

Eternal Materials Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2021 and 2020 and
Independent Auditors' Review Report
(Stock Code:1717)**

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have 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 difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT

Eternal Materials Co., Ltd.

Opinion

We have reviewed the accompanying consolidated balance sheets of Eternal Materials Co., Ltd. (the "Company") and its subsidiaries as of September 30, 2021 and 2020, the consolidated statements of comprehensive income for the three months and nine months ended September 30, 2021 and 2020, and the changes in equity and cash flows for the nine months then ended September 30, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 13 to the consolidated financial statements, total assets of some non-significant subsidiaries included in the consolidated statements were NT\$25,158,533 thousand and NT\$21,876,941 thousand, constituting 42% and 41% of the consolidated total assets, respectively; total liabilities were NT\$9,350,971 thousand and NT\$8,195,982 thousand, constituting 26% of the consolidated total liabilities as of September 30, 2021 and 2020; total comprehensive income profit or loss of these consolidated subsidiaries for the three months and nine months ended September 30, 2021 and 2020 were at a profit of NT\$70,125 thousand, loss of NT\$603,259 thousand, profit of NT\$375,161 thousand, and loss of NT\$673,134 thousand, respectively, constituting 9%, 41%, 16% and 41% of the consolidated total comprehensive income, respectively. The amounts and information disclosed in Notes 37 to the consolidated financial statements were based solely on the reports prepared and disclosed by these subsidiaries, which were not reviewed by independent accountants for the same reporting periods. In addition, as disclosed in Note 14 to the consolidated financial statements, the total carrying amounts of investments accounted for using the equity method were NT\$2,415,349 thousand and NT\$2,179,284 thousand as of September 30, 2021 and 2020, respectively; the share of the profit of associates and joint ventures accounted for using the equity method were NT\$108,506 thousand, NT\$97,530 thousand, NT\$335,134 thousand and NT\$212,558 thousand for the three months and nine months ended September 30, 2021 and 2020, respectively; the Share of the other comprehensive loss of associates and joint ventures were NT\$4,842 thousand, profit of NT\$16,958 thousand, loss of NT\$29,129 thousand and loss of NT\$17,080 thousand for the three months and nine months ended September 30, 2021 and 2020, respectively. The amounts and information disclosed in Notes 37 to the consolidated financial statements were based solely on the reports recognized and disclosed by investees, which were not reviewed by independent accountants for the same reporting periods.

Qualified Conclusion

Base on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and other equity-method investees as described in the preceding paragraph been reviewed by independent accountants, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the financial position of the Company and its subsidiaries as of September 30, 2021 and 2020, and of its consolidated financial performance for the three months and nine months ended September 30, 2021 and 2020, and its consolidated cash flows for the nine months ended September 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and international Accounting Standard 34“Interim Financial Reporting”endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Chao-Chun Wang and Lee-Yuan Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 5, 2021

Notice to Readers

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

For the convenience of readers, the independent auditors’ review report and the accompanying consolidated financial statements have 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 difference in the interpretation of the two versions, the Chinese-language independent auditors’ review report and consolidated financial statements shall prevail.

Eternal Materials Co., Ltd. and Subsidiaries

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2021 (Reviewed)		December 31, 2020 (Audited)		September 30, 2020 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 5,544,753	9	\$ 6,108,294	11	\$ 5,284,794	10
Financial assets at fair value through profit or loss-current (Note 7)	77,578	-	-	-	1,541,253	3
Notes receivable, net (Notes 8 and 33)	6,164,667	10	5,138,238	9	4,054,046	8
Notes receivable from related parties, net (Notes 8 and 32)	62,884	-	44,739	-	33,576	-
Accounts receivable, net (Note 8)	13,027,984	22	12,121,573	22	10,538,169	20
Accounts receivable from related parties, net (Notes 8 and 32)	238,380	-	218,637	-	177,111	-
Other receivables (Notes 8 and 32)	740,871	1	791,068	2	800,326	2
Inventories (Note 9)	10,051,880	17	7,492,620	13	7,157,258	13
Other financial assets - current (Note 11)	62,855	-	61,860	-	66,950	-
Other current assets - others	932,313	2	644,919	1	554,885	1
Total current assets	<u>36,904,165</u>	<u>61</u>	<u>32,621,948</u>	<u>58</u>	<u>30,208,368</u>	<u>57</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	13,314	-	21,301	-	26,509	-
Financial assets at fair value through other comprehensive income - non-current (Note 12)	1,032,660	2	1,016,306	2	928,082	2
Investments accounted for using the equity method (Note 14)	2,439,182	4	2,306,731	4	2,224,655	4
Property, plant and equipment (Notes 15 and 33)	16,167,497	27	16,623,050	30	16,522,567	31
Right-of-use assets (Note 16)	1,113,526	2	1,195,535	2	1,119,808	2
Investment properties (Note 17)	1,311,636	2	1,356,821	2	1,273,498	2
Intangible assets (Note 18)	267,515	-	282,235	-	433,253	1
Deferred tax assets	392,563	1	397,389	1	385,968	1
Other non-current assets - others (Notes 19 and 33)	570,871	1	367,309	1	302,014	-
Total non-current assets	<u>23,308,764</u>	<u>39</u>	<u>23,566,677</u>	<u>42</u>	<u>23,216,354</u>	<u>43</u>
TOTAL	<u>\$ 60,212,929</u>	<u>100</u>	<u>\$ 56,188,625</u>	<u>100</u>	<u>\$ 53,424,722</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 20 and 33)	\$ 7,239,064	12	\$ 4,403,929	8	\$ 4,127,572	8
Notes payable	800,165	1	534,320	1	527,988	1
Accounts payable (Note 32)	6,382,060	11	5,598,389	10	4,058,517	8
Other payables - others	2,096,175	4	2,053,754	4	1,826,187	3
Current tax liabilities	457,970	1	442,184	1	297,332	1
Liabilities directly associated with non-current assets held for sale (Note 10)	-	-	-	-	32,963	-
Lease liabilities - current (Note 16)	76,034	-	81,002	-	55,125	-
Current portion of long-term borrowings (Notes 20 and 33)	3,223,745	5	2,211,266	4	2,204,211	4
Other current liabilities - others (Note 23)	170,237	-	188,277	-	239,454	-
Total current liabilities	<u>20,445,450</u>	<u>34</u>	<u>15,513,121</u>	<u>28</u>	<u>13,369,349</u>	<u>25</u>
NON-CURRENT LIABILITIES						
Bonds payable (Note 20)	5,491,122	9	2,995,374	5	2,995,076	6
Long-term borrowings (Notes 20 and 33)	6,700,545	11	10,190,026	18	11,084,758	21
Deferred tax liabilities	2,554,761	4	2,641,898	5	2,682,358	5
Lease liabilities - non-current (Note 16)	212,967	1	262,898	1	221,801	-
Other non-current liabilities (Note 14)	1,168,090	2	1,347,006	2	1,296,537	2
Total non-current liabilities	<u>16,127,485</u>	<u>27</u>	<u>17,437,202</u>	<u>31</u>	<u>18,280,530</u>	<u>34</u>
Total liabilities	<u>36,572,935</u>	<u>61</u>	<u>32,950,323</u>	<u>59</u>	<u>31,649,879</u>	<u>59</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)						
Ordinary shares	12,402,795	20	12,402,795	22	12,402,795	23
Capital surplus	368,946	1	368,946	1	368,888	1
Retained earnings						
Legal reserve	4,437,120	8	4,188,871	7	4,188,871	8
Special reserve	781,875	1	1,442,690	3	1,442,690	3
Unappropriated earnings	6,718,216	11	5,213,715	9	4,492,554	8
Total retained earnings	11,937,211	20	10,845,276	19	10,124,115	19
Other equity	(1,439,713)	(2)	(782,520)	(1)	(1,539,573)	(3)
Total equity attributable to owners of the Company	<u>23,269,239</u>	<u>39</u>	<u>22,834,497</u>	<u>41</u>	<u>21,356,225</u>	<u>40</u>
NON-CONTROLLING INTERESTS (Note 22)	<u>370,755</u>	<u>-</u>	<u>403,805</u>	<u>-</u>	<u>418,618</u>	<u>1</u>
Total equity	<u>23,639,994</u>	<u>39</u>	<u>23,238,302</u>	<u>41</u>	<u>21,774,843</u>	<u>41</u>
TOTAL	<u>\$ 60,212,929</u>	<u>100</u>	<u>\$ 56,188,625</u>	<u>100</u>	<u>\$ 53,424,722</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' review report dated November 5, 2021)

Eternal Materials Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 23 and 32)	\$13,010,194	100	\$ 9,888,564	100	\$37,423,668	100	\$26,474,211	100
OPERATING COSTS (Notes 9, 24 and 32)	<u>10,324,806</u>	<u>79</u>	<u>7,498,382</u>	<u>76</u>	<u>29,279,907</u>	<u>78</u>	<u>20,333,458</u>	<u>77</u>
GROSS PROFIT	<u>2,685,388</u>	<u>21</u>	<u>2,390,182</u>	<u>24</u>	<u>8,143,761</u>	<u>22</u>	<u>6,140,753</u>	<u>23</u>
OPERATING EXPENSES (Notes 8, 24 and 32)								
Selling and marketing expenses	729,219	6	562,563	6	2,150,251	6	1,533,056	6
General and administrative expenses	512,934	4	486,710	5	1,568,732	4	1,448,028	5
Research and development expenses	395,020	3	354,648	3	1,089,480	3	989,487	4
Expected credit loss (gain)	<u>2,626</u>	<u>-</u>	<u>21,166</u>	<u>-</u>	<u>(4,847)</u>	<u>-</u>	<u>105,911</u>	<u>-</u>
Total operating expenses	<u>1,639,799</u>	<u>13</u>	<u>1,425,087</u>	<u>14</u>	<u>4,803,616</u>	<u>13</u>	<u>4,076,482</u>	<u>15</u>
PROFIT FROM OPERATIONS	<u>1,045,589</u>	<u>8</u>	<u>965,095</u>	<u>10</u>	<u>3,340,145</u>	<u>9</u>	<u>2,064,271</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income (Note 24)	25,825	-	30,113	-	76,078	-	83,671	-
Other income (Notes 24 and 32)	106,596	1	92,147	1	217,388	1	169,465	-
Other gains and losses (Note 24)	56,865	1	13,829	-	(9,706)	-	(60,171)	-
Net foreign exchange gains and losses (Note 36)	(13,970)	-	(9,872)	-	(74,385)	-	(22,139)	-
Finance costs (Note 24)	(76,182)	(1)	(89,460)	(1)	(219,602)	(1)	(295,468)	(1)
Share of the profit of associates and joint ventures (Note 14)	<u>108,506</u>	<u>1</u>	<u>97,530</u>	<u>1</u>	<u>335,134</u>	<u>1</u>	<u>212,558</u>	<u>1</u>
Total non-operating income and expenses	<u>207,640</u>	<u>2</u>	<u>134,287</u>	<u>1</u>	<u>324,907</u>	<u>1</u>	<u>87,916</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	1,253,229	10	1,099,382	11	3,665,052	10	2,152,187	8
INCOME TAX EXPENSE (Notes 4 and 25)	<u>(267,374)</u>	<u>(2)</u>	<u>(210,875)</u>	<u>(2)</u>	<u>(786,679)</u>	<u>(2)</u>	<u>(421,945)</u>	<u>(1)</u>
NET PROFIT FOR THE PERIOD	<u>985,855</u>	<u>8</u>	<u>888,507</u>	<u>9</u>	<u>2,878,373</u>	<u>8</u>	<u>1,730,242</u>	<u>7</u>

(Continued)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 22 and 25)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	(\$ 129,998)	(1)	\$ 101,159	1	\$ 103,671	-	\$ 189,949	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	12,135	-	2,137	-	28,992	-	(30,416)	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statement of foreign operations	(76,218)	(1)	464,372	5	(697,991)	(2)	(248,928)	(1)
Share of the other comprehensive income (loss) of associates and joint ventures	(4,842)	-	16,958	-	(29,129)	-	(17,080)	-
Other comprehensive income (loss) for the period, net of income tax	(198,923)	(2)	584,626	6	(594,457)	(2)	(106,475)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 786,932</u>	<u>6</u>	<u>\$ 1,473,133</u>	<u>15</u>	<u>\$ 2,283,916</u>	<u>6</u>	<u>\$ 1,623,767</u>	<u>6</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 981,184		\$ 896,235		\$ 2,879,931		\$ 1,758,116	
Non-controlling interests	4,671		(7,728)		(1,558)		(27,874)	
	<u>\$ 985,855</u>		<u>\$ 888,507</u>		<u>\$ 2,878,373</u>		<u>\$ 1,730,242</u>	
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 780,614		\$ 1,475,727		\$ 2,298,367		\$ 1,661,232	
Non-controlling interests	6,318		(2,594)		(14,451)		(37,465)	
	<u>\$ 786,932</u>		<u>\$ 1,473,133</u>		<u>\$ 2,283,916</u>		<u>\$ 1,623,767</u>	
EARNINGS PER SHARE (Note 26)								
Basic	\$ 0.79		\$ 0.72		\$ 2.32		\$ 1.42	
Diluted	0.79		0.72		2.31		1.41	

(Concluded)

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' review report dated November 5, 2021)

Eternal Materials Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars, Except Dividends Per Share) (Reviewed, Not Audited)

	Equity Attributable to Owners of the Company						Other Equity		Total	Non-controlling Interests	Total Equity
	Ordinary Shares	Capital Surplus	Retained Earnings			Exchange Differences on Translation of The Financial Statements of Foreign Operations	Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity			
			Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2021	\$12,402,795	\$ 368,946	\$ 4,188,871	\$ 1,442,690	\$ 5,213,715	(\$ 1,320,826)	\$ 538,306	(\$ 782,520)	\$22,834,497	\$ 403,805	\$23,238,302
Appropriation of 2020 earnings(Note 22)											
Legal reserve	-	-	248,249	-	(248,249)	-	-	-	-	-	-
Cash dividends distributed by the Company—NT\$1.5 per share	-	-	-	-	(1,860,419)	-	-	-	(1,860,419)	-	(1,860,419)
Reversal of special reserve	-	-	-	(660,170)	660,170	-	-	-	-	-	-
	-	-	248,249	(660,170)	(1,448,498)	-	-	-	(1,860,419)	-	(1,860,419)
Net profit (loss) for the nine months ended September 30, 2021	-	-	-	-	2,879,931	-	-	-	2,879,931	(1,558)	2,878,373
Other comprehensive income (loss) for the nine months ended September 30, 2021, net of income tax	-	-	-	-	-	(714,227)	132,663	(581,564)	(581,564)	(12,893)	(594,457)
Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	2,879,931	(714,227)	132,663	(581,564)	2,298,367	(14,451)	2,283,916
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(18,599)	(18,599)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	72,423	-	(75,629)	(75,629)	(3,206)	-	(3,206)
Others(Note 22)	-	-	-	(645)	645	-	-	-	-	-	-
BALANCE AT SEPTEMBER 30, 2021	\$12,402,795	\$ 368,946	\$ 4,437,120	\$ 781,875	\$ 6,718,216	(\$ 2,035,053)	\$ 595,340	(\$ 1,439,713)	\$23,269,239	\$ 370,755	\$23,639,994
BALANCE AT JANUARY 1, 2020	\$12,402,795	\$ 356,046	\$ 3,942,840	\$ 510,893	\$ 5,645,452	(\$ 1,684,908)	\$ 242,219	(\$ 1,442,689)	\$21,415,337	\$ 504,398	\$21,919,735
Appropriation of 2019 earnings(Note 22)											
Legal reserve	-	-	246,031	-	(246,031)	-	-	-	-	-	-
Special reserve	-	-	-	931,797	(931,797)	-	-	-	-	-	-
Cash dividends distributed by the Company—NT\$1.4 per share	-	-	-	-	(1,736,391)	-	-	-	(1,736,391)	-	(1,736,391)
	-	-	246,031	931,797	(2,914,219)	-	-	-	(1,736,391)	-	(1,736,391)
Net profit (loss) for the nine months ended September 30, 2020	-	-	-	-	1,758,116	-	-	-	1,758,116	(27,874)	1,730,242
Other comprehensive income (loss) for the nine months ended September 30, 2020, net of income tax	-	-	-	-	-	(256,417)	159,533	(96,884)	(96,884)	(9,591)	(106,475)
Total comprehensive income (loss) for the nine months ended September 30, 2020	-	-	-	-	1,758,116	(256,417)	159,533	(96,884)	1,661,232	(37,465)	1,623,767
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(146)	(146)
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Note 27)	-	12,842	-	-	-	-	-	-	12,842	(40,571)	(27,729)
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(7,598)	(7,598)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	3,205	-	-	-	3,205	-	3,205
BALANCE AT SEPTEMBER 30, 2020	\$12,402,795	\$ 368,888	\$ 4,188,871	\$ 1,442,690	\$ 4,492,554	(\$ 1,941,325)	\$ 401,752	(\$ 1,539,573)	\$21,356,225	\$ 418,618	\$21,774,843

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' review report dated November 5, 2021)

Eternal Materials Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 3,665,052	\$ 2,152,187
Adjustments for:		
Depreciation expense	1,569,984	1,453,606
Amortization expense	20,139	47,225
Expected credit loss (gain)	(4,847)	105,911
Net gain on fair value changes of financial assets designated as at fair value through profit or loss	(10,623)	(31,725)
Finance costs	219,602	295,468
Interest income	(76,078)	(83,671)
Dividend income	(48,125)	(34,252)
Share of the profit of associates and joint ventures	(335,134)	(212,558)
Loss (gain) on disposal of property, plant and equipment	(63,834)	7,529
Net gain on investment	(2,905)	(104,966)
Impairment loss recognized on financial assets	-	85,581
Impairment loss recognized on non-financial assets	132,848	58,006
Others	(485)	(13)
Changes in operating assets and liabilities		
Notes receivable	(1,026,429)	435,153
Notes receivable from related parties	(18,145)	23,462
Accounts receivable	(1,160,634)	(92,165)
Accounts receivable from related parties	(19,146)	40,570
Other receivables	(27,879)	147,557
Inventories	(2,692,108)	(7,774)
Other current assets	(246,554)	87,501
Notes payable	265,845	314,490
Accounts payable	783,671	(236,359)
Other payables	2,871	(231,593)
Other current liabilities	105,316	316,720
Other non-current liabilities	(159,533)	(32,860)
Cash generated from operations	872,869	4,503,030
Interest received	71,806	80,792
Dividends received	287,698	151,371
Interest paid	(203,323)	(292,063)
Income taxes paid	(861,267)	(384,521)
Net cash generated from operating activities	<u>167,783</u>	<u>4,058,609</u>

(Continued)

Eternal Materials Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through other comprehensive income	\$ 84,697	\$ -
Proceeds from the capital reduction of financial assets at fair value through other comprehensive income	-	1,517
Purchase of financial assets at fair value through profit or loss	(1,507,103)	(2,200,518)
Proceeds from disposal of financial assets at fair value through profit or loss	1,430,619	680,225
Proceeds from disposal of subsidiary	-	150,216
Proceeds from the capital reduction of the investee for using the equity method	-	72,202
Payments for property, plant and equipment	(1,348,022)	(1,082,961)
Proceeds from disposal of property, plant and equipment	56,423	2,076
Decrease in other receivables from related parties	5,007	25
Payments for intangible assets	(7,750)	(135,250)
Decrease in long-term lease receivables	25,526	31,554
Increase in other financial assets	(4,074)	-
Increase in other non-current assets	(221,373)	(18,259)
Increase in other repayments	(910)	-
Net cash used in investing activities	(<u>1,486,960</u>)	(<u>2,499,173</u>)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	2,885,951	(240,247)
Proceeds from issuance of bonds	2,500,000	-
Proceeds from long-term borrowings	12,069,941	11,989,570
Repayments of long-term borrowings	(14,491,489)	(12,101,549)
Increase (decrease) in guarantee deposits received	(12,190)	2,804
Repayment of the principal portion of lease liabilities	(66,282)	(37,891)
Cash dividends	(1,860,419)	(1,736,391)
Acquisition of additional interests in subsidiary	-	(27,729)
Decrease in non-controlling interests	(<u>18,599</u>)	(<u>7,598</u>)
Net cash used in financing activities	(<u>1,006,913</u>)	(<u>2,159,031</u>)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	(<u>251,277</u>)	(<u>125,257</u>)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(563,541)	(724,852)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		
	(<u>6,108,294</u>)	(<u>6,009,646</u>)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	\$ <u>5,544,753</u>	\$ <u>5,284,794</u> (Concluded)

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' review report dated November 5, 2021)

Eternal Materials Co., Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Eternal Materials Co., Ltd. (the “Company”) was established in December 1964. The Company is mainly engaged in the research, manufacturing, processing, selling and trading of diversified industrial synthetic resins, epoxy resin, coating, molding compound, copper clad laminates, film materials, photoresist materials, electronic chemical materials, composite materials and bio-medical testing materials.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since March 1994.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported by the Company’s board of directors and authorized for issue on November 5, 2021.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

- a. The application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC), (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company and its subsidiaries’ accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied

retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were reported to the board of directors for issue, the Company and its subsidiaries are continuously assessing the possible impact that the application of other standards and interpretations will have on the Company and its subsidiaries' financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the IASB

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were reported to the board of directors for issue, the Company and its subsidiaries are continuously assessing the possible impact that the application of other standards and interpretations will have on the Company and its subsidiaries' financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of consolidation

The detailed information of subsidiaries (including the percentages of ownership and main businesses) is provided in Note 13 and Tables 8 and 9.

c. Other significant accounting policies

Except for the following, refer to the summary of significant accounting policies and basis of preparation in the consolidated financial statements for the year ended December 31,2020.

1)Retirement Benefits.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2)Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated on an interim period’s pre-tax income by applying to the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as those applied in the preparation of the consolidated financial statements of the year ended December 31,2020.

6. CASH AND CASH EQUIVALENTS

	September 30, 2021	December 31, 2020	September 30, 2020
Cash on hand	\$ 42,734	\$ 11,413	\$ 11,186
Checking accounts and demand deposits	3,733,494	2,841,405	2,923,756
Cash equivalents (investments with original maturities of three months or less)			
Time deposits	<u>1,768,525</u>	<u>3,255,476</u>	<u>2,349,852</u>
	<u>\$ 5,544,753</u>	<u>\$ 6,108,294</u>	<u>\$ 5,284,794</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Financial assets — current			
<hr/>			
Hybrid financial assets			
Structured deposits	\$ 77,578	\$ -	\$ 1,541,253
Financial assets — non-current			
<hr/>			
Non-derivative financial assets			
Mutual fund			
Pacven Walden Ventures V, L.P.	\$ 13,314	\$ 21,301	\$ 26,509

8. NOTES, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Notes receivable	\$ 6,164,667	\$ 5,138,238	\$ 4,054,046
Notes receivable from related parties	\$ 62,884	\$ 44,739	\$ 33,576
Accounts receivable	\$ 13,278,277	\$ 12,410,546	\$ 10,812,832
Less: Allowance for loss	(250,293)	(288,973)	(274,663)
	<u>\$ 13,027,984</u>	<u>\$ 12,121,573</u>	<u>\$ 10,538,169</u>
Accounts receivable from related parties	\$ 238,820	\$ 219,674	\$ 191,210
Less: Allowance for loss	(440)	(1,037)	(14,099)
	<u>\$ 238,380</u>	<u>\$ 218,637</u>	<u>\$ 177,111</u>
Other receivables	\$ 770,671	\$ 806,213	\$ 821,477
Less: Allowance for loss	(29,800)	(15,145)	(21,151)
	<u>\$ 740,871</u>	<u>\$ 791,068</u>	<u>\$ 800,326</u>

a. Notes receivable and accounts receivable

The notes and accounts receivable of the Company and its subsidiaries are measured at amortized cost. For the related credit management policies, refer to Note 31.

The loss allowance of the Company and its subsidiaries' accounts receivable is recognized by using lifetime expected credit losses. The lifetime expected credit losses on accounts receivable are estimated using a provision matrix approach considering the past collection experience of the customers and an increase in late payments over the credit period.

The following table details the loss allowance of notes and accounts receivable based on the Company and its subsidiaries' provision matrix.

September 30, 2021

	<u>Not Past Due</u>	<u>0 to 30 Days</u>	<u>31 to 90 Days</u>	<u>91 to 180 Days</u>	<u>Over 180 Days</u>	<u>Total</u>
Gross carrying amount	\$ 18,070,150	\$ 973,474	\$ 444,966	\$ 54,675	\$ 201,383	\$ 19,744,648
Loss allowance (lifetime ECL)	<u>(12,402)</u>	<u>(7,658)</u>	<u>(16,330)</u>	<u>(17,466)</u>	<u>(196,877)</u>	<u>(250,733)</u>
Amortized cost	<u>\$ 18,057,748</u>	<u>\$ 965,816</u>	<u>\$ 428,636</u>	<u>\$ 37,209</u>	<u>\$ 4,506</u>	<u>\$ 19,493,915</u>

December 31, 2020

	<u>Not Past Due</u>	<u>0 to 30 Days</u>	<u>31 to 90 Days</u>	<u>91 to 180 Days</u>	<u>Over 180 Days</u>	<u>Total</u>
Gross carrying amount	\$ 15,766,467	\$ 1,335,162	\$ 423,402	\$ 87,207	\$ 200,959	\$ 17,813,197
Loss allowance (lifetime ECL)	<u>(15,613)</u>	<u>(9,468)</u>	<u>(19,551)</u>	<u>(50,270)</u>	<u>(195,108)</u>	<u>(290,010)</u>
Amortized cost	<u>\$ 15,750,854</u>	<u>\$ 1,325,694</u>	<u>\$ 403,851</u>	<u>\$ 36,937</u>	<u>\$ 5,851</u>	<u>\$ 17,523,187</u>

September 30, 2020

	<u>Not Past Due</u>	<u>0 to 30 Days</u>	<u>31 to 90 Days</u>	<u>91 to 180 Days</u>	<u>Over 180 Days</u>	<u>Total</u>
Gross carrying amount	\$ 13,010,999	\$ 1,256,760	\$ 512,973	\$ 112,128	\$ 198,804	\$ 15,091,664
Loss allowance (lifetime ECL)	<u>(15,183)</u>	<u>(12,448)</u>	<u>(31,246)</u>	<u>(50,679)</u>	<u>(179,206)</u>	<u>(288,762)</u>
Amortized cost	<u>\$ 12,995,816</u>	<u>\$ 1,244,312</u>	<u>\$ 481,727</u>	<u>\$ 61,449</u>	<u>\$ 19,598</u>	<u>\$ 14,802,902</u>

The movements of the loss allowance for doubtful accounts receivable were as follows:

	<u>For the Nine Months Ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Balance, beginning of the period	\$ 290,010	\$ 221,717
Recognized (reversed)	(19,502)	84,760
Written-off	(15,097)	(16,397)
Effects of foreign currency exchange differences	<u>(4,678)</u>	<u>(1,318)</u>
Balance, end of the period	<u>\$ 250,733</u>	<u>\$ 288,762</u>

b. Other receivables

The Company and its subsidiaries' allowance for loss are based on historical experience and current financial circumstances. The Company and its subsidiaries assessed that some of the other receivables could not be recovered. For the nine months ended September 30, 2021, the year ended December 31, 2020 and for the nine months ended September 30, 2020, the Company recognized loss allowance of NT\$29,800 thousand, NT\$15,145 thousand and NT\$21,151 thousand, respectively.

9. INVENTORIES

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Raw materials	\$ 4,375,272	\$ 2,976,856	\$ 2,592,973
Supplies	157,188	165,834	168,344
Finished goods	5,190,422	4,098,371	4,155,028
Inventory in transit	<u>328,998</u>	<u>251,559</u>	<u>240,913</u>
	<u>\$10,051,880</u>	<u>\$ 7,492,620</u>	<u>\$ 7,157,258</u>

The cost of inventories recognized as operating costs for the three months and the nine months ended September 30, 2021 and 2020 was NT\$10,324,806 thousand, NT\$7,498,382 thousand, NT\$29,279,907 thousand and NT\$20,333,458 thousand, respectively, including write-down of inventories NT\$22,212 thousand, NT\$3,424 thousand, NT\$132,848 thousand and NT\$32,221 thousand, respectively.

10. LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE

In August, 2020, the Company' board of directors resolved to dispose joint ventures, the Hangzhou Yongxinyang Photoelectric Materials Co., Ltd. which held by Eternal (China) Investment Co., Ltd. The joint ventures were reclassified as liabilities directly associated with non-current assets held for sale, and were presented separately in the consolidated balance sheets. The major classes of the assets and liabilities attributable to disposal groups as held for sale were as follows:

	<u>September 30, 2020</u>
Credit balance of investments accounted for using the equity method	<u>\$ 32,963</u>

The net proceeds from the disposal exceed the carrying amount of the joint ventures. Accordingly, no impairment loss was recognized, as the joint ventures were reclassified as liabilities directly associated with non-current assets held for sale. The disposal was complete in October, 2020.

11. OTHER FINANCIAL ASSETS - CURRENT

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Time deposits with original maturities of more than three months	<u>\$ 62,855</u>	<u>\$ 61,860</u>	<u>\$ 66,950</u>

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	September 30, 2021	December 31, 2020	September 30, 2020
Domestic investments			
Listed shares			
President Securities Corp.	\$ 767,436	\$ 642,849	\$ 543,277
Unlisted shares			
Universal Venture Capital Investment Corp.	40,644	32,602	31,497
Universal Development & Investment Capital I Co., Ltd.	-	-	19,427
Der Yang Biotechnology Venture Capital Co., Ltd.	4,316	3,769	3,804
	<u>812,396</u>	<u>679,220</u>	<u>598,005</u>
Foreign investments			
Listed shares			
TBG Diagnostics Limited (TBG stocks)	-	185,302	174,876
Unlisted shares			
Grace THW Holdings Limited	179,923	151,784	155,201
TBG Diagnostics Limited (TBG stocks)	40,341	-	-
	<u>220,264</u>	<u>337,086</u>	<u>330,077</u>
	<u>\$ 1,032,660</u>	<u>\$ 1,016,306</u>	<u>\$ 928,082</u>

The TBG stocks delisted from the Australian Securities Exchange (ASX) on August 2021. These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company and its subsidiaries' strategy of holding these investments for long-term purposes.

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements were as follows:

Investor	Investee	Main Businesses	Percentage of Ownership (%)			Additional Descriptions
			September 30, 2021	December 31, 2020	September 30, 2020	
The Company	Eternal Holdings Inc.	International investment	100	100	100	1)
	Eternal Global (BVI) Co., Ltd.	International investment	100	100	100	1)
	Mixville Holdings Inc.	International investment	100	100	100	1)
	CHOU-KOU Materials Co., Ltd.	Selling, trading and providing services of resins material, electronic material and other related products	100	100	100	1)
	Nikko-Materials Co., Ltd.	Manufacturing and selling of dry film photoresist and vacuum laminator	100	100	100	1)
	Eternal Electronic Material (Thailand) Co., Ltd.	Trading services, cutting and selling of dry film photoresist	75	75	75	1)
	New E Materials Co., Ltd.	Researching, developing, manufacturing and selling of photoelectric, semiconductor process related electronic chemical materials and equipment spare parts	62.80	62.80	62.80	1)

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%)			Additional Descriptions
			September 30, 2021	December 31, 2020	September 30, 2020	
	Elga Europe S.r.l.	Manufacturing, selling, agency and processing of electronic chemical products	72.68	72.68	72.68	1)
Eternal Global (BVI) Co., Ltd.	Eternal Chemical (China) Co., Ltd	Manufacturing and selling of resins material and processing products	100	100	100	
	Changhe International Trading (GZFTZ) Co., Ltd.	International trading, commercial trading, entropot trading, products displayed, bonded warehousing and business consulting services	-	100	100	1) and 4)
Eternal Holdings Inc.	Eternal International (BVI) Co., Ltd.	International investment	100	100	100	1)
	E-Chem Corp.	International investment	100	100	100	1)
	Eternal Nanyang Investment Co., Ltd.	International investment	90	90	90	1)
	PT Eternal Materials Indonesia	Selling, trading of chemical	67	-	-	1) and 2)
Eternal International (BVI) Co., Ltd.	Eternal Technology Corporation	Manufacturing and selling of photoresist	100	100	100	1)
	Eternal (China) Investment Co., Ltd.	Managing, investing consulting services, researching, leasing, manufacturing and selling of resins material and photoelectric chemical materials	100	100	100	1)
E-Chem Corp.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Manufacturing and selling of acrylic resin and methacrylic acid	90	90	90	
Eternal Nanyang Investment Co., Ltd.	Eternal Materials (Malaysia) Sdn. Bhd.	Manufacturing, selling, trading and providing services of resins material related products	100	100	100	1)
Mixville Holdings Inc.	High Expectation Limited	International investment	100	100	100	1)
High Expectation Limited	Eternal Materials (Guangdong) Co., Ltd.	Manufacturing and selling of adhesives, resins material and processing of products	100	100	100	1)
Eternal (China) Investment Co., Ltd.	Eternal Optical Material (Suzhou) Co., Ltd.	Manufacturing and selling of optical film	100	100	100	1)
	Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Researching, developing and manufacturing of photoresist dry film, liquid photo imaginable solder masks and printed circuit board related materials	100	100	100	1)
	Eternal Synthetic Resins (Changshu) Co., Ltd.	Manufacturing and selling of unsaturated polyester resin	100	100	100	1)
	Eternal Chemical (Chengdu) Co., Ltd.	Researching and developing resins material and products	100	100	100	1)
	Eternal Electronic (Suzhou) Co., Ltd.	Researching, developing, and manufacturing of dry film photoresist and dry film solder mask which used in electronic materials, researching resin materials and selling, providing after sales service of self-produced products	100	100	100	
	Eternal Electronic Material (Guangzhou) Co., Ltd.	Coating, slitting, cutting, processing, and selling of photoresist	100	100	100	
	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Researching, developing, manufacturing and selling of electronic high-tech chemical and related products	100	100	100	
	Eternal Sun A. (Suzhou) Co., Ltd.	Researching, developing, and manufacturing of optical protective film which used in display, and selling, providing after sales service of self-produced products	60	60	60	1)
	Eternal Chemical (Tianjin) Co., Ltd.	Manufacturing and selling of adhesives, resins material and processing products	100	100	100	1)
	Eternal Specialty Materials (Suzhou) Co., Ltd.	Researching and developing chemical products, and selling, providing technical services of self-produced products	100	100	100	1)
	Elga Europe S.r.l.	Manufacturing, selling, agency and processing of electronic chemical products	22.32	22.32	22.32	1)
	Eternal Material Industry (Tongling) Co., Ltd.	Manufacturing, selling, trading and providing technical services of resins material related products	100	-	-	1) and 3)
Nikko-Materials Co., Ltd.	Nikko Mechanics Co., Ltd.	Designing, manufacturing, selling of industrial machinery and machine tool	100	100	100	1)

(Concluded)

1) This is an immaterial subsidiary for which the consolidated financial statements are not reviewed by the Company's independent auditors.

- 2) The company was established as a new subsidiary in January 2021.
- 3) The company was established as a new subsidiary in August 2021.
- 4) The divestment was resolved by the board of directors in March 2021, and the liquidation was completed in September 2021.

b. The Company and its subsidiaries did not have any subsidiary with material non-controlling interests.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Investments accounted for using the equity method			
Investments in associates	\$ 2,439,182	\$ 2,306,731	\$ 2,224,655
Credit balance of investments accounted for using the equity method (recorded as other non-current liabilities)			
Investments in associates	(\$ 23,833)	(\$ 14,095)	(\$ 12,408)

a. Investments accounted for using the equity method

Investments in associates

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Associates that are not individually material	\$ 2,439,182	\$ 2,306,731	\$ 2,224,655

Information about associates that are not individually material was as follows:

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2021	2020	2021	2020
The Company and its subsidiaries' share of				
Net profit for the period	\$ 111,429	\$ 102,025	\$ 345,229	\$ 229,489
Other comprehensive income for the period	(4,920)	17,563	(29,486)	(17,235)
Total comprehensive income for the period	<u>\$ 106,509</u>	<u>\$ 119,588</u>	<u>\$ 315,743</u>	<u>\$ 212,254</u>

Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Daxin Materials Corporation	<u>\$ 2,084,719</u>	<u>\$ 2,005,078</u>	<u>\$ 1,871,563</u>

Polymer Instrumentation and Consulting Services, Ltd. (Polymics Ltd.) , an associate, is affected by the economic environment, and has no future economic benefits after evaluation, the Company and its subsidiaries recognized an impairment loss of \$85,581 thousand in August, 2020.

The Company and its subsidiaries held 50% ownership of DSM Eternal Resins (Kunshan) Co., Ltd., but had no control over it. Therefore, DSM Eternal Resins (Kunshan) Co., Ltd. was not included in the consolidated financial statements.

b. Credit balance of investments accounted for using the equity method

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Associates that are not individually material	(\$ 23,833)	(\$ 14,095)	(\$ 12,408)

Information about associates and joint ventures that are not individually material was as follows:

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2021	2020	2021	2020
The Company and its subsidiaries' share of				
Net loss for the period	(\$ 2,923)	(\$ 4,495)	(\$ 10,095)	(\$ 16,931)
Other comprehensive income for the period	<u>78</u>	<u>(605)</u>	<u>357</u>	<u>155</u>
Total comprehensive loss for the period	(\$ 2,845)	(\$ 5,100)	(\$ 9,738)	(\$ 16,776)

The Company and its subsidiaries' share of losses of the associates and joint ventures exceeded their interests in those associates and joint ventures. After reducing their equity to zero, the Company and its subsidiaries recognized additional losses only to the extent that they have incurred legal obligations or constructive obligations, or made payments on behalf of those associates and joint ventures and transferred them to the credit balance of investments accounted for using the equity method (recorded as other non-current liabilities).

For the nine months ended September 30, 2021 and 2020, the Company and its subsidiaries' investments accounted for using the equity method (including credit balance) are based on the associates' financial statements which have not been reviewed for the same period.

Refer to Tables 8 and 9 for the main businesses and countries of incorporation of the associates and joint ventures.

15. PROPERTY, PLANT AND EQUIPMENT

For the Nine Months Ended September 30, 2021

	Land	Buildings	Machinery and Equipment	Storage Equipment	Examination Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Carrying amount at January 1, 2021	\$ 2,680,444	\$ 5,362,540	\$ 6,273,237	\$ 656,418	\$ 541,695	\$ 358,188	\$ 750,528	\$ 16,623,050
<u>Cost</u>								
Balance at January 1, 2021	\$ 2,680,444	\$ 11,323,614	\$ 21,620,157	\$ 1,559,720	\$ 1,644,996	\$ 902,637	\$ 750,528	\$ 40,482,096
Additions	2,979	238,802	728,722	47,832	89,330	55,289	81,467	1,244,421
Disposals	(4,249)	(37,779)	(109,157)	(18,951)	(37,339)	(13,742)	-	(221,217)
Transferred from investment properties	-	15,710	-	-	-	-	-	15,710
Effect of foreign currency exchange difference	(15,041)	(178,914)	(297,712)	(18,766)	(9,344)	(23,082)	(7,053)	(549,912)
Balance at September 30, 2021	\$ 2,664,133	\$ 11,361,433	\$ 21,942,010	\$ 1,569,835	\$ 1,687,643	\$ 921,102	\$ 824,942	\$ 40,971,098
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2021	\$ -	\$ 5,961,074	\$ 15,346,920	\$ 903,302	\$ 1,103,301	\$ 544,449	\$ -	\$ 23,859,046
Depreciation	-	408,510	843,086	54,028	92,015	60,249	-	1,457,888
Disposals	-	(33,971)	(97,320)	(17,886)	(34,156)	(10,766)	-	(194,099)
Transferred from investment properties	-	713	-	-	-	-	-	713
Effect of foreign currency exchange difference	-	(81,785)	(216,240)	(731)	(5,719)	(15,472)	-	(319,947)
Balance at September 30, 2021	\$ -	\$ 6,254,541	\$ 15,876,446	\$ 938,713	\$ 1,155,441	\$ 578,460	\$ -	\$ 24,803,601
Carrying amount at September 30, 2021	\$ 2,664,133	\$ 5,106,892	\$ 6,065,564	\$ 631,122	\$ 532,202	\$ 342,642	\$ 824,942	\$ 16,167,497

For the Nine Months Ended September 30, 2020

	Land	Buildings	Machinery and Equipment	Storage Equipment	Examination Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Carrying amount at January 1, 2020	\$ 2,713,753	\$ 5,715,567	\$ 6,297,691	\$ 667,141	\$ 472,136	\$ 363,704	\$ 1,205,554	\$ 17,435,546
<u>Cost</u>								
Balance at January 1, 2020	\$ 2,713,753	\$ 11,180,745	\$ 20,587,401	\$ 1,500,221	\$ 1,475,283	\$ 862,673	\$ 1,205,554	\$ 39,525,630
Additions	1,190	377,875	719,805	49,902	124,336	72,555	(353,321)	992,342
Disposals	-	(109,256)	(97,040)	(4,106)	(9,655)	(25,622)	(1,274)	(246,953)
Transferred to investment properties	(43,451)	(170,165)	-	-	-	-	-	(213,616)
Impairment loss	-	-	-	-	-	-	(327)	(327)
Disposal of subsidiaries	-	(70,634)	(34,470)	(378)	(26)	(13,550)	-	(119,058)
Reclassification	-	9,651	3,521	-	-	(13,172)	-	-
Effect of foreign currency exchange difference	3,530	(87,403)	(131,902)	(12,128)	(3,625)	(5,810)	(15,951)	(253,289)
Balance at September 30, 2020	\$ 2,675,022	\$ 11,130,813	\$ 21,047,315	\$ 1,533,511	\$ 1,586,313	\$ 877,074	\$ 834,681	\$ 39,684,729
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2020	\$ -	\$ 5,465,178	\$ 14,289,710	\$ 833,080	\$ 1,003,147	\$ 498,969	\$ -	\$ 22,090,084
Depreciation	-	391,534	783,544	52,571	82,371	52,623	-	1,362,643
Disposals	-	(9,974)	(89,540)	(3,162)	(9,500)	(8,985)	-	(121,161)
Transferred to investment properties	-	(16,718)	-	-	-	-	-	(16,718)
Impairment loss	-	3,589	20,135	37	-	1,629	-	25,390
Disposal of subsidiaries	-	(46,629)	(26,346)	(340)	(23)	(10,985)	-	(84,323)
Reclassification	-	8,137	59	-	-	(8,196)	-	-
Effect of foreign currency exchange difference	-	(26,672)	(58,911)	(3,569)	(1,751)	(2,850)	-	(93,753)
Balance at September 30, 2020	\$ -	\$ 5,768,445	\$ 14,918,651	\$ 878,617	\$ 1,074,244	\$ 522,205	\$ -	\$ 23,162,162
Carrying amount at September 30, 2020	\$ 2,675,022	\$ 5,362,368	\$ 6,128,664	\$ 654,894	\$ 512,069	\$ 354,869	\$ 834,681	\$ 16,522,567

Considering future economic benefits, the plant, machinery and other equipment of Nikko-Materials Co., Ltd. which were expected to use for production have been evaluated the present value of the cash flow generated from operations at a discount rate of 5.95% as a recoverable amount. According to the assessment, the recoverable amount was less than the carrying amount. For the year 2020, the impairment loss of \$25,785 thousand (including the impairment loss of intangible assets of \$68 thousand) was recognized in the current year (recorded as other gains and losses).

The above items of property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

Buildings	5-50 years
Machinery and equipment	3-20 years
Storage equipment	5-20 years
Examination equipment	5-15 years
Other equipment	3-12 years

Refer to Note 33 for the amounts of property, plant and equipment pledged by the Company and its subsidiaries as collateral for bank borrowings.

Land (including those recorded as investment properties) held by the Company was revalued in 1980, 1990, 1997 and 2004, and as of September 30, 2021, December 31, 2020 and September 30, 2020, the revaluation increments of the land was \$1,973,324 thousand, \$1,977,218 thousand and \$1,977,218 thousand, respectively.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>	
Carrying amounts				
Land	\$ 840,630	\$ 871,970	\$ 855,888	
Buildings	171,754	214,559	159,716	
Machinery	78,411	83,674	77,336	
Storage equipment	3,659	957	1,008	
Other equipment	<u>19,072</u>	<u>24,375</u>	<u>25,860</u>	
	<u>\$ 1,113,526</u>	<u>\$ 1,195,535</u>	<u>\$ 1,119,808</u>	
			For the Nine Month Ended September 30	
			<u>2021</u>	<u>2020</u>
Additions to right-of-use assets			<u>\$ 47,996</u>	<u>\$ 172,556</u>
			For the Three Months Ended September 30	
	<u>2021</u>	<u>2020</u>	For the Nine Months Ended September 30	
			<u>2021</u>	<u>2020</u>
Depreciation charge for right-of-use assets				
Land	\$ 5,301	\$ 5,303	\$ 16,059	\$ 15,966
Buildings	14,224	12,335	43,666	32,702
Machinery	3,636	4,170	12,006	8,324
Storage equipment	205	17	376	17
Other equipment	<u>2,346</u>	<u>2,811</u>	<u>7,368</u>	<u>7,765</u>
	<u>\$ 25,712</u>	<u>\$ 24,636</u>	<u>\$ 79,475</u>	<u>\$ 64,774</u>

In addition, part of the land use rights for land located in mainland China is subleased under operating leases, and the relevant right-of-use assets are recorded as investment properties, refer to Note 17 for the details.

b. Lease liabilities

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Carrying amounts			
Current	<u>\$ 76,034</u>	<u>\$ 81,002</u>	<u>\$ 55,125</u>
Non-current	<u>\$ 212,967</u>	<u>\$ 262,898</u>	<u>\$ 221,801</u>

Range of discount rate (%) for lease liabilities was as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Land	0.93~6.66	0.93~6.66	0.93~6.66
Buildings	0.63~5.04	0.79~9.00	0.86~9.00
Machinery	3.71	2.70	1.67~4.40
Storage equipment	1.63~1.67	1.67	1.67
Other equipment	0.63~3.64	0.86~5.35	0.86~5.35

c. Material lease activities and terms

Major lease arrangements of the Company's subsidiaries are land use rights contracts with original lease terms of 50 to 56 years.

d. Other lease information

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2021	2020	2021	2020
Expenses relating to short-term and low-value asset leases	\$ 9,933	\$ 6,374	\$ 25,997	\$ 19,598
			<u>For the Nine Month Ended September 30</u>	
			2021	2020
Total cash outflow for all lease arrangements (including short-term and low-value asset leases)			\$ 94,581	\$ 59,021

17. INVESTMENT PROPERTIES

For the Nine Months Ended September 30, 2021

	<u>Land</u>	<u>Buildings</u>	<u>Right-of-use Assets</u>	<u>Total</u>
Carrying amount at January 1, 2021	\$ 59,827	\$ 1,227,604	\$ 69,390	\$ 1,356,821
<u>Cost</u>				
Balance at January 1, 2021	\$ 59,827	\$ 1,407,484	\$ 73,714	\$ 1,541,025
Additions	355	34,174	-	34,529
Transferred to property, plant and equipment	-	(15,710)	-	(15,710)
Transferred to right-of-use assets	-	-	(847)	(847)
Effects of foreign currency exchange differences	(4,226)	(30,737)	(1,375)	(36,338)
Balance at September 30, 2021	\$ 55,956	\$ 1,395,211	\$ 71,492	\$ 1,522,659

(Continued)

	<u>Land</u>	<u>Buildings</u>	<u>Right-of-use Assets</u>	<u>Total</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2021	\$ -	\$ 179,880	\$ 4,324	\$ 184,204
Depreciation	-	31,032	1,589	32,621
Transferred to property, plant and equipment	-	(713)	-	(713)
Transferred to right-of-use assets	-	-	(50)	(50)
Effects of foreign currency exchange differences	<u>-</u>	<u>(4,943)</u>	<u>(96)</u>	<u>(5,039)</u>
Balance at September 30, 2021	<u>\$ -</u>	<u>\$ 205,256</u>	<u>\$ 5,767</u>	<u>\$ 211,023</u>
Carrying amount at September 30, 2021	<u>\$ 55,956</u>	<u>\$ 1,189,955</u>	<u>\$ 65,725</u>	<u>\$ 1,311,636</u>
<u>For the Nine Months Ended September 30, 2020</u>				
	<u>Land</u>	<u>Buildings</u>	<u>Right-of-use Assets</u>	<u>Total</u>
Carrying amount at January 1, 2020	<u>\$ 17,057</u>	<u>\$ 1,024,946</u>	<u>\$ 70,374</u>	<u>\$ 1,112,377</u>
<u>Cost</u>				
Balance at January 1, 2020	\$ 17,057	\$ 1,147,244	\$ 72,501	\$ 1,236,802
Transferred from property, plant and equipment	43,451	170,165	-	213,616
Effects of foreign currency exchange differences	<u>(789)</u>	<u>(9,436)</u>	<u>(606)</u>	<u>(10,831)</u>
Balance at September 30, 2020	<u>\$ 59,719</u>	<u>\$ 1,307,973</u>	<u>\$ 71,895</u>	<u>\$ 1,439,587</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2020	\$ -	\$ 122,298	\$ 2,127	\$ 124,425
Depreciation	-	24,612	1,577	26,189
Transferred from property, plant and equipment	-	16,718	-	16,718
Effects of foreign currency exchange differences	<u>-</u>	<u>(1,229)</u>	<u>(14)</u>	<u>(1,243)</u>
Balance at September 30, 2020	<u>\$ -</u>	<u>\$ 162,399</u>	<u>\$ 3,690</u>	<u>\$ 166,089</u>
Carrying amount at September 30, 2020	<u>\$ 59,719</u>	<u>\$ 1,145,574</u>	<u>\$ 68,205</u>	<u>\$ 1,273,498</u>

(Concluded)

The investment properties were leased for terms of 2 to 15 years.

The maturity analysis of lease payments receivable under operating leases of investment properties is as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Year 1	\$ 254,586	\$ 259,117	\$ 251,101
Year 2	141,826	221,217	244,977
Year 3	125,652	136,481	130,992
Year 4	84,580	112,848	119,395
Year 5	88,453	84,540	83,318
Year 6 onwards	<u>316,756</u>	<u>390,794</u>	<u>402,825</u>
	<u>\$ 1,011,853</u>	<u>\$ 1,204,997</u>	<u>\$ 1,232,608</u>

The fair value of main part of the subsidiaries' right-of-use assets and buildings located in China was evaluated by independent appraisers, and the rest which was reference to market evidence of transaction prices for similar properties and using income approach was evaluated by the management of the Company. The Company measured the fair value by using Level 3. The fair values were as follows.

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Fair value	<u>\$ 3,061,453</u>	<u>\$ 3,027,121</u>	<u>\$ 2,988,890</u>

The following items of investment properties are depreciated on a straight-line basis over their useful lives as follow:

Buildings	20-50 years
Right-of-use assets	34-36 years

Operating income and expenses directly related to investment properties

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Rental income	<u>\$ 71,925</u>	<u>\$ 77,271</u>	<u>\$ 214,547</u>	<u>\$ 191,029</u>
Operating expenses directly related to investment properties	<u>\$ 33,768</u>	<u>\$ 30,091</u>	<u>\$ 91,664</u>	<u>\$ 75,550</u>

18. INTANGIBLE ASSETS

For the Nine Months Ended September 30, 2021

	<u>Goodwill</u>	<u>Expertise</u>	<u>Customer Relationships</u>	<u>Computer Software</u>	<u>Others</u>	<u>Total</u>
Carrying amount at January 1, 2021	<u>\$ 38,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223,655</u>	<u>\$ 19,688</u>	<u>\$ 282,235</u>
<u>Cost</u>						
Balance at January 1, 2021	\$ 75,892	\$ 127,513	\$ 104,038	\$ 239,226	\$ 143,163	\$ 689,832
Additions	-	-	-	6,655	1,095	7,750
Disposals	-	-	-	-	(14,281)	(14,281)
Effects of foreign currency exchange differences	<u>(3,843)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,870)</u>	<u>(30,713)</u>
Balance at September 30, 2021	<u>\$ 72,049</u>	<u>\$ 127,513</u>	<u>\$ 104,038</u>	<u>\$ 245,881</u>	<u>\$ 103,107</u>	<u>\$ 652,588</u>

(Continued)

Accumulated amortization and impairment	<u>Goodwill</u>	<u>Expertise</u>	<u>Customer Relationships</u>	<u>Computer Software</u>	<u>Others</u>	<u>Total</u>
Balance at January 1, 2021	\$ 37,000	\$ 127,513	\$ 104,038	\$ 15,571	\$ 123,475	\$ 407,597
Amortization expense	-	-	-	11,431	6,611	18,042
Disposals	-	-	-	-	(14,281)	(14,281)
Effects of foreign currency exchange differences	-	-	-	-	(26,285)	(26,285)
Balance at September 30, 2021	<u>\$ 37,000</u>	<u>\$ 127,513</u>	<u>\$ 104,038</u>	<u>\$ 27,002</u>	<u>\$ 89,520</u>	<u>\$ 385,073</u>
Carrying amount at September 30, 2021	<u>\$ 35,049</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218,879</u>	<u>\$ 13,587</u>	<u>\$ 267,515</u>

(Concluded)

For the Nine Months Ended September 30, 2020

	<u>Goodwill</u>	<u>Expertise</u>	<u>Customer Relationships</u>	<u>Computer Software</u>	<u>Others</u>	<u>Total</u>
Carrying amount at January 1, 2020	<u>\$ 75,850</u>	<u>\$ 87,370</u>	<u>\$ 61,927</u>	<u>\$ 78,254</u>	<u>\$ 40,381</u>	<u>\$ 343,782</u>
Cost						
Balance at January 1, 2020	\$ 75,850	\$ 127,513	\$ 104,038	\$ 82,736	\$ 128,722	\$ 518,859
Additions	-	-	-	134,106	1,144	135,250
Disposals	-	-	-	-	(165)	(165)
Effects of foreign currency exchange differences	(56)	-	-	-	4,950	4,894
Balance at September 30, 2020	<u>\$ 75,794</u>	<u>\$ 127,513</u>	<u>\$ 104,038</u>	<u>\$ 216,842</u>	<u>\$ 134,651</u>	<u>\$ 658,838</u>
Accumulated amortization and impairment						
Balance at January 1, 2020	\$ -	\$ 40,143	\$ 42,111	\$ 4,482	\$ 88,341	\$ 175,077
Amortization expense	-	10,626	11,147	7,099	16,826	45,698
Impairment loss	-	-	-	-	68	68
Disposals	-	-	-	-	(165)	(165)
Effects of foreign currency exchange differences	-	-	-	-	4,907	4,907
Balance at September 30, 2020	<u>\$ -</u>	<u>\$ 50,769</u>	<u>\$ 53,258</u>	<u>\$ 11,581</u>	<u>\$ 109,977</u>	<u>\$ 225,585</u>
Carrying amount at September 30, 2020	<u>\$ 75,794</u>	<u>\$ 76,744</u>	<u>\$ 50,780</u>	<u>\$ 205,261</u>	<u>\$ 24,674</u>	<u>\$ 433,253</u>

The Company and its subsidiaries will test the recoverable amount of intangible assets at the end of the annual financial reporting period.

The subsidiary Elga Europe S.r.l. tested the recoverable amount of intangible assets (including goodwill, expertise and customer relationships, etc.) for annual financial reporting periods ending on December 31, 2020. The recoverable amount is based on the cash flow generated from operations at a discount rate of 7.21%. According to the assessment, the recoverable amount was less than the carrying amount. Therefore, an impairment loss of \$162,055 thousand was recognized.

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Expertise	9 years
Customer relationships	7 years
Computer software	2-20 years
Other intangible assets	3-20 years

19. FINANCE LEASE RECEIVABLES

The lease period of the Company and its subsidiaries for house decoration, machinery and equipment lease contracts is ten years, and the implicit interest rate of the lease is 4.84% - 6.23%. The Company and its subsidiaries entered into a lease agreement with an associate Allnex - Eternal Resins (Guangdong) Co., Ltd. for the leasing out of machinery and equipment for ten years, and the implicit interest rate in the lease was 6.23%. This agreement was deemed as a sale agreement. The gain on disposal will be deferred and subsequently recognized as profit over the lease term. As of September 30, 2021, December 31, 2020 and September 30, 2020, the balance of finance lease receivables generated from the aforementioned transactions was \$27,647 thousand, \$38,012 thousand, and \$36,475 thousand, respectively.

The Company and its subsidiaries measured the loss allowance of the finance lease receivables based on lifetime expected credit losses. As of September 30, 2021, December 31, 2020 and September 30, 2020, no loss allowance was recognized.

The composition of finance lease receivables (including related parties) is as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Undiscounted lease payments			
Year 1	\$ 25,852	\$ 27,750	\$ 25,700
Year 2	26,768	27,284	27,066
Year 3	18,595	26,817	26,610
Year 4	18,504	18,860	18,486
Year 5	18,412	18,767	18,395
Year 6 onwards	<u>62,214</u>	<u>76,392</u>	<u>78,809</u>
	170,345	195,870	195,066
Less: Unearned financial income	(<u>29,023</u>)	(<u>34,846</u>)	(<u>36,057</u>)
Finance lease receivable (recorded as other non-current assets - others)	<u>\$ 141,322</u>	<u>\$ 161,024</u>	<u>\$ 159,009</u>

20. BORROWINGS

a. Short-term borrowings

Type of Borrowings	Interest Rate Range (%)	Amount
September 30, 2021		
Mortgage secured loans	2.31-3.35	\$ 301,400
Unsecured loans	0.58-3.71	5,114,355
Purchase loans	1.12-2.95	461,794
Secured loans	1.00-3.28	<u>1,361,515</u>
		<u>\$ 7,239,064</u>
December 31, 2020		
Mortgage secured loans	0.00-3.30	\$ 271,782
Unsecured loans	0.68-3.71	2,607,208
Purchase loans	1.13-3.10	219,393
Secured loans	1.00-4.35	<u>1,305,546</u>
		<u>\$ 4,403,929</u>

(Continued)

Type of Borrowings	Interest Rate Range (%)	Amount
September 30, 2020		
Mortgage secured loans	0.57-3.12	\$ 239,087
Unsecured loans	0.72-3.50	1,875,655
Purchase loans	3.40-4.35	147,082
Secured loans	1.00-4.35	<u>1,865,748</u>
		<u>\$ 4,127,572</u>
		(Concluded)

b. Long-term borrowings

Type of Borrowings	Agreement Period and Interest Payable Schedule	Interest Rate Range (%)	Amount
September 30, 2021			
Mortgage secured loans	From December 17, 2010 to December 31, 2025. Interest is paid based on schedule.	0.86-1.75	\$ 54,029
Secured loans	From September 17, 2020 to November 25, 2025. Interest is paid based on schedule.	1.08-1.43	1,581,915
Unsecured loans	From September 11, 2017 to September 29, 2024. Interest is paid based on schedule.	0.60-3.85	8,288,346
			<u>9,924,290</u>
Less: Current portion of long-term borrowings			<u>(3,223,745)</u>
			<u>\$ 6,700,545</u>
December 31, 2020			
Mortgage secured loans	From December 17, 2010 to December 31, 2025. Interest is paid based on schedule.	0.86-2.70	\$ 80,874

(Continued)

<u>Type of Borrowings</u>	<u>Agreement Period and Interest Payable Schedule</u>	<u>Interest Rate Range (%)</u>	<u>Amount</u>
Secured loans	From September 17, 2018 to November 25, 2025. Interest is paid based on schedule.	1.16-1.50	\$ 1,599,100
Unsecured loans	From July 28, 2016 to October 2, 2023. Interest is paid based on schedule.	0.60-3.85	9,821,886
			<u>11,501,860</u>
Long-term bills payable Commercial paper	Revolving credit, the period of the agreement is five years. Maturity date is May 2023. Only banking surcharge and interests have to be paid before the maturity date.	1.28	900,000
Less: Unamortized discounts			<u>(568)</u>
			<u>899,432</u>
Less: Current portion of long-term borrowings			12,401,292 <u>(2,211,266)</u>
			<u>\$ 10,190,026</u>
September 30, 2020			
Mortgage secured loans	From December 17, 2010 to December 31, 2025. Interest is paid based on schedule.	0.86-2.70	\$ 86,236
Secured loans	From September 17, 2018 to September 17, 2021. Interest is paid based on schedule.	1.20-4.10	1,950,270
Unsecured loans	From July 28, 2016 to October 2, 2023. Interest is paid based on schedule.	0.60-3.85	10,353,102
			<u>12,389,608</u>

(Continued)

Type of Borrowings	Agreement Period and Interest Payable Schedule	Interest Rate Range (%)	Amount
Long-term bills payable Commercial paper	Revolving credit, the period of the agreement is five years. Maturity date is May 2023. Only banking surcharge and interests have to be paid before the maturity date.	1.29-1.30	\$ 900,000
Less: Unamortized discounts			<u>(639)</u>
			<u>899,361</u>
			13,288,969
Less: Current portion of long-term borrowings			<u>(2,204,211)</u>
			<u>\$ 11,084,758</u>

(Concluded)

The above commercial paper was issued by Taiwan Cooperative Bills Finance Corporation and International Bills Finance Corporation and guaranteed by a syndicated credit line from 8 banks led by E.SUN Commercial Bank, Ltd.

c. Facility agreements and financial covenants

- 1) During the period of the credit facility agreements, the Company and its subsidiaries made agreements with the creditors that the current ratio, liability ratio, interest coverage ratio and net tangible assets of the consolidated financial statements will be maintained within a certain specified ratio or amount and reviewed at least once half a year or a year. If the Company or its subsidiaries breach these clauses, the bank and syndicated banks can cancel the credit line or declare that part or all of the loan together with accrued interest immediately due. As of June 30, 2021 and December 31, 2020, the Company was in compliance with the syndicated credit facility agreements based on its consolidated financial statements .
- 2) As of September 30, 2021, the Company and its subsidiaries utilized the credits under signed facility agreements of the following banks.

Bank	Currency	Credit line
Bank SinoPac Co., Ltd.	NTD	\$ 1,200,000
HSBC Bank (Taiwan) Limited	NTD	600,000
Far Eastern International Bank Co., Ltd.	NTD	300,000
Taipei Fubon Commercial Bank Co., Ltd.	EUR	5,000

- 3) As of September 30, 2021, the Company and its subsidiaries executed syndicated credit facility agreements with the following banks.

In November, 2020, the subsidiary entered into a syndicated credit facility agreement with 5 banks led by Taipei Fubon Commercial Bank Co., Ltd. for a USD \$50,000 thousand credit line; the proceeds are

for expanding medium-term working capital and increase capital to repay the subsidiaries' existing liabilities.

In November 2017, the Company entered into a syndicated credit facility agreement with 8 banks led by E.SUN Commercial Bank, Ltd. for a NT\$4,200,000 thousand credit line; the proceeds are for repaying liabilities and expanding medium-term working capital.

- 4) Refer to Note 33 for the assets pledged as collateral for bank borrowings of the Company and its subsidiaries.

d. Bonds Payable

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
5 year secured bonds - issued at par value			
Issued in November 2019. Interest at 0.82%, bullet repayment, payable annually.	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Less: Issuance cost	(3,739)	(4,626)	(4,924)
	<u>2,996,261</u>	<u>2,995,374</u>	<u>2,995,076</u>
5 year secured bonds - issued at par value			
Issued in August 2021. Interest at 0.58%, bullet repayment, payable annually.	\$ 2,500,000	-	-
Less: Issuance cost	(5,139)	-	-
	<u>2,494,861</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,491,122</u>	<u>\$ 2,995,374</u>	<u>\$ 2,995,076</u>

In October 2019, the Company entered into a syndicated guarantee facility agreement with 4 banks led by Bank of Taiwan for a NT\$3,024,600 thousand credit line; the proceeds are for repaying liabilities.

In July 2021, the Company entered into a syndicated credit facility agreement with 9 banks led by E.SUN Commercial Bank, Ltd. and Bank of Taiwan for a NT\$6,660,000 thousand credit line; the proceeds are for repaying liabilities and expanding medium-term working capital.

21. RETIREMENT BENEFIT PLANS

For the three and nine months ended September 30, 2021 and 2020, the pension expenses of defined benefit plans were \$9,093 thousand, \$11,024 thousand, \$26,906 thousand and \$32,626 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2020 and 2019, respectively.

22. EQUITY

a. Share capital

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Number of shares authorized (in thousands)	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>
Shares authorized	<u>\$ 18,000,000</u>	<u>\$ 18,000,000</u>	<u>\$ 18,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>1,240,280</u>	<u>1,240,280</u>	<u>1,240,280</u>
Shares issued	<u>\$ 12,402,795</u>	<u>\$ 12,402,795</u>	<u>\$ 12,402,795</u>

b. Capital surplus

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
May be used to offset deficit, distributed as cash or transferred to share capital (Note)			
Additional paid-in capital	\$ 309,017	\$ 309,017	\$ 309,017
Treasury share transactions	19,642	19,642	19,642
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	<u>12,872</u>	<u>12,872</u>	<u>12,872</u>
	<u>341,531</u>	<u>341,531</u>	<u>341,531</u>
May be used to offset deficit only			
Share of change in equities of associates or joint ventures	27,357	27,357	27,357
Others	<u>58</u>	<u>58</u>	<u>-</u>
	<u>27,415</u>	<u>27,415</u>	<u>27,357</u>
	<u>\$ 368,946</u>	<u>\$ 368,946</u>	<u>\$ 368,888</u>

Note: The capital surplus could be used to offset a deficit and distribute as cash dividends or transfer to capital when the Company has no deficit (limited to a certain percentage of the Company's paid-in capital and once a year).

c. Retained earnings and dividend policy

The Company's Articles stipulate that annual profit should be utilized in the following order:

- 1) Pay for income tax.
- 2) Offset accumulated deficit.
- 3) Appropriate as legal reserve 10% of the remaining profit, until the accumulated legal reserve equals the paid-in capital.
- 4) Setting aside or reversing a special reserve in accordance with the shareholders' meeting or as requested by the authorities.
- 5) The remainder along with the unappropriated earnings are considered as distributable earnings. In accordance with dividend policy, the proposal of earnings appropriation is prepared by the board of directors and resolved in the shareholders' meeting.

The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's fully paid share capital, the excess may be transferred to capital or distributed in cash.

Special reserve of NT\$426,930 thousand was appropriated because of the exemptions from IFRS 1 elected by the Company. But some of the assets aforementioned were disposed in September, 2021, and the reversal of special reserve was \$645 thousand. Therefore, as of September 30, 2021, December 31, 2020 and September 30, 2020, the special reserve was \$426,285 thousand, \$426,930 thousand, and \$426,930 thousand, respectively.

The appropriations of earnings for 2020 and 2019 had been approved in the shareholders' meetings in July 2021 and June 2020, respectively. The appropriations and dividends per share were as follows:

	<u>Appropriations of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Legal reserve	\$ 248,249	\$ 246,031		
Special reserve(reversed)	(660,170)	931,797		
Cash dividends	1,860,419	1,736,391	\$ 1.5	\$ 1.4

d. Other equity items

1) Exchange differences on translation of the financial statements of foreign operations

	<u>For the Nine Months Ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Balance, beginning of the period	(\$1,320,826)	(\$1,684,908)
Recognized for the period		
Exchange differences on translation of the financial statements of foreign operations	(685,098)	(239,337)
Share of exchange differences of associates accounted for using the equity method	<u>(29,129)</u>	<u>(17,080)</u>
Balance, end of the period	<u>(\$ 2,035,053)</u>	<u>(\$ 1,941,325)</u>

The variation of exchange differences on translation of the financial statements of foreign operations is mainly because the subsidiaries in mainland China were affected by the exchange rate fluctuations of the RMB to the NTD.

2) Unrealized gains and losses on financial assets at FVTOCI

	<u>For the Nine Months Ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Balance, beginning of the period	<u>\$ 538,306</u>	<u>\$ 242,219</u>
Recognized for the period		
Unrealized gains and losses - equity instruments	<u>132,663</u>	<u>159,533</u>
Other comprehensive income recognized in the period	<u>132,663</u>	<u>159,533</u>
Reclassification adjustments		
Cumulative unrealized gains and losses of equity instruments transferred to retained earnings due to disposal	<u>(75,629)</u>	<u>-</u>
Balance, end of the period	<u>\$ 595,340</u>	<u>\$ 401,752</u>

e. Non-controlling interests

	For the Nine Months Ended September 30	
	2021	2020
Balance, beginning of the period	\$ 403,805	\$ 504,398
Share of net loss for the period	(1,558)	(27,874)
Other comprehensive income or loss for the period		
Exchange differences on translation of the financial statements foreign operations	(12,893)	(9,591)
Acquisition of non-controlling interests in subsidiaries (Note 27)	-	(40,571)
Dividends distributed by subsidiaries	(25,179)	(7,890)
Non-controlling interests arising from establishing a new subsidiary and increasing the capital of the subsidiary with the ownership percentage	6,580	292
Non-controlling interest reduced from liquidation of subsidiaries	-	(146)
Balance, end of the period	<u>\$ 370,755</u>	<u>\$ 418,618</u>

23. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Revenue from contracts with customers				
Revenue from the sale of goods	\$12,940,816	\$ 9,822,769	\$ 37,216,839	\$ 26,299,138
Lease revenue	<u>69,378</u>	<u>65,795</u>	<u>206,829</u>	<u>175,073</u>
	<u>\$13,010,194</u>	<u>\$ 9,888,564</u>	<u>\$ 37,423,668</u>	<u>\$ 26,474,211</u>

Contract balances

	September 30, 2021	December 31, 2020	September 30, 2020	January 1, 2020
Notes and accounts receivable	<u>\$ 19,493,915</u>	<u>\$ 17,523,187</u>	<u>\$ 14,802,902</u>	<u>\$ 15,361,112</u>
Contract liabilities (recorded as other current liabilities - others)				
Sale of goods	<u>\$ 128,479</u>	<u>\$ 131,902</u>	<u>\$ 143,719</u>	<u>\$ 9,720</u>

The changes in the balance of contract liabilities resulted primarily from the difference in timing between the satisfaction of performance obligations and customer payment.

Revenue of the reporting period recognized from the balance of contract liabilities at the beginning of the year is as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
From the balance of contract liabilities at the beginning of the period				
Sale of goods	<u>\$ 303</u>	<u>\$ 520</u>	<u>\$ 131,345</u>	<u>\$ 8,807</u>

24. PROFIT BEFORE INCOME TAX

a. Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Interest on bank deposits	\$ 20,574	\$ 24,850	\$ 60,703	\$ 71,326
Others	<u>5,251</u>	<u>5,263</u>	<u>15,375</u>	<u>12,345</u>
	<u>\$ 25,825</u>	<u>\$ 30,113</u>	<u>\$ 76,078</u>	<u>\$ 83,671</u>

b. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Dividend income	\$ 48,125	\$ 34,252	\$ 48,125	\$ 34,252
Others	<u>58,471</u>	<u>57,895</u>	<u>169,263</u>	<u>135,213</u>
	<u>\$ 106,596</u>	<u>\$ 92,147</u>	<u>\$ 217,388</u>	<u>\$ 169,465</u>

c. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Gains on disposal of investment(Note 28)	\$ 2,924	\$ 104,966	\$ 2,905	\$ 104,966
Gains(Losses) on disposal of property, plant and equipment	68,753	(1,761)	63,834	(7,529)
Gains on financial assets				
Financial assets designated as at FVTPL	6,947	22,556	10,623	31,725
Impairment loss on financial assets	-	(85,581)	-	(85,581)
Impairment loss on Property, plant and equipment	-	-	-	(25,717)
Impairment loss on Intangible assets	-	-	-	(68)
Financial handling fee	(10,552)	(9,698)	(28,112)	(34,452)
Others	<u>(11,207)</u>	<u>(16,653)</u>	<u>(58,956)</u>	<u>(43,515)</u>
	<u>\$ 56,865</u>	<u>\$ 13,829</u>	<u>(\$ 9,706)</u>	<u>(\$ 60,171)</u>

d. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Interest on loans	\$ 76,771	\$ 90,268	\$ 221,380	\$ 299,344
Interest on lease liabilities	724	665	2,302	1,532
Less: Amounts included in the cost of qualifying assets	<u>(1,313)</u>	<u>(1,473)</u>	<u>(4,080)</u>	<u>(5,398)</u>
	<u>\$ 76,182</u>	<u>\$ 89,460</u>	<u>\$ 219,602</u>	<u>\$ 295,468</u>

Information about capitalized interest was as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Capitalized interest amount	<u>\$ 1,313</u>	<u>\$ 1,473</u>	<u>\$ 4,080</u>	<u>\$ 5,398</u>
Capitalization rates (%)	0.94~1.08	1.13~1.34	0.94~1.16	1.33~4.94

e. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Property, plant and equipment	\$ 488,292	\$ 456,959	\$ 1,457,888	\$ 1,362,643
Investment properties	10,827	10,305	32,621	26,189
Right-of-use assets	25,712	24,636	79,475	64,774
Intangible assets	5,652	16,013	18,042	45,698
Other non-current assets - others	<u>634</u>	<u>506</u>	<u>2,097</u>	<u>1,527</u>
	<u>\$ 531,117</u>	<u>\$ 508,419</u>	<u>\$ 1,590,123</u>	<u>\$ 1,500,831</u>
An analysis of depreciation by function				
Operating costs	\$ 406,478	\$ 379,495	\$ 1,213,992	\$ 1,131,266
Operating expenses	<u>118,353</u>	<u>112,405</u>	<u>355,992</u>	<u>322,340</u>
	<u>\$ 524,831</u>	<u>\$ 491,900</u>	<u>\$ 1,569,984</u>	<u>\$ 1,453,606</u>
Analysis of amortization by function				
Operating costs	\$ 452	\$ 444	\$ 1,350	\$ 1,341
Operating expenses	<u>5,834</u>	<u>16,075</u>	<u>18,789</u>	<u>45,884</u>
	<u>\$ 6,286</u>	<u>\$ 16,519</u>	<u>\$ 20,139</u>	<u>\$ 47,225</u>

f. Employee benefits

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Short-term benefits				
Salaries	\$ 983,549	\$ 899,733	\$ 2,950,264	\$ 2,586,535
Labor and health insurance	81,894	74,129	247,816	204,685
Others	83,331	78,871	247,811	212,987
	<u>1,148,774</u>	<u>1,052,733</u>	<u>3,445,891</u>	<u>3,004,207</u>
Post-employment benefits				
Defined contribution plans	55,431	19,881	162,557	72,008
Defined benefit plans (Note 21)	9,093	11,024	26,906	32,626
	<u>64,524</u>	<u>30,905</u>	<u>189,463</u>	<u>104,634</u>
	<u>\$ 1,213,298</u>	<u>\$ 1,083,638</u>	<u>\$ 3,635,354</u>	<u>\$ 3,108,841</u>
Analysis by function				
Operating costs	\$ 549,619	\$ 474,197	\$ 1,642,028	\$ 1,347,784
Operating expenses	<u>663,679</u>	<u>609,441</u>	<u>1,993,326</u>	<u>1,761,057</u>
	<u>\$ 1,213,298</u>	<u>\$ 1,083,638</u>	<u>\$ 3,635,354</u>	<u>\$ 3,108,841</u>

g. Compensation of employees and remuneration of directors

The Company distributed Compensation of employees and remuneration of directors at rates of 4.5% (inclusive)-5.5% and no higher than 1%, respectively, of pre-tax profit prior to the deduction of Compensation of employees and remuneration of directors. The Compensation of employees and the remuneration of directors are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Compensation of employees	\$ <u>46,000</u>	\$ <u>42,000</u>	\$ <u>146,000</u>	\$ <u>87,000</u>
Remuneration of directors	\$ <u>3,600</u>	\$ <u>4,050</u>	\$ <u>11,290</u>	\$ <u>12,150</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate and will be adjusted in the next year.

The Compensation of employees and remuneration of directors (all in cash) approved by the Company's board of directors in March 2021 and 2020, and accrual amounts recognized in the consolidated financial statements, respectively, were as follows:

	For the Year Ended December 31			
	2020		2019	
	Compensation of employees	Remuneration of Directors	Compensation of employees	Remuneration of Directors
Amounts approved in the board of directors' meeting	\$ 123,628	\$ 16,200	\$ 121,177	\$ 15,325
Amounts recognized in the financial statements	<u>131,000</u>	<u>16,200</u>	<u>122,000</u>	<u>15,325</u>
Difference	(<u>\$ 7,372</u>)	<u>\$ -</u>	(<u>\$ 823</u>)	<u>\$ -</u>

The differences were adjusted to profit and loss for the years ended December 31, 2021 and 2020.

Information on the Compensation of employees and remuneration of directors approved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

25. INCOME TAX

- a. Income tax expense (benefit) recognized in profit or loss

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
	Current tax	\$379,005	\$244,976	\$850,993
Deferred tax	(<u>111,631</u>)	(<u>34,101</u>)	(<u>64,314</u>)	(<u>34,987</u>)
	<u>\$267,374</u>	<u>\$210,875</u>	<u>\$786,679</u>	<u>\$421,945</u>

- b. Income tax expense (benefit) recognized directly in equity

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
	Current tax			
Disposal of investments in equity instruments at FVTOCI	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,206</u>	(<u>\$ 3,205</u>)

- c. Income tax expense (benefit) recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
	Deferred tax			
Unrealized gains and losses on financial assets at fair value through other comprehensive income	(<u>\$ 12,135</u>)	(<u>\$ 2,137</u>)	(<u>\$ 28,992</u>)	<u>\$ 30,416</u>

- d. Income tax assessment

The Company's income tax returns as of 2019 have been assessed by the tax authorities.

26. EARNINGS PER SHARE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Basic earnings per share	<u>\$ 0.79</u>	<u>\$ 0.72</u>	<u>\$ 2.32</u>	<u>\$ 1.42</u>
Diluted earnings per share	<u>\$ 0.79</u>	<u>\$ 0.72</u>	<u>\$ 2.31</u>	<u>\$ 1.41</u>

The net profit and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Net profit for the period attributable to owners of the Company	<u>\$ 981,184</u>	<u>\$ 896,235</u>	<u>\$2,879,931</u>	<u>\$1,758,116</u>

Number of ordinary shares

Unit: Thousand Shares

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,240,280	1,240,280	1,240,280	1,240,280
Effect of potentially dilutive ordinary shares				
Compensation of employees	<u>1,222</u>	<u>2,656</u>	<u>4,956</u>	<u>4,382</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,241,502</u>	<u>1,242,936</u>	<u>1,245,236</u>	<u>1,244,662</u>

Since the Company is allowed to settle the compensation paid to employees by cash or shares, the Company assumed that the entire amount of the compensation will be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the shares have a dilutive effect. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

27. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On December 31, 2020, the subsidiary Nikko-Materials Co., Ltd. acquired the equity of its subsidiary Nikko Mechanics Co., Ltd., and increased its percentage of ownership from 80% to 100%. The difference between the payment and the carry amount of the equity acquired was \$12,842 thousand and the capital surplus was increased.

The above transactions were accounted for as equity transactions, since the Company and its subsidiaries did not cease to have control over the subsidiary.

	<u>Amount</u>
Consideration paid	(\$ 27,729)
The proportionate share of the carrying amount of the subsidiary's net assets transferred from non-controlling interests	<u>40,571</u>
Differences recognized from equity transactions	<u>\$ 12,842</u>

28. DISPOSAL OF SUBSIDIARIES

The Company's board of directors had approved the disposal of 100% ownership of the subsidiary Eternal Photoelectronic Material Industry (Kunshan) Co., Ltd. held by its subsidiaries Eternal (China) Investment Co., Ltd. and Eternal Electronic Material (Guangzhou) Co., Ltd. in May 2020. The disposal was completed and the control of the subsidiary was lost in August 2020.

a. Consideration received

	<u>Amount</u>
Total consideration received - cash	<u>\$ 343,140</u>

b. Analysis of assets and liabilities on the date control was lost

	<u>Amount</u>
Current assets	
Cash and cash equivalents	\$ 192,924
Other current assets	117
Non-current assets	
Property, plant and equipment	34,735
Right-of-use asset	3,887
Current liabilities	
Payables	<u>(994)</u>
Net assets disposed of	<u>\$ 230,669</u>

c. Gain on disposal of subsidiaries

	<u>Amount</u>
Consideration received	\$ 343,140
Net assets disposed of	(230,669)
Transaction cost	(6,388)
Effects of foreign currency exchange difference	<u>(1,117)</u>
	<u>\$ 104,966</u>

d. Net cash inflow on disposals of subsidiaries

	<u>Amount</u>
Consideration received in cash and cash equivalents	\$ 343,140
Less: Cash and cash equivalents balance disposed of	<u>(192,924)</u>
	<u>\$ 150,216</u>

29. CASH FLOW INFORMATION

a. Information on investment activities

	For the Nine Months Ended September 30	
	2021	2020
Acquisition of property, plant and equipment	\$ 1,244,421	\$ 992,342
Decrease in payables for equipment	107,772	135,105
Increase in other non-current liabilities	<u>(91)</u>	<u>(39,088)</u>
	1,352,102	1,088,359
Capitalized interest	<u>(4,080)</u>	<u>(5,398)</u>
Cash paid	<u>\$ 1,348,022</u>	<u>\$ 1,082,961</u>

b. Changes in major liabilities arising from financing activities

For the nine months ended September 30, 2021

	January 1, 2021	Cash Flows	<u>Non-cash Changes</u>		September 30, 2021
			Exchange Rate Adjustment	Issuance Cost	
Short-term borrowings	\$ 4,403,929	\$ 2,885,951	(\$ 50,816)	\$ -	\$ 7,239,064
Long-term borrowings	12,401,292	(2,421,548)	(55,454)	-	9,924,290
Bonds payable	2,995,374	2,500,000	-	(4,252)	5,491,122

For the nine months ended September 30, 2020

	January 1, 2020	Cash Flows	<u>Non-cash Changes</u>		September 30, 2020
			Exchange Rate Adjustment	Issuance Cost	
Short-term borrowings	\$ 4,414,613	(\$ 240,247)	(\$ 46,794)	\$ -	\$ 4,127,572
Long-term borrowings	13,476,436	(111,979)	(75,488)	-	13,288,969
Bonds payable	2,994,192	-	-	884	2,995,076

30. CAPITAL MANAGEMENT

The Company and its subsidiaries' objectives in capital management are to safeguard the Company and its subsidiaries' ability to continue as a going concern and to provide reasonable returns to shareholders, to maintain an optimal capital structure and to reduce the cost of capital.

The Company's capital management policy is to maintain a strong capital base that maintains the confidence of investors, creditors and the market, as well as supports future operations. Capital includes the Company's shares, capital surplus, and retained earnings.

31. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

Financial assets and liabilities that are not measured at fair value are of short-term duration and are usually repriced at the current market interest rate. Either their carrying amounts are close to their fair values, or their fair values could not be reliably measured.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>September 30, 2021</u>				
Financial instruments at FVTPL				
Structured Deposit	\$ <u> -</u>	\$ <u> 77,578</u>	\$ <u> -</u>	\$ <u> 77,578</u>
Mutual funds	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 13,314</u>	\$ <u> 13,314</u>
Financial instruments at FVTOCI				
Equity instruments				
Domestic and foreign listed shares	\$ <u> 767,436</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 767,436</u>
Domestic and foreign unlisted shares	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 265,224</u>	\$ <u> 265,224</u>
<u>December 31, 2020</u>				
Financial instruments at FVTPL				
Mutual funds	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 21,301</u>	\$ <u> 21,301</u>
Financial instruments at FVTOCI				
Equity instruments				
Domestic and foreign listed shares	\$ <u> 642,849</u>	\$ <u> -</u>	\$ <u> 185,302</u>	\$ <u> 828,151</u>
Domestic and foreign unlisted shares	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 188,155</u>	\$ <u> 188,155</u>
<u>September 30, 2020</u>				
Financial instruments at FVTPL				
Structured Deposit	\$ <u> -</u>	\$ <u>1,541,253</u>	\$ <u> -</u>	\$ <u>1,541,253</u>
Mutual funds	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 26,509</u>	\$ <u> 26,509</u>
Financial instruments at FVTOCI				
Equity instruments				
Domestic and foreign listed shares	\$ <u> 543,277</u>	\$ <u> -</u>	\$ <u> 174,876</u>	\$ <u> 718,153</u>
Domestic and foreign unlisted shares	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 209,929</u>	\$ <u> 209,929</u>

There was no transfer between Level 1 and Level 2 for the nine months ended September 30, 2021 and 2020. Since TBG stocks in 2020 had no published price quotations as the fair value input for more than a certain period of time, it was transferred from Level 1 to Level 3.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the Nine Months Ended September 30, 2021

Financial assets	Fund Financial Assets at FVTPL	Stocks Financial Assets at FVTOCI	Total
Balance, beginning of the period	\$ 21,301	\$ 373,457	\$ 394,758
Recognized in profit or loss (recorded as other gains and losses)	(1,884)	-	(1,884)
Recognized in other comprehensive income	-	(105,613)	(105,613)
Disposal	(5,788)	-	(5,788)
Effects of foreign currency exchange differences	<u>(315)</u>	<u>(2,620)</u>	<u>(2,935)</u>
Balance, end of the period	<u>\$ 13,314</u>	<u>\$ 265,224</u>	<u>\$ 278,538</u>
Unrealized other gains and losses	<u>(\$ 1,786)</u>		<u>(\$ 1,786)</u>

For the Nine Months Ended September 30, 2020

Financial assets	Fund Financial Assets at FVTPL	Stocks Financial Assets at FVTOCI	Total
Balance , beginning of the period	\$ 12,483	\$ 225,563	\$ 238,046
Recognized in profit or loss (recorded as other gains and losses)	15,464	-	15,464
Recognized in other comprehensive income	-	(37,846)	(37,846)
Transferred to Level 3	-	202,264	202,264
Disposal	(893)	(1,517)	(2,410)
Effects of foreign currency exchange differences	<u>(545)</u>	<u>(3,659)</u>	<u>(4,204)</u>
Balance end of the period	<u>\$ 26,509</u>	<u>\$ 384,805</u>	<u>\$ 411,314</u>
Unrealized other gains and losses	<u>\$ 14,595</u>		<u>\$ 14,595</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

The fair value of structured time deposit is measured by the future cash flows that are estimated and discounted by the expected yield based on the observable index at the end of period.

4) Valuation techniques and inputs applied for level 3 fair value measurement

The fair values of TBG stocks, domestic unlisted shares, foreign unlisted shares and mutual funds were determined by the market approach and arrived at by reference to the type of industry, similar companies and the company's operations.

c. Categories of financial instruments

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Financial assets</u>			
Fair value through profit or loss			
Mandatorily classified as at fair value through profit or loss	\$ 90,892	\$ 21,301	\$ 1,567,762
Financial assets at amortized cost (Note 1)	25,991,070	24,637,813	21,046,394
Financial assets at fair value through other comprehensive income - equity instruments	1,032,660	1,016,306	928,082
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (Note 2)	32,020,846	28,090,292	26,913,573

Note 1: The balances included financial assets at amortized cost, including cash and cash equivalents, notes and accounts receivable (including related parties), other financial assets - current and non-current (recorded as other non-current assets - others), other receivables, refundable deposits (recorded as other non-current assets - others), and long-term receivables (recorded as other non-current assets - others).

Note 2: The balances included financial liabilities at amortized cost, which comprise short-term borrowings, notes and accounts payable, other payables - others, long-term borrowings (including current portion), bonds payable, guarantee deposits received (recorded as other non-current liabilities), and long-term payables (recorded as other non-current liabilities).

d. Financial risk management objectives and policies

The financial risk management objectives of the Company and its subsidiaries are mainly to manage the market risk, credit risk and liquidity risk related to operating activities and to verify, measure and manage the financial risks according to the policies. The Company and its subsidiaries have set up policies, procedures and internal controls to manage the risks in their financial activities. The significant financial activities of the Company and its subsidiaries are in accordance with relevant regulations and internal controls approved by the board of directors. During the execution of financial management activities, the Company and its subsidiaries should be in compliance with the relevant rules of financial risk management.

1) Market risk

a) Foreign currency risk

The Company and its subsidiaries' operating activities and net investments in foreign operations are denominated mainly in foreign currencies. Consequently, the Company and its subsidiaries are exposed to foreign currency risk. To protect against reductions in the value of foreign currency assets and against the volatility of future cash flows caused by changes in foreign exchange rates, the Company and its subsidiaries utilize derivative financial instruments, such as foreign exchange forward contracts, or maintain net foreign currency assets and liabilities. Foreign currency risk could be reduced but might not be fully eliminated by these methods.

For the carrying amounts of the Company and its subsidiaries' significant non-functional currency denominated monetary assets and liabilities (including those eliminated on consolidation) at the balance sheet date, refer to Note 36.

Sensitivity analysis

The following table details the sensitivity to a 1% change in the functional currencies against the relevant foreign currencies.

Foreign Currencies : Functional Currencies	Impact on Profit or Loss For the Nine Months Ended September 30	
	2021	2020
Financial assets		
Monetary items		
USD:NTD	\$29,116	\$21,407
USD:RMB	8,673	3,580
USD:MYR	4,232	2,519
RMB:NTD	3,545	2,791
JPY:NTD	2,381	1,506
THB:NTD	1,688	1,393
EUR:USD	-	1,532
Financial liabilities		
Monetary items		
USD:NTD	23,486	18,678
USD:RMB	7,877	9,073
USD:MYR	4,061	2,755
JPY:NTD	1,448	1,644
EUR:USD	-	1,366

b) Interest rate risk

The borrowings of the Company and its subsidiaries with fixed interest rates were not exposed to cash flow risk. The borrowings with floating interest rates were exposed to cash flow risk as effective interest rates change.

The carrying amounts of the Company and its subsidiaries' financial assets and financial liabilities with exposure to interest rate risks at the balance sheet dates were as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Fair value interest rate risk			
Financial assets	\$ 1,990,781	\$ 3,493,360	\$ 2,590,811
Financial liabilities	9,755,123	8,039,274	7,572,002
Cash flow interest rate risk			
Financial assets	3,596,414	2,741,246	4,349,284
Financial liabilities	13,188,354	12,105,221	13,116,541

If interest rates had been 1% higher and all other variables were held constant, the Company and its subsidiaries' financial liabilities would have increased cash outflows by NT\$131,884 thousand and NT\$131,165 thousand for the nine months ended September 30, 2021 and 2020, respectively.

c) Other price risk

The Company and its subsidiaries were exposed to equity price risk through their investments in equity securities. If equity prices had been 1% higher/lower, other comprehensive income for the nine months ended September 30, 2021 and 2020 would have increased/decreased by NT\$7,674 thousand and NT\$7,182 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refer to the risk of financial loss to the Company and its subsidiaries arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Company and its subsidiaries' policy, each local entity in the Company and its subsidiaries is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. The Company and its subsidiaries assess the credit quality of the customers by taking into account their financial position, past experience and other factors to conduct internal risk management and in order to enhance credit guarantee, holding some collaterals of accounts receivable from part of distributors. While the Company and its subsidiaries have procedures to monitor and limit exposure to credit risk on accounts receivable, there can be no assurance that such procedures will effectively limit credit risk and avoid losses. This risk is heightened during periods when economic conditions worsen.

3) Liquidity risk

The Company and its subsidiaries manage its liquidity risk by maintaining adequate cash and cash equivalents, bank borrowings, and so on. The table below summarizes the maturity profile of the Company and its subsidiaries' financial liabilities based on contractual undiscounted payments, including principal and interest.

September 30, 2021

	<u>Less Than 1 Year</u>	<u>1-2 Years</u>	<u>2-3 Years</u>	<u>3-5 Years</u>	<u>Over 5 Years</u>	<u>Total</u>
Non-derivative financial liabilities						
Short-term borrowings	\$ 7,272,448	\$ -	\$ -	\$ -	\$ -	\$ 7,272,448
Notes payable	800,165	-	-	-	-	800,165
Accounts payable	6,382,060	-	-	-	-	6,382,060
Other payables	2,096,175	-	-	-	-	2,096,175
Lease liabilities	84,588	74,091	58,157	60,132	24,737	301,705
Long-term borrowings (including current portion)	4,077,051	4,494,028	399,171	1,137,593	-	10,107,843
Bonds payable	39,100	39,100	39,100	5,530,008	-	5,647,308
Long-term payable	2,995	3,960	-	-	-	6,955
	<u>\$ 20,754,582</u>	<u>\$ 4,611,179</u>	<u>\$ 496,428</u>	<u>\$ 6,727,733</u>	<u>\$ 24,737</u>	<u>\$ 32,614,659</u>

December 31, 2020

	<u>Less Than 1 Year</u>	<u>1-2 Years</u>	<u>2-3 Years</u>	<u>3-5 Years</u>	<u>Over 5 Years</u>	<u>Total</u>
Non-derivative financial liabilities						
Short-term borrowings	\$ 4,422,932	\$ -	\$ -	\$ -	\$ -	\$ 4,422,932
Notes payable	534,320	-	-	-	-	534,320
Accounts payable	5,598,389	-	-	-	-	5,598,389
Other payables	2,053,754	-	-	-	-	2,053,754
Lease liabilities	92,355	78,924	63,845	87,718	36,690	359,532
Long-term borrowings (including current portion)	4,134,573	4,321,629	3,042,984	1,183,305	1,063	12,683,554
Bonds payable	24,600	24,600	24,600	3,020,826	-	3,094,626
Long-term payable	-	10,031	-	-	-	10,031
	<u>\$ 16,860,923</u>	<u>\$ 4,435,184</u>	<u>\$ 3,131,429</u>	<u>\$ 4,291,849</u>	<u>\$ 37,753</u>	<u>\$ 28,757,138</u>

September 30, 2020

	<u>Less Than 1 Year</u>	<u>1-2 Years</u>	<u>2-3 Years</u>	<u>3-5 Years</u>	<u>Over 5 Years</u>	<u>Total</u>
Non-derivative financial liabilities						
Short-term borrowings	\$ 4,144,428	\$ -	\$ -	\$ -	\$ -	\$ 4,144,428
Notes payable	527,988	-	-	-	-	527,988
Accounts payable	4,058,517	-	-	-	-	4,058,517
Other payables	1,826,187	-	-	-	-	1,826,187
Lease liabilities	75,446	59,218	48,632	65,544	40,922	289,762
Long-term borrowings (including current portion)	5,933,251	2,763,767	4,761,752	97,393	4,142	13,560,305
Bonds payable	24,600	24,600	24,600	3,027,094	-	3,100,894
	<u>\$ 16,590,417</u>	<u>\$ 2,847,585</u>	<u>\$ 4,834,984</u>	<u>\$ 3,190,031</u>	<u>\$ 45,064</u>	<u>\$ 27,508,081</u>

e. Transfers of financial assets

Subsidiary discounted notes and transferred most of the banker's acceptance bills of receivables from China to vendors for repayment. If above financial assets are not paid at maturity, the bank and vendors have the right to request the subsidiary to pay the unsettled balance. As the subsidiary has not transferred the significant risks and rewards relating to these financial assets, it continues to recognize the full carrying amount of the financial assets and has recognized the cash received on the transfer as secured payables and borrowings.

As of September 30, 2021, December 31, 2020 and September 30, 2020, the carrying amount of the accounts receivable that have been transferred but have not been derecognized amounted to \$3,107,499 thousand, \$2,329,453 thousand and \$1,636,617 thousand, respectively, and the carrying amount of the related borrowings and accounts payables were \$3,105,920 thousand, \$2,328,143 thousand and \$1,635,837 thousand, respectively.

32. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and its subsidiaries and other related parties are disclosed below:

a. Related party names and relationships

<u>Related Party Name</u>	<u>Relationship</u>
Allnex-Eternal Resins Corporation Limited	Associate
Allnex-Eternal Resins (Guangdong) Co., Ltd.	Associate
Eternal Electronic Materials (Kunshan) Co., Ltd.	Associate
Daxin Materials Corporation	Associate
Showa Denko New Material (Zhuhai) Co., Ltd.	Associate
ESCO Specialty Coatings (Shanghai) Co., Ltd.	Associate
DSM Resins (Far East) Ltd.	Associate
Hangzhou Yongxinyang Photoelectric Materials Co., Ltd.	Joint venture (removed from related parties after October 2020)
Mitsubishi Polyester Film (Suzhou) Co., Ltd.	Other related party

b. Operating revenue

<u>Account Item</u>	<u>Related Party Category</u>	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
		<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenue from sales of goods	Associates	\$187,138	\$136,948	\$518,694	\$340,543
	Joint ventures	-	-	-	3,932
		<u>\$187,138</u>	<u>\$136,948</u>	<u>\$518,694</u>	<u>\$344,475</u>

Sales to related parties were made at prices similar to that of general transactions. The collection terms are 60-150 days from the end of the month.

c. Purchase of goods

<u>Related Party Category</u>	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Associates	\$ -	\$ 415	\$ 816	\$ 553
Other related parties	-	985	2,028	985
	<u>\$ -</u>	<u>\$ 1,400</u>	<u>\$ 2,844</u>	<u>\$ 1,538</u>

Purchases from related parties were made at prices similar to that of general transactions. The payment terms are 30-120 days from the date after the goods are received.

d. Other income

<u>Related Party Category/Name</u>	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Associates				
Allnex-Eternal Resins (Guangdong) Co., Ltd.	\$ 10,831	\$ 8,019	\$ 25,507	\$ 20,993
Others	1,157	1,190	4,701	4,391
	<u>\$ 11,988</u>	<u>\$ 9,209</u>	<u>\$ 30,208</u>	<u>\$ 25,384</u>

Inclusive of rental income, service fees and so on.

e. Receivables from related parties

<u>Account Item</u>	<u>Related Party Category</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Notes and accounts receivable	Associates	\$301,264	\$263,376	\$201,575
	Joint ventures	-	-	9,112
		<u>\$301,264</u>	<u>\$263,376</u>	<u>\$210,687</u>

The receivables arise mainly from sales transactions; the receivables were not guaranteed, pledged and are without interest. As of September 30, 2021, December 31, 2020 and September 30, 2020, the balance of allowance for loss is NT\$440 thousand, NT\$1,037 thousand and NT\$14,099 thousand, respectively.

f. Payable to related parties

<u>Account Item</u>	<u>Related Party Category</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Accounts payable	Associates	\$ -	\$ 1,958	\$ 435

The payables arise mainly from purchase transactions; the payables were not pledged and are without interest.

g. Loans to related parties

<u>Account Item</u>	<u>Related Party Category/Name</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Other receivables	Associates			
	ESCO Specialty Coatings (Shanghai) Co., Ltd.	\$ 156,740	\$ 159,761	\$ 155,819
	Eternal Electronic Materials (Kunshan) Co., Ltd.	103,062	105,048	102,456
		<u>\$ 259,802</u>	<u>\$ 264,809</u>	<u>\$ 258,275</u>

The Company and its subsidiaries provided loans to related parties at rates comparable to market interest rates.

h. Compensation of key management personnel

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 28,221	\$ 33,178	\$ 85,212	\$ 79,906
Post-employment benefits	<u>120</u>	<u>89</u>	<u>359</u>	<u>267</u>
	<u>\$ 28,341</u>	<u>\$ 33,267</u>	<u>\$ 85,571</u>	<u>\$ 80,173</u>

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The Company and its subsidiaries' assets mortgaged or pledged as collateral for bank borrowings discounted notes loans, supplier payment, customs guarantee and performance guarantee were as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Notes receivable	\$ 3,107,499	\$ 2,329,453	\$ 1,636,617
Property, plant and equipment	265,760	295,789	290,966
Other financial assets - time deposit certificates and deposit of escrow account (recorded as other non-current assets - others)	<u>18,079</u>	<u>15,000</u>	<u>19,591</u>
	<u>\$ 3,391,338</u>	<u>\$ 2,640,242</u>	<u>\$ 1,947,174</u>

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- The Company and its subsidiaries have issued but unused letters of credit with an aggregate amount of NT\$114,217 thousand as of September 30, 2021.
- The Company and its subsidiaries have contracts that were not yet incurred to purchase property, plant and equipment and intangible assets of NT\$1,274,870 thousand at September 30, 2021.

35. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

None.

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company and its subsidiaries before elimination and the exchange rates between the foreign currencies and the respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount
<u>September 30, 2021</u>				
Financial assets				
Monetary items				
USD	\$ 104,545	27.8500	(USD:NTD)	\$2,911,578
USD	31,141	6.4854	(USD:RMB)	867,277
USD	15,197	4.1870	(USD:MYR)	423,236
RMB	82,562	4.2943	(RMB:NTD)	354,543
JPY	956,120	0.2490	(JPY:NTD)	238,074
THB	203,778	0.8284	(THB:NTD)	168,810
Non-monetary items				
Financial assets at fair value through other comprehensive income				
AUD	2,010	20.0700	(AUD:NTD)	40,341
Investments accounted for using the equity method				
USD	966,082	27.8500	(USD:NTD)	26,905,370
RMB	6,066,283	0.1542	(RMB:USD)	26,050,195
JPY	8,271,574	0.2490	(JPY:NTD)	2,059,622
MYR	239,026	0.2388	(MYR:USD)	1,589,890
THB	152,278	0.8284	(THB:NTD)	126,147
Financial liabilities				
Monetary items				
USD	84,330	27.8500	(USD:NTD)	2,348,591
USD	28,283	6.4854	(USD:RMB)	787,682
USD	14,581	4.1870	(USD:MYR)	406,081
JPY	581,396	0.2490	(JPY:NTD)	144,768

(Continued)

December 31, 2020	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount
Financial liabilities				
Monetary items				
USD	\$ 80,407	28.4800	(USD:NTD)	\$ 2,289,991
USD	18,223	6.5067	(USD:RMB)	518,991
USD	12,252	4.1947	(USD:MYR)	348,937
RMB	95,030	4.3770	(RMB:NTD)	415,946
JPY	860,699	0.2763	(JPY:NTD)	237,811
THB	148,594	0.9556	(THB:NTD)	141,996
Non-monetary items				
Financial assets at fair value through other comprehensive income				
AUD	8,442	21.9500	(AUD:NTD)	185,302
Investments accounted for using the equity method				
USD	931,351	28.4800	(USD:NTD)	26,524,885
RMB	5,883,766	0.1537	(RMB:USD)	25,753,246
JPY	6,626,721	0.2763	(JPY:NTD)	1,830,963
MYR	241,959	0.2384	(MYR:USD)	1,642,778
THB	147,262	0.9556	(THB:NTD)	140,723
Financial liabilities				
Monetary items				
USD	67,306	28.4800	(USD:NTD)	1,916,875
USD	30,755	6.5067	(USD:RMB)	875,902
USD	16,292	4.1947	(USD:MYR)	463,996
JPY	671,965	0.2763	(JPY:NTD)	185,664
September 30, 2020	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount
Financial assets				
Monetary items				
USD	73,565	29.1000	(USD:NTD)	2,140,742
USD	12,304	6.8166	(USD:RMB)	358,046
USD	8,657	4.3410	(USD:MYR)	251,919
RMB	65,382	4.2690	(RMB:NTD)	279,116
JPY	546,407	0.2756	(JPY:NTD)	150,590
THB	150,730	0.9242	(THB:NTD)	139,305
EUR	4,486	1.1735	(EUR:USD)	153,197

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount
Non-monetary items				
Financial assets at fair value through other comprehensive income				
AUD	\$ 8,442	20.7150	(AUD:NTD)	\$ 174,876
Investments accounted for using the equity method				
USD	888,431	29.1000	(USD:NTD)	25,853,333
RMB	5,855,894	0.1467	(RMB:USD)	24,998,810
JPY	5,908,708	0.2756	(JPY:NTD)	1,628,439
MYR	81,964	0.2304	(MYR:USD)	549,443
EUR	3,757	34.1500	(EUR:NTD)	128,296
THB	140,155	0.9242	(THB:NTD)	129,531
Financial liabilities				
Monetary items				
USD	64,184	29.1000	(USD:NTD)	1,867,754
USD	31,179	6.8166	(USD:RMB)	907,309
USD	9,466	4.3410	(USD:MYR)	275,461
JPY	596,639	0.2756	(JPY:NTD)	164,434
EUR	4,000	1.1735	(EUR:USD)	136,600

(Concluded)

The total realized and unrealized foreign exchange gains and losses were a loss of NT\$13,970 thousand, a loss of NT\$9,872 thousand, a loss of NT\$74,385 thousand and a loss of NT\$22,139 thousand for the three months and nine months ended September 30, 2021 and 2020, respectively. It is impractical to disclose net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of each entity.

37. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (Table 3)
- 4) Marketable securities acquired or disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital:
None
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital:
None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)

- 9) Trading in derivative instruments: (Note 7)
 - 10) Others: The business relationship between the parent company and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions (Table 7)
 - 11) Information on investees (Table 8)
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment gain or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 9)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period (Table 5)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Table 5)
 - c) The amount of property transactions and the amount of the resultant gains or losses: None
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes (Table 2)
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds (Table 1)
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None
- c. Information of major shareholders : list of the shareholders with ownership of 5% or greater, showing the names, the number of shares and percentage of ownership held by each shareholder. (Table 10)

38. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of industrial materials. Reported segments of the Company and its subsidiaries were as follows:

- Resins Materials

Mainly operating variety of industrial resins materials.

- Electronic Materials

Mainly operating electronic and optoelectronic industry raw material.

- High Performance Materials

Mainly operating UV - light curing raw material.

- Others

The other operating segments which did not meet the quantitative threshold for separate reporting.

Segment revenues and operating results

The Company and its subsidiaries' segment profit (loss) is used as the basis for assessing the performance of the operating segments. The following is an analysis of the Company and its subsidiaries' revenues and results of operations by reportable segment.

	<u>Resins Materials</u>	<u>Electronic Materials</u>	<u>High Performance Materials</u>	<u>Others</u>	<u>Adjustment and Elimination</u>	<u>Total</u>
<u>For the nine months ended September 30, 2021</u>						
Revenue from the sale of goods						
Revenues from external customers	\$ 18,205,873	\$ 11,081,209	\$ 7,859,946	\$ 69,811	\$ -	\$ 37,216,839
Revenue from the rendering of service	-	-	-	206,829	-	206,829
Inter-segment revenues	<u>2,078,186</u>	<u>4,145,047</u>	<u>1,390,610</u>	<u>2,437</u>	<u>(7,616,280)</u>	<u>-</u>
Total revenue	<u>\$ 20,284,059</u>	<u>\$ 15,226,256</u>	<u>\$ 9,250,556</u>	<u>\$ 279,077</u>	<u>(\$ 7,616,280)</u>	<u>\$ 37,423,668</u>
Segment operating profit (loss)	<u>\$ 388,563</u>	<u>\$ 1,790,830</u>	<u>\$ 1,476,402</u>	<u>(\$ 315,650)</u>	<u>\$ -</u>	<u>\$ 3,340,145</u>
<u>For the nine months ended September 30, 2020</u>						
Revenue from the sale of goods						
Revenues from external customers	\$ 12,683,558	\$ 8,936,301	\$ 4,650,049	\$ 29,230	\$ -	\$ 26,299,138
Revenue from the rendering of service	-	-	-	175,073	-	175,073
Inter-segment revenues	<u>1,382,688</u>	<u>3,512,832</u>	<u>859,046</u>	<u>2,621</u>	<u>(5,757,187)</u>	<u>-</u>
Total revenue	<u>\$ 14,066,246</u>	<u>\$ 12,449,133</u>	<u>\$ 5,509,095</u>	<u>\$ 206,924</u>	<u>(\$ 5,757,187)</u>	<u>\$ 26,474,211</u>
Segment operating profit (loss)	<u>\$ 750,698</u>	<u>\$ 1,144,086</u>	<u>\$ 470,463</u>	<u>(\$ 300,976)</u>	<u>\$ -</u>	<u>\$ 2,064,271</u>

TABLE 1

Eternal Materials Co., Ltd. and Subsidiaries

**FINANCING PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 2)	Ending Balance (Note 3)	Actual Amount Drawn	Interest Rate (%)	Nature of Financing (Note 4)	Transaction Amount	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Limit	Note
													Item	Value			
1	Eternal Electronic Material (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Other receivables from related parties	Y	\$ 438,400	\$ -	\$ -	-	2	\$ -	Operating needs	\$ -	-	\$ -	\$ 4,648,245	\$ 4,648,245	Note 6
1	Eternal Electronic Material (Guangzhou) Co., Ltd.	ESCO Specialty Coatings (Shanghai) Co., Ltd.	Other receivables from related parties	Y	317,185	156,740	156,740	4.250	2	-	Operating needs	-	-	-	929,649	929,649	Note 8
2	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	Other receivables from related parties	Y	1,052,160	515,311	204,701	3.852	2	-	Operating needs	-	-	-	8,397,300	8,397,300	Note 6
2	Eternal Chemical (China) Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	Other receivables from related parties	Y	1,096,000	429,426	284,926	3.852	2	-	Operating needs	-	-	-	8,397,300	8,397,300	Note 6
2	Eternal Chemical (China) Co., Ltd.	Eternal Materials (Guangdong) Co., Ltd.	Other receivables from related parties	Y	131,520	-	-	-	2	-	Operating needs	-	-	-	8,397,300	8,397,300	Note 6
2	Eternal Chemical (China) Co., Ltd.	Eternal Specialty Materials (Suzhou) Co., Ltd.	Other receivables from related parties	Y	438,400	214,713	52,728	3.852	2	-	Operating needs	-	-	-	8,397,300	8,397,300	Note 6
2	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	Other receivables from related parties	Y	1,490,560	730,024	643,745	3.852	2	-	Operating needs	-	-	-	8,397,300	8,397,300	Note 6
2	Eternal Chemical (China) Co., Ltd.	Eternal Electronic Materials (Kunshan) Co., Ltd.	Other receivables from related parties	Y	208,560	103,062	103,062	3.850	2	-	Operating needs	-	-	-	1,679,460	1,679,460	Note 8
2	Eternal Chemical (China) Co., Ltd.	Changhe International Trading (GZFTZ) Co., Ltd.	Other receivables from related parties	Y	175,360	-	-	-	2	-	Operating needs	-	-	-	8,397,300	8,397,300	Note 6
2	Eternal Chemical (China) Co., Ltd.	Eternal (China) Investment Co., Ltd.	Other receivables from related parties	Y	438,400	429,426	-	-	2	-	Operating needs	-	-	-	8,397,300	8,397,300	Note 6
3	Eternal Materials (Guangdong) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	131,520	-	-	-	2	-	Operating needs	-	-	-	7,367,927	7,367,927	Note 5
3	Eternal Materials (Guangdong) Co., Ltd.	Eternal (China) Investment Co., Ltd.	Other receivables from related parties	Y	1,578,240	644,139	-	-	2	-	Operating needs	-	-	-	7,367,927	7,367,927	Note 5
3	Eternal Materials (Guangdong) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Other receivables from related parties	Y	175,360	85,885	1,558	3.850	2	-	Operating needs	-	-	-	7,367,927	7,367,927	Note 5
3	Eternal Materials (Guangdong) Co., Ltd.	Eternal Optical Material (Suzhou) Co., Ltd.	Other receivables from related parties	Y	876,800	429,426	-	-	2	-	Operating needs	-	-	-	7,367,927	7,367,927	Note 5
3	Eternal Materials (Guangdong) Co., Ltd.	Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Other receivables from related parties	Y	306,880	150,299	-	-	2	-	Operating needs	-	-	-	7,367,927	7,367,927	Note 5
4	Eternal Holdings Inc.	Eternal Technology Corporation	Other receivables from related parties	Y	340,680	167,100	167,100	1.690	2	-	Operating needs	-	-	-	35,029,231	35,029,231	Note 5

(Continued)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 2)	Ending Balance (Note 3)	Actual Amount Drawn	Interest Rate (%)	Nature of Financing (Note 4)	Transaction Amount	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Limit	Note
													Item	Value			
4	Eternal Holdings Inc.	Eternal Sun A. (Suzhou) Co., Ltd.	Other receivables from related parties	Y	\$ 205,452	\$ 189,826	\$ 189,826	1.710-1.730	2	-	Operating needs	-	-	-	\$ 7,005,846	\$ 7,005,846	Note 7
5	Eternal (China) Investment Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	876,800	429,426	-	-	2	-	Operating needs	-	-	-	28,992,038	28,992,038	Note 5
5	Eternal (China) Investment Co., Ltd.	Eternal Optical Material (Suzhou) Co., Ltd.	Other receivables from related parties	Y	1,139,840	-	-	-	2	-	Operating needs	-	-	-	28,992,038	28,992,038	Note 5
5	Eternal (China) Investment Co., Ltd.	Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Long-term receivables from related parties	Y	263,040	-	-	-	2	-	Operating needs	-	-	-	28,992,038	28,992,038	Note 5
5	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	Other receivables from related parties	Y	1,607,650	858,852	858,852	3.850	2	-	Operating needs	-	-	-	28,992,038	28,992,038	Note 5
5	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	Other receivables from related parties	Y	1,042,800	515,311	515,311	3.850	2	-	Operating needs	-	-	-	28,992,038	28,992,038	Note 5
5	Eternal (China) Investment Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	Other receivables from related parties	Y	695,200	343,541	343,541	3.850	2	-	Operating needs	-	-	-	28,992,038	28,992,038	Note 5
5	Eternal (China) Investment Co., Ltd.	Eternal Materials (Guangdong) Co., Ltd.	Other receivables from related parties	Y	131,520	128,828	-	-	2	-	Operating needs	-	-	-	28,992,038	28,992,038	Note 5
5	Eternal (China) Investment Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Other receivables from related parties	Y	434,500	429,426	429,426	3.850	2	-	Operating needs	-	-	-	28,992,038	28,992,038	Note 5

(Concluded)

Note 1: The representation of the numbers are as follows:

1. No. 0 represents the issuer.
2. Investees are numbered in order from No. 1.

Note 2: The maximum balance for the period is approved by the board of directors, and translated into NTD using the exchange rate at the balance sheet date.

Note 3: The ending balance for the period is approved by the board of directors, and translated into NTD using the exchange rate at the balance sheet date.

Note 4: Nature of financing is as follows:

1. Business relationship.
2. Short-term financing

Note 5: According to the financing company's Operation Procedures for Lending Funds to Others, either the financing limit for each borrowing company or financing company's total financing limits shall not exceed 200% of the net worth of the company as of December 31, 2020, and it should be translated into NTD using the exchange rate at the balance sheet date.

Note 6: According to the financing company's Operation Procedures for Lending Funds to Others, either the financing limit for each borrowing company or financing company's total financing limits shall not exceed 200% of the net worth of the company's latest financial statement, and it should be translated into NTD using the exchange rate at the balance sheet date.

Note 7: According to the financing company's Operation Procedures for Lending Funds to Others, either the financing limit for each borrowing company or financing company's total financing limits shall not exceed 40% of the net worth of the company as of December 31, 2020, and it should be translated into NTD using the exchange rate at the balance sheet date.

Note 8: According to the financing company's Operation Procedures for Lending Funds to Others, either the financing limit for each borrowing company or financing company's total financing limits shall not exceed 40% of the net worth of the company's latest financial statement, and it should be translated into NTD using the exchange rate at the balance sheet date.

Note 9: Amount was eliminated from the consolidated financial statements, except for investments accounted for using the equity method.

TABLE 2

Eternal Materials Co., Ltd. and Subsidiaries

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsements /Guarantees Given on Behalf of Each Party	Maximum Amount Endorsements /Guarantees During the Period (Note 4)	Outstanding Endorsements /Guarantees the End of the Period (Note 5)	Actual Amount Drawn	Amount Endorsements /Guarantees by Collaterals	Ratio of Accumulated Endorsements /Guarantees to Net Equity per Latest Financial Statements (%)	Maximum Endorsements /Guarantees Amount Allowable (Note 6 & 7)	Endorsements /Guarantees Given by Parent on Behalf of Subsidiaries	Endorsements /Guarantees by Subsidiaries on Behalf of Parent	Endorsements /Guarantees Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 2)											
0	Eternal Materials Co., Ltd.	Eternal Holdings Inc.	2	\$ 23,269,239	\$ 502,216	\$ 490,160	\$ 356,926	-	2.11	\$ 23,269,239	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Technology Corporation	2	23,269,239	285,350	278,500	278,500	-	1.20	23,269,239	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Nikko-Materials Co., Ltd.	2	23,269,239	135,800	87,150	-	-	0.37	23,269,239	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Sun A. (Suzhou) Co., Ltd.	2	23,269,239	102,726	-	-	-	-	23,269,239	Y	N	Y	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Materials (Malaysia) Sdn. Bhd.	2	23,269,239	2,177,933	2,169,812	1,327,217	-	9.32	23,269,239	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Elga Europe S.r.l.	2	23,269,239	412,440	387,756	385,494	-	1.67	23,269,239	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Nanyang Investment Co., Ltd.	2	23,269,239	1,426,750	1,392,500	1,141,850	-	5.98	23,269,239	Y	N	N	Notes 3 and 6
1	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	2	14,496,019	131,520	-	-	-	-	14,496,019	N	N	Y	Note 7
1	Eternal (China) Investment Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	2	14,496,019	131,520	-	-	-	-	14,496,019	N	N	Y	Note 7

(Continued)

Note 1: The representation of the numbers are as follows:

1. No. 0 represents the issuer.
2. Investees are numbered in order from No. 1.

Note 2: Relationships between the endorser/guarantor and the party being endorsed/guaranteed are as follows:

1. Have a business relationship.
2. The company owns directly or indirectly more than 50% of the voting shares of the company.
3. Total ownership of more than 50% of the investee, either directly by the Company and/or indirectly by the Company's subsidiaries.
4. Subsidiaries in which the Company owns directly or indirectly more than 90% of the voting shares.
5. Companies where the Company is required to provide guarantees or endorsements for the construction project based on the construction contract.
6. Companies where the shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership due to a joint venture.
7. According to the Consumer Protection Act, companies that are required to provide guarantees and endorsements for joint and several liabilities if involved in the business of pre-sale of real estate.

Note 3: In accordance with the parent company's "Procedures for Provision of Endorsements and Guarantees", limit on endorsement/guarantee given on behalf of each party is 100% of the parent company's net worth based on latest financial statements.

Note 4: Maximum amount endorsed/guaranteed during the period is approved by the board of directors, and translated into NTD using the exchange rate at the balance sheet date.

Note 5: Outstanding endorsements/guarantees at the end of the period are approved by the board of directors, and translated into NTD using the exchange rate at the balance sheet date.

Note 6: In accordance with the parent company's "Procedures for Provision of Endorsements and Guarantees", maximum endorsement/guarantee amount allowable is 100% of the parent company's net worth based on latest financial statements.

Note 7: In accordance with the subsidiary's "Procedures for Provision of Endorsements and Guarantees", the limit on endorsement/guarantee given on behalf of each party and the maximum amount endorsed/guaranteed is based on its net worth in the financial statements for the year ended December 31, 2020.

Eternal Materials Co., Ltd. and Subsidiaries

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)

SEPTEMBER 30, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2021				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Eternal Materials Co., Ltd.	President Securities Corp. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	33,366,767	\$ 767,436	2.29	\$ 767,436	
	TBG Diagnostics Limited (stock)	-	Financial assets at fair value through other comprehensive income - non-current	40,200,000	40,341	18.48	40,341	
	Universal Venture Capital Investment Corp. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	5,000,000	40,644	4.15	40,644	
	Der Yang Biotechnology Venture Capital Co., Ltd. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	353,994	4,316	11.11	4,316	
	Hwa Nan Venture Capital Co., Ltd. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	57,438	-	10.60	-	
Mixville Holdings Inc.	Grace THW Holding Limited (stock)	-	Financial assets at fair value through other comprehensive income - non-current	1,900,000	179,923	Note	179,923	
	Pacven Walden Ventures V, L.P. (fund)	-	Financial assets at fair value through profit or loss - non-current	-	13,314	Note	13,314	

Note : The percentage of ownership is less than 1%.

Eternal Materials Co., Ltd. and Subsidiaries

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition(Note 1)		Disposal				Ending Balance(Note 2)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Eternal (China) Investment Co., Ltd.	Eternal Optical Material (Suzhou) Co., Ltd.	Investments accounted for using the equity method	Note 4	Subsidiary	-	\$ (711,257)	Note 3	\$ 949,080	-	\$ -	\$ -	\$ -	Note 3	\$ 213,308
Eternal (China) Investment Co., Ltd.	Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Investments accounted for using the equity method	Note 4	Subsidiary	-	(208,355)	Note 3	345,120	-	-	-	-	Note 3	152,262
Eternal (China) Investment Co., Ltd.	Eternal Material Industry (Tongling) Co., Ltd.	Investments accounted for using the equity method	Note 4	Subsidiary	-	-	Note 3	429,900	-	-	-	-	Note 3	429,733

Note 1: The acquisition included issuance of ordinary shares for cash, and the amounts were translated into NTD using the exchange rate at the base date.

Note 2: The ending balance included increased investment amount, share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method and translation of the financial statement of foreign operations.

Note 3: No share was issued.

Note 4: The Company had capital increase.

TABLE 5

Eternal Materials Co., Ltd. and Subsidiaries

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales (Note 2)	Amount	% to Total	Payment Terms	Unit Price	Payment Term	Ending Balance	% to Total	
Eternal Materials Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Subsidiary	Sales	\$ 247,653	2	Note 1	\$ -	-	\$ 75,980	2	Note 3
	Eternal (China) Investment Co., Ltd.	Subsidiary	Sales	286,279	2	Note 1	-	-	85,564	2	Note 3
	CHOU-KOU Materials Co., Ltd.	Subsidiary	Sales	265,748	2	Note 1	-	-	104,903	2	Note 3
	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Subsidiary	Sales	531,087	4	Note 1	-	-	124,646	3	Note 3
	Eternal Materials (Guangdong) Co., Ltd.	Subsidiary	Sales	247,809	2	Note 1	-	-	50,615	1	Note 3
	Eternal Electronic Material (Thailand) Co., Ltd.	Subsidiary	Sales	293,127	2	Note 1	-	-	166,249	4	Note 3
	Eternal Electronic (Suzhou) Co., Ltd.	Subsidiary	Sales	117,664	1	Note 1	-	-	50,913	1	Note 3
	Eternal Electronic Material (Guangzhou) Co., Ltd.	Subsidiary	Sale	152,453	1	Note 1	-	-	35,717	1	Note 3
	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Subsidiary	Sale	107,854	1	Note 1	-	-	26,951	1	Note 3
Eternal Chemical (Tianjin) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Subsidiary	Sale	124,669	8	Note 1	-	-	83,640	7	Note 3
Eternal Electronic Material (Guangzhou) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Sister company	Sales	329,529	15	Note 1	-	-	169,594	10	Note 3
Eternal Materials (Guangdong) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Sister company	Sales	143,294	3	Note 1	-	-	49,938	2	Note 3
	Eternal Electronic Material (Guangzhou) Co., Ltd.	Sister company	Sales	214,926	5	Note 1	-	-	50,672	2	Note 3
	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Sister company	Sales	226,031	5	Note 1	-	-	58,698	2	Note 3
	Allnex-Eternal Resins (Guangdong) Co., Ltd.	Associates	Sales	223,275	5	Note 1	-	-	106,946	4	
Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Sister company	Sales	184,283	8	Note 1	-	-	109,613	9	Note 3
	Eternal Materials Co., Ltd.	Ultimate parent company	Sales	161,014	7	Note 1	-	-	73,319	6	Note 3
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Sister company	Sales	461,924	21	Note 1	-	-	360,710	20	Note 3
	Eternal Electronic Material (Guangzhou) Co., Ltd.	Sister company	Sales	505,892	23	Note 1	-	-	312,782	17	Note 3
Eternal Specialty Materials (Zhuhai) Co., Ltd.	Eternal Materials Co., Ltd.	Ultimate parent company	Sales	221,901	5	Note 1	-	-	52,056	3	Note 3

(Continued)

Company name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales (Note 2)	Amount	% to Total	Payment Terms	Unit Price	Payment Term	Ending Balance	% to Total	
Nikko Mechanics Co., Ltd.	Nikko-Materials Co., Ltd.	Parent company	Sales	993,241	99	Note 1	-	-	308,321	99	Note 3
Eternal Chemical (China) Co., Ltd.	Allnex-Eternal Resins (Guangdong) Co., Ltd.	Associates	Sales	171,886	4	Note 1	-	-	135,559	5	

(Concluded)

Note 1: The terms are similar to that of non-related party transactions.

Note 2: For transactions between related parties, only one side of the transaction was disclosed.

Note 3: Amounts were eliminated from the consolidated financial statements.

Eternal Materials Co., Ltd. and Subsidiaries

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

SEPTEMBER 30, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Doubtful Accounts
					Amount	Actions Taken		
Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	Subsidiary	\$ 104,903	3.33	\$ 1,911	Collected subsequently	\$ 36,890	\$ -
	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Subsidiary	124,646	5.38	-	-	50,124	-
	Eternal Electronic Materials (Thailand) Co., Ltd.	Subsidiary	166,249	2.64	37,895	Collected subsequently	40,237	-
Eternal Electronic Material (Guangzhou) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Sister company	169,594	2.04	77,563	Collected subsequently	36,319	-
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Sister company	360,710	1.58	126,271	Collected subsequently	59,659	-
	Eternal Electronic Material (Guangzhou) Co., Ltd.	Sister company	312,782	2.22	118,040	Collected subsequently	55,560	-
Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Sister company	109,613	3.13	-	-	15,171	-
Eternal Chemical (China) Co., Ltd.	Allnex-Eternal Resins (Guangdong) Co., Ltd.	Associates	135,559	1.84	8,653	Collected subsequently	19,496	29
Eternal Materials (Guangdong) Co., Ltd.	Allnex-Eternal Resins (Guangdong) Co., Ltd.	Associates	106,946	2.88	19,579	Collected subsequently	19,868	357
Nikko Mechanics Co., Ltd.	Nikko-Materials Co., Ltd.	Parent company	308,321	4.24	-	-	108,688	-

Note: Amount was eliminated from the consolidated financial statements, except the investments accounted for using the equity method.

Eternal Materials Co., Ltd. and Subsidiaries

INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transactions Details			% to Total Revenues or Assets
				Financial Statement Item (Note 5)	Amount	Terms	
0	Eternal Materials Co., Ltd.	Eternal Chemical (China) Co., Ltd.	1	Revenue from sales of goods	\$ 247,653	Note3	0.66
0	Eternal Materials Co., Ltd.	Eternal (China) Investment Co., Ltd.	1	Revenue from sales of goods	286,279	Note3	0.76
0	Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	1	Revenue from sales of goods	265,748	Note3	0.71
0	Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	1	Notes and accounts receivable from related parties	104,903	Note3	0.17
0	Eternal Materials Co., Ltd.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	1	Revenue from sales of goods	531,087	Note3	1.42
0	Eternal Materials Co., Ltd.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	1	Notes and accounts receivable from related parties	124,646	Note3	0.21
0	Eternal Materials Co., Ltd.	Eternal Materials (Guangdong) Co., Ltd.	1	Revenue from sales of goods	247,809	Note3	0.66
0	Eternal Materials Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	1	Revenue from sales of goods	293,127	Note3	0.78
0	Eternal Materials Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	1	Notes and accounts receivable from related parties	166,249	Note3	0.28
0	Eternal Materials Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	1	Revenue from sales of goods	117,664	Note3	0.31
0	Eternal Materials Co., Ltd.	Eternal Electronic Material (Guangzhou) Co., Ltd.	1	Revenue from sales of goods	152,453	Note3	0.41
0	Eternal Materials Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	1	Revenue from sales of goods	107,854	Note3	0.29
1	Eternal Holdings Inc.	Eternal Technology Corporation	1	Other receivables from related parties	167,100	Note4	0.28
1	Eternal Holdings Inc.	Eternal Sun A. (Suzhou) Co., Ltd	1	Other receivables from related parties	189,826	Note4	0.32
2	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	1	Other receivables from related parties	858,852	Note4	1.43
2	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	1	Other receivables from related parties	515,311	Note4	0.86
2	Eternal (China) Investment Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	1	Other receivables from related parties	343,541	Note4	0.57
2	Eternal (China) Investment Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	1	Other receivables from related parties	429,426	Note4	0.71
3	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	3	Other receivables from related parties	204,701	Note4	0.34
3	Eternal Chemical (China) Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	3	Other receivables from related parties	284,926	Note4	0.47
3	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	3	Other receivables from related parties	643,745	Note4	1.07

(Continued)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Item (Note 5)	Amount	Terms	% to Total Revenues or Assets
4	Eternal Electronic Material (Guangzhou) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	3	Revenue from sales of goods	\$ 329,529	Note3	0.88
4	Eternal Electronic Material (Guangzhou) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	3	Notes and accounts receivable from related parties	169,594	Note3	0.28
5	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	3	Revenue from sales of goods	461,924	Note3	1.23
5	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	3	Notes and accounts receivable from related parties	360,710	Note3	0.60
5	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic Material (Guangzhou) Co., Ltd.	3	Revenue from sales of goods	505,892	Note3	1.35
5	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic Material (Guangzhou) Co., Ltd.	3	Notes and accounts receivable from related parties	312,782	Note3	0.52
6	Eternal Materials (Guangdong) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	3	Revenue from sales of goods	143,294	Note3	0.38
6	Eternal Materials (Guangdong) Co., Ltd.	Eternal Electronic Material (Guangzhou) Co., Ltd.	3	Revenue from sales of goods	214,926	Note3	0.57
6	Eternal Materials (Guangdong) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	3	Revenue from sales of goods	226,031	Note3	0.60
7	Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	3	Revenue from sales of goods	184,283	Note3	0.49
7	Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	3	Notes and accounts receivable from related parties	109,613	Note3	0.18
7	Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal Materials Co., Ltd.	2	Revenue from sales of goods	161,014	Note3	0.43
8	Nikko Mechanics Co., Ltd.	Nikko-Materials Co., Ltd.	2	Revenue from sales of goods	993,241	Note3	2.65
8	Nikko Mechanics Co., Ltd.	Nikko-Materials Co., Ltd.	2	Notes and accounts receivable from related parties	308,321	Note3	0.51
9	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Eternal Materials Co., Ltd.	2	Revenue from sales of goods	221,901	Note3	0.59
10	Eternal Chemical (Tianjin) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	3	Revenue from sales of goods	124,669	Note3	0.33

(Concluded)

Note 1: The transaction information of the Company and its subsidiaries is numbered in column "No.". The representation of the numbers are as follows:

1. No. 0 represents the Company.
2. Subsidiaries are numbered in order from No. 1.

Note 2: The relationships among the transaction parties are as follows:

1. The parent company to subsidiary.
2. The subsidiary to the parent company.
3. The subsidiary to another subsidiary.

Note 3: The terms are similar to non-related party transactions.

Note 4: In accordance with the Operational Procedures for Lending Funds to Others.

Note 5: For transactions between related parties, only one side of the transaction was disclosed.

Eternal Materials Co., Ltd. and Subsidiaries

INFORMATION ON INVESTEEES (EXCLUDING INVESTMENT IN MAINLAND CHINA)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of September 30, 2021			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				September 30, 2021	December 31, 2020	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Eternal Materials Co., Ltd.	Eternal Holdings Inc.	Samoa	International investment	\$ 6,259,870	\$ 6,259,870	204,273,859	100.00	\$ 18,776,844	\$ 1,546,634	\$ 1,599,086	
Eternal Materials Co., Ltd.	Eternal Global (BVI) Co., Ltd.	British Virgin Islands	International investment	717,527	717,527	16,821,024	100.00	4,569,355	298,706	295,649	
Eternal Materials Co., Ltd.	Mixville Holdings Inc.	British Virgin Islands	International investment	989,582	989,582	29,530,000	100.00	3,559,171	187,122	181,984	
Eternal Materials Co., Ltd.	Advanced PETFILM Investment Co., Ltd.	Japan	International investment	788,630	788,630	270	20.00	467,315	179,600	41,642	
Eternal Materials Co., Ltd.	Daxin Materials Corporation	Taiwan	Manufacturing and selling of chemical, resins materials and electronic materials.	191,052	191,052	23,423,812	22.80	661,709	512,761	116,910	
Eternal Materials Co., Ltd.	New E Materials Co., Ltd.	Taiwan	Researching, developing, manufacturing and selling of photoelectric, semiconductor process related electronic chemical materials and equipment spare parts	82,322	82,322	6,907,585	62.80	38,216	(13,451)	(8,447)	
Eternal Materials Co., Ltd.	DSM Resins (Far East) Co., Ltd.	Taiwan	Manufacturing and selling of powder coating resin	36,400	36,400	3,660,000	40.00	208,715	142,731	57,092	
Eternal Materials Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	Thailand	Trading services, cutting and selling of dry film photoresist	90,919	90,919	937,500	75.00	126,147	34,000	25,493	
Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	Japan	Selling, trading and providing services of resins material, electronic material and other related products	60,431	60,431	4,000	100.00	88,908	7,520	14,231	
Eternal Materials Co., Ltd.	Nikko-Materials Co., Ltd.	Japan	Manufacturing and selling of dry film photoresist and vacuum laminator	257,657	257,657	11,520	100.00	1,503,399	538,190	534,196	
Eternal Materials Co., Ltd.	Elga Europe S.r.l.	Italy	Manufacturing, selling, agency and processing of electronic chemical products	287,169	287,169	-	72.68	(3,926)	(24,294)	(17,657)	
Eternal Holdings Inc.	Eternal International (BVI) Co., Ltd.	British Virgin Islands	International investment	5,739,033	5,739,033	183,793,592	100.00	15,479,910	1,051,650	-	Note
Eternal Holdings Inc.	E-Chem Corp.	Samoa	International investment	165,608	165,608	4,990,000	100.00	2,586,283	470,860	-	Note
Eternal Holdings Inc.	Eternal Nanyang Investment Co., Ltd.	Samoa	International investment	540,493	540,493	18,450,000	90.00	411,411	(33,731)	-	Note
Eternal Holdings Inc.	PT Eternal Materials Indonesia	Indonesia	Selling, trading of chemical	13,360	-	670	67.00	11,968	(1,767)	-	Note
Eternal Holdings Inc.	Allnex-Eternal Resins Corporation Limited	Hong Kong	Trading and international investment	174,293	174,293	5,341,000	49.00	406,087	98,556	-	Note
Eternal Holdings Inc.	Polymer Instrumentation and Consulting Services, Ltd.	United States	Plastic products manufacturing	121,913	121,913	4,694,296	30.00	-	-	-	Note
Eternal International (BVI) Co., Ltd.	Eternal Technology Corporation	United States	Manufacturing and selling of photoresist	600,693	600,693	2,333	100.00	(105,628)	(21,299)	-	Note
Mixville Holdings Inc.	High Expectation Limited	Cayman Islands	International investment	871,519	871,519	26,005,000	100.00	3,357,816	189,040	-	Note
Eternal (China) Investment Co., Ltd.	Elga Europe S.r.l.	Italy	Manufacturing, selling, agency and processing of electronic chemical products	58,610	58,610	-	22.32	(906)	(24,294)	-	Note
Nikko-Materials Co., Ltd.	Nikko Mechanics Co., Ltd.	Japan	Designing, manufacturing, selling of industrial machinery and machine tool	135,626	135,626	6,560	100.00	395,985	108,649	-	Note
Eternal Nanyang Investment Co., Ltd.	Eternal Materials (Malaysia) Sdn. Bhd.	Malaysia	Manufacturing, selling, trading and providing services of resins material related products	1,748,418	1,748,418	347,324,000	100.00	1,589,890	(18,573)	-	Note

Note: It had been consolidated into the net income (loss) of investees recognized by the Company using the equity method, and also considered into the calculation of the Company's investment income or loss.

TABLE 9

Eternal Materials Co., Ltd. and Subsidiaries

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE PERIOD ENDED SEPTEMBER 30, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of September 30, 2021	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of September 30, 2021	Accumulated Repatriation of Investment Income as of September 30, 2021	Note
					Outward	Inward							
Eternal Chemical (China) Co., Ltd.	Manufacturing and selling of resins material and processing products	\$ 755,651	2	\$ 625,549	\$ -	\$ -	\$ 625,549	\$ 259,581	100.00	\$ 259,581	\$ 4,198,651	\$ 1,424,082	Note 2
DSM Eternal Resins (Kunshan) Co., Ltd.	Manufacturing and selling of powder coating resin	183,470	2	91,735	-	-	91,735	75,692	50.00	39,008	364,514	544,920	Note 3
Changhe International Trading (GZFTZ) Co., Ltd.	International trading, commercial trading, entrepot trading, products displayed, bonded warehousing and business consulting services	-	2	7,020	-	-	7,020	(2,439)	-	(2,439)	-	-	Note 3 and 7
Eternal Electronic Material (Guangzhou) Co., Ltd.	Coating, slitting, cutting, processing, and selling of photoresist	1,259,046	2	444,685	-	-	444,685	248,948	100.00	248,948	2,324,122	983,767	Note 2
Eternal Optical Material (Suzhou) Co., Ltd.	Manufacturing and selling of optical film	1,563,967	2	-	-	-	-	(34,046)	100.00	(34,046)	213,308	-	Note 3
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Researching, developing, manufacturing and selling of electronic high-tech chemical and related products	997,694	2	-	-	-	-	377,643	100.00	377,643	2,413,622	-	Note 2
Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Researching, developing and manufacturing of photoresist dry film, liquid photo imaginable solder masks and printed circuit board related materials	469,402	2	-	-	-	-	13,247	100.00	13,247	152,262	-	Note 3
Eternal Electronic Materials (Kunshan) Co., Ltd.	Manufacturing and selling of epoxy molding compound which used in electronic parts and related products	524,337	2	456,427	-	-	456,427	68,865	40.00	30,866	242,997	-	Note 3
Eternal Synthetic Resins (Changshu) Co., Ltd.	Manufacturing and selling of unsaturated polyester resin	726,426	2	279,811	-	-	279,811	(9,389)	100.00	(9,389)	197,798	-	Note 3
Eternal Chemical (Tianjin) Co., Ltd.	Manufacturing and selling of adhesives, resins material and processing products	1,008,004	2	599,320	-	-	599,320	28,179	100.00	28,179	862,922	-	Note 3
Eternal Specialty Materials (Zhuhai) Co., Ltd.	Manufacturing and selling of acrylic resin and methacrylic acid	611,011	2	243,540	-	-	243,540	504,878	90.00	470,874	2,574,013	788,866	Note 2
ESCO Specialty Coatings (Shanghai) Co., Ltd.	Researching, manufacturing and selling of processing electronic high-tech chemical, high performance coating, material and products	403,180	2	196,680	-	-	196,680	(17,357)	40.00	(10,095)	(23,833)	-	Note 3
Eternal Materials (Guangdong) Co., Ltd.	Manufacturing and selling of adhesives, resins material and processing products	1,297,259	2	868,175	-	-	868,175	189,080	100.00	189,080	3,355,728	1,885,420	Note 3
Eternal (China) Investment Co., Ltd.	Managing, investing consulting services, researching, leasing, manufacturing and selling of resins material and photoelectric chemicals materials	7,557,603	2	4,264,844	-	-	4,264,844	1,072,015	100.00	1,072,015	15,557,289	-	Notes 3 and 4

(Continued)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of September 30, 2021	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of September 30, 2021	Accumulated Repatriation of Investment Income as of September 30, 2021	Note
					Outward	Inward							
Eternal Chemical (Chengdu) Co., Ltd.	Researching and developing resins material and products	\$ 450,351	2	\$ -	\$ -	\$ -	\$ -	\$ (97,988)	100.00	\$ (97,988)	\$ (477,661)	\$ -	Note 3
Eternal Electronic (Suzhou) Co., Ltd.	Researching, developing, and manufacturing of dry film photoresist and dry film solder mask which used in electronic materials, researching resin materials and selling, providing after sales service of self-produced products	1,492,280	2	-	-	-	-	164,299	100.00	164,299	1,714,712	-	Note 2
Eternal Sun A. (Suzhou) Co., Ltd.	Researching, developing, and manufacturing of optical protective film which used in display, and selling, providing after sales service of self-produced products	751,443	2	-	-	-	-	(84,714)	60.00	(50,828)	42,401	-	Note 3
Eternal Specialty Materials (Suzhou) Co., Ltd.	Researching and developing chemical products, and selling, providing technical services of self-produced products	1,199,225	2	-	-	-	-	266,263	100.00	266,263	1,487,411	-	Note 3
Showa Denko New Material (Zhuhai) Co., Ltd.	Manufacturing and selling and manufacturing of functional resins, resins composite material and providing technical services	366,881	2	-	-	-	-	3,561	30.00	1,393	87,844	-	Note 3
Eternal Material Industry (Tongling) Co., Ltd.	Manufacturing and selling resins material products and providing technical services.	429,900	2	-	-	-	-	308	100.00	308	429,733	-	Note 3

(Concluded)

Investor Company	Accumulated Outward Remittance for Investments in Mainland China as of September 30, 2021 (Note 5)	Investment Amount Authorized by the Investment Commission, MOEA (Note 5)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 6)
Eternal Materials Co., Ltd.	\$ 8,083,938	\$ 26,111,170	\$ -

Note 1: Investment methods are classified into the following three categories:

1. Direct investment in a company in mainland China.
2. Investing through companies in a third region (Eternal Holdings Inc., Eternal Global (BVI) Co., Ltd and Mixville Holdings Inc.).
3. Others.

Note 2: The investment gains and losses were recognized from the financial statements reviewed by the parent company's CPA in the ROC.

Note 3: The investment gains and losses of the investee company were recognized from the financial statements which have not been reviewed by the parent company's CPA.

Note 4: The investment gains and losses of Eternal (China) Investment Co., Ltd. included investment income (loss) recognized by the invested company.

Note 5: The amounts were translated into NTD using the current exchange rate.

Note 6: According to the "Regulation Governing the Approval of Investment or Technical Cooperation in Mainland China", modified on August 29, 2008, the Company obtained the approval of the operational headquarters from the Industrial Development Bureau of Ministry of Economic Affairs. There is no ceiling for the investment amount.

Note 7: The divestment was resolved by the board of directors in March 2021, and the liquidation was completed in September 2021.

Eternal Materials Co., Ltd. and Subsidiaries

INFORMATION OF MAJOR SHAREHOLDERS

September 30, 2021

Name of the Major Shareholder	Shares	
	Number of Shares Owned	Percentage of Ownership
Kwang Yang Motor Co., Ltd.	124,000,000	9.99
Kao, Ying-Shih	78,287,830	6.31
Kwang Hsing Industrial Co., Ltd.	70,692,000	5.69

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, refer to Market Observation Post System.