

Eternal Materials Co., Ltd.

Standalone Financial Statements for the Years Ended December 31, 2020 and 2019 and Independent Auditors' Report

For the convenience of readers, the independent auditors' report and the accompanying standalone 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' report and standalone financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT

Eternal Materials Co., Ltd.

Opinion

We have audited the accompanying standalone financial statements of Eternal Materials Co., Ltd. (the Company), which comprise the standalone balance sheets as of December 31, 2020 and 2019, and the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the standalone financial statements, including a summary of significant accounting policies. (collectively referred to as the “financial statements”)

In our opinion, based on our audits and the reports of other auditors (refer to the Other Matter paragraph) the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Company as of December 31, 2020 and 2019, and its standalone financial performance and its standalone cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit of the financial statements for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. We conducted our audit of the financial statements for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020, and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the report of other audits, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Company's standalone financial statements for the year ended December 31, 2020 are stated as follows:

The Occurrence of the High Performance Materials Department Sales Revenue

1. Risk Description

The sales revenue of Eternal Materials Co., Ltd. decreased due to the industrial and economic downturn compared to the previous year. However, the percentage of sales revenue of the high performance materials department in particular had been increased. Therefore, we identified revenue occurrence from the high performance materials department as a key audit matter.

2. The audit procedures we performed in response to the above key audit matters are the following:

- a. We obtained an understanding of the internal controls cover the customer master file, ordering, accounting and receiving process on revenue recognition of high performance materials department and tested their effectiveness.
- b. We obtained the major customer master file data and verified the information of the registered responsible person, business category, and business address etc. using publicly available information, and we evaluated the reasonableness of credit limit relative, transaction terms, sales revenue and the company size.
- c. We selected appropriate samples from the sales revenue receipts of the high performance materials department, examined the payment and goods delivery receipts, and we verified that the recipient of the payment and the transacted counterparty was the same.
- d. We examined material subsequent events with respect to sales returns and verified that the sales transactions occurred before the balance sheet date.

Other Matter

The financial statements of some associates accounted for using the equity method were audited by other auditors. Therefore, our opinion on the amounts and disclosures of such investments included in the accompanying financial statements was based on the report of other auditors. Such investments accounted for using the equity method amounted to NT\$813,541 thousand and NT\$764,646 thousand, both representing 2% of the Company's total assets as of December 31, 2020 and 2019, respectively, and the share of the profit of associates amounted to NT\$222,293 thousand and NT\$204,589 thousand, representing 7% and 13% of the Company's total comprehensive income for the years ended December 31, 2020 and 2019, respectively.

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

Management is responsible for the preparation and fair presentation of the standalone financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of standalone financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would

reasonably be expected to outweigh the public interest benefits of such communication.

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

Chao - chun Wang Lee - Yuan Kuo

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 26, 2021

Notice to Readers

The accompanying standalone financial statements are intended only to present the standalone 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 audit such standalone financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying standalone 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' report and standalone financial statements shall prevail.

Eternal Materials Co., Ltd.

STANDALONE BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 329,643	1	\$ 366,261	1
Notes receivable, net (Notes 4 and 7)	286,075	1	280,413	1
Accounts receivable, net (Notes 4, 5 and 7)	2,180,150	5	2,420,103	6
Accounts receivable from related parties, net (Notes 4, 5, 7 and 25)	953,892	2	839,763	2
Other receivables (Notes 7 and 25)	620,114	1	608,187	1
Inventories (Notes 4, 5 and 8)	2,629,686	6	2,494,574	6
Other current assets - others (Note 20)	147,044	-	105,149	-
Total current assets	<u>7,146,604</u>	<u>16</u>	<u>7,114,450</u>	<u>17</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9)	864,522	2	578,821	1
Investments accounted for using the equity method (Notes 4 and 10)	29,370,153	66	28,654,143	67
Property, plant and equipment (Notes 4 and 11)	6,145,448	14	6,184,393	14
Right-of-use assets (Notes 4 and 12)	115,936	-	47,027	-
Investment properties (Notes 4 and 13)	17,057	-	17,057	-
Intangible assets (Notes 4 and 14)	229,525	1	88,005	-
Deferred tax assets (Notes 4, 5 and 20)	232,729	1	254,700	1
Other non-current assets - others (Note 26)	35,783	-	17,398	-
Total non-current assets	<u>37,011,153</u>	<u>84</u>	<u>35,841,544</u>	<u>83</u>
TOTAL	<u>\$ 44,157,757</u>	<u>100</u>	<u>\$ 42,955,994</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 15)	\$ 1,740,320	4	\$ 2,038,640	5
Notes payable	22	-	1,531	-
Accounts payable (Note 25)	1,387,404	3	1,038,887	2
Other payables - others (Note 16)	857,784	2	821,958	2
Current tax liabilities (Note 20)	136,380	-	90,611	-
Lease liabilities - current (Notes 4 and 12)	28,518	-	12,893	-
Current portion of long-term borrowings (Notes 4 and 15)	1,809,384	4	2,994,000	7
Other current liabilities - others (Note 18)	30,082	-	7,726	-
Total current liabilities	<u>5,989,894</u>	<u>13</u>	<u>7,006,246</u>	<u>16</u>
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 15)	2,995,374	7	2,994,192	7
Long-term borrowings (Notes 4 and 15)	8,607,432	20	7,796,408	18
Deferred tax liabilities (Notes 4 and 20)	2,642,876	6	2,725,100	7
Lease liabilities - non-current (Notes 4 and 12)	88,693	-	29,594	-
Other non-current liabilities (Notes 5 and 16)	998,991	2	989,117	2
Total non-current liabilities	<u>15,333,366</u>	<u>35</u>	<u>14,534,411</u>	<u>34</u>
Total liabilities	<u>21,323,260</u>	<u>48</u>	<u>21,540,657</u>	<u>50</u>
EQUITY (Note 17)				
Ordinary shares	12,402,795	28	12,402,795	29
Capital surplus	368,946	1	356,046	1
Retained earnings				
Legal reserve	4,188,871	10	3,942,840	9
Special reserve	1,442,690	3	510,893	1
Unappropriated earnings	5,213,715	12	5,645,452	13
Total retained earnings	10,845,276	25	10,099,185	23
Other equity	(782,520)	(2)	(1,442,689)	(3)
Total equity	<u>22,834,497</u>	<u>52</u>	<u>21,415,337</u>	<u>50</u>
TOTAL	<u>\$ 44,157,757</u>	<u>100</u>	<u>\$ 42,955,994</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 26, 2021)

Eternal Materials Co., Ltd.

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 18 and 25)	\$ 13,011,068	100	\$ 14,804,018	100
OPERATING COSTS (Notes 8, 16, 19 and 25)	<u>10,416,153</u>	<u>80</u>	<u>12,164,359</u>	<u>82</u>
GROSS PROFIT	<u>2,594,915</u>	<u>20</u>	<u>2,639,659</u>	<u>18</u>
OPERATING EXPENSES (Notes 7, 16 and 19)				
Selling and marketing expenses	747,307	6	721,682	5
General and administrative expenses	814,088	6	755,420	5
Research and development expenses	1,048,456	8	1,031,419	7
Expected credit loss (gain)	<u>51,176</u>	<u>-</u>	<u>(13,049)</u>	<u>-</u>
Total operating expenses	<u>2,661,027</u>	<u>20</u>	<u>2,495,472</u>	<u>17</u>
PROFIT (LOSS) FROM OPERATIONS	<u>(66,112)</u>	<u>-</u>	<u>144,187</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	254	-	604	-
Other income (Notes 19 and 25)	506,182	4	505,958	3
Other gains and losses (Notes 10 and 19)	(191,460)	(2)	447,835	3
Loss on disposal of financial assets at amortized cost (Note 10)	(12,007)	-	-	-
Net foreign exchange gains and losses (Note 29)	(35,298)	-	(4,150)	-
Finance costs (Notes 4 and 19)	(204,037)	(2)	(264,847)	(2)
Share of profit of subsidiaries, associates and joint ventures (Note 10)	<u>2,602,562</u>	<u>20</u>	<u>1,725,901</u>	<u>12</u>
Total non-operating income and expenses	<u>2,666,196</u>	<u>20</u>	<u>2,411,301</u>	<u>16</u>
PROFIT BEFORE INCOME TAX	2,600,084	20	2,555,488	17
INCOME TAX EXPENSE (Notes 4 and 20)	<u>(56,588)</u>	<u>-</u>	<u>(89,132)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>2,543,496</u>	<u>20</u>	<u>2,466,356</u>	<u>16</u>

(Continued)

Eternal Materials Co., Ltd.

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 16, 17 and 20)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	\$ (43,380)	-	\$ (93,192)	(1)
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	305,925	2	105,260	1
Remeasurement of defined benefit plans of subsidiaries, associates and joint ventures accounted for using the equity method	(480)	-	(1,357)	-
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	(6,468)	-	58,813	1
Income tax relating to items that will not be reclassified subsequently to profit or loss	(23,729)	-	24,278	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of the financial statements of foreign operations	354,762	2	(974,560)	(7)
Share of other comprehensive income (loss) of associates and joint ventures	<u>9,320</u>	<u>-</u>	<u>(53,883)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>595,950</u>	<u>4</u>	<u>(934,641)</u>	<u>(6)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 3,139,446</u>	<u>24</u>	<u>\$ 1,531,715</u>	<u>10</u>
EARNINGS PER SHARE (Note 21)				
Basic	\$ 2.05		\$ 1.99	
Diluted	2.04		1.98	

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

(Concluded)

(With Deloitte & Touche auditors' report dated March 26, 2021)

Eternal Materials Co., Ltd.

STANDALONE STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Ordinary Shares	Capital Surplus	Retained Earnings			Exchange Differences on Translation of the Financial Statement of Foreign Operations	Other Equity		Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity	
BALANCE AT JANUARY 1, 2019	\$ 12,402,795	\$ 356,046	\$ 3,787,789	\$ 426,930	\$ 4,540,412	\$ (656,465)	\$ 145,572	\$ (510,893)	\$ 21,003,079
Appropriation of 2018 earnings (Note 17)									
Legal reserve	-	-	155,051	-	(155,051)	-	-	-	-
Special reserve	-	-	-	83,963	(83,963)	-	-	-	-
Cash dividends - NT\$0.9 per share	-	-	-	-	(1,116,252)	-	-	-	(1,116,252)
	-	-	155,051	83,963	(1,355,266)	-	-	-	(1,116,252)
Net profit for the year ended December 31, 2019	-	-	-	-	2,466,356	-	-	-	2,466,356
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	(75,640)	(1,028,443)	169,442	(859,001)	(934,641)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	2,390,716	(1,028,443)	169,442	(859,001)	1,531,715
Disposal of investments in equity instruments as at fair value through other comprehensive income (Note 17)	-	-	-	-	69,590	-	(72,795)	(72,795)	(3,205)
BALANCE AT DECEMBER 31, 2019	12,402,795	356,046	3,942,840	510,893	5,645,452	(1,684,908)	242,219	(1,442,689)	21,415,337
Appropriation of 2019 earnings (Note 17)									
Legal reserve	-	-	246,031	-	(246,031)	-	-	-	-
Special reserve	-	-	-	931,797	(931,797)	-	-	-	-
Cash dividends - NT\$1.4 per share	-	-	-	-	(1,736,391)	-	-	-	(1,736,391)
	-	-	246,031	931,797	(2,914,219)	-	-	-	(1,736,391)
Net profit for the year ended December 31, 2020	-	-	-	-	2,543,496	-	-	-	2,543,496
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(35,088)	364,082	266,956	631,038	595,950
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	2,508,408	364,082	266,956	631,038	3,139,446
Difference between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	-	12,842	-	-	-	-	-	-	12,842
Disposal of investments in equity instruments as at fair value through other comprehensive income (Note 17)	-	-	-	-	(25,926)	-	29,131	29,131	3,205
Others	-	58	-	-	-	-	-	-	58
BALANCE AT DECEMBER 31, 2020	\$ 12,402,795	\$ 368,946	\$ 4,188,871	\$ 1,442,690	\$ 5,213,715	\$ (1,320,826)	\$ 538,306	\$ (782,520)	\$ 22,834,497

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

(With Deloitte & Touche auditors' report dated March 26, 2021)

Eternal Materials Co., Ltd.

STANDALONE STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 2,600,084	\$ 2,555,488
Adjustments for:		
Depreciation expense	668,396	654,074
Amortization expense	15,217	7,630
Expected credit loss (gain)	51,176	(13,049)
Finance costs	204,037	264,847
Loss on disposal of financial assets at amortized cost	12,007	-
Interest income	(254)	(604)
Dividend income	(34,252)	(23,945)
Share of the profit of subsidiaries, associates and joint ventures	(2,602,562)	(1,725,901)
Loss (Gain) on disposal of property, plant and equipment	4,342	(1,113)
Gain on disposal of non-current assets held for sale	-	(480,640)
Impairment loss recognized on financial assets	155,802	-
Impairment loss recognized on non-financial assets	28,909	16,977
Others	17	-
Changes in operating assets and liabilities		
Notes receivable	(5,662)	101,651
Notes receivable from related parties	-	133
Accounts receivable	197,988	201,570
Accounts receivable from related parties	(108,195)	69,074
Other receivables	(9,906)	8,749
Inventories	(164,021)	364,005
Other current assets	3,150	65,077
Notes payable	(1,509)	(21,988)
Accounts payable	348,517	(480,451)
Other payables	60,398	(17,369)
Other current liabilities	2,264	(18,095)
Other non-current liabilities	(30,962)	(111,067)
Cash generated from operations	1,394,981	1,415,053
Interest received	254	604
Dividends received	1,193,112	767,213
Interest paid	(210,933)	(281,816)
Income taxes paid	(136,635)	(155,291)
Net cash generated from operating activities	<u>2,240,779</u>	<u>1,745,763</u>

(Continued)

Eternal Materials Co., Ltd.

STANDALONE STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	\$ 18,706	\$ 80,499
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	1,517	-
Acquisition of investments accounted for using the equity method	(540,493)	(90,626)
Proceeds from disposal of investments accounted for using the equity method	537,857	-
Net cash inflow on disposal of subsidiaries	-	27,191
Proceeds from capital reduction of investments accounted for using the equity method	883,906	179,814
Proceeds from disposal of non-current assets held for sale	-	489,883
Payment for property, plant and equipment	(628,035)	(783,508)
Proceeds from disposal of property, plant and equipment	48,664	20,229
Payment for intangible assets	(156,737)	(6,270)
Decrease (increase) in other financial assets	(15,000)	14,830
Decrease (increase) in other non-current assets	<u>(3,386)</u>	<u>138</u>
Net cash generated from (used in) investing activities	<u>146,999</u>	<u>(67,820)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	(298,320)	64,026
Proceeds from issuance of bonds	-	3,000,000
Proceeds from long-term borrowings	12,430,126	12,209,081
Repayments of long-term borrowings	(12,804,000)	(15,723,000)
Decrease in guarantee deposits received	(2,542)	-
Repayment of the principal portion of lease liabilities	(13,327)	(11,781)
Dividends paid	(1,736,391)	(1,116,252)
Others	<u>58</u>	<u>-</u>
Net cash used in financing activities	<u>(2,424,396)</u>	<u>(1,577,926)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(36,618)	100,017
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>366,261</u>	<u>266,244</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 329,643</u>	<u>\$ 366,261</u>

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

(Concluded)

(With Deloitte & Touche auditors' report dated March 26, 2021)

Eternal Materials Co., Ltd.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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 standalone financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The standalone financial statements were approved by the Company's board of directors and authorized for issue on March 26, 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's accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021

As of the date the standalone financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's 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 FSC

New IFRSs	Effective Date Announced by IASB (Note)
“Annual improvements to IFRS standards 2018-2020 cycle”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference a reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sales 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 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)

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 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 3: 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 4: 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 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: 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.

As of the date the standalone financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company’s 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 standalone financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The standalone financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing the standalone financial statements, the Company accounted for investments in subsidiaries and associates by using the equity method. In order for the amount of net income, other comprehensive income and equity in the standalone financial statements to be equal to those attributable to owners of the Company in the consolidated financial statements, the differences in the accounting treatment between the standalone basis and the consolidated basis are adjusted under the heading of investments accounted for using the equity method, share of profits of subsidiaries, associates and joint ventures, share of other comprehensive income of subsidiaries, associates and joint ventures and capital surplus in the standalone financial statements.

c. Classification of current and noncurrent assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities without an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

When a business combination is achieved in stages, the Company's previously held equity interest in an acquiree is remeasured to fair value at the acquisition date, and the resulting gain or loss is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized on the same basis as would be required if those interests had been directly disposed of by the Company.

e. Foreign currencies

In preparing the standalone financial statements of the Company, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the closing rates at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculation of equity transactions but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate of exchange closing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

f. Inventories

Inventories consist of raw materials, supplies, finished goods and inventory in transit. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and

costs necessary to make the sale. Inventories are recorded at weighted-average cost.

g. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company. Under the equity method, an investment is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the share of other equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control over the subsidiary are accounted for as equity transaction. Differences between the carrying amounts of the investment and the fair value of consideration paid or received are directly recognized in equity.

When the Company's share of loss of a subsidiary equals to or exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount of cash-generating units based on the entire financial statements of the invested company. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes the profit for reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount (net of amortization) that had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in subsequent periods.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Unrealized profits or losses resulting from downstream transactions with subsidiaries are eliminated in the standalone financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the standalone financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

h. Investments in associates

The Company uses the equity method to account for its investments in associates.

An associate is an entity over which the Company has significant influence and that is not a subsidiary.

Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the

associate. The Company also recognizes the changes in the share of equity of associates.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - share of changes in equities of associates and investments accounted for using the equity method. If the Company's ownership interest is reduced due to non-subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be a deduction to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is deducted from retained earnings.

When the Company's share of losses of an associate equals or exceeds their interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing their share of further losses, if any. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

When impairment loss is evaluated, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from investment and the carrying amount of investment is net of impairment loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment has subsequently increased.

The Company discontinues the use of the equity method from the date on which the investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gains or losses on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Company transacts with its associates, profits and losses on these transactions are recognized in the standalone financial statements only to the extent of interests in the associates that are not related to the Company.

i. Property, plant, and equipment

Property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less accumulated recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use and depreciated accordingly.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately.

On derecognition of an item of property, plant and equipment, the difference between net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Investment properties

Investment properties are land held for a currently undetermined future use. Investment properties are measured initially at cost, including transaction costs.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

l. Impairment of property, plant and equipment, investment properties, right-of-use assets and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, investment properties, right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. The impairment loss is recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined for the asset or cash-generating unit (net of amortization and depreciation) had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

m. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Recognition of depreciation of those assets would cease.

When a sale plan would result in a loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale, regardless of whether the Company will retain a non-controlling interest in that subsidiary after the sale. However, such investment is still accounted for using the equity method.

When the Company is committed to a sale plan involving the disposal of an investment or a portion of an investment in an associate or a joint venture, only the investment or the portion of the investment that will be disposed of is classified as held for sale when the classification criteria are met, and the Company discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. If the Company ceases to have significant influence over the investment after the disposal takes place, the Company accounts for any retained interest that has not been classified as held for sale in accordance with the accounting policies for financial instruments.

When a subsidiary, associate and a portion of an interest in a joint venture previously classified as held for sale no longer meets the criteria to be classified as such, it is measured at the carrying amount that would have been recognized as such interests had not been classified as held for sale. The financial statements for the prior periods with interests classified as held for sale are amended accordingly.

n. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at amortized cost and equity instruments at FVTOCI.

i Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes and accounts receivable at amortized cost, other receivables, other financial assets - noncurrent and refundable deposits are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost which are expected credit loss on trade receivables.

The Company recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. The risk of default of accounts receivable and finance lease receivables is assessed based on the number of days past due. The risk of default of other financial assets for the next 12 months is assessed based on internal or external information.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and any associated liability for amounts it may have to pay. If the Company retains

substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes the proceeds received in accounts payable and related borrowings.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI in its entirety, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

The Company measures all financial liabilities at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

o. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods is recognized when the committed goods are delivered from the Company to customers to satisfy performance obligations. Unearned sales revenues are recognized as contract liabilities until performance obligations are satisfied.

Revenue is measured at fair value, which is the transaction price (net of commercial discounts and quantity discounts) agreed to by the Company with customers. For a contract where the period between the date the Company transfers a promised good to a customer and the date the customer pays for that good is one year or less, the Company does not adjust the promised amount of consideration for any effect of a significant financing component.

2) Revenue from the rendering of services

The rendering of services of the Company pertain to intangible asset licensing and logistics support. The service price is charged according to the basis of calculation as stated in the contract. Since the period between the date of service transferred and the date of collection is less than one year, the Company does not adjust the promised amount of consideration for any effect of a significant financing component.

p. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Company subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Company, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Company's net investment outstanding in respect of leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the lease terms.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are presented on a separate line in the standalone balance sheets, except for those that meet the definition of investment properties.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if leases transfer ownership of the underlying assets to the Company by the end of the lease terms or if the costs of right-of-use assets reflect that the Company will exercise a purchase option, the Company depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However,

if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing any gain or loss on the partial or full termination of the lease in profit or loss; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the standalone balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

q. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All borrowing costs other than those stated above are recognized in profit or loss in the period in which they are incurred.

r. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

s. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

The Company's income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized on deductible temporary differences provided there will be sufficient taxable profit against which the benefits of the temporary differences can be used.

Deferred tax liabilities are recognized on taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at each balance sheet date and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amount of the assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company considers the economic impacts of the COVID-19 when making their critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Key Sources of Estimation and Assumption Uncertainty

a. Income taxes

The realizability of deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

Since a portion of the earnings is expected to be used for expanding foreign operations, it will not be remitted in the foreseeable future. The realization of deferred income tax liabilities mainly depends on the scale of operation expansion in the future. If the actual investment amount in the future is less than the expected investment amount, an income tax reversal will occur and such reversal amount will be recognized in profit and loss upon occurrence.

b. Estimated impairment of accounts receivable

The provision for impairment of accounts receivable is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

c. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

d. Recognition and measurement of defined benefit plans

The resulting defined benefit costs under the defined benefit pension plans and the net defined benefit liabilities (assets) are calculated using the projected unit credit method. Actuarial assumptions comprise the discount rates, rates of employee turnover, future salary increases rate, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of expenses and liabilities.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Cash on hand	\$ 3,559	\$ 3,959
Checking accounts and demand deposits	<u>326,084</u>	<u>362,302</u>
	<u>\$ 329,643</u>	<u>\$ 366,261</u>

7. NOTES, ACCOUNTS AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Notes receivable	\$ 286,075	\$ 280,413
Accounts receivable	\$ 2,277,781	\$ 2,475,769
Less: Allowance for loss	<u>(97,631)</u>	<u>(55,666)</u>
	<u>\$ 2,180,150</u>	<u>\$ 2,420,103</u>
Accounts receivable from related parties	\$ 953,986	\$ 845,791
Less: Allowance for loss	<u>(94)</u>	<u>(6,028)</u>
	<u>\$ 953,892</u>	<u>\$ 839,763</u>
Other receivables	\$ 635,259	\$ 608,187
Less: Allowance for loss	<u>(15,145)</u>	<u>-</u>
	<u>\$ 620,114</u>	<u>\$ 608,187</u>

a. Notes receivable and accounts receivables

The notes and accounts receivable of the Company are measured at amortized cost. For the related credit management policies, refer to Note 24.

The loss allowance for the Company's accounts receivable is recognized by using lifetime expected credit loss. The lifetime expected credit losses on accounts receivable are estimated using a provision matrix approach considering to 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's provision matrix.

December 31, 2020

	Not Past Due	0 to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Gross carrying amount	\$ 3,275,360	\$ 110,148	\$ 37,783	\$ 23,814	\$ 70,737	\$ 3,517,842
Loss allowance (lifetime ECL)	<u>(4,203)</u>	<u>(2,219)</u>	<u>(4,847)</u>	<u>(15,719)</u>	<u>(70,737)</u>	<u>(97,725)</u>
Amortized cost	<u>\$ 3,271,157</u>	<u>\$ 107,929</u>	<u>\$ 32,936</u>	<u>\$ 8,095</u>	<u>\$ -</u>	<u>\$ 3,420,117</u>

December 31, 2019

	Not Past Due	0 to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Gross carrying amount	\$ 3,196,219	\$ 274,388	\$ 70,341	\$ 16,023	\$ 45,002	\$ 3,601,973
Loss allowance (lifetime ECL)	<u>(2,531)</u>	<u>(2,905)</u>	<u>(3,296)</u>	<u>(7,960)</u>	<u>(45,002)</u>	<u>(61,694)</u>
Amortized cost	<u>\$ 3,193,688</u>	<u>\$ 271,483</u>	<u>\$ 67,045</u>	<u>\$ 8,063</u>	<u>\$ -</u>	<u>\$ 3,540,279</u>

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 61,694	\$ 76,452
Recognized (reversed) in current year	36,031	(13,049)
Written off in current year	<u>-</u>	<u>(1,709)</u>
Balance at December 31	<u>\$ 97,725</u>	<u>\$ 61,694</u>

b. Other receivables

The Company's allowance for loss is based on historical experience and current financial circumstances. The Company assessed that some of the other receivables could not be recovered. For the year ended December 31, 2020, the Company recognized an expected credit loss of NT\$15,145 thousand.

8. INVENTORIES

	December 31	
	2020	2019
Raw materials	\$ 1,186,905	\$ 1,124,147
Supplies	35,237	30,462
Finished goods	1,323,925	1,280,195
Inventory in transit	<u>83,619</u>	<u>59,770</u>
	<u>\$ 2,629,686</u>	<u>\$ 2,494,574</u>

The cost of inventories recognized as operating costs for the years ended December 31, 2020 and 2019 was NT\$10,416,153 thousand and NT\$12,164,359 thousand, respectively, including write-down of inventories of NT\$28,909 thousand and NT\$16,977 thousand, respectively.

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

	December 31	
	2020	2019
Domestic investments		
Listed shares		
President Securities Corp.	\$ 642,849	\$ 494,947
Unlisted shares		
Universal Venture Capital Investment Corp.	32,602	34,010
Universal Development & Investment Capital I Co., Ltd.	-	21,596
Der Yang Biotechnology Venture Capital Co., Ltd.	<u>3,769</u>	<u>5,469</u>
	<u>679,220</u>	<u>556,022</u>
Foreign investments		
Listed shares		
TBG Diagnostics Limited (TBG stocks)	<u>185,302</u>	<u>22,799</u>
	<u>\$ 864,522</u>	<u>\$ 578,821</u>

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's strategy of holding these investments for long-term purposes.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Investments in subsidiaries	\$ 28,123,294	\$ 27,482,921
Investments in associates	<u>1,246,859</u>	<u>1,171,222</u>
	<u>\$ 29,370,153</u>	<u>\$ 28,654,143</u>

a. Investments in subsidiaries

	<u>December 31</u>			
	<u>2020</u>		<u>2019</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Eternal Holdings Inc.	\$ 17,904,689	100	\$ 16,716,598	100
Eternal Global (BVI) Co., Ltd.	4,681,917	100	4,460,068	100
Mixville Holdings Inc.	3,938,279	100	4,275,189	100
New E Materials Co., Ltd.	46,663	62.80	59,124	62.80
Eternal Electronic Material (Thailand) Co., Ltd.	140,723	75	138,401	75
CHOU-KOU Materials Co., Ltd.	83,826	100	79,729	100
Nikko-Materials Co., Ltd.	1,313,819	100	906,581	100
Eternal Materials (Malaysia) Sdn. Bhd.	-	-	668,305	90
Elga Europe S.r.l.	13,378	72.68	174,611	72.68
Eternal Capatech Co., Ltd.	<u>-</u>	-	<u>4,315</u>	96.71
	<u>\$ 28,123,294</u>		<u>\$ 27,482,921</u>	

The Company tested the recoverable amount of the subsidiary Elga Europe S.r.l. at the end of the annual financial reporting period. 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 \$155,802 thousand (recorded as other gains and losses) was recognized in 2020.

Refer to Note 13 of the consolidated financial statements, the Company's board of directors resolved in August 2020 to sell the equity and creditor's rights of Hangzhou Yongxinyang Photoelectric Materials Co., Ltd. to a non-related party. The loss on disposal of financial assets at amortized cost of \$12,007 thousand was recognized in the current year.

b. Investments in associates

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Associates that are not individually material	<u>\$ 1,246,859</u>	<u>\$ 1,171,222</u>

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

	<u>For the Year Ended December 31</u>	
	2020	2019
The Company's share of		
Net profit for the year	\$ 242,120	\$ 231,206
Other comprehensive income	<u>6,915</u>	<u>(14,807)</u>
 Total comprehensive income for the year	 <u>\$ 249,035</u>	 <u>\$ 216,399</u>

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

	<u>December 31</u>	
	2020	2019
Daxin Materials Corporation	<u>\$ 2,005,078</u>	<u>\$ 2,122,197</u>

The investments accounted for using the equity method and the share of profit and other comprehensive income of those investments are based on the associates' audited financial statements for the same period.

Refer to Statement 6 for the variation of investments accounted for using the equity method. Refer to Table 9 for the main businesses and countries of incorporation of the associates.

11. PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 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	\$ 2,477,603	\$ 936,950	\$ 1,724,712	\$ 167,525	\$ 308,537	\$ 48,754	\$ 520,312	\$ 6,184,393
<u>Cost</u>								
Balance at January 1, 2020	\$ 2,477,603	\$ 3,428,623	\$ 9,014,886	\$ 656,587	\$ 1,085,786	\$ 149,179	\$ 520,312	\$ 17,332,976
Additions	2,030	125,355	559,659	26,248	133,205	6,990	(241,029)	612,458
Disposals	-	(7,251)	(70,517)	(3,624)	(12,367)	(1,418)	-	(95,177)
Reclassification	-	(2,299)	2,299	-	-	-	-	-
Balance at December 31, 2020	<u>\$ 2,479,633</u>	<u>\$ 3,544,428</u>	<u>\$ 9,506,327</u>	<u>\$ 679,211</u>	<u>\$ 1,206,624</u>	<u>\$ 154,751</u>	<u>\$ 279,283</u>	<u>\$ 17,850,257</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2020	\$ -	\$ 2,491,673	\$ 7,290,174	\$ 489,062	\$ 777,249	\$ 100,425	\$ -	\$ 11,148,583
Depreciation	-	153,982	385,976	22,764	73,896	13,286	-	649,904
Disposals	-	(7,073)	(69,553)	(3,488)	(12,332)	(1,232)	-	(93,678)
Reclassification	-	711	(711)	-	-	-	-	-
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 2,639,293</u>	<u>\$ 7,605,886</u>	<u>\$ 508,338</u>	<u>\$ 838,813</u>	<u>\$ 112,479</u>	<u>\$ -</u>	<u>\$ 11,704,809</u>
Carrying amount at December 31, 2020	<u>\$ 2,479,633</u>	<u>\$ 905,135</u>	<u>\$ 1,900,441</u>	<u>\$ 170,873</u>	<u>\$ 367,811</u>	<u>\$ 42,272</u>	<u>\$ 279,283</u>	<u>\$ 6,145,448</u>

For the Year Ended December 31, 2019

	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, 2019	\$ 2,477,603	\$ 986,373	\$ 1,736,664	\$ 157,511	\$ 284,309	\$ 48,739	\$ 343,361	\$ 6,034,560
<u>Cost</u>								
Balance at January 1, 2019	\$ 2,477,603	\$ 3,376,841	\$ 8,767,672	\$ 630,678	\$ 1,037,184	\$ 144,273	\$ 343,361	\$ 16,777,612
Additions	-	120,198	374,133	32,684	93,811	13,535	176,951	811,312
Disposals	-	(68,416)	(126,919)	(6,775)	(45,209)	(8,629)	-	(255,948)
Balance at December 31, 2019	<u>\$ 2,477,603</u>	<u>\$ 3,428,623</u>	<u>\$ 9,014,886</u>	<u>\$ 656,587</u>	<u>\$ 1,085,786</u>	<u>\$ 149,179</u>	<u>\$ 520,312</u>	<u>\$ 17,332,976</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Storage Equipment	Examination Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
<u>Accumulated depreciation</u>								
Balance at January 1, 2019	\$ -	\$ 2,390,468	\$ 7,031,008	\$ 473,167	\$ 752,875	\$ 95,534	\$ -	\$ 10,743,052
Depreciation	-	164,172	376,761	22,638	65,521	13,271	-	642,363
Disposals	-	(62,967)	(117,595)	(6,743)	(41,147)	(8,380)	-	(236,832)
Balance at December 31, 2019	\$ -	\$ 2,491,673	\$ 7,290,174	\$ 489,062	\$ 777,249	\$ 100,425	\$ -	\$ 11,148,583
Carrying amount at December 31, 2019	\$ 2,477,603	\$ 936,950	\$ 1,724,712	\$ 167,525	\$ 308,537	\$ 48,754	\$ 520,312	\$ 6,184,393

(Concluded)

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

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

Land (including recorded as investment properties) held by the Company was revalued in 1980, 1990, 1997 and 2004, as of December 31, 2020 and 2019, the revaluation increments of the land was \$1,977,218 thousand.

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Carrying amounts		
Land	\$ 10,398	\$ 10,191
Buildings	84,063	13,441
Machinery	-	57
Storage	957	-
Other equipment	<u>20,518</u>	<u>23,338</u>
	<u>\$ 115,936</u>	<u>\$ 47,027</u>
	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Additions to right-of-use assets	<u>\$ 89,152</u>	<u>\$ 19,446</u>
Depreciation charge for right-of-use assets		
Land	\$ 449	\$ 434
Buildings	10,613	7,298
Machinery	57	75
Storage	68	-
Other equipment	<u>7,305</u>	<u>3,904</u>
	<u>\$ 18,492</u>	<u>\$ 11,711</u>

b. Lease liabilities

	December 31	
	2020	2019
Carrying amounts		
Current	<u>\$ 28,518</u>	<u>\$ 12,893</u>
Non-current	<u>\$ 88,693</u>	<u>\$ 29,594</u>

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

	December 31	
	2020	2019
Land	1.72-2.29	2.29
Buildings	0.79-3.64	1.67-3.64
Machinery	-	1.67
Storage	1.67	-
Other equipment	1.67-3.64	1.67-3.64

c. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term and low-value asset leases	<u>\$ 3,144</u>	<u>\$ 5,325</u>
Total cash outflow for all leases arrangements (including short-term and low-value asset leases)	<u>\$ 17,702</u>	<u>\$ 17,841</u>

The Company's leases of certain assets qualify as short-term leases and low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. INVESTMENT PROPERTIES

	December 31	
	2020	2019
Land	<u>\$ 17,057</u>	<u>\$ 17,057</u>

Fair value of the Company's land located in Pingtung was not evaluated by an independent appraiser. The management of the Company used the valuation model that market participants would use in determining the fair value, and the fair value was measured by using Level 3 inputs. The fair value of \$17,901 thousand and \$18,954 thousand was determined at December 31, 2020 and 2019, respectively, by reference to market evidence of transaction prices for similar properties.

14. INTANGIBLE ASSETS

For the Year Ended December 31, 2020

	Computer Software	Other Intangible Assets	Total
Carrying amount at January 1, 2020	\$ <u>78,254</u>	\$ <u>9,751</u>	\$ <u>88,005</u>
<u>Cost</u>			
Balance at January 1, 2020	\$ 82,736	\$ 17,910	\$ 100,646
Additions	<u>156,490</u>	<u>247</u>	<u>156,737</u>
Balance at December 31, 2020	\$ <u>239,226</u>	\$ <u>18,157</u>	\$ <u>257,383</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2020	\$ 4,482	\$ 8,159	\$ 12,641
Amortization expense	<u>11,089</u>	<u>4,128</u>	<u>15,217</u>
Balance at December 31, 2020	\$ <u>15,571</u>	\$ <u>12,287</u>	\$ <u>27,858</u>
Carrying amount at December 31, 2020	\$ <u>223,655</u>	\$ <u>5,870</u>	\$ <u>229,525</u>

For the Year Ended December 31, 2019

	Computer Software	Other Intangible Assets	Total
Carrying amount at January 1, 2019	\$ <u>82,391</u>	\$ <u>6,974</u>	\$ <u>89,365</u>
<u>Cost</u>			
Balance at January 1, 2019	\$ 82,736	\$ 11,640	\$ 94,376
Additions	<u>-</u>	<u>6,270</u>	<u>6,270</u>
Balance at December 31, 2019	\$ <u>82,736</u>	\$ <u>17,910</u>	\$ <u>100,646</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2019	\$ 345	\$ 4,666	\$ 5,011
Amortization expense	<u>4,137</u>	<u>3,493</u>	<u>7,630</u>
Balance at December 31, 2019	\$ <u>4,482</u>	\$ <u>8,159</u>	\$ <u>12,641</u>
Carrying amount at December 31, 2019	\$ <u>78,254</u>	\$ <u>9,751</u>	\$ <u>88,005</u>

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

Computer software	2-20 years
Other intangible assets	3-5 years

15. BORROWINGS

a. Short-term borrowings

	Type of Borrowings	Interest Rate Range (%)	Amount
December 31, 2020	Bank loans		
	Unsecured loans	0.68-0.97	\$ <u>1,740,320</u>
December 31, 2019	Bank loans		
	Unsecured loans	2.40-2.75	\$ <u>2,038,640</u>

b. Long-term borrowings

	Type of Borrowings	Agreement Period and Interest Payable Schedule	Interest Rate Range (%)	Amount
December 31, 2020	Bank loans			
	Unsecured loans	From July 29, 2016 to October 2, 2023. Interest is paid based on schedule.	0.60-1.79	\$ 9,517,384
	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>
				10,416,816
	Less: Current portion of long-term borrowings			<u>(1,809,384)</u>
				<u>\$ 8,607,432</u>

(Continued)

Type of Borrowings	Agreement Period and Interest Payable Schedule	Interest Rate Range (%)	Amount
December 31, 2019			
Bank loans			
Unsecured loans	From August 17, 2015 to October 2, 2023. Interest is paid based on schedule.	0.80-1.94	\$ 9,891,258
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.	1.40	900,000
Less: Unamortized discounts			<u>(850)</u>
			<u>899,150</u>
			10,790,408
Less: Current portion of long-term borrowings			<u>(2,994,000)</u>
			<u>\$ 7,796,408</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 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 a year. If the Company breaches 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. The Company was in compliance with the syndicated credit facility agreements based on its consolidated financial statements for the years ended December 31, 2020 and 2019.
- 2) As of December 31, 2020, the Company 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
		(Continued)

Bank	Currency	Credit line
KGI Bank Co., Ltd.	NTD	\$ 600,000
E.SUN Commercial Bank, Ltd.	NTD	200,000
Taipei Fubon Commercial Bank Co., Ltd.	NTD	200,000
CTBC Bank Co., Ltd.	JPY	417,604
		(Concluded)

- 3) As of December 31, 2020, the Company executed syndicated credit facility agreements with the following banks.

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.

d. Bonds payable

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
5 - year secured bond - issued at par value		
Issued in November 2019, interest rate at 0.82%, bullet		
repayment, payable annually	\$ 3,000,000	\$ 3,000,000
Less: Issuance cost	<u>(4,626)</u>	<u>(5,808)</u>
	<u>\$ 2,995,374</u>	<u>\$ 2,994,192</u>

The proceeds from the above bonds payable are for the repayment of liabilities. In October 2019, the Company entered into a syndicated credit facility agreement with 4 banks led by Bank of Taiwan for a NT\$3,024,600 thousand credit line.

16. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Based on the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The Company has a defined benefit plan in accordance with the Labor Standards Act; the pension plan is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 10% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The Company has no right to influence the investment policy and strategy of the pension fund. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2020	2019
Present value of defined benefit obligation	\$ 2,142,559	\$ 2,091,735
Fair value of plan assets	<u>(1,154,628)</u>	<u>(1,120,831)</u>
Net defined benefit liabilities	<u>\$ 987,931</u>	<u>\$ 970,904</u>
Current (recoded as other payables-others)	\$ 5,326	\$ -
Non-current (recorded as other non-current liabilities)	<u>982,605</u>	<u>970,904</u>
	<u>\$ 987,931</u>	<u>\$ 970,904</u>

Movements of net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2020	<u>\$ 2,091,735</u>	<u>\$ (1,120,831)</u>	<u>\$ 970,904</u>
Service cost			
Current service cost	34,699	-	34,699
Interest expense (income)	<u>14,642</u>	<u>(7,846)</u>	<u>6,796</u>
Recognized in profit or loss	<u>49,341</u>	<u>(7,846)</u>	<u>41,495</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(42,255)	(42,255)
Actuarial loss - changes in financial assumptions	92,846	-	92,846
Actuarial gain - experience adjustments	<u>(7,211)</u>	<u>-</u>	<u>(7,211)</u>
Recognized in other comprehensive income	<u>85,635</u>	<u>(42,255)</u>	<u>43,380</u>
Contributions from the employer	-	(55,561)	(55,561)
Benefits paid	<u>(84,152)</u>	<u>71,865</u>	<u>(12,287)</u>
	<u>(84,152)</u>	<u>16,304</u>	<u>(67,848)</u>
Balance at December 31, 2020	<u>\$ 2,142,559</u>	<u>\$ (1,154,628)</u>	<u>\$ 987,931</u>
Balance at January 1, 2019	<u>\$ 2,181,581</u>	<u>\$ (1,187,487)</u>	<u>\$ 994,094</u>
Service cost			
Current service cost	34,005	-	34,005
Interest expense (income)	<u>23,997</u>	<u>(13,062)</u>	<u>10,935</u>
Recognized in profit or loss	<u>58,002</u>	<u>(13,062)</u>	<u>44,940</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (41,601)	\$ (41,601)
Actuarial loss - changes in financial assumptions	94,078	-	94,078
Actuarial loss - experience adjustments	<u>40,715</u>	<u>-</u>	<u>40,715</u>
Recognized in other comprehensive income	<u>134,793</u>	<u>(41,601)</u>	<u>93,192</u>
Contributions from the employer	-	(150,673)	(150,673)
Benefits paid	<u>(282,641)</u>	<u>271,992</u>	<u>(10,649)</u>
	<u>(282,641)</u>	<u>121,319</u>	<u>(161,322)</u>
Balance at December 31, 2019	<u>\$ 2,091,735</u>	<u>\$ (1,120,831)</u>	<u>\$ 970,904</u> (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2020	2019
Operating costs	\$ 18,445	\$ 19,826
Operating expenses	<u>23,050</u>	<u>25,114</u>
	<u>\$ 41,495</u>	<u>\$ 44,940</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk

The plan assets are invested in domestic and foreign equity securities, debt securities, and bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Discount rate (%)	0.30	0.70
Expected rate of salary increase (%)	3.00	3.00
Mortality rate (%)	Population was based on the 5th Taiwan Standard Ordinary Experience Mortality Table	Population was based on the 5th Taiwan Standard Ordinary Experience Mortality Table
Resignation rate (%)	0.00-23.00	0.00-23.00
Early retirement rate (%)	0.1-99	0.1-99

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Discount rate		
0.25% increase	<u>\$ (58,689)</u>	<u>\$ (59,487)</u>
0.25% decrease	<u>\$ 60,977</u>	<u>\$ 61,878</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 53,931</u>	<u>\$ 55,109</u>
0.25% decrease	<u>\$ (52,302)</u>	<u>\$ (53,376)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
The expected contributions to the plan for the next year	<u>\$ 117,045</u>	<u>\$ 61,090</u>
The average duration of the defined benefit obligation	11 years	12 years

17. EQUITY

a. Share capital

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Number of shares authorized (in thousands)	<u>1,800,000</u>	<u>1,800,000</u>
Shares authorized	<u>\$ 18,000,000</u>	<u>\$ 18,000,000</u>

(Continued)

	December 31	
	2020	2019
Number of shares issued and fully paid (in thousands)	<u>1,240,280</u>	<u>1,240,280</u>
Shares issued	<u>\$ 12,402,795</u>	<u>\$ 12,402,795</u>
		(Concluded)

b. Capital surplus

	December 31	
	2020	2019
May be used to offset deficit, distribute cash or transfer to share capital (Note)		
Additional paid-in capital	\$ 309,017	\$ 309,017
Treasury share transactions	19,642	19,642
Difference between equity purchase price and carrying amount from actual acquisition or disposal of subsidiaries	<u>12,872</u>	<u>30</u>
	<u>341,531</u>	<u>328,689</u>
May be used to offset deficit only		
Share of change in equities of associates or joint ventures	27,357	27,357
Others	<u>58</u>	<u>-</u>
	<u>27,415</u>	<u>27,357</u>
	<u>\$ 368,946</u>	<u>\$ 356,046</u>

Note: The capital surplus could be used to offset deficit, distributed as cash dividends or transferred to share capital when the Company has no deficit (limited to a certain percentage of the Company's paid-in capital and to 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 deficit of previous years.
- 3) Appropriate as legal capital reserve 10% of the remaining profits, until the accumulated legal reserve equals the paid-in capital.
- 4) Appropriate as special capital 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 paid-in capital, the excess may be transferred to capital or distributed in cash.

Under Rule No. 1010012865 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate to or

reverse a special reserve. Special reserve of NT\$426,930 thousand was appropriated because the exemption from IFRS 1 elected by the Company. There is not any reversal of special reserve in 2020.

The appropriations of earnings for 2019 and 2018 had been approved in the shareholders' meetings in June 2020 and June 2019, respectively. The appropriations and dividends per share were as follows:

	<u>Appropriations of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Legal reserve	\$ 246,031	\$ 155,051		
Special reserve	931,797	83,963		
Cash dividends	1,736,391	1,116,252	\$ 1.4	\$ 0.9

The appropriations of earnings for 2020 which had been proposed by the Company's board of directors in March 2021 are as follows:

	<u>Appropriation of Earnings</u>	<u>Dividend Per Share (NT\$)</u>
Legal reserve	\$ 248,248	
Special reserve	(660,170)	
Cash dividends	1,860,419	\$ 1.5

The appropriations of earnings for 2020 are subject to resolution in the shareholders' meeting to be held in June 2021.

d. Other equity items

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

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Balance at beginning of the year	\$ (1,684,908)	\$ (656,465)
Recognized for the year		
Exchange differences on translation of the statements of foreign operations	354,762	(974,560)
Share of exchange differences of associates accounted for using the equity method	<u>9,320</u>	<u>(53,883)</u>
Balance at end of the year	<u>\$ (1,320,826)</u>	<u>\$ (1,684,908)</u>

The Company reinvested in mainland China and was affected by the exchange differences on translation of the financial statements of foreign operations due to the exchange rate fluctuations of the RMB to the NTD.

2) Unrealized gains and losses on financial assets at FVTOCI

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Balance at beginning of the year	<u>\$ 242,219</u>	<u>\$ 145,572</u>

(Continued)

	For the Year Ended December 31	
	2020	2019
Recognized for the year		
Unrealized gains and losses - equity instruments	\$ 273,424	\$ 110,629
Share of associates accounted for using the equity method	<u>(6,468)</u>	<u>58,813</u>
Other comprehensive income recognized for the year	<u>266,956</u>	<u>169,442</u>
Reclassification adjustment		
Cumulative unrealized gains and losses of equity instruments transferred to retained earnings due to disposal from subsidiaries	<u>29,131</u>	<u>(72,795)</u>
Balance at end of the year	<u>\$ 538,306</u>	<u>\$ 242,219</u> (Concluded)

18. REVENUE

	For the Year Ended December 31	
	2020	2019
Revenue from contracts with customers		
Revenue from the sale of goods	<u>\$ 13,011,068</u>	<u>\$ 14,804,018</u>

- a. For information on customer contracts, refer to Note 4.
- b. Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes and accounts receivable	<u>\$ 3,420,117</u>	<u>\$ 3,540,279</u>	<u>\$ 3,899,657</u>
Contract liabilities (recorded as other current liabilities - others)			
Sale of goods	<u>\$ 18,406</u>	<u>\$ 2,514</u>	<u>\$ 10,050</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 recognized in the current reporting period from the contract liabilities at the beginning of the year is as follows:

	For the Year Ended December 31	
	2020	2019
From the contract liabilities at the beginning of the year		
Sale of goods	<u>\$ 2,423</u>	<u>\$ 10,050</u>

c. Disaggregation of revenue

	Reportable Segments				Total
	Resins Materials	Electronic Materials	High Performance Materials	Others	
<u>For the year ended December 31, 2020</u>					
Type of revenue					
Sale of goods	\$ 6,891,214	\$ 3,932,095	\$ 2,164,327	\$ 23,432	\$ 13,011,068
<u>For the year ended December 31, 2019</u>					
Type of revenue					
Sale of goods	\$ 8,282,190	\$ 4,266,672	\$ 2,235,476	\$ 19,680	\$ 14,804,018

19. PROFIT BEFORE INCOME TAX

a. Other income

	<u>For the Year Ended December 31</u>	
	2020	2019
Dividend income	\$ 34,252	\$ 23,945
Others (Note 25)	<u>471,930</u>	<u>482,013</u>
	<u>\$ 506,182</u>	<u>\$ 505,958</u>

b. Other gains and losses

	<u>For the Year Ended December 31</u>	
	2020	2019
Impairment loss on financial assets	\$ (155,802)	\$ -
Gains on disposal of non-current assets held for sale	-	480,640
Financial fees	(27,771)	(21,834)
Gains (loss) on disposal of property, plant and equipment	(4,342)	1,113
Others	<u>(3,545)</u>	<u>(12,084)</u>
	<u>\$ (191,460)</u>	<u>\$ 447,835</u>

c. Finance costs

	<u>For the Year Ended December 31</u>	
	2020	2019
Interest on loans	\$ 209,160	\$ 271,531
Interest on lease liabilities	1,231	735
Less: Amounts included in the cost of qualifying assets	<u>(6,354)</u>	<u>(7,419)</u>
	<u>\$ 204,037</u>	<u>\$ 264,847</u>

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2020	2019
Capitalized interest amount	\$ 6,354	\$ 7,419
Capitalization rates (%)	1.13-1.54	1.56-1.81
 d. Depreciation and amortization		
	For the Year Ended December 31	
	2020	2019
Property, plant and equipment	\$ 649,904	\$ 642,363
Right-of-use assets	18,492	11,711
Intangible assets	<u>15,217</u>	<u>7,630</u>
	<u>\$ 683,613</u>	<u>\$ 661,704</u>
Analysis of depreciation by function		
Operating costs	\$ 480,296	\$ 485,437
Operating expenses	<u>188,100</u>	<u>168,637</u>
	<u>\$ 668,396</u>	<u>\$ 654,074</u>
Analysis of amortization by function		
Operating expenses	<u>\$ 15,217</u>	<u>\$ 7,630</u>
 e. Employee benefits		
	For the Year Ended December 31	
	2020	2019
Short-term employee benefits		
Salaries	\$ 1,970,817	\$ 1,845,151
Labor and health insurance	147,825	149,648
Others	<u>118,770</u>	<u>120,468</u>
	<u>2,237,412</u>	<u>2,115,267</u>
Post-employment benefits		
Defined contribution plans	64,270	56,158
Defined benefit plans (Note 16)	<u>41,495</u>	<u>44,940</u>
	<u>105,765</u>	<u>101,098</u>
	<u>\$ 2,343,177</u>	<u>\$ 2,216,365</u>
Analysis by function		
Operating costs	\$ 932,316	\$ 902,373
Operating expenses	<u>1,410,861</u>	<u>1,313,992</u>
	<u>\$ 2,343,177</u>	<u>\$ 2,216,365</u>

f. Compensation of employee and remuneration of directors

The Company distributed compensation of employee and remuneration of directors at rates of 4.5%-5.5% and no higher than 1%, respectively, of pre-tax profit prior to the deduction of compensation of employee and remuneration of directors. The accrual amounts recognized in the financial statements and amounts approved by the Company's board of directors for the year ended December 31, 2020 are as follows:

	For the Year Ended December 31, 2020	
	Accrual Amounts Recognized in the Financial Statements	Amounts Approved by the Company's Board of Directors
Compensation of employee - cash	\$ 131,000	\$ 123,628
Remuneration of directors - cash	\$ 16,200	\$ 16,200

The difference between the amount recognized and approved by Company's board of directors is recorded as a change in accounting estimate and will be adjusted in the next year.

The compensation of employee and remuneration of directors (all in cash) approved by the Company's board of directors in March 2020 and 2019, and accrual amounts recognized in the standalone financial statements, respectively, were as follows:

	For the Year Ended December 31			
	2019		2018	
	Compensation of Employee	Remuneration of Directors	Compensation of Employee	Remuneration of Directors
Amounts approved in the board of directors' meeting	\$ 121,177	\$ 15,325	\$ 72,181	\$ 14,400
Amounts recognized in the annual financial statements	<u>122,000</u>	<u>15,325</u>	<u>77,544</u>	<u>14,400</u>
Difference	<u>\$ (823)</u>	<u>\$ -</u>	<u>\$ (5,363)</u>	<u>\$ -</u>

The differences were adjusted to profit and loss for the years ended December 31, 2020 and 2019.

Information on the compensation of employee 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.

20. INCOME TAX

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

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	\$ 136,379	\$ 87,406

(Continued)

	For the Year Ended December 31	
	2020	2019
Land value increment tax	\$ -	\$ 60,202
Adjustment for prior years	<u>4,191</u>	<u>12,308</u>
	<u>140,570</u>	<u>159,916</u>
Deferred tax		
In respect of the current year	<u>(83,982)</u>	<u>(70,784)</u>
	<u>\$ 56,588</u>	<u>\$ 89,132</u>
		(Concluded)

The reconciliation of accounting profit and income tax expense (benefit) was as follows:

	For the Year Ended December 31	
	2020	2019
Profit before income tax	<u>\$ 2,600,084</u>	<u>\$ 2,555,488</u>
Income tax expense calculated at the statutory rate	\$ 520,017	\$ 511,098
Effect from items adjusted by regulation	(376,301)	(480,433)
Land value increment tax	-	60,202
Income tax on unappropriated earnings	-	9,819
Investment credits	(91,319)	(23,862)
Adjustment for prior years	<u>4,191</u>	<u>12,308</u>
	<u>\$ 56,588</u>	<u>\$ 89,132</u>

The Statute for Industrial Innovation was amended in 2019, which stipulate that amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings.

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

	For the Year Ended December 31	
	2020	2019
Current tax		
Disposal of investments in equity instruments at FVTOCI	<u>\$ (3,205)</u>	<u>\$ 3,205</u>

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

	For the Year Ended December 31	
	2020	2019
Deferred tax		
Recognized for the year		
Remeasurement of defined benefit plans	\$ (8,676)	\$ (18,638)
Remeasurement of defined benefit plans of subsidiaries, associates and joint ventures accounted for using the equity method	(96)	(271)
		(Continued)

	For the Year Ended December 31	
	2020	2019
Unrealized gains and losses on financial assets at fair value through other comprehensive income	<u>\$ 32,501</u>	<u>\$ (5,369)</u>
	<u>\$ 23,729</u>	<u>\$ (24,278)</u> (Concluded)

d. Current tax assets and liabilities

	December 31	
	2020	2019
Current tax assets		
Prepaid income tax (recorded as other current assets - others)	<u>\$ 103,485</u>	<u>\$ 58,439</u>
Current tax liabilities		
Income tax payable	<u>\$ 136,380</u>	<u>\$ 90,611</u>

e. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2020

	Balance at Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at End of the Year
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit plan	\$ 172,835	\$ (6,336)	\$ 8,676	\$ 175,175
Others	<u>81,865</u>	<u>8,459</u>	<u>(32,770)</u>	<u>57,554</u>
	<u>\$ 254,700</u>	<u>\$ 2,123</u>	<u>\$ (24,094)</u>	<u>\$ 232,729</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Investment income	\$(2,084,383)	\$ 88,008	\$ 365	\$(1,996,010)
Gains on land revaluation	(640,717)	-	-	(640,717)
Unrealized gains on foreign exchange	<u>-</u>	<u>(6,149)</u>	<u>-</u>	<u>(6,149)</u>
	<u>\$(2,725,100)</u>	<u>\$ 81,859</u>	<u>\$ 365</u>	<u>\$(2,642,876)</u>

For the Year Ended December 31, 2019

	Balance at Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at End of the Year
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit plan	\$ 176,326	\$ (22,129)	\$ 18,638	\$ 172,835
Others	<u>84,672</u>	<u>(8,444)</u>	<u>5,637</u>	<u>81,865</u>
	<u>\$ 260,998</u>	<u>\$ (30,573)</u>	<u>\$ 24,275</u>	<u>\$ 254,700</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Investment income	\$(2,185,302)	\$ 100,916	\$ 3	\$(2,084,383)
Gains on land revaluation	(640,717)	-	-	(640,717)
Unrealized gains on foreign exchange	<u>(441)</u>	<u>441</u>	<u>-</u>	<u>-</u>
	<u>\$(2,826,460)</u>	<u>\$ 101,357</u>	<u>\$ 3</u>	<u>\$(2,725,100)</u>

f. Income tax assessment

The Company's income tax returns of 2018 have been assessed by the tax authorities.

21. EARNINGS PER SHARE

	<u>For the Year Ended December 31</u>	
	2020	2019
Basic earnings per share	<u>\$ 2.05</u>	<u>\$ 1.99</u>
Diluted earnings per share	<u>\$ 2.04</u>	<u>\$ 1.98</u>

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

	<u>For the Year Ended December 31</u>	
	2020	2019
Net profit for the year	<u>\$ 2,543,496</u>	<u>\$ 2,466,356</u>

Number of ordinary shares

Unit: Thousand Shares

	<u>For the Year Ended December 31</u>	
	2020	2019
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,240,280	1,240,280

(Continued)

	<u>For the Year Ended December 31</u>	
	2020	2019
Effect of potentially dilutive ordinary shares		
Compensation of employee	<u>4,879</u>	<u>5,263</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,245,159</u>	<u>1,245,543</u> (Concluded)

Since the Company is allowed to settle the compensation paid to employees by cash or shares, the Company assumes 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.

22. CASH FLOW INFORMATION

	<u>For the Year Ended December 31</u>	
	2020	2019
Acquisition of property, plant and equipment	\$ 612,458	\$ 811,312
Decrease (increase) in payables for equipment	<u>21,931</u>	<u>(20,385)</u>
	634,389	790,927
Capitalized interest	<u>(6,354)</u>	<u>(7,419)</u>
Cash paid	<u>\$ 628,035</u>	<u>\$ 783,508</u>

23. CAPITAL MANAGEMENT

The Company's objectives in capital management are to safeguard the Company's 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.

24. 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 value, or their fair value 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

	Level 1	Level 2	Level 3	Total
<u>December 31, 2020</u>				
Financial instruments at FVTOCI				
Equity instruments				
Domestic and foreign listed shares	\$ 642,849	\$ -	\$ 185,302	\$ 828,151
Domestic and foreign unlisted shares	\$ -	\$ -	\$ 36,371	\$ 36,371
<u>December 31, 2019</u>				
Financial instruments at FVTOCI				
Equity instruments				
Domestic and foreign listed shares	\$ 517,746	\$ -	\$ -	\$ 517,746
Domestic and foreign unlisted shares	\$ -	\$ -	\$ 61,075	\$ 61,075

For listed shares (except TBG stocks) as of December 31, 2020, the Company used the published price quotations as fair value inputs (Level 1). The market price of the listed shares is the closing price of the shares of the Taiwan Stock Exchange. Additionally, the Company used fair value inputs (Level 3) to value unlisted and TBG stocks.

For listed shares as of December 31 2019, the Company used the published price quotations as fair value inputs (Level 1). The market price of the listed shares is the closing price of the shares at the Taiwan Stock Exchange and the Australian Stock Exchange. Additionally, the Company uses fair value inputs (Level 3) to value unlisted stocks.

There was no transfer between Level 1 and Level 2 during the years ended December 31, 2020 and 2019. 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 Year ended December 31, 2020

Financial assets	<u>Stocks</u> <u>FVTOCI</u>
Balance at beginning of the year	\$ 61,075
Recognized in other comprehensive income	(20,006)
Transferred to level 3	202,264
Disposal	<u>(21,660)</u>
Balance at end of the year	<u>\$ 221,673</u>

For the Year ended December 31, 2019

Financial assets	Stocks FVTOCI
Balance at beginning of the year	\$ 110,653
Recognized in other comprehensive income	31,059
Disposal	<u>(80,637)</u>
Balance at end of the year	<u>\$ 61,075</u>

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

The fair values of domestic unlisted shares and TBG stocks 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

Financial assets	December 31	
	2020	2019
Financial assets at amortized cost (Note 1)	\$ 4,400,982	\$ 4,529,501
Financial assets at fair value through other comprehensive income - equity instruments	864,522	578,821
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	17,400,220	17,690,658

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

d. Financial risk management objectives and policies

The financial risk management objectives of the Company 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 has set up policies, procedures and internal controls to manage the risks in its financial activities. The significant financial activities of the Company are in accordance with relevant regulations and internal controls approved by the board of directors. During the execution of financial management activities, the Company should be in compliance with the relevant rules of financial risk management.

1) Market risk

a) Foreign currency risk

The Company's operating activities and net investments in foreign operation are denominated mainly in foreign currencies. Consequently, the Company is 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 utilizes 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's significant non-functional currency denominated monetary assets and liabilities at the balance sheet date, refer to Note 29.

Sensitivity analysis

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

	Impact on Profit or Loss	
	2020	2019
<u>Foreign Currencies : Functional Currency</u>		
Financial assets		
Monetary items		
USD:NTD	\$ 22,898	\$ 25,820
RMB:NTD	4,159	4,523
JPY:NTD	2,377	1,551
THB:NTD	1,420	-
Financial liabilities		
Monetary items		
USD:NTD	19,169	22,386
JPY:NTD	1,857	1,538

b) Interest rate risk

The borrowings of the Company 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's financial assets and financial liabilities with exposure to interest rate risks at the balance sheet dates were as follows:

	December 31	
	2020	2019
Fair value interest rate risk		
Financial assets	\$ 15,000	\$ -
Financial liabilities	7,812,585	9,794,192
Cash flow interest rate risk		
Financial assets	225,924	174,381
Financial liabilities	7,457,136	6,029,048

If interest rates had been 1% higher and all other variables were held constant, the Company's cash flow interest rate risk from financial liabilities would have increased cash outflows by NT\$74,571 thousand and NT\$60,290 thousand for the years ended December 31, 2020 and 2019, respectively.

c) Other price risk

The Company was exposed to equity price risk through their investments in equity securities. If equity prices had been 1% higher/lower, other comprehensive income for the years ended December 31, 2020 and 2019 would have increased/decreased by \$6,428 thousand and \$5,177 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk of financial loss to the Company arising from default by clients or counterparties of financial instruments on the contract obligations. According to the Company's policy, each local entity in the Company 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 assesses the credit quality of the customers by taking into account their financial position, past experience and other factors to conduct internal risk management, and engages in credit enhancement by covering specific outstanding trade receivables by collaterals. While the Company has 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 manages 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's financial liabilities based on contractual undiscounted payments, including principal and interest.

December 31, 2020

	Less Than 1 Year	1-2 Years	2-3 Years	3-5 Years	Over 5 Years	Total
Non-derivative financial liabilities						
Short-term borrowings	\$ 1,743,725	\$ -	\$ -	\$ -	\$ -	\$ 1,743,725
Notes payable	22	-	-	-	-	22
Accounts payable	1,387,404	-	-	-	-	1,387,404
Other payables	857,784	-	-	-	-	857,784
Lease liabilities	30,260	26,708	25,127	34,797	5,861	122,753
Long-term borrowings (including current portion)	3,685,368	3,920,564	3,014,306	-	-	10,620,238
Financial guarantee liabilities	2,009,623	-	-	1,139,200	-	3,148,823
Bonds payable	24,600	24,600	24,600	3,020,826	-	3,094,626
	<u>\$ 9,738,786</u>	<u>\$ 3,971,872</u>	<u>\$ 3,064,033</u>	<u>\$ 4,194,823</u>	<u>\$ 5,861</u>	<u>\$ 20,975,375</u>

December 31, 2019

	Less Than 1 Year	1-2 Years	2-3 Years	3-5 Years	Over 5 Years	Total
Non-derivative financial liabilities						
Short-term borrowings	\$ 2,096,095	\$ -	\$ -	\$ -	\$ -	\$ 2,096,095
Notes payable	1,531	-	-	-	-	1,531
Accounts payable	1,038,887	-	-	-	-	1,038,887
Other payables	821,958	-	-	-	-	821,958
Lease liabilities	13,577	10,711	7,225	8,082	5,618	45,213
Long-term borrowings (including current portion)	4,425,864	1,793,688	3,351,101	1,503,806	-	11,074,459
Financial guarantee liabilities	3,641,023	209,018	-	-	-	3,850,041
Bonds payable	24,600	24,600	24,600	3,045,493	-	3,119,293
	<u>\$ 12,063,535</u>	<u>\$ 2,038,017</u>	<u>\$ 3,382,926</u>	<u>\$ 4,557,381</u>	<u>\$ 5,618</u>	<u>\$ 22,047,477</u>

The amounts included above for financial guarantee liabilities were the maximum amounts the Company could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the balance sheet date, the Company considers that it is unlikely to pay the amount under the arrangement.

25. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party names and relationships

Related Party Name	Relationship
Eternal Chemical (China) Co., Ltd.	Subsidiary
Eternal Materials (Guangdong) Co., Ltd.	Subsidiary
Eternal Synthetic Resins (Changshu) Co., Ltd.	Subsidiary
Eternal Chemical (Tianjin) Co., Ltd.	Subsidiary
Eternal Chemical (Chengdu) Co., Ltd.	Subsidiary
Eternal Materials (Malaysia) Sdn. Bhd.	Subsidiary
Eternal Electronic Material (Guangzhou) Co., Ltd.	Subsidiary
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Subsidiary
Eternal Electronic (Suzhou) Co., Ltd.	Subsidiary
Eternal Sun A. (Suzhou) Co., Ltd.	Subsidiary
Eternal Technology Corporation	Subsidiary
Eternal Electronic Material (Thailand) Co., Ltd.	Subsidiary
Nikko-Materials Co., Ltd.	Subsidiary
Elga Europe S.r.l.	Subsidiary
Eternal Specialty Materials (Zhuhai) Co., Ltd.	Subsidiary
Eternal Specialty Materials (Suzhou) Co., Ltd.	Subsidiary
Eternal (China) Investment Co., Ltd.	Subsidiary
CHOU-KOU Materials Co., Ltd.	Subsidiary
New E Materials Co., Ltd.	Subsidiary
Eternal Holdings Inc.	Subsidiary
ESCO Specialty Coatings (Shanghai) Co., Ltd.	Associate
Allnex-Eternal Resins Corporation Limited	Associate
Daxin Materials Corporation	Associate
DSM Resins (Far East) Co., Ltd.	Associate
Polymics Ltd.	Associate
Mitsubishi Polyester Film (Suzhou) Co., Ltd.	Other related party
Kwang Yang Motor Co., Ltd.	Key management personnel
Hangzhou Yongxinyang Photoelectric Materials Co., Ltd.	Joint venture of subsidiary (removed from related parties after October, 2020)
Li, Guang-Zheng	Second - degree relative of the chairman of the Company's board of directors
Eternal Nanyang Investment Co., Ltd.	Subsidiary

b. Operating revenues

Account Item	Related Party Category	For the Year Ended December 31	
		2020	2019
Revenue from sales of goods	Subsidiaries	\$ 3,035,816	\$ 3,096,701
	Associates	116,341	136,658
	Joint venture of subsidiary	3,932	14,249
		<u> </u>	<u> </u>
		<u>\$ 3,156,089</u>	<u>\$ 3,247,608</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

Related Party Category	For the Year Ended December 31	
	2020	2019
Subsidiaries	\$ 365,917	\$ 411,219
Associates	1,695	-
Other related parties	<u>985</u>	<u>1,264</u>
	<u>\$ 368,597</u>	<u>\$ 412,483</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 the goods are received.

d. Compensation of key management personnel

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	\$ 132,594	\$ 104,827
Post-employment benefits	<u>356</u>	<u>734</u>
	<u>\$ 132,950</u>	<u>\$ 105,561</u>

e. Other income

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
Subsidiaries		
Eternal (China) Investment Co., Ltd.	\$ 92,727	\$ 99,468
Eternal Materials (Guangdong) Co., Ltd.	50,267	58,087
Eternal Chemical (China) Co., Ltd.	47,492	50,263
Others	252,626	232,432
Associates	5,166	10,879
Key management personnel	<u>10</u>	<u>-</u>
	<u>\$ 448,288</u>	<u>\$ 451,129</u>

Inclusive of service fee, trademark license fee, technology license fee and endorsement/guarantee fee and so on.

f. Disposal of financial assets

For the year ended December 31, 2019

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Proceeds	Gain on Disposal
Other related party Li, Guang-Zheng	Financial assets at FVTOCI	2,296,285	Shares	<u>\$ 79,681</u>	Note

Note: The price and payment terms of the sale of financial assets were determined in accordance with agreement and with reference to the net worth. The gain on disposal of \$67,520 thousand was reclassified from other equity to retained earnings.

g. Receivables from related parties

Account Item	Related Party Category/Name	December 31	
		2020	2019
Accounts receivable	Subsidiaries		
	Eternal Specialty Materials (Zhuhai) Co., Ltd.	\$ 137,760	\$ 119,482
	Eternal Electronic Material (Thailand) Co., Ltd.	134,874	79,485
	CHOU-KOU Materials Co., Ltd.	108,612	64,421
	Eternal Materials (Guangdong) Co., Ltd.	103,837	59,980
	Eternal Chemical (China) Co., Ltd.	100,526	100,663
	Eternal (China) Investment Co., Ltd.	98,234	48,414
	Others	235,619	320,612
	Associates	34,430	35,059
	Joint venture of subsidiary	-	11,647
		<u>\$ 953,892</u>	<u>\$ 839,763</u>

The receivables arise mainly from sales transactions; the receivables were not guaranteed, pledged and without interest. For the years ended December 31, 2020 and 2019, the balance of allowance for loss is NT\$94 thousand and NT\$6,028 thousand, respectively.

Account Item	Related Party Category/Name	December 31	
		2020	2019
Other receivables	Subsidiaries		
	Eternal (China) Investment Co., Ltd.	\$ 95,263	\$ 98,874

(Continued)

Account Item	Related Party Category/Name	December 31	
		2020	2019
	Eternal Materials (Guangdong) Co., Ltd.	\$ 51,615	\$ 56,223
	Eternal Chemical (China) Co., Ltd.	48,792	48,648
	Others	252,185	225,180
	Associates	69,712	29,980
	Key management personnel	11	-
		<u>\$ 517,578</u>	<u>\$ 458,905</u>
			(Concluded)

For the year ended December 31, 2020, the balance of allowance for loss is NT\$15,145 thousand.

h. Payables to related parties

Account Item	Related Party Category	December 31	
		2020	2019
Accounts payable	Subsidiaries	\$ 92,797	\$ 55,531
	Associates	<u>1,199</u>	<u>-</u>
		<u>\$ 93,996</u>	<u>\$ 55,531</u>

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

i. Endorsements/guarantees provided

As of December 31, 2020 and 2019, guarantees provided by the Company to the related parties for investment compliance were as follows:

Related Party Category/Name	December 31	
	2020	2019
Subsidiaries		
Eternal Materials (Malaysia) Sdn. Bhd.		
Amount endorsed	\$ 1,506,796	\$ 3,865,784
Amount utilized	<u>(917,713)</u>	<u>(1,981,704)</u>
	<u>\$ 589,083</u>	<u>\$ 1,884,080</u>
Eternal Nanyang Investment Co., Ltd.		
Amount endorsed	\$ 1,424,000	\$ -
Amount utilized	<u>(1,167,680)</u>	<u>-</u>
	<u>\$ 256,320</u>	<u>\$ -</u>

(Continued)

Related Party Category/Name	December 31	
	2020	2019
Nikko-Materials Co., Ltd.		
Amount endorsed	\$ 138,150	\$ 138,000
Amount utilized	<u>-</u>	<u>-</u>
	<u>\$ 138,150</u>	<u>\$ 138,000</u>
Eternal Holdings Inc.		
Amount endorsed	\$ 273,408	\$ 1,648,900
Amount utilized	<u>(273,408)</u>	<u>(482,078)</u>
	<u>\$ -</u>	<u>\$ 1,166,822</u>
Eternal Synthetic Resins (Changshu) Co., Ltd.		
Amount endorsed	\$ -	\$ 775,640
Amount utilized	<u>-</u>	<u>(234,747)</u>
	<u>\$ -</u>	<u>\$ 540,893</u>
Eternal Chemical (Tianjin) Co., Ltd.		
Amount endorsed	\$ -	\$ 915,570
Amount utilized	<u>-</u>	<u>(397,825)</u>
	<u>\$ -</u>	<u>\$ 517,745</u>
Others		
Amount endorsed	\$ 807,568	\$ 871,638
Amount utilized	<u>(790,023)</u>	<u>(753,685)</u>
	<u>\$ 17,545</u>	<u>\$ 117,953</u>

(Concluded)

26. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The Company's assets pledged as customs guarantee were as follows:

	December 31	
	2020	2019
Other financial assets - time deposit certificates (recorded as other non-current assets - others)	\$ 15,000	\$ -

27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- The Company has issued but unused letters of credit with an aggregate amount of NT\$69,877 thousand as of December 31, 2020.
- The Company has contracts that were not yet incurred to purchase property, plant and equipment and intangible assets of NT\$165,042 thousand at December 31, 2020.

28. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

None.

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount
<u>December 31, 2020</u>				
Financial assets				
Monetary items				
USD	\$ 80,399	28.4800	(USD:NTD)	\$ 2,289,764
RMB	95,030	4.3770	(RMB:NTD)	415,946
JPY	860,427	0.2763	(JPY:NTD)	237,736
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
JPY	6,626,721	0.2763	(JPY:NTD)	1,830,963
THB	147,262	0.9556	(THB:NTD)	140,723
Financial liabilities				
Monetary items				
USD	67,306	28.4800	(USD:NTD)	1,916,875
JPY	671,965	0.2763	(JPY:NTD)	185,664
<u>December 31, 2019</u>				
Financial assets				
Monetary items				
USD	86,124	29.9800	(USD:NTD)	2,581,998
RMB	105,061	4.3050	(RMB:NTD)	452,288
JPY	561,961	0.2760	(JPY:NTD)	155,101
Non-monetary items				
Financial assets at fair value through other comprehensive income				
AUD	1,085	21.0050	(AUD:NTD)	22,799
Investments accounted for using the equity method				
USD	848,961	29.9800	(USD:NTD)	25,451,854
JPY	5,046,690	0.2760	(JPY:NTD)	1,392,887
MYR	95,024	7.0330	(MYR:NTD)	668,305
EUR	5,198	33.5900	(EUR:NTD)	174,610

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount
THB	\$ 137,058	1.0098	(THB:NTD)	\$ 138,401
Financial liabilities				
Monetary items				
USD	74,670	29.9800	(USD:NTD)	2,238,607
JPY	557,203	0.2760	(JPY:NTD)	153,788
				(Concluded)

The total realized and unrealized foreign exchange gains and losses were a loss of NT\$35,298 thousand and a loss of NT\$4,150 thousand for the years ended December 31, 2020 and 2019, 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 currency.

31. 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 (Table 5)
- 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 6)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 7)
- 9) Trading in derivative instruments: None
- 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 8)
- 11) Information on investees (Table 9)

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 10)

- 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 6)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Table 6)
 - 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 (Note 25)
- c. Information of major shareholders: list of the shareholders with ownership of 5 percent or greater, showing the names, the number of shares and percentage of ownership held by each shareholder (Table 11)

31. SEGMENT INFORMATION

Disclosure of the segment information in standalone financial statements is waived.

TABLE 1

Eternal Materials Co., Ltd. and Subsidiaries

**FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020**

(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 Photoelectric Material Industry (Yingkou) Co., Ltd.	Other receivables from related parties	Y	\$ 408,975	\$ -	\$ -	-	2	\$ -	Operating needs	\$ -	-	\$ -	\$ 7,343,358	\$ 7,343,358	Note 5
1	Eternal Electronic Material (Guangzhou) Co., Ltd.	Eternal Optical Material (Suzhou) Co., Ltd.	Other receivables from related parties	Y	430,500	-	-	-	2	-	Operating needs	-	-	-	7,343,358	7,343,358	Note 5
1	Eternal Electronic Material (Guangzhou) Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	Other receivables from related parties	Y	344,400	-	-	-	2	-	Operating needs	-	-	-	7,343,358	7,343,358	Note 5
1	Eternal Electronic Material (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Other receivables from related parties	Y	437,900	437,700	437,700	4.750	2	-	Operating needs	-	-	-	7,343,358	7,343,358	Note 5
1	Eternal Electronic Material (Guangzhou) Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	Other receivables from related parties	Y	731,850	-	-	-	2	-	Operating needs	-	-	-	7,343,358	7,343,358	Note 5
1	Eternal Electronic Material (Guangzhou) Co., Ltd.	ESCO Specialty Coatings (Shanghai) Co., Ltd.	Other receivables from related parties	Y	305,805	159,761	159,761	4.250	2	-	Operating needs	-	-	-	1,468,672	1,468,672	Note 6
1	Eternal Electronic Material (Guangzhou) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	430,500	-	-	-	2	-	Operating needs	-	-	-	7,343,358	7,343,358	Note 5
2	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	Other receivables from related parties	Y	1,050,480	1,050,480	435,049	3.852-4.348	2	-	Operating needs	-	-	-	8,911,433	8,911,433	Note 5
2	Eternal Chemical (China) Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	Other receivables from related parties	Y	1,291,500	1,094,250	341,143	3.852-4.348	2	-	Operating needs	-	-	-	8,911,433	8,911,433	Note 5
2	Eternal Chemical (China) Co., Ltd.	Eternal Materials (Guangdong) Co., Ltd.	Other receivables from related parties	Y	473,550	131,310	-	-	2	-	Operating needs	-	-	-	8,911,433	8,911,433	Note 5
2	Eternal Chemical (China) Co., Ltd.	Eternal Specialty Materials (Suzhou) Co., Ltd.	Other receivables from related parties	Y	437,700	437,700	30,439	3.852-4.348	2	-	Operating needs	-	-	-	8,911,433	8,911,433	Note 5
2	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	Other receivables from related parties	Y	1,488,180	1,488,180	667,810	3.852-4.348	2	-	Operating needs	-	-	-	8,911,433	8,911,433	Note 5
2	Eternal Chemical (China) Co., Ltd.	Eternal Electronic Materials (Kunshan) Co., Ltd.	Other receivables from related parties	Y	206,640	105,048	105,048	4.350	2	-	Operating needs	-	-	-	1,782,287	1,782,287	Note 6
2	Eternal Chemical (China) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Other receivables from related parties	Y	131,370	-	-	-	2	-	Operating needs	-	-	-	8,911,433	8,911,433	Note 5
2	Eternal Chemical (China) Co., Ltd.	Changhe International Trading (GZFTZ) Co., Ltd.	Other receivables from related parties	Y	175,160	175,080	-	-	2	-	Operating needs	-	-	-	8,911,433	8,911,433	Note 5
2	Eternal Chemical (China) Co., Ltd.	Eternal (China) Investment Co., Ltd.	Other receivables from related parties	Y	437,700	437,700	-	-	2	-	Operating needs	-	-	-	8,911,433	8,911,433	Note 5
3	Eternal Materials (Guangdong) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	473,550	131,310	-	-	2	-	Operating needs	-	-	-	7,509,889	7,509,889	Note 5
3	Eternal Materials (Guangdong) Co., Ltd.	Eternal (China) Investment Co., Ltd.	Other receivables from related parties	Y	1,808,100	1,575,720	-	-	2	-	Operating needs	-	-	-	7,509,889	7,509,889	Note 5
3	Eternal Materials (Guangdong) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Other receivables from related parties	Y	175,080	175,080	84,473	3.850	2	-	Operating needs	-	-	-	7,509,889	7,509,889	Note 5
3	Eternal Materials (Guangdong) Co., Ltd.	Eternal Optical Material (Suzhou) Co., Ltd.	Other receivables from related parties	Y	875,400	875,400	367,285	3.850-4.133	2	-	Operating needs	-	-	-	7,509,889	7,509,889	Note 5
3	Eternal Materials (Guangdong) Co., Ltd.	Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Other receivables from related parties	Y	306,390	306,390	53,005	3.850-4.133	2	-	Operating needs	-	-	-	7,509,889	7,509,889	Note 5
4	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Optical Material (Suzhou) Co., Ltd.	Other receivables from related parties	Y	559,650	-	-	-	2	-	Operating needs	-	-	-	6,741,022	6,741,022	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 Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Other receivables from related parties	Y	\$ 215,250	\$ -	\$ -	-	2	\$ -	Operating needs	\$ -	-	\$ -	\$ 6,741,022	\$ 6,741,022	Note 5
4	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	Other receivables from related parties	Y	344,400	-	-	-	2	-	Operating needs	-	-	-	6,741,022	6,741,022	Note 5
4	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	215,250	-	-	-	2	-	Operating needs	-	-	-	6,741,022	6,741,022	Note 5
5	Eternal Holdings Inc.	Eternal Technology Corporation	Other receivables from related parties	Y	479,680	341,760	170,880	1.805	2	-	Operating needs	-	-	-	35,821,634	35,821,634	Note 5
5	Eternal Holdings Inc.	Elga Europe S.r.l.	Other receivables from related parties	Y	268,720	-	-	-	2	-	Operating needs	-	-	-	7,164,327	7,164,327	Note 6
5	Eternal Holdings Inc.	Eternal Sun A. (Suzhou) Co., Ltd.	Other receivables from related parties	Y	216,144	102,528	102,528	1.836	2	-	Operating needs	-	-	-	7,164,327	7,164,327	Note 6
6	Eternal Photoelectric Material Industry (Kunshan) Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	Other receivables from related parties	Y	344,400	-	-	-	2	-	Operating needs	-	-	-	474,378	474,378	Note 7
7	Eternal (China) Investment Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	875,400	875,400	-	-	2	-	Operating needs	-	-	-	29,550,644	29,550,644	Note 5
7	Eternal (China) Investment Co., Ltd.	Eternal Optical Material (Suzhou) Co., Ltd.	Other receivables from related parties	Y	1,138,020	1,138,020	569,010	4.050	2	-	Operating needs	-	-	-	29,550,644	29,550,644	Note 5
7	Eternal (China) Investment Co., Ltd.	Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Long-term receivables from related parties	Y	262,740	262,620	262,620	4.250	2	-	Operating needs	-	-	-	29,550,644	29,550,644	Note 5
7	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	Other receivables from related parties	Y	875,400	875,400	744,090	3.850	2	-	Operating needs	-	-	-	29,550,644	29,550,644	Note 5
7	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	Other receivables from related parties	Y	525,480	525,240	525,240	3.850	2	-	Operating needs	-	-	-	29,550,644	29,550,644	Note 5
7	Eternal (China) Investment Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	Other receivables from related parties	Y	350,320	350,160	350,160	3.850	2	-	Operating needs	-	-	-	29,550,644	29,550,644	Note 5
7	Eternal (China) Investment Co., Ltd.	Changhe International Trading (GZFTZ) Co., Ltd.	Other receivables from related parties	Y	215,600	-	-	-	2	-	Operating needs	-	-	-	29,550,644	29,550,644	Note 5
7	Eternal (China) Investment Co., Ltd.	Eternal Materials (Guangdong) Co., Ltd.	Other receivables from related parties	Y	131,310	131,310	-	-	2	-	Operating needs	-	-	-	29,550,644	29,550,644	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 40% of the next 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 7: Eternal Photoelectric Material Industry (Kunshan) Co., Ltd. has been disposed to non-related parties in August, 2020. It is not a subsidiary of the Company currently. The table only disclosed the financing records before August, 2020.

Eternal Materials Co., Ltd. and Subsidiaries

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020

(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	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 Specialty Materials (Suzhou) Co., Ltd.	2	\$ 22,834,497	\$ 86,100	\$ -	\$ -	\$ -	-	\$ 22,834,497	Y	N	Y	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal (China) Investment Co., Ltd.	2	22,834,497	210,140	-	-	-	-	22,834,497	Y	N	Y	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Holdings Inc.	2	22,834,497	1,861,126	273,408	273,408	-	1.20	22,834,497	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Technology Corporation	2	22,834,497	300,200	284,800	284,800	-	1.25	22,834,497	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Nikko-Materials Co., Ltd.	2	22,834,497	141,150	138,150	-	-	0.61	22,834,497	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	2	22,834,497	775,640	-	-	-	-	22,834,497	Y	N	Y	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	2	22,834,497	915,570	-	-	-	-	22,834,497	Y	N	Y	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Sun A. (Suzhou) Co., Ltd.	2	22,834,497	108,072	102,528	87,434	-	0.45	22,834,497	Y	N	Y	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Materials (Malaysia) Sdn. Bhd.	2	22,834,497	3,865,784	1,506,796	917,713	-	6.60	22,834,497	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Elga Europe S.r.l.	2	22,834,497	420,240	420,240	417,789	-	1.84	22,834,497	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Nanyang Investment Co., Ltd.	2	22,834,497	2,152,770	1,424,000	1,167,680	-	6.24	22,834,497	Y	N	N	Notes 3 and 6
1	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	4	4,455,717	129,150	-	-	-	-	4,455,717	N	N	Y	Note 7
1	Eternal Chemical (China) Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	4	4,455,717	86,100	-	-	-	-	4,455,717	N	N	Y	Note 7
1	Eternal Chemical (China) Co., Ltd.	Eternal Specialty Materials (Suzhou) Co., Ltd.	4	4,455,717	86,100	-	-	-	-	4,455,717	N	N	Y	Note 7
1	Eternal Chemical (China) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	4	4,455,717	129,150	-	-	-	-	4,455,717	N	N	Y	Note 7
1	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	4	4,455,717	43,050	-	-	-	-	4,455,717	N	N	Y	Note 7
1	Eternal Chemical (China) Co., Ltd.	Eternal Materials (Guangdong) Co., Ltd.	4	4,455,717	86,100	-	-	-	-	4,455,717	N	N	Y	Note 7
1	Eternal Chemical (China) Co., Ltd.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	4	2,283,450	258,300	-	-	-	-	2,283,450	N	N	Y	Note 8
1	Eternal Chemical (China) Co., Ltd.	Eternal (China) Investment Co., Ltd.	4	4,455,717	43,050	-	-	-	-	4,455,717	N	N	Y	Note 7
2	Eternal Chemical (Tianjin) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	4	851,312	129,150	-	-	-	-	851,312	N	N	Y	Note 7
3	Eternal Synthetic Resins (Changshu) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	4	211,007	86,100	-	-	-	-	211,007	N	N	Y	Note 7
4	Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	4	1,334,641	86,100	-	-	-	-	1,334,641	N	N	Y	Note 7
5	Eternal Electronic (Suzhou) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	4	1,467,477	129,150	-	-	-	-	1,467,477	N	N	Y	Note 7

(Continued)

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	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)											
6	Eternal Materials (Guangdong) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	4	\$ 3,754,945	\$ 172,200	\$ -	\$ -	\$ -	-	\$ 3,754,945	N	N	Y	Note 7
7	Eternal Electronic Material (Guangzhou) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	4	3,671,679	86,100	-	-	-	-	3,671,679	N	N	Y	Note 7
8	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	4	3,370,511	86,100	-	-	-	-	3,370,511	N	N	Y	Note 7
9	Eternal (China) Investment Co., Ltd.	Eternal Chemical (China) Co., Ltd.	4	14,775,322	43,050	-	-	-	-	14,775,322	N	N	Y	Note 7
9	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	2	14,775,322	131,370	131,310	17,508	-	0.89	14,775,322	N	N	Y	Note 7
9	Eternal (China) Investment Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	2	14,775,322	131,370	131,310	15,320	-	0.89	14,775,322	N	N	Y	Note 7

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 financial statements for the year ended December 31, 2020.

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 financial statements for the year ended December 31, 2020.

(Continued)

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.

Note 8: When subsidiaries in which the Company owns directly or indirectly more than 90% of the voting shares, the limit on endorsement/guarantee given on behalf of each party is 10% or the parent company's net worth. However, subsidiaries in which the Company own directly or indirectly 100% of the voting shares are not included.

(Concluded)

Eternal Materials Co., Ltd. and Subsidiaries

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

DECEMBER 31, 2020

(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	December 31, 2019				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	34,937,430	\$ 642,849	2.50	\$ 642,849	
	TBG Diagnostics Limited (stock)	-	Financial assets at fair value through other comprehensive income - non-current	40,200,000	185,302	18.48	185,302	Note 2
	Universal Venture Capital Investment Corp. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	5,000,000	32,602	4.15	32,602	
	Der Yang Biotechnology Venture Capital Co., Ltd. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	353,994	3,769	11.11	3,769	
	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	151,784	Note 1	151,784	Note 2
	Pacven Walden Ventures V, L.P. (fund)	-	Financial assets at fair value through profit or loss - non-current	-	21,301	Note 1	21,301	Note 2

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

Note 2: Translated into NTD using the exchange rate at the balance sheet date.

Eternal Materials Co., Ltd. and Subsidiaries

MARKETABLE SECURITIES ACQUIRED OR AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company	Type and Name of Marketable Securities	Financial Statement Account	Counter Party	Nature of Relationship	Beginning Balance (Note 3)		Acquisition (Note 1)		Disposal			Ending Balance (Notes 2 and 3)		
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units	Amount
Eternal (China) Investment Co., Ltd., Eternal Electronic Material (Guangzhou) Co., Ltd.	Eternal Photoelectric Material Industry (Kunshan) Co., Ltd.	Investments accounted for using the equity method.	Tangfeng and Kunshan Jianfeng Municipal Engineering Co., Ltd.	Subsidiary	Note 4	\$ 233,287	-	\$ -	-	\$ 343,140	\$ 230,669	\$ 104,966	Note 4	\$ -
Eternal (China) Investment Co., Ltd.	Eternal Materials (Changzhou) Co., Ltd.	Investments accounted for using the equity method.	Note 5	Subsidiary	Note 4	633,350	-	-	-	-	(604,740)	Note 5	Note 4	-
Eternal International (BVI) Co., Ltd.	Eternal (China) Investment Co., Ltd.	Investments accounted for using the equity method.	Note 7	Subsidiary	Note 4	14,141,752	-	-	Note 4	-	(811,704)	Note 7	Note 4	14,775,322
Eternal Holdings Inc.	Eternal International (BVI) Co., Ltd.	Investments accounted for using the equity method.	Note 7	Subsidiary	211,823,592	14,112,838	-	-	(28,030,000)	-	(811,704)	Note 7	183,793,592	14,716,820
Eternal Materials Co., Ltd.	Eternal Holdings Inc.	Investments accounted for using the equity method.	Notes 6 and 7	Subsidiary	216,303,859	16,716,598	18,450,000	540,493	(30,480,000)	-	(883,906)	Note 7	204,273,859	17,904,689
Eternal Holdings Inc.	Eternal Nanyang Investment Co., Ltd.	Investments accounted for using the equity method.	Note 6	Subsidiary	-	-	18,450,000	540,493	-	-	-	-	18,450,000	449,784
Eternal Nanyang Investment Co., Ltd.	Eternal Materials (Malaysia) Sdn. Bhd.	Investments accounted for using the equity method.	Eternal Materials Co., Ltd. and Tong Seng Holdings Pte. Ltd.	Subsidiary	-	-	184,284,000	597,618	-	-	-	-	347,324,000	1,642,778
Eternal Nanyang Investment Co., Ltd.	Eternal Materials (Malaysia) Sdn. Bhd.	Investments accounted for using the equity method.	Note 6	Subsidiary	-	-	163,040,000	1,150,800	-	-	-	-	347,324,000	1,642,778
Eternal Materials Co., Ltd.	Eternal Materials (Malaysia) Sdn. Bhd.	Investments accounted for using the equity method.	Eternal Nanyang Investment Co., Ltd.	Subsidiary	165,855,600	668,305	-	-	(165,855,600)	537,856	541,218	Note 8	-	-

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

Note 2: The ending balance included increased investment amount, reorganization, investments accounted for using the equity method, 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: The amounts were translated into NTD using the exchange rate at the balance sheet date.

Note 4: No share were issued.

Note 5: The Company was liquidated.

Note 6: The Company had capital increase.

Note 7: The Company had capital reduction.

Note 8: The Company had reorganization.

Eternal Materials Co., Ltd. And Subsidiaries

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Company Name	Property	Event Date	Transaction Amount	Payment Terms	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Price Reference	Purpose of Acquisition	Other Terms
							Property - Owner	Relationship	Transaction Date	Amount			
Eternal Materials Co., Ltd.	Self-built a new plant at the Lu-zhu Plant in Kaohsiung	August 7, 2020	\$ 638,390	Payment in accordance with the terms	Note	Note	-	-	-	\$ -	Price negotiation in accordance with the terms	Self-use	None

Note: The counterparty has not yet been determined.

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 YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

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 (China) Investment Co., Ltd.	Subsidiary	Sales	\$ 263,947	2	Note 1	\$ -	-	\$ 99,506	3	
	CHOU-KOU Materials Co., Ltd.	Subsidiary	Sales	294,190	2	Note 1	-	-	107,703	3	
	Eternal Chemical (China) Co., Ltd.	Subsidiary	Sales	280,673	2	Note 1	-	-	101,576	3	
	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Subsidiary	Sales	679,216	5	Note 1	-	-	138,826	4	
	Eternal Materials (Guangdong) Co., Ltd.	Subsidiary	Sales	277,012	2	Note 1	-	-	104,671	3	
	Eternal Electronic Material (Thailand) Co., Ltd.	Subsidiary	Sales	370,406	3	Note 1	-	-	129,965	4	
	Eternal Electronic (Suzhou) Co., Ltd.	Subsidiary	Sales	144,370	1	Note 1	-	-	56,510	2	
	Eternal Electronic Material (Guangzhou) Co., Ltd.	Subsidiary	Sales	258,004	2	Note 1	-	-	44,504	1	
	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Subsidiary	Sales	177,884	1	Note 1	-	-	25,320	1	
Eternal Electronic Material (Guangzhou) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Sister company	Sales	539,812	20	Note 1	-	-	260,478	16	
	Eternal Electronic (Suzhou) Co., Ltd.	Sister company	Sales	193,198	7	Note 1	-	-	113,247	7	
Eternal Materials (Guangdong) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Sister company	Sales	145,838	4	Note 1	-	-	63,970	3	
	Eternal Electronic Material (Guangzhou) Co., Ltd.	Sister company	Sales	228,532	5	Note 1	-	-	49,517	2	
	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Sister company	Sales	189,158	5	Note 1	-	-	42,305	2	
	Allnex-Eternal Resins (Guangdong) Co., Ltd.	Associate	Sales	211,627	5	Note 1	-	-	99,989	5	
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Sister company	Sales	627,448	23	Note 1	-	-	417,234	21	
	Eternal Electronic Material (Guangzhou) Co., Ltd.	Sister company	Sales	559,093	20	Note 1	-	-	296,153	15	
Eternal Specialty Materials (Zhuhai) Co., Ltd.	Eternal Materials Co., Ltd.	Ultimate parent Company	Sales	151,102	4	Note 1	-	-	47,311	3	
Nikko Mechanics Co., Ltd.	Nikko-Materials Co., Ltd.	Parent company	Sales	1,026,599	97	Note 1	-	-	315,810	100	
Eternal Chemical (China) Co., Ltd.	Allnex - Eternal Resins (Guangdong) Co., Ltd.	Associate	Sales	153,275	4	Note 1	-	-	113,863	4	

(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- Materials Co., Ltd.	Eternal Materials Co., Ltd.	Ultimate parent Company	Sales	\$ 100,630	4	Note 1	\$ -	-	\$ 22,590	2	
	Eternal Electronic Material (Thailand) Co., Ltd.	Sister company	Sales	115,127	5	Note 1	-	-	11,870	1	

(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.

Eternal Materials Co., Ltd. and Subsidiaries

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

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Doubtful Accounts	Note
					Amount	Actions Taken			
Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	Subsidiary	\$ 107,703	3.39	\$ -	-	\$ 32,366	\$ -	
Eternal Materials Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Subsidiary	101,576	2.75	-	-	22,514	-	
Eternal Materials Co., Ltd.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Subsidiary	138,826	5.22	-	-	71,878	-	
Eternal Materials Co., Ltd.	Eternal Materials (Guangdong) Co., Ltd.	Subsidiary	104,671	3.35	-	-	34,090	-	
Eternal Materials Co., Ltd.	Eternal Electronic Materials (Thailand) Co., Ltd.	Subsidiary	129,965	3.54	-	-	38,795	-	
Eternal Electronic Material (Guangzhou) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Sister company	260,478	2.31	52,304	Collected subsequently	52,304	-	
Eternal Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Sister company	113,247	2.15	64,264	Collected subsequently	54,017	-	
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Sister company	417,234	1.55	190,371	Collected subsequently	122,548	-	
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic Material (Guangzhou) Co., Ltd.	Sister company	296,153	2.18	105,550	Collected subsequently	105,550	-	
Eternal Chemical (China) Co., Ltd.	Allnex-Eternal Resins (Guangdong) Co., Ltd.	Associate	113,863	1.44	20,331	Collected subsequently	20,746	117	
Nikko Mechanics Co., Ltd.	Nikko-Materials Co., Ltd.	Parent company	315,810	3.82	-	-	191,779	-	

Eternal Materials Co., Ltd. and Subsidiaries

INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transactions Details			% to Total Revenues or Assets (Note 3)
				Financial Statement Item (Note 6)	Amount	Terms	
0	Eternal Materials Co., Ltd.	Eternal (China) Investment Co., Ltd.	1	Revenue from sales of goods	\$ 263,947	Note4	0.69
0	Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	1	Revenue from sales of goods	294,190	Note4	0.77
0	Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	1	Accounts receivable	107,703	Note4	0.19
0	Eternal Materials Co., Ltd.	Eternal Chemical (China) Co., Ltd.	1	Revenue from sales of goods	280,673	Note4	0.73
0	Eternal Materials Co., Ltd.	Eternal Chemical (China) Co., Ltd.	1	Accounts receivable	101,576	Note4	0.18
0	Eternal Materials Co., Ltd.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	1	Revenue from sales of goods	679,216	Note4	1.77
0	Eternal Materials Co., Ltd.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	1	Accounts receivable	138,826	Note4	0.25
0	Eternal Materials Co., Ltd.	Eternal Materials (Guangdong) Co., Ltd.	1	Revenue from sales of goods	277,012	Note4	0.72
0	Eternal Materials Co., Ltd.	Eternal Materials (Guangdong) Co., Ltd.	1	Accounts receivable	104,671	Note4	0.19
0	Eternal Materials Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	1	Revenue from sales of goods	370,406	Note4	0.97
0	Eternal Materials Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	1	Accounts receivable	129,965	Note4	0.23
0	Eternal Materials Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	1	Revenue from sales of goods	144,370	Note4	0.38
0	Eternal Materials Co., Ltd.	Eternal Electronic Materials (Guangzhou) Co., Ltd.	1	Revenue from sales of goods	258,004	Note4	0.67
0	Eternal Materials Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	1	Revenue from sales of goods	177,884	Note4	0.46
1	Eternal Holdings Inc.	Eternal Technology Corporation	3	Other receivables from related parties	170,880	Note5	0.30
1	Eternal Holdings Inc.	Eternal Sun A. (Suzhou) Co., Ltd	3	Other receivables from related parties	102,528	Note5	0.18
2	Eternal (China) Investment Co., Ltd.	Eternal Optical Material (Suzhou) Co., Ltd.	3	Other receivables from related parties	569,010	Note5	1.01
2	Eternal (China) Investment Co., Ltd.	Eternal Photoelectronic Material Industry (Yingkou) Co., Ltd.	3	Long-term receivables from related parties	262,620	Note5	0.47
2	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	3	Other receivables from related parties	744,090	Note5	1.32
2	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	3	Other receivables from related parties	525,240	Note5	0.93
2	Eternal (China) Investment Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	3	Other receivables from related parties	350,160	Note5	0.62
3	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	3	Other receivables from related parties	435,049	Note5	0.77
3	Eternal Chemical (China) Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	3	Other receivables from related parties	341,143	Note5	0.61
3	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	3	Other receivables from related parties	667,810	Note5	1.19

(Continued)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transactions Details			% to Total Revenues or Assets (Note 3)
				Financial Statement Item (Note 6)	Amount	Terms	
4	Eternal Electronic Material (Guangzhou) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	3	Revenue from sales of goods	\$ 539,812	Note4	1.41
4	Eternal Electronic Material (Guangzhou) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	3	Accounts receivable	260,478	Note4	0.46
4	Eternal Electronic Material (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	3	Revenue from sales of goods	193,198	Note4	0.50
4	Eternal Electronic Material (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	3	Accounts receivable	113,247	Note4	0.20
4	Eternal Electronic Material (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	3	Other receivables from related parties	437,700	Note5	0.78
5	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	3	Revenue from sales of goods	627,448	Note4	1.64
5	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	3	Accounts receivable	417,234	Note4	0.74
5	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic Material (Guangzhou) Co., Ltd.	3	Revenue from sales of goods	559,093	Note4	1.46
5	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic Material (Guangzhou) Co., Ltd.	3	Accounts receivable	296,153	Note4	0.53
6	Eternal Materials (Guangdong) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	3	Revenue from sales of goods	145,838	Note4	0.38
6	Eternal Materials (Guangdong) Co., Ltd.	Eternal Electronic Material (Guangzhou) Co., Ltd.	3	Revenue from sales of goods	228,532	Note4	0.60
6	Eternal Materials (Guangdong) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	3	Revenue from sales of goods	189,158	Note4	0.49
6	Eternal Materials (Guangdong) Co., Ltd.	Eternal Optical Material (Suzhou) Co., Ltd.	3	Other receivables from related parties	367,285	Note5	0.65
7	Nikko Mechanics Co., Ltd	Nikko-Materials Co., Ltd	2	Revenue from sales of goods	1,026,599	Note4	2.68
7	Nikko Mechanics Co., Ltd.	Nikko-Materials Co., Ltd.	2	Accounts receivable	315,810	Note4	0.56
7	Nikko-Materials Co., Ltd	Eternal Materials Co., Ltd.	2	Revenue from sales of goods	100,630	Note4	0.26
7	Nikko-Materials Co., Ltd	Eternal Electronic Material (Thailand) Co., Ltd.	3	Revenue from sales of goods	115,127	Note4	0.30
8	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Eternal Materials Co., Ltd.	2	Revenue from sales of goods	151,102	Note4	0.39

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.

(Continued)

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 percentage of transaction amount over the consolidated total revenue or total assets is as follows: Assets and liabilities are calculated using the ending balance divided by the consolidated total assets at the end of the reporting period; income accounts are calculated using the accumulated amount for the year divided by the consolidated total revenue during the reporting period.

Note 4: The terms are similar to non-related party transactions.

Note 5: In accordance with the Operational Procedures for Lending Funds to Others.

Note 6: For transactions between related parties, only one side of the transaction was disclosed.

(Concluded)

TABLE 9

Eternal Materials Co., Ltd. and Subsidiaries

INFORMATION ON INVESTEEES (EXCLUDING INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Eternal Materials Co., Ltd.	Eternal Holdings Inc.	Samoa	International investment	\$ 6,259,870	\$ 6,603,283	204,273,859	100.00	\$ 17,904,689	\$ 1,359,538	\$ 1,350,634	Note 1
Eternal Materials Co., Ltd.	Eternal Global (BVI) Co., Ltd.	British Virgin Islands	International investment	717,527	717,527	16,821,024	100.00	4,681,917	479,806	483,462	Note 1
Eternal Materials Co., Ltd.	Mixville Holdings Inc.	British Virgin Islands	International investment	989,582	989,582	29,530,000	100.00	3,938,279	300,120	302,829	Note 1
Eternal Materials Co., Ltd.	Advanced PETFILM Investment Co., Ltd.	Japan	International investment	788,630	788,630	270	20.00	433,318	88,961	19,827	
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	661,919	631,304	143,937	
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	46,663	(19,843)	(12,461)	
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	151,622	195,891	78,356	
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	140,723	32,335	24,251	Note 1
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	83,826	6,188	4,005	Note 1
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	1,313,819	406,798	393,625	Note 1
Eternal Materials Co., Ltd.	Eternal Materials (Malaysia) Sdn. Bhd.	Malaysia	Manufacturing, selling, trading and providing services of resins material related products	-	1,322,305	-	-	-	(181,843)	(127,086)	Notes 1 and 4
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	13,378	(46,198)	(58,817)	Note 1
Eternal Holdings Inc.	Eternal International (BVI) Co., Ltd.	British Virgin Islands	International investment	5,739,033	6,550,737	183,793,592	100.00	14,716,820	1,160,884	-	Notes 2 and 3
Eternal Holdings Inc.	E-Chem Corp.	Samoa	International investment	165,608	165,608	4,990,000	100.00	2,360,423	295,697	-	Notes 2 and 3
Eternal Holdings Inc.	Eternal Nanyang Investment Co., Ltd.	Samoa	International investment	540,493	-	18,450,000	90.00	449,784	(44,804)	-	Notes 2 and 3
Eternal Holdings Inc.	Allnex-Eternal Resins Corporation Limited	Hong Kong	Trading and international investment	174,293	246,495	5,341,000	49.00	355,391	118,707	-	Notes 2 and 3
Eternal Holdings Inc.	Polymer Instrumentation and Consulting Services, Ltd.	United States	Plastic products manufacturing	121,913	121,913	4,694,296	30.00	-	(4,941)	-	Notes 2 and 3
Eternal International (BVI) Co., Ltd.	Eternal Technology Corporation	United States	Manufacturing and selling of photoresist	600,693	600,693	2,333	100.00	(86,438)	(32,510)	-	Notes 2 and 3
Mixville Holdings Inc.	High Expectation Limited	Cayman Islands	International investment	871,519	871,519	26,005,000	100.00	3,757,121	276,259	-	Notes 2 and 3
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	4,527	(46,198)	-	Notes 2 and 3
Nikko-Materials Co., Ltd.	Nikko Mechanics Co., Ltd.	Japan	Designing, manufacturing, selling of industrial machinery and machine tool	135,626	107,897	6,560	100.00	323,147	110,667	-	Notes 2 and 3
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	-	347,324,000	100.00	1,642,778	(181,843)	-	Notes 2, 3 and 4

(Continued)

Note 1: The difference between the net income (loss) of investees and the investment income or loss recognized by the Company is the unrealized gains and losses from the intercompany transaction and the amortization of the investment cost premium.

Note 2: 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.

Note 3: Translated into NTD using the average exchange rate for the reporting period and exchange rate at the balance sheet date.

Note 4: The Company had reorganization.

(Concluded)

Eternal Materials Co., Ltd. and Subsidiaries

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020

(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, 2020 (Note 8)	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outward	Inward							
Eternal Chemical (China) Co., Ltd.	Manufacturing and selling of resins material and processing products	\$ 755,651	2	\$ 625,549	\$ -	\$ -	\$ 625,549	\$ 436,220	100.00	\$ 436,220	\$ 4,455,717	\$ 1,081,282	Notes 2 and 4
DSM Eternal Resins (Kunshan) Co., Ltd.	Manufacturing and selling of powder coating resin	183,470	2	91,735	-	-	91,735	89,457	50.00	45,767	399,839	479,187	Note 3
Changhe International Trading (GZFTZ) Co., Ltd.	International trading, commercial trading, entrepot trading, products displayed, bonded warehousing and business consulting services	13,661	2	7,020	-	-	7,020	(2,148)	100.00	(2,148)	19,563	-	Notes 2 and 4
Eternal Photoelectric Material Industry (Kunshan) Co., Ltd.	Cutting and processing of dry film photoresist and selling self-products.	191,777	2	15,364	-	15,364	-	(2,310)	-	(2,310)	-	165,880	Notes 2, 4 and 27
Eternal Electronic Material (Guangzhou) Co., Ltd.	Coating, slitting, cutting, processing, and selling of photoresist	1,259,046	2	444,685	-	-	444,685	438,645	100.00	438,645	3,671,679	983,767	Notes 2 and 4
Eternal Optical Material (Suzhou) Co., Ltd.	Manufacturing and selling of optical film	614,887	2	-	-	-	-	(99,219)	100.00	(99,219)	(711,257)	-	Notes 2 and 4
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Researching, developing, manufacturing and selling of electronic high-tech chemical and related products	997,694	2	-	-	-	-	525,265	100.00	525,265	3,370,511	-	Notes 2 and 4
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	124,282	2	-	-	-	-	(6,061)	100.00	(6,061)	(208,355)	-	Notes 2 and 4
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	34,521	40.00	15,294	216,512	-	Notes 3 and 4
Eternal Synthetic Resins (Changshu) Co., Ltd.	Manufacturing and selling of unsaturated polyester resin	726,426	2	279,811	-	-	279,811	21,553	100.00	21,553	211,007	-	Notes 2 and 4
Eternal Chemical (Tianjin) Co., Ltd.	Manufacturing and selling of adhesives, resins material and processing products	1,008,004	2	599,320	-	-	599,320	87,025	100.00	87,025	851,312	-	Notes 2 and 4
Eternal Specialty Materials (Zhuhai) Co., Ltd.	Manufacturing and selling of acrylic resin and methacrylic acid	611,011	2	243,540	-	-	243,540	306,317	90.00	295,648	2,347,860	607,788	Notes 2 and 4
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	(27,787)	40.00	(11,523)	(14,095)	-	Notes 2 and 4
Eternal Materials (Guangdong) Co., Ltd.	Manufacturing and selling of adhesives, resins material and processing products	1,297,259	2	868,175	-	-	868,175	276,413	100.00	276,413	3,754,945	1,371,700	Notes 2 and 4
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	5,061,184	-	796,340	4,264,844	1,193,176	100.00	1,193,176	14,775,322	-	Notes 2, 4 and 5

(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, 2019 (Note 8)	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2019	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2019	Accumulated Repatriation of Investment Income as of December 31, 2019	Note
					Outward	Inward							
Eternal Chemical (Chengdu) Co., Ltd.	Researching and developing resins material and products	\$ 450,351	2	\$ -	\$ -	\$ -	\$ -	\$ (133,491)	100.00	\$ (133,491)	\$ (387,913)	\$ -	Notes 2 and 4
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	1,381,040	2	-	-	-	-	142,122	100.00	142,122	1,467,477	-	Notes 2 and 4
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	-	-	-	-	(95,541)	60.00	(57,325)	94,533	-	Notes 2 and 4
Eternal Specialty Materials (Suzhou) Co., Ltd.	Researching and developing chemical products, and selling, providing technical services of self-produced products	1,199,225	2	-	-	-	-	120,276	100.00	120,276	1,334,641	-	Notes 2 and 4
Eternal Materials (Changzhou) Co., Ltd.	Selling of fluorocarbon resin and polyester resin products	-	2	-	-	-	-	(22,871)	-	(22,871)	-	-	Notes 2, 4 and 9
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	-	-	-	-	2,248	30.00	292	88,130	-	Notes 2 and 4
Hangzhou Yongxinyang Photoelectric Materials Co. Ltd.	Researching, developing, selling and manufacturing optical film for liquid-crystal display	45,170	2	-	-	-	-	(17,445)	-	1,656	-	-	Notes 2, 4 and 13

Investor Company	Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2020 (Notes 6 and 8)	Investment Amount Authorized by the Investment Commission, MOEA (Note 6)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 7)
Eternal Materials Co., Ltd.	\$ 8,083,938	\$ 23,350,768	\$ -

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 according to SAS No. 54 "Special Consideration - Audits of Group Financial Statements" from the financial statements audited by the parent company's CPA in the ROC.

Note 3: The investment gains and losses were recognized from the financial statements audited by other CPAs.

Note 4: The difference between the outward remittance of investments and the company's paid-in capital was the capital transferred from retained earnings or the investment of the Company's other subsidiaries in China.

Note 5: The investment gains and losses of Eternal (China) Investment Co., Ltd. included investment income (loss) recognized by the invested company.

(Continued)

Note 6: The amounts included the transfer of retained earnings into capital by the invested company in mainland China and the investor company's dividends that were indirectly invested in another invested company in mainland China approved by the Investment Commission, MOEA, which were translated into NTD using the current exchange rate.

Note 7: 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 8: The difference between the summary and details of accumulated outward remittance for investments in mainland China at the end of the reporting period was mainly due to the loss on liquidation of the subsidiaries.

Note 9: The liquidation was completed in July 2020.

(Concluded)

TABLE 11**Eternal Materials Co., Ltd. and Subsidiaries****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2020**

Name of the Major Shareholder	Shares	
	Number of Shares Owned	Percentage of Ownership
Kwang Yang Motor Co., Ltd.	124,000,000	9.99
Kwang Hsing Industrial Co., Ltd.	84,000,000	6.77
Kao, Ying-Shih	78,287,830	6.31

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.

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STATEMENT 1

Eternal Materials Co., Ltd.

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2020

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

Item	Description	Amount
Cash on hands		\$ 3,559
Cash in banks	Checking accounts	100,160
	NTD demand deposits	21,641
	USD demand deposits (USD4,949 thousand @28.48)	140,955
	JPY demand deposits (JPY216,052 thousand @0.2763)	59,696
	RMB demand deposits (RMB0.5 thousand @4.377)	2
	EUR demand deposits (EUR104 thousand @35.02)	3,630
		<hr/>
		<u>\$ 329,643</u>

STATEMENT 2

Eternal Materials Co., Ltd.

**STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Client Name	Description	Amount	Remark
Non-related parties			
Guangzhou Kyosha Circuit Technology Co., Ltd.	Sales of goods	\$ 126,552	
Others (Note)		<u>2,151,229</u>	
		2,277,781	
Less: Allowance for loss		<u>(97,631)</u>	
		<u>\$ 2,180,150</u>	
Related parties			
Eternal Specialty Materials (Zhuhai) Co., Ltd.	Sales of goods	\$ 137,760	
Eternal Electronic Material (Thailand) Co., Ltd.	Sales of goods	134,874	
CHOU-KOU Materials Co., Ltd.	Sales of goods	108,612	
Eternal Materials (Guangdong) Co., Ltd.	Sales of goods	103,837	
Eternal Chemical (China) Co., Ltd.	Sales of goods	100,526	
Eternal (China) Investment Co., Ltd.	Sales of goods	98,234	
Eternal Electronic (Suzhou) Co., Ltd.	Sales of goods	55,839	
Others (Note)		<u>214,304</u>	
		953,986	
Less: Allowance for loss		<u>(94)</u>	
		<u>\$ 953,892</u>	

Note: The amount of individual client included in others does not exceed 5% of the account balance.

STATEMENT 3

Eternal Materials Co., Ltd.

**STATEMENT OF OTHER RECEIVABLES
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Receivable for trademark license fee		\$ 247,228
Receivable for service fee		147,547
Receivable for business tax		83,966
Receivable for dividends		56,280
Receivable for endorsement and guarantee fee		33,210
Others (Note)		<u>67,028</u>
		635,259
Less: Allowance for loss		<u>(15,145)</u>
		<u>\$ 620,114</u>

Note: The amount of individual item included in others does not exceed 5% of the account balance.

STATEMENT 4

Eternal Materials Co., Ltd.

STATEMENT OF INVENTORIES

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Description	Amount		Remark
		Cost	Net Realizable Value	
Raw materials		\$ 1,186,905	\$ 1,366,241	Note
Supplies		35,237	35,237	Note
Finished goods		1,323,925	1,616,521	Note
Inventory in transit		<u>83,619</u>	<u>83,619</u>	Note
		<u>\$ 2,629,686</u>	<u>\$ 3,101,618</u>	

Note: Refer to Note 4 (6) for the method used in determining the net realizable value.

Eternal Materials Co., Ltd.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Name	Beginning of the Year		Additions		Decrease		End of the Year		Guarantee or Pledge	Remark
	Number of Shares	Fair Value (Note 1)	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Fair Value (Note 1)		
Domestic listed shares										
President Securities Corp.	34,252,383	\$ 494,947	685,047	\$ 147,902	-	\$ -	34,937,430	\$ 642,849	No	Note 2
Domestic unlisted shares										
Universal Venture Capital Investment Corp.	5,000,000	34,010	-	-	-	(1,408)	5,000,000	32,602	No	Note 2
Universal Development & Investment Capital I Co., Ltd.	2,827,400	21,596	-	-	(2,827,400)	(21,596)	-	-	No	Note 3
Der Yang Biotechnology Venture Capital Co., Ltd.	505,706	5,469	-	-	(151,712)	(1,700)	353,994	3,769	No	Note 3
Hwa Nan Venture Capital Co., Ltd.	57,438	-	-	-	-	-	57,438	-	No	
Foreign listed shares										
Amphastar Pharmaceuticals Inc.	-	-	36,121	20,143	(36,121)	(20,143)	-	-	No	Note 4
TBG Diagnostics Limited	40,200,000	22,799	-	162,503	-	-	40,200,000	185,302	No	Note 2
		<u>\$ 578,821</u>		<u>\$ 330,548</u>		<u>\$ (44,847)</u>		<u>\$ 864,522</u>		

Note 1: Fair value is determined by the evaluation approach shown in Note 24.

Note 2: The changes for the year are due to valuation adjustment and share dividend from retained earnings.

Note 3: The decreases for the year are due to liquidation, return of capital from capital reduction and valuation adjustment.

Note 4: Share distributed from the liquidation of Universal Development & Investment Capital I Co., Ltd. and had been disposed in 2020.

Eternal Materials Co., Ltd.

**STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2020**
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Name	Balance at Beginning of the Year		Additions (Note 1)		Decrease (Note 2)		Investment Gain (Loss)	Other Adjustments (Note 3)	Balance at End of the Year			Market Value or Net Assets Value		Guarantee or Pledge	Remark
	Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	Amount			Number of Shares (In Thousands)	%	Amount	Unit price (NT\$)	Total Amount		
Eternal Holdings Inc.	216,304	\$ 16,716,598	18,450	\$ 540,493	(30,480)	\$ (883,906)	\$ 1,350,634	\$ 180,870	204,274	100.00	\$ 17,904,689	\$ 88	\$ 17,910,817	No	
Eternal Global (BVI) Co., Ltd.	16,821	4,460,068	-	-	-	(339,440)	483,462	77,827	16,821	100.00	4,681,917	290	4,882,891	No	
Mixville Holdings Inc.	29,530	4,275,189	-	-	-	(688,240)	302,829	48,501	29,530	100.00	3,938,279	134	3,952,888	No	
Advanced PETFILM Investment Co., Ltd.	-	406,576	-	-	-	-	19,827	6,915	-	20.00	433,318	1,511,733	408,168	No	Note 4
Daxin Materials Corporation	23,424	635,100	-	-	-	(117,118)	143,937	-	23,424	22.80	661,919	86	2,005,078	No	
New E Materials Co., Ltd.	6,908	59,124	-	-	-	-	(12,461)	-	6,908	62.80	46,663	7	46,663	No	
DSM Resins (Far East) Co., Ltd.	3,660	129,546	-	-	-	(56,280)	78,356	-	3,660	40.00	151,622	41	151,622	No	
Eternal Electronic Material (Thailand) Co., Ltd.	938	138,401	-	-	-	(14,061)	24,251	(7,868)	938	75.00	140,723	158	147,903	No	
CHOU-KOU Materials Co., Ltd.	4	79,729	-	-	-	-	4,005	92	4	100.00	83,826	22,383	89,534	No	
Nikko-Materials Co., Ltd.	12	906,581	-	-	-	-	393,625	13,613	12	100.00	1,313,819	110,780	1,329,364	No	
Eternal Materials (Malaysia) Sdn. Bhd.	165,856	668,305	-	-	(165,856)	(541,219)	(127,086)	-	-	-	-	-	-	No	
Elga Europe S.r.l.	-	174,611	-	-	-	-	(58,817)	(102,416)	-	72.68	13,378	-	18,022	No	Note 5
Eternal Capatech Co., Ltd.	-	4,315	-	-	-	-	-	(4,315)	-	-	-	-	-	No	
		<u>\$28,654,143</u>		<u>\$ 540,493</u>		<u>\$ (2,640,264)</u>	<u>\$ 2,602,562</u>	<u>\$ 213,219</u>			<u>\$29,370,153</u>		<u>\$30,942,950</u>		

Note 1: Cash capital increase.

Note 2: Capital reduction, reorganization and cash dividends.

Note 3: Other adjustments:

- 1) Exchange differences on translation of the financial statements of foreign operations that are recognized using the equity method.
- 2) Recognized remeasurement of defined benefit plans of investments accounted for using the equity method.
- 3) Recognized unrealized gains and losses on financial assets at FVTOCI of investments accounted for using the equity method.
- 4) Recognized impairment loss of investments accounted for using the equity method.
- 5) Recognized differences between equity purchase price and carrying amount from actual acquisition of subsidiaries.
- 6) Write off residual liquidation amount in subsidiaries.

Note 4: Less than a thousand shares.

Note 5: No shares issued; not applicable.

Eternal Materials Co., Ltd.

**STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Item	Balance at Beginning of the Year	Additions	Decrease	Balance at End of the Year	Remark
Land	\$ 10,625	\$ 656	\$ -	\$ 11,281	
Buildings	20,739	82,986	(4,793)	98,932	
Machinery and equipment	132	-	(132)	-	
Storage equipment	-	1,025	-	1,025	
Other equipment	<u>27,242</u>	<u>4,485</u>	<u>-</u>	<u>31,727</u>	
	<u>\$ 58,738</u>	<u>\$ 89,152</u>	<u>\$ (4,925)</u>	<u>\$142,965</u>	

Eternal Materials Co., Ltd.**STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Item	Balance at Beginning of the Year	Additions	Decrease	Balance at End of the Year	Remark
Land	\$ 434	\$ 449	\$ -	\$ 883	
Buildings	7,298	10,613	(3,042)	14,869	
Machinery and equipment	75	57	(132)	-	
Storage equipment	-	68	-	68	
Other equipment	<u>3,904</u>	<u>7,305</u>	<u>-</u>	<u>11,209</u>	
	<u>\$ 11,711</u>	<u>\$ 18,492</u>	<u>\$ (3,174)</u>	<u>\$ 27,029</u>	

STATEMENT 9

Eternal Materials Co., Ltd.

**STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Vendor Name	Description	Amount	Remark
Nan Ya Plastics Corporation	Purchase of goods	\$ 143,507	
Chang Chun Plastics Co., Ltd.	Purchase of goods	129,389	
Formosa Plastics Corporation	Purchase of goods	86,834	
Others (Note)		<u>1,027,674</u>	
		<u>\$ 1,387,404</u>	

Note: The amount of individual vendor in others does not exceed 5% of the account balance.

Eternal Materials Co., Ltd.

STATEMENT OF OTHER PAYABLES - OTHERS

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Payable for equipment		\$ 198,130
Bonus		141,898
Compensation of employees		131,000
Commission		46,443
Others (Note)		<u>340,313</u>
		<u>\$ 857,784</u>

Note: The amount of individual item in others does not exceed 5% of the account balance.

Eternal Materials Co., Ltd.

STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2020

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

Type	Balance at End of Year	Contract Period	Range of Interest Rates (%)	Loan Commitments	Collateral
Unsecured loans					
Mega International Commercial Bank Co., Ltd.	\$ 60,000	2020.06.01-2021.05.31	0.88	NT\$ 1,000,000	None
HSBC Bank (Taiwan) Limited	498,400	2020.07.15-2021.07.15	0.92	US\$ 25,000	None
The Shanghai Commercial and Savings Bank, Ltd.	669,280	2020.07.06-2021.07.06	0.68-0.75	US\$ 35,000	None
Taipei Fubon Commercial Bank Co., Ltd.	284,800	2020.07.03-2021.07.03	0.87-0.89	NT\$ 500,000	None
DBS Bank (Taiwan) Ltd.	<u>227,840</u>	2019.06.04-2021.06.03	0.92-0.97	US\$ 30,000	None
	<u>\$ 1,740,320</u>				

Eternal Materials Co., Ltd.

STATEMENT OF OTHER NON-CURRENT LIABILITIES

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Net defined benefit liabilities		\$ 982,605
Others (Note)		<u>16,386</u>
		<u>\$ 998,991</u>

Note: The amount of individual item in others does not exceed 5% of the account balance.

Eternal Materials Co., Ltd.

STATEMENT OF LONG-TERM BORROWINGS
 DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollars)

Creditors	Description	Loan Amount	Agreement Period	Interest Rate Range (%)	Pledge or Guarantee	Remark
Unsecured loans						
First commercial bank	Bullet repayment, non-revolving credit	\$ 900,000	2017.11-2023.08	1.15-1.61	No	
Syndicated credit facility with 8 banks led by E.SUN Commercial Bank, Ltd.	Repay in installment, non-revolving credit	2,700,000	2018.07-2023.05	1.79	No	
HSBC Bank (Taiwan) Limited	Repay in installment, non-revolving credit	600,000	2019.12-2023.08	0.99	No	
Mizuho bank, Ltd.	Bullet repayment, revolving credit	370,000	2020.08-2022.02	0.78	No	
Mega International Commercial Bank Co., Ltd.	Bullet repayment, non-revolving credit	800,000	2017.09-2022.09	1.58	No	
E.SUN Commercial Bank, Ltd.	Repay in installment, non-revolving credit	200,000	2016.09-2021.09	0.93	No	
Taipei Fubon Commercial Bank Co., Ltd.	Repay in installment, non-revolving credit	200,000	2016.07-2021.07	1.45	No	
Bank of Taiwan	Repay in installment, non-revolving credit	1,100,000	2017.08-2022.09	0.96-1.10	No	
CTBC Bank Co., Ltd.	Bullet repayment, non-revolving credit	115,384	2018.03-2021.03	0.96	No	
The Export-Import Bank of the Republic of China	Repay in installment, non-revolving credit	432,000	2017.10-2023.10	0.97	No	
Bank SinoPac Co., Ltd.	Repay in installment, non-revolving credit	700,000	2019.12-2022.12	0.95-0.96	No	
Chang Hwa Commercial Bank, Ltd.	Bullet repayment, non-revolving credit	300,000	2020.08-2023.08	0.95	No	
Chang Hwa Commercial Bank, Ltd.	Bullet repayment, revolving credit	100,000	2020.08-2023.08	0.95	No	
Hua Nan Commercial Bank	Bullet repayment, non-revolving credit	500,000	2020.08-2023.08	0.98	No	
Bank of China	Bullet repayment, revolving credit	500,000	2020.04-2022.02	0.60	No	
		9,517,384				
Long-term bills payable		899,432	Note	1.28	Note 15	
Commercial paper		10,416,816				
Less: Current portion of long-term borrowings		(1,809,384)				
		<u>\$ 8,607,432</u>				

Note: 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.

Eternal Materials Co., Ltd.

STATEMENT OF BONDS PAYABLE
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Bond Name	Trustee	Issuance Date	Interest Payment Date and Repayment Method	Annual Rate	Amount					Collateral
					Total Amount Issued	Repayment Paid	Balance at End of the Year	Issuance Costs	Carrying Value	
5-year secured bonds	Bank SinoPac Co., Ltd.	2019.11-2024.11	Bullet repayment, interest payable annually	0.82	<u>\$ 3,000,000</u>	<u>\$ -</u>	<u>\$ 3,000,000</u>	<u>\$ (4,626)</u>	<u>\$ 2,995,374</u>	Note 15

Eternal Materials Co., Ltd.

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Description	Lease Term	Discount Rate	Balance at End of the Year	Remark
Land		2019.01-2043.06	1.72-2.29	\$ 6,034	
Buildings		2019.01-2025.10	0.79-3.64	89,481	
Storage equipment		2020.09-2025.09	1.67	960	
Other equipment		2019.01-2025.06	1.67-3.64	<u>20,736</u>	
				117,211	
Less: Current portion of lease liabilities				<u>(28,518)</u>	
				<u>\$ 88,693</u>	

STATEMENT 16

Eternal Materials Co., Ltd.

**STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Item	Quantity	Amount	Remark
Resins materials	132 thousand tons	\$ 6,891,214	
Electronic materials	925,820 thousand square feet and 6 thousand tons	3,932,095	
High performance materials	15 thousand tons	2,164,327	
Others		<u>23,432</u>	
		<u>\$ 13,011,068</u>	

Eternal Materials Co., Ltd.**STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Item	Amount
Balance of raw materials and materials in transit, beginning of the year	\$ 1,188,501
Add: Raw materials purchased	7,573,946
Transferred from finished goods to manufacturing	14,323,924
Less: Raw materials sold	(206,584)
Others	<u>(14,290)</u>
Balance of raw materials and materials in transit, end of the year	<u>(1,279,666)</u>
Raw materials used	<u>21,585,831</u>
Balance of supplies, beginning of the year	30,462
Add: Supplies purchased	537,661
Less: Supplies sold	(10,659)
Others	(96,152)
Balance of supplies, end of the year	<u>(35,237)</u>
Supplies used	<u>426,075</u>
Raw materials and supplies used	22,011,906
Direct labor	326,483
Manufacturing expenses	<u>1,525,140</u>
Manufacturing cost	23,863,529
Balance of finished goods, beginning of the year	1,321,738
Add: Finished goods purchased	466,052
Less: Transferred to manufacturing	(14,323,924)
Others	(79,994)
Balance of finished goods, end of the year	<u>(1,354,923)</u>
Operating costs - cost of finished goods	9,892,478
Operating costs - cost of raw materials	206,584
Operating costs - cost of supplies	10,659
Operating costs - others	<u>306,432</u>
Operating costs	<u>\$ 10,416,153</u>

Eternal Materials Co., Ltd.

**STATEMENT OF SELLING AND MARKETING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Remark
Shipping expense		\$ 321,665	
Payroll expense		179,898	
Commission		43,901	
Others (Note)		<u>201,843</u>	
		<u>\$ 747,307</u>	

Note: The amount of individual item in others does not exceed 5% of the account balance.

Eternal Materials Co., Ltd.

**STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Remark
Payroll expense		\$ 468,733	
Depreciation expense		41,281	
Others (Note)		<u>304,074</u>	
		<u>\$ 814,088</u>	

Note: The amount of individual item in others does not exceed 5% of the account balance.

STATEMENT 20

Eternal Materials Co., Ltd.

**STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Remark
Payroll expense		\$ 533,437	
Depreciation expense		138,057	
Laboratory fees		99,737	
Others (Note)		<u>277,225</u>	
		<u>\$ 1,048,456</u>	

Note: The amount of individual item in others does not exceed 5% of the account balance.

Eternal Materials Co., Ltd.

**STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION BY
FUNCTION FOR THE YEAR
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Function Nature	For the Year Ended December 31, 2020		
	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense			
Salaries	769,206	1,182,068	1,951,274
Labor and health insurance	67,804	80,021	147,825
Pension	44,725	61,040	105,765
Board compensation	-	19,543	19,543
Others	50,581	68,189	118,770
Depreciation	480,296	188,100	668,396
Amortization	-	15,217	15,217

Function Nature	For the Year Ended December 31, 2019		
	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense			
Salaries	739,451	1,086,565	1,826,016
Labor and health insurance	68,085	81,563	149,648
Pension	44,460	56,638	101,098
Board compensation	-	19,135	19,135
Others	50,377	70,091	120,468
Depreciation	485,437	168,637	654,074
Amortization	-	7,630	7,630

Note 1: For the year ended December 31, 2020 and 2019, the Company had 2,004 and 1,972 employees, respectively, and there were 8 non-employee directors for both years.

Note 2: The Company's shares are listed on Taiwan Stock Exchange (TWSE) should disclose the following information.

- 1) Average employee benefit expense for the year ended December 31, 2020 was \$1,164 thousand (calculated as total employee benefit expense net of total board compensation for the year divided by number of employees net of number of non-employee directors for the year). Average employee benefit expense for the year ended December 31, 2019 was \$1,119 thousand (calculated as total employee benefit expense net of total board compensation for the previous year divided by the number of employees net of number of non-employee directors for the previous year).
- 2) Average salaries for the year ended December 31, 2020 was \$978 thousand (calculated as total salaries for the year divided by number of employees net of number of non-employee directors for the year).

Average salaries for the year ended December 31, 2019 was \$930 thousand (calculated as total salaries for the previous year divided by number of employees net of number of non-employee directors for the previous year).

(Continued)

- 3) Adjustment of average salaries was 5.16% (calculated as average salaries for the year net of average salaries for the previous year divided by average salaries for the previous year).
- 4) The Company has no supervisors.
- 5) The Company conducts salary surveys every year to measure the market's salary level and overall economic indicators. Appropriate adjustments have been made to the overall salary policy. Except for the annual salary adjustment and the perfect promotion system, various reward systems have been made to encourage colleagues with superior performance. According to the Company's Articles of Incorporation, if the Company makes a profit in the current year, 4.5% (inclusive) to 5.5% of the profit shall be appropriated as compensation of employees.

According to the Company's Articles of Incorporation, the remuneration of directors is based on their involvement in the Company's operations and contribution to the Company. Relevant remuneration payment rule is approved by reference to peer industry. If the Company makes a profit in the current year, remuneration of directors shall be no more than 1% of the profit. Remuneration of independent directors is paid quarterly according to the Company's "Directors' Remuneration and Remuneration Standards".

The annual remuneration package of managers includes salary, bonus and employees' remuneration from earnings distribution. It is measured by reference to peer industry level, the Company's operating performance, personal performance and the reasonableness of future risks. It is approved by Compensation Committee and the board of directors in accordance with the law.

(Concluded)