

Eternal Materials Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2022 and 2021 and Independent Auditors' Review Report

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT

Eternal Materials Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Eternal Materials Co., Ltd. (the "Company") and its subsidiaries as of June 30, 2022 and 2021, the consolidated statements of comprehensive income for the three months ended June 30, 2022 and 2021, and for the six months ended June 30, 2022 and 2021, and the consolidated statements of changes in equity and cash flows for the six months then ended June 30, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As described in Note 12 to the consolidated financial statements, total assets of some non-significant subsidiaries included in the consolidated financial statements amounted to NT\$25,798,432 thousand and NT\$25,063,846 thousand, representing 41% and 42% of the consolidated total assets as of June 30, 2022 and 2021, respectively; total liabilities amounted to NT\$10,858,691 thousand and NT\$9,284,575 thousand, representing 28% and 26% of the consolidated total liabilities as of June 30, 2022 and 2021, respectively; total comprehensive income amounted to NT\$208,825 thousand, NT\$7,556 thousand, NT\$936,562 thousand and NT\$305,036 thousand, representing 110%, 1%, 43% and 20% of the consolidated total comprehensive income for the three months ended June 30, 2022 and 2021, and for the six months ended June 30, 2022 and 2021, respectively. The above amounts and information disclosed in Notes 35 to the consolidated financial statements were based on the financial statements prepared and disclosed by these subsidiaries, which were not reviewed by independent auditors for the same reporting periods. In addition, as described in Note 13 to the consolidated financial statements, the balance of investments accounted for using the equity method of the Company and its subsidiaries amounted to NT\$2,471,734 thousand and NT\$2,494,977 thousand as of June 30, 2022 and 2021, respectively; the share of the profit of associates and joint ventures accounted for using the equity method amounted to NT\$52,119 thousand, NT\$119,080 thousand, NT\$121,877 thousand and NT\$226,628 thousand for the three months ended June 30, 2022 and 2021, and for the six months ended June 30, 2022 and 2021, respectively; the share of the other comprehensive income of associates and joint ventures amounted to loss of NT\$15,411 thousand, loss of

NT\$15,187 thousand, profit of NT\$42,709 thousand and loss of NT\$24,287 thousand for the three months ended June 30, 2022 and 2021, and for the six months ended June 30, 2022 and 2021, respectively. The above amounts and information on investees disclosed in Notes 35 to the consolidated financial statements were based on the financial statements recognized and disclosed by investees, which were not reviewed by independent auditors for the same reporting periods.

Qualified Conclusion

Base on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of some non-significant subsidiaries and investments accounted for using the equity method as described in the preceding paragraph been reviewed by independent auditors, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the financial position of the Company and its subsidiaries as of June 30, 2022 and 2021, and its consolidated financial performance for the three months ended June 30, 2022 and 2021, and for the six months ended June 30, 2022 and 2021, and its consolidated cash flows for the six months ended June 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and international Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 3, 2022

Notice to Readers

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

For the convenience of readers, the independent auditors’ review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ review report and consolidated financial statements shall prevail.

Eternal Materials Co., Ltd. and Subsidiaries

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30,2022 (Reviewed)		December 31,2021 (Audited)		June 30,2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 5,938,952	10	\$ 4,250,469	7	\$ 5,510,982	9
Financial assets at fair value through profit or loss – current (Note 7)	-	-	-	-	660,047	1
Notes receivable, net (Notes 8 and 31)	5,658,789	9	6,717,389	11	5,658,032	10
Notes receivable from related parties, net (Notes 8 and 30)	63,603	-	83,349	-	46,428	-
Accounts receivable, net (Note 8)	13,198,832	21	13,032,813	22	13,190,130	22
Accounts receivable from related parties, net (Notes 8 and 30)	229,360	-	237,921	-	236,114	1
Other receivables (Notes 8 and 30)	676,955	1	671,227	1	745,394	1
Inventories (Note 9)	12,053,390	19	10,678,213	18	9,539,925	16
Non-current assets held for sale, net	-	-	313,112	1	-	-
Other financial assets - current (Note 10)	281,641	1	193,382	-	192,844	-
Other current assets - others	873,182	1	863,363	1	765,093	1
Total current assets	<u>38,974,704</u>	<u>62</u>	<u>37,041,238</u>	<u>61</u>	<u>36,544,989</u>	<u>61</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	12,092	-	14,968	-	10,175	-
Financial assets at fair value through other comprehensive income - non-current (Note 11)	956,354	1	1,033,343	2	1,162,699	2
Investments accounted for using the equity method (Note 13)	2,507,693	4	2,457,766	4	2,515,965	4
Property, plant and equipment (Notes 14 and 31)	16,770,496	27	16,369,000	27	16,158,349	27
Right-of-use assets (Note 15)	1,343,101	2	1,138,746	2	1,121,546	2
Investment properties (Note 16)	1,414,787	2	1,317,178	2	1,292,936	2
Intangible assets (Note 17)	253,967	-	261,442	-	273,081	-
Deferred tax assets	349,566	1	368,573	1	392,168	1
Other non-current assets - others (Notes 18 ,26 and 31)	439,680	1	533,435	1	336,431	1
Total non-current assets	<u>24,047,736</u>	<u>38</u>	<u>23,494,451</u>	<u>39</u>	<u>23,263,350</u>	<u>39</u>
TOTAL	<u>\$ 63,022,440</u>	<u>100</u>	<u>\$ 60,535,689</u>	<u>100</u>	<u>\$ 59,808,339</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 19 and 31)	\$ 6,493,582	10	\$ 4,588,002	8	\$ 6,464,375	11
Notes payable	1,169,163	2	863,529	1	739,705	1
Accounts payable (Note 30)	5,893,245	9	6,771,109	11	6,432,146	11
Dividend payable	1,860,419	3	-	-	-	-
Other payables - others	2,055,996	3	2,171,091	4	1,964,653	3
Current tax liabilities	512,721	1	489,253	1	322,623	1
Liabilities directly associated with non-current assets held for sale	-	-	1,506	-	-	-
Lease liabilities - current (Note 15)	62,046	-	86,404	-	77,098	-
Current portion of long-term borrowings(Notes 19 and 31)	4,314,764	7	4,325,565	7	2,391,166	4
Other current liabilities - others (Note 22)	494,189	1	226,924	-	134,667	-
Total current liabilities	<u>22,856,125</u>	<u>36</u>	<u>19,523,383</u>	<u>32</u>	<u>18,526,433</u>	<u>31</u>
NON-CURRENT LIABILITIES						
Bonds payable (Note 19)	5,492,789	9	5,491,683	9	2,995,962	5
Long-term borrowings (Notes 19 and 31)	6,224,194	10	7,013,985	12	9,448,402	16
Deferred tax liabilities	2,423,163	4	2,551,139	4	2,675,676	5
Lease liabilities - non-current (Note 15)	166,474	-	189,327	-	222,912	-
Other non-current liabilities (Note 13)	1,020,959	2	1,099,315	2	1,229,964	2
Total non-current liabilities	<u>15,327,579</u>	<u>25</u>	<u>16,345,449</u>	<u>27</u>	<u>16,572,916</u>	<u>28</u>
Total liabilities	<u>38,183,704</u>	<u>61</u>	<u>35,868,832</u>	<u>59</u>	<u>35,099,349</u>	<u>59</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)						
Ordinary shares	12,402,795	20	12,402,795	20	12,402,795	21
Capital surplus	368,946	-	368,946	1	368,946	1
Retained earnings						
Legal reserve	4,803,617	8	4,437,120	8	4,188,871	7
Special reserve	1,181,819	2	781,875	1	1,442,690	2
Unappropriated earnings	6,586,050	10	7,430,191	12	7,184,885	12
Total retained earnings	<u>12,571,486</u>	<u>20</u>	<u>12,649,186</u>	<u>21</u>	<u>12,816,446</u>	<u>21</u>
Other equity	(803,975)	(1)	(1,181,819)	(2)	(1,239,143)	(2)
Total equity attributable to owners of the Company	<u>24,539,252</u>	<u>39</u>	<u>24,239,108</u>	<u>40</u>	<u>24,349,044</u>	<u>41</u>
NON-CONTROLLING INTERESTS (Note 21)	<u>299,484</u>	<u>-</u>	<u>427,749</u>	<u>1</u>	<u>359,946</u>	<u>-</u>
Total equity	<u>24,838,736</u>	<u>39</u>	<u>24,666,857</u>	<u>41</u>	<u>24,708,990</u>	<u>41</u>
TOTAL	<u>\$ 63,022,440</u>	<u>100</u>	<u>\$ 60,535,689</u>	<u>100</u>	<u>\$ 59,808,339</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' review report dated August 3, 2022)

Eternal Materials Co., Ltd. and Subsidiaries

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING								
REVENUE ,net (Notes 22 and 30)	\$13,184,770	100	\$13,211,055	100	\$25,548,603	100	\$24,413,474	100
OPERATING COSTS (Notes 9, 23 and 30)	<u>10,286,159</u>	<u>78</u>	<u>10,315,258</u>	<u>78</u>	<u>19,904,520</u>	<u>78</u>	<u>18,955,101</u>	<u>78</u>
GROSS PROFIT	<u>2,898,611</u>	<u>22</u>	<u>2,895,797</u>	<u>22</u>	<u>5,644,083</u>	<u>22</u>	<u>5,458,373</u>	<u>22</u>
OPERATING EXPENSES (Notes 23 and 30)								
Selling and marketing expenses	827,442	6	726,421	6	1,563,563	6	1,421,032	6
General and administrative expenses	563,292	4	530,872	4	1,122,848	4	1,055,798	4
Research and development expenses	396,287	3	358,289	3	780,639	3	694,460	3
Expected credit loss (gain)	<u>4,720</u>	<u>-</u>	<u>10,694</u>	<u>-</u>	<u>(982)</u>	<u>-</u>	<u>(7,473)</u>	<u>-</u>
Total operating expenses	<u>1,791,741</u>	<u>13</u>	<u>1,626,276</u>	<u>13</u>	<u>3,466,068</u>	<u>13</u>	<u>3,163,817</u>	<u>13</u>
PROFIT FROM OPERATIONS	<u>1,106,870</u>	<u>9</u>	<u>1,269,521</u>	<u>9</u>	<u>2,178,015</u>	<u>9</u>	<u>2,294,556</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income (Note 23)	25,749	-	22,617	-	44,100	-	50,253	-
Other income (Note 30)	68,497	1	57,868	-	114,936	-	110,792	1
Other gains and losses (Note 23)	(14,809)	-	(43,748)	-	(8,657)	-	(126,986)	-
Loss on disposal of financial assets at amortized cost (Note 23)	(2,347)	-	-	-	(5,234)	-	-	-
Finance costs (Note 23)	(80,068)	(1)	(71,956)	-	(151,934)	(1)	(143,420)	(1)
Share of the profit of associates and joint ventures (Note 13)	<u>52,119</u>	<u>-</u>	<u>119,080</u>	<u>1</u>	<u>121,877</u>	<u>1</u>	<u>226,628</u>	<u>1</u>
Total non-operating income and expenses	<u>49,141</u>	<u>-</u>	<u>83,861</u>	<u>1</u>	<u>115,088</u>	<u>-</u>	<u>117,267</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	1,156,011	9	1,353,382	10	2,293,103	9	2,411,823	10
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(256,728)</u>	<u>(2)</u>	<u>(289,040)</u>	<u>(2)</u>	<u>(502,008)</u>	<u>(2)</u>	<u>(519,305)</u>	<u>(2)</u>
NET PROFIT FOR THE PERIOD	<u>899,283</u>	<u>7</u>	<u>1,064,342</u>	<u>8</u>	<u>1,791,095</u>	<u>7</u>	<u>1,892,518</u>	<u>8</u>

(Continued)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 21 and 24)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	(\$ 146,673)	(1)	\$ 101,118	1	(\$ 93,695)	(1)	\$ 233,669	1
Income tax relating to items that will not be reclassified subsequently to profit or loss	(2,056)	-	742	-	1,319	-	16,857	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statement of foreign operations	(544,669)	(5)	(257,791)	(2)	423,807	2	(621,773)	(3)
Share of the other comprehensive income (loss) of associates and joint ventures	(15,411)	-	(15,187)	-	42,709	-	(24,287)	-
Other comprehensive income (loss) for the period, net of income tax	(708,809)	(6)	(171,118)	(1)	374,140	1	(395,534)	(2)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 190,474</u>	<u>1</u>	<u>\$ 893,224</u>	<u>7</u>	<u>\$ 2,165,235</u>	<u>8</u>	<u>\$ 1,496,984</u>	<u>6</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 891,011		\$ 1,074,098		\$ 1,779,513		\$ 1,898,747	
Non-controlling interests	<u>8,272</u>		<u>(9,756)</u>		<u>11,582</u>		<u>(6,229)</u>	
	<u>\$ 899,283</u>		<u>\$ 1,064,342</u>		<u>\$ 1,791,095</u>		<u>\$ 1,892,518</u>	
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 198,836		\$ 907,188		\$ 2,157,357		\$ 1,517,753	
Non-controlling interests	<u>(8,362)</u>		<u>(13,964)</u>		<u>7,878</u>		<u>(20,769)</u>	
	<u>\$ 190,474</u>		<u>\$ 893,224</u>		<u>\$ 2,165,235</u>		<u>\$ 1,496,984</u>	
EARNINGS PER SHARE (Note 25)								
Basic	\$ 0.72		\$ 0.87		\$ 1.43		\$ 1.53	
Diluted	0.72		0.87		1.43		1.53	

(Concluded)

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

(With Deloitte & Touche auditors' review report dated August 3, 2022)

Eternal Materials Co., Ltd. and Subsidiaries

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

	Equity Attributable to Owners of the Company						Other Equity		Total	Non-controlling Interests	Total Equity
	Ordinary Shares	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity			
			Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2022	\$12,402,795	\$ 368,946	\$ 4,437,120	\$ 781,875	\$ 7,430,191	(\$ 1,781,848)	\$ 600,029	(\$ 1,181,819)	\$24,239,108	\$ 427,749	\$24,666,857
Appropriation of 2021 earnings(Note 21)	-	-	366,497	-	(366,497)	-	-	-	-	-	-
Legal reserve appropriated	-	-	-	399,944	(399,944)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	-	(1,860,419)	-	-	-	(1,860,419)	-	(1,860,419)
Cash dividends—NT\$1.5 per share	-	-	366,497	399,944	(2,626,860)	-	-	-	(1,860,419)	-	(1,860,419)
Net profit for the six months ended June 30, 2022	-	-	-	-	1,779,513	-	-	-	1,779,513	11,582	1,791,095
Other comprehensive income (loss) for the six months ended June 30, 2022, net of income tax	-	-	-	-	-	470,220	(92,376)	377,844	377,844	(3,704)	374,140
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	1,779,513	470,220	(92,376)	377,844	2,157,357	7,878	2,165,235
Disposal of subsidiaries (Note26)	-	-	-	-	-	-	-	-	-	(127,529)	(127,529)
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(8,614)	(8,614)
Disposal of investments in equity instruments as at fair value through other comprehensive income	-	-	-	-	3,206	-	-	-	3,206	-	3,206
BALANCE AT JUNE 30, 2022	\$12,402,795	\$ 368,946	\$ 4,803,617	\$ 1,181,819	\$ 6,586,050	(\$ 1,311,628)	\$ 507,653	(\$ 803,975)	\$24,539,252	\$ 299,484	\$24,838,736
BALANCE AT JANUARY 1, 2021	\$12,402,795	\$ 368,946	\$ 4,188,871	\$ 1,442,690	\$ 5,213,715	(\$ 1,320,826)	\$ 538,306	(\$ 782,520)	\$22,834,497	\$ 403,805	\$23,238,302
Net profit (loss) for the six months ended June 30, 2021	-	-	-	-	1,898,747	-	-	-	1,898,747	(6,229)	1,892,518
Other comprehensive income (loss) for the six months ended June 30, 2021, net of income tax	-	-	-	-	-	(631,520)	250,526	(380,994)	(380,994)	(14,540)	(395,534)
Total comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	1,898,747	(631,520)	250,526	(380,994)	1,517,753	(20,769)	1,496,984
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(23,090)	(23,090)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	72,423	-	(75,629)	(75,629)	(3,206)	-	(3,206)
BALANCE AT JUNE 30, 2021	\$12,402,795	\$ 368,946	\$ 4,188,871	\$ 1,442,690	\$ 7,184,885	(\$ 1,952,346)	\$ 713,203	(\$ 1,239,143)	\$24,349,044	\$ 359,946	\$24,708,990

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

(With Deloitte & Touche auditors' review report dated August 3, 2022)

Eternal Materials Co., Ltd. and Subsidiaries

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

	For the six months Ended June 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 2,293,103	\$ 2,411,823
Adjustments for:		
Depreciation expense	1,047,769	1,045,153
Amortization expense	11,752	13,853
Reversal of expected credit loss	(982)	(7,473)
Net gain (loss) on fair value changes of financial assets at fair value through profit or loss	702	(3,676)
Finance costs	151,934	143,420
Loss on disposal of financial assets at amortized cost	5,234	-
Interest income	(44,100)	(50,253)
Share of the profit of associates and joint ventures	(121,877)	(226,628)
Loss on disposal of property, plant and equipment	11,754	4,919
Impairment loss recognized on non-financial assets	24,011	110,636
Others	(3,836)	(131)
Changes in operating assets and liabilities		
Notes receivable	1,170,350	(519,794)
Notes receivable from related parties	21,195	(1,689)
Accounts receivable	(71,496)	(1,288,103)
Accounts receivable from related parties	12,545	(16,729)
Other receivables	(5,067)	(28,959)
Inventories	(1,345,970)	(2,157,941)
Other current assets	(18,868)	(170,951)
Notes payable	289,071	205,385
Accounts payable	(959,034)	833,757
Other payables	(118,373)	(64,496)
Other current liabilities	276,444	23,867
Other non-current liabilities	(63,326)	(109,438)
Cash generated from operations	2,562,935	146,552
Interest received	32,109	47,174
Dividends received	-	56,280
Interest paid	(136,295)	(132,774)
Income taxes paid	(562,714)	(529,771)
Net cash generated from operating activities	<u>1,896,035</u>	<u>412,539</u>

(Continued)

Eternal Materials Co., Ltd. and Subsidiaries

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

	<u>For the six months Ended June 30</u>	
	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through other comprehensive income	\$ -	\$ 84,697
Purchase of financial assets at fair value through profit or loss	(491,793)	(1,507,103)
Proceeds from disposal of financial assets at fair value through profit of loss	495,766	845,326
Proceeds from capital reduction of investments accounted for using the equity method	123,909	-
Proceeds from disposal of non-current assets held for sale	29,242	-
Payments for property, plant and equipment	(1,314,235)	(856,927)
Proceeds from disposal of property, plant and equipment	4,134	10,450
Decrease in other receivables from related parties	-	4,114
Payments for intangible assets	(17,468)	(7,125)
Payments for investment properties	(312)	-
Decrease in long-term lease receivables	19,025	20,875
Increase in other financial assets	(84,036)	(134,069)
(Increase)Decrease in other non-current assets	(<u>20,453</u>)	<u>15,499</u>
Net cash used in investing activities	(<u>1,256,221</u>)	(<u>1,524,263</u>)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	1,843,540	2,142,411
Proceeds from long-term borrowings	3,289,493	3,016,299
Repayments of long-term borrowings	(4,146,943)	(3,528,830)
Increase(Decrease) in guarantee deposits received	7,772	(600)
Repayment of the principal portion of lease liabilities	(43,339)	(43,795)
Decrease in non-controlling interests	(<u>8,614</u>)	(<u>23,090</u>)
Net cash used in financing activities	<u>941,909</u>	<u>1,562,395</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>67,762</u>	(<u>222,905</u>)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,649,485	(597,312)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>4,289,467</u>	<u>6,108,294</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 5,938,952</u>	<u>\$ 5,510,982</u>

(Concluded)

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

(With Deloitte & Touche auditors' review report dated August 3, 2022)

Eternal Materials Co., Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors and authorized for issue on August 3, 2022.

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 will not have material impact on the Company and its subsidiaries’ accounting policies.

- b. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. The consolidated financial statements do not present full disclosures required for a complete set of IFRSs annual financial statements.

b. Basis of consolidation

The detailed information of subsidiaries (including the percentages of ownership and main businesses) is provided in Note 12 and Tables 8 and 9.

c. Other significant accounting policies

Except for the following, refer to the summary of significant accounting policies and basis of preparation in the consolidated financial statements for the year ended December 31, 2021.

1) Retirement Benefits

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

2) Taxation

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as those applied in the preparation of the consolidated financial statements of the year ended December 31, 2021.

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

6. CASH AND CASH EQUIVALENTS

	June 30, 2022	December 31, 2021	June 30, 2021
Cash on hand	\$ 37,381	\$ 43,184	\$ 19,235
Checking accounts and demand deposits	3,452,569	3,287,986	2,803,501
Cash equivalents (investments with original maturities of three months or less)			
Time deposits	<u>2,449,002</u>	<u>919,299</u>	<u>2,688,246</u>
Cash and cash equivalents in the consolidated balance sheets	5,938,952	4,250,469	5,510,982
Cash and cash equivalents classified to non-current assets held for sale	<u>-</u>	<u>38,998</u>	<u>-</u>
Cash and cash equivalents	<u>\$ 5,938,952</u>	<u>\$ 4,289,467</u>	<u>\$ 5,510,982</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2022	December 31, 2021	June 30, 2021
Financial assets – current			
Hybrid financial assets			
Structured time deposits	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 660,047</u>
Financial assets – non-current			
Non-derivative financial assets			
Mutual fund			
Pacven Walden Ventures V, L.P.	<u>\$ 12,092</u>	<u>\$ 14,968</u>	<u>\$ 10,175</u>

The subsidiaries entered into a structured time deposit contract with a bank. The entire contract was mandatorily classified as financial assets at FVTPL in accordance with IFRS 9, and the net gain from the contract was recorded as other gains and losses for the six months ended June 30, 2022 and for the year ended December 31, 2021. The subsidiaries already settled the structured time deposit contracts as of June 30, 2022 and December 31, 2021.

8. NOTES, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Notes receivable	\$ 5,658,789	\$ 6,717,389	\$ 5,658,032
Notes receivable from related parties	\$ 63,603	\$ 83,349	\$ 46,428
Accounts receivable	\$ 13,441,952	\$ 13,281,574	\$ 13,450,964
Less: Allowance for loss	(243,120)	(248,761)	(260,834)
	<u>\$ 13,198,832</u>	<u>\$ 13,032,813</u>	<u>\$ 13,190,130</u>
Accounts receivable from related parties	\$ 229,555	\$ 238,320	\$ 236,403
Less: Allowance for loss	(195)	(399)	(289)
	<u>\$ 229,360</u>	<u>\$ 237,921</u>	<u>\$ 236,114</u>
Other receivables	\$ 706,755	\$ 701,027	\$ 775,194
Less: Allowance for loss	(29,800)	(29,800)	(29,800)
	<u>\$ 676,955</u>	<u>\$ 671,227</u>	<u>\$ 745,394</u>

a. Notes receivable and accounts receivable

The notes and accounts receivable of the Company and its subsidiaries are measured at amortized cost. For the related credit management policies, refer to Note 29.

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

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

June 30, 2022

	Not Past Due	0 to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Gross carrying amount	\$17,717,267	\$ 778,064	\$ 582,898	\$ 114,819	\$ 200,851	\$19,393,899
Loss allowance (lifetime ECL)	(8,022)	(4,611)	(10,890)	(18,941)	(200,851)	(243,315)
Amortized cost	<u>\$17,709,245</u>	<u>\$ 773,453</u>	<u>\$ 572,008</u>	<u>\$ 95,878</u>	<u>\$ -</u>	<u>\$19,150,584</u>

December 31, 2021

	Not Past Due	0 to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Gross carrying amount	\$18,355,219	\$ 1,240,789	\$ 453,523	\$ 69,809	\$ 201,292	\$20,320,632
Loss allowance (lifetime ECL)	(10,803)	(9,184)	(14,966)	(14,527)	(199,680)	(249,160)
Amortized cost	<u>\$18,344,416</u>	<u>\$ 1,231,605</u>	<u>\$ 438,557</u>	<u>\$ 55,282</u>	<u>\$ 1,612</u>	<u>\$20,071,472</u>

June 30, 2021

	Not Past Due	0 to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Gross carrying amount	\$17,770,766	\$ 957,888	\$ 397,603	\$ 43,843	\$ 221,727	\$19,391,827
Loss allowance (lifetime ECL)	(13,531)	(8,596)	(13,815)	(9,942)	(215,239)	(261,123)
Amortized cost	<u>\$17,757,235</u>	<u>\$ 949,292</u>	<u>\$ 383,788</u>	<u>\$ 33,901</u>	<u>\$ 6,488</u>	<u>\$19,130,704</u>

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

	For the Six Months Ended June 30	
	2022	2021
Balance, beginning of the period	\$ 249,160	\$ 290,010
Reversed	(982)	(22,128)
Written-off	(7,102)	(2,621)
Effects of foreign currency exchange differences	<u>2,239</u>	<u>(4,138)</u>
Balance, end of the period	<u>\$ 243,315</u>	<u>\$ 261,123</u>

b. Other receivables

The Company and its subsidiaries' loss allowance is based on historical experience and current financial position. As of June 30, 2022, December 31, 2021, and June 30, 2021, the balance of the loss allowance of the Company and its subsidiaries was \$29,800 thousand.

9. INVENTORIES

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Raw materials	\$ 4,748,631	\$ 4,206,444	\$ 4,013,495
Supplies	171,881	155,099	156,048
Finished goods	6,780,812	5,971,718	5,012,374
Inventory in transit	<u>352,066</u>	<u>344,952</u>	<u>358,008</u>
	<u>\$ 12,053,390</u>	<u>\$ 10,678,213</u>	<u>\$ 9,539,925</u>

The cost of inventories recognized as operating costs for the three months ended June 30, 2022 and 2021, and the six months ended June 30, 2022 and 2021 was \$10,258,942 thousand, \$10,303,238 thousand, \$19,860,041 thousand and \$18,932,224 thousand, respectively, including write-down of inventories of \$55,315 thousand, \$66,223 thousand, \$32,770 thousand and \$110,636 thousand, respectively.

10. OTHER FINANCIAL ASSETS - CURRENT

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Time deposits with original maturities of more than three months	<u>\$ 281,641</u>	<u>\$ 193,382</u>	<u>\$ 192,844</u>

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Domestic investments			
Listed shares			
President Securities Corp.	\$ 623,959	\$ 789,124	\$ 858,232
Unlisted shares			
Universal Venture Capital Investment Corp.	44,153	44,483	40,370
Der Yang Biotechnology Venture Capital Co., Ltd.	<u>4,264</u>	<u>4,323</u>	<u>3,712</u>
	<u>672,376</u>	<u>837,930</u>	<u>902,314</u>
Foreign investments			
Listed shares			
TBG Diagnostics Limited (TBG stocks)	-	-	101,015
Unlisted shares			
Grace THW Holding Limited	266,721	171,563	159,370
TBG Diagnostics Limited (TBG stocks)	<u>17,257</u>	<u>23,850</u>	<u>-</u>
	<u>283,978</u>	<u>195,413</u>	<u>260,385</u>
	<u>\$ 956,354</u>	<u>\$ 1,033,343</u>	<u>\$ 1,162,699</u>

TBG stocks were delisted from the Australian Securities Exchange (ASX) in August 2021.

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company and its subsidiaries' strategy of holding these investments for long-term purposes.

12. SUBSIDIARIES

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

Investor	Investee	Main Businesses	Percentage of Ownership (%)			Additional Remarks
			June 30, 2022	December 31, 2021	June 30, 2021	
The Company	Eternal Holdings Inc.	International investment	100	100	100	1)
	Eternal Global (BVI) Co., Ltd.	International investment	100	100	100	1)
	Mixville Holdings Inc.	International investment	100	100	100	1)
	CHOU-KOU Materials Co., Ltd.	Selling, trading and providing services of resins material, electronic material and other related products	100	100	100	1)
	Nikko-Materials Co., Ltd.	Manufacturing and selling of dry film photoresist and vacuum laminator	100	100	100	1)
	Eternal Electronic Material (Thailand) Co., Ltd.	Trading services, cutting and selling of dry film photoresist	75	75	75	1)
	New E Materials Co., Ltd.	Researching, developing, manufacturing and selling of photoelectric, semiconductor process related electronic chemical materials and equipment spare parts	62.80	62.80	62.80	1)
	Elga Europe S.r.l.	Manufacturing, selling, distribution and processing of electronic chemical products	72.68	72.68	72.68	1)
Eternal Global (BVI) Co., Ltd.	Eternal Chemical (China) Co., Ltd	Manufacturing and selling of resins material and processing products	100	100	100	
	Changhe International Trading (GZFTZ) Co., Ltd.	International trading, commercial trading, entropot trading, products displayed, bonded warehousing and business consulting services	-	-	100	1) and 2)
Eternal Holdings Inc.	Eternal International (BVI) Co., Ltd.	International investment	100	100	100	1)
	E-Chem Corp.	International investment	100	100	100	1)
	Eternal Nanyang Investment Co., Ltd.	International investment	90	90	90	1)
	PT Eternal Materials Indonesia	Selling, trading of chemical	67	67	67	1)
Eternal International (BVI) Co., Ltd.	Eternal Technology Corporation	Manufacturing and selling of photoresist	100	100	100	1)
	Eternal (China) Investment Co., Ltd.	Managing, investing consulting services, researching, leasing, manufacturing and selling of resins material and photoelectric chemical materials	100	100	100	1)
E-Chem Corp.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Manufacturing and selling of acrylic resin and methacrylic acid	90	90	90	
Eternal Nanyang Investment Co., Ltd.	Eternal Materials (Malaysia) Sdn. Bhd.	Manufacturing, selling, trading and providing services of resins material related products	100	100	100	1)
Mixville Holdings Inc.	High Expectation Limited	International investment	100	100	100	1)
High Expectation Limited	Eternal Materials (Guangdong) Co., Ltd.	Manufacturing and selling of adhesives, resins material and processing of products	100	100	100	1)
Eternal (China) Investment Co., Ltd.	Eternal Optical Material (Suzhou) Co., Ltd.	Manufacturing and selling of optical film, and leasing.	100	100	100	1)
	Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Researching, developing and manufacturing of photoresist dry film, liquid photo imaginable solder masks and printed circuit board related materials	100	100	100	1)
	Eternal Synthetic Resins (Changshu) Co., Ltd.	Manufacturing and selling of unsaturated polyester resin	100	100	100	1)
	Eternal Chemical (Chengdu) Co., Ltd.	Researching, manufacturing and selling of resins material	100	100	100	1)
	Eternal Electronic (Suzhou) Co., Ltd.	Researching, developing, and manufacturing of dry film photoresist and dry film solder mask which used in electronic materials, researching resin materials and selling, providing after sales service of self-produced products	100	100	100	
	Eternal Electronic Material (Guangzhou) Co., Ltd.	Coating, slitting, cutting, processing, and selling of photoresist	-	-	100	3)
	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Researching, developing, manufacturing and selling of electronic high-tech chemical and related products	100	100	100	

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%)			Additional Descriptions
			June 30, 2022	December 31, 2021	June 30, 2021	
	Eternal Sun A. (Suzhou) Co., Ltd.	Researching, developing, and manufacturing of optical protective film which used in display, and selling, providing after sales service of self-produced products	-	60	60	1),6) and Note26
	Eternal Chemical (Tianjin) Co., Ltd.	Manufacturing and selling of adhesives, resins material and processing products	100	100	100	1)
	Eternal Specialty Materials (Suzhou) Co., Ltd.	Researching and developing chemical products, and selling, providing technical services of self-produced products	100	100	100	1)
	Elga Europe S.r.l.	Manufacturing, selling, distribution and processing of electronic chemical products	22.32	22.32	22.32	1)
	Eternal Material Industry (Tongling) Co., Ltd.	Manufacturing, selling, trading and providing technical services of products related to resins material	100	100	-	1) and 4)
Nikko-Materials Co., Ltd.	Nikko Mechanics Co., Ltd.	Designing, manufacturing, selling of industrial machinery and machine tool	-	-	100	1) and 5)

(Concluded)

- 1) This is an immaterial subsidiary for which its financial statements are not reviewed by the Company's independent auditors.
 - 2) The divestment was resolved by the board of directors of the Company in March 2021, and the liquidation was completed in September 2021.
 - 3) In March 2020, the board of directors of the Company approved the merger of the subsidiary Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. with the subsidiary Eternal Electronic Material (Guangzhou) Co., Ltd., and the merger had been completed in the fourth quarter of 2021. After the merger, the subsidiary Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. is the surviving company and the subsidiary Eternal Electronic Material (Guangzhou) Co., Ltd. is the extinct company.
 - 4) The subsidiary was established in August 2021.
 - 5) In March 2021, the board of directors of the Company approved the merger of the subsidiary Nikko-Materials Co., Ltd. with the subsidiary Nikko Mechanics Co., Ltd., and the merger had been completed in the fourth quarter of 2021. After the merger, the subsidiary Nikko-Materials Co., Ltd. is the surviving company and the subsidiary Nikko Mechanics Co., Ltd. is the extinct company.
 - 6) The disposal was resolved by the board of directors in August 2021, and completed in February 2022.
- b. The Company and its subsidiaries did not have any subsidiary with material non-controlling interests.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (INCLUDING CREDIT BALANCE)

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Investments accounted for using the equity method			
Investments in associates	<u>\$ 2,507,693</u>	<u>\$ 2,457,766</u>	<u>\$ 2,515,965</u>
Credit balance of investments accounted for using the equity method (recorded as other non-current liabilities)			
Investments in associates	<u>(\$ 35,959)</u>	<u>(\$ 26,711)</u>	<u>(\$ 20,988)</u>

a. Investments accounted for using the equity method

Investments in associates

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Associates that are not individually material	<u>\$ 2,507,693</u>	<u>\$ 2,457,766</u>	<u>\$ 2,515,965</u>

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

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
The Company and its subsidiaries' share of				
Net profit for the period	\$ 57,850	\$ 123,770	\$ 130,617	\$ 233,800
Other comprehensive income for the period	<u>(15,972)</u>	<u>(15,344)</u>	<u>43,217</u>	<u>(24,566)</u>
Total comprehensive income for the period	<u>\$ 41,878</u>	<u>\$ 108,426</u>	<u>\$ 173,834</u>	<u>\$ 209,234</u>

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Daxin Materials Corporation	<u>\$ 1,979,312</u>	<u>\$ 3,607,267</u>	<u>\$ 2,047,241</u>

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

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Associates that are not individually material	(\$ <u>35,959</u>)	(\$ <u>26,711</u>)	(\$ <u>20,988</u>)

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

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
The Company and its subsidiaries' share of				
Net loss for the period	(\$ 5,731)	(\$ 4,690)	(\$ 8,740)	(\$ 7,172)
Other comprehensive income for the period	<u>561</u>	<u>157</u>	(<u>508</u>)	<u>279</u>
Total comprehensive loss for the period	(\$ <u>5,170</u>)	(\$ <u>4,533</u>)	(\$ <u>9,248</u>)	(\$ <u>6,893</u>)

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

For the six months ended June 30, 2022 and 2021, the Company and its subsidiaries' investments accounted for using the equity method (including credit balance) are based on the associates' financial statements which have not been reviewed by independent auditors for the same period.

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

14. PROPERTY, PLANT AND EQUIPMENT

For the Six Months Ended June 30, 2022

	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, 2022	\$ <u>2,696,984</u>	\$ <u>5,114,250</u>	\$ <u>6,013,137</u>	\$ <u>615,524</u>	\$ <u>530,670</u>	\$ <u>334,462</u>	\$ <u>1,063,973</u>	\$ <u>16,369,000</u>
Cost								
Balance at January 1, 2022	\$ 2,696,984	\$ 11,464,804	\$ 22,019,645	\$ 1,556,551	\$ 1,705,780	\$ 932,775	\$ 1,063,973	\$ 41,440,512
Additions	-	140,632	431,487	78,320	33,145	18,729	600,458	1,302,771
Disposals	-	(56,210)	(297,458)	(29,125)	(19,214)	(20,782)	-	(422,789)
Transferred to investment properties	-	(245,303)	-	-	-	-	(287)	(245,590)

(Continued)

	Land	Buildings	Machinery and Equipment	Storage Equipment	Examination Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Effect of foreign currency exchange difference	(1,066)	154,900	209,147	16,644	8,034	8,142	11,789	407,590
Balance at June 30, 2022	<u>\$ 2,695,918</u>	<u>\$ 11,458,823</u>	<u>\$ 22,362,821</u>	<u>\$ 1,622,390</u>	<u>\$ 1,727,745</u>	<u>\$ 938,864</u>	<u>\$ 1,675,933</u>	<u>\$ 42,482,494</u>
Accumulated depreciation and impairment								
Balance at January 1, 2022	\$ -	\$ 6,350,554	\$ 16,006,508	\$ 941,027	\$ 1,175,110	\$ 598,313	\$ -	\$ 25,071,512
Depreciation	-	275,537	553,600	36,969	61,200	39,406	-	966,712
Disposals	-	(48,705)	(293,320)	(27,492)	(17,918)	(19,584)	-	(407,019)
Transferred to investment properties	-	(144,514)	-	-	-	-	-	(144,514)
Effect of foreign currency exchange difference	-	72,068	135,946	7,852	5,255	4,186	-	225,307
Balance at June 30, 2022	<u>\$ -</u>	<u>\$ 6,504,940</u>	<u>\$ 16,402,734</u>	<u>\$ 958,356</u>	<u>\$ 1,223,647</u>	<u>\$ 622,321</u>	<u>\$ -</u>	<u>\$ 25,711,998</u>
Carrying amount at June 30, 2022	<u>\$ 2,695,918</u>	<u>\$ 4,953,883</u>	<u>\$ 5,960,087</u>	<u>\$ 664,034</u>	<u>\$ 504,098</u>	<u>\$ 316,543</u>	<u>\$ 1,675,933</u>	<u>\$ 16,770,496</u>

(Concluded)

For the Six Months Ended June 30, 2021

	Land	Buildings	Machinery and Equipment	Storage Equipment	Examination Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Carrying amount at January 1, 2021	<u>\$ 2,680,444</u>	<u>\$ 5,362,540</u>	<u>\$ 6,273,237</u>	<u>\$ 656,418</u>	<u>\$ 541,695</u>	<u>\$ 358,188</u>	<u>\$ 750,528</u>	<u>\$ 16,623,050</u>
Cost								
Balance at January 1, 2021	\$ 2,680,444	\$ 11,323,614	\$ 21,620,157	\$ 1,559,720	\$ 1,644,996	\$ 902,637	\$ 750,528	\$ 40,482,096
Additions	2,979	201,945	523,997	37,668	67,801	44,250	(134,395)	744,245
Disposals	-	(30,705)	(73,795)	(11,734)	(14,271)	(10,025)	-	(140,530)
Transferred from investment properties	-	15,710	-	-	-	-	-	15,710
Effect of foreign currency exchange difference	(10,447)	(163,385)	(282,419)	(19,190)	(8,473)	(19,822)	(6,903)	(510,639)
Balance at June 30, 2021	<u>\$ 2,672,976</u>	<u>\$ 11,347,179</u>	<u>\$ 21,787,940</u>	<u>\$ 1,566,464</u>	<u>\$ 1,690,053</u>	<u>\$ 917,040</u>	<u>\$ 609,230</u>	<u>\$ 40,590,882</u>
Accumulated depreciation and impairment								
Balance at January 1, 2021	\$ -	\$ 5,961,074	\$ 15,346,920	\$ 903,302	\$ 1,103,301	\$ 544,449	\$ -	\$ 23,859,046
Depreciation	-	275,323	548,814	44,141	61,028	40,290	-	969,596
Disposals	-	(28,306)	(65,466)	(11,179)	(13,021)	(7,189)	-	(125,161)
Transferred from investment properties	-	713	-	-	-	-	-	713
Effect of foreign currency exchange difference	-	(71,193)	(174,778)	(7,743)	(5,002)	(12,945)	-	(271,661)
Balance at June 30, 2021	<u>\$ -</u>	<u>\$ 6,137,611</u>	<u>\$ 15,655,490</u>	<u>\$ 928,521</u>	<u>\$ 1,146,306</u>	<u>\$ 564,605</u>	<u>\$ -</u>	<u>\$ 24,432,533</u>
Carrying amount at June 30, 2021	<u>\$ 2,672,976</u>	<u>\$ 5,209,568</u>	<u>\$ 6,132,450</u>	<u>\$ 637,943</u>	<u>\$ 543,747</u>	<u>\$ 352,435</u>	<u>\$ 609,230</u>	<u>\$ 16,158,349</u>

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

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

Refer to Note 31 for the amounts of property, plant and equipment pledged by the Company and its subsidiaries as collateral for bank borrowings.

Land (including those recorded as investment properties) held by the Company was revalued in 1980, 1990, 1997 and 2004, and as of June 30, 2022, December 31, 2021 and June 30, 2021, the revaluation increments of the land was \$1,973,324 thousand, \$1,973,324 thousand and \$1,977,218 thousand.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Carrying amounts			
Land	\$ 1,124,316	\$ 877,304	\$ 839,303
Buildings	99,817	159,909	175,716
Machinery and equipment	87,980	73,935	83,003
Storage equipment	7,636	3,453	2,837
Other equipment	<u>23,352</u>	<u>24,145</u>	<u>20,687</u>
	<u>\$ 1,343,101</u>	<u>\$ 1,138,746</u>	<u>\$ 1,121,546</u>
		For the Six Months Ended June 30	
		<u>2022</u>	<u>2021</u>
Additions to right-of-use assets		<u>\$ 296,001</u>	<u>\$ 25,167</u>
		For the Three Months Ended June 30	
		<u>2022</u>	<u>2021</u>
		For the Six Months Ended June 30	
		<u>2022</u>	<u>2021</u>
Depreciation charge for right-of-use assets			
Land	\$ 6,998	\$ 5,338	\$ 14,741
Buildings	12,972	14,448	28,041
Machinery and equipment	3,693	4,007	7,201
Storage equipment	454	120	659
Other equipment	<u>2,309</u>	<u>2,376</u>	<u>4,621</u>
	<u>\$ 26,426</u>	<u>\$ 26,289</u>	<u>\$ 55,263</u>

In addition, part of the land use rights for land located in mainland China is subleased under operating leases, and the relevant right-of-use assets are recorded as investment properties, refer to Note 16 for the details.

b. Lease liabilities

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Carrying amounts			
Current	<u>\$ 62,046</u>	<u>\$ 86,404</u>	<u>\$ 77,098</u>
Non-current	<u>\$ 166,474</u>	<u>\$ 189,327</u>	<u>\$ 222,912</u>

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Land	0.93~6.66	0.93~6.66	0.93~6.66
Buildings	0.63~4.35	0.63~5.04	0.69~5.04
Machinery and equipment	3.71	3.71	2.70~3.71
Storage equipment	1.63~1.79	1.63~1.67	1.66~1.67
Other equipment	0.60~2.70	0.60~2.70	0.86~5.35

c. Material lease activities and terms

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

d. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Expenses relating to short-term and low-value asset leases	\$ 15,834	\$ 8,112	\$ 28,334	\$ 16,064

	For the Six Months Ended June 30	
	2022	2021
Total cash outflow for all lease arrangements (including short-term and low-value asset leases)	\$ 72,904	\$ 61,437

16. INVESTMENT PROPERTIES

For the Six Months Ended June 30, 2022

	Land	Buildings	Right-of-use Assets	Total
Carrying amount at January 1, 2022	\$ 54,640	\$ 1,196,546	\$ 65,992	\$ 1,317,178
<u>Cost</u>				
Balance at January 1, 2022	\$ 54,640	\$ 1,413,962	\$ 72,359	\$ 1,540,961
Additions	-	312	-	312
Transferred from property, plant and equipment	-	245,590	-	245,590
Transferred from right-of-use assets	-	-	4,041	4,041
Effects of foreign currency exchange differences	(3,452)	18,029	1,323	15,900
Balance at June 30, 2022	\$ 51,188	\$ 1,677,893	\$ 77,723	\$ 1,806,804
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2022	\$ -	\$ 217,416	\$ 6,367	\$ 223,783
Depreciation	-	21,141	1,081	22,222
Transferred from property, plant and equipment	-	144,514	-	144,514
Transferred from right-of-use assets	-	-	410	410
Effect of foreign currency exchange differences	-	971	117	1,088
Balance at June 30, 2022	\$ -	\$ 384,042	\$ 7,975	\$ 392,017
Carrying amount at June 30, 2022	\$ 51,188	\$ 1,293,851	\$ 69,748	\$ 1,414,787

For the Six Months Ended June 30, 2021

	Land	Buildings	Right-of-use Assets	Total
Carrying amount at January 1, 2021	\$ <u>59,827</u>	\$ <u>1,227,604</u>	\$ <u>69,390</u>	\$ <u>1,356,821</u>
<u>Cost</u>				
Balance at January 1, 2021	\$ 59,827	\$ 1,407,484	\$ 73,714	\$ 1,541,025
Transferred to property, plant and equipment	-	(15,710)	-	(15,710)
Transferred to right-of-use assets	-	-	(847)	(847)
Effects of foreign currency exchange differences	<u>(3,746)</u>	<u>(25,611)</u>	<u>(1,129)</u>	<u>(30,486)</u>
Balance at June 30, 2021	\$ <u>56,081</u>	\$ <u>1,366,163</u>	\$ <u>71,738</u>	\$ <u>1,493,982</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2021	\$ -	\$ 179,880	\$ 4,324	\$ 184,204
Depreciation	-	20,731	1,063	21,794
Transferred to property, plant and equipment	-	(713)	-	(713)
Transferred to right-of-use assets	-	-	(50)	(50)
Effect of foreign currency exchange differences	<u>-</u>	<u>(4,113)</u>	<u>(76)</u>	<u>(4,189)</u>
Balance at June 30, 2021	\$ <u>-</u>	\$ <u>195,785</u>	\$ <u>5,261</u>	\$ <u>201,046</u>
Carrying amount at June 30, 2021	\$ <u>56,081</u>	\$ <u>1,170,378</u>	\$ <u>66,477</u>	\$ <u>1,292,936</u>

The investment properties were leased for terms of 1 to 15 years.

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

	June 30, 2022	December 31, 2021	June 30, 2021
Year 1	\$ 178,815	\$ 227,398	\$ 257,880
Year 2	147,253	143,607	162,369
Year 3	90,699	113,637	136,455
Year 4	93,356	83,948	86,808
Year 5	94,030	89,945	88,045
Year 6 onwards	<u>262,567</u>	<u>298,110</u>	<u>340,136</u>
	\$ <u>866,720</u>	\$ <u>956,645</u>	\$ <u>1,071,693</u>

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

	June 30, 2022	December 31, 2021	June 30, 2021
Fair value	<u>\$ 3,383,815</u>	<u>\$ 3,080,253</u>	<u>\$ 2,962,570</u>

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

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

Operating income and expenses directly related to investment properties

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Rental income	<u>\$ 75,398</u>	<u>\$ 72,685</u>	<u>\$ 143,909</u>	<u>\$ 142,622</u>
Operating expenses directly related to investment properties	<u>\$ 33,148</u>	<u>\$ 30,958</u>	<u>\$ 62,628</u>	<u>\$ 57,896</u>

17. INTANGIBLE ASSETS

For the Six Months Ended June 30, 2022

	Goodwill	Expertise	Customer Relationships	Computer Software	Others	Total
Carrying amount at January 1, 2022	<u>\$ 33,853</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,119</u>	<u>\$ 11,470</u>	<u>\$ 261,442</u>
<u>Cost</u>						
Balance at January 1, 2022	\$ 70,853	\$ 127,513	\$ 104,038	\$ 246,968	\$ 91,567	\$ 640,939
Additions	-	-	-	4,237	1,883	6,120
Disposals	-	-	-	-	(1,493)	(1,493)
Effects of foreign currency exchange differences	<u>(3,139)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,208)</u>	<u>(6,347)</u>
Balance at June 30, 2022	<u>\$ 67,714</u>	<u>\$ 127,513</u>	<u>\$ 104,038</u>	<u>\$ 251,205</u>	<u>\$ 88,749</u>	<u>\$ 639,219</u>
<u>Accumulated amortization and impairment</u>						
Balance at January 1, 2022	\$ 37,000	\$ 127,513	\$ 104,038	\$ 30,849	\$ 80,097	\$ 379,497
Amortization expense	-	-	-	7,934	2,452	10,386
Disposals	-	-	-	-	(1,493)	(1,493)
Effects of foreign currency exchange differences	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,138)</u>	<u>(3,138)</u>
Balance at June 30, 2022	<u>\$ 37,000</u>	<u>\$ 127,513</u>	<u>\$ 104,038</u>	<u>\$ 38,783</u>	<u>\$ 77,918</u>	<u>\$ 385,252</u>
Carrying amount at June 30, 2022	<u>\$ 30,714</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 212,422</u>	<u>\$ 10,831</u>	<u>\$ 253,967</u>

For the Six Months Ended June 30, 2021

	Goodwill	Expertise	Customer Relationships	Computer Software	Others	Total
Carrying amount at January 1, 2021	<u>\$ 38,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223,655</u>	<u>\$ 19,688</u>	<u>\$ 282,235</u>
<u>Cost</u>						
Balance at January 1, 2021	\$ 75,892	\$ 127,513	\$ 104,038	\$ 239,226	\$ 143,163	\$ 689,832
Additions	-	-	-	6,655	470	7,125
Disposals	-	-	-	-	(14,281)	(14,281)
Effects of foreign currency exchange differences	(3,406)	-	-	-	(19,040)	(22,446)
Balance at June 30, 2021	<u>\$ 72,486</u>	<u>\$ 127,513</u>	<u>\$ 104,038</u>	<u>\$ 245,881</u>	<u>\$ 110,312</u>	<u>\$ 660,230</u>
<u>Accumulated amortization and impairment</u>						
Balance at January 1, 2021	\$ 37,000	\$ 127,513	\$ 104,038	\$ 15,571	\$ 123,475	\$ 407,597
Amortization expense	-	-	-	7,593	4,797	12,390
Disposals	-	-	-	-	(14,281)	(14,281)
Effects of foreign currency exchange differences	-	-	-	-	(18,557)	(18,557)
Balance at June 30, 2021	<u>\$ 37,000</u>	<u>\$ 127,513</u>	<u>\$ 104,038</u>	<u>\$ 23,164</u>	<u>\$ 95,434</u>	<u>\$ 387,149</u>
Carrying amount at June 30, 2021	<u>\$ 35,486</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 222,717</u>	<u>\$ 14,878</u>	<u>\$ 273,081</u>

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

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

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

18. FINANCE LEASE RECEIVABLES

The Company and its subsidiaries have a ten-year lease period for both renovation works and machinery and equipment lease contracts, and the implicit interest rate range of the leases is 4.84%-6.23%. The Company and its subsidiaries entered into a lease agreement with an associate Allnex - Eternal Resins (Guangdong) Co., Ltd. for the leasing out of machinery and equipment for ten years, and the implicit interest rate in the lease was 6.23%. This agreement was deemed as a sale agreement. The gain on disposal will be deferred and subsequently recognized as profit over the lease term. As of June 30, 2022, December 31, 2021 and June 30, 2021, the balance of finance lease receivables generated from the aforementioned transactions was \$18,743 thousand, \$28,442 thousand, and \$27,294 thousand, respectively.

The Company and its subsidiaries measured the loss allowance of the finance lease receivables based on lifetime expected credit losses. As of June 30, 2022, December 31, 2021 and June 30, 2021, no loss allowance was recognized.

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Undiscounted lease payments			
Year 1	\$ 26,659	\$ 27,092	\$ 25,941
Year 2	19,176	26,629	26,860
Year 3	19,081	18,728	18,659
Year 4	18,987	18,636	18,567
Year 5	18,892	18,543	18,475
Year 6 onwards	<u>49,441</u>	<u>58,681</u>	<u>66,493</u>
	152,236	168,309	174,995
Less: Unearned financial income	<u>(24,689)</u>	<u>(27,535)</u>	<u>(30,972)</u>
Finance lease receivable (recorded as other non-current assets - others)	<u>\$ 127,547</u>	<u>\$ 140,774</u>	<u>\$ 144,023</u>

19. BORROWINGS

a. Short-term borrowings

Type of Borrowings	Interest Rate Range (%)	Amount
June 30, 2022		
Mortgage secured loans	0.30-3.23	\$ 1,015,564
Unsecured loans	0.58-3.55	3,632,654
Purchase loans	1.73-3.71	329,852
Secured loans	1.00-3.44	<u>1,515,512</u>
		<u>\$ 6,493,582</u>
December 31, 2021		
Mortgage secured loans	0.90-3.35	\$ 293,574
Unsecured loans	0.58-3.55	2,695,852
Purchase loans	1.15-2.98	125,126
Secured loans	1.00-3.32	<u>1,473,450</u>
		<u>\$ 4,588,002</u>
June 30, 2021		
Mortgage secured loans	2.53-3.50	\$ 398,753
Unsecured loans	0.58-3.71	4,346,861
Purchase loans	1.10-2.90	447,718
Secured loans	1.00-4.35	<u>1,271,043</u>
		<u>\$ 6,464,375</u>

b. Long-term borrowings

Type of Borrowings	Agreement Period and Interest Payable Schedule	Interest Rate Range (%)	Amount
June 30, 2022			
Mortgage secured loans	From December 17, 2010 to December 31, 2025. Interest is paid based on schedule.	0.86-1.76	\$ 42,094
Secured loans	From November 25, 2020 to November 25, 2025. Interest is paid based on schedule.	2.46	1,233,380
Unsecured loans	From September 11, 2017 to April 30, 2025. Interest is paid based on schedule.	1.04-3.85	9,263,484
			<u>10,538,958</u>
Less: Current portion of long- term borrowings			<u>(4,314,764)</u>
			<u>\$ 6,224,194</u>
December 31, 2021			
Mortgage secured loans	From December 17, 2010 to December 31, 2025. Interest is paid based on schedule.	0.86-1.75	\$ 49,205
Secured loans	From November 25, 2020 to November 25, 2025. Interest is paid based on schedule.	1.13-1.45	1,411,680
Unsecured loans	From September 11, 2017 to November 25, 2024. Interest is paid based on schedule.	0.61-3.85	9,030,581
			<u>10,491,466</u>
Long-term bills payable Commercial paper	Revolving credit, the period of the agreement is five years. Maturity date is October 2027. Only banking surcharge and interests have to be paid before the maturity date.	1.13	850,000
Less: Unamortized discounts			<u>(1,916)</u>
			<u>848,084</u>
			11,339,550
Less: Current portion of long- term borrowings			<u>(4,325,565)</u>
			<u>\$ 7,013,985</u>

The above commercial paper was issued by E.SUN Commercial Bank, Ltd. and guaranteed by a syndicated credit line from nine banks including E.SUN Commercial Bank, Ltd. and the Bank of Taiwan.

Type of Borrowings	Agreement Period and Interest Payable Schedule	Interest Rate Range (%)	Amount
June 30, 2021			
Mortgage secured loans	From December 17, 2010 to December 31, 2025. Interest is paid based on schedule.	0.86-2.70	\$ 62,343
Secured loans	From September 17, 2020 to November 25, 2025. Interest is paid based on schedule.	1.10-1.44	1,586,610
Unsecured loans	From July 28, 2016 to May 31, 2024. Interest is paid based on schedule.	0.65-3.85	9,291,102
			<u>10,940,055</u>
Long-term bills payable			
Commercial paper	Revolving credit, the period of the agreement is five years. Maturity date is May 2023. Only banking surcharge and interests have to be paid before the maturity date.	1.26	900,000
Less: Unamortized discounts			<u>(487)</u>
			<u>899,513</u>
			11,839,568
Less: Current portion of long-term borrowings			<u>(2,391,166)</u>
			<u>\$ 9,448,402</u>

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 eight banks led by E.SUN Commercial Bank, Ltd..

c. Facility agreements and financial covenants

- 1) During the period of the credit facility agreements, the Company and its subsidiaries made agreements with the creditors that the current ratio, liability ratio, interest coverage ratio and net tangible assets of the consolidated financial statements will be maintained within a certain specified ratio or amount and reviewed at least once a year. If the Company or its subsidiaries breach these clauses, the bank and syndicated banks can cancel the credit line or declare that part or all of the loan together with accrued interest immediately due. The Company was in compliance with the syndicated credit facility agreements based on its consolidated financial statements for the years ended December 31, 2021 and 2020.
- 2) As of June 30, 2022, the Company and its subsidiaries utilized the credits under signed facility agreements of the following banks.

Bank	Currency	Credit line
Bank SinoPac Co., Ltd.	NTD	\$ 1,125,000
HSBC Bank (Taiwan) Limited	NTD	820,000
Far Eastern International Bank Co., Ltd.	NTD	800,000

- 3) As of June 30, 2022, the Company and its subsidiaries executed syndicated credit facility agreements with the following banks:

In November, 2020, the subsidiary entered into a syndicated credit facility agreement with five banks led by Taipei Fubon Commercial Bank Co., Ltd. for a USD \$50,000 thousand credit line; the proceeds are for expanding medium-term working capital and increase capital to repay the subsidiaries' existing liabilities.

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

- 4) Refer to Note 31 for the assets pledged as collateral for bank borrowings of the Company and its subsidiaries.

d. Bonds Payable

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
5 year secured bonds - issued at par value			
Issued in November 2019; interest rate at 0.82%; principal repayable at maturity and interest payable annually	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Less: Issuance cost	<u>(2,846)</u>	<u>(3,439)</u>	<u>(4,038)</u>
	<u>2,997,154</u>	<u>2,996,561</u>	<u>2,995,962</u>
5 year secured bonds - issued at par value			
Issued in August 2021; interest rate at 0.58%; principal repayable at maturity and interest payable annually	2,500,000	2,500,000	-
Less: Issuance cost	<u>(4,365)</u>	<u>(4,878)</u>	<u>-</u>
	<u>2,495,635</u>	<u>2,495,122</u>	<u>-</u>
	<u>\$ 5,492,789</u>	<u>\$ 5,491,683</u>	<u>\$ 2,995,962</u>

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

In July 2021, the Company entered into a syndicated credit facility agreement with nine banks including E.SUN Commercial Bank, Ltd. and the Bank of Taiwan for a NT\$6,660,000 thousand credit line; the proceeds are for the repayment of bank borrowings and the expansion of medium-term working capital.

20. RETIREMENT BENEFIT PLANS

For the three months ended June 30, 2022 and 2021, and the six months ended June 30, 2022 and 2021, the pension expenses of defined benefit plans were \$22,807 thousand, \$9,099 thousand, \$46,333 thousand and \$17,813 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2021 and 2020, respectively.

21. EQUITY

a. Share capital

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Number of shares authorized (in thousands)	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>
Shares authorized	<u>\$ 18,000,000</u>	<u>\$ 18,000,000</u>	<u>\$ 18,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>1,240,280</u>	<u>1,240,280</u>	<u>1,240,280</u>
Shares issued	<u>\$ 12,402,795</u>	<u>\$ 12,402,795</u>	<u>\$ 12,402,795</u>

For the purpose of adjusting capital structure and enhancing the return on equity, the shareholders' meetings of the Company resolved to conduct capital reduction by cash refund in June 2022. The capital reduction percentage is 5%. The amount of capital reduction was \$620,140 thousand, which cancels 62,014 thousand shares. After completing the capital reduction, the Company's paid-in capital was \$11,782,655 thousand. The above-mentioned capital reduction plan was reported into effect in July 2022.

b. Capital surplus

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
May be used to offset deficit, distributed as cash or transferred to share capital (Note)			
Additional paid-in capital	\$ 309,017	\$ 309,017	\$ 309,017
Treasury share transactions	19,642	19,642	19,642
Difference between the consideration received or paid and the carrying amount of the subsidiaries during actual disposal or acquisition	<u>12,872</u>	<u>12,872</u>	<u>12,872</u>
	<u>341,531</u>	<u>341,531</u>	<u>341,531</u>
May be used to offset deficit only			
Share of change in equities of associates or joint ventures	27,357	27,357	27,357
Others	<u>58</u>	<u>58</u>	<u>58</u>
	<u>27,415</u>	<u>27,415</u>	<u>27,415</u>
	<u>\$ 368,946</u>	<u>\$ 368,946</u>	<u>\$ 368,946</u>

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

c. Retained earnings and dividend policy

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

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

Amendments to the Articles of Incorporation of the Company had been approved in the shareholders' meeting in June 2022. The Company explicitly stipulates in the Articles of Incorporation to authorize the distributable dividends and bonuses in accordance with Article 240 of Company Act, or the legal reserve and capital surplus stipulated in Paragraph 1 of Article 241 of Company Act, in whole or in part may be paid in cash after a resolution has been approved by more than half of the directors with the attendance of more than two-thirds of the total number of directors, and a report of such distribution shall be submitted to the shareholders' meeting.

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

As the Company elected to use the exemptions in IFRS 1, \$426,930 thousand was set aside as special reserve. However, as some of the previously disclosed assets were disposed of in September 2021, \$645 thousand was reversed from the special reserve. Therefore, as of June 30, 2022, December 31, 2021 and June 30, 2021, the special reserve was \$426,285 thousand, \$426,285 thousand, and \$426,930 thousand, respectively.

The appropriations of earnings for 2021 and 2020 had been approved in the shareholders' meetings in June 2022 and July 2021, respectively. The appropriations and dividends per share were as follows:

	<u>Appropriations of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Legal reserve	\$ 366,497	\$ 248,249		
Special reserve(reversed)	399,944	(660,170)		
Cash dividends	1,860,419	1,860,419	\$ 1.5	\$ 1.5

d. Other equity items

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

	For the Six Months Ended June 30	
	2022	2021
Balance, beginning of the period	\$ (1,781,848)	\$ (1,320,826)
Recognized for the period		
Exchange differences on translation of the financial statements of foreign operations	427,511	(607,233)
Share of exchange differences of associates and joint ventures accounted for using the equity method	<u>42,709</u>	<u>(24,287)</u>
Balance, end of the period	<u>\$ (1,311,628)</u>	<u>\$ (1,952,346)</u>

Exchange differences on the translation of the financial statements of foreign operations arose due to primarily the impact of the exchange rate fluctuations of the RMB to the NTD on the subsidiaries in mainland China.

2) Unrealized gains and losses on financial assets at FVTOCI

	For the Six Months Ended June 30	
	2022	2021
Balance, beginning of the period	\$ 600,029	\$ 538,306
Recognized for the period		
Unrealized gains and losses - equity instruments	(92,376)	250,526
Reclassification adjustments		
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>(75,629)</u>
Balance, end of the period	<u>\$ 507,653</u>	<u>\$ 713,203</u>

e. Non-controlling interests

	For the Six Months Ended June 30	
	2022	2021
Balance, beginning of the period	\$ 427,749	\$ 403,805
Share of net profit(loss) for the period	11,582	(6,229)
Other comprehensive income or loss for the period		
Exchange differences on translation of the financial statements of foreign operations	(3,704)	(14,540)
Dividends distributed by subsidiaries	(8,614)	(25,179)
Non-controlling interests arising from establishing a new subsidiary	-	2,089
Disposal of subsidiaries (Note26)	<u>(127,529)</u>	<u>-</u>
Balance, end of the period	<u>\$ 299,484</u>	<u>\$ 359,946</u>

22. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Revenue from contracts with customers				
Revenue from the sale of goods	\$ 13,110,144	\$ 13,140,904	\$ 25,409,862	\$ 24,276,023
Lease revenue	<u>74,626</u>	<u>70,151</u>	<u>138,741</u>	<u>137,451</u>
	<u>\$ 13,184,770</u>	<u>\$ 13,211,055</u>	<u>\$ 25,548,603</u>	<u>\$ 24,413,474</u>

Contract balances

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>	<u>January 1, 2021</u>
Notes and accounts receivable	\$ 19,150,584	\$ 20,071,472	\$ 19,130,704	\$ 17,523,187
Contract liabilities (recorded as other current liabilities - others)				
Sale of goods	\$ 488,003	\$ 181,963	\$ 83,695	\$ 131,902

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

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

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
From the balance of contract liabilities at the beginning of the period	\$ 34,335	\$ 13,016	\$ 144,010	\$ 131,042
Sale of goods				

23. PROFIT BEFORE INCOME TAX

a. Interest income

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Interest on bank deposits	\$ 21,477	\$ 17,882	\$ 35,542	\$ 40,129
Others	<u>4,272</u>	<u>4,735</u>	<u>8,558</u>	<u>10,124</u>
	<u>\$ 25,749</u>	<u>\$ 22,617</u>	<u>\$ 44,100</u>	<u>\$ 50,253</u>

b. Other gains and losses

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Loss on disposal and retirement of property, plant and equipment	(\$ 6,457)	(\$ 148)	(\$ 11,754)	(\$ 4,919)
Gains (Losses) on financial assets				
Financial assets at FVTPL	(3,833)	3,153	(702)	3,676
Reversal of impairment loss on non-financial assets				
Non-current assets held for sale	-	-	8,759	-
Finance fees	(11,000)	(8,345)	(26,263)	(17,560)
Net foreign exchange gains and losses	21,381	(25,541)	69,658	(60,415)
Others	<u>(14,900)</u>	<u>(12,867)</u>	<u>(48,355)</u>	<u>(47,768)</u>
	<u>(\$ 14,809)</u>	<u>(\$ 43,748)</u>	<u>(\$ 8,657)</u>	<u>(\$ 126,986)</u>

c. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Interest expense				
Interest on loans	\$ 82,785	\$ 72,552	\$ 156,444	\$ 144,609
Interest on lease liabilities	582	758	1,231	1,578
Less: Amounts included in the cost of qualifying assets	(3,299)	(1,354)	(5,741)	(2,767)
	<u>\$ 80,068</u>	<u>\$ 71,956</u>	<u>\$ 151,934</u>	<u>\$ 143,420</u>

Information about capitalized interest was as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Capitalized interest amount	<u>\$ 3,299</u>	<u>\$ 1,354</u>	<u>\$ 5,741</u>	<u>\$ 2,767</u>
Capitalization rates (%)	1.13~3.73	1.06~1.12	0.94~3.78	1.03~1.16

d. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Property, plant and equipment	\$ 486,096	\$ 489,801	\$ 966,712	\$ 969,596
Investment properties	4,991	10,835	22,222	21,794
Right-of-use assets	26,426	26,289	55,263	53,763
Intangible assets	5,184	5,758	10,386	12,390
Other non-current assets - others	483	677	1,257	1,463
Non-current assets held for sale	-	-	3,681	-
	<u>\$ 523,180</u>	<u>\$ 533,360</u>	<u>\$ 1,059,521</u>	<u>\$ 1,059,006</u>
Analysis of depreciation by function				
Operating costs	\$ 386,436	\$ 407,919	\$ 790,809	\$ 807,514
Operating expenses	<u>131,077</u>	<u>119,006</u>	<u>256,960</u>	<u>237,639</u>
	<u>\$ 517,513</u>	<u>\$ 526,925</u>	<u>\$ 1,047,769</u>	<u>\$ 1,045,153</u>
Analysis of amortization by function				
Operating costs	\$ 339	\$ 443	\$ 883	\$ 898
Operating expenses	<u>5,328</u>	<u>5,992</u>	<u>10,869</u>	<u>12,955</u>
	<u>\$ 5,667</u>	<u>\$ 6,435</u>	<u>\$ 11,752</u>	<u>\$ 13,853</u>

e. Employee benefits

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Short-term employee benefits				
Salaries	\$1,041,985	\$1,047,598	\$2,049,317	\$1,966,715
Labor and health insurance	65,435	78,539	170,158	165,922
Others	<u>96,608</u>	<u>86,860</u>	<u>176,487</u>	<u>164,480</u>
	<u>1,204,028</u>	<u>1,212,997</u>	<u>2,395,962</u>	<u>2,297,117</u>
Post-employment benefits				
Defined contribution plans	70,194	52,738	122,071	107,126
Defined benefit plans (Note 20)	<u>22,807</u>	<u>9,099</u>	<u>46,333</u>	<u>17,813</u>
	<u>93,001</u>	<u>61,837</u>	<u>168,404</u>	<u>124,939</u>
	<u>\$1,297,029</u>	<u>\$1,274,834</u>	<u>\$2,564,366</u>	<u>\$2,422,056</u>
Analysis by function				
Operating costs	\$ 568,649	\$ 608,891	\$1,116,992	\$1,092,409
Operating expenses	<u>728,380</u>	<u>665,943</u>	<u>1,447,374</u>	<u>1,329,647</u>
	<u>\$1,297,029</u>	<u>\$1,274,834</u>	<u>\$2,564,366</u>	<u>\$2,422,056</u>

g. Compensation of employees and remuneration of directors

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Compensation of employees	<u>\$ 55,000</u>	<u>\$ 56,000</u>	<u>\$ 103,000</u>	<u>\$ 100,000</u>
Remuneration of directors	<u>\$ 7,500</u>	<u>\$ 3,640</u>	<u>\$ 14,300</u>	<u>\$ 7,690</u>

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

The compensation of employees and remuneration of directors (all in cash) approved by the Company's board of directors in March 2022 and 2021, and accrual amounts recognized in the consolidated financial statements were as follows:

	For the Year Ended December 31			
	2021		2020	
	Compensation of employees	Remuneration of Directors	Compensation of employees	Remuneration of Directors
Amounts approved in the board of directors' meeting	\$ 176,559	\$ 25,503	\$ 123,628	\$ 16,200
Amounts recognized in the financial statements	<u>177,500</u>	<u>24,890</u>	<u>131,000</u>	<u>16,200</u>
Difference	<u>\$ (941)</u>	<u>\$ 613</u>	<u>\$ (7,372)</u>	<u>\$ -</u>

The differences were adjusted to profit and loss for the years ended December 31, 2022 and 2021.

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

24. INCOME TAX

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
	Current tax	\$ 423,535	\$ 267,489	\$ 613,959
Deferred tax	(166,807)	21,551	(111,951)	47,317
	<u>\$ 256,728</u>	<u>\$ 289,040</u>	<u>\$ 502,008</u>	<u>\$ 519,305</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
	Current tax			
Disposal of investments in equity instruments at FVTOCI	(\$ 3,206)	\$ 3,206	(\$ 3,206)	\$ 3,206

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
	Deferred tax			
Recognized in the current period				
Unrealized gains and losses on financial assets at fair value through other comprehensive income	\$ 2,056	(\$ 742)	(\$ 1,319)	(\$ 16,857)

d. Income tax assessment

The Company's income tax returns as of 2020 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Basic earnings per share	<u>\$ 0.72</u>	<u>\$ 0.87</u>	<u>\$ 1.43</u>	<u>\$ 1.53</u>
Diluted earnings per share	<u>\$ 0.72</u>	<u>\$ 0.87</u>	<u>\$ 1.43</u>	<u>\$ 1.53</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Net profit for the period attributable to owners of the Company	<u>\$ 891,011</u>	<u>\$1,074,098</u>	<u>\$1,779,513</u>	<u>\$1,898,747</u>

Number of ordinary shares

Unit: Thousand Shares

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,240,280	1,240,280	1,240,280	1,240,280
Effect of potentially dilutive ordinary shares				
Compensation of employees	<u>1,700</u>	<u>1,383</u>	<u>5,440</u>	<u>4,095</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,241,980</u>	<u>1,241,663</u>	<u>1,245,720</u>	<u>1,244,375</u>

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

26. DISPOSAL OF SUBSIDIARIES

In August 2021, the Company's board of directors had approved the disposal of the entire ownership of the subsidiary Eternal Sun A. (Suzhou) Co., Ltd. held by its subsidiary Eternal (China) Investment Co., Ltd., after repaying the borrowings of Eternal Sun A. (Suzhou) Co., Ltd. from related parties. The repayment was completed in December 2021, and the disposal was completed in February 2022 and then the control of the subsidiary was lost.

a. Consideration received	Amount
Total consideration received - cash	<u>\$ 203,199</u>
b. Analysis of assets and liabilities on the date control was lost	Amount
Current assets	
Cash and cash equivalents	\$ 21,456
Other receivables	73,148
Inventories	46,338
Other current assets - others	1,093
Non-current assets	
Property, plant and equipment	194,340
Intangible assets	12,089
Other non-current assets-others	21,475
Current liabilities	
Payables	<u>(1,823)</u>
Net assets disposed of	<u>\$ 368,116</u>
c. Gain and loss on disposal of subsidiaries	Amount
Consideration received	\$ 203,199
Unearned finance income	(13,408)
Net assets disposed of	(368,116)
Non-controlling interests	127,529
Transaction cost	(102)
Accumulated impairment - non-current assets held for sale	49,813
Effects of foreign currency exchange difference	<u>1,085</u>
Gain and loss on disposal of subsidiaries	<u>\$ -</u>
d. Net cash inflow on disposals of subsidiaries	Amount
Consideration received in cash and cash equivalents	\$ 203,199
Less: Cash and cash equivalents balances on disposal date	(21,456)
Less: long-term receivables (recorded as other non-current assets - others)	(152,399)
Less: Transaction cost	<u>(102)</u>
Net cash inflow on disposals of subsidiaries	<u>\$ 29,242</u>

27. CASH FLOW INFORMATION

a. Information on investment activities

	For the Six Months Ended June 30	
	2022	2021
Acquisition of property, plant and equipment	\$ 1,303,058	\$ 744,245
(Increase) Decrease in payables for equipment	(9,750)	115,540
(Increase) Decrease in other non-current liabilities	<u>26,668</u>	<u>(91)</u>
	1,319,976	859,694
Capitalized interest	<u>(5,741)</u>	<u>(2,767)</u>
Cash paid	<u>\$ 1,314,235</u>	<u>\$ 856,927</u>

b. Changes in major liabilities arising from financing activities

For the six months ended June 30, 2022

	January 1, 2022	Cash Flows	Non-cash Changes		June 30, 2022
			Exchange Rate Adjustment	Issuance Cost	
Short-term borrowings	\$ 4,588,002	\$ 1,843,540	\$ 62,040	\$ -	\$ 6,493,582
Long-term borrowings	11,339,550	(857,450)	56,858	-	10,538,958
Bonds payable	5,491,683	-	-	1,106	5,492,789

For the six months ended June 30, 2021

	January 1, 2021	Cash Flows	Non-cash Changes		June 30, 2021
			Exchange Rate Adjustment	Issuance Cost	
Short-term borrowings	\$ 4,403,929	\$ 2,142,411	(\$ 81,965)	\$ -	\$ 6,464,375
Long-term borrowings	12,401,292	(512,531)	(49,193)	-	11,839,568
Bonds payable	2,995,374	-	-	588	2,995,962

28. CAPITAL MANAGEMENT

The Company and its subsidiaries' objectives in capital management are to safeguard the Company and its subsidiaries' ability to continue as a going concern and to provide reasonable returns to shareholders, to maintain an optimal capital structure and to reduce the cost of capital. The Company's capital management policy is to maintain a strong capital base that maintains the confidence of investors, creditors and the market, as well as supports future operations. Capital includes the Company's shares, capital surplus, and retained earnings.

29. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>June 30, 2022</u>				
Financial instruments at FVTPL				
Mutual funds	\$ <u> -</u>	\$ <u> -</u>	\$ <u>12,092</u>	\$ <u>12,092</u>
Financial instruments at FVTOCI				
Equity instruments				
Domestic and foreign listed shares	\$ <u>623,959</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u>623,959</u>
Domestic and foreign unlisted shares	\$ <u> -</u>	\$ <u> -</u>	\$ <u>332,395</u>	\$ <u>332,395</u>
<u>December 31, 2021</u>				
Financial instruments at FVTPL				
Mutual funds	\$ <u> -</u>	\$ <u> -</u>	\$ <u>14,968</u>	\$ <u>14,968</u>
Financial instruments at FVTOCI				
Equity instruments				
Domestic and foreign listed shares	\$ <u>789,124</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u>789,124</u>
Domestic and foreign unlisted shares	\$ <u> -</u>	\$ <u> -</u>	\$ <u>244,219</u>	\$ <u>244,219</u>
<u>June 30, 2021</u>				
Financial instruments at FVTPL				
Structured deposit	\$ <u> -</u>	\$ <u>660,047</u>	\$ <u> -</u>	\$ <u>660,047</u>
Mutual funds	\$ <u> -</u>	\$ <u> -</u>	\$ <u>10,175</u>	\$ <u>10,175</u>
Financial instruments at FVTOCI				
Equity instruments				
Domestic and foreign listed shares	\$ <u>858,232</u>	\$ <u> -</u>	\$ <u>101,015</u>	\$ <u>959,247</u>
Domestic and foreign unlisted shares	\$ <u> -</u>	\$ <u> -</u>	\$ <u>203,452</u>	\$ <u>203,452</u>

There was no transfer between Level 1 and Level 2 for the six months ended June 30, 2022 and 2021.

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

For the Six Months Ended June 30, 2022

Financial assets	Mutual Funds Financial Assets at FVTPL	Stocks Financial Assets at FVTOCI	Total
Balance, beginning of the period	\$ 14,968	\$ 244,219	\$ 259,187
Recognized in profit or loss (recorded as other gains and losses)	(4,057)	-	(4,057)
Recognized in other comprehensive income	-	71,471	71,471
Effects of foreign currency exchange differences	<u>1,181</u>	<u>16,705</u>	<u>17,886</u>
Balance, end of the period	<u>\$ 12,092</u>	<u>\$ 332,395</u>	<u>\$ 344,487</u>
Unrealized other gains and losses for the period	(<u>\$ 4,057</u>)		(<u>\$ 4,057</u>)

For the Six Months Ended June 30, 2021

Financial assets	Mutual Funds Financial Assets at FVTPL	Stocks Financial Assets at FVTOCI	Total
Balance , beginning of the period	\$ 21,301	\$ 373,457	\$ 394,758
Recognized in profit or loss (recorded as other gains and losses)	(6,295)	-	(6,295)
Recognized in other comprehensive income	-	(66,411)	(66,411)
Disposal	(4,507)	-	(4,507)
Effects of foreign currency exchange differences	(<u>324</u>)	(<u>2,579</u>)	(<u>2,903</u>)
Balance, end of the period	<u>\$ 10,175</u>	<u>\$ 304,467</u>	<u>\$ 314,642</u>
Unrealized other gains and losses for the period	(<u>\$ 5,994</u>)		(<u>\$ 5,994</u>)

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

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

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

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

c. Categories of financial instruments

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Financial assets</u>			
Fair value through profit or loss			
Mandatorily classified as at fair value through profit or loss	\$ 12,092	\$ 14,968	\$ 670,222
Financial assets at amortized cost (Note 1)	26,328,187	25,316,320	25,722,605
Financial assets at fair value through other comprehensive income - equity instruments	956,354	1,033,343	1,162,699
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (Note 2)	31,735,612	31,313,608	30,540,785

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

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

d. Financial risk management objectives and policies

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

1) Market risk

a) Foreign currency risk

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

For the carrying amounts of the Company and its subsidiaries' significant non-functional currency denominated monetary assets and liabilities (including those eliminated on consolidation) at the balance sheet date, refer to Note 34.

Sensitivity analysis

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

<u>Foreign Currencies : Functional Currencies</u>	<u>Impact on Profit or Loss</u>	
	<u>2022</u>	<u>2021</u>
Financial assets		
Monetary items		
USD:NTD	\$34,116	\$27,910
USD:RMB	8,969	6,490
USD:MYR	5,309	4,130
RMB:NTD	2,331	2,543
JPY:NTD	2,421	2,513
THB:NTD	1,350	1,715
Financial liabilities		
Monetary items		
USD:NTD	31,834	23,486
USD:RMB	4,979	8,968
USD:MYR	5,290	6,592
JPY:NTD	2,251	1,546

b) Interest rate risk

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

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

	<u>June 30,</u>	<u>December 31,</u>	<u>June 30,</u>
	<u>2022</u>	<u>2021</u>	<u>2021</u>
Fair value interest rate risk			
Financial assets	\$ 2,876,373	\$ 1,271,574	\$ 3,043,199
Financial liabilities	9,021,309	9,742,415	7,320,973
Cash flow interest rate risk			
Financial assets	3,303,288	3,225,275	3,344,439
Financial liabilities	13,732,540	11,952,551	14,278,942

If interest rates had been 1% higher and all other variables were held constant, the Company and its subsidiaries' financial liabilities would have increased cash outflows by \$137,325 thousand and \$142,789 thousand for the six months ended June 30, 2022 and 2021.

c) Other price risk

The Company and its subsidiaries were exposed to equity price risk through their investments in equity securities. If equity prices had been 1% higher/lower, other comprehensive income for the six months ended June 30, 2022 and 2021 would have increased/decreased by \$6,240 thousand and \$8,582 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refer to the risk of financial loss to the Company and its subsidiaries arising from default by clients or counterparties of financial instruments on the contract obligations. According to the Company and its subsidiaries' policy, each operating entity in the Company and its subsidiaries is responsible for managing and analyzing the credit risk of each of their new clients before standard payment and delivery terms and conditions are offered. The credit quality of the customers is assessed through internal risk control procedures by taking into account their financial position, past experience and other factors, and the Company and its subsidiaries engage in credit enhancement by covering specific outstanding trade receivables by collateral. While the Company and its subsidiaries have procedures to monitor and limit exposure to credit risk on accounts receivable, there can be no assurance that such procedures will effectively limit credit risk and avoid losses. This risk is heightened during periods when economic conditions worsen.

3) Liquidity risk

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

June 30, 2022

	Less Than 1 Year	1-2 Years	2-3 Years	3-5 Years	Over 5 Years	Total
Non-derivative financial liabilities						
Short-term borrowings	\$ 6,527,368	\$ -	\$ -	\$ -	\$ -	\$ 6,527,368
Notes payable	1,169,163	-	-	-	-	1,169,163
Accounts payable	5,893,245	-	-	-	-	5,893,245
Dividend payable	1,860,419	-	-	-	-	1,860,419
Other payables	2,055,996	-	-	-	-	2,055,996
Lease liabilities	81,365	53,294	41,066	46,418	24,630	246,773
Long-term borrowings (including current portion)	6,639,966	1,894,184	1,601,858	606,996	-	10,743,004
Bonds payable	39,100	39,100	3,023,059	2,516,804	-	5,618,063
	<u>\$ 24,266,622</u>	<u>\$ 1,986,578</u>	<u>\$ 4,665,983</u>	<u>\$ 3,170,218</u>	<u>\$ 24,630</u>	<u>\$ 34,114,031</u>

December 31, 2021

	Less Than 1 Year	1-2 Years	2-3 Years	3-5 Years	Over 5 Years	Total
Non-derivative financial liabilities						
Short-term borrowings	\$ 4,613,575	\$ -	\$ -	\$ -	\$ -	\$ 4,613,575
Notes payable	863,529	-	-	-	-	863,529
Accounts payable	6,771,109	-	-	-	-	6,771,109
Other payables	2,171,091	-	-	-	-	2,171,091
Lease liabilities	95,907	69,491	45,977	49,158	22,796	283,329
Long-term borrowings (including current portion)	6,975,078	3,049,933	905,318	571,654	-	11,501,983
Bonds payable	39,100	39,100	3,035,326	2,523,995	-	5,637,521
Long-term payable	2,910	3,825	-	-	-	6,735
	<u>\$ 21,532,299</u>	<u>\$ 3,162,349</u>	<u>\$ 3,986,621</u>	<u>\$ 3,144,807</u>	<u>\$ 22,796</u>	<u>\$ 31,848,872</u>

June 30, 2021

	Less Than 1 Year	1-2 Years	2-3 Years	3-5 Years	Over 5 Years	Total
Non-derivative financial liabilities						
Short-term borrowings	\$ 6,495,409	\$ -	\$ -	\$ -	\$ -	\$ 6,495,409
Notes payable	739,705	-	-	-	-	739,705
Accounts payable	6,432,146	-	-	-	-	6,432,146
Other payables	1,964,653	-	-	-	-	1,964,653
Lease liabilities	85,763	75,921	59,229	66,429	25,704	313,046
Long-term borrowings (including current portion)	4,773,930	4,531,415	1,601,691	1,144,637	-	12,051,673
Bonds payable	24,600	24,600	24,600	3,008,559	-	3,082,359
Long-term payable	7,765	4,009	-	-	-	11,774
	<u>\$ 20,523,971</u>	<u>\$ 4,635,945</u>	<u>\$ 1,685,520</u>	<u>\$ 4,219,625</u>	<u>\$ 25,704</u>	<u>\$ 31,090,765</u>

e. Transfers of financial assets

Subsidiaries discounted notes receivable with banks and transferred part of the banker's acceptance bills of receivables from China to vendors for repayment. If above financial assets are not paid at maturity, the bank and vendors have the right to request the subsidiaries to pay the unsettled balance. As the subsidiaries have not transferred the significant risks and rewards relating to these financial assets, they continue to recognize the full carrying amount of the financial assets and have recognized the cash received on the transfer as secured payables or borrowings.

As of June 30, 2022, December 31, 2021 and June 30, 2021, the carrying amount of the accounts receivable that have been transferred but have not been derecognized amounted to \$3,188,137 thousand, \$3,403,826 thousand and \$2,988,867 thousand, respectively, and the carrying amount of the related borrowings and accounts payables were \$3,185,262 thousand, \$3,402,510 thousand and \$2,986,649 thousand, respectively.

30. TRANSACTIONS WITH RELATED PARTIES

Except for the transactions disclosed in other notes, the transactions between the Company and its subsidiaries and other related parties are as follows:

a. Related party names and relationships

<u>Related Party Name</u>	<u>Relationship</u>
Allnex-Eternal Resins Corporation Limited	Associate
Allnex-Eternal Resins (Guangdong) Co., Ltd.	Associate
Eterkon Semiconductor Materials Co., Ltd. (Original name: Eternal Electronic Materials (Kunshan) Co., Ltd.)	Associate
Daxin Materials Corporation	Associate
Showa Denko New Material (Zhuhai) Co., Ltd.	Associate
ESCO Specialty Coatings (Shanghai) Co., Ltd.	Associate
Covestro Eternal Resins (Far East) Ltd. (Original name: DSM Resins (Far East) Ltd.)	Associate
Covestro Eternal Resins (Kunshan) Co., Ltd.	Associate
Mitsubishi Polyester Film Suzhou Co., Ltd.	Other related party
Kwang Yang Motor Co., Ltd.	Key management personnel
Kao, Ying-Shih	First-degree relative of the chairman of the Company.
The Orchard Corp. of Taiwan Ltd.	The company whose chairman is second-degree relative of the chairman of the Company.

b. Operating revenue

<u>Account Item</u>	<u>Related Party Category</u>	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenue from sales of goods	Associates	\$ 180,146	\$ 172,698	\$ 363,573	\$ 331,556
	Key management personnel	4,183	-	4,183	-
	Other related parties	<u>102</u>	<u>-</u>	<u>102</u>	<u>-</u>
		<u>\$ 184,431</u>	<u>\$ 172,698</u>	<u>\$ 367,858</u>	<u>\$ 331,556</u>

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

c. Purchase of goods

<u>Related Party Category</u>	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Associates	\$ -	\$ 816	\$ 1,360	\$ 816
Other related parties	<u>-</u>	<u>100</u>	<u>2,796</u>	<u>2,028</u>
	<u>\$ -</u>	<u>\$ 916</u>	<u>\$ 4,156</u>	<u>\$ 2,844</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. Other income

<u>Related Party Category/Name</u>	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Associates				
Allnex-Eternal Resins (Guangdong) Co., Ltd.	\$ 8,629	\$ 5,848	\$ 17,615	\$ 14,676
Others	<u>4,898</u>	<u>1,170</u>	<u>8,161</u>	<u>3,544</u>
	<u>\$ 13,527</u>	<u>\$ 7,018</u>	<u>\$ 25,776</u>	<u>\$ 18,220</u>

Inclusive of rental income, service fees and so on.

e. Receivables from related parties

<u>Account Item</u>	<u>Related Party Category</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Notes and accounts receivable	Associates	<u>\$ 292,963</u>	<u>\$ 321,270</u>	<u>\$282,542</u>

The receivables arose mainly from sales transactions; the receivables were not guaranteed, pledged and do not bear interest. As of June 30, 2022, December 31, 2021 and June 30, 2021, the balance of loss allowance of accounts receivable from related parties is \$195 thousand, \$399 thousand and \$289 thousand, respectively.

f. Payable to related parties

<u>Account Item</u>	<u>Related Party Category</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Accounts payable	Associates	<u>\$ -</u>	<u>\$ 284</u>	<u>\$ 857</u>

The payables arose mainly from purchase transactions; the payables were not guaranteed and do not bear interest.

g. Loans to related parties

<u>Account Item</u>	<u>Related Party Category/Name</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Other receivables	Associates			
	ESCO Specialty Coatings (Shanghai) Co., Ltd.	\$ 161,633	\$ 158,641	\$ 157,279
	Eterkon Semiconductor Materials Co., Ltd.	106,279	104,312	103,416
		<u>\$ 267,912</u>	<u>\$ 262,953</u>	<u>\$ 260,695</u>

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

h. Compensation of key management personnel

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 37,508	\$ 24,864	\$ 71,393	\$ 56,991
Post-employment benefits	<u>1,343</u>	<u>119</u>	<u>2,686</u>	<u>239</u>
	<u>\$ 38,851</u>	<u>\$ 24,983</u>	<u>\$ 74,079</u>	<u>\$ 57,230</u>

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Notes receivable	\$ 3,188,137	\$ 3,403,826	\$ 2,988,867
Property, plant and equipment	249,626	259,427	275,732
Other financial assets - (recorded as other non-current assets - others)			
Time deposit certificates and deposit of escrow account	<u>18,182</u>	<u>18,119</u>	<u>18,085</u>
	<u>\$ 3,455,945</u>	<u>\$ 3,681,372</u>	<u>\$ 3,282,684</u>

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. The Company and its subsidiaries have issued but unused letters of credit with an aggregate amount of \$248,556 thousand as of June 30, 2022.
- b. The Company and its subsidiaries have contracts that were not yet incurred to purchase property, plant and equipment and intangible assets of \$1,911,780 thousand at June 30, 2022.

33. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

None.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	Foreign Currency (In Thousands)		Exchange Rate	Carrying Amount
June 30, 2022				
Financial assets				
Monetary items				
USD	\$ 114,790	29.7200	(USD:NTD)	\$3,411,559
USD	30,178	6.7114	(USD:RMB)	896,890
USD	17,864	4.4035	(USD:MYR)	530,918
RMB	52,639	4.4283	(RMB:NTD)	233,101
JPY	1,109,502	0.2182	(JPY:NTD)	242,093
THB	159,421	0.8469	(THB:NTD)	135,014
Non-monetary items				
Financial assets at fair value through other comprehensive income				
AUD	844	20.4500	(AUD:NTD)	17,257
Investments accounted for using the equity method				
USD	978,064	29.7200	(USD:NTD)	29,068,074
RMB	6,217,169	0.1490	(RMB:USD)	27,531,429
JPY	5,030,435	0.2182	(JPY:NTD)	1,097,641
MYR	228,599	0.2271	(MYR:USD)	1,542,858
THB	144,661	0.8469	(THB:NTD)	122,513
Financial liabilities				
Monetary items				
USD	107,113	29.7200	(USD:NTD)	3,183,398
USD	16,753	6.7114	(USD:RMB)	497,899
USD	17,801	4.4035	(USD:MYR)	529,046
JPY	1,031,759	0.2182	(JPY:NTD)	225,130

(Continued)

December 31, 2021	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount
Financial assets				
Monetary items				
USD	\$ 102,572	27.6800	(USD:NTD)	\$2,839,193
USD	26,590	6.3686	(USD:RMB)	736,011
USD	14,522	4.1930	(USD:MYR)	401,969
RMB	101,088	4.3463	(RMB:NTD)	439,361
JPY	972,232	0.2405	(JPY:NTD)	233,822
THB	165,353	0.8347	(THB:NTD)	138,020
Non-monetary items				
Financial assets at fair value through other comprehensive income				
AUD	1,188	20.0800	(AUD:NTD)	23,850
Investments accounted for using the equity method				
USD	989,925	27.6800	(USD:NTD)	27,401,132
RMB	5,936,727	0.1570	(RMB:USD)	25,802,915
JPY	9,150,437	0.2405	(JPY:NTD)	2,200,680
MYR	233,112	0.2385	(MYR:USD)	1,538,886
THB	162,402	0.8347	(THB:NTD)	135,557
Financial liabilities				
Monetary items				
USD	85,713	27.6800	(USD:NTD)	2,372,536
USD	20,207	6.3686	(USD:RMB)	559,330
USD	12,560	4.1930	(USD:MYR)	347,661
JPY	798,073	0.2405	(JPY:NTD)	191,937
<hr/> June 30, 2021 <hr/>				
Financial assets				
Monetary items				
USD	100,181	27.8600	(USD:NTD)	2,791,043
USD	23,294	6.4655	(USD:RMB)	648,971
USD	14,824	4.3261	(USD:MYR)	412,997
RMB	59,022	4.3090	(RMB:NTD)	254,326
JPY	996,984	0.2521	(JPY:NTD)	251,340
THB	196,124	0.8744	(THB:NTD)	171,491

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount
Non-monetary items				
Financial assets at fair value through other comprehensive income				
AUD	\$ 4,824	20.9400	(AUD:NTD)	\$ 101,015
Investments accounted for using the equity method				
USD	981,425	27.8600	(USD:NTD)	27,342,489
RMB	6,165,094	0.1547	(RMB:USD)	26,565,391
JPY	7,584,169	0.2521	(JPY:NTD)	1,911,969
MYR	244,831	0.2312	(MYR:USD)	1,576,709
THB	140,654	0.8744	(THB:NTD)	122,988
Financial liabilities				
Monetary items				
USD	84,300	27.8600	(USD:NTD)	2,348,598
USD	32,189	6.4655	(USD:RMB)	896,786
USD	23,662	4.3261	(USD:MYR)	659,223
JPY	613,204	0.2521	(JPY:NTD)	154,589
(Concluded)				

The total realized and unrealized foreign exchange gains and losses were a gain of \$21,381 thousand, a loss of \$25,541 thousand, a gain of \$69,658 thousand and a loss of \$60,415 thousand for the three months ended June 30, 2022 and 2021, and for the six months ended June 30, 2022 and 2021, respectively. It is impractical to disclose net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of each entity.

35. 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: None
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: (Table 4)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
- 9) Trading in derivative instruments: (Note 7)

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

36. SEGMENT INFORMATION

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

- Resins Materials

Mainly operating variety of industrial resins materials.

- Electronic Materials

Mainly operating electronic, optoelectronic industry raw material and vacuum laminator.

- High Performance Materials

Mainly operating UV - light curing raw material.

- Others

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

Segment revenues and operating results

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

	Resins Materials	Electronic Materials	High Performance Materials	Others	Adjustment and Elimination	Total
For the six months ended June 30, 2022						
Revenues from external customers						
Revenue from the sale of goods	\$ 12,342,828	\$ 6,554,902	\$ 6,431,174	\$ 80,958	\$ -	\$ 25,409,862
Revenue from the rental service	-	8,368	-	130,373	-	138,741
Inter-segment revenues	<u>1,588,236</u>	<u>1,669,204</u>	<u>1,210,611</u>	<u>1,333</u>	<u>(4,469,384)</u>	<u>-</u>
Total revenue	<u>\$ 13,931,064</u>	<u>\$ 8,232,474</u>	<u>\$ 7,641,785</u>	<u>\$ 212,664</u>	<u>(\$ 4,469,384)</u>	<u>\$ 25,548,603</u>
Segment operating profit (loss)	<u>\$ 354,757</u>	<u>\$ 691,159</u>	<u>\$ 1,310,164</u>	<u>(\$ 178,065)</u>	<u>\$ -</u>	<u>\$ 2,178,015</u>
For the six months ended June 30, 2021						
Revenues from external customers						
Revenue from the sale of goods	\$ 11,915,807	\$ 7,513,559	\$ 4,791,157	\$ 55,500	\$ -	\$ 24,276,023
Revenue from the rental service	-	-	-	137,451	-	137,451
Inter-segment revenues	<u>1,387,953</u>	<u>2,788,419</u>	<u>856,834</u>	<u>1,730</u>	<u>(5,034,936)</u>	<u>-</u>
Total revenue	<u>\$ 13,303,760</u>	<u>\$ 10,301,978</u>	<u>\$ 5,647,991</u>	<u>\$ 194,681</u>	<u>(\$ 5,034,936)</u>	<u>\$ 24,413,474</u>
Segment operating profit (loss)	<u>\$ 385,326</u>	<u>\$ 1,288,296</u>	<u>\$ 813,863</u>	<u>(\$ 192,929)</u>	<u>\$ -</u>	<u>\$ 2,294,556</u>

Eternal Materials Co., Ltd. and Subsidiaries

FINANCING PROVIDED TO OTHERS

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(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			
0	Eternal Materials Co., Ltd.	Eternal Technology Corporation	Other receivables from related parties	Y	\$ 297,200	\$ 297,200	\$ 297,200	2.260-2.870	2	\$ -	Operating needs	\$ -	-	\$ -	\$ 1,226,963	\$ 9,815,701	Note 5
1	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	Other receivables from related parties	Y	992,013	442,829	219,647	3.330-3.852	2	-	Operating needs	-	-	-	9,155,228	9,155,228	Note 7
1	Eternal Chemical (China) Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	Other receivables from related parties	Y	811,647	354,263	260,759	3.330-3.852	2	-	Operating needs	-	-	-	9,155,228	9,155,228	Note 7
1	Eternal Chemical (China) Co., Ltd.	Eternal Materials (Guangdong) Co., Ltd.	Other receivables from related parties	Y	90,183	88,566	-	-	2	-	Operating needs	-	-	-	9,155,228	9,155,228	Note 7
1	Eternal Chemical (China) Co., Ltd.	Eternal Specialty Materials (Suzhou) Co., Ltd.	Other receivables from related parties	Y	450,915	221,415	67,444	3.330-3.852	2	-	Operating needs	-	-	-	9,155,228	9,155,228	Note 7
1	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	Other receivables from related parties	Y	1,668,386	885,658	603,269	3.330-3.852	2	-	Operating needs	-	-	-	9,155,228	9,155,228	Note 7
1	Eternal Chemical (China) Co., Ltd.	Eterkon Semiconductor Materials Co., Ltd.	Other receivables from related parties	Y	216,439	106,279	106,279	3.700	2	-	Operating needs	-	-	-	1,831,046	1,831,046	Note 9
1	Eternal Chemical (China) Co., Ltd.	Eternal (China) Investment Co., Ltd.	Other receivables from related parties	Y	901,830	442,829	-	-	2	-	Operating needs	-	-	-	9,155,228	9,155,228	Note 7
1	Eternal Chemical (China) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Other receivables from related parties	Y	225,458	221,415	24,814	3.330	2	-	Operating needs	-	-	-	9,155,228	9,155,228	Note 7
1	Eternal Chemical (China) Co., Ltd.	Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Other receivables from related parties	Y	67,637	66,424	-	-	2	-	Operating needs	-	-	-	9,155,228	9,155,228	Note 7
1	Eternal Chemical (China) Co., Ltd.	Eternal Optical Material (Suzhou) Co., Ltd.	Other receivables from related parties	Y	45,092	44,283	-	-	2	-	Operating needs	-	-	-	9,155,228	9,155,228	Note 7
2	Eternal Materials (Guangdong) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	225,458	222,415	66,504	3.080	2	-	Operating needs	-	-	-	6,940,253	6,940,253	Note 6
2	Eternal Materials (Guangdong) Co., Ltd.	Eternal (China) Investment Co., Ltd.	Other receivables from related parties	Y	657,915	-	-	-	2	-	Operating needs	-	-	-	6,940,253	6,940,253	Note 6
2	Eternal Materials (Guangdong) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Other receivables from related parties	Y	87,722	-	-	-	2	-	Operating needs	-	-	-	6,940,253	6,940,253	Note 6
2	Eternal Materials (Guangdong) Co., Ltd.	Eternal Optical Material (Suzhou) Co., Ltd.	Other receivables from related parties	Y	438,610	-	-	-	2	-	Operating needs	-	-	-	6,940,253	6,940,253	Note 6
2	Eternal Materials (Guangdong) Co., Ltd.	Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Other receivables from related parties	Y	153,514	-	-	-	2	-	Operating needs	-	-	-	6,940,253	6,940,253	Note 6
3	Eternal Holdings Inc.	Eternal Technology Corporation	Other receivables from related parties	Y	336,300	178,320	178,320	1.980	2	-	Operating needs	-	-	-	41,365,050	41,365,050	Note 6

(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			
3	Eternal Holdings Inc.	Eternal Materials Co., Ltd.	Other receivables from related parties	Y	\$ 534,960	\$ 534,960	\$ 534,960	3.150	2	-	Operating needs	-	-	-	\$ 41,365,050	\$ 41,365,050	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	901,830	442,829	165,878	3.080-3.607	2	-	Operating needs	-	-	-	30,842,777	30,842,777	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	Other receivables from related parties	Y	1,938,935	1,018,507	1,018,507	3.330	2	-	Operating needs	-	-	-	30,842,777	30,842,777	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	Other receivables from related parties	Y	1,062,790	708,526	531,395	3.330-3.850	2	-	Operating needs	-	-	-	30,842,777	30,842,777	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	Other receivables from related parties	Y	721,464	354,263	354,263	3.330	2	-	Operating needs	-	-	-	30,842,777	30,842,777	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Materials (Guangdong) Co., Ltd.	Other receivables from related parties	Y	131,583	-	-	-	2	-	Operating needs	-	-	-	30,842,777	30,842,777	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Other receivables from related parties	Y	901,830	442,829	442,829	3.330	2	-	Operating needs	-	-	-	30,842,777	30,842,777	Note 6
4	Eternal (China) Investment Co., Ltd.	ESCO Specialty Coatings (Shanghai) Co., Ltd.	Other receivables from related parties	Y	161,633	161,633	161,633	4.250	2	-	Operating needs	-	-	-	6,168,555	6,168,555	Note 8
5	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	450,915	442,829	290,061	3.080-3.199	2	-	Operating needs	-	-	-	10,466,478	10,466,478	Note 7
5	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	ESCO Specialty Coatings (Shanghai) Co., Ltd.	Other receivables from related parties	Y	164,584	-	-	-	2	-	Operating needs	-	-	-	2,093,296	2,093,296	Note 9

(Concluded)

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

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

Note 2: The maximum balance for the period have been 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 have been 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:

- Business relationship.
- Short-term financing

Note 5: According to the Company's Operation Procedures for Lending Funds to Others, the Company's total financing limits and the financing limit for each borrowing company shall not exceed 40% and 5% of the net worth of the Company's latest financial statement, respectively.

Note 6: According to the financing company's Operation Procedures for Lending Funds to Others, either the financing limit for each borrowing company or the financing company's total financing limits shall not exceed 200% of the net worth of the financing company as of December 31, 2021, and it should be translated into NTD using the exchange rate at the balance sheet date.

Note 7: According to the financing company's Operation Procedures for Lending Funds to Others, either the financing limit for each borrowing company or the financing company's total financing limits shall not exceed 200% of the net worth of the financing company's latest financial statement, and it should be translated into NTD using the exchange rate at the balance sheet date.

Note 8: According to the financing company's Operation Procedures for Lending Funds to Others, either the financing limit for each borrowing company or the financing company's total financing limits shall not exceed 40% of the net worth of the financing company as of December 31, 2021, and it should be translated into NTD using the exchange rate at the balance sheet date.

Note 9: According to the financing company's Operation Procedures for Lending Funds to Others, either the financing limit for each borrowing company or the financing company's total financing limits shall not exceed 40% of the net worth of the financing company's latest financial statement, and it should be translated into NTD using the exchange rate at the balance sheet date.

Note 10: Amount was eliminated from the consolidated financial statements, except for investments accounted for using the equity method.

Eternal Materials Co., Ltd. and Subsidiaries

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2022

(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 Holdings Inc.	2	\$ 24,539,252	\$ 523,072	\$ 523,072	\$ -	-	2.13	\$ 24,539,252	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Technology Corporation	2	24,539,252	294,750	-	-	-	-	24,539,252	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Nikko-Materials Co., Ltd.	2	24,539,252	85,120	-	-	-	-	24,539,252	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Materials (Malaysia) Sdn. Bhd.	2	24,539,252	2,312,713	2,312,713	1,458,145	-	9.42	24,539,252	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Elga Europe S.r.l.	2	24,539,252	479,190	465,528	387,630	-	1.90	24,539,252	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Nanyang Investment Co., Ltd.	2	24,539,252	1,486,000	1,486,000	1,233,380	-	6.06	24,539,252	Y	N	N	Notes 3 and 6

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 the latest financial statements.

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

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

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

Eternal Materials Co., Ltd. and Subsidiaries

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

JUNE 30, 2022

(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	June 30, 2022				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Eternal Materials Co., Ltd.	President Securities Corp. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	33,366,767	\$ 623,959	2.29	\$ 623,959	
	TBG Diagnostics Limited (stock)	-	Financial assets at fair value through other comprehensive income - non-current	40,200,000	17,257	18.48	17,257	
	Universal Venture Capital Investment Corp. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	5,000,000	44,153	4.15	44,153	
	Der Yang Biotechnology Venture Capital Co., Ltd. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	353,994	4,264	11.11	4,264	
	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	266,721	Note	266,721	
	Pacven Walden Ventures V, L.P. (fund)	-	Financial assets at fair value through profit or loss - non-current	-	12,092	Note	12,092	

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

TABLE 4**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 SIX MONTHS ENDED JUNE 30, 2022****(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 Electronic (Suzhou) Co., Ltd.	Engaging the non-related party to build the R&D building on own land.	April 19, 2022	\$ 576,810	Payment in accordance with the terms	Zhongdi Construction Group Co., Ltd	Non- related party	-	-	-	\$ -	Price negotiation in accordance with the terms	Self-use	None

TABLE 5

Eternal Materials Co., Ltd. and Subsidiaries

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE SIX MONTHS ENDED JUNE 30, 2022

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

Company name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales (Note 2)	Amount	% to Total	Payment Terms	Unit Price	Payment Term	Ending Balance	% to Total	
Eternal Materials Co., Ltd.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Subsidiary	Sales	\$ 362,616	4	Note 1	\$ -	-	\$ 137,333	3	Note 3
Eternal Materials Co., Ltd.	Eternal Materials (Guangdong) Co., Ltd.	Subsidiary	Sales	134,851	2	Note 1	-	-	31,867	1	Note 3
Eternal Materials Co., Ltd.	Nikko-Materials Co., Ltd.	Subsidiary	Sales	131,324	2	Note 1	-	-	35,195	1	Note 3
Eternal Materials Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	Subsidiary	Sales	163,010	2	Note 1	-	-	117,826	3	Note 3
Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	Subsidiary	Sales	185,773	2	Note 1	-	-	93,909	2	Note 3
Eternal Materials Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Subsidiary	Sales	162,673	2	Note 1	-	-	90,565	2	Note 3
Eternal Materials Co., Ltd.	Eternal (China) Investment Co., Ltd.	Subsidiary	Sales	185,276	2	Note 1	-	-	83,306	2	Note 3
Eternal Chemical (Tianjin) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Sister company	Sales	249,879	20	Note 1	-	-	176,124	14	Note 3
Eternal Materials (Guangdong) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Sister company	Sales	279,628	10	Note 1	-	-	89,033	4	Note 3
Eternal Materials (Guangdong) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Sister company	Sales	182,569	7	Note 1	-	-	113,920	5	Note 3
Eternal Materials (Guangdong) Co., Ltd.	Allnex-Eternal Resins (Guangdong) Co., Ltd.	Associate	Sales	199,163	7	Note 1	-	-	143,126	6	
Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal Materials Co., Ltd.	Ultimate parent company	Sales	261,594	13	Note 1	-	-	78,613	5	Note 3
Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Sister company	Sales	128,883	6	Note 1	-	-	94,033	6	Note 3
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Sister company	Sales	334,954	17	Note 1	-	-	378,450	19	Note 3
Eternal Specialty Materials (Zhuhai) Co., Ltd.	Eternal Materials Co., Ltd.	Ultimate parent company	Sales	244,030	7	Note 1	-	-	84,314	4	Note 3

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

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

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

Eternal Materials Co., Ltd. and Subsidiaries

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

JUNE 30, 2022

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Doubtful Accounts
					Amount	Actions Taken		
Eternal Materials Co., Ltd.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Subsidiary	\$ 137,333	5.16	\$ -	-	\$ -	\$ -
Eternal Materials Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	Subsidiary	117,826	2.67	15,309	Collected subsequently	15,309	-
Eternal Materials Co., Ltd.	Eternal Technology Corporation	Subsidiary	138,530	1.51	52,946	Collected subsequently	-	-
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Sister company	378,450	1.82	127,054	Collected subsequently	74,070	-
Eternal Chemical (Tianjin) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Sister company	176,124	3.15	-	-	-	-
Eternal Chemical (China) Co., Ltd.	Allnex-Eternal Resins (Guangdong) Co., Ltd.	Associate	109,395	1.50	-	-	11,034	5
Eternal Materials (Guangdong) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Sister company	113,920	4.20	-	-	-	-
Eternal Materials (Guangdong) Co., Ltd.	Allnex-Eternal Resins (Guangdong) Co., Ltd.	Associate	143,126	3.00	5,713	Collected subsequently	72,129	176

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

Eternal Materials Co., Ltd. and Subsidiaries

INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transactions Details			% to Total Revenues or Assets
				Financial Statement Item (Note 5)	Amount	Terms	
0	Eternal Materials Co., Ltd.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	1	Revenue from sales of goods	\$ 362,616	Note3	1.42
0	Eternal Materials Co., Ltd.	Eternal Materials (Guangdong) Co., Ltd.	1	Revenue from sales of goods	134,851	Note3	0.53
0	Eternal Materials Co., Ltd.	Nikko-Materials Co., Ltd.	1	Revenue from sales of goods	131,324	Note3	0.51
0	Eternal Materials Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	1	Revenue from sales of goods	163,010	Note3	0.64
0	Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	1	Revenue from sales of goods	185,773	Note3	0.73
0	Eternal Materials Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	1	Revenue from sales of goods	162,673	Note3	0.64
0	Eternal Materials Co., Ltd.	Eternal (China) Investment Co., Ltd.	1	Revenue from sales of goods	185,276	Note3	0.73
0	Eternal Materials Co., Ltd.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	1	Notes and accounts receivable from related parties	137,333	Note3	0.22
0	Eternal Materials Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	1	Notes and accounts receivable from related parties	117,826	Note3	0.19
0	Eternal Materials Co., Ltd.	Eternal Technology Corporation	1	Notes and accounts receivable from related parties	138,530	Note3	0.22
0	Eternal Materials Co., Ltd.	Eternal Technology Corporation	1	Other receivables from related parties	297,200	Note4	0.47
1	Eternal Holdings Inc.	Eternal Technology Corporation	1	Other receivables from related parties	178,320	Note4	0.28
1	Eternal Holdings Inc.	Eternal Materials Co., Ltd.	2	Other receivables from related parties	534,960	Note4	0.85
2	Eternal (China) Investment Co., Ltd.	Eternal Chemical (China) Co., Ltd.	3	Other receivables from related parties	165,878	Note4	0.26
2	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	1	Other receivables from related parties	1,018,507	Note4	1.62
2	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	1	Other receivables from related parties	531,395	Note4	0.84
2	Eternal (China) Investment Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	1	Other receivables from related parties	354,263	Note4	0.56
2	Eternal (China) Investment Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	1	Other receivables from related parties	442,829	Note4	0.70
3	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	3	Revenue from sales of goods	334,954	Note3	1.31
3	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	3	Notes and accounts receivable from related parties	378,450	Note3	0.60
3	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	3	Other receivables from related parties	290,061	Note4	0.46
4	Eternal Chemical (China) Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	3	Other receivables from related parties	260,759	Note4	0.41

(Continued)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Item (Note 5)	Amount	Terms	% to Total Revenues or Assets
4	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	3	Other receivables from related parties	\$ 603,269	Note4	0.96
4	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	3	Other receivables from related parties	219,647	Note4	0.35
5	Eternal Materials (Guangdong) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	3	Revenue from sales of goods	279,628	Note3	1.09
5	Eternal Materials (Guangdong) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	3	Revenue from sales of goods	182,569	Note3	0.71
5	Eternal Materials (Guangdong) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	3	Notes and accounts receivable from related parties	113,920	Note3	0.18
6	Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal Materials Co., Ltd.	2	Revenue from sales of goods	261,594	Note3	1.02
6	Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	3	Revenue from sales of goods	128,883	Note3	0.50
7	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Eternal Materials Co., Ltd.	2	Revenue from sales of goods	244,030	Note3	0.96
8	Eternal Chemical (Tianjin) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	3	Revenue from sales of goods	249,879	Note3	0.98
8	Eternal Chemical (Tianjin) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	3	Notes and accounts receivable from related parties	176,124	Note3	0.28

(Concluded)

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

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

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

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

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

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

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

Eternal Materials Co., Ltd. and Subsidiaries

INFORMATION ON INVESTEEES (EXCLUDING INVESTMENTS IN MAINLAND CHINA)
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of June 30, 2022			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				June 30, 2022	December 31, 2021	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Eternal Materials Co., Ltd.	Eternal Holdings Inc.	Samoa	International investment	\$ 6,135,961	\$ 6,259,870	200,108,859	100.00	\$ 20,293,692	\$ 969,710	\$ 931,977	
Eternal Materials Co., Ltd.	Eternal Global (BVI) Co., Ltd.	British Virgin Islands	International investment	717,527	717,527	16,821,024	100.00	4,948,024	188,403	184,985	
Eternal Materials Co., Ltd.	Mixville Holdings Inc.	British Virgin Islands	International investment	989,582	989,582	29,530,000	100.00	3,826,358	59,081	54,856	
Eternal Materials Co., Ltd.	Advanced PETFILM Investment Co., Ltd.	Japan	International investment	788,630	788,630	270	20.00	510,500	75,178	19,047	
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	769,103	303,378	69,170	
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	32,386	(4,357)	(2,736)	
Eternal Materials Co., Ltd.	Covestro Eternal Resins (Far East) Ltd.	Taiwan	Manufacturing and selling of powder coating resin	36,400	36,400	3,660,000	40.00	156,504	17,147	6,859	
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	122,513	13,734	10,301	
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	76,733	(393)	627	
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	510,408	332,110	332,110	
Eternal Materials Co., Ltd.	Elga Europe S.r.l.	Italy	Manufacturing, selling, distribution and processing of electronic chemical products	287,169	287,169	-	72.68	9,090	1,018	740	
Eternal Holdings Inc.	Eternal International (BVI) Co., Ltd.	British Virgin Islands	International investment	5,739,033	5,739,033	183,793,592	100.00	15,949,196	616,814	-	Note
Eternal Holdings Inc.	E-Chem Corp.	Samoa	International investment	165,608	165,608	4,990,000	100.00	3,014,488	359,053	-	Note
Eternal Holdings Inc.	Eternal Nanyang Investment Co., Ltd.	Samoa	International investment	540,493	540,493	18,450,000	90.00	283,769	(42,139)	-	Note
Eternal Holdings Inc.	PT Eternal Materials Indonesia	Indonesia	Selling, trading of chemical	13,360	13,360	670	67.00	17,650	4,563	-	Note
Eternal Holdings Inc.	Allnex-Eternal Resins Corporation Limited	Hong Kong	Trading and international investment	50,385	174,293	1,176,000	49.00	343,220	53,974	-	Note
Eternal Holdings Inc.	Polymer Instrumentation and Consulting Services, Ltd.	United States	Plastic products manufacturing	121,913	121,913	4,694,296	30.00	-	-	-	Note
Eternal International (BVI) Co., Ltd.	Eternal Technology Corporation	United States	Manufacturing and selling of photoresist	600,693	600,693	2,333	100.00	(128,987)	(10,455)	-	Note
Mixville Holdings Inc.	High Expectation Limited	Cayman Islands	International investment	871,519	871,519	26,005,000	100.00	3,534,960	63,059	-	Note
Eternal (China) Investment Co., Ltd.	Elga Europe S.r.l.	Italy	Manufacturing, selling, distribution and processing of electronic chemical products	58,610	58,610	-	22.32	3,166	1,018	-	Note
Eternal Nanyang Investment Co., Ltd.	Eternal Materials (Malaysia) Sdn. Bhd.	Malaysia	Manufacturing, selling, trading and providing services of resins material related products	1,748,418	1,748,418	347,324,000	100.00	1,542,858	(29,141)	-	Note

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

TABLE 9

Eternal Materials Co., Ltd. and Subsidiaries

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE PERIOD ENDED JUNE 30, 2022

(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, 2022	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of June 30, 2022	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of June 30, 2022	Accumulated Repatriation of Investment Income as of June 30, 2022	Note
					Outward	Inward							
Eternal Chemical (China) Co., Ltd.	Manufacturing and selling of resins material and processing products	\$ 755,651	2	\$ 625,549	\$ -	\$ -	\$ 625,549	\$ 193,409	100.00	\$ 193,409	\$ 4,577,614	\$ 1,509,802	Note 2
Covestro Eternal Resins (Kunshan) Co., Ltd.	Manufacturing and selling of powder coating resin	183,470	2	91,735	-	-	91,735	(8,099)	50.00	(4,049)	371,585	544,920	Note 3
Eternal Optical Material (Suzhou) Co., Ltd.	Manufacturing and selling of optical film and leasing.	1,563,967	2	-	-	-	-	(10,531)	100.00	(10,531)	203,152	-	Note 3
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Researching, developing, manufacturing and selling of electronic high-tech chemical and related products	2,256,739	2	444,685	-	-	444,685	238,916	100.00	238,916	5,233,239	983,767	Note 2
Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Researching, developing and manufacturing of photoresist dry film, liquid photo imagable solder masks and printed circuit board related materials	469,402	2	-	-	-	-	9,517	100.00	9,517	171,107	-	Note 3
Eterkon Semiconductor Materials Co., Ltd.	Manufacturing and selling of epoxy molding compounds which used in electronic parts and related products	524,337	2	456,427	-	-	456,427	18,160	40.00	12,915	265,582	-	Note 3
Eternal Synthetic Resins (Changshu) Co., Ltd.	Manufacturing and selling of unsaturated polyester resin	726,426	2	279,811	-	-	279,811	(4,105)	100.00	(4,105)	198,386	-	Note 3
Eternal Chemical (Tianjin) Co., Ltd.	Manufacturing and selling of adhesives, resins material and processing products	1,008,004	2	599,320	-	-	599,320	25,649	100.00	25,649	926,952	-	Note 3
Eternal Specialty Materials (Zhuhai) Co., Ltd.	Manufacturing and selling of acrylic resin and methacrylic acid	611,011	2	243,540	-	-	243,540	371,487	90.00	359,029	3,001,368	950,086	Note 2
ESCO Specialty Coatings (Shanghai) Co., Ltd.	Researching, manufacturing and selling of processing electronic high-tech chemical, high performance coating, material and products	403,180	2	196,680	-	-	196,680	(15,045)	40.00	(8,740)	(35,959)	-	Note 3
Eternal Materials (Guangdong) Co., Ltd.	Manufacturing and selling of adhesives, resins material and processing products	1,297,259	2	868,175	-	-	868,175	63,059	100.00	63,059	3,532,920	1,885,420	Note 3
Eternal (China) Investment Co., Ltd.	Managing, investing consulting services, researching, leasing, manufacturing and selling of resins material and photoelectric chemicals materials	7,557,603	2	4,264,844	-	-	4,264,844	627,192	100.00	627,192	16,047,942	-	Notes 3 and 4

(Continued)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of June 30, 2022	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of March 31, 2022	Accumulated Repatriation of Investment Income as of March 31, 2022	Note
					Outward	Inward							
Eternal Chemical (Chengdu) Co., Ltd.	Researching, manufacturing and selling of resins material	\$ 450,351	2	\$ -	\$ -	\$ -	\$ -	\$ (72,054)	100.00	\$ (72,054)	\$ (603,641)	\$ -	Note 3
Eternal Electronic (Suzhou) Co., Ltd.	Researching, developing, and manufacturing of dry film photoresist and dry film solder masks which used in electronic materials, researching resin materials and selling, providing after sales service of self-produced products	1,492,280	2	-	-	-	-	15,021	100.00	15,021	1,777,086	-	Note 2
Eternal Sun A. (Suzhou) Co., Ltd.	Researching, developing, and manufacturing of optical protective film which used in display, and selling, providing after sales service of self-produced products	1,067,649	2	-	-	-	-	(8,836)	-	(5,302)	-	-	Notes 3, 7 and 26
Eternal Specialty Materials (Suzhou) Co., Ltd.	Researching and developing chemical products, and selling, providing technical services of self-produced products	1,199,225	2	-	-	-	-	333,879	100.00	333,879	1,974,473	-	Note 3
Showa Denko New Material (Zhuhai) Co., Ltd.	Manufacturing and selling of functional resins, resins composite material and providing technical services	366,881	2	-	-	-	-	2,151	30.00	53	91,199	-	Note 3
Eternal Material Industry (Tongling) Co., Ltd.	Manufacturing and selling resins material products and providing technical services	429,900	2	-	-	-	-	(8,984)	100.00	(8,984)	434,492	-	Note 3

(Concluded)

Investor Company	Accumulated Outward Remittance for Investments in Mainland China as of June 30, 2022 (Note 5)	Investment Amount Authorized by the Investment Commission, MOEA (Note 5)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 6)
Eternal Materials Co., Ltd.	\$ 8,083,938	\$ 26,116,107	\$ -

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

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

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

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

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

Note 5: The amounts were translated into NTD using the exchange rate of application date.

Note 6: According to the "Regulation Governing the Approval of Investment or Technical Cooperation in Mainland China", which was modified on August 29, 2008, the Company obtained the approval of the operational headquarters from the Industrial Development Bureau of Ministry of Economic Affairs; hence, there is no need to set an upper limit for the investment amount.

Note 7: The disposal was resolved by the board of directors in August 2021, and completed in February 2022.

TABLE 10**Eternal Materials Co., Ltd. and Subsidiaries****INFORMATION OF MAJOR SHAREHOLDERS
JUNE 30, 2022**

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

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 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.