,480)</u></b> | <b><u>359,680</u></b> |

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

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

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

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

Quantified information of significant unobservable inputs was as follows:

| Item                                                                                                            | Valuation technique                                                                   | Significant unobservable inputs                                                                                                                                                                                                   | Inter-relationship between significant unobservable inputs and fair value measurement                                                                                                                |
|-----------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Financial assets at fair value through other comprehensive income - equity investments without an active market | Market method<br>(Comparable listed company method and comparable transaction method) | <ul style="list-style-type: none"> <li>Price to book ratio (0.96~2.01 and 0.89~1.35 as of December 31, 2021 and 2020)</li> <li>Lack of market liquidity discount (3%~43% and 10%~30% as of December 31, 2021 and 2020)</li> </ul> | <ul style="list-style-type: none"> <li>The fair value would increase if price to book ratio increase</li> <li>The fair value would decrease if lack of market liquidity discount increase</li> </ul> |

- 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:

|                                                                      |                     | Increase/<br>Decrease | Other comprehensive<br>income |             |
|----------------------------------------------------------------------|---------------------|-----------------------|-------------------------------|-------------|
|                                                                      | Inputs              |                       | Favorable                     | Unfavorable |
| December 31, 2021                                                    |                     |                       |                               |             |
| Financial assets at fair value through<br>other comprehensive income | Price to book ratio | 10%                   | \$ 898                        | (898)       |
|                                                                      | Liquidity discount  | 10%                   | 21,553                        | (21,553)    |
| December 31, 2020                                                    |                     |                       |                               |             |
| Financial assets at fair value through<br>other comprehensive income | Price to book ratio | 10%                   | 110,998                       | (110,998)   |
|                                                                      | Liquidity discount  | 10%                   | 22,782                        | (22,782)    |

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.

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (ae) Financial risk management

#### (i) Overview

The Group have exposures to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The following likewise discusses the Group' s objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

#### (ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The financial department of the Group provides services and coordinates the operation of the financial market. And the important activities are subject to the Board of Directors' approval. The Group must be abided by the financial risk management and operation. Internal Audit undertakes reviews of risk management controls and procedures, the results of which are reported to the Board of Directors regularly.

#### (iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group' s receivables from customers and investments in debt securities.

##### 1) Accounts receivable and other receivable

The financial department has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group' s standard payment and delivery terms and conditions are offered. The Group' s review includes external ratings, when available, and bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval from the financial department; these limits are reviewed regularly. Customers that fail to meet the Group' s benchmark creditworthiness may transact with the Group only on a prepayment basis.

The customers of the Group covered many types and regions. In order to reduce credit risk, the Group review financial status and recoverable of account receivable each customer regularly and accounted loss allowance.

The Group has allowance for impairment losses account to reflect the estimated loss of account receivable and other receivables. The main components of the allowance account include specific loss components related to individual significant risks, and combined loss components established for similar asset groups that have occurred but have not yet been identified. Portfolio loss allowance accounts are determined based on historical payment statistics for similar financial assets.

(Continued)

## TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with financial institutions with good credit rating. The Group does not concentrate on specific counterparty hence there is no significant credit risk arising therefrom.

#### (iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

#### (v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

##### 1) Currency risk

The Group is exposed to currency risk on sales and purchases are denominated in a currency other than the respective functional currencies of the Group's entities. The currency used in these transactions is USD. The Group adopts a natural hedging strategy. When the net assets and liabilities imbalances occur in the short term, the Group buys or sells foreign currencies to maintain exposures at an acceptable level.

##### 2) Interest rate risk

Interest rate risk is the risk of changes in the fair value of financial instruments caused by changes in market interest rates or the risk of changes in cash flows of financial instruments caused by changes in market interest rates. The interest rate risk of the financial assets and liabilities is described in the note of liquidity risk management.

##### 3) Other market price risk

The Group is exposed to equity price risk due to the investments in equity securities. The Group actively monitors the performance of this investment portfolios using fair value basis. This is a strategic investment and is not held for trading. The Group does not actively trade in these investments.

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (af) Capital management

The Group plan the capital which need in the future (including research and development costs and repayment) based on the characteristics of operating and development, and considering factors such as changes in the external environment to protect sustainable development of the Group, give back to shareowners and maintain the best structure to enhance value. Overall, the Group adopts a prudent risk management strategy.

### (ag) Investing and financing activities not affecting current cash flows

There is no non-cash investing activities for years ended December 31, 2021 and 2020. Reconciliation of liabilities arising from non-cash financing activities for the years ended December 31, 2021 and 2020 was as follows:

|                   | January 1,<br>2021 | Cash flows | Non-cash changes      |                                       |           | December<br>31, 2021 |
|-------------------|--------------------|------------|-----------------------|---------------------------------------|-----------|----------------------|
|                   |                    |            | Lease<br>modification | Effect of<br>consolidation<br>changes | Additions |                      |
| Lease liabilities | \$ 10,921          | (6,000)    | (15)                  | -                                     | 4,892     | 9,798                |

|                   | January 1,<br>2020 | Cash flows | Non-cash changes      |                                       |           | December<br>31, 2020 |
|-------------------|--------------------|------------|-----------------------|---------------------------------------|-----------|----------------------|
|                   |                    |            | Lease<br>modification | Effect of<br>consolidation<br>changes | Additions |                      |
| Lease liabilities | \$ 19,013          | (7,158)    | (469)                 | (1,491)                               | 1,026     | 10,921               |

## (7) Related-party transactions

### (a) Names and relationship with related parties

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

### (b) Significant transactions with related parties

#### (i) Disposals of securities

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

#### (ii) Purchases of property, plant and equipment

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

|                             | 2021 | 2020   |
|-----------------------------|------|--------|
| Yu-Jie Investment Co., Ltd. | \$ - | 27,417 |

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (iii) Acquisitions of financial assets

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

### (c) Key management personnel compensation

|                              | 2021             | 2020          |
|------------------------------|------------------|---------------|
| Short-term employee benefits | \$ 31,902        | 36,382        |
| Post-employment benefits     | 1,069            | 3,137         |
|                              | <u>\$ 32,971</u> | <u>39,519</u> |

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

### (8) Pledged assets

The carrying amounts of pledged assets were as follows:

| Pledged assets                         | Object                | December 31,<br>2021 | December 31,<br>2020 |
|----------------------------------------|-----------------------|----------------------|----------------------|
| Cash in banks (other financial assets) | Performance guarantee | \$ 1,843             | 5,887                |
| Land, buildings and structures         | Borrowings            | 587,889              | 593,494              |
|                                        |                       | <u>\$ 589,732</u>    | <u>599,381</u>       |

### (9) Commitments and contingencies:

#### (a) Letter of credit issued but not expired

|                                                                 | December 31,<br>2021                           | December 31,<br>2020                                               |
|-----------------------------------------------------------------|------------------------------------------------|--------------------------------------------------------------------|
| Letter of credit outstanding for the<br>import of raw materials | \$ 1,168,086<br>(including USD256<br>thousand) | 867,570<br>(including USD161<br>thousand and EUR1,570<br>thousand) |

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

(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<br>By item     | 2021           |                   |         | 2020           |                   |         |
|----------------------------|----------------|-------------------|---------|----------------|-------------------|---------|
|                            | Operating cost | Operating expense | Total   | Operating cost | Operating expense | Total   |
| Employee benefits          |                |                   |         |                |                   |         |
| Salary                     | \$ 183,506     | 85,790            | 269,296 | 232,584        | 90,723            | 323,307 |
| Labor and health insurance | 17,724         | 6,211             | 23,935  | 20,228         | 6,374             | 26,602  |
| Pension                    | 9,195          | 3,398             | 12,593  | 11,055         | 3,480             | 14,535  |
| Others                     | 8,687          | 14,175            | 22,862  | 8,740          | 10,769            | 19,509  |
| Depreciation               | 238,616        | 9,461             | 248,077 | 240,229        | 9,976             | 250,205 |
| Amortization               | 2,553          | -                 | 2,553   | 2,528          | -                 | 2,528   |

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

### (13) Other disclosures:

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2021:

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

(in Thousands of New Taiwan Dollars)

| Name of holder | Category and name of security                    | Relationship with the security issuer | Account                                                       | Ending balance |                |                             |            | Highest Percentage of ownership (%) | Note |
|----------------|--------------------------------------------------|---------------------------------------|---------------------------------------------------------------|----------------|----------------|-----------------------------|------------|-------------------------------------|------|
|                |                                                  |                                       |                                                               | Shares         | Carrying value | Percentage of ownership (%) | Fair value |                                     |      |
| The Company    | Test Research, Inc.                              | -                                     | Current financial assets at fair value through profit or loss | 500,000        | 29,250         | 0.21%                       | 29,250     | 0.21%                               |      |
| The Company    | Gloria Material Technology Corp.                 | -                                     | Current financial assets at fair value through profit or loss | 390,000        | 8,561          | 0.09%                       | 8,561      | 0.21%                               |      |
| The Company    | Solar Applied Materials Technology Corp.         | -                                     | Current financial assets at fair value through profit or loss | 2,842,000      | 145,226        | 0.48%                       | 145,226    | 0.48%                               |      |
| The Company    | Universal Venture Capital Investment Corporation | -                                     | Non-current investment in equity instrument at FVOCI          | 8,400,000      | 58,812         | 6.98%                       | 58,812     | 6.98%                               |      |
| The Company    | Euroc Venture Capital Corp.                      | -                                     | Non-current investment in equity instrument at FVOCI          | 19,000         | 221            | 2.38%                       | 221        | 2.38%                               |      |
| The Company    | Euroc III Venture Capital Corp.                  | -                                     | Non-current investment in equity instrument at FVOCI          | 15,000         | 1,037          | 5.00%                       | 1,037      | 5.00%                               |      |
| The Company    | Global Investment Holding Co., Ltd.              | -                                     | Non-current investment in equity instrument at FVOCI          | 10,233,608     | 99,303         | 5.82%                       | 99,303     | 5.82%                               |      |
| The Company    | Faith Alliance Corporation                       | -                                     | Non-current investment in equity instrument at FVOCI          | 25,720         | 81             | 0.06%                       | 81         | 0.06%                               |      |
| The Company    | Multilayer P. C. B.& Assembly Manufacturer       | -                                     | Non-current investment in equity instrument at FVOCI          | 912            | 9              | 0.01%                       | 9          | 0.01%                               |      |
| The Company    | Leadwell Cnc Machines Mfg., Corp.                | -                                     | Non-current investment in equity instrument at FVOCI          | 37,352         | 1,026          | 0.06%                       | 1,026      | 0.06%                               |      |
| The Company    | Crownpo Technology Inc.                          | -                                     | Non-current investment in equity instrument at FVOCI          | 709            | 15             | 0.01%                       | 15         | 0.01%                               |      |
| The Company    | Infomedia Inc.                                   | -                                     | Non-current investment in equity instrument at FVOCI          | 200,000        | 1,209          | 0.11%                       | 1,209      | 0.11%                               |      |

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

| Name of holder | Category and name of security              | Relationship with the security issuer | Account                                                       | Ending balance |                |                             |            | Highest Percentage of ownership (%) | Note |
|----------------|--------------------------------------------|---------------------------------------|---------------------------------------------------------------|----------------|----------------|-----------------------------|------------|-------------------------------------|------|
|                |                                            |                                       |                                                               | Shares         | Carrying value | Percentage of ownership (%) | Fair value |                                     |      |
| The Company    | Vxis Technology Corp.                      | -                                     | Non-current investment in equity instrument at FVOCI          | 72,480         | 1,144          | 0.61%                       | 1,144      | 0.61%                               |      |
| The Company    | Asia Global Venture Capital II CO., Ltd.   | -                                     | Non-current investment in equity instrument at FVOCI          | 531,300        | 24,413         | 10.00%                      | 24,413     | 10.00%                              |      |
| The Company    | Shieh Tai Biochemical Technology Co., Ltd. | -                                     | Non-current investment in equity instrument at FVOCI          | 120,339        | -              | 0.32%                       | -          | 0.32%                               |      |
| The Company    | Lof Solar Corp.                            | -                                     | Non-current investment in equity instrument at FVOCI          | 600,000        | -              | 3.64%                       | -          | 3.64%                               |      |
| The Company    | Yuan-Jie Investment Co., Ltd.              | -                                     | Non-current investment in equity instrument at FVOCI          | 21,000,000     | 234,184        | 19.09%                      | 234,184    | 19.09%                              |      |
| The Company    | Yu-Jie Investment Co., Ltd.                | -                                     | Non-current investment in equity instrument at FVOCI          | 21,320,000     | 276,321        | 19.38%                      | 276,321    | 19.38%                              |      |
| The Company    | Deng Yun Co., Ltd.                         | -                                     | Non-current investment in equity instrument at FVOCI          | 591,945        | 43,640         | 3.09%                       | 43,640     | 3.09%                               |      |
| The Company    | Lidien Inc.                                | -                                     | Non-current investment in equity instrument at FVOCI          | 760,000        | 13,994         | 19.00%                      | 13,994     | 19.00%                              |      |
| The Company    | Yu-Chie Inc.                               | -                                     | Non-current investment in equity instrument at FVOCI          | 38,000         | 1,593          | 19.00%                      | 1,593      | 19.00%                              |      |
| The Company    | GVISION-USA, INC.                          | -                                     | Non-current investment in equity instrument at FVOCI          | 666,667        | 24,426         | 19.05%                      | 24,426     | 19.61%                              |      |
| YSIC Ltd.      | M31 Technology Corporation                 | -                                     | Current financial assets at fair value through profit or loss | 10,000         | 3,975          | 0.03%                       | 3,975      | 0.03%                               |      |
| YSIC Ltd.      | Actron Technology Corp.                    | -                                     | Current financial assets at fair value through profit or loss | 10,000         | 2,440          | 0.01%                       | 2,440      | 0.01%                               |      |
| YSIC Ltd.      | Micro-Star International Co., Ltd.         | -                                     | Current financial assets at fair value through profit or loss | 20,000         | 3,210          | - %                         | 3,210      | - %                                 |      |
| YSIC Ltd.      | Phison Electronics Corp.                   | -                                     | Current financial assets at fair value through profit or loss | 20,000         | 10,240         | 0.01%                       | 10,240     | 0.01%                               |      |
| YSIC Ltd.      | Novatek Microelectronics Corp.             | -                                     | Current financial assets at fair value through profit or loss | 10,000         | 5,390          | - %                         | 5,390      | - %                                 |      |
| YSIC Ltd.      | Oneness Biotech Co., Ltd.                  | -                                     | Current financial assets at fair value through profit or loss | 40,000         | 11,500         | 0.01%                       | 11,500     | 0.01%                               |      |
| YSIC Ltd.      | Flexium Interconnect Inc.                  | -                                     | Current financial assets at fair value through profit or loss | 50,000         | 5,225          | 0.01%                       | 5,225      | 0.01%                               |      |
| YSIC Ltd.      | Eris Technology Corp.                      | -                                     | Current financial assets at fair value through profit or loss | 15,000         | 4,327          | 0.03%                       | 4,327      | 0.03%                               |      |

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# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

| Name of holder | Category and name of security                    | Relationship with the security issuer | Account                                                           | Ending balance |                |                             |            | Highest Percentage of ownership (%) | Note |
|----------------|--------------------------------------------------|---------------------------------------|-------------------------------------------------------------------|----------------|----------------|-----------------------------|------------|-------------------------------------|------|
|                |                                                  |                                       |                                                                   | Shares         | Carrying value | Percentage of ownership (%) | Fair value |                                     |      |
| YSIC Ltd.      | Panion & BF Biotech Inc.                         | -                                     | Current financial assets at fair value through profit or loss     | 30,000         | 2,256          | 0.03%                       | 2,256      | 0.03%                               |      |
| YSIC Ltd.      | OBI Pharma, Inc.                                 | -                                     | Current financial assets at fair value through profit or loss     | 80,000         | 9,120          | 0.04%                       | 9,120      | 0.04%                               |      |
| YSIC Ltd.      | Brilliant Network & Automation Integrated Syst   | -                                     | Current financial assets at fair value through profit or loss     | 15,000         | 3,007          | 0.04%                       | 3,007      | 0.04%                               |      |
| YSIC Ltd.      | AlgolTek, Inc.                                   | -                                     | Current financial assets at fair value through profit or loss     | 15,000         | 2,497          | 0.06%                       | 2,497      | 0.06%                               |      |
| YSIC Ltd.      | Alltop Technology Co.,Ltd.                       | -                                     | Current financial assets at fair value through profit or loss     | 10,000         | 1,845          | 0.02%                       | 1,845      | 0.02%                               |      |
| YSIC Ltd.      | WinWay Technology Co.,Ltd.                       | -                                     | Current financial assets at fair value through profit or loss     | 5,000          | 2,168          | 0.01%                       | 2,168      | 0.01%                               |      |
| YSIC Ltd.      | AURAS Technology Co.,Ltd.                        | -                                     | Current financial assets at fair value through profit or loss     | 20,000         | 4,040          | 0.02%                       | 4,040      | 0.02%                               |      |
| YSIC Ltd.      | Pharma Essentia Corp.                            | -                                     | Current financial assets at fair value through profit or loss     | 1,000          | 293            | - %                         | 293        | - %                                 |      |
| YSIC Ltd.      | Shin Kong Environmental Sustainability Bond Fund | -                                     | Current financial assets at fair value through profit or loss     | 3,200,000      | 50,036         | - %                         | 50,036     | - %                                 |      |
| YSIC Ltd.      | Fubon Asset Management Co.,Ltd.                  | -                                     | Current financial assets at fair value through profit or loss     | 100,000        | 1,541          | - %                         | 1,541      | - %                                 |      |
| YSIC Ltd.      | Cjw International Co., Ltd.                      | -                                     | Non-current financial assets at fair value through profit or loss | 676,413        | 5,756          | 0.65%                       | 5,756      | 0.65%                               |      |
| YSIC Ltd.      | Cyca International Co., Ltd.                     | -                                     | Non-current financial assets at fair value through profit or loss | 101,677        | -              | - %                         | -          | - %                                 |      |
| YSIC Ltd.      | Mcm Stamping Co., Ltd.                           | -                                     | Non-current investment in equity instrument at FVOCI              | 200,000        | 426            | 0.63%                       | 426        | 0.63%                               |      |
| YSIC Ltd.      | Vxis Technology Corp.                            | -                                     | Non-current investment in equity instrument at FVOCI              | 72,480         | 1,144          | 0.61%                       | 1,144      | 0.61%                               |      |
| YSIC Ltd.      | Infomedia Inc.                                   | -                                     | Non-current investment in equity instrument at FVOCI              | 650,000        | 3,929          | 0.35%                       | 3,929      | 0.35%                               |      |
| YSIC Ltd.      | Yuan-Jie Investment Co., Ltd.                    | -                                     | Non-current investment in equity instrument at FVOCI              | 10,000         | 1,115          | 0.09%                       | 1,115      | 0.09%                               |      |
| YSIC Ltd.      | Yu-Jie Investment Co., Ltd.                      | -                                     | Non-current investment in equity instrument at FVOCI              | 103,000        | 1,335          | 0.09%                       | 1,335      | 0.09%                               |      |

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# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

| Name of holder                           | Category and name of security      | Relationship with the security issuer | Account                                                       | Ending balance |                |                             |            | Highest Percentage of ownership (%) | Note |
|------------------------------------------|------------------------------------|---------------------------------------|---------------------------------------------------------------|----------------|----------------|-----------------------------|------------|-------------------------------------|------|
|                                          |                                    |                                       |                                                               | Shares         | Carrying value | Percentage of ownership (%) | Fair value |                                     |      |
| YSIC Ltd.                                | Deng Yun Co., Ltd.                 | -                                     | Non-current investment in equity instrument at FVOCI          | 3,082,453      | 227,246        | 16.10%                      | 227,246    | 16.10%                              |      |
| Yuan-Shin Materials Technology Co., Ltd. | Yuanta Financial Holding Co., Ltd. | -                                     | Current financial assets at fair value through profit or loss | 300,000        | 7,590          | - %                         | 7,590      | - %                                 |      |
| Yuan-Shin Materials Technology Co., Ltd. | Weikeng Industrial Co., Ltd.       | -                                     | Current financial assets at fair value through profit or loss | 30,000         | 959            | 0.01%                       | 959        | 0.01%                               |      |
| Yuan-Shin Materials Technology Co., Ltd. | Wah Lee Industrial Co., Ltd.       | -                                     | Current financial assets at fair value through profit or loss | 14,000         | 1,498          | - %                         | 1,498      | - %                                 |      |
| Yuan-Shin Materials Technology Co., Ltd. | China General Plastics Co., Ltd.   | -                                     | Current financial assets at fair value through profit or loss | 50,000         | 1,735          | 0.01%                       | 1,735      | 0.01%                               |      |

- (iv) Information regarding purchase or sale of securities for the period exceeding NTD300 million or 20% of the Company' s paid-in capital: None
- (v) Information on acquisition of real estate with purchase amount exceeding NTD300 million or 20% of the Company' s paid-in capital: None
- (vi) Information regarding receivables from disposal of real estate exceeding NTD300 million or 20% of the Company' s paid-in capital: None
- (vii) Information regarding related-parties purchases and/or sales exceeding NTD100 million or 20% of the Company' s paid-in capital: None
- (viii) Information regarding receivables from related-parties exceeding NTD100 million or 20% of the Company' s paid-in capital: None
- (ix) Information regarding trading in derivative financial instruments: None
- (x) Significant transactions and business relationship between the parent company and its subsidiaries for year ended December 31, 2021: None

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2021 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

| Name of investor | Name of investee                                 | Location               | Main businesses and products                                              | Original investment amount |                   | Balance as of December 31, 2021 |                         |                | Highest Percentage of ownership | Net income (losses) of investee | Share of profits/losses of investee | Note       |
|------------------|--------------------------------------------------|------------------------|---------------------------------------------------------------------------|----------------------------|-------------------|---------------------------------|-------------------------|----------------|---------------------------------|---------------------------------|-------------------------------------|------------|
|                  |                                                  |                        |                                                                           | December 31, 2021          | December 31, 2020 | Shares                          | Percentage of ownership | Carrying value |                                 |                                 |                                     |            |
| The Company      | Grand Cathay Venture Capital Co., Ltd.           | Taiwan                 | Investment business                                                       | 400,000                    | 400,000           | 40,000,000                      | 25.00%                  | 467,450        | 25.00%                          | 181,735                         | 45,434                              |            |
| The Company      | Wonderland Enterprise Co., Ltd.                  | Taiwan                 | General investment business                                               | 325,230                    | 325,230           | 29,629,597                      | 37.04%                  | 835,959        | 37.04%                          | (6,697)                         | (2,480)                             |            |
| The Company      | Gvision-USA, Inc.                                | USA                    | Sale and distribution of liquid crystal displays                          | -                          | 56,266            | -                               | - %                     | -              | 44.44%                          | (3,646)                         | (1,621)                             |            |
| The Company      | Functional Coating System Technologies Co., Ltd. | Taiwan                 | OEM Of Semiconductor and components conformal coating                     | 28,500                     | 28,500            | 1,744,186                       | 34.88%                  | 26,069         | 34.88%                          | (934)                           | (326)                               |            |
| The Company      | Universal Investments Limited                    | British Cayman Islands | Real estate investment business                                           | 17,273                     | -                 | 80                              | 40.00%                  | 17,038         | 40.00%                          | (910)                           | (526)                               |            |
| The Company      | YSIC Ltd.                                        | Taiwan                 | Residential building and industrial plant development rental business     | 1,638,169                  | 1,638,169         | 72,446,838                      | 99.99%                  | 865,025        | 99.99%                          | 5,127                           | 5,127                               | 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%                 | 57,376         | 100.00%                         | 15,057                          | 15,057                              | Subsidiary |
| The Company      | Yangmingshan Tien Lai Resort & SPA               | Taiwan                 | General hotel industry                                                    | 630,555                    | 630,555           | 25,865,618                      | 65.07%                  | 690,914        | 65.07%                          | (6,233)                         | (6,369)                             | Subsidiary |
| The Company      | Asia Carbon & Technology Inc.                    | Taiwan                 | Electronic component manufacturing                                        | 291,064                    | 291,064           | 9,866,389                       | 98.58%                  | 620            | 98.58%                          | (888)                           | (875)                               | Subsidiary |

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

| Name of investor | Name of investee                   | Location   | Main businesses and products | Original investment amount |                   | Balance as of December 31, 2021 |                         |                | Highest Percentage of ownership | Net income (losses) of investee | Share of profits/losses of investee | Note       |
|------------------|------------------------------------|------------|------------------------------|----------------------------|-------------------|---------------------------------|-------------------------|----------------|---------------------------------|---------------------------------|-------------------------------------|------------|
|                  |                                    |            |                              | December 31, 2021          | December 31, 2020 | Shares                          | Percentage of ownership | Carrying value |                                 |                                 |                                     |            |
| YSIC Ltd.        | Kun Shan International Ltd.        | Seychelles | General investment business  | 122,572                    | 122,572           | 3,702,718                       | 62.03%                  | 139,250        | 62.03%                          | 6,174                           | 3,830                               | Subsidiary |
| YSIC Ltd.        | Grand Capital Co., Ltd.            | Seychelles | General investment business  | 90,182                     | 90,182            | 2,698,002                       | 100.00%                 | 229,162        | 100.00%                         | (128)                           | (128)                               | Subsidiary |
| YSIC Ltd.        | Yangmingshan Tien Lai Resort & SPA | Taiwan     | General hotel industry       | 110,836                    | 110,836           | 4,807,774                       | 12.10%                  | 118,089        | 12.10%                          | (6,233)                         | (1,113)                             | Subsidiary |
| YSIC Ltd.        | Globaltop Technology Inc.          | Taiwan     | Aluminum Nitride Powder      | 162,643                    | 162,643           | 5,255,553                       | 23.89%                  | 49,332         | 31.85%                          | (18,927)                        | (5,960)                             |            |
| YSIC Ltd.        | Tien Lai Co., Ltd.                 | Taiwan     | Pipe Lines Construction      | 5,000                      | 5,000             | 500,000                         | 50.00%                  | 1,440          | 50.00%                          | (549)                           | (274)                               | Subsidiary |

(c) Information on investment in mainland China:

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

(in Thousands of New Taiwan Dollars)

| Name of investee                                          | Main businesses and products                                                                     | Total amount of paid-in capital | Method of investment (Note 1) | Accumulated outflow of investment from Taiwan as of January 1, 2021 | Investment flows |        | Accumulated outflow of investment from Taiwan as of December 31, 2021 | Net income (losses) of the investee | Percentage of ownership | Highest Percentage of ownership | Investment income (losses) | Book value | Accumulated remittance of earnings in current period |
|-----------------------------------------------------------|--------------------------------------------------------------------------------------------------|---------------------------------|-------------------------------|---------------------------------------------------------------------|------------------|--------|-----------------------------------------------------------------------|-------------------------------------|-------------------------|---------------------------------|----------------------------|------------|------------------------------------------------------|
|                                                           |                                                                                                  |                                 |                               |                                                                     | Outflow          | Inflow |                                                                       |                                     |                         |                                 |                            |            |                                                      |
| Kun Shan Yu-Fu Technology Education Consulting Co., Ltd.  | Educational consulting, information operation consulting, software and data storage consultation | 96,006 (USD 3,468)              | (2)                           | 101,032 (USD 3,650)                                                 | -                | -      | 101,032 (USD 3,650)                                                   | 6,407 (USD 229)                     | 62.03%                  | 62.03%                          | 3,974                      | 97,976     | -                                                    |
| Kun Shan Jia-An Technology Education Consulting Co., Ltd. | Educational consulting, information operation consulting, software and data storage consultation | 67,306 (USD 2,432)              | (2)                           | (Note 3)                                                            | -                | -      | -                                                                     | (96) (-USD3)                        | 62.03%                  | 62.03%                          | (60)                       | 40,165     | -                                                    |

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= NTD27.68, USD1=NTD27.9856).

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 December 31, 2021 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment (Note) |
|------------------------------------------------------------------|--------------------------------------------------------------|----------------------------------|
| 101,032<br>(USD 3,650)                                           | 101,032<br>(USD 3,650)                                       | 519,086                          |

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

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

(d) Major shareholders:

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

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (14) Segment information:

#### (a) General information

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

#### (b) The Group's operating segment information and reconciliation are as follows:

|                                   | For the year ended December 31, 2021 |                    |                 |                                |                   |
|-----------------------------------|--------------------------------------|--------------------|-----------------|--------------------------------|-------------------|
|                                   | Plasticization segment               | Investment segment | Other segments  | Reconciliation and elimination | Total             |
| Revenue                           |                                      |                    |                 |                                |                   |
| Revenue from external customers   | \$ 11,579,268                        | 20,583             | 114,165         | -                              | 11,714,016        |
| Intersegments revenues            | -                                    | 171                | 2,129           | (2,300)                        | -                 |
| Total revenue                     | <u>\$ 11,579,268</u>                 | <u>20,754</u>      | <u>116,294</u>  | <u>(2,300)</u>                 | <u>11,714,016</u> |
| Reportable segment profit or loss | <u>\$ 10,260</u>                     | <u>8,557</u>       | <u>(10,564)</u> | <u>(14,500)</u>                | <u>(6,247)</u>    |

|                                   | For the year ended December 31, 2020 |                    |                 |                                |                  |
|-----------------------------------|--------------------------------------|--------------------|-----------------|--------------------------------|------------------|
|                                   | Plasticization segment               | Investment segment | Other segments  | Reconciliation and elimination | Total            |
| Revenue                           |                                      |                    |                 |                                |                  |
| Revenue from external customers   | \$ 7,899,885                         | (27,166)           | 240,506         | -                              | 8,113,225        |
| Intersegments revenues            | -                                    | 217                | 3,549           | (3,766)                        | -                |
| Total revenue                     | <u>\$ 7,899,885</u>                  | <u>(26,949)</u>    | <u>244,055</u>  | <u>(3,766)</u>                 | <u>8,113,225</u> |
| Reportable segment profit or loss | <u>\$ 367,819</u>                    | <u>(38,112)</u>    | <u>(33,129)</u> | <u>72,679</u>                  | <u>369,257</u>   |

#### (i) Information about products and services

The Group operating business by production perspective and information about products and services revenue from external customers is the same as in note 14(b).

#### (ii) Information about major customers

|                                        | 2021                | 2020             |
|----------------------------------------|---------------------|------------------|
| Customer A from Plasticization segment | \$ 5,550,676        | 3,777,315        |
| Customer B from Plasticization segment | 2,302,837           | 1,512,845        |
|                                        | <u>\$ 7,853,513</u> | <u>5,290,160</u> |

## **Independent Auditors' Report**

To the Board of Directors of Taiwan Styrene Monomer Corporation:

### **Opinion**

We have audited the parent company only financial statements of Taiwan Styrene Monomer Corporation ("the Company"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### **1. Revenue recognition**

Regarding accounting policies on revenue recognition, please refer to note 4(n) "Revenue recognition" to the parent company only financial statements.

Description of key audit matter:

The Company's sales revenue is recognized when the performance obligations is satisfied, which depends on the various trade terms agreed with customers. Therefore, the accuracy of revenue recognition is considered to be one of most significance in the audit.

How the matter was addressed in our audit:

Our principal audit procedures included assessing whether the accounting policies regarding to revenue recognition were in conformity with relevant accounting standards; obtaining understanding and testing the design and implement effectiveness of internal controls over revenue recognition; selecting samples and examining the transaction terms and vouchers; in addition, we also performed analytical procedures on primary customers and products to evaluate if there is any material abnormality.

## 2. Impairment assessment of investments accounted for using equity method

Refer to note 4(m) "Impairment of non-financial assets" and note 6 (g) "Investments accounted for using equity method" to the parent company only financial statements for details of accounting policies and relevant information about impairment assessment of investments accounted for using equity method".

Description of key audit matter:

The Company assesses impairment of investments accounted for using equity method in accordance with relevant accounting standards. Such assessment of impairment requires management to make judgments and assumptions, therefore, the assessment of impairment loss on investments accounted for using equity method is considered to be one of most significance in the audit.

How the matter was addressed in our audit:

Our principal audit procedures included obtaining understanding of the Company's internal controls over impairment loss assessment; evaluating the appropriateness of assumptions adopted by management when determining the recoverable amount based on an appraisal report issued by a third party; and assessing the qualification and independence of the Certified Business Valuator.

## Other Matter

We did not audit the financial statements of some equity-accounted investees of the Company. Those statements, which were prepared using a different financial reporting framework, were audited by other auditors, whose reports have been furnished to us. We have performed audit procedures on the conversion adjustments to the financial statements of those investees, which conform to those financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Our opinion, insofar as it relates to the amounts included for those investees prior to the conversion adjustments, is based solely on the reports of other auditors. Investments accounted for using equity method on those investees constituting 15.14% and 13.52% of total assets at December 31, 2021 and 2020, and the related share of profit of subsidiaries, associates and joint ventures accounted for using equity method constituting (888.64)% and 32.61% of total profit before tax for the years then ended.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (Republic of China)

March 22, 2022

#### **Notes to Readers**

The accompanying parent company only financial statements are intended only to present the 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 audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent company only 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' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)  
**TAIWAN STYRENE MONOMER CORPORATION**

## Balance Sheets

December 31, 2021 and 2020

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

| Assets                        |                                                                                                  | December 31, 2021 |           | December 31, 2020 |           | December 31, 2021 |  | December 31, 2020 |  |        |   |
|-------------------------------|--------------------------------------------------------------------------------------------------|-------------------|-----------|-------------------|-----------|-------------------|--|-------------------|--|--------|---|
|                               |                                                                                                  | Amount            | %         | Amount            | %         |                   |  |                   |  | Amount | % |
| Current assets:               |                                                                                                  |                   |           |                   |           |                   |  |                   |  |        |   |
| 1100                          | Cash and cash equivalents (note 6(a))                                                            | \$                | 54,783    | 1                 | 522,361   | 6                 |  |                   |  |        |   |
| 1110                          | Current financial assets at fair value through profit or loss (note 6(b))                        |                   | 183,037   | 2                 | 45,360    | 1                 |  |                   |  |        |   |
| 1170                          | Accounts receivable, net (note 6(c))                                                             |                   | 909,849   | 10                | 870,546   | 10                |  |                   |  |        |   |
| 1200                          | Other receivables (note 7)                                                                       |                   | 6,119     | -                 | 4,716     | -                 |  |                   |  |        |   |
| 130X                          | Inventories (note 6(d))                                                                          |                   | 824,976   | 9                 | 429,981   | 5                 |  |                   |  |        |   |
| 1410                          | Prepayments (note 6(e))                                                                          |                   | 133,663   | 2                 | 123,013   | 1                 |  |                   |  |        |   |
| Total current assets          |                                                                                                  |                   | 2,112,427 | 24                | 1,995,977 | 23                |  |                   |  |        |   |
| Non-current assets:           |                                                                                                  |                   |           |                   |           |                   |  |                   |  |        |   |
| 1517                          | Non-current financial assets at fair value through other comprehensive income (notes 6(f) and 7) |                   | 781,428   | 9                 | 756,428   | 9                 |  |                   |  |        |   |
| 1550                          | Investments accounted for using equity method (notes 6(g), (h), (i) and 7)                       |                   | 2,960,451 | 34                | 2,906,269 | 34                |  |                   |  |        |   |
| 1600                          | Property, plant and equipment (notes 6(j) and 7)                                                 |                   | 2,695,789 | 31                | 2,775,535 | 33                |  |                   |  |        |   |
| 1755                          | Right-of-use assets (note 6(k))                                                                  |                   | 8,703     | -                 | 9,023     | -                 |  |                   |  |        |   |
| 1780                          | Intangible assets (note 6(l))                                                                    |                   | 7,932     | -                 | 9,570     | -                 |  |                   |  |        |   |
| 1840                          | Deferred tax assets (note 6(r))                                                                  |                   | 126,467   | 1                 | 16,644    | -                 |  |                   |  |        |   |
| 1920                          | Refundable deposits                                                                              |                   | 3,421     | -                 | 3,382     | -                 |  |                   |  |        |   |
| 1990                          | Other non-current assets, others (note 6(m))                                                     |                   | 85,401    | 1                 | 60,603    | 1                 |  |                   |  |        |   |
| Total non-current assets      |                                                                                                  |                   | 6,669,592 | 76                | 6,537,454 | 77                |  |                   |  |        |   |
| Total assets                  |                                                                                                  | \$                | 8,782,019 | 100               | 8,533,431 | 100               |  |                   |  |        |   |
|                               |                                                                                                  |                   |           |                   |           |                   |  |                   |  |        |   |
| Liabilities and Equity        |                                                                                                  |                   |           |                   |           |                   |  |                   |  |        |   |
| Current liabilities:          |                                                                                                  |                   |           |                   |           |                   |  |                   |  |        |   |
| 2100                          | Total short-term borrowings (notes 6(n))                                                         | \$                | 235,759   | 3                 | -         | -                 |  |                   |  |        |   |
| 2130                          | Current contract liabilities (note 6(v))                                                         |                   | 12,830    | -                 | 7,829     | -                 |  |                   |  |        |   |
| 2170                          | Accounts payable                                                                                 |                   | 969,496   | 10                | 783,481   | 9                 |  |                   |  |        |   |
| 2200                          | Other payables (note 6(o))                                                                       |                   | 154,201   | 2                 | 207,982   | 2                 |  |                   |  |        |   |
| 2230                          | Current tax liabilities                                                                          |                   | -         | -                 | 35,781    | -                 |  |                   |  |        |   |
| 2280                          | Current lease liabilities (note 6(p))                                                            |                   | 3,178     | -                 | 4,301     | -                 |  |                   |  |        |   |
| 2399                          | Other current liabilities                                                                        |                   | 2,574     | -                 | 2,384     | -                 |  |                   |  |        |   |
| Total current liabilities     |                                                                                                  |                   | 1,378,038 | 15                | 1,041,758 | 11                |  |                   |  |        |   |
| Non-Current liabilities:      |                                                                                                  |                   |           |                   |           |                   |  |                   |  |        |   |
| 2570                          | Deferred tax liabilities (note 6(r))                                                             |                   | 173,561   | 2                 | 174,071   | 2                 |  |                   |  |        |   |
| 2580                          | Non-current lease liabilities (note 6(p))                                                        |                   | 5,347     | -                 | 4,542     | -                 |  |                   |  |        |   |
| 2640                          | Net defined benefit liabilities, non-current (note 6(q))                                         |                   | 64,100    | 1                 | 59,208    | 1                 |  |                   |  |        |   |
| Total non-current liabilities |                                                                                                  |                   | 243,008   | 3                 | 237,821   | 3                 |  |                   |  |        |   |
| Total liabilities             |                                                                                                  |                   | 1,621,046 | 18                | 1,279,579 | 14                |  |                   |  |        |   |
| Equity: (note 6(s))           |                                                                                                  |                   |           |                   |           |                   |  |                   |  |        |   |
| 3100                          | Capital stock                                                                                    |                   | 5,278,698 | 60                | 5,278,698 | 62                |  |                   |  |        |   |
| 3200                          | Capital surplus                                                                                  |                   | 46,300    | 1                 | 48,224    | 1                 |  |                   |  |        |   |
| Retained earnings:            |                                                                                                  |                   |           |                   |           |                   |  |                   |  |        |   |
| 3310                          | Legal reserve                                                                                    |                   | 612,264   | 7                 | 610,435   | 7                 |  |                   |  |        |   |
| 3320                          | Special reserve                                                                                  |                   | -         | -                 | 581,249   | 7                 |  |                   |  |        |   |
| 3350                          | Unappropriated retained earnings                                                                 |                   | 1,167,693 | 13                | 581,961   | 7                 |  |                   |  |        |   |
|                               |                                                                                                  |                   | 1,779,957 | 20                | 1,773,645 | 21                |  |                   |  |        |   |
| 3400                          | Other equity                                                                                     |                   | 56,031    | 1                 | 168,463   | 2                 |  |                   |  |        |   |
| 3500                          | Treasury shares                                                                                  |                   | (13)      | -                 | (15,178)  | -                 |  |                   |  |        |   |
| Total equity                  |                                                                                                  |                   | 7,160,973 | 82                | 7,253,852 | 86                |  |                   |  |        |   |
| Total liabilities and equity  |                                                                                                  | \$                | 8,782,019 | 100               | 8,533,431 | 100               |  |                   |  |        |   |

See accompanying notes to financial statements.

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

**Statements of Comprehensive Income**

**For the years ended December 31, 2021 and 2020**

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

|      |                                                                                                                                                                                                                | 2021             |          | 2020           |           |
|------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------|----------------|-----------|
|      |                                                                                                                                                                                                                | Amount           | %        | Amount         | %         |
| 4000 | <b>Operating revenue (note 6(v))</b>                                                                                                                                                                           | \$ 11,579,268    | 100      | 7,899,885      | 100       |
| 5000 | <b>Operating costs (notes 6(d), (j), (k), (l), (p), (q) and (x))</b>                                                                                                                                           | 11,484,485       | 99       | 7,576,668      | 96        |
|      | <b>Gross profit from operations</b>                                                                                                                                                                            | 94,783           | 1        | 323,217        | 4         |
|      | <b>Operating expenses (notes 6(c), (j), (k), (p), (q), (t), (x) and 7):</b>                                                                                                                                    |                  |          |                |           |
| 6100 | Selling expenses                                                                                                                                                                                               | 60,105           | 1        | 56,946         | 1         |
| 6200 | Administrative expenses                                                                                                                                                                                        | 107,882          | 1        | 85,723         | 1         |
| 6300 | Research and development expenses                                                                                                                                                                              | 2,127            | -        | 6,371          | -         |
| 6450 | Expected credit impairment loss                                                                                                                                                                                | 2                | -        | 3              | -         |
|      |                                                                                                                                                                                                                | 170,116          | 2        | 149,043        | 2         |
|      | <b>Operating income (losses)</b>                                                                                                                                                                               | (75,333)         | (1)      | 174,174        | 2         |
|      | <b>Non-operating income and expenses (notes 6 (f), (g), (i), (p), (w) and 7):</b>                                                                                                                              |                  |          |                |           |
| 7100 | Interest income                                                                                                                                                                                                | 1,009            | -        | 2,120          | -         |
| 7010 | Other income                                                                                                                                                                                                   | 9,177            | -        | 39,621         | 1         |
| 7020 | Other gains and losses                                                                                                                                                                                         | 7,377            | -        | 94,618         | 1         |
| 7050 | Finance costs                                                                                                                                                                                                  | (448)            | -        | (168)          | -         |
| 7070 | Share of profit of subsidiaries, associates and joint ventures accounted for using equity method                                                                                                               | 53,421           | -        | 56,742         | 1         |
|      |                                                                                                                                                                                                                | 70,536           | -        | 192,933        | 3         |
| 9900 | <b>Profit (loss) before tax</b>                                                                                                                                                                                | (4,797)          | (1)      | 367,107        | 5         |
| 7950 | Less: Income tax expenses (benefits) (note 6(r))                                                                                                                                                               | (109,401)        | (1)      | 79,591         | 1         |
|      | <b>Net income</b>                                                                                                                                                                                              | 104,604          | -        | 287,516        | 4         |
| 8300 | <b>Other comprehensive income (loss) :</b>                                                                                                                                                                     |                  |          |                |           |
| 8310 | <b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>                                                                                                         |                  |          |                |           |
| 8311 | Gains (losses) on remeasurements of defined benefit plans                                                                                                                                                      | (3,937)          | -        | 6,420          | -         |
| 8316 | Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income                                                                                              | 16,329           | -        | 68,671         | 1         |
| 8330 | Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss | (46,205)         | -        | 426,307        | 5         |
| 8349 | Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss                                                                                           | (787)            | -        | 1,284          | -         |
|      | Components of other comprehensive income (loss) that will not be reclassified to profit or loss                                                                                                                | (33,026)         | -        | 500,114        | 6         |
| 8360 | <b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>                                                                                                             |                  |          |                |           |
| 8361 | Exchange differences on translation                                                                                                                                                                            | (847)            | -        | (1,813)        | -         |
| 8380 | Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss     | (9,446)          | -        | (12,930)       | -         |
| 8399 | Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss                                                                                               | -                | -        | -              | -         |
|      | Components of other comprehensive income (loss) that will be reclassified to profit or loss                                                                                                                    | (10,293)         | -        | (14,743)       | -         |
| 8300 | <b>Other comprehensive income</b>                                                                                                                                                                              | (43,319)         | -        | 485,371        | 6         |
| 8500 | <b>Comprehensive income</b>                                                                                                                                                                                    | <b>\$ 61,285</b> | <b>-</b> | <b>772,887</b> | <b>10</b> |
|      | <b>Earnings per share (note 6(u))</b>                                                                                                                                                                          |                  |          |                |           |
|      | Basic earnings per share                                                                                                                                                                                       | <b>\$ 0.20</b>   |          | <b>0.55</b>    |           |
|      | Diluted earnings per share                                                                                                                                                                                     | <b>\$ 0.20</b>   |          | <b>0.54</b>    |           |

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
TAIWAN STYRENE MONOMER CORPORATION

Statements of Changes in Equity  
For the years ended December 31, 2021 and 2020  
(Expressed in Thousands of New Taiwan Dollars)

|                                                                                                                      | Retained earnings   |                 |                |                 |                                  |                  | Other equity interest                                               |                                                                                                         | Total         | Treasury shares | Total equity     |
|----------------------------------------------------------------------------------------------------------------------|---------------------|-----------------|----------------|-----------------|----------------------------------|------------------|---------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|---------------|-----------------|------------------|
|                                                                                                                      | Common stock        | Capital surplus | Legal reserve  | Special reserve | Unappropriated retained earnings |                  | Exchange differences on translation of foreign financial statements | Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income |               |                 |                  |
| <b>Balance at January 1, 2020</b>                                                                                    | \$ 5,278,698        | 42,418          | 531,249        | 430,668         | 1,320,268                        | 2,282,185        | (10,913)                                                            | (570,336)                                                                                               | (581,249)     | -               | 7,022,052        |
| Net income                                                                                                           | -                   | -               | -              | -               | 287,516                          | 287,516          | -                                                                   | -                                                                                                       | -             | -               | 287,516          |
| Other comprehensive income                                                                                           | -                   | -               | -              | -               | 5,261                            | 5,261            | (14,743)                                                            | 494,853                                                                                                 | 480,110       | -               | 485,371          |
| Total comprehensive income                                                                                           | -                   | -               | -              | -               | 292,777                          | 292,777          | (14,743)                                                            | 494,853                                                                                                 | 480,110       | -               | 772,887          |
| Appropriation and distribution of retained earnings:                                                                 |                     |                 |                |                 |                                  |                  |                                                                     |                                                                                                         |               |                 |                  |
| Legal reserve appropriated                                                                                           | -                   | -               | 79,186         | -               | (79,186)                         | -                | -                                                                   | -                                                                                                       | -             | -               | -                |
| Special reserve appropriated                                                                                         | -                   | -               | -              | 150,581         | (150,581)                        | -                | -                                                                   | -                                                                                                       | -             | -               | -                |
| Cash dividends of ordinary share                                                                                     | -                   | -               | -              | -               | (526,830)                        | (526,830)        | -                                                                   | -                                                                                                       | -             | -               | (526,830)        |
| Acquisition of treasury share                                                                                        | -                   | -               | -              | -               | -                                | -                | -                                                                   | -                                                                                                       | -             | (15,178)        | (15,178)         |
| Changes in ownership interests in subsidiaries                                                                       | -                   | 3,192           | -              | -               | (513)                            | (513)            | 356                                                                 | 513                                                                                                     | 869           | -               | 3,548            |
| Changes in ownership interests in associates                                                                         | -                   | 2,614           | -              | -               | (276,730)                        | (276,730)        | (185)                                                               | 272,934                                                                                                 | 272,749       | -               | (1,367)          |
| Other-disposal of subsidiaries                                                                                       | -                   | -               | -              | -               | 2,756                            | 2,756            | (1,260)                                                             | (2,756)                                                                                                 | (4,016)       | -               | (1,260)          |
| Balance at December 31, 2020                                                                                         | 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        |
| Net income                                                                                                           | -                   | -               | -              | -               | 104,604                          | 104,604          | -                                                                   | -                                                                                                       | -             | -               | 104,604          |
| Other comprehensive income                                                                                           | -                   | -               | -              | -               | (3,120)                          | (3,120)          | (10,293)                                                            | (29,906)                                                                                                | (40,199)      | -               | (43,319)         |
| Total comprehensive income                                                                                           | -                   | -               | -              | -               | 101,484                          | 101,484          | (10,293)                                                            | (29,906)                                                                                                | (40,199)      | -               | 61,285           |
| Appropriation and distribution of retained earnings:                                                                 |                     |                 |                |                 |                                  |                  |                                                                     |                                                                                                         |               |                 |                  |
| Legal reserve appropriated                                                                                           | -                   | -               | 1,829          | -               | (1,829)                          | -                | -                                                                   | -                                                                                                       | -             | -               | -                |
| Cash dividends of ordinary share                                                                                     | -                   | -               | -              | -               | (263,917)                        | (263,917)        | -                                                                   | -                                                                                                       | -             | -               | (263,917)        |
| Reversal of special reserve                                                                                          | -                   | -               | -              | (581,249)       | 581,249                          | -                | -                                                                   | -                                                                                                       | -             | -               | -                |
| Endowments received from shareholders                                                                                | -                   | 13              | -              | -               | -                                | -                | -                                                                   | -                                                                                                       | -             | (13)            | -                |
| Share-based payment transactions                                                                                     | -                   | 4,433           | -              | -               | -                                | -                | -                                                                   | -                                                                                                       | -             | 15,178          | 19,611           |
| Associates disposal of investments in equity instruments designated at fair value through other comprehensive income | -                   | -               | -              | -               | 74,637                           | 74,637           | -                                                                   | (74,637)                                                                                                | (74,637)      | -               | -                |
| Changes in ownership interests in subsidiaries                                                                       | -                   | 997             | -              | -               | -                                | -                | 546                                                                 | -                                                                                                       | 546           | -               | 1,543            |
| Changes in ownership interests in associates                                                                         | -                   | (7,367)         | -              | -               | 94,108                           | 94,108           | 1,858                                                               | -                                                                                                       | 1,858         | -               | 88,599           |
| <b>Balance at December 31, 2021</b>                                                                                  | <b>\$ 5,278,698</b> | <b>46,300</b>   | <b>612,264</b> | <b>-</b>        | <b>1,167,693</b>                 | <b>1,779,957</b> | <b>(34,634)</b>                                                     | <b>90,665</b>                                                                                           | <b>56,031</b> | <b>(13)</b>     | <b>7,160,973</b> |

See accompanying notes to financial statements.

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

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

|                                                                                                      | 2021             | 2020           |
|------------------------------------------------------------------------------------------------------|------------------|----------------|
| <b>Cash flows from operating activities:</b>                                                         |                  |                |
| Profit (loss) before tax                                                                             | \$ (4,797)       | 367,107        |
| Adjustments:                                                                                         |                  |                |
| Adjustments to reconcile profit (loss)                                                               |                  |                |
| Depreciation expense                                                                                 | 222,462          | 216,347        |
| Amortization expense                                                                                 | 2,553            | 2,528          |
| Expected credit impairment loss                                                                      | 2                | 3              |
| Interest expense                                                                                     | 448              | 168            |
| Interest income                                                                                      | (1,009)          | (2,120)        |
| Dividend income                                                                                      | (6,843)          | (4,441)        |
| Share-based payments                                                                                 | 4,472            | -              |
| Share of gain of subsidiaries, associates and joint ventures accounted for using equity method       | (53,421)         | (56,742)       |
| Gain on disposal of property, plant and equipment                                                    | (270)            | -              |
| Gain on disposal of non-current assets held for sale                                                 | -                | (71,578)       |
| Gain (loss) on disposal of investments                                                               | 1,858            | (1,445)        |
| Impairment loss on non-financial assets                                                              | 139              | 84             |
| Gain on bargain purchase transaction                                                                 | (403)            | -              |
| Gain on lease modification                                                                           | -                | (2)            |
| Loss from decline (gain from recovery) in value of inventories                                       | 130,000          | (23,758)       |
| Total adjustments to reconcile profit (loss)                                                         | 299,988          | 59,044         |
| <b>Changes in operating assets and liabilities:</b>                                                  |                  |                |
| Changes in operating assets:                                                                         |                  |                |
| Financial assets mandatorily measured at fair value through profit or loss                           | (137,677)        | (6,260)        |
| Accounts receivable                                                                                  | (39,305)         | (54,517)       |
| Other receivables                                                                                    | (1,441)          | (3,900)        |
| Inventories                                                                                          | (524,995)        | 21,342         |
| Prepayments                                                                                          | (10,789)         | (2,763)        |
| Total changes in operating assets                                                                    | (714,207)        | (46,098)       |
| Changes in operating liabilities:                                                                    |                  |                |
| Contract liabilities                                                                                 | 5,001            | -              |
| Accounts payable                                                                                     | 186,015          | (305,867)      |
| Other payables                                                                                       | (12,828)         | (5,373)        |
| Other current liabilities                                                                            | 190              | 359            |
| Net defined benefit liabilities                                                                      | 955              | 1,183          |
| Total changes in operating liabilities                                                               | 179,333          | (309,698)      |
| Total changes in operating assets and liabilities                                                    | (534,874)        | (355,796)      |
| Cash inflow (outflow) generated from operations                                                      | (239,683)        | 70,355         |
| Interest received                                                                                    | 1,047            | 2,268          |
| Dividends received                                                                                   | 6,843            | 4,441          |
| Interest paid                                                                                        | (348)            | (168)          |
| Dividends paid                                                                                       | (57)             | (83)           |
| Income taxes paid                                                                                    | (35,926)         | (107,214)      |
| Net cash flows used in operating activities                                                          | (268,124)        | (30,401)       |
| <b>Cash flows from investing activities:</b>                                                         |                  |                |
| Acquisition of financial assets at fair value through other comprehensive income                     | -                | (32,278)       |
| Proceeds from capital reduction of financial assets at fair value through other comprehensive income | 15,718           | 9,803          |
| Acquisition of investments accounted for using equity method                                         | (17,273)         | (38,832)       |
| Proceeds from disposal of investments accounted for using equity method                              | -                | 193,559        |
| Acquisition of property, plant and equipment                                                         | (179,328)        | (253,158)      |
| Proceeds from disposal of property, plant and equipment                                              | 270              | -              |
| Increase in refundable deposits                                                                      | (39)             | -              |
| Decrease in refundable deposits                                                                      | -                | 491            |
| Acquisition of intangible assets                                                                     | (915)            | -              |
| Increase in other non-current assets                                                                 | (24,798)         | (3,249)        |
| Dividends received                                                                                   | 24,312           | 11,170         |
| Net cash flows used in investing activities                                                          | (182,053)        | (112,494)      |
| <b>Cash flows from financing activities:</b>                                                         |                  |                |
| Increase in short-term borrowings                                                                    | 435,759          | -              |
| Decrease in short-term borrowings                                                                    | (200,000)        | -              |
| Payment of lease liabilities                                                                         | (4,382)          | (4,638)        |
| Cash dividends paid                                                                                  | (263,917)        | (526,830)      |
| Acquisition of treasury shares                                                                       | -                | (15,178)       |
| Proceeds from transfer of treasury shares to employees                                               | 15,139           | -              |
| Net cash flows used in financing activities                                                          | (17,401)         | (546,646)      |
| Net decrease in cash and cash equivalents                                                            | (467,578)        | (689,541)      |
| Cash and cash equivalents at beginning of period                                                     | 522,361          | 1,211,902      |
| Cash and cash equivalents at end of period                                                           | <u>\$ 54,783</u> | <u>522,361</u> |

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)  
**TAIWAN STYRENE MONOMER CORPORATION**  
**Notes to the Parent Company Only Financial Statements**  
**For the years ended December 31, 2021 and 2020**  
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

**(1) Company history**

Taiwan Styrene Monomer Corp. (the “Company”) was incorporated on November 16, 1979, under the approval of Ministry of Economic Affairs, Republic of China (ROC). Registered address is 8F.-1, No.6, Sec.1, Roosevelt Rd., Taipei City. The Company manufactures and sells styrene monomer.

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

These parent-company-only financial statements were authorized for issue by the Board of Directors on March 22, 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 Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2021:

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

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

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

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its financial statements:

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

(Continued)

**TAIWAN STYRENE MONOMER CORPORATION**  
**Notes to the Parent Company Only Financial Statements**

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

The Company 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 financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

**(4) Summary of significant accounting policies**

The significant accounting policies presented in the financial statements are summarized as follows. Except for those specifically indicated, the following accounting policies were applied consistently throughout the presented periods in the parent company only financial statements.

- (a) Statement of compliance

These parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the preparation of Financial Reports by Securities Issuers (the "Regulations").

- (b) Basis of preparation

- (i) Basis of measurement

Except for the following significant accounts, the parent company only financial statements have been prepared on a historical cost basis:

- 1) Financial instruments measured at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities are measured at the present value of the defined benefit obligation less fair value of the plan assets.

- (ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which it operates. The parent company only financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

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**TAIWAN STYRENE MONOMER CORPORATION**  
**Notes to the Parent Company Only Financial Statements**

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company at exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currency using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Company's functional currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of any part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of investment in an associate of joint venture that includes a foreign operation, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current:

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

(Continued)

**TAIWAN STYRENE MONOMER CORPORATION**  
**Notes to the Parent Company Only Financial Statements**

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current:

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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**TAIWAN STYRENE MONOMER CORPORATION**  
**Notes to the Parent Company Only Financial Statements**

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, trade receivables, other receivables and refundable deposits).

(Continued)

**TAIWAN STYRENE MONOMER CORPORATION**  
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The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables is always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;

(Continued)

**TAIWAN STYRENE MONOMER CORPORATION**  
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- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(Continued)

**TAIWAN STYRENE MONOMER CORPORATION**  
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3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using weighted-average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in process, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs incurred upon completion and selling expenses.

(Continued)

**TAIWAN STYRENE MONOMER CORPORATION**  
**Notes to the Parent Company Only Financial Statements**

(h) Investments in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies. Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The parent company only financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated the Company's interest in the associate. When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (or retained earnings) when the equity method is discontinued. If the Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(Continued)

**TAIWAN STYRENE MONOMER CORPORATION**  
**Notes to the Parent Company Only Financial Statements**

(i) Investment in subsidiaries

In preparing the parent company only financial statements of the Company, investees controlled by the Company are accounted for using equity method. Under equity method, profit or loss and other comprehensive income recognized in the parent company only financial statement are the same as the profit or loss and other comprehensive income attributable to the owners in the consolidated financial statements. In addition, changes in equity recognized in parent company only financial statement is the same as changes in equity attributable to owners of parent in the consolidated financial statements.

Change in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions with owners.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

|                              |            |
|------------------------------|------------|
| 1) Buildings and structures: | 4~60 years |
| 2) Machinery and equipment:  | 6~20 years |
| 3) Transportation equipment: | 5 years    |
| 4) Other equipment:          | 3~20 years |

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(Continued)

**TAIWAN STYRENE MONOMER CORPORATION**  
**Notes to the Parent Company Only Financial Statements**

(k) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of its assessment on whether it will exercise a purchase option; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an extension or termination option; or
- there is any lease modifications

(Continued)

**TAIWAN STYRENE MONOMER CORPORATION**  
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When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of transportation and office equipment that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Company elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments that affects only those payments originally due on, or before June 30, 2022; and
- there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

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**TAIWAN STYRENE MONOMER CORPORATION**  
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(l) Intangible assets

(i) Recognition and measurement

Other intangible assets, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1) Technical royalty: 15 years

2) Computer software: 3~5 years

Amortization methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. For non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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**TAIWAN STYRENE MONOMER CORPORATION**  
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(n) Revenue recognition

(i) Revenue from contract with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

1) Sale of goods

The Company manufactures and sells styrene monomer. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied. A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(o) Government grants

The Company recognizes an unconditional government grant related to operation in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

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**TAIWAN STYRENE MONOMER CORPORATION**  
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(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Share-based payment

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

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

(r) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

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**TAIWAN STYRENE MONOMER CORPORATION**  
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Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payables or receivables in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - a) the same taxable entity; or
  - b) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.
- (s) Earnings per share

The Company discloses basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(Continued)

**TAIWAN STYRENE MONOMER CORPORATION**  
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(t) Operating segments

The Company has disclosed information about operating segments in the consolidated financial statements. Therefore, no segmental information is disclosed in the parent company only financial statements.

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

In preparing these parent company only financial statements in conformity with the Regulations requires management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is judgment regarding control of subsidiaries. For related information, please refer to the consolidated financial statements for the year ended December 31, 2021.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) Impairment assessment of investments accounted for using equity method

The Company compares the carrying amounts and the recoverable amount (the greater of its value in use and its fair value less costs to sell) of investments accounted for using equity method to determine whether there is any impairment. In the process of determining the recoverable amount, the Company rely on an appraisal report issued by an expert which had been prepared based on market approach and income approach. Any changes in economic conditions could result in significant impairment charges.

(b) Fair value measurements in level 3 equity instruments

If the fair value of financial assets recognized in balance sheets cannot be reached from the active market, the Company will measure the fair value of financial assets based on valuation technique, including market approach and asset-based approach. The measurement of fair value involves in assumptions, estimations and judgements, such as the selection of comparable company, comparable transaction or price of equity transaction, liquidity discount and valuation multiplier. The fluctuation of assumption used in measurements of fair value may influence the fair value of financial instruments recognized. Please refer to note 6(f) and (y) for relevant explanation.

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**TAIWAN STYRENE MONOMER CORPORATION**  
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The accounting policies and disclosure of the Company include the adoption of fair value measurement of its financial and non-financial assets and liabilities. The Company has established internal control policies for fair value measurement, including obtaining valuation report issued by external experts for the fair value measurement of significant level 3 equity instruments. The Company will evaluate the supporting evidence for expert's work, and determine if the valuation and the classification of fair value level comply with the rule set by IFRS.

The Company uses the market observable inputs as much as possible when measuring its assets and liabilities. The levels of fair value are classified with the inputs used in valuation technique as below:

- (i) Level 1: The quoted prices in active market of the same assets or liabilities (not adjusted)
- (ii) Level 2: Except for the quoted prices included in Level 1, the input parameter of assets or liabilities is directly (price) or indirectly (derive from price) observable.
- (iii) Level 3: The input parameter of assets or liabilities is not based on observable market information (unobservable parameter).

**(6) Explanation of significant accounts**

(a) Cash and cash equivalents

|                                   | December 31,<br>2021 | December 31,<br>2020 |
|-----------------------------------|----------------------|----------------------|
| Petty cash                        | \$ 160               | 160                  |
| Deposits in bank                  | 54,623               | 157,910              |
| Cash equivalents                  |                      |                      |
| Bonds under resell agreements     |                      | 356,550              |
| Time deposits due within one year | -                    | 7,741                |
|                                   | <u>\$ 54,783</u>     | <u>522,361</u>       |

(b) Current financial assets at fair value through profit or loss

|                                                            | December 31,<br>2021 | December 31,<br>2020 |
|------------------------------------------------------------|----------------------|----------------------|
| Mandatorily measured at fair value through profit or loss: |                      |                      |
| Listed stocks                                              | <u>\$ 183,037</u>    | <u>45,360</u>        |

(c) Accounts receivable

|                      | December 31,<br>2021 | December 31,<br>2020 |
|----------------------|----------------------|----------------------|
| Accounts receivable  | \$ 909,895           | 870,590              |
| Less: Loss allowance | (46)                 | (44)                 |
|                      | <u>\$ 909,849</u>    | <u>870,546</u>       |

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**TAIWAN STYRENE MONOMER CORPORATION**  
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The Company 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:

| <b>December 31, 2021</b> |                              |                                   |                                 |
|--------------------------|------------------------------|-----------------------------------|---------------------------------|
|                          | <b>Gross carrying amount</b> | <b>Weighted-average loss rate</b> | <b>Loss allowance provision</b> |
| Current                  | <u><b>\$ 909,895</b></u>     | 0.005%                            | <u><b>46</b></u>                |
| <b>December 31, 2020</b> |                              |                                   |                                 |
|                          | <b>Gross carrying amount</b> | <b>Weighted-average loss rate</b> | <b>Loss allowance provision</b> |
| Current                  | <u><b>\$ 870,590</b></u>     | 0.005%                            | <u><b>44</b></u>                |

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

|                              | <b>2021</b>         | <b>2020</b>      |
|------------------------------|---------------------|------------------|
| Beginning balance            | \$ 44               | 41               |
| Impairment losses recognized | 2                   | 3                |
| Ending balance               | <u><b>\$ 46</b></u> | <u><b>44</b></u> |

(d) Inventories

|                        | <b>December 31, 2021</b> | <b>December 31, 2020</b> |
|------------------------|--------------------------|--------------------------|
| Finished goods         | \$ 241,732               | 56,249                   |
| By-product             | 7,160                    | 6,724                    |
| Semi-finished products | 79,182                   | 141,737                  |
| Work in progress       | 46,133                   | 26,821                   |
| Raw materials          | 422,913                  | 180,942                  |
| Supplies               | 27,856                   | 17,508                   |
|                        | <u><b>\$ 824,976</b></u> | <u><b>429,981</b></u>    |

In 2021 and 2020, inventories recognized as cost of sales amounted to \$11,354,485 thousand and \$7,600,426 thousand, respectively.

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

|                                                              | <b>2021</b>              | <b>2020</b>            |
|--------------------------------------------------------------|--------------------------|------------------------|
| Loss from decline (gain on recovery) in value of inventories | <u><b>\$ 130,000</b></u> | <u><b>(23,758)</b></u> |

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

(Continued)

**TAIWAN STYRENE MONOMER CORPORATION**  
**Notes to the Parent Company Only Financial Statements**

(e) Prepayments

|                          | <b>December 31,<br/>2021</b> | <b>December 31,<br/>2020</b> |
|--------------------------|------------------------------|------------------------------|
| Office supplies          | \$ 84,407                    | 91,444                       |
| Prepayment for purchases | 59                           | 7,909                        |
| Overpaid sales tax       | 44,702                       | 8,709                        |
| Others                   | 4,495                        | 14,951                       |
|                          | <b><u>\$ 133,663</u></b>     | <b><u>123,013</u></b>        |

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

|                                       | <b>December 31,<br/>2021</b> | <b>December 31,<br/>2020</b> |
|---------------------------------------|------------------------------|------------------------------|
| Equity investments:                   |                              |                              |
| Domestic non-listed stocks            | \$ 688,949                   | 666,161                      |
| Foreign non-listed equity investments | 92,479                       | 90,267                       |
|                                       | <b><u>\$ 781,428</u></b>     | <b><u>756,428</u></b>        |

(i) The Company designated the investments shown above at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term strategic purposes not for trading purposes. During 2021 and 2020, the dividends of \$4,817 thousand and \$1,528 thousand, respectively, related to equity investments at fair value through other comprehensive income held on the years then ended were recognized.

(ii) There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments for the years ended December 31, 2021 and 2020.

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

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

(g) Investments accounted for using equity method

Investment accounted for using the equity method were follows :

|              | <b>December 31,<br/>2021</b> | <b>December 31,<br/>2020</b> |
|--------------|------------------------------|------------------------------|
| Subsidiaries | \$ 1,613,935                 | 1,718,597                    |
| Associates   | 1,346,516                    | 1,187,672                    |
|              | <b><u>\$ 2,960,451</u></b>   | <b><u>2,906,269</u></b>      |

(i) Subsidiaries

Please refer to the consolidated financial report for the years ended December 31, 2021 and 2020.

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**TAIWAN STYRENE MONOMER CORPORATION**  
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(ii) Associates

Associates of the Company consisted of the following:

|                                                  | December 31, 2021   |                   | December 31, 2020 |                   |
|--------------------------------------------------|---------------------|-------------------|-------------------|-------------------|
|                                                  | Amount              | Share-holding (%) | Amount            | Share-holding (%) |
| Grand Cathay Venture Capital Co., Ltd.           | \$ 467,450          | 25.00             | 382,377           | 25.00             |
| Wonderland Enterprise Co., Ltd.                  | 835,959             | 37.04             | 744,788           | 37.04             |
| Gvision-USA, Inc.                                | -                   | -                 | 34,112            | 44.44             |
| Functional Coating System Technologies Co., Ltd. | 26,069              | 34.88             | 26,395            | 34.88             |
| Universal Investment Limited                     | 17,038              | 40.00             | -                 | -                 |
|                                                  | <u>\$ 1,346,516</u> |                   | <u>1,187,672</u>  |                   |

Yu-Jie Investment Co., Ltd. conducted a capital increase by cash of \$576,000 thousand on January 10, 2020. The Company did not participate in the capital increase proportionally, and its shares of the Company increase to 19.38%. The Company increased the capital surplus of \$2,614 thousand due to the increase of its ownership. Meanwhile, the unrealized loss of \$151,688 thousand from investments measured at fair value through other comprehensive income and exchange difference of \$185 thousand, had been reclassified to retain earnings and to profit and loss accordingly. The Company lost significant influence of the Company and reclassified the investment to FVOCI.

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

The Company 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 Company has therefore recognized gain on bargain purchase of \$403 thousand as other income in the statement of comprehensive income.

Gvision-USA, Inc. conducted a capital increase by cash of USD2,000 thousand on October 25, 2021. The Company did not participate in the capital increase proportionally, and its shares of the company dropped to 19.61%. The Company decreased the capital surplus of \$7,367 thousand due to the decrease of its ownership. Meanwhile, the exchange difference of \$(1,858) thousand previously recognized in other comprehensive income had been reclassified to profit or loss. The Company lost the significant influence on the company and reclassified the investment to financial assets at fair value through other comprehensive income.

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

|                              | 2021              | 2020           |
|------------------------------|-------------------|----------------|
| Attributable to the Company: |                   |                |
| Net income                   | \$ 40,481         | 131,729        |
| Other comprehensive income   | 63,494            | 133,224        |
| Total comprehensive income   | <u>\$ 103,975</u> | <u>264,953</u> |

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**TAIWAN STYRENE MONOMER CORPORATION**  
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To assess the impairment of Grand Cathay Venture Capital Co., Ltd., an appraisal report issued by an expert had been prepared based on an asset-based approach.

None of the investments using equity method of the Company was pledged as collateral as of December 31, 2021 and 2020.

(h) Changes in ownership interests in subsidiaries

The Company did not have any transaction with non-controlling interests in 2021. In 2020 March and 2020 August, the Company acquired an additional interest in Zung-Fu Co., Ltd. and YSIC Ltd. for \$10,327 thousand and \$5 thousand in cash, respectively, increasing its ownership from 89.16% and 99.99% to 99.00% and 99.99%, respectively.

(i) Loss control of subsidiaries

In December 2019, and May 2020, the Company obtained an approval of the Board of Directors to sell all the shares of Lei-Ting Construction Corporation and Zung-Fu Co., Ltd.. The transactions were completed on May 6 and June 30, 2020, at the total price of \$193,559 thousand, and the gain on disposal of investments amounting to \$71,578 thousand was included in other gains and losses of the comprehensive income statements. Meanwhile, the unrealized gains of \$2,756 thousand from investments measured at fair value through other comprehensive income as well as exchange difference of \$1,260 thousand previously recognized in other comprehensive income, had been reclassified to retain earnings and profit or loss, respectively.

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

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

(Continued)

**TAIWAN STYRENE MONOMER CORPORATION**  
**Notes to the Parent Company Only Financial Statements**

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

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

(j) Property, plant and equipment

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

|                                 | Land              | Land improvements | Buildings and structures | Machinery and equipment | Transportation equipment | Other equipment | Construction in progress | Total            |
|---------------------------------|-------------------|-------------------|--------------------------|-------------------------|--------------------------|-----------------|--------------------------|------------------|
| Cost:                           |                   |                   |                          |                         |                          |                 |                          |                  |
| Balance as of January 1, 2021   | \$ 812,199        | 8,462             | 226,405                  | 7,280,630               | 8,261                    | 511,715         | 226,973                  | 9,074,645        |
| Additions                       | -                 | -                 | -                        | -                       | -                        | 148             | 138,184                  | 138,332          |
| Disposals                       | -                 | -                 | -                        | (356)                   | (6,606)                  | (4,204)         | -                        | (11,166)         |
| Reclassification                | -                 | -                 | -                        | 26,834                  | -                        | 40,265          | (67,099)                 | -                |
| Balance as of December 31, 2021 | <u>\$ 812,199</u> | <u>8,462</u>      | <u>226,405</u>           | <u>7,307,108</u>        | <u>1,655</u>             | <u>547,924</u>  | <u>298,058</u>           | <u>9,201,811</u> |
| Balance as of January 1, 2020   | \$ 812,199        | 8,462             | 226,405                  | 7,243,199               | 8,261                    | 491,740         | 89,485                   | 8,879,751        |
| Additions                       | -                 | -                 | -                        | 2,970                   | -                        | 148             | 290,317                  | 293,435          |
| Disposals                       | -                 | -                 | -                        | (91,661)                | -                        | (6,880)         | -                        | (98,541)         |
| Reclassification                | -                 | -                 | -                        | 126,122                 | -                        | 26,707          | (152,829)                | -                |
| Balance as of December 31, 2020 | <u>\$ 812,199</u> | <u>8,462</u>      | <u>226,405</u>           | <u>7,280,630</u>        | <u>8,261</u>             | <u>511,715</u>  | <u>226,973</u>           | <u>9,074,645</u> |
| Accumulated depreciation:       |                   |                   |                          |                         |                          |                 |                          |                  |
| Balance as of January 1, 2021   | \$ -              | 8,383             | 106,904                  | 5,830,383               | 7,983                    | 345,457         | -                        | 6,299,110        |
| Depreciation                    | -                 | 21                | 6,094                    | 178,756                 | 119                      | 33,088          | -                        | 218,078          |
| Disposals                       | -                 | -                 | -                        | (356)                   | (6,606)                  | (4,204)         | -                        | (11,166)         |
| Balance as of December 31, 2021 | <u>\$ -</u>       | <u>8,404</u>      | <u>112,998</u>           | <u>6,008,783</u>        | <u>1,496</u>             | <u>374,341</u>  | <u>-</u>                 | <u>6,506,022</u> |

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**TAIWAN STYRENE MONOMER CORPORATION**  
**Notes to the Parent Company Only Financial Statements**

|                                 | <u>Land</u>       | <u>Land improvements</u> | <u>Buildings and structures</u> | <u>Machinery and equipment</u> | <u>Transportation equipment</u> | <u>Other equipment</u> | <u>Construction in progress</u> | <u>Total</u>     |
|---------------------------------|-------------------|--------------------------|---------------------------------|--------------------------------|---------------------------------|------------------------|---------------------------------|------------------|
| Balance as of January 1, 2020   | \$ -              | 8,362                    | 100,812                         | 5,747,296                      | 7,864                           | 321,751                | -                               | 6,186,085        |
| Depreciation                    | -                 | 21                       | 6,092                           | 174,748                        | 119                             | 30,586                 | -                               | 211,566          |
| Disposals                       | -                 | -                        | -                               | (91,661)                       | -                               | (6,880)                | -                               | (98,541)         |
| Balance as of December 31, 2020 | <u>\$ -</u>       | <u>8,383</u>             | <u>106,904</u>                  | <u>5,830,383</u>               | <u>7,983</u>                    | <u>345,457</u>         | <u>-</u>                        | <u>6,299,110</u> |
| Carrying value:                 |                   |                          |                                 |                                |                                 |                        |                                 |                  |
| Balance as of December 31, 2021 | <u>\$ 812,199</u> | <u>58</u>                | <u>113,407</u>                  | <u>1,298,325</u>               | <u>159</u>                      | <u>173,583</u>         | <u>298,058</u>                  | <u>2,695,789</u> |
| Balance as of January 1, 2020   | <u>\$ 812,199</u> | <u>100</u>               | <u>125,593</u>                  | <u>1,495,903</u>               | <u>397</u>                      | <u>169,989</u>         | <u>89,485</u>                   | <u>2,693,666</u> |
| Balance as of December 31, 2020 | <u>\$ 812,199</u> | <u>79</u>                | <u>119,501</u>                  | <u>1,450,247</u>               | <u>278</u>                      | <u>166,258</u>         | <u>226,973</u>                  | <u>2,775,535</u> |

As of December 31, 2021 and 2020, none of the property, plant and equipment of the Company had been pledged as collateral for loans.

(k) Right-of-use assets

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

|                                 | <u>Land</u>     | <u>Buildings and structures</u> | <u>Transportation equipment</u> | <u>Office equipment</u> | <u>Total</u>  |
|---------------------------------|-----------------|---------------------------------|---------------------------------|-------------------------|---------------|
| Cost:                           |                 |                                 |                                 |                         |               |
| Balance as of January 1, 2021   | \$ 387          | 503                             | 9,569                           | 4,814                   | 15,273        |
| Additions                       | 4,064           | -                               | -                               | -                       | 4,064         |
| Disposal                        | (387)           | -                               | -                               | -                       | (387)         |
| Balance as of December 31, 2021 | <u>\$ 4,064</u> | <u>503</u>                      | <u>9,569</u>                    | <u>4,814</u>            | <u>18,950</u> |
| Balance as of January 1, 2020   | \$ 542          | 822                             | 10,877                          | 4,814                   | 17,055        |
| Additions                       | -               | 503                             | 423                             | -                       | 926           |
| Lease modification              | (155)           | (822)                           | (1,731)                         | -                       | (2,708)       |
| Balance as of December 31, 2020 | <u>\$ 387</u>   | <u>503</u>                      | <u>9,569</u>                    | <u>4,814</u>            | <u>15,273</u> |
| Accumulated depreciation:       |                 |                                 |                                 |                         |               |
| Balance as of January 1, 2021   | \$ 353          | 167                             | 4,526                           | 1,204                   | 6,250         |
| Depreciation                    | 121             | 168                             | 3,132                           | 963                     | 4,384         |
| Disposal                        | (387)           | -                               | -                               | -                       | (387)         |
| Balance as of December 31, 2021 | <u>\$ 87</u>    | <u>335</u>                      | <u>7,658</u>                    | <u>2,167</u>            | <u>10,247</u> |
| Balance as of January 1, 2020   | \$ 224          | 580                             | 2,665                           | 241                     | 3,710         |
| Depreciation                    | 129             | 409                             | 3,280                           | 963                     | 4,781         |
| Lease modification              | -               | (822)                           | (1,419)                         | -                       | (2,241)       |
| Balance as of December 31, 2020 | <u>\$ 353</u>   | <u>167</u>                      | <u>4,526</u>                    | <u>1,204</u>            | <u>6,250</u>  |
| Carrying amount:                |                 |                                 |                                 |                         |               |
| Balance as of December 31, 2021 | <u>\$ 3,977</u> | <u>168</u>                      | <u>1,911</u>                    | <u>2,647</u>            | <u>8,703</u>  |
| Balance as of January 1, 2020   | <u>\$ 318</u>   | <u>242</u>                      | <u>8,212</u>                    | <u>4,573</u>            | <u>13,345</u> |
| Balance as of December 31, 2020 | <u>\$ 34</u>    | <u>336</u>                      | <u>5,043</u>                    | <u>3,610</u>            | <u>9,023</u>  |

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**TAIWAN STYRENE MONOMER CORPORATION**  
**Notes to the Parent Company Only Financial Statements**

(l) Intangible assets

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

|                                 | <b>Technical<br/>royalty</b> | <b>Computer<br/>software</b> | <b>Total</b>  |
|---------------------------------|------------------------------|------------------------------|---------------|
| Cost:                           |                              |                              |               |
| Balance as of January 1, 2021   | \$ 14,623                    | 5,030                        | 19,653        |
| Additions                       | -                            | 915                          | 915           |
| Balance as of December 31, 2021 | <b>\$ 14,623</b>             | <b>5,945</b>                 | <b>20,568</b> |
| Balance as of January 1, 2020   | \$ 14,623                    | 6,030                        | 20,653        |
| Disposal                        | -                            | (1,000)                      | (1,000)       |
| Balance as of December 31, 2020 | <b>\$ 14,623</b>             | <b>5,030</b>                 | <b>19,653</b> |
| Accumulated amortization:       |                              |                              |               |
| Balance as of January 1, 2021   | \$ 7,474                     | 2,609                        | 10,083        |
| Amortization                    | 975                          | 1,578                        | 2,553         |
| Balance as of December 31, 2021 | <b>\$ 8,449</b>              | <b>4,187</b>                 | <b>12,636</b> |
| Balance as of January 1, 2020   | \$ 6,499                     | 2,056                        | 8,555         |
| Amortization                    | 975                          | 1,553                        | 2,528         |
| Disposal                        | -                            | (1,000)                      | (1,000)       |
| Balance as of December 31, 2020 | <b>\$ 7,474</b>              | <b>2,609</b>                 | <b>10,083</b> |
| Carrying value:                 |                              |                              |               |
| Balance as of December 31, 2021 | <b>\$ 6,174</b>              | <b>1,758</b>                 | <b>7,932</b>  |
| Balance as of January 1, 2020   | <b>\$ 8,124</b>              | <b>3,974</b>                 | <b>12,098</b> |
| Balance as of December 31, 2020 | <b>\$ 7,149</b>              | <b>2,421</b>                 | <b>9,570</b>  |

(m) Other non-current assets

|                            | <b>December 31,<br/>2021</b> | <b>December 31,<br/>2020</b> |
|----------------------------|------------------------------|------------------------------|
| Long-term prepaid expenses | <b>\$ 85,401</b>             | <b>60,603</b>                |

Except catalysts shall be allocated by actual consumption, the rest of prepaid expenses will be expensed on a straight line basis over the economic lives.

(n) Short-term borrowings

Short-term borrowings of the Company were as follows:

|                                | <b>December 31,<br/>2021</b> | <b>December 31,<br/>2020</b> |
|--------------------------------|------------------------------|------------------------------|
| Unsecured bank loans           | <b>\$ 235,759</b>            | -                            |
| Unused short-term credit lines | <b>\$ 477,117</b>            | <b>1,171,056</b>             |
| Range of interest rate         | <b>0.75~0.98%</b>            | -                            |

(Continued)

**TAIWAN STYRENE MONOMER CORPORATION**  
**Notes to the Parent Company Only Financial Statements**

(o) Other payables

|                                   | December 31,<br>2021 | December 31,<br>2020 |
|-----------------------------------|----------------------|----------------------|
| Accrued payroll                   | \$ 12,998            | 38,357               |
| Compensation payable to directors | 49                   | 6,979                |
| Employee bonus payable            | 49                   | 5,583                |
| Compensated absences              | 26,822               | 23,264               |
| Utility payable                   | 14,713               | 15,111               |
| Payables on equipment             | 24,247               | 65,243               |
| Dividends payable                 | 9,730                | 9,787                |
| Other payables — other            | 65,593               | 43,658               |
| Total                             | <u>\$ 154,201</u>    | <u>207,982</u>       |

(p) Lease liabilities

Lease liabilities of the Company were as follows:

|             | December 31,<br>2021 | December 31,<br>2020 |
|-------------|----------------------|----------------------|
| Current     | <u>\$ 3,178</u>      | <u>4,301</u>         |
| Non-current | <u>\$ 5,347</u>      | <u>4,542</u>         |

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

The amounts recognized in profit or loss were as follows:

|                                                                                                     | 2021          | 2020       |
|-----------------------------------------------------------------------------------------------------|---------------|------------|
| Interest on lease liabilities                                                                       | <u>\$ 129</u> | <u>168</u> |
| Expenses relating to short-term leases                                                              | <u>\$ 415</u> | <u>424</u> |
| Expenses relating to leases of low-value assets,<br>excluding short-term leases of low-value assets | <u>\$ 564</u> | <u>436</u> |
| COVID-19-related rent concessions (recognized as other<br>income)                                   | <u>\$ -</u>   | <u>14</u>  |

The amounts recognized in the statement of cash flows was as follows:

|                               | 2021            | 2020         |
|-------------------------------|-----------------|--------------|
| Total cash outflow for leases | <u>\$ 5,490</u> | <u>5,666</u> |

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**TAIWAN STYRENE MONOMER CORPORATION**  
**Notes to the Parent Company Only Financial Statements**

(q) Employee benefits

(i) Defined benefit plans

Reconciliations of defined benefit obligations at present value and plan assets at fair value are as follows:

|                                              | <b>December 31,<br/>2021</b> | <b>December 31,<br/>2020</b> |
|----------------------------------------------|------------------------------|------------------------------|
| Present value of defined benefit obligations | \$ 230,377                   | 252,647                      |
| Fair value of plan assets                    | (166,277)                    | (193,439)                    |
| Net defined benefit liabilities              | <b><u>\$ 64,100</u></b>      | <b><u>59,208</u></b>         |

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Labor Pension Fund Supervisory Committee. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$166,277 thousand as of December 31, 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Labor Pension Fund Supervisory Committee.

2) Movements in the present value of defined benefit obligations

The movements in the present value of defined benefit obligations of the Company were as follows:

|                                                                  | <b>2021</b>              | <b>2020</b>           |
|------------------------------------------------------------------|--------------------------|-----------------------|
| Defined benefit obligations at January 1                         | \$ 252,647               | 265,784               |
| Current service costs and interest cost                          | 3,012                    | 3,782                 |
| Remeasurements of defined benefit liabilities                    |                          |                       |
| — Actuarial gains and losses arising from financial assumptions  | 2,094                    | 1,449                 |
| — Actuarial gains and losses arising from experience adjustments | 3,741                    | (1,374)               |
| Benefits paid                                                    | (31,117)                 | (16,994)              |
| Defined benefit obligations at December 31                       | <b><u>\$ 230,377</u></b> | <b><u>252,647</u></b> |

(Continued)

**TAIWAN STYRENE MONOMER CORPORATION**  
**Notes to the Parent Company Only Financial Statements**

3) Movements in fair value of plan assets

The movements in the fair value of plan assets of the defined benefit the Company were as follows:

|                                                     | <u>2021</u>              | <u>2020</u>           |
|-----------------------------------------------------|--------------------------|-----------------------|
| Fair value of plan assets at January 1              | \$ 193,439               | 201,339               |
| Interests income                                    | 1,550                    | 2,017                 |
| Remeasurements of defined benefit assets            |                          |                       |
| — Return on plan assets (excluding interest income) | 1,898                    | 6,495                 |
| Contributions                                       | 507                      | 582                   |
| Benefits paid                                       | <u>(31,117)</u>          | <u>(16,994)</u>       |
| Fair value of plan assets at December 31            | <u><u>\$ 166,277</u></u> | <u><u>193,439</u></u> |

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss of the Company were as follows:

|                                                      | <u>2021</u>            | <u>2020</u>         |
|------------------------------------------------------|------------------------|---------------------|
| Current service costs                                | \$ 991                 | 1,124               |
| Net interest on defined benefit liabilities (assets) | 471                    | 641                 |
|                                                      | <u><u>\$ 1,462</u></u> | <u><u>1,765</u></u> |

|                    | <u>2021</u>            | <u>2020</u>         |
|--------------------|------------------------|---------------------|
| Operating cost     | \$ 1,105               | 1,320               |
| Operating expenses | 357                    | 445                 |
|                    | <u><u>\$ 1,462</u></u> | <u><u>1,765</u></u> |

5) Remeasurement values of the defined benefit liabilities recognized in other comprehensive income

The remeasurement values of the defined benefit liabilities recognized in other comprehensive income of the Company were as follows:

|                              | <u>2021</u>            | <u>2020</u>           |
|------------------------------|------------------------|-----------------------|
| Recognized during the period | <u><u>\$ 3,937</u></u> | <u><u>(6,420)</u></u> |

(Continued)

**TAIWAN STYRENE MONOMER CORPORATION**  
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6) Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period were as follows:

|                             | <u>2021</u> | <u>2020</u> |
|-----------------------------|-------------|-------------|
| Discount rate               | 0.50%       | 0.80%       |
| Future salary increase rate | 1.50%       | 1.50%       |

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$562 thousand.

The weighted-average lifetime of the defined benefit plans is 3.8 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligations shall be as follows:

|                                            | <b>Influence of defined benefit obligation</b> |                 |
|--------------------------------------------|------------------------------------------------|-----------------|
|                                            | <u>Increase</u>                                | <u>Decrease</u> |
| December 31, 2021                          |                                                |                 |
| Discount rate(changed by 0.25%)            | \$ (1,745)                                     | 1,789           |
| Future salary increase rate(changed by 1%) | 7,334                                          | (6,785)         |
| December 31, 2020                          |                                                |                 |
| Discount rate(changed by 0.25%)            | (1,807)                                        | 1,853           |
| Future salary increase rate(changed by 1%) | 7,776                                          | (7,192)         |

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

The calculation and assumptions used in the sensitivity analysis during the year were consistent with prior year.

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**TAIWAN STYRENE MONOMER CORPORATION**  
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(ii) Defined benefit plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$8,373 thousand and \$8,300 thousand for the years ended December 31, 2021 and 2020, respectively.

(r) Income taxes

The components of income tax in the years ended 2021 and 2020 were as follows:

|                                                  | <u>2021</u>                | <u>2020</u>          |
|--------------------------------------------------|----------------------------|----------------------|
| Current income tax expense:                      |                            |                      |
| Current period                                   | \$ -                       | 35,975               |
| Adjustment for prior periods                     | <u>145</u>                 | <u>40,399</u>        |
|                                                  | 145                        | 76,374               |
| Deferred income tax expense:                     |                            |                      |
| Origination and reversal of temporary difference | <u>(109,546)</u>           | <u>3,217</u>         |
| Income tax expense                               | <u><u>\$ (109,401)</u></u> | <u><u>79,591</u></u> |

The amount of income tax recognized in other comprehensive income for 2021 and 2020 was as follows:

|                                                                     | <u>2021</u>          | <u>2020</u>           |
|---------------------------------------------------------------------|----------------------|-----------------------|
| Items that will not be reclassified subsequently to profit or loss: |                      |                       |
| Remeasurement from defined benefit plans                            | <u><u>\$ 787</u></u> | <u><u>(1,284)</u></u> |

Reconciliation of income tax and profit before tax for 2021 and 2020 is as follows:

|                                                                    | <u>2021</u>                | <u>2020</u>           |
|--------------------------------------------------------------------|----------------------------|-----------------------|
| Profit (loss) before tax                                           | <u><u>\$ (4,797)</u></u>   | <u><u>367,107</u></u> |
| Income tax using the Company's domestic tax rate                   | \$ (959)                   | 73,421                |
| Investment tax credit                                              | -                          | (795)                 |
| Non-deductible expenses                                            | 1,126                      | 13,181                |
| Tax-exempt income                                                  | (2,245)                    | (3,328)               |
| Investment loss                                                    | (113,279)                  | (43,287)              |
| Current-year losses for which no deferred tax asset was recognized | 5,811                      | -                     |
| Adjustment for prior periods                                       | <u>145</u>                 | <u>40,399</u>         |
| Total                                                              | <u><u>\$ (109,401)</u></u> | <u><u>79,591</u></u>  |

(Continued)

**TAIWAN STYRENE MONOMER CORPORATION**  
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(iii) Deferred tax assets and liabilities

Recognized deferred tax assets and liabilities

Movements of recognized deferred tax assets and liabilities for the years ended December 31, 2021 and 2020 were as follows:

Deferred Tax Liabilities:

|                              | <b>Land value<br/>increment tax</b> | <b>Other</b> | <b>Total</b>   |
|------------------------------|-------------------------------------|--------------|----------------|
| Balance at January 1, 2021   | \$ 173,509                          | 562          | 174,071        |
| Recognized in profit or loss | -                                   | (510)        | (510)          |
| Balance at December 31, 2021 | <b>\$ 173,509</b>                   | <b>52</b>    | <b>173,561</b> |
| Balance at January 1, 2020   | \$ 173,509                          | 1,145        | 174,654        |
| Recognized in profit or loss | -                                   | (583)        | (583)          |
| Balance at December 31, 2020 | <b>\$ 173,509</b>                   | <b>562</b>   | <b>174,071</b> |

Deferred Tax Assets:

|                                          | <b>Decline in<br/>Value of<br/>Inventories</b> | <b>Tax loss<br/>carryforward</b> | <b>Defined<br/>benefit<br/>pension plans</b> | <b>Accumulated<br/>compensated<br/>absences</b> | <b>Total</b>   |
|------------------------------------------|------------------------------------------------|----------------------------------|----------------------------------------------|-------------------------------------------------|----------------|
| Balance at January 1, 2021               | \$ 150                                         | -                                | 11,841                                       | 4,653                                           | 16,644         |
| Recognized in profit or loss             | 25,999                                         | 82,133                           | 192                                          | 712                                             | 109,036        |
| Recognized in other comprehensive income | -                                              | -                                | 787                                          | -                                               | 787            |
| Balance at December 31, 2021             | <b>\$ 26,149</b>                               | <b>82,133</b>                    | <b>12,820</b>                                | <b>5,365</b>                                    | <b>126,467</b> |
| Balance at January 1, 2020               | \$ 4,901                                       | -                                | 12,889                                       | 3,938                                           | 21,728         |
| Recognized in profit or loss             | (4,751)                                        | -                                | 236                                          | 715                                             | (3,800)        |
| Recognized in other comprehensive income | -                                              | -                                | (1,284)                                      | -                                               | (1,284)        |
| Balance at December 31, 2020             | <b>\$ 150</b>                                  | <b>-</b>                         | <b>11,841</b>                                | <b>4,653</b>                                    | <b>16,644</b>  |

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

(Continued)

**TAIWAN STYRENE MONOMER CORPORATION**  
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(s) Capital and other equity

(i) Ordinary shares

As of December 31, 2021 and 2020, the number of authorized ordinary shares were \$6,750,000 thousand shares with par value of \$10 per share. As of December 31, 2021 and 2020, of 527,870 thousand shares were issued. All issued shares were paid up upon issuance.

(ii) Capital surplus

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

|                                                                         | <b>December 31,<br/>2021</b> | <b>December 31,<br/>2020</b> |
|-------------------------------------------------------------------------|------------------------------|------------------------------|
| Difference arising from subsidiary's share price and its carrying value | \$ 8,953                     | 8,953                        |
| Changes in ownership interests in subsidiaries                          | 26,307                       | 25,310                       |
| Changes in equity of investments in associates using equity method      | 6,594                        | 13,961                       |
| Treasury share transactions                                             | 4,433                        | -                            |
| Donation from shareholders                                              | 13                           | -                            |
| <b>Total</b>                                                            | <b><u>\$ 46,300</u></b>      | <b><u>48,224</u></b>         |

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) 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.

(Continued)

**TAIWAN STYRENE MONOMER CORPORATION**  
**Notes to the Parent Company Only Financial Statements**

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with ruling issued by the FSC, the Company is required to appropriate a special reserve in the amount equal to the sum of debit elements under other equity arising in current period. While the appropriation of earnings for 2019 in 2020, special reserve shall be appropriated from current-period earnings and undistributed prior-period earnings. While the appropriation of earnings for 2020 in 2021, special reserve shall be appropriated from current-period net income plus items other than net income adjusted to the current year's undistributed earnings and undistributed prior-period earnings; for debit elements under other equity arising in prior periods, special reserve is appropriated from undistributed prior-period earnings and is prohibited from distribution. If any of the debit elements are reversed, then the special reserve in the amount equal to the reversal may be released for earnings distribution.

3) Earnings distribution

On July 7, 2021 and May 27, 2020, the shareholders' meetings resolved to distribute the 2020 and 2019 earnings. These earnings were appropriated as follows:

|                                                 | <u>2020</u>       | <u>2019</u>    |
|-------------------------------------------------|-------------------|----------------|
| Dividends distributed to ordinary shareholders: |                   |                |
| Cash                                            | <u>\$ 263,917</u> | <u>526,830</u> |

On March 22, 2022, the Board of Directors planned to distribute the 2021 earnings. The earning was appropriated as follows:

|                                                 | 2021                                     |        |
|-------------------------------------------------|------------------------------------------|--------|
|                                                 | Ratio of<br>allotment of<br>shares (NTD) | Amount |
| Dividends distributed to ordinary shareholders: |                                          |        |
| Cash                                            | \$ 0.15                                  | 79,180 |

(Continued)

**TAIWAN STYRENE MONOMER CORPORATION**  
**Notes to the Parent Company Only Financial Statements**

(iv) Other equity

Changes of other equity of the Company were as follows:

|                                                                                                                                                                                  | Exchange<br>differences on<br>translation of<br>foreign<br>financial<br>statements | Unrealized gains<br>(losses) from<br>financial assets<br>measured at fair<br>value through<br>other<br>comprehensive<br>income | Total          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|----------------|
| Balance as of January 1, 2021                                                                                                                                                    | \$ (26,745)                                                                        | 195,208                                                                                                                        | 168,463        |
| Exchange differences on foreign operations                                                                                                                                       | (847)                                                                              | -                                                                                                                              | (847)          |
| Exchange differences on subsidiaries, associates and joint ventures accounted for using equity method                                                                            | (9,446)                                                                            | -                                                                                                                              | (9,446)        |
| Unrealized gains from financial assets measured at fair value through other comprehensive income                                                                                 | -                                                                                  | 16,329                                                                                                                         | 16,329         |
| Cumulative gains reclassified to retained earnings on associates disposal of investments in equity instruments designated at fair value through other comprehensive income       | -                                                                                  | (74,637)                                                                                                                       | (74,637)       |
| Unrealized losses from financial assets measured at fair value through other comprehensive income, subsidiaries, associates and joint ventures accounted for using equity method | -                                                                                  | (46,235)                                                                                                                       | (46,235)       |
| Changes in ownership interests in associates                                                                                                                                     | 1,858                                                                              | -                                                                                                                              | 1,858          |
| Changes in ownership interests in subsidiaries                                                                                                                                   | 546                                                                                | -                                                                                                                              | 546            |
| Balance as of December 31, 2021                                                                                                                                                  | <u>\$ (34,634)</u>                                                                 | <u>90,665</u>                                                                                                                  | <u>56,031</u>  |
| Balance as of January 1, 2020                                                                                                                                                    | \$ (10,913)                                                                        | (570,336)                                                                                                                      | (581,249)      |
| Exchange differences on foreign operations                                                                                                                                       | (1,813)                                                                            | -                                                                                                                              | (1,813)        |
| Exchange differences on subsidiaries, associates and joint ventures accounted for using equity method                                                                            | (12,930)                                                                           | -                                                                                                                              | (12,930)       |
| Unrealized gains from financial assets measured at fair value through other comprehensive income                                                                                 | -                                                                                  | 68,671                                                                                                                         | 68,671         |
| Unrealized gains from financial assets measured at fair value through other comprehensive income, subsidiaries, associates and joint ventures accounted for using equity method  | -                                                                                  | 426,182                                                                                                                        | 426,182        |
| Changes in ownership interests in associates                                                                                                                                     | (185)                                                                              | 272,934                                                                                                                        | 272,749        |
| Changes in ownership interests in subsidiaries                                                                                                                                   | 356                                                                                | 513                                                                                                                            | 869            |
| Disposal of subsidiaries                                                                                                                                                         | (1,260)                                                                            | (2,756)                                                                                                                        | (4,016)        |
| Balance as of December 31, 2020                                                                                                                                                  | <u>\$ (26,745)</u>                                                                 | <u>195,208</u>                                                                                                                 | <u>168,463</u> |

(v) Treasury stock

For the year ended December 31, 2021, in accordance with the requirements under section 28(2) of the Securities and Exchange Act, the Company repurchased 1,040 thousand shares in order to transfer shares to employees. As of December 31, 2021, a total of 1,040 thousand shares were all transferred to employees.

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**TAIWAN STYRENE MONOMER CORPORATION**  
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(t) Share-based payment

A resolution was decided during the Board meeting held on March 24, 2021 to award 1,040,000 shares of employee stocks options to employees. These employees with the employee stock option are entitled to purchase shares at the price of \$14.6 per share, the Company therefore recognized related remuneration of \$4,472 thousand.

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

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

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

(in thousand)

|                                    | <u>2021</u>                                      |                          |
|------------------------------------|--------------------------------------------------|--------------------------|
|                                    | <b>Weighted average exercise price (dollars)</b> | <b>Number of options</b> |
| Granted during the year (number)   | 14.6                                             | 1,040                    |
| Exercised during the year (number) | 14.6                                             | (1,040)                  |
| Outstanding at end of period       | -                                                | -                        |

(u) Earning per share

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

(i) Basic earnings per share

|                                                        | <u>2021</u>       | <u>2020</u>    |
|--------------------------------------------------------|-------------------|----------------|
| Profit attributable to the Company                     | <u>\$ 104,604</u> | <u>287,516</u> |
| Weighted-average number of ordinary shares outstanding | <u>527,513</u>    | <u>527,115</u> |
| Earnings per share (NTD)                               | <u>\$ 0.20</u>    | <u>0.55</u>    |

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**TAIWAN STYRENE MONOMER CORPORATION**  
**Notes to the Parent Company Only Financial Statements**

(ii) Diluted earnings per share

|                                                                  | <u>2021</u>       | <u>2020</u>    |
|------------------------------------------------------------------|-------------------|----------------|
| Profit attributable to the Company(diluted)                      | <u>\$ 104,604</u> | <u>287,516</u> |
| Weighted-average number of ordinary shares outstanding           | 527,513           | 527,115        |
| Effect of dilutive potential ordinary shares                     |                   |                |
| Employee remuneration in stock                                   | <u>244</u>        | <u>555</u>     |
| Weighted-average number of ordinary shares outstanding (diluted) | <u>527,757</u>    | <u>527,670</u> |
| Diluted earnings per share (NTD)                                 | <u>\$ 0.20</u>    | <u>0.54</u>    |

(v) Revenue from contracts with customers

(i) Disaggregation of revenue

|                                | <u>2021</u>          | <u>2020</u>      |
|--------------------------------|----------------------|------------------|
| Primary geographical markets:  |                      |                  |
| Asia                           | \$ 11,542,203        | 7,856,041        |
| America                        | 21,308               | 26,834           |
| Europe                         | <u>15,757</u>        | <u>17,010</u>    |
|                                | <u>\$ 11,579,268</u> | <u>7,899,885</u> |
| Major products/services lines: |                      |                  |
| Commodity sales revenue        | <u>\$ 11,579,268</u> | <u>7,899,885</u> |

(ii) Contract balances

|                                             | <u>December 31,<br/>2021</u> | <u>December 31,<br/>2020</u> | <u>January 1, 2020</u> |
|---------------------------------------------|------------------------------|------------------------------|------------------------|
| Contract liabilities-unearned sales revenue | <u>\$ 12,830</u>             | <u>7,829</u>                 | <u>7,829</u>           |

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

The major change in the balance of contract assets and 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**  
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(w) Non-operating income and expenses

(i) Other income

Details of other income of the Company were as follows:

|                                         | <b>2021</b>            | <b>2020</b>          |
|-----------------------------------------|------------------------|----------------------|
| Rent income                             | \$ 48                  | 76                   |
| Gain from bargain purchase transactions | 403                    | -                    |
| Dividend income                         | 6,843                  | 4,441                |
| Government grants                       | -                      | 12,200               |
| Others                                  | 1,883                  | 22,904               |
| Total                                   | <b><u>\$ 9,177</u></b> | <b><u>39,621</u></b> |

(ii) Other gains and losses

|                                                                             | <b>2021</b>            | <b>2020</b>          |
|-----------------------------------------------------------------------------|------------------------|----------------------|
| Foreign exchange gains                                                      | \$ 6,989               | 6,940                |
| Gains on disposals of non-current assets (or disposal groups) held for sale | -                      | 71,578               |
| Gains (losses) on disposals of investments                                  | (1,858)                | 1,445                |
| Gains on financial assets at fair value through profit or loss              | 2,154                  | 14,849               |
| Gains on disposals of property, plant and equipment                         | 270                    | -                    |
| Impairment loss                                                             | (139)                  | (84)                 |
| Gain on lease modification                                                  | -                      | 2                    |
| Others                                                                      | (39)                   | (112)                |
| Total                                                                       | <b><u>\$ 7,377</u></b> | <b><u>94,618</u></b> |

(iii) Finance costs

|                  | <b>2021</b>          | <b>2020</b>       |
|------------------|----------------------|-------------------|
| Interest expense | <b><u>\$ 448</u></b> | <b><u>168</u></b> |

(x) Employee compensation and directors and supervisors' remuneration

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 and supervisors as remuneration. However, if the Company still has accumulated deficit, the profit should be reserved to offset the deficit.

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For the years ended December 31, 2021 and 2020, the remunerations to employees amounted to \$49 thousand and \$5,583 thousand, respectively, and the remuneration to directors amounted to \$49 thousand and \$6,979 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2021 and 2020. Related information would be available at the Market Observation Post System website. If there are any subsequent adjustments to the actual remuneration amounts, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. The differences between the amount as stated before and the actual distribution to employees and directors for year 2020 were \$3,909 thousand and \$2,513 thousand, respectively, which already recognized- in profit or loss in is 2021.

(y) Financial instruments

(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 December 31, 2021 and 2020, the Company reviewed the concentrations of credit risk arising from the major top ten customers, and it was 97% and 96% of the total accounts receivable, respectively. The concentrations of credit risk of the remaining accounts receivable are relatively small.

3) Credit risk of receivables

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

(ii) Liquidity risk

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

|                                      | Carrying<br>amount  | Contractual<br>cash flows | Within 1 year    | 1-2 years    | 2-5 years    | Over 5 years |
|--------------------------------------|---------------------|---------------------------|------------------|--------------|--------------|--------------|
| <b>December 31, 2021</b>             |                     |                           |                  |              |              |              |
| Non-derivative financial liabilities |                     |                           |                  |              |              |              |
| Short-term borrowings                | \$ 235,759          | 235,992                   | 235,992          | -            | -            | -            |
| Accounts payable                     | 1,117,873           | 1,117,873                 | 1,117,873        | -            | -            | -            |
| Lease liabilities                    | 8,525               | 9,151                     | 3,280            | 1,307        | 1,217        | 3,347        |
|                                      | <b>\$ 1,362,157</b> | <b>1,363,016</b>          | <b>1,357,145</b> | <b>1,307</b> | <b>1,217</b> | <b>3,347</b> |

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**TAIWAN STYRENE MONOMER CORPORATION**  
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|                                      | Carrying<br>amount | Contractual<br>cash flows | Within 1 year  | 1-2 years    | 2-5 years    | Over 5 years |
|--------------------------------------|--------------------|---------------------------|----------------|--------------|--------------|--------------|
| <b>December 31, 2020</b>             |                    |                           |                |              |              |              |
| Non-derivative financial liabilities |                    |                           |                |              |              |              |
| Accounts payable                     | \$ 975,649         | 975,649                   | 975,649        | -            | -            | -            |
| Lease liabilities                    | 8,843              | 9,014                     | 4,405          | 3,041        | 1,568        | -            |
|                                      | <b>\$ 984,492</b>  | <b>984,663</b>            | <b>980,054</b> | <b>3,041</b> | <b>1,568</b> | <b>-</b>     |

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

(iii) Market risk

1) Currency risk

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

|                              | December 31, 2021   |                  |        | December 31, 2020   |                  |         |
|------------------------------|---------------------|------------------|--------|---------------------|------------------|---------|
|                              | Foreign<br>currency | Exchange<br>rate | NTD    | Foreign<br>currency | Exchange<br>rate | NTD     |
| <u>Financial assets</u>      |                     |                  |        |                     |                  |         |
| <u>Monetary items</u>        |                     |                  |        |                     |                  |         |
| USD                          | \$                  | 9,909            | 27,680 | 6,177               | 28,480           | 175,927 |
| <u>Financial liabilities</u> |                     |                  |        |                     |                  |         |
| <u>Monetary items</u>        |                     |                  |        |                     |                  |         |
| USD                          |                     | 16,185           | 27,680 | 11,385              | 28,480           | 324,236 |

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, accounts payable and other payables that are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against the USD as of December 31, 2021 and 2020, for the years ended December 31, 2021 and 2020, respectively, would have increased (decreased) net profit before tax by \$1,737 thousand and \$1,483 thousand. The analysis is performed on the same basis.

For years 2021 and 2020, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$6,989 thousand and \$6,940 thousand, respectively.

2) Interest rate risk

Please refer to the notes on liquidity risk management and interest rate exposure of the Company'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.

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**TAIWAN STYRENE MONOMER CORPORATION**  
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If the interest rate had increased/decreased by 1% the Company profit before tax would have decreased/increased by \$2,358 thousand for the year ended December 31, 2021, with all over variable factors remaining constant. This is mainly due to Company's loan at variable rates.

There is no financial liabilities at variable rates as of December 31, 2020.

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 comprehensive income is illustrated below:

| Prices of securities<br>at the reporting date | 2021                                       |            | 2020                                       |            |
|-----------------------------------------------|--------------------------------------------|------------|--------------------------------------------|------------|
|                                               | Other<br>comprehensive<br>income after tax | Net income | Other<br>comprehensive<br>income after tax | Net income |
| Increasing 1%                                 | \$ 7,814                                   | 1,830      | 7,564                                      | 454        |
| Decreasing 1%                                 | \$ (7,814)                                 | (1,830)    | (7,564)                                    | (454)      |

(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:

|                                                                    | December 31, 2021 |         |         |         |         |
|--------------------------------------------------------------------|-------------------|---------|---------|---------|---------|
|                                                                    | Book value        | Level 1 | Level 2 | Level 3 | Total   |
| Financial assets at fair value through profit or loss:             |                   |         |         |         |         |
| Financial assets mandatorily at fair value through profit or loss  | \$ 183,037        | 183,037 | -       | -       | 183,037 |
| Financial assets at fair value through other comprehensive income: |                   |         |         |         |         |
| Domestic and foreign non-listed stocks                             | 781,428           | -       | -       | 781,428 | 781,428 |
| Financial assets measured at amortized cost:                       |                   |         |         |         |         |
| Cash and cash equivalents                                          | 54,783            | -       | -       | -       | -       |
| Accounts receivable                                                | 909,849           | -       | -       | -       | -       |
| Other receivables                                                  | 6,119             | -       | -       | -       | -       |
| Refundable deposits                                                | 3,421             | -       | -       | -       | -       |
| Subtotal                                                           | 974,172           | -       | -       | -       | -       |
| Total                                                              | \$ 1,938,637      | 183,037 | -       | 781,428 | 964,465 |

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**TAIWAN STYRENE MONOMER CORPORATION**  
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| <b>December 31, 2021</b>                                           |                     |                   |                |                |                |
|--------------------------------------------------------------------|---------------------|-------------------|----------------|----------------|----------------|
|                                                                    | <b>Book value</b>   | <b>Fair value</b> |                |                | <b>Total</b>   |
|                                                                    |                     | <b>Level 1</b>    | <b>Level 2</b> | <b>Level 3</b> |                |
| Financial liabilities measured at amortized cost:                  |                     |                   |                |                |                |
| Short-term borrowings                                              | \$ 235,759          | -                 | -              | -              | -              |
| Accounts payable                                                   | 969,496             | -                 | -              | -              | -              |
| Other payables                                                     | 148,377             | -                 | -              | -              | -              |
| Lease liabilities                                                  | 8,525               | -                 | -              | -              | -              |
| <b>Total</b>                                                       | <b>\$ 1,362,157</b> | <b>-</b>          | <b>-</b>       | <b>-</b>       | <b>-</b>       |
| <b>December 31, 2020</b>                                           |                     |                   |                |                |                |
|                                                                    | <b>Book value</b>   | <b>Fair value</b> |                |                | <b>Total</b>   |
|                                                                    |                     | <b>Level 1</b>    | <b>Level 2</b> | <b>Level 3</b> |                |
| Financial assets at fair value through profit or loss:             |                     |                   |                |                |                |
| Financial assets mandatorily at fair value through profit or loss  | \$ 45,360           | 45,360            | -              | -              | 45,360         |
| Financial assets at fair value through other comprehensive income: |                     |                   |                |                |                |
| Domestic and foreign non-listed stocks                             | 756,428             | -                 | -              | 756,428        | 756,428        |
| Financial assets measured at amortized cost:                       |                     |                   |                |                |                |
| Cash and cash equivalents                                          | 522,361             | -                 | -              | -              | -              |
| Accounts receivable                                                | 870,546             | -                 | -              | -              | -              |
| Other receivables                                                  | 4,716               | -                 | -              | -              | -              |
| Refundable deposits                                                | 3,382               | -                 | -              | -              | -              |
| Subtotal                                                           | 1,401,005           | -                 | -              | -              | -              |
| <b>Total</b>                                                       | <b>\$ 2,202,793</b> | <b>45,360</b>     | <b>-</b>       | <b>756,428</b> | <b>801,788</b> |
| Financial liabilities measured at amortized cost:                  |                     |                   |                |                |                |
| Accounts payable                                                   | \$ 783,481          | -                 | -              | -              | -              |
| Other Payables                                                     | 192,168             | -                 | -              | -              | -              |
| Lease liabilities                                                  | 8,843               | -                 | -              | -              | -              |
| <b>Total</b>                                                       | <b>\$ 984,492</b>   | <b>-</b>          | <b>-</b>       | <b>-</b>       | <b>-</b>       |

2) Valuation techniques for financial instruments measured at fair value

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

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**TAIWAN STYRENE MONOMER CORPORATION**  
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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.

3) Transfers between Level 1 and Level 2

There is no transfer for the years ended December 31, 2021 and 2020.

4) Reconciliation of Level 3 fair values

|                                   | <b>Fair value through<br/>other comprehensive<br/>income</b> |
|-----------------------------------|--------------------------------------------------------------|
|                                   | <b>Unquoted equity<br/>instruments</b>                       |
| Opening balance, January 1, 2021  | \$ 756,428                                                   |
| Total gains and losses recognized |                                                              |
| Other comprehensive income        | 16,329                                                       |
| Reclassification                  | 24,389                                                       |
| Capital reduction by cash         | (15,718)                                                     |
| Ending Balance, December 31, 2021 | <b><u>\$ 781,428</u></b>                                     |
| Opening balance, January 1, 2020  | \$ 396,161                                                   |
| Total gains and losses recognized |                                                              |
| Other comprehensive income        | 68,671                                                       |
| Reclassification                  | 269,121                                                      |
| Purchase                          | 32,278                                                       |
| Capital reduction by cash         | (9,803)                                                      |
| Ending Balance, December 31, 2020 | <b><u>\$ 756,428</u></b>                                     |

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 December 31, 2021 and 2020 were as follows:

|                                                                                                                                                               | <b>2021</b> | <b>2020</b> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| Total gains and losses recognized:                                                                                                                            |             |             |
| In other comprehensive income, and presented in<br>“unrealized gains and losses from financial assets<br>at fair value through other comprehensive<br>income” | 16,329      | 68,671      |

(Continued)

**TAIWAN STYRENE MONOMER CORPORATION**  
**Notes to the Parent Company Only Financial Statements**

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

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

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

Quantified information of significant unobservable inputs was as follows:

| Item                                                                                                            | Valuation technique                                                                  | Significant unobservable inputs                                                                                                                                                                                             | Inter-relationship between significant unobservable inputs and fair value measurement                                                                                                                |
|-----------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Financial assets at fair value through other comprehensive income - equity investments without an active market | Market approach (Comparable listed company method and comparable transaction method) | <ul style="list-style-type: none"> <li>Price to book ratio (0.96~2.01 and 0.66~1.35 as of December 31, 2021 and 2020)</li> <li>Lack of market liquidity discount (3%~43% and 10%~30% December 31, 2021 and 2020)</li> </ul> | <ul style="list-style-type: none"> <li>The fair value would increase if price to book ratio increase</li> <li>The fair value would decrease if lack of market liquidity discount increase</li> </ul> |

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

The fair value measurement of financial instruments by the Company 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:

|                                                                      |                     | Increase/<br>Decrease | Other comprehensive<br>income |             |
|----------------------------------------------------------------------|---------------------|-----------------------|-------------------------------|-------------|
|                                                                      | Inputs              |                       | Favorable                     | Unfavorable |
| <b>December 31, 2021</b>                                             |                     |                       |                               |             |
| Financial assets at fair value through<br>other comprehensive income | Price to book ratio | 10%                   | 348                           | (348)       |
|                                                                      | Liquidity discount  | 10%                   | 17,445                        | (17,445)    |
| <b>December 31, 2020</b>                                             |                     |                       |                               |             |
| Financial assets at fair value through<br>other comprehensive income | Price to book ratio | 10%                   | 75,643                        | (75,643)    |
|                                                                      | Liquidity discount  | 10%                   | 13,899                        | (13,899)    |

The favorable and unfavorable changes of the Company 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.

(Continued)

**TAIWAN STYRENE MONOMER CORPORATION**  
**Notes to the Parent Company Only Financial Statements**

(z) Financial risk management

(i) Overview

The Company have exposures to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying parent company only financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The financial department of the Company provides services and coordinates the operation of the financial market. And the important activities are subject to the Board of Directors' approval. The Company must be abided by the financial risk management and operation. Internal Audit undertakes reviews of risk management controls and procedures, the results of which are reported to the Board of Directors regularly.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

1) Accounts receivable and other receivables

The financial department has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval from the financial department; these limits are reviewed regularly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

The customers of the Company covered many types and regions. In order to reduce credit risk, the Company review financial status and recoverable of account receivable each customer regularly and accounted loss allowance.

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**TAIWAN STYRENE MONOMER CORPORATION**  
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The Company has allowance for impairment losses account to reflect the estimated loss of account receivable and other receivables. The main components of the allowance account include specific loss components related to individual significant risks, and combined loss components established for similar asset groups that have occurred but have not yet been identified. Portfolio loss allowance accounts are determined based on historical payment statistics for similar financial assets.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with financial institutions with good credit rating. The Company does not concentrate on specific counterparty hence there is no significant credit risk arising therefrom.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales and purchases are denominated in a currency other than the respective functional currency of the Company. The currency used in these transactions is USD. The Company adopts a natural hedging strategy. When the net assets and liabilities imbalances occur in the short-term, the Company buys or sells foreign currencies to maintain exposures at an acceptable level.

2) Interest rate risk

Interest rate risk is the risk of changes in the fair value of financial instruments caused by changes in market interest rates or the risk of changes in cash flows of financial instruments caused by changes in market interest rates. The interest rate risk of the financial assets and liabilities is described in the note of liquidity risk management.

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**TAIWAN STYRENE MONOMER CORPORATION**  
**Notes to the Parent Company Only Financial Statements**

3) Other market price risk

The Company is exposed to equity price risk due to the investments in equity securities. The Company actively monitors the performance of this investment portfolios using fair value basis. This is a strategic investment and is not held for trading. The Company does not actively trade in these investments.

(aa) Capital management

The Company plan the capital which need in the future (including research and development costs and repayment) based on the characteristics of operating and development, and considering factors such as changes in the external environment to protect sustainable development of the Company, give back to shareowners and maintain the best structure to enhance value. Overall, the Company adopts a prudent risk management strategy.

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

There is no non-cash investing activities for the years ended December 31, 2021 and 2020.

Reconciliation of liabilities arising from financing activities in 2021 and 2020 were as follows:

|                   | January 1,<br>2021 | Cash flows | Non-cash changes      |                    | December<br>31, 2021 |
|-------------------|--------------------|------------|-----------------------|--------------------|----------------------|
|                   |                    |            | Lease<br>modification | Lease<br>additions |                      |
| Lease liabilities | \$ 8,843           | (4,382)    | -                     | 4,064              | 8,525                |

|                   | January 1,<br>2020 | Cash flows | Non-cash changes      |                    | December<br>31, 2020 |
|-------------------|--------------------|------------|-----------------------|--------------------|----------------------|
|                   |                    |            | Lease<br>modification | Lease<br>additions |                      |
| Lease liabilities | \$ 13,024          | (4,638)    | (469)                 | 926                | 8,843                |

**(7) Related-party transactions**

(a) Names and relationship with related parties

| <u>Name of related party</u>             | <u>Relationship with the Company</u>                            |
|------------------------------------------|-----------------------------------------------------------------|
| YSIC Ltd.                                | Subsidiary                                                      |
| Yuan-Shin Materials Technology Co., Ltd. | Subsidiary                                                      |
| Yangmingshan Tien Lai Resort & SPA       | Subsidiary                                                      |
| Asia Carbons & Technology Inc.           | Subsidiary                                                      |
| Globaltop Technology Inc.                | An associate of a subsidiary                                    |
| Lei-Ting Construction Corporation        | A subsidiary before May 6, 2020                                 |
| Zung-Fu Co., Ltd.                        | A substantive related party (A subsidiary before June 30, 2020) |
| OFCO Industrial Corporation              | A substantive related party                                     |

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**TAIWAN STYRENE MONOMER CORPORATION**  
**Notes to the Parent Company Only Financial Statements**

(b) Significant transactions with related parties

(i) Receivables from related parties

The amounts of receivables from related parties were as follows:

| <b>Accounts</b>   | <b>Types of related parties</b> | <b>December 31, 2021</b> | <b>December 31, 2020</b> |
|-------------------|---------------------------------|--------------------------|--------------------------|
| Other receivables | Asia Carbons & Technology Inc.  | <u>\$ 1,560</u>          | <u>840</u>               |

(ii) Rental income

|                       | <b>2021</b>  | <b>2020</b> |
|-----------------------|--------------|-------------|
| Other subsidiaries    | \$ 48        | 60          |
| Other related parties | -            | 6           |
|                       | <u>\$ 48</u> | <u>66</u>   |

(iii) Operating expense

The Company purchased the souvenirs for the shareholders from a related party. The amounts of expenses were as follows:

|                                    | <b>2021</b>     | <b>2020</b> |
|------------------------------------|-----------------|-------------|
| Yangmingshan Tien Lai Resort & SPA | <u>\$ 5,636</u> | <u>-</u>    |

(iv) Property transactions

1) Acquisition of Financial assets

The acquisition of financial assets from related parties are summarized as follows:

| <b>Related parties</b>            | <b>Account</b>                                                            | <b>2021</b>             |                  | <b>2020</b>             |                    |
|-----------------------------------|---------------------------------------------------------------------------|-------------------------|------------------|-------------------------|--------------------|
|                                   |                                                                           | <b>Number of shares</b> | <b>Investees</b> | <b>Number of shares</b> | <b>Investees</b>   |
| Zung-Fu Co., Ltd.                 | Current financial assets at fair value through other comprehensive income | -                       | \$ -             | 591,945                 | Deng Yun Co., Ltd. |
| Zung-Fa Co., Ltd.                 | Current financial assets at fair value through other comprehensive income | -                       | -                | 760,000                 | Lidien Inc.        |
| Zung-Fu Co., Ltd.                 | Current financial assets at fair value through other comprehensive income | -                       | -                | 589,000                 | YuChie Inc.        |
| Lei-Ting Construction Corporation | Investment accounted for using equity method                              | -                       | -                | 2,461,351               | Zung-Fu Co., Ltd.  |
|                                   |                                                                           |                         | <u>\$ -</u>      |                         | <u>42,605</u>      |

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**TAIWAN STYRENE MONOMER CORPORATION**  
**Notes to the Parent Company Only Financial Statements**

2) Disposals of financial assets

The disposals of financial assets to related parties are summarized as follows:

| Relationship                    | Account | 2021             |           |                |                         | 2020             |                |                |                         |
|---------------------------------|---------|------------------|-----------|----------------|-------------------------|------------------|----------------|----------------|-------------------------|
|                                 |         | Number of shares | Investees | Disposal price | Gain (loss) on disposal | Number of shares | Investees      | Disposal price | Gain (loss) on disposal |
| Wonderland Enterprise Co., Ltd. |         | -                |           | \$ -           | -                       | 24,750,607       | Zung-Fu., Ltd. | 150,000        | 65,862                  |

(c) Key management personnel compensation

|                              | 2021             | 2020          |
|------------------------------|------------------|---------------|
| Short-term employee benefits | \$ 21,830        | 21,875        |
| Post-employment benefits     | 505              | 492           |
|                              | <b>\$ 22,335</b> | <b>22,367</b> |

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

**(8) Pledged assets: None**

**(9) Commitments and contingencies:**

(a) Letter of credit issued but not expired

|                                                              | December 31, 2021           | December 31, 2020                                 |
|--------------------------------------------------------------|-----------------------------|---------------------------------------------------|
| Letter of credit outstanding for the import of raw materials | \$ 1,168,086                | 867,570                                           |
|                                                              | (including USD256 thousand) | (including USD161 thousand and EUR1,570 thousand) |

**(10) Losses due to major disasters: None.**

**(11) Subsequent events: None.**

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**TAIWAN STYRENE MONOMER CORPORATION**  
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**(12) Other:**

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

| By Function<br>By item     | 2021           |                   |         | 2020           |                   |         |
|----------------------------|----------------|-------------------|---------|----------------|-------------------|---------|
|                            | Operating cost | Operating expense | Total   | Operating cost | Operating expense | Total   |
| Employee benefits          |                |                   |         |                |                   |         |
| Salary                     | \$ 157,511     | 54,799            | 212,310 | 172,394        | 48,887            | 221,281 |
| Labor and health insurance | 14,164         | 3,978             | 18,142  | 13,459         | 3,701             | 17,160  |
| Pension                    | 7,554          | 2,281             | 9,835   | 7,955          | 2,110             | 10,065  |
| Remuneration of directors  | -              | 3,883             | 3,883   | -              | 11,254            | 11,254  |
| Others                     | 7,503          | 13,272            | 20,775  | 7,489          | 9,891             | 17,380  |
| Depreciation               | 219,678        | 2,784             | 222,462 | 213,474        | 2,873             | 216,347 |
| Amortization               | 2,553          | -                 | 2,553   | 2,528          | -                 | 2,528   |

The information about employees and salary of the Company for the years ended December 31, 2021 and 2020 are as below:

|                             | 2021            | 2020            |
|-----------------------------|-----------------|-----------------|
| Employees                   | <u>201</u>      | <u>202</u>      |
| Non-employee directors      | <u>11</u>       | <u>11</u>       |
| Average employee benefits   | <u>\$ 1,374</u> | <u>1,392</u>    |
| Average salary              | <u>\$ 1,117</u> | <u>1,159</u>    |
| Average salary adjustment   | <u>(3.62)%</u>  | <u>(15.77)%</u> |
| Remuneration of supervisors | <u>\$ -</u>     | <u>-</u>        |

Information regarding the Company's remuneration policy (including directors, managers, employees) is shown below:

An Audit Committee which is composed of all independent directors is set up according to Security and Exchange Act and replaces the functions of supervisors.

Remuneration policies for Directors and Managers are described as follows:

(i) The policies, standards and portfolio of remunerating Directors, process of formulating the remuneration, and the connection between operating performance and future risks:

1) Remuneration policies, standards and portfolio

Director's (including independent director) remuneration and compensation are handled according to the Articles of Incorporation and "Director's transportation expense/ attendance fee/ remuneration standards" approved by the Board of Directors.

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**TAIWAN STYRENE MONOMER CORPORATION**  
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- a) Directors compensation: Depending on their level of participating in the Company's operation and the value of contribution, compensation is determined based on the general payment level in the same industry and should take into account if the Board members attend Board meetings in person, hold a position in Remuneration Committee, Audit Committee or other functional committees, and the degree of risks they take.
- b) Remuneration for Directors: When the Company profits, remunerates is paid based on rate stated in the Article of Incorporation.
- 2) Process of formulating the remuneration
  - a) As required by the Article of Incorporation, the remuneration should not exceed 2.5% of the Company's profit. If the Company still has accumulated deficit, the profit should be reserved to offset the deficit.
  - b) Fixed compensation for directors is handled according to "Director's transportation expense/ attendance fee/ remuneration standards".
- 3) The connection between operating performance and future risks

According to the Article of Incorporation, Directors' compensation is determined based on the level of profit of the Company and depend on the value of contribution to the Company's operation, which can be evaluated by "performance review policy of the Board of Directors".
- (ii) The policies, standards and portfolio of remunerating managers and employees, process of formulating the remuneration, and the connection between operating performance and future risks:
  - 1) Remuneration policies, standards and portfolio

Salary is formed by monthly wage, year-end bonus, and employee remuneration. The amount of year-end bonus and employee remuneration depend on their contribution to the Company's operation and their performance evaluation. Managers' year-end bonus is proposed by Remuneration Committee and approved by the Board of Directors.
  - 2) Process of formulating the remuneration
    - a) As required by the Article of Incorporation, the remuneration should appropriate 1% to 5% of the Company's profit. If the Company still has accumulated deficit, the profit should be reserved to offset the deficit.
    - b) The amount of year-end bonus is based on yearly operational performance.
  - 3) The connection between operating performance and future risks

According to the Article of Incorporation, remuneration is based on the profit of the Company. The Company's Remuneration Committee evaluates the rationality of managers remuneration on a regular basis, and will report to the Board of Directors

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# TAIWAN STYRENE MONOMER CORPORATION

## 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 Company for the year ended December 31, 2021:

(i) Lending to other parties: None.

(ii) Guarantees and endorsements for other parties: None.

(iii) Information regarding securities held at the reporting day (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

| Name of holder | Category and name of security                    | Relationship with the security issuer | Account                                                       | Ending balance |                |                             |            | Note |
|----------------|--------------------------------------------------|---------------------------------------|---------------------------------------------------------------|----------------|----------------|-----------------------------|------------|------|
|                |                                                  |                                       |                                                               | Shares         | Carrying value | Percentage of ownership (%) | Fair value |      |
| The Company    | Test Research Inc.                               | -                                     | Current financial assets at fair value through profit or loss | 500,000        | 29,250         | 0.21%                       | 29,250     |      |
| The Company    | Gloria Material Technology Corp.                 | -                                     | Current financial assets at fair value through profit or loss | 390,000        | 8,561          | 0.09%                       | 8,561      |      |
| The Company    | Solar Applied Materials Technology Corp.         | -                                     | Current financial assets at fair value through profit or loss | 2,842,000      | 145,226        | 0.48%                       | 145,226    |      |
| The Company    | Universal Venture Capital Investment Corporation | -                                     | Non-current investment in equity instrument at FVOCI          | 8,400,000      | 58,812         | 6.98%                       | 58,812     |      |
| The Company    | Euroc Venture Capital Corp.                      | -                                     | Non-current investment in equity instrument at FVOCI          | 19,000         | 221            | 2.38%                       | 221        |      |
| The Company    | Euroc III Venture Capital Corp.                  | -                                     | Non-current investment in equity instrument at FVOCI          | 15,000         | 1,037          | 5.00%                       | 1,037      |      |
| The Company    | Global Investment Holding Co., Ltd               | -                                     | Non-current investment in equity instrument at FVOCI          | 10,233,608     | 99,303         | 5.82%                       | 99,303     |      |
| The Company    | Faith Alliance Corporation                       | -                                     | Non-current investment in equity instrument at FVOCI          | 25,720         | 81             | 0.06%                       | 81         |      |
| The Company    | Multilayer P. C. B.& Assembly Manufacturer       | -                                     | Non-current investment in equity instrument at FVOCI          | 912            | 9              | 0.01%                       | 9          |      |
| The Company    | Leadwell Cnc Machines Mfg., Corp.                | -                                     | Non-current investment in equity instrument at FVOCI          | 37,352         | 1,026          | 0.06%                       | 1,026      |      |
| The Company    | Crownpo Technology Inc.                          | -                                     | Non-current investment in equity instrument at FVOCI          | 709            | 15             | 0.01%                       | 15         |      |
| The Company    | Infomedia Inc.                                   | -                                     | Non-current investment in equity instrument at FVOCI          | 200,000        | 1,209          | 0.11%                       | 1,209      |      |
| The Company    | Vxis Technology Corp.                            | -                                     | Non-current investment in equity instrument at FVOCI          | 72,480         | 1,144          | 0.61%                       | 1,144      |      |
| The Company    | Asia Global Venture Capital II Co., Ltd          | -                                     | Non-current investment in equity instrument at FVOCI          | 531,300        | 24,413         | 10.00%                      | 24,413     |      |
| 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     | 234,184        | 19.09%                      | 234,184    |      |
| The Company    | Yu-Jie Investment Co., Ltd.                      | -                                     | Non-current investment in equity instrument at FVOCI          | 21,320,000     | 276,321        | 19.38%                      | 276,321    |      |
| The Company    | Deng Yun Co., Ltd.                               | -                                     | Non-current investment in equity instrument at FVOCI          | 591,945        | 43,640         | 3.09%                       | 43,640     |      |
| The Company    | Lidien Inc.                                      | -                                     | Non-current investment in equity instrument at FVOCI          | 760,000        | 13,994         | 19.00%                      | 13,994     |      |
| The Company    | Yu-Chie Inc.                                     | -                                     | Non-current investment in equity instrument at FVOCI          | 38,000         | 1,593          | 19.00%                      | 1,593      |      |
| The Company    | GVISION-USA, INC.                                | -                                     | Non-current investment in equity instrument at FVOCI          | 666,667        | 24,426         | 19.05%                      | 24,426     |      |
| YSIC Ltd.      | M31 Technology Corporation                       | -                                     | Current financial assets at fair value through profit or loss | 10,000         | 3,975          | 0.03%                       | 3,975      |      |
| YSIC Ltd.      | Actron Technology Corp.                          | -                                     | Current financial assets at fair value through profit or loss | 10,000         | 2,440          | 0.01%                       | 2,440      |      |

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION

## Notes to Consolidated Financial Statements

| Name of holder                           | Category and name of security                    | Relationship with the security issuer | Account                                                           | Ending balance |                |                             |            | Note |
|------------------------------------------|--------------------------------------------------|---------------------------------------|-------------------------------------------------------------------|----------------|----------------|-----------------------------|------------|------|
|                                          |                                                  |                                       |                                                                   | Shares         | Carrying value | Percentage of ownership (%) | Fair value |      |
| YSIC Ltd.                                | Micro-Star International Co., Ltd.               | -                                     | Current financial assets at fair value through profit or loss     | 20,000         | 3,210          | - %                         | 3,210      |      |
| YSIC Ltd.                                | Phison Electronics Corp.                         | -                                     | Current financial assets at fair value through profit or loss     | 20,000         | 10,240         | 0.01%                       | 10,240     |      |
| YSIC Ltd.                                | Novatek Microelectronics Corp.                   | -                                     | Current financial assets at fair value through profit or loss     | 10,000         | 5,390          | - %                         | 5,390      |      |
| YSIC Ltd.                                | Oneness Biotech Co., Ltd.                        | -                                     | Current financial assets at fair value through profit or loss     | 40,000         | 11,500         | 0.01%                       | 11,500     |      |
| YSIC Ltd.                                | Flexium Interconnect Inc.                        | -                                     | Current financial assets at fair value through profit or loss     | 50,000         | 5,225          | 0.01%                       | 5,225      |      |
| YSIC Ltd.                                | Eris Technology Corp.                            | -                                     | Current financial assets at fair value through profit or loss     | 15,000         | 4,327          | 0.03%                       | 4,327      |      |
| YSIC Ltd.                                | Panion & BF Biotech Inc.                         | -                                     | Current financial assets at fair value through profit or loss     | 30,000         | 2,256          | 0.03%                       | 2,256      |      |
| YSIC Ltd.                                | OBI Pharma, Inc.                                 | -                                     | Current financial assets at fair value through profit or loss     | 80,000         | 9,120          | 0.04%                       | 9,120      |      |
| YSIC Ltd.                                | Brilliant Network & Automation Integrated Syst   | -                                     | Current financial assets at fair value through profit or loss     | 15,000         | 3,007          | 0.04%                       | 3,007      |      |
| YSIC Ltd.                                | AlgolTek, Inc.                                   | -                                     | Current financial assets at fair value through profit or loss     | 15,000         | 2,497          | 0.06%                       | 2,497      |      |
| YSIC Ltd.                                | Alltop Technology Co.,Ltd.                       | -                                     | Current financial assets at fair value through profit or loss     | 10,000         | 1,845          | 0.02%                       | 1,845      |      |
| YSIC Ltd.                                | WinWay Technology Co.,Ltd.                       | -                                     | Current financial assets at fair value through profit or loss     | 5,000          | 2,168          | 0.01%                       | 2,168      |      |
| YSIC Ltd.                                | AURAS Technology Co.,Ltd.                        | -                                     | Current financial assets at fair value through profit or loss     | 20,000         | 4,040          | 0.02%                       | 4,040      |      |
| YSIC Ltd.                                | Pharma Essentia Corp.                            | -                                     | Current financial assets at fair value through profit or loss     | 1,000          | 293            | - %                         | 293        |      |
| YSIC Ltd.                                | Shin Kong Environmental Sustainability Bond Fund | -                                     | Current financial assets at fair value through profit or loss     | 3,200,000      | 50,036         | - %                         | 50,036     |      |
| YSIC Ltd.                                | Fubon Asset Management Co.,Ltd.                  | -                                     | Current financial assets at fair value through profit or loss     | 100,000        | 1,541          | - %                         | 1,541      |      |
| YSIC Ltd.                                | Cjw International Co., Ltd.                      | -                                     | Non-current financial assets at fair value through profit or loss | 676,413        | 5,756          | 0.65%                       | 5,756      |      |
| YSIC Ltd.                                | Cyca nternational Co., Ltd.                      | -                                     | Non-current financial assets at fair value through profit or loss | 101,677        | -              | - %                         | -          |      |
| YSIC Ltd.                                | Mcm Stamping Co., Ltd.                           | -                                     | Non-current investment in equity instrument at FVOCI              | 200,000        | 426            | 0.63%                       | 426        |      |
| YSIC Ltd.                                | Vxis Technology Corp.                            | -                                     | Non-current investment in equity instrument at FVOCI              | 72,480         | 1,144          | 0.61%                       | 1,144      |      |
| YSIC Ltd.                                | Infomedia Inc.                                   | -                                     | Non-current investment in equity instrument at FVOCI              | 650,000        | 3,929          | 0.35%                       | 3,929      |      |
| YSIC Ltd.                                | Yuan-Jie Investment Co., Ltd                     | -                                     | Non-current investment in equity instrument at FVOCI              | 100,000        | 1,115          | 0.09%                       | 1,115      |      |
| YSIC Ltd.                                | Yu-Jie Investment Co., Ltd.                      | -                                     | Non-current investment in equity instrument at FVOCI              | 103,000        | 1,335          | 0.09%                       | 1,335      |      |
| YSIC Ltd.                                | Deng Yun Co., Ltd.                               | -                                     | Non-current investment in equity instrument at FVOCI              | 3,082,453      | 227,246        | 16.10%                      | 227,246    |      |
| Yuan-Shin Materials Technology Co., Ltd. | Yuanta Financial Holding Co., Ltd.               | -                                     | Current financial assets at fair value through profit or loss     | 300,000        | 7,590          | - %                         | 7,590      |      |
| Yuan-Shin Materials Technology Co., Ltd. | Weikeng Industrial Co., Ltd.                     | -                                     | Current financial assets at fair value through profit or loss     | 30,000         | 959            | 0.01%                       | 959        |      |
| Yuan-Shin Materials Technology Co., Ltd. | Wah Lee Industrial Co., Ltd.                     | -                                     | Current financial assets at fair value through profit or loss     | 14,000         | 1,498          | - %                         | 1,498      |      |
| Yuan-Shin Materials Technology Co., Ltd. | China General Plastics Co., Ltd.                 | -                                     | Current financial assets at fair value through profit or loss     | 50,000         | 1,735          | 0.01%                       | 1,735      |      |

(Continued)

# TAIWAN STYRENE MONOMER CORPORATION

## Notes to Consolidated Financial Statements

- (iv) Information regarding purchase or sale of securities for the period exceeding NTD300 million or 20% of the Company's paid-in capital: None
- (v) Information on acquisition of real estate with purchase amount exceeding NTD300 million or 20% of the Company's paid-in capital: None
- (vi) Information regarding receivables from disposal of real estate exceeding NTD300 million or 20% of the Company's paid-in capital: None
- (vii) Information regarding related-parties purchases and/or sales exceeding NTD100 million or 20% of the Company's paid-in capital: None
- (viii) Information regarding receivables from related-parties exceeding NTD100 million or 20% of the Company's paid-in capital: None
- (ix) Information regarding trading in derivative financial instruments: None

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2021 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

| Name of investor | Name of investee                                 | Location               | Main businesses and products                                              | Original investment amount |                   | Balance as of December 31, 2021 |                         |                | Net income (losses) of investee | Share of profits/losses of investee | Note       |
|------------------|--------------------------------------------------|------------------------|---------------------------------------------------------------------------|----------------------------|-------------------|---------------------------------|-------------------------|----------------|---------------------------------|-------------------------------------|------------|
|                  |                                                  |                        |                                                                           | December 31, 2021          | December 31, 2020 | Shares                          | Percentage of ownership | Carrying value |                                 |                                     |            |
| The Company      | Grand Cathay Venture Capital Co., Ltd.           | Taiwan                 | Investment business                                                       | 400,000                    | 400,000           | 40,000,000                      | 25.00%                  | 467,450        | 181,735                         | 45,434                              |            |
| The Company      | Wonderland Enterprise Co., Ltd.                  | Taiwan                 | General investment business                                               | 325,230                    | 325,230           | 29,629,597                      | 37.04%                  | 835,959        | (6,697)                         | (2,480)                             |            |
| The Company      | Gvision-USA, Inc.                                | USA                    | Sale and distribution of liquid crystal displays                          | -                          | 56,266            | -                               | -                       | -              | (3,646)                         | (1,621)                             |            |
| The Company      | Functional Coating System Technologies Co., Ltd. | Taiwan                 | OEM of Semiconductor and components conformal coating                     | 28,500                     | 28,500            | 1,744,186                       | 34.88%                  | 26,069         | (934)                           | (326)                               |            |
| The Company      | Universal Investments Limited                    | British Cayman Islands | Real estate investment business                                           | 17,273                     | -                 | 80                              | 40.00%                  | 17,038         | (910)                           | (526)                               |            |
| The Company      | YSIC Ltd.                                        | Taiwan                 | Residential building and industrial plant development rental business     | 1,638,169                  | 1,638,169         | 72,446,838                      | 99.99%                  | 865,025        | 5,127                           | 5,127                               | 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%                 | 57,376         | 15,057                          | 15,057                              | Subsidiary |
| The Company      | Yangmingshan Tien Lai Resort & SPA               | Taiwan                 | General hotel industry                                                    | 630,555                    | 630,555           | 25,865,618                      | 65.07%                  | 690,914        | (6,233)                         | (6,369)                             | Subsidiary |
| The Company      | Asia Carbon & Technology Inc.                    | Taiwan                 | Electronic component manufacturing                                        | 291,064                    | 291,064           | 9,866,389                       | 98.58%                  | 620            | (888)                           | (875)                               | Subsidiary |
| YSIC Ltd.        | Kun Shan International Ltd.                      | Seychelles             | General investment business                                               | 122,572                    | 122,572           | 3,702,718                       | 62.03%                  | 139,250        | 6,174                           | 3,830                               | Subsidiary |
| YSIC Ltd.        | Grand Capital Co., Ltd.                          | Seychelles             | General investment business                                               | 90,182                     | 90,182            | 2,698,002                       | 100.00%                 | 229,162        | (128)                           | (128)                               | Subsidiary |
| YSIC Ltd.        | Yangmingshan Tien Lai Resort & SPA               | Taiwan                 | General hotel industry                                                    | 110,836                    | 110,836           | 4,807,774                       | 12.10%                  | 118,089        | (6,233)                         | (1,113)                             | Subsidiary |
| YSIC Ltd.        | Globaltop Technology Inc.                        | Taiwan                 | Aluminum Nitride Powder                                                   | 162,643                    | 162,643           | 5,255,553                       | 23.89%                  | 49,332         | (18,927)                        | (5,960)                             |            |
| YSIC Ltd.        | Tien Lai Co., Ltd.                               | Taiwan                 | Pipe Lines Construction                                                   | 5,000                      | 5,000             | 500,000                         | 50.00%                  | 1,440          | (549)                           | (274)                               | Subsidiary |

(c) Information on investment in mainland China:

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

(In Thousands of New Taiwan Dollars)

| Name of investee                                         | Main businesses and products                                                                     | Total amount of paid-in capital | Method of investment (Note 1) | Accumulated outflow of investment from Taiwan as of January 1, 2021 | Investment flows |        | Accumulated outflow of investment from Taiwan as of December 31, 2021 | Net income (losses) of the investee | Percentage of ownership | Investment income (losses) | Book value | Accumulated remittance of earnings in current period |
|----------------------------------------------------------|--------------------------------------------------------------------------------------------------|---------------------------------|-------------------------------|---------------------------------------------------------------------|------------------|--------|-----------------------------------------------------------------------|-------------------------------------|-------------------------|----------------------------|------------|------------------------------------------------------|
|                                                          |                                                                                                  |                                 |                               |                                                                     | Outflow          | Inflow |                                                                       |                                     |                         |                            |            |                                                      |
| Kun Shan Yu-Fu Technology Education Consuting Co., Ltd.  | Educational consulting, information operation consulting, software and data storage consultation | 96,006 (USD 3,468)              | (2)                           | 101,032 (USD 3,650)                                                 | -                | -      | 101,032 (USD 3,650)                                                   | 6,407 (USD 229)                     | 62.03%                  | 3,974                      | 97,976     | -                                                    |
| Kun Shan Jia-An Technology Education Consuting Co., Ltd. | Educational consulting, information operation consulting, software and data storage consultation | 67,306 (USD 2,432)              | (2)                           | (Note 4)                                                            | -                | -      | -                                                                     | (96) (-USD3)                        | 62.03%                  | (60)                       | 40,165     | -                                                    |

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= NTD27.68, USD1=NTD27.9856).

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Note4: Kun Shan Yu-Fu Technology Education Consulting Co., Ltd. had been spinned-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 December 31, 2021 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment (Note) |
|------------------------------------------------------------------|--------------------------------------------------------------|----------------------------------|
| 101,032<br>(USD 3,650)                                           | 101,032<br>(USD 3,650)                                       | 519,086                          |

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%      |

**(14) Segment information:**

The Company has provided the operating segments disclosure in the consolidated financial statements.