

Eternal Materials Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Three Months Ended March 31, 2021 and 2020 and Independent Auditors' Review Report

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

INDEPENDENT AUDITORS' REVIEW REPORT

Eternal Materials Co., Ltd.

Opinion

We have reviewed the accompanying consolidated balance sheets of Eternal Materials Co., Ltd. (the "Company") and its subsidiaries as of March 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission(FSC) of The republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As disclosed in Note 12 to the consolidated financial statements, total assets of some non-significant subsidiaries included in the consolidated statements were NT\$24,162,984 thousand and NT\$22,710,775 thousand, constituting 42% and 43% of the consolidated total assets; total liabilities were NT\$9,119,254 thousand and NT\$7,257,701, constituting 27% and 24% of the consolidated total liabilities as of March 31 2021 and 2020, respectively; total comprehensive income profit or loss of these consolidated subsidiaries for the three months ended March 31, 2021 and 2020 were at a profit of NT\$297,480 thousand and loss of NT\$245,408 thousand, respectively, constituting 49% and 674% of the consolidated total comprehensive income, respectively. The amounts and information disclosed in Notes 34 and 35 to the consolidated financial statements were based solely on the reports prepared and disclosed by these subsidiaries, which were not reviewed by independent accountants for the same reporting periods. In addition, as disclosed in Note 13 to the consolidated financial statements, the total carrying amounts of investments accounted for using the equity method were NT\$2,391,084 thousand and NT\$2,298,086 thousand as of March 31. 2021 and 2020, respectively; the share of the profit of associates and joint ventures accounted for using the equity method were NT\$107,548 thousand and NT\$49,724 thousand for the three months ended March 31, 2021 and 2020, respectively; the Share of the other comprehensive loss of associates and joint ventures were NT\$9,100thousand and NT\$10,344 thousand for the three months ended March 31, 2021 and 2020, respectively. The amounts and information disclosed in Notes 34 and 35 to the consolidated financial statements were based solely on the reports recognized and disclosed by investees, which were not reviewed by independent accountants for the same reporting periods

Qualified Conclusion

Base on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and other equity-method investees as described in the preceding paragraph been reviewed by independent accountants, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the financial position of the Company and its subsidiaries as of March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and international Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 7, 2021

Notice to Readers

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

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

Eternal Materials Co., Ltd. and Subsidiaries

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	March 31, 2021 (Reviewed)		December 31, 2020 (Audited)		March 31, 2020 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 5,045,153	9	\$ 6,108,294	11	\$ 6,574,385	13
Financial assets at fair value through profit or loss – current (Note 7)	1,064,380	2	-	-	-	-
Notes receivable, net (Notes 8 and 30)	5,437,189	9	5,138,238	9	4,266,034	8
Notes receivable from related parties, net (Notes 8 and 29)	60,348	-	44,739	-	50,475	-
Accounts receivable, net (Note 8)	11,772,139	20	12,121,573	22	9,042,612	17
Accounts receivable from related parties, net (Notes 8 and 29)	201,359	-	218,637	-	163,173	-
Other receivables (Notes 8 and 29)	883,742	2	791,068	2	900,880	2
Inventories (Note 9)	8,528,904	15	7,492,620	13	7,450,687	14
Other financial assets - current (Note 10)	194,471	-	61,860	-	66,950	-
Other current assets - others	920,446	2	644,919	1	742,311	2
Total current assets	<u>34,108,131</u>	<u>59</u>	<u>32,621,948</u>	<u>58</u>	<u>29,257,507</u>	<u>56</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	13,196	-	21,301	-	12,585	-
Financial assets at fair value through other comprehensive income - non-current (Note 11)	1,149,086	2	1,016,306	2	872,144	2
Investments accounted for using the equity method (Note 13)	2,407,539	4	2,306,731	4	2,334,412	4
Property, plant and equipment (Notes 14 and 30)	16,390,008	28	16,623,050	30	16,924,714	32
Right-of-use assets (Note 15)	1,142,872	2	1,195,535	2	998,791	2
Investment properties (Note 16)	1,315,234	2	1,356,821	2	1,176,300	2
Intangible assets (Note 17)	277,987	1	282,235	-	402,477	1
Deferred tax assets	401,956	1	397,389	1	385,869	1
Other - non - current assets - others (Notes 18 and 30)	344,423	1	367,309	1	209,343	-
Total non-current assets	<u>23,442,301</u>	<u>41</u>	<u>23,566,677</u>	<u>42</u>	<u>23,316,635</u>	<u>44</u>
TOTAL	<u>\$ 57,550,432</u>	<u>100</u>	<u>\$ 56,188,625</u>	<u>100</u>	<u>\$ 52,574,142</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 19 and 30)	\$ 5,520,572	10	\$ 4,403,929	8	\$ 4,323,731	8
Notes payable	833,076	2	534,320	1	123,336	-
Accounts payable (Note 29)	5,845,875	10	5,598,389	10	3,856,970	8
Other payables - others	1,925,690	3	2,053,754	4	1,475,975	3
Current tax liabilities	320,486	1	442,184	1	159,924	-
Lease liabilities - current (Note 15)	75,808	-	81,002	-	45,695	-
Current portion of long-term borrowings (Notes 19 and 30)	2,339,713	4	2,211,266	4	3,652,861	7
Other current liabilities - others (Note 22)	190,196	-	188,277	-	98,883	-
Total current liabilities	<u>17,051,416</u>	<u>30</u>	<u>15,513,121</u>	<u>28</u>	<u>13,737,375</u>	<u>26</u>
NON-CURRENT LIABILITIES						
Bonds payable (Note 19)	2,995,666	5	2,995,374	5	2,994,486	6
Long-term borrowings (Notes 19 and 30)	9,535,420	17	10,190,026	18	9,801,403	19
Deferred tax liabilities	2,662,578	5	2,641,898	5	2,728,456	5
Lease liabilities - non-current (Note 15)	231,475	-	262,898	1	94,169	-
Other non-current liabilities (Note 13)	1,248,249	2	1,347,006	2	1,335,100	2
Total noncurrent liabilities	<u>16,673,388</u>	<u>29</u>	<u>17,437,202</u>	<u>31</u>	<u>16,953,614</u>	<u>32</u>
Total liabilities	<u>33,724,804</u>	<u>59</u>	<u>32,950,323</u>	<u>59</u>	<u>30,690,989</u>	<u>58</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)						
Ordinary shares	12,402,795	22	12,402,795	22	12,402,795	23
Capital surplus	368,946	1	368,946	1	356,046	1
Retained earnings						
Legal reserve	4,188,871	7	4,188,871	7	3,942,840	8
Special reserve	1,442,690	3	1,442,690	3	510,893	1
Unappropriated earnings	6,038,364	10	5,213,715	9	5,857,191	11
Total retained earnings	<u>11,669,925</u>	<u>20</u>	<u>10,845,276</u>	<u>19</u>	<u>10,310,924</u>	<u>20</u>
Other equity	(996,604)	(2)	(782,520)	(1)	(1,671,121)	(3)
Total equity attributable to owners of the Company	<u>23,445,062</u>	<u>41</u>	<u>22,834,497</u>	<u>41</u>	<u>21,398,644</u>	<u>41</u>
NON-CONTROLLING INTERESTS (Note 21)	<u>380,566</u>	<u>-</u>	<u>403,805</u>	<u>-</u>	<u>484,509</u>	<u>1</u>
Total equity	<u>23,825,628</u>	<u>41</u>	<u>23,238,302</u>	<u>41</u>	<u>21,883,153</u>	<u>42</u>
TOTAL	<u>\$ 57,550,432</u>	<u>100</u>	<u>\$ 56,188,625</u>	<u>100</u>	<u>\$ 52,574,142</u>	<u>100</u>

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

(With Deloitte & Touche auditors' review report dated May 7, 2021)

Eternal Materials Co., Ltd. and Subsidiaries

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

	For the Three Months Ended March 31			
	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 22 and 29)	\$ 11,202,419	100	\$ 7,629,515	100
OPERATING COSTS (Notes 9, 23 and 29)	<u>8,639,843</u>	<u>77</u>	<u>6,007,565</u>	<u>79</u>
GROSS PROFIT	<u>2,562,576</u>	<u>23</u>	<u>1,621,950</u>	<u>21</u>
OPERATING EXPENSES (Notes 23 and 29)				
Selling and marketing expenses	694,611	6	452,445	6
General and administrative expenses	524,926	5	486,408	6
Research and development expenses	336,171	3	290,731	4
Expected credit loss (gain)	(<u>18,167</u>)	-	<u>80,766</u>	<u>1</u>
Total operating expenses	<u>1,537,541</u>	<u>14</u>	<u>1,310,350</u>	<u>17</u>
PROFIT FROM OPERATIONS	<u>1,025,035</u>	<u>9</u>	<u>311,600</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES				
Interest Income (Note 23)	27,636	-	28,124	-
Other income (Note 29)	52,924	-	29,864	-
Other gains and losses (Note 23)	(48,364)	-	(50,580)	(1)
Net foreign exchange gains and losses (Note 33)	(34,874)	-	(10,060)	-
Finance costs (Note 23)	(71,464)	(1)	(108,284)	(1)
Share of the profit of associates and joint ventures (Note 13)	<u>107,548</u>	<u>1</u>	<u>49,724</u>	<u>1</u>
Total non-operating income and expenses	<u>33,406</u>	<u>-</u>	(<u>61,212</u>)	(<u>1</u>)
PROFIT BEFORE INCOME TAX	1,058,441	9	250,388	3
INCOME TAX EXPENSE (Notes 4 and 24)	(<u>230,265</u>)	(<u>2</u>)	(<u>46,943</u>)	<u>-</u>
NET PROFIT FOR THE PERIOD	<u>828,176</u>	<u>7</u>	<u>203,445</u>	<u>3</u>

(Continued)

	For the Three Months Ended March 31			
	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 21 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	\$ 132,551	1	\$ 127,816	2
Income tax relating to items that will not be reclassified subsequently to profit or loss	16,115	-	(33,508)	(1)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statement of foreign operations	(363,982)	(3)	(323,845)	(4)
Share of the other comprehensive income (loss) of associates and joint ventures	(9,100)	-	(10,344)	-
Other comprehensive income (loss) for the period, net of income tax	(224,416)	(2)	(239,881)	(3)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 603,760</u>	<u>5</u>	<u>(\$ 36,436)</u>	<u>-</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 824,649		\$ 211,739	
Non-controlling interests	<u>3,527</u>		<u>(8,294)</u>	
	<u>\$ 828,176</u>		<u>\$ 203,445</u>	
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 610,565		(\$ 16,693)	
Non-controlling interests	<u>(6,805)</u>		<u>(19,743)</u>	
	<u>\$ 603,760</u>		<u>(\$ 36,436)</u>	
EARNINGS PER SHARE (Note 25)				
Basic	\$ 0.66		\$ 0.17	
Diluted	0.66		0.17	

(Concluded)

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

(With Deloitte & Touche auditors' review report dated May 7, 2021)

Eternal Materials Co., Ltd. and Subsidiaries

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

	Equity Attributable to Owners of the Company						Other Equity		Total	Non-controlling Interests	Total Equity	
	Ordinary Shares	Capital Surplus	Retained Earnings			Exchange Differences on Translation of The Financial Statements of Foreign Operations	Comprehensive Income	Unrealized Gains and Losses on Financial Assets at Fair Value Through Other				Total Other Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings							
BALANCE AT JANUARY 1, 2021	\$ 12,402,795	\$ 368,946	\$ 4,188,871	\$ 1,442,690	\$ 5,213,715	\$ (1,320,826)	\$ 538,306	\$ (782,520)	\$ 22,834,497	\$ 403,805	\$ 23,238,302	
Net profit (loss) for the three months ended March 31, 2021	-	-	-	-	824,649	-	-	-	824,649	3,527	828,176	
Other comprehensive income (loss) for the three months ended March 31, 2021, net of income tax	-	-	-	-	-	(362,750)	148,666	(214,084)	(214,084)	(10,332)	(224,416)	
Total comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	824,649	(362,750)	148,666	(214,084)	610,565	(6,805)	603,760	
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(16,434)	(16,434)	
BALANCE AT March 31, 2021	\$ 12,402,795	\$ 368,946	\$ 4,188,871	\$ 1,442,690	\$ 6,038,364	\$ (1,683,576)	\$ 686,972	\$ (996,604)	\$ 23,445,062	\$ 380,566	\$ 23,825,628	
BALANCE AT JANUARY 1, 2020	\$ 12,402,795	\$ 356,046	\$ 3,942,840	\$ 510,893	\$ 5,645,452	\$ (1,684,908)	\$ 242,219	\$ (1,442,689)	\$ 21,415,337	\$ 504,398	\$ 21,919,735	
Net profit (loss) for the three months ended March 31, 2020	-	-	-	-	211,739	-	-	-	211,739	(8,294)	203,445	
Other comprehensive income (loss) for the three months ended March 31, 2020, net of income tax	-	-	-	-	-	(322,740)	94,308	(228,432)	(228,432)	(11,449)	(239,881)	
Total comprehensive income (loss) for the three months ended March 31, 2020	-	-	-	-	211,739	(322,740)	94,308	(228,432)	(16,693)	(19,743)	(36,436)	
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(146)	(146)	
BALANCE AT March 31, 2020	\$ 12,402,795	\$ 356,046	\$ 3,942,840	\$ 510,893	\$ 5,857,191	\$ (2,007,648)	\$ 336,527	\$ (1,671,121)	\$ 21,398,644	\$ 484,509	\$ 21,883,153	

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

(With Deloitte & Touche auditors' review report dated May 7, 2021)

Eternal Materials Co., Ltd. and Subsidiaries

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

	For the three months Ended March 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,058,441	\$ 250,388
Adjustments for:		
Depreciation expense	518,228	486,107
Amortization expense	7,418	15,343
Expected credit loss (gain)	(18,167)	80,766
Net gain on fair value changes of financial assets designated as at fair value through profit or loss	(523)	(1,463)
Finance costs	71,464	108,284
Interest income	(27,636)	(28,124)
Share of the profit of associates and joint ventures	(107,548)	(49,724)
Loss on disposal of property, plant and equipment	4,771	1,439
Impairment loss recognized on non-financial assets	44,413	24,261
Others	(53)	37
Changes in operating assets and liabilities		
Notes receivable	(298,951)	223,165
Notes receivable from related parties	(15,609)	6,563
Accounts receivable	229,957	1,402,817
Accounts receivable from related parties	18,001	54,703
Other receivables	(97,459)	54,103
Inventories	(1,080,697)	(267,456)
Other current assets	(238,530)	(79,674)
Notes payable	298,756	(90,162)
Accounts payable	247,486	(516,894)
Other payables	(87,110)	(325,669)
Other current liabilities	63,152	72,666
Other non-current liabilities	(90,575)	(7,168)
Cash generated from operations	499,229	1,414,308
Interest received	27,397	25,508
Interest paid	(66,054)	(107,932)
Income taxes paid	(350,418)	(133,641)
Net cash generated from operating activities	<u>110,154</u>	<u>1,198,243</u>

(Continued)

Eternal Materials Co., Ltd. and Subsidiaries

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

	For the three months Ended March 31	
	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	\$ (1,069,328)	\$ (245,357)
Proceeds from disposal of financial assets at fair value through profit or loss	4,156	245,999
Payments for property, plant and equipment	(480,551)	(389,683)
Proceeds from disposal of property, plant and equipment	2,260	777
Decrease in other receivables from related parties	1,996	3,000
Payments for intangible assets	(5,371)	(73,425)
Decrease(increase) in long-term lease receivables	16,721	(2,548)
Increase in other financial assets	(135,721)	(19,601)
Decrease in other non-current assets	<u>10,706</u>	<u>212</u>
Net cash used in investing activities	<u>(1,655,132)</u>	<u>(480,626)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (Decrease) in short-term borrowings	1,161,925	(42,056)
Proceeds from long-term borrowings	3,347,074	3,444,788
Repayments of long-term borrowings	(3,862,542)	(3,414,274)
Increase in guarantee deposits received	294	3,482
Repayment of the principal portion of lease liabilities	(22,038)	(13,567)
Decrease in non-controlling interests	<u>(16,434)</u>	<u>-</u>
Net cash used in financing activities	<u>608,279</u>	<u>(21,627)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(126,442)</u>	<u>(131,251)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,063,141)	564,739
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>6,108,294</u>	<u>6,009,646</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 5,045,153</u>	<u>\$ 6,574,385</u>

(Concluded)

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

(With Deloitte & Touche auditors' review report dated May 7, 2021)

Eternal Materials Co., Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors and authorized for issue on May 7, 2021.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
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
Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond 30 June 2021”	April 1, 2021 (Note 8)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

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

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

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 8: A lessee should apply the amendment for annual reporting periods beginning on or after April 1, 2021, recognizing the cumulative effect of initial application at the beginning of the annual reporting period.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of consolidation

The detailed information of subsidiaries (including the percentages of ownership and main businesses) is provided in Note 12 and Tables 7 and 8.

c. Other significant accounting policies

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

1)Retirement Benefits.

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

2)Taxation

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

6. CASH AND CASH EQUIVALENTS

	March 31, 2021	December 31, 2020	March 31, 2020
Cash on hand	\$ 20,778	\$ 11,413	\$ 12,023
Checking accounts and demand deposits	2,781,163	2,841,405	3,703,754
Cash equivalents (investments with original maturities of three months or less)			
Time deposits	<u>2,243,212</u>	<u>3,255,476</u>	<u>2,858,608</u>
	<u>\$ 5,045,153</u>	<u>\$ 6,108,294</u>	<u>\$ 6,574,385</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>March 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>March 31,</u> <u>2020</u>
Financial assets — current			
<hr/>			
Hybrid financial assets			
Structured deposits	<u>\$ 1,064,380</u>	<u>\$ -</u>	<u>\$ -</u>
Financial assets — non-current			
<hr/>			
Non-derivative financial assets			
Mutual fund			
Pacven Walden Ventures V, L.P.	<u>\$ 13,196</u>	<u>\$ 21,301</u>	<u>\$ 12,585</u>

8. NOTES, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	<u>March 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>March 31,</u> <u>2020</u>
Notes receivable	<u>\$ 5,437,189</u>	<u>\$ 5,138,238</u>	<u>\$ 4,266,034</u>
Notes receivable from related parties	<u>\$ 60,348</u>	<u>\$ 44,739</u>	<u>\$ 50,475</u>
Accounts receivable	\$ 12,040,765	\$ 12,410,546	\$ 9,297,453
Less: Allowance for loss	(<u>268,626</u>)	(<u>288,973</u>)	(<u>254,841</u>)
	<u>\$ 11,772,139</u>	<u>\$ 12,121,573</u>	<u>\$ 9,042,612</u>
Accounts receivable from related parties	\$ 201,673	\$ 219,674	\$ 177,077
Less: Allowance for loss	(<u>314</u>)	(<u>1,037</u>)	(<u>13,904</u>)
	<u>\$ 201,359</u>	<u>\$ 218,637</u>	<u>\$ 163,173</u>
Other receivables	\$ 898,887	\$ 806,213	\$ 916,025
Less: Allowance for loss	(<u>15,145</u>)	(<u>15,145</u>)	(<u>15,145</u>)
	<u>\$ 883,742</u>	<u>\$ 791,068</u>	<u>\$ 900,880</u>

a. Notes receivable and accounts receivable

The notes and accounts receivable of the Company and its subsidiaries are measured at amortized cost. For the related credit management policies, refer to Note 28.

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

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

March 31, 2021

	Not Past Due	0 to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Gross carrying amount	\$ 15,759,400	\$ 1,345,109	\$ 363,969	\$ 45,774	\$ 225,723	\$17,739,975
Loss allowance (lifetime ECL)	<u>(14,881)</u>	<u>(7,313)</u>	<u>(13,357)</u>	<u>(16,423)</u>	<u>(216,966)</u>	<u>(268,940)</u>
Amortized cost	<u>\$ 15,744,519</u>	<u>\$ 1,337,796</u>	<u>\$ 350,612</u>	<u>\$ 29,351</u>	<u>\$ 8,757</u>	<u>\$ 17,471,035</u>

December 31, 2020

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

March 31, 2020

	Not Past Due	0 to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Gross carrying amount	\$ 11,679,565	\$ 904,176	\$ 827,752	\$ 214,646	\$ 164,900	\$ 13,791,039
Loss allowance (lifetime ECL)	<u>(10,537)</u>	<u>(9,994)</u>	<u>(42,295)</u>	<u>(51,479)</u>	<u>(154,440)</u>	<u>(268,745)</u>
Amortized cost	<u>\$ 11,669,028</u>	<u>\$ 894,182</u>	<u>\$ 785,457</u>	<u>\$ 163,167</u>	<u>\$ 10,460</u>	<u>\$ 13,522,294</u>

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

	For the Three Months Ended March 31	
	2021	2020
Balance, beginning of the period	\$ 290,010	\$ 221,717
Recognized (reversed)	(18,167)	65,621
Written-off	(332)	(16,357)
Effects of foreign currency exchange differences	<u>(2,571)</u>	<u>(2,236)</u>
Balance, end of the period	<u>\$ 268,940</u>	<u>\$ 268,745</u>

b. Other receivables

The Company and its subsidiaries' allowance for loss are based on historical experience and current financial circumstances. The Company and its subsidiaries assessed that some of the other receivables could not be recovered. For the three months ended March 31, 2020, the Company recognized a loss allowance of \$15,145 thousand.

9. INVENTORIES

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Raw materials	\$ 3,666,123	\$ 2,976,856	\$ 2,708,281
Supplies	132,616	165,834	187,018
Finished goods	4,414,951	4,098,371	4,253,244
Inventory in transit	<u>315,214</u>	<u>251,559</u>	<u>302,144</u>
	<u>\$ 8,528,904</u>	<u>\$ 7,492,620</u>	<u>\$ 7,450,687</u>

The cost of inventories recognized as operating costs for the three months ended March 31, 2021 and 2020 was NT\$8,639,843 thousand and NT\$6,007,565 thousand, respectively, including loss on inventory NT\$44,413 thousand and reversal of inventory NT\$1,524 thousand, respectively.

10. OTHER FINANCIAL ASSETS - CURRENT

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Time deposits with original maturities of more than three months	<u>\$ 194,471</u>	<u>\$ 61,860</u>	<u>\$ 66,950</u>

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Domestic investments			
Listed shares			
President Securities Corp.	\$ 821,030	\$ 642,849	\$ 445,281
Unlisted shares			
Universal Venture Capital Investment Corp.	37,836	32,602	33,494
Universal Development & Investment Capital I Co., Ltd.	-	-	16,874
Der Yang Biotechnology Venture Capital Co., Ltd.	<u>3,739</u>	<u>3,769</u>	<u>5,381</u>
	<u>862,605</u>	<u>679,220</u>	<u>501,030</u>
Foreign investments			
Listed shares			
TBG Diagnostics Limited (TBG stocks)	104,729	185,302	202,264

(Continued)

	March 31, 2021	December 31, 2020	March 31, 2020
Unlisted shares			
Grace THW Holdings Limited	<u>\$ 181,752</u>	<u>\$ 151,784</u>	<u>\$ 168,850</u>
	<u>286,481</u>	<u>337,086</u>	<u>371,114</u>
	<u>\$ 1,149,086</u>	<u>\$ 1,016,306</u>	<u>\$ 872,144</u>

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

12. SUBSIDIARIES

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

Investor	Investee	Main Businesses	Percentage of Ownership (%)			Additional Descriptions
			March 31, 2021	December 31, 2020	March 31, 2020	
The Company	Eternal Holdings Inc.	International investment	100	100	100	1)
	Eternal Global (BVI) Co., Ltd.	International investment	100	100	100	1)
	Mixville Holdings Inc.	International investment	100	100	100	1)
	CHOU-KOU Materials Co., Ltd.	Selling, trading and providing services of resins material, electronic material and other related products	100	100	100	1)
	Nikko-Materials Co., Ltd.	Manufacturing and selling of dry film photoresist and vacuum laminator	100	100	100	1)
	Eternal Electronic Material (Thailand) Co., Ltd.	Trading services, cutting and selling of dry film photoresist	75	75	75	1)
	New E Materials Co., Ltd.	Researching, developing, manufacturing and selling of photoelectric, semiconductor process related electronic chemical materials and equipment spare parts	62.80	62.80	62.80	1)
	Eternal Materials (Malaysia) Sdn. Bhd.	Manufacturing, selling, trading and providing service of resins material related products	-	-	90	1) and 4)
	Elga Europe S.r.l.	Manufacturing, selling, agency and processing of electronic chemical products	72.68	72.68	72.68	1)
	Eternal Global (BVI) Co., Ltd.	Eternal Chemical (China) Co., Ltd	Manufacturing and selling of resins material and processing products	100	100	100
Changhe International Trading (GZFTZ) Co., Ltd.		International trading, commercial trading, entropot trading, products displayed, bonded warehousing and business consulting services	100	100	100	1)
Eternal Holdings Inc.	Eternal International (BVI) Co., Ltd.	International investment	100	100	100	1)
	E-Chem Corp.	International investment	100	100	100	1)
	Eternal Nanyang Investment Co., Ltd.	International investment	90	90	-	1) and 2)
PT Eternal Materials Indonesia		Selling, trading of chemical	67	-	-	1) and 3)
Eternal International (BVI) Co., Ltd.	Eternal Technology Corporation	Manufacturing and selling of photoresist	100	100	100	1)
	Eternal Chemical (China) Co., Ltd.	Managing, investing consulting services, researching, leasing, manufacturing and selling of resins material and photoelectric chemical materials	100	100	100	1)
E-Chem Corp.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Manufacturing and selling of acrylic resin and methacrylic acid	90	90	90	
Eternal Nanyang Investment Co., Ltd.	Eternal Materials (Malaysia) Sdn. Bhd.	Manufacturing, selling, trading and providing services of resins material related products	100	100	-	1) and 4)
Mixville Holdings Inc.	High Expectation Limited	International investment	100	100	100	1)
High Expectation Limited	Eternal Materials (Guangdong) Co., Ltd.	Manufacturing and selling of adhesives, resins material and processing of products	100	100	100	1)

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%)			Additional Descriptions
			March 31, 2021	December 31, 2020	March 31, 2020	
Eternal (China) Investment Co., Ltd.	Eternal Optical Material (Suzhou) Co., Ltd.	Manufacturing and selling of optical film	100	100	100	1)
	Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Researching, developing and manufacturing of photoresist dry film, liquid photo imaginal solder masks and printed circuit board related materials	100	100	100	1)
	Eternal Synthetic Resins (Changshu) Co., Ltd.	Manufacturing and selling of unsaturated polyester resin	100	100	100	1)
	Eternal Chemical (Chengdu) Co., Ltd.	Researching and developing resins material and products	100	100	100	1)
	Eternal Electronic (Suzhou) Co., Ltd.	Researching, developing, and manufacturing of dry film photoresist and dry film solder mask which used in electronic materials, researching resin materials and selling, providing after sales service of self-produced products	100	100	100	
	Eternal Electronic Material (Guangzhou) Co., Ltd.	Coating, slitting, cutting, processing, and selling of photoresist	100	100	100	
	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Researching, developing, manufacturing and selling of electronic high-tech chemical and related products	100	100	100	
	Eternal Sun A. (Suzhou) Co., Ltd.	Researching, developing, and manufacturing of optical protective film which used in display, and selling, providing after sales service of self-produced products	60	60	60	1)
	Eternal Chemical (Tianjin) Co., Ltd.	Manufacturing and selling of adhesives, resins material and processing products	100	100	100	1)
	Eternal Specialty Materials (Suzhou) Co., Ltd.	Researching and developing chemical products, and selling, providing technical services of self-produced products	100	100	100	1)
	Eternal Photoelectric Material Industry (Kunshan) Co., Ltd.	Cutting and processing of dry film photoresist and selling self-produced products	-	-	84.06	1) and 6)
	Elga Europe S.r.l.	Manufacturing, selling, agency and processing of electronic chemical products	22.32	22.32	22.32	1)
	Eternal Materials (Changzhou) Co., Ltd.	Selling of fluorocarbon resin and polyester resin products	-	-	100	1) and 5)
Eternal Electronic Material (Guangzhou) Co., Ltd.	Eternal Photoelectric Material Industry (Kunshan) Co., Ltd.	Cutting and processing of dry film photoresist and selling self-produced products	-	-	15.94	1) and 6)
Nikko-Materials Co., Ltd.	Nikko Mechanics Co., Ltd.	Designing, manufacturing, selling of industrial machinery and machine tool	100	100	80	1) and 7)

(Concluded)

- 1) This is an immaterial subsidiary for which the consolidated financial statements are not reviewed by the Company's independent auditors.
 - 2) The company was established as a new subsidiary in September 2020.
 - 3) The company was established as a new subsidiary in January 2021.
 - 4) The Company had reorganization in September 2020 to transfer the equity of subsidiary Eternal Materials (Malaysia) Sdn. Bhd. to subsidiary Eternal Nanyang Investment Co., Ltd.
 - 5) The divestment was resolved by the board of directors in December 2019, and the liquidation was completed in July 2020.
 - 6) The disposal was resolved by the board of directors in May 2020, and the disposal was completed in August 2020.
 - 7) The common shares of Nikko Mechanics Co., Ltd. were sold by Nikko-Materials Co., Ltd in the second quarter of 2020. Nikko-Materials Co., Ltd.'s shareholding ratio in Nikko Mechanics Co., Ltd. increased from 80% to 100%.
- b. The Company and its subsidiaries did not have any subsidiary with material non-controlling interests.

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Investments accounted for using the equity method			
Investments in associates	\$ <u>2,407,539</u>	\$ <u>2,306,731</u>	\$ <u>2,334,412</u>
Credit balance of investments accounted for using the equity method (recorded as other non-current liabilities)			
Investments in associates	(\$ 16,455)	(\$ 14,095)	(\$ 7,441)
Investments in joint ventures	<u>-</u>	<u>-</u>	<u>(28,885)</u>
	<u>(\$ 16,455)</u>	<u>(\$ 14,095)</u>	<u>(\$ 36,326)</u>

a. Investments accounted for using the equity method

Investments in associates

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Associates that are not individually material	\$ <u>2,407,539</u>	\$ <u>2,306,731</u>	\$ <u>2,334,412</u>

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

	<u>For the Three Months Ended March 31</u>	
	<u>2021</u>	<u>2020</u>
The Company and its subsidiaries' share of		
Net profit for the period	\$ 110,030	\$ 57,789
Other comprehensive income	<u>(9,222)</u>	<u>(10,679)</u>
Total comprehensive income for the period	<u>\$ 100,808</u>	<u>\$ 47,110</u>

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Daxin Materials Corporation	\$ <u>2,208,865</u>	\$ <u>2,005,078</u>	\$ <u>1,632,640</u>

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

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Associates that are not individually material	(\$ 16,455)	(\$ 14,095)	(\$ 7,441)
Joint ventures that are not individually material	<u>-</u>	<u>-</u>	(28,885)
	<u>(\$ 16,455)</u>	<u>(\$ 14,095)</u>	<u>(\$ 36,326)</u>

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

	<u>For the Three Months Ended March 31</u>	
	<u>2021</u>	<u>2020</u>
The Company and its subsidiaries' share of		
Net loss for the period	\$ (2,482)	\$ (8,065)
Other comprehensive income	<u>122</u>	<u>335</u>
Total comprehensive loss for the period	<u>\$ (2,360)</u>	<u>\$ (7,730)</u>

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

For the three months ended March 31, 2021 and 2020, the Company and its subsidiaries' investments accounted for using the equity method (including credit balance) are based on the associates' financial statements which have not been reviewed for the same period.

Refer to Tables 7 and 8 for the main businesses and countries of incorporation of the associates and joint ventures.

14. PROPERTY, PLANT AND EQUIPMENT

For the Three Months Ended December 31, 2021

	Land	Buildings	Machinery and Equipment	Storage Equipment	Examination Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Carrying amount at January 1, 2021	<u>\$ 2,680,444</u>	<u>\$ 5,362,540</u>	<u>\$ 6,273,237</u>	<u>\$ 656,418</u>	<u>\$ 541,695</u>	<u>\$ 358,188</u>	<u>\$ 750,528</u>	<u>\$ 16,623,050</u>
<u>Cost</u>								
Balance at January 1, 2021	\$ 2,680,444	\$ 11,323,614	\$ 21,620,157	\$ 1,559,720	\$ 1,644,996	\$ 902,637	\$ 750,528	\$ 40,482,096
Additions	2,979	138,347	316,026	16,866	22,842	33,912	(158,849)	372,123
Disposals	-	(3,004)	(50,229)	(4,161)	(4,684)	(6,463)	-	(68,541)
Transferred to investment properties	-	15,710	-	-	-	-	-	15,710

(Continued)

	Land	Buildings	Machinery and Equipment	Storage Equipment	Examination Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Effect of foreign currency exchange difference	(8,430)	(84,997)	(160,639)	(10,300)	(4,618)	(12,010)	(3,463)	(284,457)
Balance at March 31, 2021	<u>\$ 2,674,993</u>	<u>\$ 11,389,670</u>	<u>\$ 21,725,315</u>	<u>\$ 1,562,125</u>	<u>\$ 1,658,536</u>	<u>\$ 918,076</u>	<u>\$ 588,216</u>	<u>\$ 40,516,931</u>
Accumulated depreciation and impairment								
Balance at January 1, 2021	\$ -	\$ 5,961,074	\$ 15,346,920	\$ 903,302	\$ 1,103,301	\$ 544,449	\$ -	\$ 23,859,046
Depreciation	-	137,871	274,598	16,863	30,362	20,101	-	479,795
Disposals	-	(954)	(47,140)	(3,813)	(4,502)	(5,101)	-	(61,510)
Transferred to investment properties	-	713	-	-	-	-	-	713
Effect of foreign currency exchange difference	-	(37,256)	(99,156)	(3,930)	(2,670)	(8,109)	-	(151,121)
Balance at March 31, 2021	<u>\$ -</u>	<u>\$ 6,061,448</u>	<u>\$ 15,475,222</u>	<u>\$ 912,422</u>	<u>\$ 1,126,491</u>	<u>\$ 551,340</u>	<u>\$ -</u>	<u>\$ 24,126,923</u>
Carrying amount at March 31, 2021	<u>\$ 2,674,993</u>	<u>\$ 5,328,222</u>	<u>\$ 6,250,093</u>	<u>\$ 649,703</u>	<u>\$ 532,045</u>	<u>\$ 366,736</u>	<u>\$ 588,216</u>	<u>\$ 16,390,008</u>

(Concluded)

For the Three Months Ended March 31, 2020

	Land	Buildings	Machinery and Equipment	Storage Equipment	Examination Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Carrying amount at January 1, 2020	<u>\$ 2,713,753</u>	<u>\$ 5,715,567</u>	<u>\$ 6,297,691</u>	<u>\$ 667,141</u>	<u>\$ 472,136</u>	<u>\$ 363,704</u>	<u>\$ 1,205,554</u>	<u>\$ 17,435,546</u>
Cost								
Balance at January 1, 2020	\$ 2,713,753	\$ 11,180,745	\$ 20,587,401	\$ 1,500,221	\$ 1,475,283	\$ 862,673	\$ 1,205,554	\$ 39,525,630
Additions	-	41,700	306,800	8,472	28,788	4,415	(153,822)	236,353
Disposals	-	(556)	(13,178)	(2,130)	(1,116)	(4,040)	-	(21,020)
Transferred to investment properties	(43,451)	(57,135)	-	-	-	-	-	(100,586)
Impairment loss	-	-	-	-	-	-	(327)	(327)
Reclassification	-	13,172	-	-	-	(13,172)	-	-
Effect of foreign currency exchange difference	(1,117)	(96,962)	(160,795)	(14,423)	(5,282)	(7,525)	(15,150)	(301,254)
Balance at March 31, 2020	<u>\$ 2,669,185</u>	<u>\$ 11,080,964</u>	<u>\$ 20,720,228</u>	<u>\$ 1,492,140</u>	<u>\$ 1,497,673</u>	<u>\$ 842,351</u>	<u>\$ 1,036,255</u>	<u>\$ 39,338,796</u>
Accumulated depreciation and impairment								
Balance at January 1, 2020	\$ -	\$ 5,465,178	\$ 14,289,710	\$ 833,080	\$ 1,003,147	\$ 498,969	\$ -	\$ 22,090,084
Depreciation	-	133,870	262,674	17,780	26,772	17,219	-	458,315
Disposals	-	(209)	(11,744)	(1,993)	(1,040)	(3,818)	-	(18,804)
Transferred to investment properties	-	(16,718)	-	-	-	-	-	(16,718)
Impairment loss	-	3,589	20,135	37	-	1,629	-	25,390
Effect of foreign currency exchange difference	-	8,196	-	-	-	(8,196)	-	-
Reclassification	-	(32,498)	(80,134)	(4,830)	(2,844)	(3,879)	-	(124,185)
Balance at March 31, 2020	<u>\$ -</u>	<u>\$ 5,561,408</u>	<u>\$ 14,480,641</u>	<u>\$ 844,074</u>	<u>\$ 1,026,035</u>	<u>\$ 501,924</u>	<u>\$ -</u>	<u>\$ 22,414,082</u>
Carrying amount at March 31, 2020	<u>\$ 2,669,185</u>	<u>\$ 5,519,556</u>	<u>\$ 6,239,587</u>	<u>\$ 648,066</u>	<u>\$ 471,638</u>	<u>\$ 340,427</u>	<u>\$ 1,036,255</u>	<u>\$ 16,924,714</u>

Considering future economic benefits, the plant, machinery and other equipment of Nikko-Materials Co., Ltd. which were expected to use for production have been evaluated the present value of the cash flow generated from operations at a discount rate of 5.95% as a recoverable amount. According to the assessment, the recoverable amount was less than the carrying amount. For the three months ended March 31, 2020, the impairment loss of \$25,785 thousand (including the impairment loss of intangible assets of \$68 thousand) was recognized in the current year (recorded as other gains and losses).

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

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

Refer to Note 30 for the amounts of property, plant and equipment pledged by the Company and its subsidiaries as collateral for bank borrowings.

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

15. LEASE ARRANGEMENTS

a. Right-of-use asset

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Carrying amounts			
Land	\$ 854,460	\$ 871,970	\$ 869,249
Buildings	189,889	214,559	77,521
Machinery	74,489	83,674	26,058
Storage equipment	906	957	-
Other equipment	<u>23,128</u>	<u>24,375</u>	<u>25,963</u>
	<u>\$ 1,142,872</u>	<u>\$ 1,195,535</u>	<u>\$ 998,791</u>
			For the Three Month Ended March 31
			<u>2021</u> <u>2020</u>
Additions to right-of-use assets		<u>\$ 6,060</u>	<u>\$ 1,364</u>
Depreciation charge for right-of-use assets			
Land		\$ 5,420	\$ 5,402
Buildings		14,994	11,307
Machinery		4,363	2,062
Storage equipment		51	-
Other equipment		<u>2,646</u>	<u>2,475</u>
		<u>\$ 27,474</u>	<u>\$ 21,246</u>

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

b. Lease liabilities

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Carrying amounts			
Current	<u>\$ 75,808</u>	<u>\$ 81,002</u>	<u>\$ 45,695</u>
Non-current	<u>\$ 231,475</u>	<u>\$ 262,898</u>	<u>\$ 94,169</u>

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Land	0.93~6.66	0.93~6.66	0.93~6.66
Buildings	0.79~5.35	0.79~9.00	0.86~5.35
Machinery	2.7	2.7	1.67~4.40
Storage equipment	1.67	1.67	-
Other equipment	0.86~5.35	0.86~5.35	0.86~5.35

c. Material lease activities and terms

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

d. Other lease information

	For the Three Month Ended March 31	
	2021	2020
Expenses relating to short-term and low-value asset leases	<u>\$ 7,952</u>	<u>\$ 7,155</u>
Total cash outflow for all lease arrangements (including short-term and low-value asset leases)	<u>\$ 30,810</u>	<u>\$ 21,131</u>

16. INVESTMENT PROPERTIES

For the Three Months Ended March 31, 2021

	Land	Buildings	Right-of-use Assets	Total
Carrying amount at January 1, 2021	<u>\$ 59,827</u>	<u>\$ 1,227,604</u>	<u>\$ 69,390</u>	<u>\$ 1,356,821</u>
<u>Cost</u>				
Balance at January 1, 2021	\$ 59,827	\$ 1,407,484	\$ 73,714	\$ 1,541,025
Transferred to property, plant and equipment	-	(15,710)	-	(15,710)
Transferred to investment properties	-	-	(847)	(847)
Effects of foreign currency exchange differences	<u>(2,879)</u>	<u>(13,794)</u>	<u>(546)</u>	<u>(17,219)</u>
Balance at March 31, 2021	<u>\$ 56,948</u>	<u>\$ 1,377,980</u>	<u>\$ 72,321</u>	<u>\$ 1,507,249</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2021	\$ -	\$ 179,880	\$ 4,324	\$ 184,204
Depreciation	-	10,424	535	10,959
Transferred to property, plant and equipment	-	(713)	-	(713)
Transferred to investment properties	-	-	(50)	(50)
Effects of foreign currency exchange differences	<u>-</u>	<u>(2,349)</u>	<u>(36)</u>	<u>(2,385)</u>
Balance at March 31, 2021	<u>\$ -</u>	<u>\$ 187,242</u>	<u>\$ 4,773</u>	<u>\$ 192,015</u>
Carrying amount at March 31, 2021	<u>\$ 56,948</u>	<u>\$ 1,190,738</u>	<u>\$ 67,548</u>	<u>\$ 1,315,234</u>

For the Three Months Ended March 31, 2020

	Land	Buildings	Right-of-use Assets	Total
Carrying amount at January 1, 2020	\$ <u>17,057</u>	\$ <u>1,024,946</u>	\$ <u>70,374</u>	\$ <u>1,112,377</u>
<u>Cost</u>				
Balance at January 1, 2020	\$ 17,057	\$ 1,147,244	\$ 72,501	\$ 1,236,802
Transferred from property, plant and equipment	43,451	57,135	-	100,586
Effects of foreign currency exchange differences	<u>(294)</u>	<u>(13,920)</u>	<u>(842)</u>	<u>(15,056)</u>
Balance at March 31, 2020	\$ <u>60,214</u>	\$ <u>1,190,459</u>	\$ <u>71,659</u>	\$ <u>1,322,332</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2020	\$ -	\$ 122,298	\$ 2,127	\$ 124,425
Depreciation	-	6,014	532	6,546
Transferred from property, plant and equipment	-	16,718	-	16,718
Effects of foreign currency exchange differences	<u>-</u>	<u>(1,625)</u>	<u>(32)</u>	<u>(1,657)</u>
Balance at March 31, 2020	\$ <u>-</u>	\$ <u>143,405</u>	\$ <u>2,627</u>	\$ <u>146,032</u>
Carrying amount at March 31, 2020	\$ <u>60,214</u>	\$ <u>1,047,054</u>	\$ <u>69,032</u>	\$ <u>1,176,300</u>

The investment properties were leased for terms of 3 to 15 years.

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

	March 31, 2021	December 31, 2020	March 31, 2020
Year 1	\$ 256,160	\$ 259,117	\$ 234,881
Year 2	188,786	221,217	247,256
Year 3	135,733	136,481	180,602
Year 4	99,614	112,848	128,655
Year 5	\$ 87,867	\$ 84,540	\$ 95,407
Year 6 onwards	<u>365,373</u>	<u>390,794</u>	<u>446,668</u>
	<u>\$ 1,133,533</u>	<u>\$ 1,204,997</u>	<u>\$ 1,333,469</u>

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

	March 31, 2021	December 31, 2020	March 31, 2020
Fair value	<u>\$ 3,027,121</u>	<u>\$ 3,027,121</u>	<u>\$ 2,988,890</u>

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

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

Operating income and expenses directly related to investment properties

	For the Three Month Ended March 31	
	2021	2020
Rental income	<u>\$ 69,937</u>	<u>\$ 50,689</u>
Operating expenses directly related to investment properties	<u>\$ 26,938</u>	<u>\$ 21,821</u>

17. INTANGIBLE ASSETS

For the Three Months Ended March 31, 2021

	Goodwill	Expertise	Customer Relationships	Computer Software	Others	Total
Carrying amount at January 1, 2021	<u>\$ 38,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223,655</u>	<u>\$ 19,688</u>	<u>\$ 282,235</u>
<u>Cost</u>						
Balance at January 1, 2021	\$ 75,892	\$ 127,513	\$ 104,038	\$ 239,226	\$ 143,163	\$ 689,832
Additions	-	-	-	1,749	3,622	5,371
Disposals	-	-	-	-	(143)	(143)
Effects of foreign currency exchange differences	<u>(2,618)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,541)</u>	<u>(18,159)</u>
Balance at March 31, 2021	<u>\$ 73,274</u>	<u>\$ 127,513</u>	<u>\$ 104,038</u>	<u>\$ 240,975</u>	<u>\$ 131,101</u>	<u>\$ 676,901</u>
<u>Accumulated amortization and impairment</u>						
Balance at January 1, 2021	\$ 37,000	\$ 127,513	\$ 104,038	\$ 15,571	\$ 123,475	\$ 407,597
Amortization expense	-	-	-	3,769	2,863	6,632
Disposals	-	-	-	-	(143)	(143)
Effects of foreign currency exchange differences	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,172)</u>	<u>(15,172)</u>
Balance at March 31, 2021	<u>\$ 37,000</u>	<u>\$ 127,513</u>	<u>\$ 104,038</u>	<u>\$ 19,340</u>	<u>\$ 111,023</u>	<u>\$ 398,914</u>
Carrying amount at March 31, 2021	<u>\$ 36,274</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 221,635</u>	<u>\$ 20,078</u>	<u>\$ 277,987</u>

For the Three Months Ended March 31, 2020

	Goodwill	Expertise	Customer Relationships	Computer Software	Others	Total
Carrying amount at January 1, 2020	<u>\$ 75,850</u>	<u>\$ 87,370</u>	<u>\$ 61,927</u>	<u>\$ 78,254</u>	<u>\$ 40,381</u>	<u>\$ 343,782</u>
<u>Cost</u>						
Balance at January 1, 2020	\$ 75,850	\$ 127,513	\$ 104,038	\$ 82,736	\$ 128,722	\$ 518,859
Additions	-	-	-	72,690	735	73,425
Effects of foreign currency exchange differences	<u>394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,186)</u>	<u>(2,792)</u>
Balance at March 31, 2020	<u>\$ 76,244</u>	<u>\$ 127,513</u>	<u>\$ 104,038</u>	<u>\$ 155,426</u>	<u>\$ 126,271</u>	<u>\$ 589,492</u>
<u>Accumulated amortization and impairment</u>						
Balance at January 1, 2020	\$ -	\$ 40,143	\$ 42,111	\$ 4,482	\$ 88,341	\$ 175,077
Amortization expense	-	3,542	3,715	1,357	6,214	14,828
Impairment loss	-	-	-	-	68	68
Effects of foreign currency exchange differences	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,958)</u>	<u>(2,958)</u>
Balance at March 31, 2020	<u>\$ -</u>	<u>\$ 43,685</u>	<u>\$ 45,826</u>	<u>\$ 5,839</u>	<u>\$ 91,665</u>	<u>\$ 187,015</u>
Carrying amount at March 31, 2020	<u>\$ 76,244</u>	<u>\$ 83,828</u>	<u>\$ 58,212</u>	<u>\$ 149,587</u>	<u>\$ 34,606</u>	<u>\$ 402,477</u>

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

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

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

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

18. FINANCE LEASE RECEIVABLES

The Company and its subsidiaries entered into a lease agreement with an associate Allnex - Eternal Resins (Guangdong) Co., Ltd. for the leasing out of machinery and equipment for ten years, and the implicit interest rate in the lease was 4.84%-6.23%. This agreement was deemed as a sale agreement. The gain on disposal will be deferred and subsequently recognized as profit over the lease term. As of March 31, 2021, December 31, 2020 and March 31, 2020, the balance of finance lease receivables generated from the aforementioned transactions was \$27,070 thousand, \$38,012 thousand, and \$64,232 thousand, respectively.

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

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Unamortized lease payments			
Year 1	\$ 26,151	\$ 27,750	\$ 38,598
Year 2	27,078	27,284	10,916
Year 3	18,811	26,817	10,463
Year 4	18,718	18,860	2,365
Year 5	18,625	18,767	2,274
Year 6 onwards	<u>69,766</u>	<u>76,392</u>	<u>6,278</u>
	179,149	195,870	70,894
Loss: Unearned financial income	(<u>32,628</u>)	(<u>34,846</u>)	(<u>6,662</u>)
Finance lease receivable (recorded as other non-current assets - other)	<u>\$ 146,521</u>	<u>\$ 161,024</u>	<u>\$ 64,232</u>

19. BORROWINGS

a. Short-term borrowings

Type of Borrowings	Interest Rate Range (%)	Amount
March 31, 2021		
Mortgage secured loans	0.00-3.50	\$ 390,489
Unsecured loans	0.58-3.71	3,649,304
Purchase loans	1.04-2.90	243,584
Secured loans	1.00-4.35	<u>1,237,195</u>
		<u>\$ 5,520,572</u>
December 31, 2020		
Mortgage secured loans	0.00-3.30	\$ 271,782
Unsecured loans	0.68-3.71	2,607,208
Purchase loans	1.13-3.10	219,393
Secured loans	1.00-4.35	<u>1,305,546</u>
		<u>\$ 4,403,929</u>
March 31, 2020		
Mortgage secured loans	0.57-3.15	\$ 352,462
Unsecured loans	1.29-4.35	2,049,454
Purchase loans	1.77-4.35	183,385
Secured loans	3.14-4.35	<u>1,738,430</u>
		<u>\$ 4,323,731</u>

b. Long-term borrowings

Type of Borrowings	Agreement Period and Interest Payable Schedule	Interest Rate Range (%)	Amount
March 31, 2021			
Mortgage secured loans	From December 17, 2010 to December 31, 2025. Interest is paid based on schedule.	0.86-2.70	\$ 70,094
Secured loans	From September 17, 2020 to November 25, 2025. Interest is paid based on schedule.	1.14-1.46	1,622,685
Unsecured loans	From July 28, 2016 to October 2, 2023. Interest is paid based on schedule.	0.63-3.85	\$ 9,282,875
			<u>10,975,654</u>
Long-term bills payable			
Commercial paper	Revolving credit, the period of the agreement is five years. Maturity date is May 2023. Only banking surcharge and interests have to be paid before the maturity date.	1.27	900,000
Less: Unamortized discounts			<u>(521)</u>
			<u>899,479</u>
Less: Current portion of long-term borrowings			11,875,133
			<u>(2,339,713)</u>
			<u>\$ 9,535,420</u>
December 31, 2020			
Mortgage secured loans	From December 17, 2010 to December 31, 2025. Interest is paid based on schedule.	0.86-2.70	\$ 80,874
Secured loans	From September 17, 2018 to November 25, 2025. Interest is paid based on schedule.	1.16-1.50	1,599,100
Unsecured loans	From July 28, 2016 to October 2, 2023. Interest is paid based on schedule.	0.60-3.85	\$ 9,821,886
			<u>11,501,860</u>

(Continued)

Type of Borrowings	Agreement Period and Interest Payable Schedule	Interest Rate Range (%)	Amount
Long-term bills payable Commercial paper	Revolving credit, the period of the agreement is five years. Maturity date is May 2023. Only banking surcharge and interests have to be paid before the maturity date.	1.28	900,000
Less: Unamortized discounts			<u>(568)</u>
			<u>899,432</u>
Less: Current portion of long-term borrowings			<u>12,401,292</u> <u>(2,211,266)</u>
			<u>\$ 10,190,026</u>
March 31, 2020			
Mortgage secured loans	From December 17, 2010 to December 31, 2025. Interest is paid based on schedule.	0.86-2.70	\$ 98,278
Secured loans	From September 17, 2018 to September 17, 2021. Interest is paid based on schedule.	1.20-5.17	2,310,360
Unsecured loans	From August 17, 2015 to October 2, 2023. Interest is paid based on schedule.	0.65-4.30	10,146,440
			<u>12,555,078</u>
Long-term bills payable Commercial paper	Revolving credit, the period of the agreement is five years. Maturity date is May 2023. Only banking surcharge and interests have to be paid before the maturity date.	1.40	900,000
Less: Unamortized discounts			<u>(814)</u>
			<u>899,186</u>
			<u>13,454,264</u> (Continued)

Type of Borrowings	Agreement Period and Interest Payable Schedule	Interest Rate Range (%)	Amount
Less: Current portion of long-term borrowings			\$ (3,652,861)
			<u>\$ 9,801,403</u> (Concluded)

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

c. Facility agreements and financial covenants

1) During the period of the credit facility agreements, the Company and its subsidiaries made agreements with the creditors that the current ratio, liability ratio, interest coverage ratio and net tangible assets of the consolidated financial statements will be maintained within a certain specified ratio or amount and reviewed at least once half a year or a year. If the Company or its subsidiaries breach these clauses, the bank and syndicated banks can cancel the credit line or declare that part or all of the loan together with accrued interest immediately due. The Company was in compliance with the syndicated credit facility agreements based on its consolidated financial statements for the years ended December 31, 2020 and 2019.

2) As of March 31, 2021, the Company and its subsidiaries utilized the credits under signed facility agreements of the following banks.

Bank	Currency	Credit line
Bank SinoPac Co., Ltd.	NTD	\$ 1,200,000
HSBC Bank (Taiwan) Limited	NTD	600,000
KGI Bank Co., Ltd.	NTD	600,000
E.SUN Commercial Bank, Ltd.	NTD	200,000
Taipei Fubon Commercial Bank Co., Ltd.	EUR	5,000

3) As of March 31, 2021, the Company and its subsidiaries executed syndicated credit facility agreements with the following banks.

In November, 2020, the subsidiary entered into a syndicated credit facility agreement with 5 banks led by Taipei Fubon Commercial Bank Co., Ltd. for a USD \$50,000 thousand credit line; the proceeds are for expanding medium-term working capital and increase capital to repay the subsidiaries' existing liabilities.

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

4) Refer to Note 30 for the assets pledged as collateral for bank borrowings of the Company and its subsidiaries.

d. Bonds Payable

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
5 year secured bonds - issued at par value			
Issued in November 2019. Interest at 0.82%, bullet repayment, payable annually.	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Less: Issuance cost	<u>(4,334)</u>	<u>(4,626)</u>	<u>(5,514)</u>
	<u>\$ 2,995,666</u>	<u>\$ 2,995,374</u>	<u>\$ 2,994,486</u>

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

20. RETIREMENT BENEFIT PLANS

For the three months ended March 31, 2021 and 2020, the pension expenses of defined benefit plans were \$8,714 thousand and \$10,577 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2020 and 2019, respectively.

21. EQUITY

a. Share capital

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

b. Capital surplus

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
May be used to offset deficit, distributed as cash or transferred to share capital (Note)			
Additional paid-in capital	\$ 309,017	\$ 309,017	\$ 309,017
Treasury share transactions	19,642	19,642	19,642
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	<u>12,872</u>	<u>12,872</u>	<u>30</u>
	<u>341,531</u>	<u>341,531</u>	<u>328,689</u>
May be used to offset deficit only			
Share of change in equities of associates or joint ventures	27,357	27,357	27,357
Others	<u>58</u>	<u>58</u>	<u>-</u>
	<u>27,415</u>	<u>27,415</u>	<u>27,357</u>
	<u>\$ 368,946</u>	<u>\$ 368,946</u>	<u>\$ 356,046</u>

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

c. Retained earnings and dividend policy

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

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

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

The Company should appropriate to or reverse a special reserve. Special reserve of NT\$426,930 thousand was appropriated because of the exemptions from IFRS 1 elected by the Company. There is not any reversal of special reserve as of March 31, 2021 .

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

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

The appropriations of earnings for 2020 will be resolved in the shareholders' meeting to be held in June 2021.

d. Other equity items

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

	For the Three Months Ended March 31	
	2021	2020
Balance, beginning of the period	\$ (1,320,826)	\$ (1,684,908)
Recognized for the period		
Exchange differences on translation of the financial statements of foreign operations	(353,650)	(312,396)

Share of exchange differences of associates accounted for using the equity method	<u>(9,100)</u>	<u>(10,344)</u>
Balance, end of the period	<u>\$ (1,683,576)</u>	<u>\$ (2,007,648)</u>

Exchange differences on translating foreign operations because the subsidiaries in mainland China were affected by the exchange rate fluctuations of the RMB to the NTD.

2) Unrealized gains and losses on financial assets at FVTOCI

	For the Three Months Ended March 31	
	2021	2020
Balance, beginning of the period	<u>\$ 538,306</u>	<u>\$ 242,219</u>
Recognized for the period		
Unrealized gains and losses - equity instruments	<u>148,666</u>	<u>94,308</u>
Balance, end of the period	<u>\$ 686,972</u>	<u>\$ 336,527</u>

e. Non-controlling interests

	For the Three Months Ended March 31	
	2021	2020
Balance, beginning of the period	\$ 403,805	\$ 504,398
Share of net gain (loss) for the period	3,527	(8,294)
Other comprehensive income or loss for the period		
Exchange differences on translation of the financial statements foreign operations	(10,332)	(11,449)
Dividends distributed by subsidiaries	(18,523)	-
Non-controlling interests arising from establishing a new subsidiary	2,089	-
Non-controlling interest reduced from liquidation of subsidiaries	<u>-</u>	<u>(146)</u>
Balance, end of the period	<u>\$ 380,566</u>	<u>\$ 484,509</u>

22. REVENUE

	For the Three Months Ended March 31	
	2021	2020
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 11,135,119	\$ 7,580,679
Lease revenue	<u>67,300</u>	<u>48,836</u>
	<u>\$ 11,202,419</u>	<u>\$ 7,629,515</u>

	March 31, 2021	December 31, 2021	March 31, 2020	January 1, 2020
Notes and accounts receivable	<u>\$ 17,471,035</u>	<u>\$ 17,523,187</u>	<u>\$ 13,522,294</u>	<u>\$ 15,361,112</u>
Contract liabilities (recorded as other current liabilities - others)				
Sale of goods	<u>\$ 122,960</u>	<u>\$ 131,902</u>	<u>\$ 54,283</u>	<u>\$ 9,720</u>

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

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

	For the Three Months Ended March 31	
	2021	2020
From the balance of contract liabilities at the beginning of the period		
Sale of goods	<u>\$ 118,026</u>	<u>\$ 8,016</u>

23. PROFIT BEFORE INCOME TAX

a. Interest income

	For the Three Months Ended March 31	
	2021	2020
Interest on bank deposits	\$ 22,247	\$ 24,738
Others	<u>5,389</u>	<u>3,386</u>
	<u>\$ 27,636</u>	<u>\$ 28,124</u>

b. Other gains and losses

	For the Three Months Ended March 31	
	2021	2020
Loss on disposal of property, plant and equipment	(\$4,771)	(\$1,439)
Gains on financial assets		
Financial assets designated as at FVTPL	\$ 523	\$ 1,463
Impairment loss on Property, plant and equipment	-	(25,717)
Impairment loss on Intangible assets	-	(68)
Others	<u>(44,116)</u>	<u>(24,819)</u>
	<u>\$ (48,364)</u>	<u>\$ (50,580)</u>

c. Finance costs

	For the Three Months Ended March 31	
	2021	2020
Interest on loans	\$ 72,057	\$ 110,186
Interest on lease liabilities	820	409
Less: Amounts included in the cost of qualifying assets	<u>(1,413)</u>	<u>(2,311)</u>
	<u>\$ 71,464</u>	<u>\$ 108,284</u>

Information about capitalized interest was as follows:

	For the Three Months Ended March 31	
	2021	2020
Capitalized interest amount	<u>\$ 1,413</u>	<u>\$ 2,311</u>
Capitalization rates (%)	1.03-1.16	1.44-4.94

d. Depreciation and amortization

	For the Three Months Ended March 31	
	2021	2020
Property, plant and equipment	\$ 479,795	\$ 458,315
Investment properties	10,959	6,546
Right-of-use assets	27,474	21,246
Intangible assets	6,632	14,828
Other non-current assets - others	<u>786</u>	<u>515</u>
	<u>\$ 525,646</u>	<u>\$ 501,450</u>
Analysis of depreciation by function		
Operating costs	\$ 399,595	\$ 382,877
Operating expenses	<u>118,633</u>	<u>103,230</u>
	<u>\$ 518,228</u>	<u>\$ 486,107</u>
Analysis of amortization by function		
Operating costs	\$ 455	\$ 454
Operating expenses	<u>6,963</u>	<u>14,889</u>
	<u>\$ 7,418</u>	<u>\$ 15,343</u>

e. Employee benefits

	For the Three Months Ended March 31	
	2021	2020
Short-term employee benefits		
Salaries	\$ 919,117	\$ 814,803
Labor and health insurance	87,383	67,108
Others	<u>77,620</u>	<u>63,301</u>
	<u>1,084,120</u>	<u>945,212</u>
Post-employment benefits		
Defined contribution plans	54,388	34,723
Defined benefit plans (Note 20)	<u>8,714</u>	<u>10,577</u>
	<u>63,102</u>	<u>45,300</u>
	<u>\$ 1,147,222</u>	<u>\$ 990,512</u>
Analysis by function		
Operating costs	\$ 483,518	\$ 418,746
Operating expenses	<u>663,704</u>	<u>571,766</u>
	<u>\$ 1,147,222</u>	<u>\$ 990,512</u>

g. Compensation of employees and remuneration of directors

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

	For the Three Months Ended March 31	
	2021	2020
Compensation of employees	<u>\$ 44,000</u>	<u>\$ 12,000</u>
Remuneration of directors	<u>\$ 4,050</u>	<u>\$ 2,100</u>

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

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

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

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

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

24. INCOME TAX

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

	For the Three Months Ended March 31	
	2021	2020
Current tax	\$ 204,499	\$ 52,219
Deferred tax	<u>25,766</u>	<u>(5,276)</u>
	<u>\$ 230,265</u>	<u>\$ 46,943</u>

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

	For the Three Months Ended March 31	
	2021	2020
Deferred tax		
Unrealized gains and losses on financial assets at fair value through other comprehensive income	<u>\$ (16,115)</u>	<u>\$ 33,508</u>

- c. Income tax assessment

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

25. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended March 31	
	2021	2020
Basic earnings per share	<u>\$ 0.66</u>	<u>\$ 0.17</u>
Diluted earnings per share	<u>\$ 0.66</u>	<u>\$ 0.17</u>

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

	For the Three Months Ended March 31	
	2021	2020
Net profit for the period attributable to owners of the Company	<u>\$ 824,649</u>	<u>\$ 211,739</u>
<u>Number of ordinary shares</u>		

Unit: Thousand Shares

	For the Three Months Ended March 31	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,240,280	1,240,280
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>4,494</u>	<u>5,727</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,244,774</u>	<u>1,246,007</u>

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

26. CASH FLOW INFORMATION

a. Information on investment activities

	For the Three Months Ended March 31	
	2021	2020
Acquisition of property, plant and equipment	\$ 372,123	\$ 236,353
Decrease in payables for equipment	109,932	194,727
Increase in other non-current liabilities	<u>(91)</u>	<u>(39,086)</u>
	481,964	391,994
Capitalized interest	<u>(1,413)</u>	<u>(2,311)</u>
Cash paid	<u>\$ 480,551</u>	<u>\$ 389,683</u>

b. Changes in major liabilities arising from financing activities

For the three months ended March 31, 2021

	January 1, 2021	Cash Flows	<u>Non-cash Changes</u>		March 31, 2021
			Exchange Rate Adjustment	Issuance Cost	
Short-term borrowings	\$ 4,403,929	\$ 1,161,925	\$ (45,282)	\$ -	\$ 5,520,572
Long-term borrowings	12,401,292	(515,468)	(10,691)	-	11,875,133
Bonds payable	2,995,374	-	-	292	2,995,666

For the three months ended March 31, 2020

	January 1, 2020	Cash Flows	<u>Non-cash Changes</u>		March 31, 2020
			Exchange Rate Adjustment	Issuance Cost	
Short-term borrowings	\$ 4,414,613	\$ (42,056)	\$ (48,826)	\$ -	\$ 4,323,731
Long-term borrowings	13,476,436	30,514	(52,686)	-	13,454,264
Bonds payable	2,994,192	-	-	294	2,994,486

27. CAPITAL MANAGEMENT

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

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

28. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>March 31, 2021</u>				
Financial instruments at FVTPL				
Structured Deposit	\$ <u> -</u>	\$ <u>1,064,380</u>	\$ <u> -</u>	\$ <u>1,064,380</u>
Mutual funds	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 13,196</u>	\$ <u> 13,196</u>
Financial instruments at FVTOCI				
Equity instruments				
Domestic and foreign listed shares	\$ <u> 821,030</u>	\$ <u> -</u>	\$ <u> 104,729</u>	\$ <u> 925,759</u>
Domestic and foreign unlisted shares	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 223,327</u>	\$ <u> 223,327</u>
<u>December 31, 2020</u>				
Financial instruments at FVTPL				
Mutual funds	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 21,301</u>	\$ <u> 21,301</u>
Financial instruments at FVTOCI				
Equity instruments				
Domestic and foreign listed shares	\$ <u> 642,849</u>	\$ <u> -</u>	\$ <u> 185,302</u>	\$ <u> 828,151</u>
Domestic and foreign unlisted shares	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 188,155</u>	\$ <u> 188,155</u>
<u>March 31, 2020</u>				
Financial instruments at FVTPL				
Mutual funds	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 12,585</u>	\$ <u> 12,585</u>
Financial instruments at FVTOCI				
Equity instruments				
Domestic and foreign listed shares	\$ <u> 647,545</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 647,545</u>
Domestic and foreign unlisted shares	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 224,599</u>	\$ <u> 224,599</u>

There was no transfer between Level 1 and Level 2 for the three months ended March 31, 2021 and 2020. Since TBG stocks in 2020 had no published price quotations as the fair value input for more than a certain period of time, it was transferred from Level 1 to Level 3.

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

For the Three Months Ended March 31, 2021

Financial assets	Fund Financial Assets at FVTPL	Stocks Financial Assets at FVTOCI	Total
Balance, beginning of the period	\$ 21,301	\$ 373,457	\$ 394,758
Recognized in profit or loss (recorded as other gains and losses)	(3,945)	-	(3,945)
Recognized in other comprehensive income	-	(45,629)	(45,629)
Disposal	(4,156)	-	(4,156)
Effects of foreign currency exchange differences	<u>(4)</u>	<u>228</u>	<u>224</u>
Balance, end of the period	<u>\$ 13,196</u>	<u>\$ 328,056</u>	<u>\$ 341,252</u>
Unrealized other gains and losses	<u>\$ (3,768)</u>		<u>\$ (3,768)</u>

For the Three Months Ended March 31, 2020

Financial assets	Fund Financial Assets at FVTPL	Stocks and Certificates of Interest Financial Assets at FVTOCI	Total
Balance , beginning of the period	\$ 12,483	\$ 225,563	\$ 238,046
Recognized in profit or loss (recorded as other gains and losses)	688	-	688
Recognized in other comprehensive income	-	(1,983)	(1,983)
Disposal	(688)	-	(688)
Effects of foreign currency exchange differences	<u>102</u>	<u>1,019</u>	<u>1,121</u>
Balance end of the period	<u>\$ 12,585</u>	<u>\$ 224,599</u>	<u>\$ 237,184</u>
Unrealized other gains and losses	<u>\$ 688</u>		<u>\$ 688</u>

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

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

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

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

c. Categories of financial instruments

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Financial assets</u>			
Fair value through profit or loss			
Mandatorily classified as at fair value through profit or loss	\$ 1,077,576	\$ 21,301	\$ 12,585
Financial assets at amortized cost (Note 1)	23,740,640	24,637,813	21,156,680
Financial assets at fair value through other comprehensive income - equity instruments	1,149,086	1,016,306	872,144
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (Note 2)	29,112,584	28,090,292	26,318,704

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

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

d. Financial risk management objectives and policies

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

1) Market risk

a) Foreign currency risk

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

For the carrying amounts of the Company and its subsidiaries' significant non-functional currency denominated monetary assets and liabilities (including those eliminated on consolidation) at the balance sheet date, refer to Note 33.

Sensitivity analysis

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

Foreign Currencies : Functional Currencies	Impact on Profit or Loss	
	For the Three Months Ended	
	March 31	
	2021	2020
Financial assets		
Monetary items		
USD:NTD	\$ 23,654	\$ 24,356
USD:RMB	5,923	12,001
USD:MYR	3,191	3,706
RMB:NTD	2,374	1,735
EUR:USD	-	2,957
JPY:NTD	2,235	1,853
THB:NTD	1,442	1,311
Financial liabilities		
Monetary items		
USD:NTD	20,916	21,760
USD:RMB	7,391	9,188
USD:MYR	4,385	3,954
EUR:USD	-	2,659
JPY:NTD	1,545	1,476

b) Interest rate risk

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

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

	March 31, 2021	December 31, 2020	March 31, 2020
Fair value interest rate risk			
Financial assets	\$ 2,602,313	\$ 3,493,360	\$ 2,940,558
Financial liabilities	8,002,949	8,039,274	9,794,486
Cash flow interest rate risk			
Financial assets	3,699,559	2,741,246	3,588,304
Financial liabilities	12,695,705	12,105,221	10,977,996

If interest rates had been 1% higher and all other variables were held constant, the Company and its subsidiaries' cash flow interest rate risk from financial liabilities would have increased cash outflows by NT\$126,597 thousand and NT\$109,780 thousand for the three months ended March 31, 2021 and 2020, respectively.

c) Other price risk

The Company and its subsidiaries were exposed to equity price risk through their investments in equity securities. If equity prices had been 1% higher/lower, other comprehensive income for the three months ended March 31, 2021 and 2020 would have increased/decreased by NT\$8,210 thousand and NT\$6,475 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

3) Liquidity risk

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

March 31, 2021

	Less Than 1 Year	1-2 Years	2-3 Years	3-5 Years	Over 5 Years	Total
Non-derivative financial liabilities						
Short-term borrowings	\$ 5,548,079	\$ -	\$ -	\$ -	\$ -	\$ 5,548,079
Notes payable	833,076	-	-	-	-	833,076
Accounts payable	5,845,875	-	-	-	-	5,845,875
Other payables	1,925,690	-	-	-	-	1,925,690
Lease liabilities	84,082	73,951	57,361	75,649	30,559	321,602
Long-term borrowings (including current portion)	4,034,280	4,025,081	2,881,445	1,178,828	-	12,119,634
Bonds payable	24,600	24,600	24,600	3,014,693	-	3,088,493
Long-term payable	8,298	14,775	-	-	-	23,073
	<u>\$ 18,303,980</u>	<u>\$ 4,138,407</u>	<u>\$ 2,963,406</u>	<u>\$ 4,269,170</u>	<u>\$ 30,559</u>	<u>\$ 29,705,522</u>

December 31, 2020

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

March 31, 2020

	Less Than 1 Year	1-2 Years	2-3 Years	3-5 Years	Over 5 Years	Total
Non-derivative financial liabilities						
Short-term borrowings	\$ 4,346,555	\$ -	\$ -	\$ -	\$ -	\$ 4,346,555
Notes payable	123,336	-	-	-	-	123,336
Accounts payable	3,856,970	-	-	-	-	3,856,970
Other payables	1,475,975	-	-	-	-	1,475,975
Lease liabilities	48,453	35,155	21,133	33,043	8,863	146,647
Long-term borrowings (including current portion)	6,770,353	2,390,384	3,078,449	1,523,554	10,032	13,772,772
Bonds payable	<u>24,600</u>	<u>24,600</u>	<u>24,600</u>	<u>3,039,427</u>	<u>-</u>	<u>3,113,227</u>
	<u>\$ 16,646,242</u>	<u>\$ 2,450,139</u>	<u>\$ 3,124,182</u>	<u>\$ 4,596,024</u>	<u>\$ 18,895</u>	<u>\$ 26,835,482</u>

e. Transfers of financial assets

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

As of March 31, 2021, December 31, 2020 and March 31, 2020, the carrying amount of the accounts receivable that have been transferred but have not been derecognized amounted to \$2,626,744 thousand, \$2,329,453 thousand and \$1,595,048 thousand, respectively, and the carrying amount of the related borrowings and accounts payables were \$2,624,113 thousand, \$2,328,143 thousand and \$1,593,446 thousand, respectively.

29. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party names and relationships

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

b. Operating revenue

Account Item	Related Party Category	For the Three Months Ended March 31	
		2021	2020
Revenue from sales of goods	Associates	\$ 158,858	\$ 95,742
	Joint ventures	<u>-</u>	<u>1,615</u>
		<u>\$ 158,858</u>	<u>\$ 97,357</u>

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

c. Purchase of goods

Related Party Category	For the Three Months Ended March 31	
	2021	2020
Other related parties	<u>\$ 1,928</u>	<u>\$ -</u>

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

d. Other income

Related Party Category/Name	For the Three Months Ended March 31	
	2021	2020
Associates		
Allnex-Eternal Resins (Guangdong) Co., Ltd.	\$ 8,828	\$ 6,738
Others	<u>2,374</u>	<u>2,082</u>
	<u>\$ 11,202</u>	<u>\$ 8,820</u>

Inclusive of rental income, service fees and so on.

e. Receivables from related parties

Account Item	Related Party Category	March 31, 2021	December 31, 2020	March 31, 2020
Notes and accounts receivable	Associates	\$ 261,707	\$ 263,376	\$ 186,652
	Joint ventures	<u>-</u>	<u>-</u>	<u>26,996</u>
		<u>\$ 261,707</u>	<u>\$ 263,376</u>	<u>\$ 213,648</u>

The receivables arise mainly from sales transactions; the receivables were not guaranteed, pledged and are without interest. As of March 31, 2021, December 31, 2020 and March 31, 2020,, the balance of allowance for loss is NT\$314 thousand, NT\$1,037 thousand and NT\$13,904 thousand, respectively.

f. Payable to related parties

Account Item	Related Party Category	March 31, 2021	December 31, 2020	March 31, 2020
Account payable	Associates	\$ -	\$ 1,958	\$ -
	Joint ventures	<u>1,928</u>	<u>-</u>	<u>-</u>

\$ 1,928 \$ 1,958 \$ -

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

g. Loans to related parties

Account Item	Related Party Category/Name	March 31, 2021	December 31, 2020	March 31, 2020
Other receivables	Associates			
	ESCO Specialty Coatings (Shanghai) Co., Ltd.	\$ 158,556	\$ 159,761	\$ 153,180
	Eternal Electronic Materials (Kunshan) Co., Ltd.	\$ 104,256	\$ 105,048	\$ 102,120
		<u>\$ 262,812</u>	<u>\$ 264,809</u>	<u>\$ 255,300</u>

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

h. Compensation of key management personnel

	For the Three Months Ended March 31	
	2021	2020
Short-term employee benefits	\$ 32,127	\$ 16,905
Post-employment benefits	<u>120</u>	<u>89</u>
	<u>\$ 32,247</u>	<u>\$ 16,994</u>

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	March 31, 2021	December 31, 2020	March 31, 2020
Notes receivable	\$ 2,626,744	\$ 2,329,453	\$ 1,595,048
Property, plant and equipment	280,521	295,789	287,261
Other financial assets - time deposit certificates (recorded as other non-current assets - other)	<u>18,109</u>	<u>15,000</u>	<u>19,601</u>
	<u>\$ 2,925,374</u>	<u>\$ 2,640,242</u>	<u>\$ 1,901,910</u>

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. The Company and its subsidiaries have issued but unused letters of credit with an aggregate amount of NT\$160,924 thousand as of March 31, 2021.
- b. The Company and its subsidiaries have contracts that were not yet incurred to purchase property, plant and equipment and intangible assets of NT\$360,028 thousand at March 31, 2021.

32. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

None.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	Foreign Currency (In Thousands)		Exchange Rate		Carrying Amount
March 31, 2021					
Financial assets					
Monetary items					
USD	\$ 82,895		28.5350	(USD:NTD)	\$ 2,365,409
USD	20,758		6.5688	(USD:RMB)	592,330
USD	11,183		4.3416	(USD:MYR)	319,107
RMB	54,640		4.3440	(RMB:NTD)	237,356
JPY	867,336		0.2577	(JPY:NTD)	223,512
THB	157,667		0.9149	(THB:NTD)	144,250
Non-monetary items					
Financial assets at fair value through other comprehensive income					
AUD	4,824		21.7100	(AUD:NTD)	104,729
Investments accounted for using the equity method					
USD	939,239		28.5350	(USD:NTD)	26,801,178
RMB	5,989,887		0.1522	(RMB:USD)	26,020,071
JPY	7,377,291		0.2577	(JPY:NTD)	1,901,128
MYR	241,951		0.2303	(MYR:USD)	1,590,224
THB	155,404		0.9149	(THB:NTD)	142,179
Financial liabilities					
Monetary items					
USD	73,301		28.5350	(USD:NTD)	2,091,644
USD	25,903		6.5688	(USD:RMB)	739,142
USD	15,368		4.3416	(USD:MYR)	438,526
JPY	599,420		0.2577	(JPY:NTD)	154,471

(Continued)

December 31, 2020	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount
Financial assets				
Monetary items				
USD	\$ 80,407	28.4800	(USD:NTD)	\$ 2,289,991
USD	18,223	6.5067	(USD:RMB)	518,991
USD	12,252	4.1947	(USD:MYR)	348,937
RMB	95,030	4.3770	(RMB:NTD)	415,946
JPY	860,699	0.2763	(JPY:NTD)	237,811
THB	148,594	0.9556	(THB:NTD)	141,996
Non-monetary items				
Financial assets at fair value through other comprehensive income				
AUD	8,442	21.9500	(AUD:NTD)	185,302
Investments accounted for using the equity method				
USD	931,351	28.4800	(USD:NTD)	26,524,885
RMB	5,883,766	0.1537	(RMB:USD)	25,753,246
JPY	6,626,721	0.2763	(JPY:NTD)	1,830,963
MYR	241,959	0.2384	(MYR:USD)	1,642,778
THB	147,262	0.9556	(THB:NTD)	140,723
Financial liabilities				
Monetary items				
USD	67,306	28.4800	(USD:NTD)	1,916,875
USD	30,755	6.5067	(USD:RMB)	875,902
USD	16,292	4.1947	(USD:MYR)	463,996
JPY	671,965	0.2763	(JPY:NTD)	185,664

March 31, 2020	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount
Financial assets				
Monetary items				
USD	\$ 80,583	30.2250	(USD:NTD)	\$ 2,435,621
USD	39,704	7.1034	(USD:RMB)	1,200,053
USD	12,263	4.4994	(USD:MYR)	370,649
RMB	40,786	4.2550	(RMB:NTD)	173,544
JPY	664,547	0.2788	(JPY:NTD)	185,276
EUR	8,896	1.0998	(EUR:USD)	295,703
THB	141,408	0.9270	(THB:NTD)	131,085

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount
Financial assets at fair value through other comprehensive income				
AUD	\$ 10,854	18.6350	(AUD:NTD)	\$ 202,264
Investments accounted for using the equity method				
USD	837,635	30.2250	(USD:NTD)	25,317,522
RMB	5,825,054	0.1408	(RMB:USD)	24,785,606
JPY	5,030,037	0.2788	(JPY:NTD)	1,402,374
MYR	89,186	6.7175	(MYR:NTD)	599,106
EUR	4,585	33.24	(EUR:NTD)	152,401
THB	142,528	0.9270	(THB:NTD)	132,124
Financial liabilities				
Monetary items				
USD	71,993	30.2250	(USD:NTD)	2,175,988
USD	30,400	7.1034	(USD:RMB)	918,840
EUR	8,000	1.0998	(EUR:USD)	265,920
USD	13,082	4.4994	(USD:MYR)	395,403
JPY	529,363	0.2788	(JPY:NTD)	147,586

(Concluded)

The total realized and unrealized foreign exchange gains and losses were a loss of NT\$34,874 thousand and a loss of NT\$10,060 thousand for the three months ended March 31, 2021 and 2020, respectively. It is impractical to disclose net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of each entity.

34. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

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

- 10) Others: The business relationship between the parent company and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions (Table 6)
- 11) Information on investees (Table 7)
- 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 8)
 - 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 4)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Table 4)
 - c) The amount of property transactions and the amount of the resultant gains or losses: None
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes (Table 2)
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds (Table 1)
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None
- c. Information of major shareholders : list of the shareholders with ownership of 5% or greater, showing the names, the number of shares and percentage of ownership held by each shareholder. (Table 9)

35. SEGMENT INFORMATION

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

- Resins Materials

Mainly operating variety of industrial resins materials.

- Electronic Materials

Mainly operating electronic and optoelectronic industry raw material.

- High Performance Materials

Mainly operating UV - light curing raw material.

- Others

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

Segment revenues and operating results

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

	Resins Materials	Electronic Materials	High Performance Materials	Others	Adjustment and Elimination	Total
For the three months ended March 31, 2021						
Revenue from the sale of goods						
Revenues from external customers	\$ 5,455,545	\$ 3,511,402	\$ 2,159,294	\$ 8,878	\$ -	\$ 11,135,119
Revenue from the rendering of service	-	-	-	67,300	-	67,300
Inter-segment revenues	<u>643,789</u>	<u>1,404,334</u>	<u>388,777</u>	<u>923</u>	<u>(2,437,823)</u>	<u>-</u>
Total revenue	<u>\$ 6,099,334</u>	<u>\$ 4,915,736</u>	<u>\$ 2,548,071</u>	<u>\$ 77,101</u>	<u>\$ (2,437,823)</u>	<u>\$ 11,202,419</u>
Segment operating profit (loss)	<u>\$ 234,773</u>	<u>\$ 605,353</u>	<u>\$ 289,416</u>	<u>\$ (104,507)</u>	<u>\$ -</u>	<u>\$ 1,025,035</u>
For the three months ended March 31, 2020						
Revenue from the sale of goods						
Revenues from external customers	\$ 3,657,464	\$ 2,480,002	\$ 1,435,667	\$ 7,546	\$ -	\$ 7,580,679
Revenue from the rendering of service	-	-	-	48,836	-	48,836
Inter-segment revenues	<u>373,020</u>	<u>942,343</u>	<u>248,738</u>	<u>998</u>	<u>(1,565,099)</u>	<u>-</u>
Total revenue	<u>\$ 4,030,484</u>	<u>\$ 3,422,345</u>	<u>\$ 1,684,405</u>	<u>\$ 57,380</u>	<u>\$ (1,565,099)</u>	<u>\$ 7,629,515</u>
Segment operating profit (loss)	<u>\$ 120,406</u>	<u>\$ 172,749</u>	<u>\$ 127,321</u>	<u>\$ (108,876)</u>	<u>\$ -</u>	<u>\$ 311,600</u>

Eternal Materials Co., Ltd. and Subsidiaries

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2021

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

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 2)	Ending Balance (Note 3)	Actual Amount Drawn	Interest Rate (%)	Nature of Financing (Note 4)	Transaction Amount	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Limit	Note
													Item	Value			
1	Eternal Electronic Material (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Other receivables from related parties	Y	\$ 438,400	\$ 434,400	\$ 434,400	4.750	2	\$ -	Operating needs	\$ -	-	\$ -	\$ 6,164,035	\$ 6,164,035	Note 6
1	Eternal Electronic Material (Guangzhou) Co., Ltd.	ESCO Specialty Coatings (Shanghai) Co., Ltd.	Other receivables from related parties	Y	160,016	158,556	158,556	4.250	2	-	Operating needs	-	-	-	1,232,807	1,232,807	Note 8
2	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	Other receivables from related parties	Y	1,052,160	521,280	285,722	3.852	2	-	Operating needs	-	-	-	9,061,291	9,061,291	Note 6
2	Eternal Chemical (China) Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	Other receivables from related parties	Y	1,096,000	434,400	333,010	3.852	2	-	Operating needs	-	-	-	9,061,291	9,061,291	Note 6
2	Eternal Chemical (China) Co., Ltd.	Eternal Materials (Guangdong) Co., Ltd.	Other receivables from related parties	Y	131,520	-	-	-	2	-	Operating needs	-	-	-	9,061,291	9,061,291	Note 6
2	Eternal Chemical (China) Co., Ltd.	Eternal Specialty Materials (Suzhou) Co., Ltd.	Other receivables from related parties	Y	438,400	217,200	65,325	3.852	2	-	Operating needs	-	-	-	9,061,291	9,061,291	Note 6
2	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	Other receivables from related parties	Y	1,490,560	738,480	669,200	3.852	2	-	Operating needs	-	-	-	9,061,291	9,061,291	Note 6
2	Eternal Chemical (China) Co., Ltd.	Eternal Electronic Materials (Kunshan) Co., Ltd.	Other receivables from related parties	Y	208,512	208,512	104,256	4.350	2	-	Operating needs	-	-	-	1,812,258	1,812,258	Note 8
2	Eternal Chemical (China) Co., Ltd.	Changhe International Trading (GZFTZ) Co., Ltd.	Other receivables from related parties	Y	175,360	-	-	-	2	-	Operating needs	-	-	-	9,061,291	9,061,291	Note 6
2	Eternal Chemical (China) Co., Ltd.	Eternal (China) Investment Co., Ltd.	Other receivables from related parties	Y	438,400	434,400	-	-	2	-	Operating needs	-	-	-	9,061,291	9,061,291	Note 6
3	Eternal Materials (Guangdong) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	131,520	-	-	-	2	-	Operating needs	-	-	-	7,453,269	7,453,269	Note 5
3	Eternal Materials (Guangdong) Co., Ltd.	Eternal (China) Investment Co., Ltd.	Other receivables from related parties	Y	1,578,240	651,600	-	-	2	-	Operating needs	-	-	-	7,453,269	7,453,269	Note 5
3	Eternal Materials (Guangdong) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Other receivables from related parties	Y	175,360	86,880	83,835	3.850	2	-	Operating needs	-	-	-	7,453,269	7,453,269	Note 5
3	Eternal Materials (Guangdong) Co., Ltd.	Eternal Optical Material (Suzhou) Co., Ltd.	Other receivables from related parties	Y	876,800	434,400	374,822	3.850	2	-	Operating needs	-	-	-	7,453,269	7,453,269	Note 5
3	Eternal Materials (Guangdong) Co., Ltd.	Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Other receivables from related parties	Y	306,880	152,040	41,846	3.850	2	-	Operating needs	-	-	-	7,453,269	7,453,269	Note 5
4	Eternal Holdings Inc.	Eternal Technology Corporation	Other receivables from related parties	Y	340,680	171,210	171,210	1.800	2	-	Operating needs	-	-	-	35,890,812	35,890,812	Note 5

(Continued)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 2)	Ending Balance (Note 3)	Actual Amount Drawn	Interest Rate (%)	Nature of Financing (Note 4)	Transaction Amount	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Limit	Note
													Item	Value			
4	Eternal Holdings Inc.	Eternal Sun A. (Suzhou) Co., Ltd.	Other receivables from related parties	Y	\$ 205,452	\$ 205,452	\$ 102,726	1.787	2	-	Operating needs	-	-	-	\$ 7,178,162	\$ 7,178,162	Note 7
5	Eternal (China) Investment Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	876,800	434,400	-	-	2	-	Operating needs	-	-	-	29,327,850	29,327,850	Note 5
5	Eternal (China) Investment Co., Ltd.	Eternal Optical Material (Suzhou) Co., Ltd.	Other receivables from related parties	Y	1,139,840	912,240	564,720	3.850-4.050	2	-	Operating needs	-	-	-	29,327,850	29,327,850	Note 5
5	Eternal (China) Investment Co., Ltd.	Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Long-term receivables from related parties	Y	263,040	260,640	260,640	4.250	2	-	Operating needs	-	-	-	29,327,850	29,327,850	Note 5
5	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	Other receivables from related parties	Y	1,607,280	1,607,280	738,480	3.850	2	-	Operating needs	-	-	-	29,327,850	29,327,850	Note 5
5	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	Other receivables from related parties	Y	526,080	521,280	521,280	3.850	2	-	Operating needs	-	-	-	29,327,850	29,327,850	Note 5
5	Eternal (China) Investment Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	Other receivables from related parties	Y	695,040	695,040	347,520	3.850	2	-	Operating needs	-	-	-	29,327,850	29,327,850	Note 5
5	Eternal (China) Investment Co., Ltd.	Eternal Materials (Guangdong) Co., Ltd.	Other receivables from related parties	Y	131,520	130,320	-	-	2	-	Operating needs	-	-	-	29,327,850	29,327,850	Note 5
5	Eternal (China) Investment Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Other receivables from related parties	Y	434,400	434,400	-	-	2	-	Operating needs	-	-	-	29,327,850	29,327,850	Note 5

(Concluded)

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

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

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

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

Note 4: Nature of financing is as follows:

- Business relationship.
- Short-term financing

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

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

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

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

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

TABLE 2

Eternal Materials Co., Ltd. and Subsidiaries

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2021

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

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsements /Guarantees Given on Behalf of Each Party	Maximum Amount Endorsements /Guarantees During the Period (Note 4)	Outstanding Endorsements /Guarantees the End of the Period (Note 5)	Actual Amount Drawn	Amount Endorsements /Guarantees by Collaterals	Ratio of Accumulated Endorsements /Guarantees to Net Equity per Latest Financial Statements (%)	Maximum Endorsements /Guarantees Amount Allowable	Endorsements /Guarantees Given by Parent on Behalf of Subsidiaries	Endorsements /Guarantees by Subsidiaries on Behalf of Parent	Endorsements /Guarantees Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 2)											
0	Eternal Materials Co., Ltd.	Eternal Holdings Inc.	2	\$ 23,445,062	\$ 502,216	\$ 502,216	\$ 273,936	-	2.14	\$ 23,445,062	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Technology Corporation	2	23,445,062	285,350	285,350	285,350	-	1.22	23,445,062	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Nikko-Materials Co., Ltd.	2	23,445,062	135,800	135,800	-	-	0.38	23,445,062	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Sun A. (Suzhou) Co., Ltd.	2	23,445,062	102,726	102,726	95,592	-	0.44	23,445,062	Y	N	Y	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Materials (Malaysia) Sdn. Bhd.	2	23,445,062	1,507,865	1,507,865	951,971	-	6.43	23,445,062	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Elga Europe S.r.l.	2	23,445,062	412,440	412,440	399,416	-	1.71	23,445,062	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Nanyang Investment Co., Ltd.	2	23,445,062	1,426,750	1,419,500	1,169,935	-	6.09	23,445,062	Y	N	N	Notes 3 and 6
1	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	2	14,663,925	131,520	131,520	-	-	-	14,663,925	N	N	Y	Note 7
1	Eternal (China) Investment Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	2	14,663,925	131,520	131,520	-	-	-	14,663,925	N	N	Y	Note 7

(Continued)

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

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

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

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

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

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

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

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

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

Eternal Materials Co., Ltd. and Subsidiaries

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

March 31, 2021

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2021				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Eternal Materials Co., Ltd.	President Securities Corp. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	34,937,430	\$ 821,030	2.50	\$ 821,030	
	TBG Diagnostics Limited (stock)	-	Financial assets at fair value through other comprehensive income - non-current	40,200,000	104,729	18.48	104,729	
	Universal Venture Capital Investment Corp. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	5,000,000	37,836	4.15	37,836	
	Der Yang Biotechnology Venture Capital Co., Ltd. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	353,994	3,739	11.11	3,739	
	Hwa Nan Venture Capital Co., Ltd. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	57,438	-	10.60	-	
Mixville Holdings Inc.	Grace THW Holding Limited (stock)	-	Financial assets at fair value through other comprehensive income - non-current	1,900,000	181,752	Note	181,752	
	Pacven Walden Ventures V, L.P. (fund)	-	Financial assets at fair value through profit or loss - non-current	-	13,196	Note	13,196	

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

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 THREE MONTHS ENDED MARCH 31, 2021

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

Company name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales (Note 2)	Amount	% to Total	Payment Terms	Unit Price	Payment Term	Ending Balance	% to Total	
Eternal Materials Co., Ltd.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Subsidiary	Sales	\$ 151,264	4	Note 1	\$ -	-	\$ 117,353	3	Note 3
	Eternal Electronic Material (Thailand) Co., Ltd.	Subsidiary	Sales	107,176	3	Note 1	-	-	133,998	4	Note 3
Eternal Electronic Material (Guangzhou) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Sister company	Sales	131,438	19	Note 1	-	-	283,585	17	Note 3
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Sister company	Sales	140,879	20	Note 1	-	-	322,016	17	Note 3
	Eternal Electronic Material (Guangzhou) Co., Ltd.	Sister company	Sales	165,215	23	Note 1	-	-	312,443	16	Note 3
Nikko Mechanics Co., Ltd.	Nikko-Materials Co., Ltd.	Parent company	Sales	358,029	100	Note 1	-	-	309,286	100	Note 3

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

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

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

Eternal Materials Co., Ltd. and Subsidiaries

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

March 31, 2021

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Doubtful Accounts
					Amount	Actions Taken		
Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	Subsidiary	\$ 105,897	3.48	\$ -	-	\$ 39	\$ -
Eternal Materials Co., Ltd.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Subsidiary	117,353	4.72	-	-	32,191	-
Eternal Materials Co., Ltd.	Eternal Electronic Materials (Thailand) Co., Ltd.	Subsidiary	133,998	3.25	-	-	-	-
Eternal Materials Co., Ltd.	Eternal (China) Investment Co., Ltd.	Subsidiary	100,475	3.73	-	-	-	-
Eternal Electronic Material (Guangzhou) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Sister company	283,585	1.93	62,305	Collected subsequently	82,079	-
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Sister company	322,016	1.52	56,476	Collected subsequently	-	-
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic Material (Guangzhou) Co., Ltd.	Sister company	312,443	2.17	58,392	Collected subsequently	58,392	-
Nikko Mechanics Co., Ltd.	Nikko-Materials Co., Ltd.	Parent company	309,286	4.58	-	-	147,080	-

Note: Amount was eliminated from the consolidated financial statements.

Eternal Materials Co., Ltd. and Subsidiaries

INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
 FOR THE THREE MONTHS ENDED March 31, 2021
 (In Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transactions Details			% to Total Revenues or Assets (Note 3)
				Financial Statement Item (Note 6)	Amount	Terms	
0	Eternal Materials Co., Ltd.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	1	Revenue from sales of goods	\$ 151,264	Note3	1.35
0	Eternal Materials Co., Ltd.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	1	Accounts receivable	117,353	Note3	0.20
0	Eternal Materials Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	1	Revenue from sales of goods	107,176	Note3	0.96
0	Eternal Materials Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	1	Accounts receivable	133,998	Note3	0.23
0	Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	1	Accounts receivable	105,897	Note3	0.18
0	Eternal Materials Co., Ltd.	Eternal (China) Investment Co., Ltd.	1	Accounts receivable	100,475	Note3	0.17
1	Eternal Holdings Inc.	Eternal Technology Corporation	1	Other receivables from related parties	171,210	Note4	0.30
1	Eternal Holdings Inc.	Eternal Sun A. (Suzhou) Co., Ltd	1	Other receivables from related parties	102,726	Note4	0.18
2	Eternal (China) Investment Co., Ltd.	Eternal Optical Material (Suzhou) Co., Ltd.	1	Other receivables from related parties	564,720	Note4	0.98
2	Eternal (China) Investment Co., Ltd.	Eternal Photo electronic Material Industry (Yingkou) Co., Ltd.	1	Other receivables from related parties	260,640	Note4	0.45
2	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	1	Other receivables from related parties	738,480	Note4	1.28
2	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	1	Other receivables from related parties	521,280	Note4	0.91
2	Eternal (China) Investment Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	1	Other receivables from related parties	347,520	Note4	0.60
3	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	3	Other receivables from related parties	285,722	Note4	0.50
3	Eternal Chemical (China) Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	3	Other receivables from related parties	333,010	Note4	0.58
3	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	3	Other receivables from related parties	669,200	Note4	1.16

(Continued)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transactions Details			% to Total Revenues or Assets (Note 3)
				Financial Statement Item (Note 6)	Amount	Terms	
4	Eternal Electronic Material (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	3	Other receivables from related parties	\$ 434,400	Note4	0.75
4	Eternal Electronic Material (Guangzhou) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	3	Revenue from sales of goods	131,438	Note3	1.17
4	Eternal Electronic Material (Guangzhou) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	3	Accounts receivable	283,585	Note3	0.49
5	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic Material (Guangzhou) Co., Ltd.	3	Revenue from sales of goods	165,215	Note3	1.47
5	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic Material (Guangzhou) Co., Ltd.	3	Accounts receivable	312,443	Note3	0.54
5	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	3	Revenue from sales of goods	140,879	Note3	1.26
5	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	3	Accounts receivable	322,016	Note3	0.56
6	Eternal Materials (Guangdong) Co., Ltd.	Eternal Optical Material (Suzhou) Co., Ltd.	3	Other receivables from related parties	374,822	Note4	0.65
7	Nikko Mechanics Co., Ltd	Nikko-Materials Co., Ltd	2	Revenue from sales of goods	358,029	Note3	3.20
7	Nikko Mechanics Co., Ltd.	Nikko-Materials Co., Ltd.	2	Accounts receivable	309,286	Note3	0.54

(Concluded)

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

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

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

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

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

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

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

Eternal Materials Co., Ltd. and Subsidiaries

INFORMATION ON INVESTEEES (EXCLUDING INVESTMENT IN MAINLAND CHINA)
FOR THE THREE MONTHS ENDED March 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2021			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				March 31, 2021	December 31, 2020	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Eternal Materials Co., Ltd.	Eternal Holdings Inc.	Samoa	International investment	\$ 6,259,870	\$ 6,259,870	204,273,859	100.00	\$ 18,026,173	\$ 466,142	\$ 468,639	
Eternal Materials Co., Ltd.	Eternal Global (BVI) Co., Ltd.	British Virgin Islands	International investment	717,527	717,527	16,821,024	100.00	4,761,263	120,327	116,993	
Eternal Materials Co., Ltd.	Mixville Holdings Inc.	British Virgin Islands	International investment	989,582	989,582	29,530,000	100.00	4,013,742	70,683	74,130	
Eternal Materials Co., Ltd.	Advanced PETFILM Investment Co., Ltd.	Japan	International investment	788,630	788,630	270	20.00	443,843	37,868	13,381	
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	698,832	161,899	36,913	
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	44,437	(3,544)	(2,225)	
Eternal Materials Co., Ltd.	DSM Resins (Far East) Co., Ltd.	Taiwan	Manufacturing and selling of powder coating resin	36,400	36,400	3,660,000	40.00	176,539	62,292	24,917	
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	142,179	10,618	7,957	
Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	Japan	Selling, trading and providing services of resins material, electronic material and other related products	60,431	60,431	4,000	100.00	83,347	3,280	5,636	
Eternal Materials Co., Ltd.	Nikko-Materials Co., Ltd.	Japan	Manufacturing and selling of dry film photoresist and vacuum laminator	257,657	257,657	11,520	100.00	1,373,938	164,516	157,454	
Eternal Materials Co., Ltd.	Elga Europe S.r.l.	Italy	Manufacturing, selling, agency and processing of electronic chemical products	287,169	287,169	-	72.68	1,854	(16,113)	(11,711)	
Eternal Holdings Inc.	Eternal International (BVI) Co., Ltd.	British Virgin Islands	International investment	5,739,033	5,739,033	183,793,592	100.00	14,944,556	341,737	-	Note
Eternal Holdings Inc.	E-Chem Corp.	Samoa	International investment	165,608	165,608	4,990,000	100.00	2,262,251	118,416	-	Note
Eternal Holdings Inc.	Eternal Nanyang Investment Co., Ltd.	Samoa	International investment	540,493	540,493	18,450,000	90.00	395,862	(5,390)	-	Note
Eternal Holdings Inc.	PT Eternal Materials Indonesia	Indonesia	Selling, trading of chemical	4,242	-	207	67.00	2,911	(1,814)	-	Note
Eternal Holdings Inc.	Allnex-Eternal Resins Corporation Limited	Hong Kong	Trading and international investment	174,293	174,293	5,341,000	49.00	367,983	24,037	-	Note
Eternal Holdings Inc.	Polymer Instrumentation and Consulting Services, Ltd.	United States	Plastic products manufacturing	121,913	121,913	4,694,296	30.00	-	-	-	Note
Eternal International (BVI) Co., Ltd.	Eternal Technology Corporation	United States	Manufacturing and selling of photoresist	600,693	600,693	2,333	100.00	(95,118)	(8,462)	-	Note
Mixville Holdings Inc.	High Expectation Limited	Cayman Islands	International investment	871,519	871,519	26,005,000	100.00	3,803,043	74,619	-	Note
Eternal (China) Investment Co., Ltd.	Elga Europe S.r.l.	Italy	Manufacturing, selling, agency and processing of electronic chemical products	58,610	58,610	-	22.32	920	(16,113)	-	Note
Nikko-Materials Co., Ltd.	Nikko Mechanics Co., Ltd.	Japan	Designing, manufacturing, selling of industrial machinery and machine tool	135,626	135,626	6,560	100.00	343,213	42,914	-	Note
Eternal Nanyang Investment Co., Ltd.	Eternal Materials (Malaysia) Sdn. Bhd.	Malaysia	Manufacturing, selling, trading and providing services of resins material related products	1,748,418	1,748,418	347,324,000	100.00	1,590,224	(268)	-	Note

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

TABLE 8

Eternal Materials Co., Ltd. and Subsidiaries

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE PERIOD ENDED March 31, 2021

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

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of March 31, 2021	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of March 31, 2021	Accumulated Repatriation of Investment Income as of March 31, 2021	Note
					Outward	Inward							
Eternal Chemical (China) Co., Ltd.	Manufacturing and selling of resins material and processing products	\$ 755,651	2	\$ 625,549	\$ -	\$ -	\$ 625,549	\$ 109,330	100.00	\$ 109,330	\$ 4,530,646	\$ 1,081,282	Note 2
DSM Eternal Resins (Kunshan) Co., Ltd.	Manufacturing and selling of powder coating resin	183,470	2	91,735	-	-	91,735	22,197	50.00	11,098	407,825	479,187	Note 3
Changhe International Trading (GZFTZ) Co., Ltd.	International trading, commercial trading, entropot trading, products displayed, bonded warehousing and business consulting services	13,661	2	7,020	-	-	7,020	(31)	100.00	(31)	19,384	-	Note 3
Eternal Electronic Material (Guangzhou) Co., Ltd.	Coating, slitting, cutting, processing, and selling of photoresist	1,259,046	2	444,685	-	-	444,685	90,325	100.00	90,325	3,082,018	983,767	Note 2
Eternal Optical Material (Suzhou) Co., Ltd.	Manufacturing and selling of optical film	614,887	2	-	-	-	-	(17,153)	100.00	(17,153)	(722,923)	-	Note 3
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Researching, developing, manufacturing and selling of electronic high-tech chemical and related products	997,694	2	-	-	-	-	141,019	100.00	141,019	2,833,513	-	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	124,282	2	-	-	-	-	2,333	100.00	2,333	(204,469)	-	Note 3
Eternal Electronic Materials (Kunshan) Co., Ltd.	Manufacturing and selling of epoxy molding compound which used in electronic parts and related products	524,337	2	456,427	-	-	456,427	16,934	40.00	9,572	224,380	-	Note 3
Eternal Synthetic Resins (Changshu) Co., Ltd.	Manufacturing and selling of unsaturated polyester resin	726,426	2	279,811	-	-	279,811	(8,742)	100.00	(8,742)	200,752	-	Note 3
Eternal Chemical (Tianjin) Co., Ltd.	Manufacturing and selling of adhesives, resins material and processing products	1,008,004	2	599,320	-	-	599,320	22,102	100.00	22,102	866,888	-	Note 3
Eternal Specialty Materials (Zhuhai) Co., Ltd.	Manufacturing and selling of acrylic resin and methacrylic acid	611,011	2	243,540	-	-	243,540	131,568	90.00	118,411	2,249,659	788,866	Note 2
ESCO Specialty Coatings (Shanghai) Co., Ltd.	Researching, manufacturing and selling of processing electronic high-tech chemical, high performance coating, material and products	403,180	2	196,680	-	-	196,680	(3,474)	40.00	(2,482)	(16,455)	-	Note 3
Eternal Materials (Guangdong) Co., Ltd.	Manufacturing and selling of adhesives, resins material and processing products	1,297,259	2	868,175	-	-	868,175	74,648	100.00	74,648	3,800,891	1,371,700	Note 3
Eternal (China) Investment Co., Ltd.	Managing, investing consulting services, researching, leasing, manufacturing and selling of resins material and photoelectric chemicals materials	7,557,603	2	4,264,844	-	-	4,264,844	350,181	100.00	350,181	15,011,666	-	Notes 3 and 4

(Continued)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of March 31, 2021	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of March 31, 2021	Accumulated Repatriation of Investment Income as of March 31, 2021	Note
					Outward	Inward							
Eternal Chemical (Chengdu) Co., Ltd.	Researching and developing resins material and products	\$ 450,351	2	\$ -	\$ -	\$ -	\$ -	\$ (28,497)	100.00	\$ (28,497)	\$ (413,273)	\$ -	Note 3
Eternal Electronic (Suzhou) Co., Ltd.	Researching, developing, and manufacturing of dry film photoresist and dry film solder mask which used in electronic materials, researching resin materials and selling, providing after sales service of self-produced products	1,381,040	2	-	-	-	-	52,077	100.00	52,077	1,508,118	-	Note 2
Eternal Sun A. (Suzhou) Co., Ltd.	Researching, developing, and manufacturing of optical protective film which used in display, and selling, providing after sales service of self-produced products	751,443	2	-	-	-	-	(22,551)	60.00	(13,531)	80,403	-	Note 3
Eternal Specialty Materials (Suzhou) Co., Ltd.	Researching and developing chemical products, and selling, providing technical services of self-produced products	1,199,225	2	-	-	-	-	67,544	100.00	67,544	1,391,690	-	Note 3
Showa Denko New Material (Zhuhai) Co., Ltd.	Manufacturing and selling and manufacturing of functional resins, resins composite material and providing technical services	366,881	2	-	-	-	-	1,153	30.00	673	88,137	-	Note 3

(Concluded)

Investor Company	Accumulated Outward Remittance for Investments in Mainland China as of March 31, 2021 (Note 5)	Investment Amount Authorized by the Investment Commission, MOEA (Note 5)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 6)
Eternal Materials Co., Ltd.	\$ 8,083,938	\$ 24,464,815	\$ -

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

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

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

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

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

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

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

TABLE 9**Eternal Materials Co., Ltd. and Subsidiaries****INFORMATION OF MAJOR SHAREHOLDERS****March 31, 2021**

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

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

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