

Eternal Materials Co., Ltd.

Standalone Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

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

INDEPENDENT AUDITORS' REPORT

Eternal Materials Co., Ltd.

Opinion

We have audited the accompanying standalone financial statements of Eternal Materials Co., Ltd. (the "Company"), which comprise the standalone balance sheets as of December 31, 2023 and 2022, and the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the standalone financial statements, including material accounting policy information. (collectively referred to as the "financial statements").

In our opinion, based on our audits and the reports of other auditors (refer to the Other Matter paragraph), the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Company as of December 31, 2023 and 2022, and its standalone financial performance and its standalone cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation of Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China (TWSA). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the report of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company's standalone financial statements for the year ended December 31, 2023 is described as follows:

THE TIME OF REVENUE RECOGNITION FROM THE SUBSIDIARIES OF THE ELECTRONIC MATERIALS DEPARTMENT'S SALE OF VACUUM LAMINATOR

1. Description

Due to the higher market demand in the semiconductor industry, the unit price and gross profit margin of the vacuum laminator sold by the subsidiaries of the electronic materials department are higher. In addition, taking into account the characteristics and risks of the industry, we identified the time of the above revenue recognition as a key audit matter in accordance with Communicating Key Audit Matters in the Independent Auditor's Report of TWSA.

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

- a. We obtained an understanding of the relevant process and the control of revenue recognition in vacuum laminator.
- b. We performed the test of details, which selected the samples for a certain period before and after the end of the year and obtained supporting documents or evidence to confirm that the revenue of the vacuum laminator has been recognized in the appropriate period.

Other Matter

The financial statements of some associates were audited by other auditors. Therefore, our opinion on the amounts included in the accompanying financial statements was based on the financial statements audited by other auditors. Such investments accounted for using the equity method amounted to NT\$714,968 thousand and NT\$672,942 thousand, representing 2% and 1% of the Company's total assets as of December 31, 2023 and 2022, respectively; the share of the profit of these associates amounted to NT\$119,325 thousand and NT\$97,155 thousand, representing 11% and 3% of the Company's total comprehensive income for the years ended December 31, 2023 and 2022, respectively.

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

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

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

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

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chao-Chun Wang and Jui-Hsuan Hsu.

Wang, Chao - Chun

Jui-Hsuan Hsu

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 2024

Notice to Readers

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

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

Eternal Materials Co., Ltd.

STANDALONE BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 204,029	-	\$ 331,652	1
Notes receivable, net (Notes 4 and 7)	276,813	1	275,956	1
Accounts receivable, net (Notes 4, 5 and 7)	2,309,532	5	2,447,154	5
Accounts receivable from related parties, net (Notes 4, 5, 7 and 26)	882,032	2	877,655	2
Other receivables (Notes 7 and 26)	458,750	1	881,366	2
Inventories (Notes 4, 5 and 8)	2,661,185	6	3,350,642	7
Other current assets - others (Notes 20 and 27)	212,165	-	254,730	-
Total current assets	7,004,506	15	8,419,155	18
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9)	799,386	2	627,056	2
Investments accounted for using the equity method (Notes 4 and 10)	31,598,687	67	31,324,109	66
Property, plant and equipment (Notes 4 and 11)	7,315,748	16	6,897,112	14
Right-of-use assets (Notes 4 and 12)	42,282	-	65,686	-
Investment properties (Notes 4 and 13)	49,991	-	50,674	-
Intangible assets (Notes 4 and 14)	191,801	-	207,149	-
Deferred tax assets (Notes 4, 5 and 20)	170,168	-	177,352	-
Other non-current assets - others (Note 27)	68,471	-	52,299	-
Total non-current assets	40,236,534	85	39,401,437	82
TOTAL	<u>\$ 47,241,040</u>	<u>100</u>	<u>\$ 47,820,592</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4, 15 and 26)	\$ 4,569,047	10	\$ 3,465,564	7
Notes payable	2,362	-	533	-
Accounts payable (Note 26)	1,143,698	3	1,044,917	3
Other payables - others (Note 16)	742,282	2	976,382	2
Current tax liabilities (Note 20)	176,636	-	377,530	1
Lease liabilities - current (Notes 4 and 12)	15,369	-	19,592	-
Current portion of long-term liabilities (Notes 4 and 15)	3,448,969	7	2,994,000	6
Other current liabilities - others (Note 18)	31,985	-	44,140	-
Total current liabilities	10,130,348	22	8,922,658	19
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 15)	2,497,203	5	5,493,921	11
Long-term borrowings (Notes 4 and 15)	7,090,000	15	5,840,000	12
Deferred tax liabilities (Notes 4, 5 and 20)	2,219,628	5	2,217,429	5
Lease liabilities - non-current (Notes 4 and 12)	24,078	-	43,726	-
Other non-current liabilities (Notes 4, 5 and 16)	545,153	1	542,454	1
Total non-current liabilities	12,376,062	26	14,137,530	29
Total liabilities	22,506,410	48	23,060,188	48
EQUITY (Note 17)				
Ordinary shares	11,782,655	25	11,782,655	25
Capital surplus	664,785	1	368,946	1
Retained earnings				
Legal reserve	5,083,381	11	4,803,617	10
Special reserve	977,601	2	1,181,819	2
Unappropriated earnings	7,584,997	16	7,600,968	16
Total retained earnings	13,645,979	29	13,586,404	28
Other equity	(1,358,789)	(3)	(977,601)	(2)
Total equity	24,734,630	52	24,760,404	52
TOTAL	<u>\$ 47,241,040</u>	<u>100</u>	<u>\$ 47,820,592</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 8, 2024)

Eternal Materials Co., Ltd.

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

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 18 and 26)	\$ 13,317,700	100	\$ 16,211,752	100
OPERATING COSTS (Notes 8, 16, 19 and 26)	<u>10,889,118</u>	<u>82</u>	<u>13,019,221</u>	<u>80</u>
GROSS PROFIT	<u>2,428,582</u>	<u>18</u>	<u>3,192,531</u>	<u>20</u>
OPERATING EXPENSES (Notes 7, 16 and 19)				
Selling and marketing expenses	689,541	5	1,133,800	7
General and administrative expenses	807,831	6	850,933	5
Research and development expenses	1,090,214	8	1,216,762	8
Expected credit loss (gain)	<u>538</u>	<u>-</u>	<u>(1,449)</u>	<u>-</u>
Total operating expenses	<u>2,588,124</u>	<u>19</u>	<u>3,200,046</u>	<u>20</u>
LOSS FROM OPERATIONS	<u>(159,542)</u>	<u>(1)</u>	<u>(7,515)</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	16,112	-	7,268	-
Other income (Notes 19 and 26)	480,061	3	613,893	3
Other gains and losses (Note 19)	(34,704)	-	7,665	-
Finance costs (Notes 4, 19 and 26)	(312,050)	(3)	(216,030)	(1)
Share of profit of subsidiaries, associates and joint ventures (Note 10)	<u>1,689,092</u>	<u>13</u>	<u>2,270,537</u>	<u>14</u>
Total non-operating income and expenses	<u>1,838,511</u>	<u>13</u>	<u>2,683,333</u>	<u>16</u>
PROFIT BEFORE INCOME TAX	1,678,969	12	2,675,818	16
INCOME TAX EXPENSE (Notes 4 and 20)	<u>(175,282)</u>	<u>(1)</u>	<u>(58,226)</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>1,503,687</u>	<u>11</u>	<u>2,617,592</u>	<u>16</u>

(Continued)

Eternal Materials Co., Ltd.

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

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 16, 17 and 20)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (41,065)	-	\$ 214,688	1
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	122,330	1	(233,486)	(1)
Remeasurement of defined benefit plans of subsidiaries, associates and joint ventures accounted for using the equity method	2,659	-	5,089	-
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	44,677	-	(2,583)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	11,847	-	(49,488)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(579,276)	(4)	406,080	2
Share of other comprehensive income (loss) of associates and joint ventures	<u>(22,920)</u>	<u>-</u>	<u>40,757</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(461,748)</u>	<u>(3)</u>	<u>381,057</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,041,939</u>	<u>8</u>	<u>\$ 2,998,649</u>	<u>18</u>
EARNINGS PER SHARE (Note 21)				
Basic	\$ 1.28		\$ 2.15	
Diluted	1.27		2.15	

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

(Concluded)

(With Deloitte & Touche auditors' report dated March 8, 2024)

Eternal Materials Co., Ltd.

STANDALONE STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

			Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings				
BALANCE AT JANUARY 1, 2023	\$ 11,782,655	\$ 368,946	\$ 4,803,617	\$ 1,181,819	\$ 7,600,968	\$ (1,335,011)	\$ 357,410	\$ (977,601)	\$ 24,760,404
Appropriation of the 2022 earnings (Note 17)									
Legal reserve appropriated	-	-	279,764	-	(279,764)	-	-	-	-
Reversal of special reserve	-	-	-	(204,218)	204,218	-	-	-	-
Cash dividends - NT\$1.2 per share	-	-	-	-	(1,413,919)	-	-	-	(1,413,919)
	-	-	279,764	(204,218)	(1,489,465)	-	-	-	(1,413,919)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method (Note 17)	-	3,348	-	-	-	-	-	-	3,348
Net profit for the year ended December 31, 2023	-	-	-	-	1,503,687	-	-	-	1,503,687
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(30,193)	(602,196)	170,641	(431,555)	(461,748)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	1,473,494	(602,196)	170,641	(431,555)	1,041,939
Changes in percentage of ownership interests in subsidiaries (Note 22)	-	292,491	-	-	-	50,367	-	50,367	342,858
BALANCE AT DECEMBER 31, 2023	\$ 11,782,655	\$ 664,785	\$ 5,083,381	\$ 977,601	\$ 7,584,997	\$ (1,886,840)	\$ 528,051	\$ (1,358,789)	\$ 24,734,630
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
Appropriation of the 2021 earnings (Note 17)									
Legal reserve appropriated	-	-	366,497	-	(366,497)	-	-	-	-
Special reserve appropriated	-	-	-	399,944	(399,944)	-	-	-	-
Cash dividends - NT\$1.5 per share	-	-	-	-	(1,860,419)	-	-	-	(1,860,419)
	-	-	366,497	399,944	(2,626,860)	-	-	-	(1,860,419)
Net profit for the year ended December 31, 2022	-	-	-	-	2,617,592	-	-	-	2,617,592
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	176,839	446,837	(242,619)	204,218	381,057
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	2,794,431	446,837	(242,619)	204,218	2,998,649
Capital reduction by cash (Note 17)	(620,140)	-	-	-	-	-	-	-	(620,140)
Disposal of investments in equity instruments at fair value through other comprehensive income (Note 20)	-	-	-	-	3,206	-	-	-	3,206
BALANCE AT DECEMBER 31, 2022	\$ 11,782,655	\$ 368,946	\$ 4,803,617	\$ 1,181,819	\$ 7,600,968	\$ (1,335,011)	\$ 357,410	\$ (977,601)	\$ 24,760,404

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

(With Deloitte & Touche auditors' report dated March 8, 2024)

Eternal Materials Co., Ltd.

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

	For the Year Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,678,969	\$ 2,675,818
Adjustments for:		
Depreciation expense	643,835	662,697
Amortization expense	16,618	17,603
Expected credit loss (gain)	538	(1,449)
Finance costs	312,050	216,030
Interest income	(16,112)	(7,268)
Dividend income	(13,013)	(63,281)
Share-based compensation	2,780	-
Share of the profit of subsidiaries, associates and joint ventures	(1,689,092)	(2,270,537)
Loss on disposal of property, plant and equipment	1,929	2,684
Impairment loss recognized on non-financial assets	53,301	50,188
Others	(418)	(3,870)
Changes in operating assets and liabilities		
Notes receivable	(857)	102,867
Accounts receivable	137,083	459,926
Accounts receivable from related parties	(4,376)	30,461
Other receivables	60,317	41,060
Inventories	636,156	659,531
Other current assets	(29,648)	4,970
Notes payable	1,829	504
Accounts payable	98,781	(512,614)
Other payables	(127,709)	(103,337)
Other current liabilities	(12,155)	26,569
Other non-current liabilities	(39,020)	(32,726)
Cash generated from operations	1,711,786	1,955,826
Interest received	16,125	7,255
Dividends received	1,573,655	2,057,540
Interest paid	(322,481)	(211,439)
Income taxes paid	(297,733)	(268,377)
Net cash generated from operating activities	<u>2,681,352</u>	<u>3,540,805</u>

(Continued)

Eternal Materials Co., Ltd.

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

	For the Year Ended December 31	
	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	\$ (50,000)	\$ -
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	1,238
Payment for property, plant and equipment	(1,136,344)	(1,097,466)
Proceeds from disposal of property, plant and equipment	1,848	1,119
Decrease (increase) in other receivables from related parties	307,100	(307,100)
Payment for intangible assets	(1,270)	(6,083)
Decrease (increase) in other financial assets	15,000	(15,000)
Increase in other non-current assets	(16,172)	(16,489)
Net cash used in establishing a subsidiary by spin-off	<u>-</u>	<u>(159,395)</u>
Net cash used in investing activities	<u>(879,838)</u>	<u>(1,599,176)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	1,103,483	1,286,194
Proceeds from long-term borrowings	6,000,000	6,960,000
Repayments of long-term borrowings	(7,294,000)	(7,784,000)
Increase in guarantee deposits received	654	300
Repayment of the principal portion of lease liabilities	(21,244)	(25,209)
Dividends paid	(1,413,919)	(1,860,419)
Capital reduction by cash	-	(620,140)
Acquisition of additional interests in subsidiaries	(758,236)	-
Proceeds from capital reduction of subsidiaries accounted for using the equity method	<u>454,125</u>	<u>228,482</u>
Net cash used in financing activities	<u>(1,929,137)</u>	<u>(1,814,792)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(127,623)	126,837
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>331,652</u>	<u>204,815</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>\$ 204,029</u></u>	<u><u>\$ 331,652</u></u>

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

(Concluded)

(With Deloitte & Touche auditors' report dated March 8, 2024)

Eternal Materials Co., Ltd.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Eternal Materials Co., Ltd. (the “Company”) was established in December 1964. The Company is mainly engaged in the research, manufacturing, processing, selling and trading of diversified industrial synthetic resins, epoxy resin, 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 standalone financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The standalone financial statements were approved by the Company’s board of directors and authorized for issue on March 8, 2024.

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 “IFRS Accounting Standards”) 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 IFRS Accounting Standards endorsed and issued into effect by the FSC will not have a material impact on the Company’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by International Accounting Standards Board (IASB) (Note 1)
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the standalone financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

- c. The IFRS Accounting Standards announced by IASB but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

- a. Statement of compliance

The standalone financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- b. Basis of preparation

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

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

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

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

c. Classification of current and noncurrent assets and liabilities

Current assets include:

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities without an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Foreign currencies

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

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

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

recognized directly in other comprehensive income.

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

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

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

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

e. Inventories

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

f. Investments in subsidiaries

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

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

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

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

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

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount of cash-generating units based on the investee's financial statements as a whole. If the recoverable amount of the investment subsequently increases, the Company recognizes the profit for reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed

the carrying amount that would have been recognized (net of amortization) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in subsequent periods.

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

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

g. Investments in associates

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

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

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

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

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

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

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

recoverable amount of the investment has subsequently increased.

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

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

h. Property, plant, and equipment

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

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting periods, with the effects of any changes in the estimates accounted for on a prospective basis.

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

i. Investment properties

Investment properties are properties held to earn rent and land held for a currently undetermined future use. Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method except for freehold land.

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of the property for subsequent accounting is its carrying amount at the end of owner-occupation.

For a transfer of classification from investment properties to property, plant and equipment, the deemed cost of the property for subsequent accounting is its carrying amount at the commencement of owner-occupation.

For a contract where a landowner provides land for the construction of buildings by a property developer in exchange for a certain percentage of buildings, any exchange gain or loss is recognized when the exchange transaction occurs, if the buildings acquired are classified as investment properties and if the exchange transaction has commercial substance.

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

j. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

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

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

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

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

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

l. Non-current assets held for sale

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

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

When a sale plan would result in a loss of control of a subsidiary, all of the carrying amounts of the investments in that subsidiary are classified as held for sale, regardless of whether there is any residual interest in that subsidiary after the sale. However, such investment is still accounted for using the equity method.

When the Company is committed to a sale plan involving the disposal of an investment or a portion of an investment in an associate, only the investment or the portion of the investment that will be disposed of is classified as held for sale when the classification criteria are met, and the Company discontinues

the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method. If the Company ceases to have significant influence over the investment after the disposal takes place, the Company accounts for any retained interest that has not been classified as held for sale in accordance with the accounting policies for financial instruments.

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

m. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i Financial assets at amortized cost

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

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

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

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

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash

and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (mainly on accounts receivable).

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

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

c) Derecognition of financial assets

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

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and any associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes the proceeds received as mortgaged secured borrowings.

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

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

n. Revenue recognition

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

1) Revenue from the sale of goods

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

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

2) Revenue from the rendering of services

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

o. Leases

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

1) The Company as lessor

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

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

Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives

payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Company's net investment outstanding in respect of leases.

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

2) The Company as lessee

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

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

Right-of-use assets are presented on a separate line in the standalone balance sheets.

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing any gain or loss on the partial or full termination of the lease in profit or loss; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the standalone balance sheets.

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

p. Borrowing costs

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

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

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

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

r. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes

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

s. Spin-off

The Company spun off its assets, liabilities and business to a subsidiary and obtained its issued equity. The acquisition cost is the net of assets less liabilities from the Company spun-off, and no exchange gain was recognized.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Key Sources of Estimation and Assumption Uncertainty

a. Income taxes

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

b. Estimated impairment of accounts receivable

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

c. Write-down of inventories

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

d. Recognition and measurement of defined benefit plans

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 3,459	\$ 3,633
Checking accounts and demand deposits	<u>200,570</u>	<u>328,019</u>
	<u>\$ 204,029</u>	<u>\$ 331,652</u>

7. NOTES, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2023	2022
Notes receivable	<u>\$ 276,813</u>	<u>\$ 275,956</u>
Accounts receivable	\$ 2,372,223	\$ 2,526,649
Less: Allowance for loss	<u>(62,691)</u>	<u>(79,495)</u>
	<u>\$ 2,309,532</u>	<u>\$ 2,447,154</u>
Accounts receivable from related parties	\$ 882,035	\$ 877,659
Less: Allowance for loss	<u>(3)</u>	<u>(4)</u>
	<u>\$ 882,032</u>	<u>\$ 877,655</u>

(Continued)

	December 31	
	2023	2022
Other receivables	\$ 488,550	\$ 911,166
Less: Allowance for loss	<u>(29,800)</u>	<u>(29,800)</u>
	<u>\$ 458,750</u>	<u>\$ 881,366</u>
		(Concluded)

a. Notes receivable and accounts receivable

The notes and accounts receivable of the Company are measured at amortized cost. For the related credit management policies, refer to Note 25.

The loss allowance for the Company's 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, the increase in overdue payments and the forward-looking information of global economic growth rate.

The following table details the loss allowance of notes and accounts receivable based on the Company's provision matrix:

December 31, 2023

	Not Past Due	0 to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Gross carrying amount	\$ 2,997,164	\$ 294,699	\$ 119,265	\$ 47,278	\$ 72,665	\$ 3,531,071
Loss allowance (lifetime ECL)	<u>(211)</u>	<u>(214)</u>	<u>(348)</u>	<u>(28)</u>	<u>(61,893)</u>	<u>(62,694)</u>
Amortized cost	<u>\$ 2,996,953</u>	<u>\$ 294,485</u>	<u>\$ 118,917</u>	<u>\$ 47,250</u>	<u>\$ 10,772</u>	<u>\$ 3,468,377</u>

December 31, 2022

	Not Past Due	0 to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Gross carrying amount	\$ 3,233,976	\$ 230,212	\$ 114,744	\$ 24,800	\$ 76,532	\$ 3,680,264
Loss allowance (lifetime ECL)	<u>(430)</u>	<u>(478)</u>	<u>(1,241)</u>	<u>(885)</u>	<u>(76,465)</u>	<u>(79,499)</u>
Amortized cost	<u>\$ 3,233,546</u>	<u>\$ 229,734</u>	<u>\$ 113,503</u>	<u>\$ 23,915</u>	<u>\$ 67</u>	<u>\$ 3,600,765</u>

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

	For the Year Ended December 31	
	2023	2022
Balance at beginning of the year	\$ 79,499	\$ 85,889
Recognized (reversed) in the current year	538	(1,449)
Written off in the current year	(17,343)	(4,929)
Spin-off	<u>-</u>	<u>(12)</u>
Balance at end of the year	<u>\$ 62,694</u>	<u>\$ 79,499</u>

b. Other receivables

The Company's loss allowance is based on historical experience and current financial position. As of December 31, 2023 and 2022, the balance of the loss allowance of the Company was \$29,800 thousand.

8. INVENTORIES

	December 31	
	2023	2022
Raw materials	\$ 1,190,226	\$ 1,577,411
Supplies	31,534	42,960
Finished goods	1,313,797	1,638,795
Inventory in transit	<u>125,628</u>	<u>91,476</u>
	<u>\$ 2,661,185</u>	<u>\$ 3,350,642</u>

The cost of inventories recognized as operating costs for the years ended December 31, 2023 and 2022 was \$10,889,118 thousand and \$13,019,221 thousand, respectively, including write-down of inventories of \$53,301 thousand and \$50,188 thousand, respectively.

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

	December 31	
	2023	2022
Domestic investments		
Listed shares		
President Securities Corp.	\$ 655,657	\$ 522,190
Unlisted shares		
Universal Venture Capital Investment Corp.	52,949	45,497
Der Yang Biotechnology Venture Capital Co., Ltd.	2,979	2,770
Research Innovation Capital Corporation	<u>49,374</u>	<u>-</u>
	<u>760,959</u>	<u>570,457</u>
Foreign investments		
Unlisted shares		
TBG Diagnostics Limited	<u>38,427</u>	<u>56,599</u>
	<u>\$ 799,386</u>	<u>\$ 627,056</u>

In March 2023, the Company participated in the cash capital increase of Research Innovation Capital Corporation, and as of December 31 2023, the Company holds a 29.76% interest in it. Because the fundraising of Research Innovation Capital Corporation has not yet been completed, and taking into account the capital plan of Research Innovation Capital Corporation, the Company expected the percentage of its interests in Research Innovation Capital Corporation to be less than 20%. Therefore, the Company does not have a significant influence on Research Innovation Capital Corporation.

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

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
Investments in subsidiaries	\$ 30,253,808	\$ 30,059,124
Investments in associates	<u>1,344,879</u>	<u>1,264,985</u>
	<u>\$ 31,598,687</u>	<u>\$ 31,324,109</u>

a. Investments in subsidiaries

	December 31			
	2023		2022	
	Amount	Percentage	Amount	Percentage
Eternal Holdings Inc.	\$ 19,838,131	100	\$ 20,293,015	100
Eternal Global (BVI) Co., Ltd.	4,826,794	100	4,990,787	100
Mixville Holdings Inc.	3,625,674	100	3,703,360	100
New E Materials Co., Ltd.	32,056	62.80	31,682	62.80
Eternal Precision Mechanics Co., Ltd.	1,263,256	84.61 (Note 22)	826,296	100 (Note 2)
Eternal Electronic Material (Thailand) Co., Ltd.	131,098	75	132,059	75
CHOU-KOU Materials Co., Ltd.	221,434	100	85,481	100
Elga Europe S.r.l.	18,008	72.68	(3,556)	72.68
Eternal Technology Corporation	297,357	100 (Note 1)	-	-
	<u>\$ 30,253,808</u>		<u>\$ 30,059,124</u>	

Note 1: The subsidiary Eternal International (BVI) Co., Ltd. had a reorganization in July 2023 to transfer the equity of subsidiary Eternal Technology Corporation to the Company.

Note 2: The organizational restructuring was approved by the shareholders in their meeting in June 2022, and the Company spun off the related business (including assets, liabilities, and business value) of the Electric Equipment Department of Electronic Materials BU and its subsidiary Nikko-Materials Co., Ltd. to its wholly-owned subsidiary, Eternal Precision Mechanics Co., Ltd., to enhance shareholder's equity and future operation development since specialization will improve the operating performance. The spin-off base date was October 1, 2022. The carrying amounts of the Company's spin-off net assets was 550,000 thousand, and the relevant transaction was completed in October 2022. The details of the spin-off assets and liabilities were as follows:

	Amount
Current Assets	
Cash and cash equivalents	\$ 159,395
Accounts receivable, net	17,711
Accounts receivable from related parties, net	2,410
Other receivables	80,277
Inventories	34,170
Other current assets - others	17,660

(Continued)

	Amount
Non-current Assets	
Investments accounted for using the equity method	\$ 300,150
Property, plant and equipment	2,998
Intangible assets	757
Deferred tax assets	693
Other non-current assets - others	74
Current Liabilities	
Accounts payable	(27,458)
Other payables - others	(1,424)
Other current liabilities - others	<u>(37,413)</u>
Spin-off Net Assets	<u>\$ 550,000</u> (Concluded)

b. Investments in associates

	December 31	
	2023	2022
Associates that are not individually material	<u>\$ 1,344,879</u>	<u>\$ 1,264,985</u>

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

	For the Year Ended December 31	
	2023	2022
The Company's share of		
Net profit for the year	\$ 195,347	\$ 122,258
Other comprehensive income (loss) for the year	<u>(7,754)</u>	<u>11,451</u>
Total comprehensive income for the year	<u>\$ 187,593</u>	<u>\$ 133,709</u>

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

	December 31	
	2023	2022
Daxin Materials Corporation	<u>\$ 2,325,985</u>	<u>\$ 1,522,548</u>

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

11. PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 2023

	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, 2023	\$ <u>2,516,584</u>	\$ <u>882,640</u>	\$ <u>1,830,807</u>	\$ <u>170,745</u>	\$ <u>382,025</u>	\$ <u>41,339</u>	\$ <u>1,072,972</u>	\$ <u>6,897,112</u>
Cost								
Balance at January 1, 2023	\$ 2,516,584	\$ 3,775,348	\$ 10,033,105	\$ 702,821	\$ 1,318,226	\$ 174,873	\$ 1,072,972	\$ 19,593,929
Additions	-	150,543	472,361	30,564	65,645	10,110	314,448	1,043,671
Disposals	-	(5,821)	(65,309)	(13,095)	(39,932)	(3,517)	-	(127,674)
Balance at December 31, 2023	\$ <u>2,516,584</u>	\$ <u>3,920,070</u>	\$ <u>10,440,157</u>	\$ <u>720,290</u>	\$ <u>1,343,939</u>	\$ <u>181,466</u>	\$ <u>1,387,420</u>	\$ <u>20,509,926</u>
Accumulated depreciation								
Balance at January 1, 2023	\$ -	\$ 2,892,708	\$ 8,202,298	\$ 532,076	\$ 936,201	\$ 133,534	\$ -	\$ 12,696,817
Depreciation	-	118,947	381,899	21,181	86,199	14,767	-	622,993
Disposals	-	(5,311)	(63,920)	(12,959)	(39,925)	(3,517)	-	(125,632)
Balance at December 31, 2023	\$ <u>-</u>	\$ <u>3,006,344</u>	\$ <u>8,520,277</u>	\$ <u>540,298</u>	\$ <u>982,475</u>	\$ <u>144,784</u>	\$ <u>-</u>	\$ <u>13,194,178</u>
Carrying amount at December 31, 2023	\$ <u>2,516,584</u>	\$ <u>913,726</u>	\$ <u>1,919,880</u>	\$ <u>179,992</u>	\$ <u>361,464</u>	\$ <u>36,682</u>	\$ <u>1,387,420</u>	\$ <u>7,315,748</u>

For the Year Ended December 31, 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>2,516,584</u>	\$ <u>914,334</u>	\$ <u>1,873,960</u>	\$ <u>165,822</u>	\$ <u>373,106</u>	\$ <u>40,619</u>	\$ <u>416,278</u>	\$ <u>6,300,703</u>
Cost								
Balance at January 1, 2022	\$ 2,516,584	\$ 3,675,736	\$ 9,776,083	\$ 692,193	\$ 1,256,181	\$ 162,025	\$ 416,278	\$ 18,495,080
Additions	-	111,968	335,470	26,345	93,519	16,337	658,957	1,242,596
Disposals	-	(12,356)	(77,683)	(15,717)	(31,474)	(3,489)	-	(140,719)
Spin-off	-	-	(765)	-	-	-	(2,263)	(3,028)
Balance at December 31, 2022	\$ <u>2,516,584</u>	\$ <u>3,775,348</u>	\$ <u>10,033,105</u>	\$ <u>702,821</u>	\$ <u>1,318,226</u>	\$ <u>174,873</u>	\$ <u>1,072,972</u>	\$ <u>19,593,929</u>
Accumulated depreciation								
Balance at January 1, 2022	\$ -	\$ 2,761,402	\$ 7,902,123	\$ 526,371	\$ 883,075	\$ 121,406	\$ -	\$ 12,194,377
Depreciation	-	141,583	374,962	21,276	84,310	15,491	-	637,622
Disposals	-	(10,277)	(74,757)	(15,571)	(31,184)	(3,363)	-	(135,152)
Spin-off	-	-	(30)	-	-	-	-	(30)
Balance at December 31, 2022	\$ <u>-</u>	\$ <u>2,892,708</u>	\$ <u>8,202,298</u>	\$ <u>532,076</u>	\$ <u>936,201</u>	\$ <u>133,534</u>	\$ <u>-</u>	\$ <u>12,696,817</u>
Carrying amount at December 31, 2022	\$ <u>2,516,584</u>	\$ <u>882,640</u>	\$ <u>1,830,807</u>	\$ <u>170,745</u>	\$ <u>382,025</u>	\$ <u>41,339</u>	\$ <u>1,072,972</u>	\$ <u>6,897,112</u>

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

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

Land (including those recorded as investment properties) held by the Company was revalued in 1980, 1990, 1997 and 2004. As of December 31, 2023 and 2022, the revaluation increments of the land were \$1,973,324 thousand.

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amounts		
Land	\$ 9,757	\$ 10,262
Buildings	15,223	32,835
Storage equipment	7,566	7,797
Other equipment	<u>9,736</u>	<u>14,792</u>
	<u>\$ 42,282</u>	<u>\$ 65,686</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 11,184</u>	<u>\$ 24,779</u>
Depreciation charge for right-of-use assets		
Land	\$ 503	\$ 491
Buildings	11,432	15,607
Storage equipment	2,297	1,756
Other equipment	<u>5,927</u>	<u>6,537</u>
	<u>\$ 20,159</u>	<u>\$ 24,391</u>

b. Lease liabilities

	December 31	
	2023	2022
Carrying amounts		
Current	<u>\$ 15,369</u>	<u>\$ 19,592</u>
Non-current	<u>\$ 24,078</u>	<u>\$ 43,726</u>

Ranges of discount rates (%) for lease liabilities were as follows:

	December 31	
	2023	2022
Land	1.72-2.29	1.72-2.29
Buildings	1.63-6.09	0.63-4.60
Storage equipment	1.63-1.83	1.63-1.79
Other equipment	0.69-6.16	0.63-4.60

c. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term and low-value asset leases	<u>\$ 29,616</u>	<u>\$ 36,763</u>
Total cash outflow for all leases arrangements (including short-term and low-value asset leases)	<u>\$ 51,896</u>	<u>\$ 63,356</u>

13. INVESTMENT PROPERTIES

For the Year Ended December 31, 2023

	Land	Buildings	Total
Carrying amount at January 1, 2023	<u>\$ 17,412</u>	<u>\$ 33,262</u>	<u>\$ 50,674</u>
<u>Cost</u>			
Balance at January 1, 2023 and December 31, 2023	<u>\$ 17,412</u>	<u>\$ 34,174</u>	<u>\$ 51,586</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2023	\$ -	\$ 912	\$ 912
Depreciation	<u>-</u>	<u>683</u>	<u>683</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 1,595</u>	<u>\$ 1,595</u>
Carrying amount at December 31, 2023	<u>\$ 17,412</u>	<u>\$ 32,579</u>	<u>\$ 49,991</u>

For the Year Ended December 31, 2022

	Land	Buildings	Total
Carrying amount at January 1, 2022	<u>\$ 17,412</u>	<u>\$ 33,946</u>	<u>\$ 51,358</u>
<u>Cost</u>			
Balance at January 1, 2022 and December 31, 2022	<u>\$ 17,412</u>	<u>\$ 34,174</u>	<u>\$ 51,586</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2022	\$ -	\$ 228	\$ 228
Depreciation	<u>-</u>	<u>684</u>	<u>684</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 912</u>	<u>\$ 912</u>
Carrying amount at December 31, 2022	<u>\$ 17,412</u>	<u>\$ 33,262</u>	<u>\$ 50,674</u>

The investment properties were leased for terms of 5 years.

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

	December 31	
	2023	2022
Year 1	\$ 1,800	\$ 1,714
Year 2	1,914	1,800
Year 3	1,943	1,914
		(Continued)

	December 31	
	2023	2022
Year 4	\$ 486	\$ 1,943
Year 5	<u>-</u>	<u>486</u>
	<u>\$ 6,143</u>	<u>\$ 7,857</u>
		(Concluded)

The fair value of the investment properties was evaluated by the management of the Company by reference to market evidence of transaction prices for similar properties, the evaluation was using the Level 3 approach. The fair value was as follows:

	December 31	
	2023	2022
Fair value	<u>\$ 175,170</u>	<u>\$ 122,656</u>

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

Buildings	50 years
-----------	----------

Operating income and expenses directly related to investment properties

	For the Year Ended December 31	
	2023	2022
Rental income	<u>\$ 1,714</u>	<u>\$ 1,002</u>
Operating expenses directly related to investment properties	<u>\$ 683</u>	<u>\$ 684</u>

14. INTANGIBLE ASSETS

For the Year Ended December 31, 2023

	Computer Software	Other Intangible Assets	Total
Carrying amount at January 1, 2023	<u>\$ 205,328</u>	<u>\$ 1,821</u>	<u>\$ 207,149</u>
<u>Cost</u>			
Balance at January 1, 2023	\$ 251,892	\$ 16,831	\$ 268,723
Additions	<u>1,270</u>	<u>-</u>	<u>1,270</u>
Balance at December 31, 2023	<u>\$ 253,162</u>	<u>\$ 16,831</u>	<u>\$ 269,993</u>

(Continued)

	Computer Software	Other Intangible Assets	Total
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2023	\$ 46,564	\$ 15,010	\$ 61,574
Amortization expense	<u>15,577</u>	<u>1,041</u>	<u>16,618</u>
Balance at December 31, 2023	<u>\$ 62,141</u>	<u>\$ 16,051</u>	<u>\$ 78,192</u>
Carrying amount at December 31, 2023	<u>\$ 191,021</u>	<u>\$ 780</u>	<u>\$ 191,801</u> (Concluded)

For the Year Ended December 31, 2022

	Computer Software	Other Intangible Assets	Total
Carrying amount at January 1, 2022	<u>\$ 216,119</u>	<u>\$ 3,307</u>	<u>\$ 219,426</u>
<u>Cost</u>			
Balance at January 1, 2022	\$ 246,968	\$ 16,818	\$ 263,786
Additions	6,070	13	6,083
Spin-off	<u>(1,146)</u>	<u>-</u>	<u>(1,146)</u>
Balance at December 31, 2022	<u>\$ 251,892</u>	<u>\$ 16,831</u>	<u>\$ 268,723</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2022	\$ 30,849	\$ 13,511	\$ 44,360
Amortization expense	16,104	1,499	17,603
Spin-off	<u>(389)</u>	<u>-</u>	<u>(389)</u>
Balance at December 31, 2022	<u>\$ 46,564</u>	<u>\$ 15,010</u>	<u>\$ 61,574</u>
Carrying amount at December 31, 2022	<u>\$ 205,328</u>	<u>\$ 1,821</u>	<u>\$ 207,149</u>

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

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

15. BORROWINGS

a. Short-term borrowings

Type of Borrowings	Interest Rate Range (%)	Amount
December 31, 2023		
Unsecured loans	0.58-6.45	\$ 2,972,387
Loans from related parties (Note 26)	5.80-5.88	<u>1,596,660</u>
		<u>\$ 4,569,047</u>
December 31, 2022		
Unsecured loans	0.58-5.29	\$ 2,482,844
Loans from related parties (Note 26)	5.40-5.45	<u>982,720</u>
		<u>\$ 3,465,564</u>

b. Long-term borrowings

Type of Borrowings	Agreement Period and Interest Payable Schedule	Interest Rate Range (%)	Amount
December 31, 2023			
Unsecured loans	From May 31, 2021 to August 18, 2026. Interest is paid based on schedule.	1.71-2.11	\$ 7,540,000
Less: Current portion			<u>(450,000)</u>
			<u>\$ 7,090,000</u>
December 31, 2022			
Unsecured loans	From October 2, 2017 to November 23, 2025. Interest is paid based on schedule.	1.51-1.90	\$ 8,834,000
Less: Current portion			<u>(2,994,000)</u>
			<u>\$ 5,840,000</u>

c. Facility agreements and financial covenants

- 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 breaches these clauses, the bank and syndicated banks can cancel the credit line or declare that part or all of the loan together with accrued interest is 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, 2023 and 2022.

- 2) As of December 31, 2023, the Company utilized the credits under signed facility agreements of the following banks.

Bank	Currency	Credit line
HSBC Bank (Taiwan) Limited	NTD	\$ 900,000
CTBC Bank Co., Ltd.	NTD	450,000
Far Eastern International Bank Co., Ltd.	NTD	800,000

d. Bonds payable

	December 31	
	2023	2022
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
Less: Issuance cost	<u>(1,031)</u>	<u>(2,240)</u>
	<u>2,998,969</u>	<u>2,997,760</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>(2,797)</u>	<u>(3,839)</u>
	<u>2,497,203</u>	<u>2,496,161</u>
	5,496,172	5,493,921
Less: Current portion	<u>(2,998,969)</u>	<u>-</u>
	<u>\$ 2,497,203</u>	<u>\$ 5,493,921</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.

16. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

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

the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year.

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

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 1,624,243	\$ 1,788,879
Fair value of plan assets	<u>(1,075,618)</u>	<u>(1,241,808)</u>
Net defined benefit liabilities	<u>\$ 548,625</u>	<u>\$ 547,071</u>
Current (recorded as other payables - others)	\$ 4,426	\$ 4,918
Non-current (recorded as other non-current liabilities)	<u>544,199</u>	<u>542,153</u>
	<u>\$ 548,625</u>	<u>\$ 547,071</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2023	<u>\$ 1,788,879</u>	<u>\$ (1,241,808)</u>	<u>\$ 547,071</u>
Service cost			
Current service cost	18,415	-	18,415
Interest expense (income)	<u>25,045</u>	<u>(17,385)</u>	<u>7,660</u>
Recognized in profit or loss	<u>43,460</u>	<u>(17,385)</u>	<u>26,075</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,484)	(4,484)
Actuarial loss - changes in financial assumptions	28,723	-	28,723
Actuarial loss - experience adjustments	<u>16,826</u>	<u>-</u>	<u>16,826</u>
Recognized in other comprehensive income	<u>45,549</u>	<u>(4,484)</u>	<u>41,065</u>
Contributions from the employer	-	(65,586)	(65,586)
Benefits paid	<u>(253,645)</u>	<u>253,645</u>	<u>-</u>
	<u>(253,645)</u>	<u>188,059</u>	<u>(65,586)</u>
Balance at December 31, 2023	<u>\$ 1,624,243</u>	<u>\$ (1,075,618)</u>	<u>\$ 548,625</u>
Balance at January 1, 2022	<u>\$ 2,025,317</u>	<u>\$ (1,230,747)</u>	<u>\$ 794,570</u>
Service cost			
Current service cost	27,327	-	27,327
Past service cost	56,825	-	56,825
Interest expense (income)	<u>12,152</u>	<u>(7,384)</u>	<u>4,768</u>
Recognized in profit or loss	<u>96,304</u>	<u>(7,384)</u>	<u>88,920</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (92,739)	\$ (92,739)
Actuarial gain - changes in financial assumptions	(134,172)	-	(134,172)
Actuarial loss - experience adjustments	<u>12,223</u>	<u>-</u>	<u>12,223</u>
Recognized in other comprehensive income	<u>(121,949)</u>	<u>(92,739)</u>	<u>(214,688)</u>
Contributions from the employer	-	(107,994)	(107,994)
Benefits paid	<u>(210,793)</u>	<u>197,056</u>	<u>(13,737)</u>
	<u>(210,793)</u>	<u>89,062</u>	<u>(121,731)</u>
Balance at December 31, 2022	<u>\$ 1,788,879</u>	<u>\$ (1,241,808)</u>	<u>\$ 547,071</u> (Concluded)

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

	For the Year Ended December 31	
	2023	2022
Operating costs	\$ 13,132	\$ 39,320
Operating expenses	<u>12,943</u>	<u>49,600</u>
	<u>\$ 26,075</u>	<u>\$ 88,920</u>

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

1) Investment risk

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

2) Interest risk

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

3) Salary risk

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

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

	December 31	
	2023	2022
Discount rate (%)	1.20	1.40
Expected rate of salary increase (%)	3.00	3.00
Mortality rate (%)	Population was based on the 6th Taiwan Standard Ordinary Experience Mortality Table	Population was based on the 6th Taiwan Standard Ordinary Experience Mortality Table
Resignation rate (%)	0.00-23.00	0.00-23.00
Early retirement rate (%)	0.10-99.00	0.10-99.00

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

	December 31	
	2023	2022
Discount rate		
0.25% increase	<u>\$ (35,791)</u>	<u>\$ (39,120)</u>
0.25% decrease	<u>\$ 36,949</u>	<u>\$ 40,418</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 32,246</u>	<u>\$ 35,318</u>
0.25% decrease	<u>\$ (31,457)</u>	<u>\$ (34,419)</u>

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

	December 31	
	2023	2022
Expected contributions to the plan for the next year	<u>\$ 105,215</u>	<u>\$ 68,466</u>
Average duration of the defined benefit obligation	9 years	10 years

17. EQUITY

a. Share capital

	December 31	
	2023	2022
Number of shares authorized (in thousands)	<u>1,800,000</u>	<u>1,800,000</u>
Shares authorized	<u>\$ 18,000,000</u>	<u>\$ 18,000,000</u>

(Continued)

	December 31	
	2023	2022
Number of shares issued and fully paid (in thousands)	<u>1,178,266</u>	<u>1,178,266</u>
Shares issued	<u>\$ 11,782,655</u>	<u>\$ 11,782,655</u>
		(Concluded)

To adjust the capital structure and enhance the return on equity, the Company resolved to implement a capital reduction by cash refund in the shareholders' meeting in June 2022. The capital reduction percentage is 5%. The capital reduction amount was \$620,140 thousand, which cancels 62,014 thousand shares. The capital reduction reference date was August 5, 2022. After the capital reduction, the Company's paid-in capital was \$11,782,655 thousand.

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash or transferred to share capital (Note 1)		
Additional paid-in capital	\$ 309,017	\$ 309,017
Treasury share transactions	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>341,531</u>	<u>341,531</u>
May be used to offset deficit only		
Share of changes in equities of associates or joint ventures	27,357	27,357
Changes in percentage of ownership interests in subsidiaries (Note 2)	292,491	-
Others	<u>58</u>	<u>58</u>
	<u>319,906</u>	<u>27,415</u>
May not be used for any purpose		
Share of changes in equities of associates or joint ventures	<u>3,348</u>	<u>-</u>
	<u>\$ 664,785</u>	<u>\$ 368,946</u>

Note 1: 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).

Note 2: Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

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 capital reserve 10% of the remaining profits, 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 the dividend policy, the proposal of earnings appropriation is prepared by the board of directors and resolved in the shareholders' meeting.

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 December 31, 2023 and 2022, the special reserve were \$426,285 thousand.

The appropriations of earnings for 2022 and 2021 were as follows:

	Appropriations of Earnings		Dividends Per Share (NT\$)	
	2022	2021	2022	2021
Legal reserve	\$ 279,764	\$ 366,497		
Special reserve (reversal)	(204,218)	399,944		
Cash dividends	1,413,919	1,860,419	\$ 1.2	\$ 1.5

The above appropriations for cash dividends of 2022 were resolved by the Company's board of directors in March 2023 and the other proposed appropriations were approved by the shareholders in their meeting in June 2023. The appropriations of earnings for 2021 were approved by the shareholders in their meeting in June 2022.

The appropriations of earnings for 2023 that had been proposed by the Company's board of directors in March 2024 are as follows:

	Appropriation of Earnings	Dividend Per Share (NT\$)
Legal reserve	\$ 147,349	
Special reserve	381,188	
Cash dividends	942,612	\$ 0.8

The above appropriation for cash dividends was resolved by the Company's board of directors. The others are subject to the resolution of the shareholders in their meeting to be held in June 2024.

d. Other equity items

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

	For the Year Ended December 31	
	2023	2022
Balance at beginning of the year	\$ (1,335,011)	\$ (1,781,848)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	(579,276)	406,080
Share of exchange differences of associates and joint ventures accounted for using the equity method	(22,920)	40,757
Other comprehensive income (loss) for the year	(602,196)	446,837
Partial disposal of subsidiaries (Note 22)	50,367	-
Balance at end of the year	\$ (1,886,840)	\$ (1,335,011)

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

2) Unrealized gains and losses on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at beginning of the year	\$ 357,410	\$ 600,029
Recognized for the year		
Unrealized gains and losses - equity instruments	125,964	(240,036)
Share of associates accounted for using the equity method	44,677	(2,583)
Balance at end of the year	\$ 528,051	\$ 357,410

18. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 13,317,700	\$ 16,211,752

a. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable	\$ 3,468,377	\$ 3,600,765	\$ 4,212,691
Contract liabilities (recorded as other current liabilities - others)			
Sale of goods	\$ 21,670	\$ 20,458	\$ 38,961

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

Revenue recognized in the current year from the balance of contract liabilities at the beginning of the year is as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
From the balance of contract liabilities at the beginning of the year		
Sale of goods	<u>\$ 19,958</u>	<u>\$ 38,710</u>

b. Disaggregation of revenue

	<u>Reportable Segments</u>				
	Resins Materials	Electronic Materials	High Performance Materials	Others	Total
<u>For the year ended December 31, 2023</u>					
Type of revenue					
Sale of goods	<u>\$ 7,054,385</u>	<u>\$ 3,467,871</u>	<u>\$ 2,750,318</u>	<u>\$ 45,126</u>	<u>\$ 13,317,700</u>
<u>For the year ended December 31, 2022</u>					
Type of revenue					
Sale of goods	<u>\$ 8,306,915</u>	<u>\$ 3,949,661</u>	<u>\$ 3,818,917</u>	<u>\$ 136,259</u>	<u>\$ 16,211,752</u>

19. PROFIT BEFORE INCOME TAX

a. Other income

	<u>For the Year Ended December 31</u>	
	2023	2022
Dividend income	\$ 13,013	\$ 63,281
Others (Note 26)	<u>467,048</u>	<u>550,612</u>
	<u>\$ 480,061</u>	<u>\$ 613,893</u>

b. Other gains and losses

	<u>For the Year Ended December 31</u>	
	2023	2022
Loss on disposal of property, plant and equipment	\$ (1,929)	\$ (2,684)
Net foreign exchange gains	8,634	52,386
Finance fees	(40,140)	(41,927)
Others	<u>(1,269)</u>	<u>(110)</u>
	<u>\$ (34,704)</u>	<u>\$ 7,665</u>

c. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest expense		
Interest on loans	\$ 338,896	\$ 227,274
Interest on lease liabilities	1,036	1,384
Less: Amounts included in the cost of qualifying assets	<u>(27,882)</u>	<u>(12,628)</u>
	<u>\$ 312,050</u>	<u>\$ 216,030</u>

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2023	2022
Capitalized interest amount	<u>\$ 27,882</u>	<u>\$ 12,628</u>
Capitalization rates (%)	1.60-2.24	0.94-1.64

d. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 622,993	\$ 637,622
Investment properties	683	684
Right-of-use assets	20,159	24,391
Intangible assets	<u>16,618</u>	<u>17,603</u>
	<u>\$ 660,453</u>	<u>\$ 680,300</u>
Analysis of depreciation by function		
Operating costs	\$ 439,469	\$ 450,488
Operating expenses	<u>204,366</u>	<u>212,209</u>
	<u>\$ 643,835</u>	<u>\$ 662,697</u>
Analysis of amortization by function		
Operating costs	\$ 529	\$ 311
Operating expenses	<u>16,089</u>	<u>17,292</u>
	<u>\$ 16,618</u>	<u>\$ 17,603</u>

e. Employee benefits

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits		
Salaries	\$ 1,934,967	\$ 2,135,174
Labor and health insurance	170,533	188,132
Others	<u>119,082</u>	<u>131,811</u>
	<u>2,224,582</u>	<u>2,455,117</u>

(Continued)

	For the Year Ended December 31	
	2023	2022
Post-employment benefits		
Defined contribution plans	\$ 72,684	\$ 67,563
Defined benefit plans (Note 16)	<u>26,075</u>	<u>88,920</u>
	<u>98,759</u>	<u>156,483</u>
	<u>\$ 2,323,341</u>	<u>\$ 2,611,600</u>
Analysis by function		
Operating costs	\$ 972,013	\$ 1,055,917
Operating expenses	<u>1,351,328</u>	<u>1,555,683</u>
	<u>\$ 2,323,341</u>	<u>\$ 2,611,600</u>
		(Concluded)

f. 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 recognized in the financial statements and amounts approved by the Company's board of directors for the year ended December 31, 2023 are as follows:

	Accrual Amounts Recognized in the Financial Statements	Amounts Approved by the Company's Board of Directors
Compensation of employees	<u>\$ 80,000</u>	<u>\$ 79,662</u>
Remuneration of directors	<u>\$ 11,300</u>	<u>\$ 11,507</u>

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

The compensation of employees and remuneration of directors (all in cash) approved by the Company's board of directors in March 2023 and 2022, and accrual amounts recognized in the standalone financial statements were as follows:

	For the Year Ended December 31			
	2022		2021	
	Compensation of Employees	Remuneration of Directors	Compensation of Employees	Remuneration of Directors
Amounts approved in the board of directors' meeting	\$ 127,083	\$ 18,356	\$ 176,559	\$ 25,503
Amounts recognized in the financial statements	<u>130,000</u>	<u>18,250</u>	<u>177,500</u>	<u>24,890</u>
Differences	<u>\$ (2,917)</u>	<u>\$ 106</u>	<u>\$ (941)</u>	<u>\$ 613</u>

The differences were adjusted to profit and loss for the years ended December 31, 2023 and 2022.

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.

20. INCOME TAX

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

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 176,636	\$ 377,530
Adjustment for prior years	<u>(22,584)</u>	<u>3,950</u>
	<u>154,052</u>	<u>381,480</u>
Deferred tax		
In respect of the current year	<u>21,230</u>	<u>(323,254)</u>
	<u>\$ 175,282</u>	<u>\$ 58,226</u>

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

	For the Year Ended December 31	
	2023	2022
Profit before income tax	<u>\$ 1,678,969</u>	<u>\$ 2,675,818</u>
Income tax expense calculated at the statutory rate	\$ 335,794	\$ 535,164
Effect from items adjusted by regulation	(92,484)	(436,327)
Income tax on unappropriated earnings	14,556	20,439
Investment credits	(60,000)	(65,000)
Adjustment for prior years	<u>(22,584)</u>	<u>3,950</u>
	<u>\$ 175,282</u>	<u>\$ 58,226</u>

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

	For the Year Ended December 31	
	2023	2022
Current tax		
Disposal of investments in equity instruments at FVTOCI	<u>\$ -</u>	<u>\$ (3,206)</u>

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

	For the Year Ended December 31	
	2023	2022
Deferred tax		
Recognized for the year		
Remeasurement of defined benefit plans	\$ (8,213)	\$ 42,938
Unrealized gains and losses on financial assets at fair value through other comprehensive income	<u>(3,634)</u>	<u>6,550</u>
	<u>\$ (11,847)</u>	<u>\$ 49,488</u>

d. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax assets		
Prepaid income tax (recorded as other current assets - others)	<u>\$ 123,667</u>	<u>\$ 180,880</u>
Current tax liabilities		
Income tax payable	<u>\$ 176,636</u>	<u>\$ 377,530</u>

e. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2023

	Balance at Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at End of the Year
<u>Deferred tax assets</u>				
Temporary differences	\$ 87,084	\$ (7,804)	\$ 8,213	\$ 87,493
Defined benefit plan	<u>90,268</u>	<u>(11,227)</u>	<u>3,634</u>	<u>82,675</u>
Others				
	<u>\$ 177,352</u>	<u>\$ (19,031)</u>	<u>\$ 11,847</u>	<u>\$ 170,168</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Investment income	\$(1,572,827)	\$ (3,743)	\$ -	\$(1,576,570)
Gains on land revaluation	(640,717)	-	-	(640,717)
Unrealized gains on foreign exchange	<u>(3,885)</u>	<u>1,544</u>	<u>-</u>	<u>(2,341)</u>
	<u>\$(2,217,429)</u>	<u>\$ (2,199)</u>	<u>\$ -</u>	<u>\$(2,219,628)</u>

For the Year Ended December 31, 2022

	Balance at Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Spin-Off	Balance at End of the Year
<u>Deferred tax assets</u>					
Temporary differences					
Defined benefit plan	\$ 136,567	\$ (6,545)	\$ (42,938)	\$ -	\$ 87,084
Others	<u>101,422</u>	<u>(3,911)</u>	<u>(6,550)</u>	<u>(693)</u>	<u>90,268</u>
	<u>\$ 237,989</u>	<u>\$ (10,456)</u>	<u>\$ (49,488)</u>	<u>\$ (693)</u>	<u>\$ 177,352</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Investment income	\$ (1,910,422)	\$ 337,595	\$ -	\$ -	\$ (1,572,827)
Gains on land revaluation	(640,717)	-	-	-	(640,717)
Unrealized gains on foreign exchange	<u>-</u>	<u>(3,885)</u>	<u>-</u>	<u>-</u>	<u>(3,885)</u>
	<u>\$ (2,551,139)</u>	<u>\$ 333,710</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,217,429)</u>

f. Income tax assessment

The Company's income tax returns as of 2021 have been assessed by the tax authorities.

21. EARNINGS PER SHARE

	For the Year Ended December 31	
	2023	2022
Basic earnings per share	<u>\$ 1.28</u>	<u>\$ 2.15</u>
Diluted earnings per share	<u>\$ 1.27</u>	<u>\$ 2.15</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 Year Ended December 31	
	2023	2022
Net profit for the year	<u>\$ 1,503,687</u>	<u>\$ 2,617,592</u>

Number of ordinary shares

Unit: Thousand Shares

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,178,266	1,214,964
Effect of potentially dilutive ordinary shares		
Compensation of employee	<u>3,478</u>	<u>5,068</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,181,744</u>	<u>1,220,032</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.

22. PARTIAL DISPOSAL OF SUBSIDIARIES - WITHOUT LOSS OF CONTROL

In the fourth quarter of 2023, the Company subscribed for additional new shares of the subsidiary Eternal Precision Mechanics Co., Ltd. at a percentage different from its existing ownership percentage and the employees of the Company and its subsidiaries subscribed to the employee share options of the subsidiary Eternal Precision Mechanics Co., Ltd., reducing of its percentage of ownership from 100% to 84.61%.

The above transactions were accounted for as equity transactions since the Company did not cease to have control over the subsidiary. For details about the partial disposal of the subsidiary, refer to Note 27 of the consolidated financial statements.

23. CASH FLOW INFORMATION

	For the Year Ended December 31	
	2023	2022
Acquisition of property, plant and equipment	\$ 1,043,671	\$ 1,242,596
Decrease (increase) in payables for equipment	<u>120,555</u>	<u>(132,502)</u>
	1,164,226	1,110,094
Capitalized interest	<u>(27,882)</u>	<u>(12,628)</u>
Cash paid	<u>\$ 1,136,344</u>	<u>\$ 1,097,466</u>

24. CAPITAL MANAGEMENT

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

25. FINANCIAL INSTRUMENTS

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

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

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

- 1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>December 31, 2023</u>				
Financial instruments at FVTOCI				
Equity instruments				
Domestic and foreign listed shares	<u>\$ 655,657</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 655,657</u>
Domestic and foreign unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 143,729</u>	<u>\$ 143,729</u>
<u>December 31, 2022</u>				
Financial instruments at FVTOCI				
Equity instruments				
Domestic and foreign listed shares	<u>\$ 522,190</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 522,190</u>
Domestic and foreign unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,866</u>	<u>\$ 104,866</u>

There was no transfer between Level 1 and Level 2 during the years ended December 31, 2023 and 2022.

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

For the Year ended December 31, 2023

	Stocks Financial Assets at FVTOCI
<u>Financial assets</u>	
Balance at beginning of the year	\$ 104,866
Additions	50,000
Recognized in other comprehensive income	<u>(11,137)</u>
Balance at end of the year	<u>\$ 143,729</u>

For the Year ended December 31, 2022

	Stocks Financial Assets at FVTOCI
<u>Financial assets</u>	
Balance at beginning of the year	\$ 72,656
Recognized in other comprehensive income	33,448
Disposal	<u>(1,238)</u>
Balance at end of the year	<u>\$ 104,866</u>

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

The fair values of domestic and foreign unlisted shares were estimated using the net worth of their latest financial statement and the market approach by reference to industry category, the revaluation of similar companies and the company's operations.

c. Categories of financial instruments

	<u>December 31</u>	
	2023	2022
<u>Financial assets</u>		
Financial assets at amortized cost (Note 1)	\$ 4,170,048	\$ 4,858,887
Financial assets at fair value through other comprehensive income - equity instruments	799,386	627,056
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	19,494,515	19,815,617

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

d. Financial risk management objectives and policies

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

1) Market risk

a) Foreign currency risk

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

For the carrying amounts of the Company's significant non-functional currency denominated monetary assets and liabilities at the balance sheet date, refer to Note 30.

Sensitivity analysis

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

		Impact on Profit or Loss	
		2023	2022
<u>Foreign Currencies:Functional Currency</u>			
Financial assets			
Monetary items			
USD:NTD		\$ 23,366	\$ 28,319
RMB:NTD		3,350	4,076
JPY:NTD		2,074	2,228
EUR:NTD		1,108	248

(Continued)

		Impact on Profit or Loss	
		2023	2022
Financial liabilities			
Monetary items			
USD:NTD		\$ 19,942	\$ 16,368
JPY:NTD		2,209	2,351
			(Concluded)

b) Interest rate risk

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

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

		December 31	
		2023	2022
Fair value interest rate risk			
Financial assets		\$ 15,000	\$ 30,000
Financial liabilities		5,535,619	6,907,239
Cash flow interest rate risk			
Financial assets		165,671	159,111
Financial liabilities		12,109,047	10,949,564

If interest rates had been 1% higher and all other variables were held constant, the Company's financial liabilities would have increased cash outflows by \$121,090 thousand and \$109,496 thousand for the years ended December 31, 2023 and 2022, respectively.

c) Other price risk

The Company was exposed to equity price risk through their investments in equity securities. If equity prices had been 1% higher/lower, other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by \$6,557 thousand and \$5,222 thousand, respectively, as a result of the changes in the fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk of financial loss to the Company arising from default by clients or counterparties of financial instruments on the contract obligations. According to the Company's policy, each operating entity in the Company 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 engages in credit enhancement by covering specific outstanding trade receivables by collateral. While the Company has procedures to monitor and limit exposure to credit risk on accounts receivable, there can be no assurance that such procedures will effectively limit credit risk and avoid losses. This risk is heightened during periods when economic conditions worsen.

3) Liquidity risk

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

December 31, 2023

	Less Than 1 Year	1-2 Years	2-3 Years	3-5 Years	Over 5 Years	Total
Non-derivative financial liabilities						
Short-term borrowings	\$ 4,673,433	\$ -	\$ -	\$ -	\$ -	\$ 4,673,433
Notes payable	2,362	-	-	-	-	2,362
Accounts payable	1,143,698	-	-	-	-	1,143,698
Other payables	742,282	-	-	-	-	742,282
Lease liabilities	16,048	10,650	5,859	3,716	5,506	41,779
Long-term borrowings (including current portion)	3,138,275	3,237,115	1,340,067	-	-	7,715,457
Financial guarantee liabilities	1,796,499	2,282	11,412	1,413,680	-	3,223,873
Bonds payable (including current portion)	<u>3,035,326</u>	<u>14,500</u>	<u>2,509,455</u>	<u>-</u>	<u>-</u>	<u>5,559,281</u>
	<u>\$ 14,547,923</u>	<u>\$ 3,264,547</u>	<u>\$ 3,866,793</u>	<u>\$ 1,417,396</u>	<u>\$ 5,506</u>	<u>\$ 23,102,165</u>

December 31, 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	\$ 3,537,224	\$ -	\$ -	\$ -	\$ -	\$ 3,537,224
Notes payable	533	-	-	-	-	533
Accounts payable	1,044,917	-	-	-	-	1,044,917
Other payables	976,382	-	-	-	-	976,382
Lease liabilities	20,536	17,764	12,788	9,370	6,100	66,558
Long-term borrowings (including current portion)	5,779,436	499,929	2,729,239	-	-	9,008,604
Financial guarantee liabilities	1,958,721	-	1,228,400	-	-	3,187,121
Bonds payable	<u>39,100</u>	<u>3,035,326</u>	<u>14,500</u>	<u>2,509,495</u>	<u>-</u>	<u>5,598,421</u>
	<u>\$ 13,356,849</u>	<u>\$ 3,553,019</u>	<u>\$ 3,984,927</u>	<u>\$ 2,518,865</u>	<u>\$ 6,100</u>	<u>\$ 23,419,760</u>

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

As of December 31, 2023, the Company's current liabilities exceeded its current assets by \$3,125,842 thousand. After the Company's management assessment, sufficient cash flows and credit lines were still available to cover operating activities.

26. TRANSACTIONS WITH RELATED PARTIES

a. Related party names and relationships

Related Party Name	Relationship
Eternal Chemical (China) Co., Ltd.	Subsidiary
Eternal Materials (Guangdong) Co., Ltd.	Subsidiary
Eternal Synthetic Resins (Changshu) Co., Ltd.	Subsidiary
Eternal Chemical (Tianjin) Co., Ltd.	Subsidiary
Eternal Chemical (Chengdu) Co., Ltd.	Subsidiary
Eternal Material Industry (Tongling) Co., Ltd.	Subsidiary
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Subsidiary

(Continued)

Related Party Name	Relationship
Eternal Electronic (Suzhou) Co., Ltd.	Subsidiary
Eternal Specialty Materials (Zhuhai) Co., Ltd.	Subsidiary
Eternal Specialty Materials (Suzhou) Co., Ltd.	Subsidiary
Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Subsidiary
Eternal (China) Investment Co., Ltd.	Subsidiary
CHOU-KOU Materials Co., Ltd.	Subsidiary
New E Materials Co., Ltd.	Subsidiary
Eternal Precision Mechanics Co., Ltd.	Subsidiary
Eternal Materials (Malaysia) Sdn. Bhd.	Subsidiary
Eternal Technology Corporation	Subsidiary
Eternal Electronic Material (Thailand) Co., Ltd.	Subsidiary
Nikko-Materials Co., Ltd.	Subsidiary
Elga Europe S.r.l.	Subsidiary
Eternal Holdings Inc.	Subsidiary
Eternal Nanyang Investment Co., Ltd.	Subsidiary
Eternal Materials India Private Limited	Subsidiary
PT Eternal Materials Indonesia	Subsidiary
Allnex-Eternal Resins Corporation Limited	Associate
Daxin Materials Corporation	Associate
Covestro Eternal Resins (Far East) Ltd.	Associate
Polymics Ltd.	Associate
Mitsubishi Polyester Film Suzhou Co., Ltd.	Other related party
The Orchard Coporation of Taiwan Ltd.	The company whose chairman is second-degree relative of the chairman of the Company
Kao, Ying-Shih	First-degree relative of the chairman of the Company
Kwang Yang Motor Co., Ltd.	Key management personnel (Concluded)

b. Operating revenue

Account Item	Related Party Category	For the Year Ended December 31	
		2023	2022
Revenue from sales of goods	Subsidiaries	\$ 2,855,714	\$ 3,185,290
	Associates	85,062	96,139
	Key management personnel	-	4,183
	Other related parties	-	102
		<u>\$ 2,940,776</u>	<u>\$ 3,285,714</u>

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

c. Purchase of goods

Related Party Category	For the Year Ended December 31	
	2023	2022
Subsidiaries	\$ 441,633	\$ 829,173
Associates	887	1,513
Other related parties	<u>-</u>	<u>2,796</u>
	<u>\$ 442,520</u>	<u>\$ 833,482</u>

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

d. Other income

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Subsidiaries		
Eternal (China) Investment Co., Ltd.	\$ 106,206	\$ 117,685
Eternal Materials (Guangdong) Co., Ltd.	48,227	47,767
Eternal Specialty Materials (Zhuhai) Co., Ltd.	48,288	60,113
Others	191,688	269,448
Associates	3,469	5,163
Key management personnel	<u>20</u>	<u>-</u>
	<u>\$ 397,898</u>	<u>\$ 500,176</u>

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

e. Receivables from related parties

Account Item	Related Party Category/Name	December 31	
		2023	2022
Accounts receivable	Subsidiaries		
	CHOU-KOU	\$ 187,638	\$ 138,751
	Materials Co., Ltd.		
	Eternal Chemical	47,419	116,819
	(China) Co., Ltd.		
	Eternal Specialty	129,661	111,071
	Materials (Zhuhai)		
	Co., Ltd.		
	Eternal Photo	78,419	96,629
	Electronic Materials		
	(Guangzhou) Co., Ltd.		
	Elga Europe S.r.l.	108,237	46,040
	Eternal Technology	90,770	33,429
	Corporation		
	Others	217,531	313,799
	Associates	<u>22,357</u>	<u>21,117</u>
		<u>\$ 882,032</u>	<u>\$ 877,655</u>

The receivables arose mainly from sales transactions; the receivables were not guaranteed, pledged and do not bear interest. For the years ended December 31, 2023 and 2022, the balance of loss allowance of accounts receivable from related parties was \$3 thousand and \$4 thousand, respectively.

Account Item	Related Party Category/Name	December 31	
		2023	2022
Other receivables	Subsidiaries		
	Eternal (China) Investment Co., Ltd.	\$ 105,170	\$ 117,971
	Eternal Specialty Materials (Zhuhai) Co., Ltd.	47,787	60,207
	Eternal Materials (Guangdong) Co., Ltd.	47,744	47,844
	Others	172,794	211,439
	Associates	32	10
	Key management personnel	21	-
		<u>\$ 373,548</u>	<u>\$ 437,471</u>

For the years ended December 31, 2023 and 2022, the balance of loss allowance of other receivables was \$29,800 thousand.

f. Payables to related parties

Account Item	Related Party Category	December 31	
		2023	2022
Accounts payable	Subsidiaries	<u>\$ 120,638</u>	<u>\$ 41,056</u>

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

g. Loans to related parties

Account Item	Related Party Category/Name	December 31	
		2023	2022
Other receivables	Associates		
	Eternal Technology Corporation	<u>\$ -</u>	<u>\$ 307,100</u>

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

h. Dividends receivable - only for 2022

The dividends receivable of Covestro Eternal Resins (Far East) Ltd. was \$53,452 thousand as of December 31, 2022.

i. Loans from related parties

Account Item	Related Party Category/Name	December 31	
		2023	2022
Short-term borrowings	Subsidiaries		
	Eternal Holdings Inc.	\$ 1,596,660	\$ 982,720
Account Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Interest expense	Subsidiaries		
	Eternal Holdings Inc.	\$ 76,410	\$ 17,756

The Company borrowed loans from related parties at rates comparable to market interest rates.

j. Endorsements/guarantees provided

As of December 31, 2023 and 2022, guarantees provided by the Company to the related parties for investment compliance were as follows:

Related Party Category/Name	December 31	
	2023	2022
Subsidiaries		
Eternal Material Industry (Tongling) Co., Ltd.		
Amount endorsed	\$ 1,582,352	\$ -
Amount utilized	(45,650)	-
	<u>\$ 1,536,702</u>	<u>\$ -</u>
Eternal Materials (Malaysia) Sdn. Bhd.		
Amount endorsed	\$ 2,540,511	\$ 2,543,157
Amount utilized	(1,295,950)	(1,430,588)
	<u>\$ 1,244,561</u>	<u>\$ 1,112,569</u>
Eternal Holdings Inc.		
Amount endorsed	\$ 552,690	\$ 540,496
Amount utilized	-	-
	<u>\$ 552,690</u>	<u>\$ 540,496</u>
Eternal Nanyang Investment Co., Ltd.		
Amount endorsed	\$ 1,842,300	\$ 1,535,500
Amount utilized	(1,412,430)	(1,305,175)
	<u>\$ 429,870</u>	<u>\$ 230,325</u>
Others		
Amount endorsed	\$ 511,069	\$ 490,962
Amount utilized	(469,843)	(451,358)
	<u>\$ 41,226</u>	<u>\$ 39,604</u>

k. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 93,569	\$ 116,845
Post-employment benefits	<u>1,069</u>	<u>5,372</u>
	<u>\$ 94,638</u>	<u>\$ 122,217</u>

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2023	2022
Other financial assets - current and non-current (recorded as other current assets - others and other non-current assets - others)		
Time deposit certificates	<u>\$ 15,000</u>	<u>\$ 30,000</u>

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- The Company has issued but unused letters of credit with an aggregate amount of \$27,307 thousand as of December 31, 2023.
- The Company has contracts that were not yet incurred to purchase property, plant and equipment and intangible assets of \$289,045 thousand as of December 31, 2023.

29. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

None.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>December 31, 2023</u>			
Financial assets			
Monetary items			
USD	\$ 76,098	30.7050 (USD:NTD)	\$ 2,336,589
RMB	77,271	4.3352 (RMB:NTD)	334,986
JPY	958,047	0.2165 (JPY:NTD)	207,408
EUR	3,252	34.0713 (EUR:NTD)	110,800

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount
Non-monetary items				
Investments accounted for using the equity method				
USD	\$ 931,052	30.7050	(USD:NTD)	\$ 28,587,956
JPY	3,362,259	0.2165	(JPY:NTD)	727,929
THB	145,390	0.9017	(THB:NTD)	131,098
Financial liabilities				
Monetary items				
USD	64,948	30.7050	(USD:NTD)	1,994,228
JPY	1,020,454	0.2165	(JPY:NTD)	220,918
<hr/> December 31, 2022 <hr/>				
Financial assets				
Monetary items				
USD	92,213	30.7100	(USD:NTD)	2,831,861
RMB	92,435	4.4094	(RMB:NTD)	407,587
JPY	958,853	0.2324	(JPY:NTD)	222,837
Non-monetary items				
Investments accounted for using the equity method				
USD	943,900	30.7100	(USD:NTD)	28,987,162
JPY	2,469,174	0.2324	(JPY:NTD)	573,836
THB	147,700	0.8941	(THB:NTD)	132,059
Financial liabilities				
Monetary items				
USD	53,299	30.7100	(USD:NTD)	1,636,812
JPY	1,011,735	0.2324	(JPY:NTD)	235,127
				(Concluded)

The total realized and unrealized foreign exchange gains and losses were a gain of \$8,634 thousand and a gain of \$52,386 thousand for the years ended December 31, 2023 and 2022, respectively. Considering the variety of the foreign currency transactions, the Company disclosed the net foreign exchange gains and losses in aggregate.

31. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (Table 3)
- 4) Marketable securities acquired or disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital: (Table 4)

- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: (Table 5)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 7)
 - 9) Trading in derivative instruments: (Refer to Note 7 of the consolidated financial statements)
 - 10) Others: The business relationship between the parent company and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions (Table 8)
 - 11) Information on investees (Table 9)
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment gain or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 10)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period (Table 6)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Table 6)
 - c) The amount of property transactions and the amount of the resultant gains or losses: None
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None
 - 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 (Table 8)
- c. Information of major shareholders: list of the shareholders with ownership of 5 percent or greater, showing the names, the number of shares and percentage of ownership held by each shareholder (Table 11)

32. SEGMENT INFORMATION

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

TABLE 1**Eternal Materials Co., Ltd. and Subsidiaries****FINANCING PROVIDED TO OTHERS****FOR THE YEAR ENDED DECEMBER 31, 2023****(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	\$ 609,600	\$ -	\$ -	-	2	\$ -	Operating needs	\$ -	-	\$ -	\$ 1,236,732	\$ 9,893,852	Note 5
1	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	Other receivables from related parties	Y	888,556	433,521	24,176	2.93-3.10	2	-	Operating needs	-	-	-	9,025,150	9,025,150	Note 6
1	Eternal Chemical (China) Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	Other receivables from related parties	Y	799,700	433,521	298,903	2.93-3.10	2	-	Operating needs	-	-	-	9,025,150	9,025,150	Note 6
1	Eternal Chemical (China) Co., Ltd.	Eternal Materials (Guangdong) Co., Ltd.	Other receivables from related parties	Y	177,711	86,704	-	-	2	-	Operating needs	-	-	-	9,025,150	9,025,150	Note 6
1	Eternal Chemical (China) Co., Ltd.	Eternal Specialty Materials (Suzhou) Co., Ltd.	Other receivables from related parties	Y	444,278	216,761	-	-	2	-	Operating needs	-	-	-	9,025,150	9,025,150	Note 6
1	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	Other receivables from related parties	Y	1,777,112	867,042	727,778	2.93-3.10	2	-	Operating needs	-	-	-	9,025,150	9,025,150	Note 6
1	Eternal Chemical (China) Co., Ltd.	Eterkon Semiconductor Materials Co., Ltd.	Other receivables from related parties	Y	106,627	-	-	-	2	-	Operating needs	-	-	-	1,805,030	1,805,030	Note 7
1	Eternal Chemical (China) Co., Ltd.	Eternal Chemical Investment Co., Ltd.	Other receivables from related parties	Y	1,517,324	1,517,324	219,773	2.93-3.10	2	-	Operating needs	-	-	-	9,025,150	9,025,150	Note 6
1	Eternal Chemical (China) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Other receivables from related parties	Y	666,417	433,521	4,625	2.93-3.10	2	-	Operating needs	-	-	-	9,025,150	9,025,150	Note 6
1	Eternal Chemical (China) Co., Ltd.	Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Other receivables from related parties	Y	133,283	65,028	-	-	2	-	Operating needs	-	-	-	9,025,150	9,025,150	Note 6
1	Eternal Chemical (China) Co., Ltd.	Eternal Optical Material (Suzhou) Co., Ltd.	Other receivables from related parties	Y	88,856	43,352	-	-	2	-	Operating needs	-	-	-	9,025,150	9,025,150	Note 6
2	Eternal Materials (Guangdong) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	444,278	216,761	-	-	2	-	Operating needs	-	-	-	6,752,661	6,752,661	Note 6
2	Eternal Materials (Guangdong) Co., Ltd.	Eternal (China) Investment Co., Ltd.	Other receivables from related parties	Y	346,817	346,817	-	-	2	-	Operating needs	-	-	-	6,752,661	6,752,661	Note 6
3	Eternal Holdings Inc.	Eternal Technology Corporation	Other receivables from related parties	Y	457,200	-	-	-	2	-	Operating needs	-	-	-	39,955,058	39,955,058	Note 6
3	Eternal Holdings Inc.	Eternal Materials Co., Ltd.	Other receivables from related parties	Y	2,788,550	1,596,660	1,596,660	5.80-5.88	2	-	Operating needs	-	-	-	39,955,058	39,955,058	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	888,556	433,521	-	-	2	-	Operating needs	-	-	-	29,585,803	29,585,803	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	Other receivables from related parties	Y	1,909,041	953,746	-	-	2	-	Operating needs	-	-	-	29,585,803	29,585,803	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	Other receivables from related parties	Y	1,065,511	953,746	520,225	3.10	2	-	Operating needs	-	-	-	29,585,803	29,585,803	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	Other receivables from related parties	Y	867,042	867,042	346,817	3.10	2	-	Operating needs	-	-	-	29,585,803	29,585,803	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Other receivables from related parties	Y	887,926	867,042	433,521	3.10	2	-	Operating needs	-	-	-	29,585,803	29,585,803	Note 6
4	Eternal (China) Investment Co., Ltd.	Shanghai Dowill Paint Technology Co., Ltd. (Original name: ESCO Specialty Coatings (Shanghai) Co., Ltd.)	Non-current assets held for sale	Y	162,161	-	-	-	2	-	Operating needs	-	-	-	5,917,161	5,917,161	Notes 7 and 8
4	Eternal (China) Investment Co., Ltd.	Eterkon Semiconductor Materials Co., Ltd.	Other receivables from related parties	Y	108,416	104,045	104,045	3.65	2	-	Operating needs	-	-	-	5,917,161	5,917,161	Note 7
4	Eternal (China) Investment Co., Ltd.	Eternal Specialty Materials (Suzhou) Co., Ltd.	Other receivables from related parties	Y	216,761	216,761	-	-	2	-	Operating needs	-	-	-	29,585,803	29,585,803	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Other receivables from related parties	Y	65,028	65,028	-	-	2	-	Operating needs	-	-	-	29,585,803	29,585,803	Note 6
5	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	1,110,695	650,282	296,989	2.43-2.85	2	-	Operating needs	-	-	-	7,596,371	7,596,371	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			
5	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal (China) Investment Co., Ltd.	Other receivables from related parties	Y	\$ 650,282	\$ 650,282	\$ -	-	2	\$ -	Operating needs	\$ -	-	\$ -	\$ 7,596,371	\$ 7,596,371	Note 6
6	Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	225,867	216,761	17,489	2.43-2.85	2	-	Operating needs	-	-	-	4,085,324	4,085,324	Note 6
6	Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal (China) Investment Co., Ltd.	Other receivables from related parties	Y	433,521	433,521	-	-	2	-	Operating needs	-	-	-	4,085,324	4,085,324	Note 6
7	Eternal Specialty Materials (Zuhai) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	225,867	216,761	43,941	2.43-2.85	2	-	Operating needs	-	-	-	1,176,953	1,176,953	Note 7
7	Eternal Specialty Materials (Zuhai) Co., Ltd.	Eternal (China) Investment Co., Ltd.	Other receivables from related parties	Y	433,521	433,521	-	-	2	-	Operating needs	-	-	-	1,176,953	1,176,953	Note 7

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

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

Note 2: The maximum balance for the period had 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 had 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:

1. Business relationship.
2. 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 financial statement of December 31, 2023, respectively.

Note 6: According to the subsidiary'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, 2023, and it should be translated into NTD using the exchange rate at the balance sheet date.

Note 7: According to the subsidiary'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, 2023, and it should be translated into NTD using the exchange rate at the balance sheet date.

Note 8: The ownership of Shanghai Dowill Paint Technology Co., Ltd. (Original name: ESCO Specialty Coatings (Shanghai) Co., Ltd.), held by the Company and its subsidiaries, has been sold to a non-related party in May 2023. It is currently not an associate of the Company and its subsidiaries. The table only discloses the financing record before May 2023.

(Concluded)

TABLE 2**Eternal Materials Co., Ltd. and Subsidiaries****ENDORSEMENTS/GUARANTEES PROVIDED****FOR THE YEAR ENDED DECEMBER 31, 2023****(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	\$ 24,734,630	\$ 570,680	\$ 552,690	\$ -	\$ -	2.23	\$ 24,734,630	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Materials (Malaysia) Sdn. Bhd.	2	24,734,630	2,680,949	2,540,511	1,295,950	-	10.27	24,734,630	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Elga Europe S.r.l.	2	24,734,630	527,547	511,069	469,843	-	2.07	24,734,630	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Nanyang Investment Co., Ltd.	2	24,734,630	3,566,750	1,842,300	1,412,430	-	7.45	24,734,630	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Material Industry (Tongling) Co., Ltd.	2	24,734,630	1,648,829	1,582,352	45,650	-	6.40	24,734,630	Y	N	Y	Notes 3 and 6
1	Eternal (China) Investment Co., Ltd.	Eternal Material Industry (Tongling) Co., Ltd.	2	14,792,902	451,734	433,521	-	-	2.93	14,792,902	N	N	Y	Note 7

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

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

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

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

Note 3: In accordance with the parent company's "Procedures for Provision of Endorsements and Guarantees," limit on endorsement/guarantee given on behalf of each party is 100% of the parent company's net worth based on the financial statements for the year ended December 31, 2023.

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 financial statements for the year ended December 31, 2023.

Note 7: In accordance with the subsidiary's "Procedures for Provision of Endorsements and Guarantees," the limit on endorsement/guarantee given on behalf of each party and the maximum amount endorsed/guaranteed are based on its net worth for the year ended December 31, 2023.

TABLE 3**Eternal Materials Co., Ltd. and Subsidiaries****MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				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	\$ 655,657	2.29	\$ 655,657	
	TBG Diagnostics Limited (stock)	-	Financial assets at fair value through other comprehensive income - non-current	40,200,000	38,427	18.48	38,427	
	Universal Venture Capital Investment Corp. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	5,000,000	52,949	4.15	52,949	
	Der Yang Biotechnology Venture Capital Co., Ltd. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	230,096	2,979	11.11	2,979	
	Research Innovation Capital Corporation (stock)	-	Financial assets at fair value through other comprehensive income - non-current	10,000,000	49,374	29.76 (Note 1)	49,374	
	Hwa Nan Venture Capital Co., Ltd. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	57,438	-	10.6	-	
Mixville Holdings Inc.	Grace THW Holding Limited (stock)	-	Financial assets at fair value through other comprehensive income - non-current	1,900,000	239,455	Note 2	239,455	
	Pacven Walden Ventures V, L.P. (mutual fund)	-	Financial assets at fair value through profit or loss - non-current	-	9,182	Note 2	9,182	

Note 1: The Company has no significant influence on it, refer to Note 12 of the consolidated financial statements.

Note 2: The percentage of ownership is less than 1%.

TABLE 4**Eternal Materials Co., Ltd. and Subsidiaries****MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal			Gain/Loss on Disposal	Ending Balance (Note 1)	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value		Shares/Units	Amount
Eternal International (BVI) Co., Ltd.	Eternal (China) Investment Co., Ltd.	Investments accounted for using the equity method	Note 2	Subsidiary	Note 4	\$ 15,308,189	-	\$ -	Note 4	\$ -	\$ (676,725)	Note 2	Note 4	\$ 14,792,902
Eternal Holdings Inc.	Eternal International (BVI) Co., Ltd.	Investments accounted for using the equity method	Note 2	Subsidiary	183,793,592	15,137,021	-	-	(22,000,000)	-	(676,725)	Note 2	161,793,592	14,825,893
Eternal Materials Co., Ltd.	Eternal Holding Inc.	Investments accounted for using the equity method	Note 2	Subsidiary	200,108,859	20,293,015	-	-	(15,000,000)	-	(454,125)	Note 2	185,108,859	19,838,131
Eternal Materials Co., Ltd.	Eternal Technology Corporation	Investments accounted for using the equity method	Note 3 and Eternal International (BVI) Co., Ltd. (Note 6)	Subsidiary	-	-	Note 5	366,404	-	-	-	-	1,000	297,357
Eternal (China) Investment Co., Ltd.	Eternal Material Industry (Tongling) Co., Ltd.	Investments accounted for using the equity method	Note 3	Subsidiary	Note 4	863,511	Note 4	781,380	-	-	-	-	Note 4	1,586,195
Eternal (China) Investment Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	Investments accounted for using the equity method	Note 3	Subsidiary	Note 4	(703,359)	Note 4	1,003,720	-	-	-	-	Note 4	157,014

Note 1: Including share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method and exchange differences on translation of the financial statements of foreign operations.

Note 2: Capital reduction.

Note 3: Capital increase.

Note 4: No share was issued; therefore, it's not applicable.

Note 5: No shares was issued in this capital increase; therefore, it's not applicable.

Note 6: Reorganization.

TABLE 5

Eternal Materials Co., Ltd. and Subsidiaries

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2023

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

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Eternal Material Industry (Tongling) Co., Ltd.	Engaging the non-related party to build the office & factory building on own land.	March 20, 2023	\$ 946,000	Payment in accordance with the terms	Zhongdi Construction Group Co., Ltd.	Non- related party	-	-	-	\$ -	Price negotiation in accordance with the terms	Self-use	None
Eternal Electronic (Suzhou) Co., Ltd.	The construction of phase 2 warehouses and class A warehouse	November 25, 2023	378,964	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 6**Eternal Materials Co., Ltd. and Subsidiaries****TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****FOR THE YEAR ENDED DECEMBER 31, 2023****(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.	CHOU-KOU Materials Co., Ltd.	Subsidiary	Sales	\$ 531,315	4	Note 1	\$ -	-	\$ 187,638	5	
	Nikko-Materials Co., Ltd.	Subsidiary	Sales	105,256	1	Note 1	-	-	-	-	
	Eternal Electronic Material (Thailand) Co., Ltd.	Subsidiary	Sales	164,699	1	Note 1	-	-	52,145	2	
	Elga Europe S.r.l.	Subsidiary	Sales	154,756	1	Note 1	-	-	108,237	3	
	Eternal Chemical (China) Co., Ltd.	Subsidiary	Sales	189,709	1	Note 1	-	-	47,419	1	
	Eternal (China) Investment Co., Ltd.	Subsidiary	Sales	258,107	2	Note 1	-	-	70,238	2	
	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Subsidiary	Sales	582,973	4	Note 1	-	-	129,661	4	
	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Subsidiary	Sales	350,388	3	Note 1	-	-	78,419	2	
	Eternal Materials (Guangdong) Co., Ltd.	Subsidiary	Sales	216,609	2	Note 1	-	-	29,997	1	
	Eternal Chemical (China) Co., Ltd.	Sister company	Sales	238,346	5	Note 1	-	-	39,969	2	
Eternal Materials (Guangdong) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Sister company	Sales	410,478	8	Note 1	-	-	81,537	4	
	Allnex-Eternal Resins (Guangdong) Co., Ltd.	Associate	Sales	417,522	8	Note 1	-	-	101,967	5	
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	Sister company	Sales	160,775	5	Note 1	-	-	62,327	3	
	Eternal Electronic (Suzhou) Co., Ltd.	Sister company	Sales	177,530	5	Note 1	-	-	71,628	4	
Eternal Specialty Materials (Zhuhai) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Sister company	Sales	143,903	3	Note 1	-	-	40,227	3	
	Eternal Materials Co., Ltd.	Ultimate parent company	Sales	199,277	4	Note 1	-	-	39,148	3	
Eternal Chemical (China) Co., Ltd.	Allnex-Eternal Resins (Guangdong) Co., Ltd.	Associate	Sales	147,457	3	Note 1	-	-	99,187	5	
Eternal Chemical (Tianjin) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Sister company	Sales	258,361	11	Note 1	-	-	47,355	5	
Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Sister company	Sales	214,535	8	Note 1	-	-	74,283	9	

(Continued)

Company name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales (Note 2)	Amount	% to Total	Payment Terms	Unit Price	Payment Term	Ending Balance	% to Total	
Eternal Electronic (Suzhou) Co., Ltd.	Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Sister company	Sales	\$ 106,393	6	Note 1	\$ -	-	\$ 50,210	7	

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.

(Concluded)

Eternal Materials Co., Ltd. and Subsidiaries

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

DECEMBER 31, 2023

(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	Note
					Amount	Actions Taken			
Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	Subsidiary	\$ 187,638	3.26	\$ 37,922	Collected subsequently	\$ 38,039	\$ -	Note
	Elga Europe S.r.l.	Subsidiary	108,237	2.01	72,937	Collected subsequently	17,164	-	
	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Subsidiary	129,661	4.84	-	-	56,625	-	
	Eternal (China) Investment Co., Ltd.	Subsidiary	105,170	-	-	-	-	-	
Eternal Materials (Guangdong) Co., Ltd.	Allnex-Eternal Resins (Guangdong) Co., Ltd.	Associate	101,967	3.83	6,509	Collected subsequently	18,140	128	

Note : Other receivables.

TABLE 8**Eternal Materials Co., Ltd. and Subsidiaries****INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS****FOR THE YEAR ENDED DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Item (Note 5)	Amount	Terms	% to Total Revenues or Assets
0	Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	1	Revenue from sales of goods	\$ 531,315	Note 3	1.25
0	Eternal Materials Co., Ltd.	Nikko-Materials Co., Ltd.	1	Revenue from sales of goods	105,256	Note 3	0.25
0	Eternal Materials Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	1	Revenue from sales of goods	164,699	Note 3	0.39
0	Eternal Materials Co., Ltd.	Elga Europe S.r.l.	1	Revenue from sales of goods	154,756	Note 3	0.36
0	Eternal Materials Co., Ltd.	Eternal Chemical (China) Co., Ltd.	1	Revenue from sales of goods	189,709	Note 3	0.45
0	Eternal Materials Co., Ltd.	Eternal (China) Investment Co., Ltd.	1	Revenue from sales of goods	258,107	Note 3	0.61
0	Eternal Materials Co., Ltd.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	1	Revenue from sales of goods	582,973	Note 3	1.37
0	Eternal Materials Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	1	Revenue from sales of goods	350,388	Note 3	0.83
0	Eternal Materials Co., Ltd.	Eternal Materials (Guangdong) Co., Ltd.	1	Revenue from sales of goods	216,609	Note 3	0.51
0	Eternal Materials Co., Ltd.	Eternal (China) Investment Co., Ltd.	1	Other income	106,206	Note 3	0.25
0	Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	1	Notes and accounts receivable from related parties	187,638	Note 3	0.32
0	Eternal Materials Co., Ltd.	Elga Europe S.r.l.	1	Notes and accounts receivable from related parties	108,237	Note 3	0.18
0	Eternal Materials Co., Ltd.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	1	Notes and accounts receivable from related parties	129,661	Note 3	0.22
0	Eternal Materials Co., Ltd.	Eternal (China) Investment Co., Ltd.	1	Other receivables from related parties	105,170	Note 3	0.18
1	Eternal Holdings Inc.	Eternal Materials Co., Ltd.	2	Other receivables from related parties	1,596,660	Note 4	2.73
2	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	1	Other receivables from related parties	520,225	Note 4	0.89
2	Eternal (China) Investment Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	1	Other receivables from related parties	346,817	Note 4	0.59
2	Eternal (China) Investment Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	1	Other receivables from related parties	433,521	Note 4	0.74
3	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	3	Revenue from sales of goods	160,775	Note 3	0.38
3	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	3	Revenue from sales of goods	177,530	Note 3	0.42
3	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	3	Other receivables from related parties	296,989	Note 4	0.51
4	Eternal Materials (Guangdong) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	3	Revenue from sales of goods	238,346	Note 3	0.56
4	Eternal Materials (Guangdong) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	3	Revenue from sales of goods	410,478	Note 3	0.97
5	Eternal Chemical (Tianjin) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	3	Revenue from sales of goods	258,361	Note 3	0.61

(Continued)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Item (Note 5)	Amount	Terms	% to Total Revenues or Assets
6	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	3	Revenue from sales of goods	\$ 143,903	Note 3	0.34
6	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Eternal Materials Co., Ltd.	2	Revenue from sales of goods	199,277	Note 3	0.47
7	Eternal Chemical (China) Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	3	Other receivables from related parties	298,903	Note 4	0.51
7	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	3	Other receivables from related parties	727,778	Note 4	1.24
7	Eternal Chemical (China) Co., Ltd.	Eternal (China) Investment Co., Ltd.	3	Other receivables from related parties	219,773	Note 4	0.38
8	Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	3	Revenue from sales of goods	214,535	Note 3	0.51
9	Eternal Electronic (Suzhou) Co., Ltd.	Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	3	Revenue from sales of goods	106,393	Note 3	0.25

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.

(Concluded)

TABLE 9**Eternal Materials Co., Ltd. and Subsidiaries****INFORMATION ON INVESTEEES (EXCLUDING INVESTMENTS IN MAINLAND CHINA)****FOR THE YEAR ENDED DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Eternal Materials Co., Ltd.	Eternal Holdings Inc.	Samoa	International investment	\$ 5,681,836	\$ 6,135,961	185,108,859	100.00	\$ 19,838,131	\$ 731,712	\$ 745,126	Note 27 of the consolidated financial statements
Eternal Materials Co., Ltd.	Eternal Global (BVI) Co., Ltd.	British Virgin Islands	International investment	703,144	703,144	16,357,914	100.00	4,826,794	227,801	236,540	
Eternal Materials Co., Ltd.	Mixville Holdings Inc.	British Virgin Islands	International investment	899,392	899,392	26,630,000	100.00	3,625,674	191,547	200,012	
Eternal Materials Co., Ltd.	Advanced PETFILM Investment Co., Ltd.	Japan	International investment	788,630	788,630	270	20.00	506,495	145,914	25,894	
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	714,968	523,354	119,325	
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	32,056	595	373	
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	123,416	125,321	50,129	
Eternal Materials Co., Ltd.	Eternal Precision Mechanics Co., Ltd.	Taiwan	Manufacturing and selling of vacuum laminator	555,123	550,000	52,085,384	84.61	1,263,256	316,897	330,206	
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	131,098	1,334	8,031	
Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	Japan	Selling, trading and providing services of resins material, electronic material and other related products; manufacturing and selling of dry film photoresist	190,594	60,431	9,760	100.00	221,434	26,028	17,378	
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	18,008	29,889	21,723	Note 2
Eternal Materials Co., Ltd.	Eternal Technology Corporation	United States	Manufacturing and selling of photoresist; selling of chemical prouduts	622,950	-	1,000	100.00	297,357	(107,652)	(65,645)	
Eternal Precision Mechanics Co., Ltd.	Nikko-Materials Co., Ltd.	Japan	Manufacturing and selling of vacuum laminator	300,150	300,150	11,520	100.00	875,047	455,167	-	Note 1
Eternal Holdings Inc.	Eternal International (BVI) Co., Ltd.	British Virgin Islands	International investment	5,062,308	5,739,033	161,793,592	100.00	14,825,893	361,383	-	Note 1
Eternal Holdings Inc.	E-Chem Corp.	Samoa	International investment	165,608	165,608	4,990,000	100.00	2,793,838	454,520	-	Note 1
Eternal Holdings Inc.	Eternal Nanyang Investment Co., Ltd.	Samoa	International investment	841,453	841,453	28,350,000	90.00	156,249	(247,564)	-	Note 1
Eternal Holdings Inc.	PT Eternal Materials Indonesia	Indonesia	Trading of chemical products	13,360	13,360	670	67.00	14,761	(2,523)	-	Note 1
Eternal Holdings Inc.	Eternal Materials India Private Limited	India	Selling, trading of chemical	13,643	-	3,465,000	99.00	12,530	(278)	-	Note 1
Eternal Holdings Inc.	Allnex-Eternal Resins Corporation Limited	Hong Kong	Trading and international investment	14,496	50,385	49,000	49.00	413,926	144,265	-	Note 1
Eternal Holdings Inc.	Polymer Instrumentation and Consulting Services, Ltd.	United States	Plastic products manufacturing	121,913	121,913	4,694,296	30.00	-	-	-	Note 1
Eternal International (BVI) Co., Ltd.	Eternal Technology Corporation	United States	Manufacturing and selling of photoresist; selling of chemical products	-	600,693	-	-	-	(107,652)	-	Notes 1 and 2
E-Chem Corp	Eternal Materials India Private Limited	India	Selling, trading of chemical	138	-	35,000	1.00	127	(278)	-	Note 1
Mixville Holdings Inc.	High Expectation Limited	Cayman Islands	International investment	871,519	871,519	26,005,000	100.00	3,377,984	188,605	-	Note 1

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
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	\$ 5,837	\$ 29,889	\$ -	Note 1
Eternal Nanyang Investment Co., Ltd.	Eternal Materials (Malaysia) Sdn. Bhd.	Malaysia	Manufacturing, selling, trading and providing services of resins material related products	2,082,818	2,082,818	395,922,000	100.00	1,568,749	(148,743)	-	Note 1

Note 1: It had been consolidated into the net income (loss) of investees recognized by the Company using the equity method, and also considered into the calculation of the Company's investment income or loss.

Note 2: Reorganization.

(Concluded)

TABLE 10

Eternal Materials Co., Ltd. and Subsidiaries

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(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, 2023	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Eternal Chemical (China) Co., Ltd.	Manufacturing and selling of resins material and processing products	\$ 755,651	2	\$ 625,549	\$ -	\$ -	\$ 625,549	\$ 214,402	100.00	\$ 214,402	\$ 4,512,575	\$ 1,772,062	Note 2
Covestro Eternal Resins (Kunshan) Co., Ltd.	Manufacturing and selling of powder coating resin	183,470	2	91,735	-	-	91,735	23,297	50.00	11,648	320,923	600,691	Note 2
Eternal Optical Material (Suzhou) Co., Ltd.	Manufacturing and selling of optical films, and leasing business	1,563,967	2	-	-	-	-	(19,904)	100.00	(19,904)	168,181	-	Note 2 and Note 10 of the consolidated financial statements
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	235,057	100.00	235,057	3,798,185	983,767	Note 2
Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Researching, developing and manufacturing of photoresist dry film, liquid photo imaginable solder masks and printed circuit board related materials	469,402	2	-	-	-	-	9,251	100.00	9,251	177,652	-	Note 2
Eterkon Semiconductor Materials Co., Ltd.	Manufacturing and selling of epoxy molding compounds which are used in electronic parts and related products	524,337	2	456,427	-	-	456,427	68,845	40.00	30,972	296,919	-	Note 2
Eternal Synthetic Resins (Changshu) Co., Ltd.	Manufacturing and selling of unsaturated polyester resin	726,426	2	279,811	-	-	279,811	(8,936)	100.00	(8,936)	174,208	-	Note 2
Eternal Chemical (Tianjin) Co., Ltd.	Manufacturing and selling of adhesives, resins material and processing products	1,008,004	2	599,320	-	-	599,320	20,736	100.00	20,736	942,397	-	Note 2
Eternal Specialty Materials (Zhuhai) Co., Ltd.	Manufacturing and selling of acrylic resin and methacrylic acid	611,011	2	243,540	-	-	243,540	465,889	90.00	453,940	2,779,580	1,577,039	Note 2
Shanghai Dowill Paint Technology Co., Ltd. (Original name: 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	(4,689)	-	(5,557)	-	-	Note 2 and Note 14 of the consolidated financial statements
Eternal Materials (Guangdong) Co., Ltd.	Manufacturing and selling of adhesives, resins material and processing products	1,297,259	2	868,175	-	-	868,175	188,840	100.00	188,840	3,376,330	2,150,020	Note 2
Eternal (China) Investment Co., Ltd.	Managing, investing consulting services, researching, leasing, manufacturing and selling of resins material and photoelectric chemicals materials	6,880,878	2	4,264,844	-	454,125	3,810,719	409,950	100.00	409,950	14,792,902	-	Notes 2 and 3
Eternal Chemical (Chengdu) Co., Ltd.	Researching, manufacturing and selling of resins material	1,454,071	2	-	-	-	-	(150,512)	100.00	(150,512)	157,014	-	Note 2
Eternal Electronic (Suzhou) Co., Ltd.	Researching, developing, and manufacturing of dry film photoresist and dry film solder masks which are used in electronic materials, researching resin materials and selling, providing after sales service of self-produced products	1,929,180	2	-	-	-	-	(98,068)	100.00	(98,068)	2,012,291	-	Note 2

(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, 2023	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Eternal Specialty Materials (Suzhou) Co., Ltd.	Researching and developing chemical products, and selling, providing technical services of self-produced products	\$ 1,199,225	2	\$ -	\$ -	\$ -	\$ -	\$ 306,596	100.00	\$ 306,596	\$ 2,042,662	\$ -	Note 2
Resonac New Material (Zhuhai) Co., Ltd. (Original name: Showa Denko New Material (Zhuhai) Co., Ltd.)	Manufacturing and selling of functional resins, resins composite material and providing technical services	366,881	2	-	-	-	-	4,022	30.00	1,153	91,560	-	Note 2
Eternal Material Industry (Tongling) Co., Ltd.	Manufacturing, selling and providing technical services of products related to resins material	1,650,580	2	-	-	-	-	(43,635)	100.00	(43,635)	1,586,195	-	Note 2
Eternal Precision Mechanics (Guangzhou) Ltd.	Manufacturing and selling of computers, communications and other electronic equipment	132,928	1	-	132,928	-	132,928	(6,243)	100.00	(6,866)	123,278	-	Note 2

Investor Company	Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023 (Note 4)	Investment Amount Authorized by the Investment Commission, MOEA (Note 4)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 5)
Eternal Materials Co., Ltd. Eternal Precision Mechanics Co., Ltd.	\$ 7,622,793 132,928	\$ 28,198,265 132,330	\$ - 895,822

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 audited by the parent company's CPA in the ROC in accordance with SAS No. 600 "Special Considerations - Audits of Group Financial Statements".

Note 3: The investment gains and losses of Eternal (China) Investment Co., Ltd. included the income (loss) of the invested company.

Note 4: The amounts were translated into NTD using the exchange rate of application date or remittance date.

Note 5: 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. For the subsidiary Eternal Precision Mechanics Co., Ltd., the upper limit for the investment amount is 60% of its net worth.

(Concluded)

TABLE 11

Eternal Materials Co., Ltd.

INFORMATION OF MAJOR SHAREHOLDERS DECEMBER 31, 2023

[illegible]

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 year. The share capital in the financial statements of the Company may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

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

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STATEMENT 1**Eternal Materials Co., Ltd.****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Description	Amount
Cash on hands		\$ 3,459
Cash in banks	Checking accounts	34,899
	NTD demand deposits	26,732
	USD demand deposits (USD4,053 thousand @30.7050)	124,440
	JPY demand deposits (JPY54,907 thousand @0.2165)	11,887
	SGD demand deposits (SGD112 thousand @23.2900)	2,610
	RMB demand deposits (RMB1 thousand @4.3352)	2
		<hr/>
		<u>\$ 204,029</u>

STATEMENT 2**Eternal Materials Co., Ltd.****STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Client Name	Description	Amount	Remark
Non-related parties			
Aalborz Chemical Llc Db Aal Chem	Sales of goods	\$ 144,967	
Hong Kong Cheng Ho Enterprises	Sales of goods	117,937	
Others (Note)		<u>2,109,319</u>	
		2,372,223	
Less: Allowance for loss		<u>(62,691)</u>	
		<u>\$ 2,309,532</u>	
Related parties			
CHOU-KOU Materials Co., Ltd.	Sales of goods	\$ 187,638	
Eternal Specialty Materials (Zhuhai) Co., Ltd.	Sales of goods	129,661	
Elga Europe S.r.l.	Sales of goods	108,237	
Eternal Technology Corporation	Sales of goods	90,770	
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Sales of goods	78,419	
Eternal (China) Investment Co., Ltd.	Sales of goods	70,238	
Eternal Electronic Material (Thailand) Co., Ltd.	Sales of goods	52,145	
Eternal Chemical (China) Co., Ltd.	Sales of goods	47,419	
Others (Note)		<u>117,508</u>	
		882,035	
Less: Allowance for loss		<u>(3)</u>	
		<u>\$ 882,032</u>	

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

STATEMENT 3**Eternal Materials Co., Ltd.****STATEMENT OF OTHER RECEIVABLES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Receivable for trademark license fee		\$ 218,937
Receivable for service fee		121,672
Receivable for business tax		76,051
Receivable for endorsements and guarantees		31,069
Others (Note)		<u>40,821</u>
		488,550
Less: Allowance for loss		<u>(29,800)</u>
		<u>\$ 458,750</u>

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

STATEMENT 4**Eternal Materials Co., Ltd.****STATEMENT OF INVENTORIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount		Remark
		Cost	Net Realizable Value	
Raw materials		\$ 1,190,226	\$ 1,631,460	Note
Supplies		31,534	31,534	Note
Finished goods		1,313,797	1,717,239	Note
Inventory in transit		<u>125,628</u>	<u>125,628</u>	Note
		<u>\$ 2,661,185</u>	<u>\$ 3,505,861</u>	

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

Eternal Materials Co., Ltd.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Name	Beginning of the Year		Additions		Decrease		End of the Year		Guarantee or Pledge	Remark
	Number of Shares	Fair Value (Note 1)	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Fair Value (Note 1)		
Domestic listed shares										
President Securities Corp.	33,366,767	\$ 522,190	-	\$ 133,467	-	\$ -	33,366,767	\$ 655,657	No	Note 2
Domestic unlisted shares										
Universal Venture Capital Investment Corp.	5,000,000	45,497	-	7,452	-	-	5,000,000	52,949	No	Note 2
Der Yang Biotechnology Venture Capital Co., Ltd.	230,096	2,770	-	209	-	-	230,096	2,979	No	Note 2
Hwa Nan Venture Capital Co., Ltd.	57,438	-	-	-	-	-	57,438	-	No	
Research Innovation Capital Corp.	-	-	10,000,000	50,000	-	(626)	10,000,000	49,374	No	Note 2
Foreign unlisted shares										
TBG Diagnostics Limited	40,200,000	56,599	-	-	-	(18,172)	40,200,000	38,427	No	Note 2
		<u>\$ 627,056</u>		<u>\$ 191,128</u>		<u>\$ (18,798)</u>		<u>\$ 799,386</u>		

Note 1: Fair value is determined by the evaluation approach shown in Note 25.

Note 2: The changes for the year are due to increased investment and valuation adjustment.

Eternal Materials Co., Ltd.

**STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023**
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name	Balance at Beginning of the Year		Additions (Note 1)		Decrease (Note 2)		Investment Gain (Loss)	Other Adjustments (Note 3)	Balance at End of the Year			Market Value or Net Assets Value		Guarantee or Pledge	Remark
	Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	Amount			Number of Shares (In Thousands)	%	Amount	Unit price (NT\$)	Total Amount		
Eternal Holdings Inc.	200,109	\$ 20,293,015	-	\$ -	(15,000)	\$ (1,081,078)	\$ 745,126	\$ (118,932)	185,109	100.00	\$ 19,838,131	\$ 108	\$ 19,977,529	No	
Eternal Global (BVI) Co., Ltd.	16,358	4,990,787	-	-	-	(318,031)	236,540	(82,502)	16,358	100.00	4,826,794	296	4,835,950	No	
Mixville Holdings Inc.	26,630	3,703,360	-	-	-	(264,600)	200,012	(13,098)	26,630	100.00	3,625,674	137	3,637,529	No	
Advanced PETFILM Investment Co., Ltd.	-	488,355	-	-	-	-	25,894	(7,754)	-	20.00	506,495	1,782,756	481,344	No	Note 4
Daxin Materials Corporation	23,424	672,942	-	-	-	(77,299)	119,325	-	23,424	22.80	714,968	99	2,325,985	No	
New E Materials Co., Ltd.	6,908	31,682	-	-	-	-	374	-	6,908	62.80	32,056	5	32,050	No	
Covestro Eternal Resins (Far East) Ltd.	3,660	103,688	-	-	-	(30,400)	50,128	-	3,660	40.00	123,416	34	123,416	No	
Eternal Precision Mechanics Co., Ltd.	52,000	826,296	85	5,123	-	(179,969)	330,206	281,600	52,085	84.61	1,263,256	24	1,263,259	No	
Eternal Electronic Material (Thailand) Co., Ltd.	938	132,059	-	-	-	(9,938)	8,031	946	938	75.00	131,098	140	131,684	No	
CHOU-KOU Materials Co., Ltd.	4	85,481	6	128,321	-	-	17,378	(9,746)	10	100.00	221,434	23,860	232,877	No	
Elga Europe S.r.l.	-	(3,556)	-	-	-	-	21,723	(159)	-	72.68	18,008	-	18,243	No	Note 5
Eternal Technology Corporation	-	-	1	366,404	-	-	(65,645)	(3,402)	1	100.00	297,357	305,362	305,362	No	
		<u>\$ 31,324,109</u>		<u>\$ 499,848</u>		<u>\$ (1,961,315)</u>	<u>\$ 1,689,092</u>	<u>\$ 46,953</u>			<u>\$ 31,598,687</u>		<u>\$ 33,365,228</u>		

Note 1: Capital increase and reorganization.

Note 2: Capital reduction; cash dividends from the invested company.

Note 3: Other adjustments:

- 1) Exchange differences on translation of the financial statements of foreign operations that are recognized using the equity method.
- 2) Recognized remeasurement of defined benefit plans of investments accounted for using the equity method.
- 3) Recognized unrealized gains and losses on financial assets at FVTOCI of investments accounted for using the equity method.
- 4) Recognized share - based payment of investments accounted for using the equity method.
- 5) Recognized the difference between the subsidiary's cash capital increase and the net equity acquired.

Note 4: Less than a thousand shares.

Note 5: No shares issued; not applicable.

STATEMENT 7**Eternal Materials Co., Ltd.****STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Balance at Beginning of the Year	Additions (Note)	Decrease	Balance at End of the Year	Remark
Land	\$ 12,123	\$ (2)	\$ -	\$ 12,121	
Buildings	51,806	8,249	(30,079)	29,976	
Storage equipment	10,202	2,066	-	12,268	
Other equipment	<u>28,410</u>	<u>871</u>	<u>(359)</u>	<u>28,922</u>	
	<u>\$ 102,541</u>	<u>\$ 11,184</u>	<u>\$ (30,438)</u>	<u>\$ 83,287</u>	

Note: Including lease modification.

STATEMENT 8**Eternal Materials Co., Ltd.****STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Balance at Beginning of the Year	Additions	Decrease	Balance at End of the Year	Remark
Land	\$ 1,861	\$ 503	\$ -	\$ 2,364	
Buildings	18,971	11,432	(15,650)	14,753	
Storage equipment	2,405	2,297	-	4,702	
Other equipment	<u>13,618</u>	<u>5,927</u>	<u>(359)</u>	<u>19,186</u>	
	<u>\$ 36,855</u>	<u>\$ 20,159</u>	<u>\$ (16,009)</u>	<u>\$ 41,005</u>	

STATEMENT 9

Eternal Materials Co., Ltd.

STATEMENT OF ACCOUNTS PAYABLE

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Vendor Name	Description	Amount	Remark
Chang Chun Plastics Co., Ltd.	Purchase of goods	\$ 90,552	
Formosa Plastics Corporation	Purchase of goods	83,324	
Nan Ya Plastics Corporation	Purchase of goods	77,120	
Others (Note)		<u>892,702</u>	
		<u>\$ 1,143,698</u>	

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

STATEMENT 10**Eternal Materials Co., Ltd.****STATEMENT OF OTHER PAYABLES - OTHERS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Payable for equipment		\$ 169,664
Bonus		105,437
Compensation of employees		80,000
Interest		41,034
Others (Note)		<u>346,147</u>
		<u>\$ 742,282</u>

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

Eternal Materials Co., Ltd.

STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2023

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

Type	Balance at End of Year	Contract Period	Range of Interest Rates (%)	Loan Commitments (Thousands)	Collateral
Unsecured loans					
HSBC Bank (Taiwan) Limited	\$ 600,000	2023.07.03-2024.04.17	1.68	NT\$ 600,000	None
The Shanghai Commercial and Savings Bank, Ltd.	280,000	2023.07.05-2024.07.05	1.76	NT\$ 300,000	None
The Shanghai Commercial and Savings Bank, Ltd.	153,525	2023.10.25-2024.02.06	6.45	US\$ 15,000	None
First Commercial Bank	520,000	2023.12.27-2024.01.29	1.68	NT\$ 1,200,000	None
Taipei Fubon Commercial Bank Co., Ltd.	97,420	2023.11.03-2024.04.10	0.60	NT\$ 500,000	None
CTBC Bank Co., Ltd.	300,000	2023.11.10-2024.02.07	1.70	NT\$ 750,000	None
The Export-Import Bank of the Republic of China	100,000	2023.07.31-2024.07.31	1.65	NT\$ 300,000	None
Mizuho Bank, Ltd.	71,442	2023.11.13-2024.02.22	0.58	NT\$ 1,300,000	None
Yuanta Commercial Bank Co., Ltd.	300,000	2023.11.29-2024.02.27	1.66	NT\$ 1,000,000	None
Taishin International Bank Co., Ltd.	150,000	2023.12.04-2024.01.04	1.73	NT\$ 350,000	None
Bank of Taiwan	400,000	2023.11.20-2024.01.22	1.72	NT\$ 400,000	None
Loans from related parties					
Eternal Holdings Inc.	<u>1,596,660</u>	2023.10.02-2024.10.29	5.80-5.88	US\$ 52,000	None
	<u>\$ 4,569,047</u>				

STATEMENT 12

Eternal Materials Co., Ltd.

STATEMENT OF OTHER NON-CURRENT LIABILITIES

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Net defined benefit liabilities		\$ 544,199
Others (Note)		<u>954</u>
		<u>\$ 545,153</u>

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

Eternal Materials Co., Ltd.

STATEMENT OF LONG-TERM BORROWINGS

DECEMBER 31, 2023

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

Creditors	Description	Loan Amount	Agreement Period	Interest Rate Range (%)	Pledge or Guarantee	Remark
Unsecured loans						
First commercial bank	Bullet repayment, non-revolving credit	\$ 600,000	2022.11-2025.11	1.83	No	
HSBC Bank (Taiwan) Limited	Repay in installment, non-revolving credit	300,000	2022.08-2025.08	1.91	No	
HSBC Bank (Taiwan) Limited	Bullet repayment, revolving credit	420,000	2023.08-2025.08	1.78	No	
E.SUN Commercial Bank, Ltd.	Repay in installment, non-revolving credit	300,000	2023.05-2026.05	1.82	No	
Mega International Commercial Bank Co., Ltd.	Bullet repayment, non-revolving credit	800,000	2022.09-2025.09	1.85	No	
Bank of Taiwan	Repay in installment, non-revolving credit	1,000,000	2022.08-2025.08	1.75	No	
Bank of Taiwan	Repay in installment, non-revolving credit	200,000	2023.08-2026.08	1.75	No	
Taiwan Business Bank, Ltd.	Bullet repayment, non-revolving credit	300,000	2021.05-2024.05	1.85	No	
Far Eastern International Bank	Bullet repayment, non-revolving credit	150,000	2021.09-2024.09	2.11	No	
Far Eastern International Bank	Bullet repayment, revolving credit	300,000	2023.12-2024.02	1.73	No	
Bank of China	Bullet repayment, revolving credit	1,250,000	2023.11-2024.01	1.71	No	
Yuanta Commercial Bank Co., Ltd.	Repay in installment, non-revolving credit	350,000	2023.06-2026.06	1.81	No	
Chang Hwa Commercial Bank, Ltd.	Bullet repayment, non-revolving credit	300,000	2023.08-2026.08	1.81	No	
Mizuho bank, Ltd.	Bullet repayment, revolving credit	620,000	2023.09-2024.06	1.75	No	
Hua Nan Commercial Bank, Ltd.	Bullet repayment, non-revolving credit	500,000	2023.08-2026.08	1.80	No	
CTBC Bank Co., Ltd.	Bullet repayment, revolving credit	<u>150,000</u>	2023.12-2024.03	1.76	No	
		7,540,000				
Less: Current portion		<u>(450,000)</u>				
		<u>\$ 7,090,000</u>				

Eternal Materials Co., Ltd.

STATEMENT OF BONDS PAYABLE

DECEMBER 31, 2023

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

Bond Name	Trustee	Issuance Date	Interest Payment Date and Repayment Method	Annual Rate	Amount					
					Total Amount Issued	Repayment Paid	Balance at End of the Year	Issuance Costs	Carrying Value	Collateral
5-year secured bonds	Bank SinoPac Co., Ltd.	2019.11-2024.11	Principal repayable at maturity and interest payable annually	0.82	\$ 3,000,000	\$ -	\$ 3,000,000	\$ (1,031)	\$ 2,998,969	Note 15
5-year secured bonds	CTBC Bank Co., Ltd.	2021.08-2026.08	Principal repayable at maturity and interest payable annually	0.58	2,500,000	-	2,500,000	(2,797)	2,497,203	Note 15
									5,496,172	
Less: Current portion									(2,998,969)	
									<u>\$ 2,497,203</u>	

Eternal Materials Co., Ltd.

**STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Description	Lease Term	Discount Rate	Balance at End of the Year	Remark
Land		2019.01-2043.06	1.72-2.29	\$ 6,114	
Buildings		2020.05-2028.10	1.63-6.09	15,918	
Storage equipment		2020.09-2028.10	1.63-1.83	7,667	
Other equipment		2019.09-2027.10	0.69-6.16	<u>9,748</u>	
				39,447	
Less: Current portion				<u>(15,369)</u>	
				<u>\$ 24,078</u>	

STATEMENT 16**Eternal Materials Co., Ltd.****STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Quantity	Amount	Remark
Resins materials	107 thousand tons	\$ 7,054,385	
Electronic materials	648,383 thousand square feet, 12,883 thousand square meter and 3 thousand tons	3,467,871	
High performance materials	14 thousand tons	2,750,318	
Others		<u>45,126</u>	
		<u>\$ 13,317,700</u>	

STATEMENT 17**Eternal Materials Co., Ltd.****STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Amount
Balance of raw materials and materials in transit, beginning of the year	\$ 1,678,135
Add: Raw materials purchased	7,102,688
Transferred from finished goods to manufacturing	13,531,600
Less: Raw materials sold	(151,592)
Others	(53,773)
Balance of raw materials and materials in transit, end of the year	<u>(1,321,081)</u>
Raw materials used	<u>20,785,977</u>
Balance of supplies, beginning of the year	42,960
Add: Supplies purchased	499,806
Less: Supplies sold	(5,791)
Others	(103,661)
Balance of supplies, end of the year	<u>(31,534)</u>
Supplies used	<u>401,780</u>
Raw materials and supplies used	21,187,757
Direct labor	306,861
Manufacturing expenses	<u>1,365,424</u>
Manufacturing cost	22,860,042
Balance of finished goods, beginning of the year	1,687,115
Add: Finished goods purchased	565,776
Less: Transferred to manufacturing	(13,531,600)
Others	(48,990)
Balance of finished goods, end of the year	<u>(1,343,199)</u>
Operating costs - finished goods	10,189,144
Operating costs - raw materials	151,592
Operating costs - supplies	5,791
Operating costs - others	<u>542,591</u>
Operating costs	<u>\$ 10,889,118</u>

STATEMENT 18**Eternal Materials Co., Ltd.****STATEMENT OF SELLING AND MARKETING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Remark
Shipping expense		\$ 300,218	
Payroll expense		164,442	
Others (Note)		<u>224,881</u>	
		<u>\$ 689,541</u>	

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

STATEMENT 19**Eternal Materials Co., Ltd.****STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Remark
Salaries		\$ 413,519	
Depreciation expense		40,268	
Information technology expense		47,612	
Others (Note)		<u>306,432</u>	
		<u>\$ 807,831</u>	

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

Eternal Materials Co., Ltd.**STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Remark
Salaries		\$ 541,428	
Depreciation expense		158,538	
Laboratory fees		88,416	
Others (Note)		<u>301,832</u>	
		<u>\$ 1,090,214</u>	

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

STATEMENT 21**Eternal Materials Co., Ltd.**

**STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION BY
FUNCTION FOR THE YEAR
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Nature \ Function	For the Year Ended December 31, 2023		
	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense			
Salaries	798,442	1,119,389	1,917,831
Labor and health insurance	78,842	91,691	170,533
Pension	41,890	56,869	98,759
Remuneration of directors	-	17,136	17,136
Others	52,839	66,243	119,082
Depreciation	439,469	204,366	643,835
Amortization	529	16,089	16,618

Nature \ Function	For the Year Ended December 31, 2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense			
Salaries	844,904	1,266,257	2,111,161
Labor and health insurance	84,765	103,367	188,132
Pension	67,894	88,589	156,483
Remuneration of directors	-	24,013	24,013
Others	58,354	73,457	131,811
Depreciation	450,488	212,209	662,697
Amortization	311	17,292	17,603

Note 1: For the years ended December 31, 2023 and 2022, the Company had 2,046 and 2,129 employees, respectively, and there were 11 and 10 non-employee directors, respectively.

Note 2: The following information is disclosed since the Company's shares are listed on the Taiwan Stock Exchange (TWSE):

- 1) Average employee benefit expense for the year ended December 31, 2023 was \$1,133 thousand (calculated as total employee benefit expense net of total remuneration of directors for the year divided by number of employees net of number of non-employee directors for the year). Average employee benefit expense for the year ended December 31, 2022 was \$1,221 thousand (calculated as total employee benefit expense net of total remuneration of directors for the previous year divided by the number of employees net of number of non-employee directors for the previous year).
- 2) Average salaries for the year ended December 31, 2023 was \$942 thousand (calculated as total salaries for the year divided by number of employees net of number of non-employee directors for the year). Average salaries for the year ended December 31, 2022 was \$996 thousand (calculated as total salaries for the previous year divided by number of employees net of number of non-employee directors for the previous year).

(Continued)

- 3) Adjustment of average salaries was -5.42% (calculated as average salaries for the year net of average salaries for the previous year divided by average salaries for the previous year).
- 4) The Company has no supervisors.
- 5) The Company conducts salary surveys every year to measure the market's salary level and overall economic indicators and makes appropriate adjustments to its overall salary policy. In addition to the annual salary adjustments and a comprehensive promotion system, various reward systems are in place to encourage colleagues with superior performance. According to the Company's Articles of Incorporation, if the Company makes a profit in the current year, 4.5% (inclusive) to 5.5% of the profit shall be appropriated as compensation of employees.

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

The annual compensation package of managers includes salary, bonus and employees' compensation from the distribution of earnings. Compensation is determined by reference to industry standards, taking into consideration the Company's operating performance, individual performance and future risks. The compensation of managers is also subject to review by the compensation committee and approval of the board of directors in accordance with the law.

(Concluded)