

## **Eternal Materials Co., Ltd. and Subsidiaries**

### **Consolidated Financial Statements for the Nine Months Ended September 30, 2022 and 2021 and Independent Auditors' Review Report**

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

## **INDEPENDENT AUDITORS' REVIEW REPORT**

Eternal Materials Co., Ltd.

### **Introduction**

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

### **Scope of Review**

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

### **Basis for Qualified Conclusion**

As described in Note 12 to the consolidated financial statements, total assets of some non-significant subsidiaries included in the consolidated financial statements amounted to NT\$27,354,296 thousand and NT\$25,158,533 thousand, representing 44% and 42% of the consolidated total assets as of September 30, 2022 and 2021, respectively; total liabilities amounted to NT\$10,225,988 thousand and NT\$9,350,971 thousand, representing 28% and 26% of the consolidated total liabilities as of September 30, 2022 and 2021, respectively; total comprehensive income amounted to loss of NT\$144,100 thousand, profit of NT\$70,125 thousand, profit of NT\$792,462 thousand and profit of NT\$375,161 thousand, representing 21%, 9%, 28% and 16% of the consolidated total comprehensive income for the three months ended September 30, 2022 and 2021, and for the nine months ended September 30, 2022 and 2021, respectively. The above amounts and information disclosed in Notes 35 to the consolidated financial statements were based on the financial statements prepared and disclosed by these subsidiaries, which were not reviewed by independent auditors for the same reporting periods. In addition, as described in Note 13 to the consolidated financial statements, the balance of investments accounted for using the equity method of the Company and its subsidiaries amounted to NT\$2,395,690 thousand and NT\$2,415,349 thousand as of September 30, 2022 and 2021, respectively; the share of the profit of associates and joint ventures accounted for using the equity method amounted to NT\$21,221 thousand, NT\$108,506 thousand, NT\$143,098 thousand and NT\$335,134 thousand for the three months ended September 30, 2022 and 2021, and for the nine months ended September 30, 2022 and 2021, respectively; the share of the other comprehensive income of

associates and joint ventures amounted to profit of NT\$26,883 thousand , loss of NT\$4,842 thousand, profit of NT\$69,592 thousand and loss of NT\$29,129 thousand for the three months ended September 30, 2022 and 2021, and for the nine months ended September 30, 2022 and 2021, respectively. The above amounts and information on investees disclosed in Notes 35 to the consolidated financial statements were based on the financial statements recognized and disclosed by investees, which were not reviewed by independent auditors for the same reporting periods.

### **Qualified Conclusion**

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

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

November 11, 2022

### Notice to Readers

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

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

## Eternal Materials Co., Ltd. and Subsidiaries

### CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	September 30,2022 (Reviewed)		December 31,2021 (Audited)		September 30,2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 7,542,203	12	\$ 4,250,469	7	\$ 5,544,753	9
Financial assets at fair value through profit or loss – current (Note 7)	-	-	-	-	77,578	-
Notes receivable, net (Notes 8 and 31)	5,211,885	9	6,717,389	11	6,164,667	10
Notes receivable from related parties, net (Notes 8 and 30)	59,929	-	83,349	-	62,884	-
Accounts receivable, net (Note 8)	12,400,784	20	13,032,813	22	13,027,984	22
Accounts receivable from related parties, net (Notes 8 and 30)	211,122	-	237,921	-	238,380	-
Other receivables (Notes 8 ,26 and 30)	658,224	1	671,227	1	740,871	1
Inventories (Note 9)	10,303,772	17	10,678,213	18	10,051,880	17
Non-current assets held for sale, net	-	-	313,112	1	-	-
Other financial assets - current (Note 10 and 31)	263,616	1	193,382	-	62,855	-
Other current assets - others	833,100	1	863,363	1	932,313	2
Total current assets	<u>37,484,635</u>	<u>61</u>	<u>37,041,238</u>	<u>61</u>	<u>36,904,165</u>	<u>61</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through profit or loss - non-current (Note 7)	12,160	-	14,968	-	13,314	-
Financial assets at fair value through other comprehensive income - non-current (Note 11)	774,454	1	1,033,343	2	1,032,660	2
Investments accounted for using the equity method (Note 13)	2,434,960	4	2,457,766	4	2,439,182	4
Property, plant and equipment (Notes 14 and 31)	17,158,808	28	16,369,000	27	16,167,497	27
Right-of-use assets (Note 15)	1,347,642	2	1,138,746	2	1,113,526	2
Investment properties (Note 16)	1,417,968	2	1,317,178	2	1,311,636	2
Intangible assets (Note 17)	251,074	-	261,442	-	267,515	-
Deferred tax assets	352,899	1	368,573	1	392,563	1
Other non-current assets - others (Notes 18 ,26 and 31)	396,541	1	533,435	1	570,871	1
Total non-current assets	<u>24,146,506</u>	<u>39</u>	<u>23,494,451</u>	<u>39</u>	<u>23,308,764</u>	<u>39</u>
<b>TOTAL</b>	<u>\$ 61,631,141</u>	<u>100</u>	<u>\$ 60,535,689</u>	<u>100</u>	<u>\$ 60,212,929</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Notes 19 and 31)	\$ 7,910,588	13	\$ 4,588,002	8	\$ 7,239,064	12
Notes payable	836,236	1	863,529	1	800,165	1
Accounts payable (Note 30)	4,098,790	7	6,771,109	11	6,382,060	11
Other payables - others	2,735,926	5	2,171,091	4	2,096,175	4
Current tax liabilities	558,758	1	489,253	1	457,970	1
Liabilities directly associated with non-current assets held for sale	-	-	1,506	-	-	-
Lease liabilities - current (Note 15)	50,879	-	86,404	-	76,034	-
Current portion of long-term borrowings(Notes 19 and 31)	4,297,159	7	4,325,565	7	3,223,745	5
Other current liabilities - others (Note 22)	758,619	1	226,924	-	170,237	-
Total current liabilities	<u>21,246,955</u>	<u>35</u>	<u>19,523,383</u>	<u>32</u>	<u>20,445,450</u>	<u>34</u>
<b>NON-CURRENT LIABILITIES</b>						
Bonds payable (Note 19)	5,493,279	9	5,491,683	9	5,491,122	9
Long-term borrowings (Notes 19 and 31)	6,551,112	11	7,013,985	12	6,700,545	11
Deferred tax liabilities	2,236,907	3	2,551,139	4	2,554,761	4
Lease liabilities - non-current (Note 15)	173,960	-	189,327	-	212,967	1
Other non-current liabilities (Note 13)	1,031,636	2	1,099,315	2	1,168,090	2
Total non-current liabilities	<u>15,486,894</u>	<u>25</u>	<u>16,345,449</u>	<u>27</u>	<u>16,127,485</u>	<u>27</u>
Total liabilities	<u>36,733,849</u>	<u>60</u>	<u>35,868,832</u>	<u>59</u>	<u>36,572,935</u>	<u>61</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)</b>						
Ordinary shares	11,782,655	19	12,402,795	20	12,402,795	20
Capital surplus	368,946	1	368,946	1	368,946	1
Retained earnings						
Legal reserve	4,803,617	8	4,437,120	8	4,437,120	8
Special reserve	1,181,819	2	781,875	1	781,875	1
Unappropriated earnings	7,073,836	11	7,430,191	12	6,718,216	11
Total retained earnings	<u>13,059,272</u>	<u>21</u>	<u>12,649,186</u>	<u>21</u>	<u>11,937,211</u>	<u>20</u>
Other equity	(587,149)	(1)	(1,181,819)	(2)	(1,439,713)	(2)
Total equity attributable to owners of the Company	<u>24,623,724</u>	<u>40</u>	<u>24,239,108</u>	<u>40</u>	<u>23,269,239</u>	<u>39</u>
<b>NON-CONTROLLING INTERESTS (Note 21)</b>	<u>273,568</u>	<u>-</u>	<u>427,749</u>	<u>1</u>	<u>370,755</u>	<u>-</u>
Total equity	<u>24,897,292</u>	<u>40</u>	<u>24,666,857</u>	<u>41</u>	<u>23,639,994</u>	<u>39</u>
<b>TOTAL</b>	<u>\$ 61,631,141</u>	<u>100</u>	<u>\$ 60,535,689</u>	<u>100</u>	<u>\$ 60,212,929</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' review report dated November 11, 2022)

## Eternal Materials Co., Ltd. and Subsidiaries

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING								
REVENUE ,net (Notes 22 and 30)	\$11,694,502	100	\$13,010,194	100	\$37,243,105	100	\$37,423,668	100
OPERATING COSTS (Notes 9, 23 and 30)	<u>9,570,834</u>	<u>82</u>	<u>10,324,806</u>	<u>79</u>	<u>29,475,354</u>	<u>79</u>	<u>29,279,907</u>	<u>78</u>
GROSS PROFIT	<u>2,123,668</u>	<u>18</u>	<u>2,685,388</u>	<u>21</u>	<u>7,767,751</u>	<u>21</u>	<u>8,143,761</u>	<u>22</u>
OPERATING EXPENSES (Notes 23 and 30)								
Selling and marketing expenses	716,784	6	729,219	6	2,280,347	6	2,150,251	6
General and administrative expenses	507,051	5	512,934	4	1,629,899	5	1,568,732	4
Research and development expenses	387,255	3	395,020	3	1,167,894	3	1,089,480	3
Expected credit loss (gain)	<u>15,217</u>	<u>-</u>	<u>2,626</u>	<u>-</u>	<u>14,235</u>	<u>-</u>	<u>( 4,847)</u>	<u>-</u>
Total operating expenses	<u>1,626,307</u>	<u>14</u>	<u>1,639,799</u>	<u>13</u>	<u>5,092,375</u>	<u>14</u>	<u>4,803,616</u>	<u>13</u>
PROFIT FROM OPERATIONS	<u>497,361</u>	<u>4</u>	<u>1,045,589</u>	<u>8</u>	<u>2,675,376</u>	<u>7</u>	<u>3,340,145</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income (Note 23)	29,646	-	25,825	-	73,746	-	76,078	-
Other income (Note 23 and 30)	162,881	2	106,596	1	277,817	1	217,388	1
Other gains and losses (Note 23)	27,770	-	42,895	-	19,113	-	( 84,091)	-
Loss on disposal of financial assets at amortized cost	( 2,389)	-	-	-	( 7,623)	-	-	-
Finance costs (Note 23)	( 100,121)	( 1)	( 76,182)	-	( 252,055)	( 1)	( 219,602)	( 1)
Share of the profit of associates and joint ventures (Note 13)	<u>21,221</u>	<u>-</u>	<u>108,506</u>	<u>1</u>	<u>143,098</u>	<u>1</u>	<u>335,134</u>	<u>1</u>
Total non-operating income and expenses	<u>139,008</u>	<u>1</u>	<u>207,640</u>	<u>2</u>	<u>254,096</u>	<u>1</u>	<u>324,907</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	636,369	5	1,253,229	10	2,929,472	8	3,665,052	10
INCOME TAX EXPENSE (Notes 4 and 24)	<u>( 154,294)</u>	<u>( 1)</u>	<u>( 267,374)</u>	<u>( 2)</u>	<u>( 656,302)</u>	<u>( 2)</u>	<u>( 786,679)</u>	<u>( 2)</u>
NET PROFIT FOR THE PERIOD	<u>482,075</u>	<u>4</u>	<u>985,855</u>	<u>8</u>	<u>2,273,170</u>	<u>6</u>	<u>2,878,373</u>	<u>8</u>

(Continued)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 21 and 24)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	(\$ 198,525)	( 2)	(\$ 129,998)	( 1)	(\$ 292,220)	( 1)	\$ 103,671	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	( 353)	-	12,135	-	966	-	28,992	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statement of foreign operations	378,154	4	( 76,218)	( 1)	801,961	2	( 697,991)	( 2)
Share of the other comprehensive income (loss) of associates and joint ventures	<u>26,883</u>	-	<u>( 4,842)</u>	-	<u>69,592</u>	<u>1</u>	<u>( 29,129)</u>	-
Other comprehensive income (loss) for the period, net of income tax	<u>206,159</u>	<u>2</u>	<u>( 198,923)</u>	<u>( 2)</u>	<u>580,299</u>	<u>2</u>	<u>( 594,457)</u>	<u>( 2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 688,234</u>	<u>6</u>	<u>\$ 786,932</u>	<u>6</u>	<u>\$ 2,853,469</u>	<u>8</u>	<u>\$ 2,283,916</u>	<u>6</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 487,786		\$ 981,184		\$ 2,267,299		\$ 2,879,931	
Non-controlling interests	<u>( 5,711)</u>		<u>4,671</u>		<u>5,871</u>		<u>( 1,558)</u>	
	<u>\$ 482,075</u>		<u>\$ 985,855</u>		<u>\$ 2,273,170</u>		<u>\$ 2,878,373</u>	
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 704,612		\$ 780,614		\$ 2,861,969		\$ 2,298,367	
Non-controlling interests	<u>( 16,378)</u>		<u>6,318</u>		<u>( 8,500)</u>		<u>( 14,451)</u>	
	<u>\$ 688,234</u>		<u>\$ 786,932</u>		<u>\$ 2,853,469</u>		<u>\$ 2,283,916</u>	
EARNINGS PER SHARE (Note 25)								
Basic	\$ 0.41		\$ 0.79		\$ 1.85		\$ 2.32	
Diluted	0.41		0.79		1.84		2.31	

(Concluded)

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

(With Deloitte & Touche auditors' review report dated November 11, 2022)

## Eternal Materials Co., Ltd. and Subsidiaries

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

	Equity Attributable to Owners of the Company						Other Equity		Total	Non-controlling Interests	Total Equity
	Ordinary Shares	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity			
			Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2022	\$12,402,795	\$ 368,946	\$ 4,437,120	\$ 781,875	\$ 7,430,191	( \$ 1,781,848 )	\$ 600,029	( \$ 1,181,819 )	\$24,239,108	\$ 427,749	\$24,666,857
Appropriation of 2021 earnings(Note 21)											
Legal reserve appropriated	-	-	366,497	-	( 366,497 )	-	-	-	-	-	-
Special reserve appropriated	-	-	-	399,944	( 399,944 )	-	-	-	-	-	-
Cash dividends—NT\$1.5 per share	-	-	-	-	( 1,860,419 )	-	-	-	( 1,860,419 )	-	( 1,860,419 )
Net profit for the nine months ended September 30, 2022	-	-	366,497	399,944	( 2,626,860 )	-	-	-	( 1,860,419 )	-	( 1,860,419 )
	-	-	-	-	2,267,299	-	-	-	2,267,299	5,871	2,273,170
Other comprehensive income (loss) for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	885,924	( 291,254 )	594,670	594,670	( 14,371 )	580,299
Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	2,267,299	885,924	( 291,254 )	594,670	2,861,969	( 8,500 )	2,853,469
Capital reduction by cash (Note 21)	( 620,140 )	-	-	-	-	-	-	-	( 620,140 )	-	( 620,140 )
Disposal of subsidiaries (Note 26)	-	-	-	-	-	-	-	-	-	( 127,529 )	( 127,529 )
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	( 18,152 )	( 18,152 )
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	3,206	-	-	-	3,206	-	3,206
BALANCE AT SEPTEMBER 30, 2022	\$11,782,655	\$ 368,946	\$ 4,803,617	\$ 1,181,819	\$ 7,073,836	( \$ 895,924 )	\$ 308,775	( \$ 587,149 )	\$24,623,724	\$ 273,568	\$24,897,292
BALANCE AT JANUARY 1, 2021	\$12,402,795	\$ 368,946	\$ 4,188,871	\$ 1,442,690	\$ 5,213,715	( \$ 1,320,826 )	\$ 538,306	( \$ 782,520 )	\$22,834,497	\$ 403,805	\$23,238,302
Appropriation of 2020 earnings(Note 21)											
Legal reserve appropriated	-	-	248,249	-	( 248,249 )	-	-	-	-	-	-
Cash dividends—NT\$1.5 per share	-	-	-	-	( 1,860,419 )	-	-	-	( 1,860,419 )	-	( 1,860,419 )
Reversal of special reserve	-	-	-	( 660,170 )	660,170	-	-	-	-	-	-
Net profit (loss) for the nine months ended September 30, 2021	-	-	248,249	( 660,170 )	( 1,448,498 )	-	-	-	( 1,860,419 )	-	( 1,860,419 )
	-	-	-	-	2,879,931	-	-	-	2,879,931	( 1,558 )	2,878,373
Other comprehensive income (loss) for the nine months ended September 30, 2021, net of income tax	-	-	-	-	-	( 714,227 )	132,663	( 581,564 )	( 581,564 )	( 12,893 )	( 594,457 )
Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	2,879,931	( 714,227 )	132,663	( 581,564 )	2,298,367	( 14,451 )	2,283,916
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	( 18,599 )	( 18,599 )
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	72,423	-	( 75,629 )	( 75,629 )	( 3,206 )	-	( 3,206 )
Others (Note 21)	-	-	-	( 645 )	645	-	-	-	-	-	-
BALANCE AT SEPTEMBER 30, 2021	\$12,402,795	\$ 368,946	\$ 4,437,120	\$ 781,875	\$ 6,718,216	( \$ 2,035,053 )	\$ 595,340	( \$ 1,439,713 )	\$23,269,239	\$ 370,755	\$23,639,994

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

(With Deloitte & Touche auditors' review report dated November 11, 2022)

## Eternal Materials Co., Ltd. and Subsidiaries

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

	For the Nine Months Ended September 30	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 2,929,472	\$ 3,665,052
Adjustments for:		
Depreciation expense	1,557,841	1,569,984
Amortization expense	17,287	20,139
Reversal of expected credit loss(gain)	14,235	( 4,847)
Net gain (loss) on fair value changes of financial assets at fair value through profit or loss	( 123)	( 10,623)
Finance costs	252,055	219,602
Loss on disposal of financial assets at amortized cost	7,623	-
Interest income	( 73,746)	( 76,078)
Dividend income	( 120,032)	( 48,125)
Share of the profit of associates and joint ventures	( 143,098)	( 335,134)
Loss (Gain) on disposal of property, plant and equipment	15,408	( 63,834)
Net gain on disposals of investment	-	( 2,905)
Impairment loss recognized on non-financial assets	60,626	132,848
Others	( 3,872)	( 485)
Changes in operating assets and liabilities		
Notes receivable	1,677,551	( 1,026,429)
Notes receivable from related parties	25,640	( 18,145)
Accounts receivable	829,250	( 1,160,634)
Accounts receivable from related parties	33,101	( 19,146)
Other receivables	71,068	( 27,879)
Inventories	466,612	( 2,692,108)
Other current assets	62,434	( 246,554)
Notes payable	( 54,531)	265,845
Accounts payable	( 2,790,823)	783,671
Other payables	24,094	2,871
Other current liabilities	533,642	105,316
Other non-current liabilities	( 57,860)	( 159,533)
Cash generated from operations	5,333,854	872,869
Interest received	58,663	71,806
Dividends received	244,179	287,698
Interest paid	( 241,613)	( 203,323)
Income taxes paid	( 893,937)	( 861,267)
Net cash generated from operating activities	<u>4,501,146</u>	<u>167,783</u>

(Continued)



## Eternal Materials Co., Ltd. and Subsidiaries

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

	For the Nine Months Ended September 30	
	2022	2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of financial assets at fair value through other comprehensive income	\$ -	\$ 84,697
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	1,239	-
Purchase of financial assets at fair value through profit or loss	( 757,713 )	( 1,507,103 )
Proceeds from disposal of financial assets at fair value through profit of loss	763,962	1,430,619
Proceeds from capital reduction of investments accounted for using the equity method	123,909	-
Proceeds from disposal of non-current assets held for sale	29,242	-
Payments for property, plant and equipment	( 2,116,961 )	( 1,348,022 )
Proceeds from disposal of property, plant and equipment	5,385	56,423
Decrease in other receivables from related parties	-	5,007
Payments for intangible assets	( 19,359 )	( 7,750 )
Payments for investment properties	( 521 )	-
Decrease in long-term lease receivables	23,214	25,526
Increase in other financial assets	( 63,210 )	( 4,074 )
Increase in other non-current assets	( 23,283 )	( 222,283 )
Net cash used in investing activities	<u>( 2,034,096 )</u>	<u>( 1,486,960 )</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	3,200,696	2,885,951
Proceeds from issuance of bonds	-	2,500,000
Proceeds from long-term borrowings	5,519,458	5,666,298
Repayments of long-term borrowings	( 6,171,772 )	( 8,087,846 )
Increase(Decrease) in guarantee deposits received	7,850	( 12,190 )
Repayment of the principal portion of lease liabilities	( 64,826 )	( 66,282 )
Cash dividends	( 1,860,419 )	( 1,860,419 )
Decrease in non-controlling interests	( 18,152 )	( 18,599 )
Net cash generated from financing activities	<u>612,835</u>	<u>1,006,913</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		
	<u>172,851</u>	<u>( 251,277 )</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	3,252,736	( 563,541 )
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>4,289,467</u>	<u>6,108,294</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>\$ 7,542,203</u>	<u>\$ 5,544,753</u>

(Concluded)

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

(With Deloitte & Touche auditors' review report dated November 11, 2022)

# Eternal Materials Co., Ltd. and Subsidiaries

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

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### 1. GENERAL INFORMATION

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

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

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors and authorized for issue on November 11, 2022.

### 3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

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

Note 2: 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 3: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
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 "Lease Liability in a Sale and Leaseback"	January 1, 2024(Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023

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

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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- a. Statement of compliance

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

- b. Basis of consolidation

The detailed information of subsidiaries (including the percentages of ownership and main businesses) is provided in Note 12 and Tables 9 and 10.

- c. Other significant accounting policies

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

- 1) Retirement Benefits

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

## 2) Taxation

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

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

## 6. CASH AND CASH EQUIVALENTS

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Cash on hand	\$ 32,474	\$ 43,184	\$ 42,734
Checking accounts and demand deposits	4,486,404	3,287,986	3,733,494
Cash equivalents (investments with original maturities of three months or less)			
Time deposits	<u>3,023,325</u>	<u>919,299</u>	<u>1,768,525</u>
Cash and cash equivalents in the consolidated balance sheets	7,542,203	4,250,469	5,544,753
Cash and cash equivalents classified to non-current assets held for sale	<u>-</u>	<u>38,998</u>	<u>-</u>
	<u>\$ 7,542,203</u>	<u>\$ 4,289,467</u>	<u>\$ 5,544,753</u>

## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Financial assets — current			
Hybrid financial assets			
Structured time deposits	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,578</u>
Financial assets — non-current			
Non-derivative financial assets			
Mutual fund			
Pacven Walden Ventures V, L.P.	<u>\$ 12,160</u>	<u>\$ 14,968</u>	<u>\$ 13,314</u>

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

## 8. NOTES, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Notes receivable	\$ 5,211,885	\$ 6,717,389	\$ 6,164,667
Notes receivable from related parties	\$ 59,929	\$ 83,349	\$ 62,884
Accounts receivable	\$ 12,656,583	\$ 13,281,574	\$ 13,278,277
Less: Allowance for loss	( 255,799)	( 248,761)	( 250,293)
	<u>\$ 12,400,784</u>	<u>\$ 13,032,813</u>	<u>\$ 13,027,984</u>
Accounts receivable from related parties	\$ 211,335	\$ 238,320	\$ 238,820
Less: Allowance for loss	( 213)	( 399)	( 440)
	<u>\$ 211,122</u>	<u>\$ 237,921</u>	<u>\$ 238,380</u>
Other receivables	\$ 688,024	\$ 701,027	\$ 770,671
Less: Allowance for loss	( 29,800)	( 29,800)	( 29,800)
	<u>\$ 658,224</u>	<u>\$ 671,227</u>	<u>\$ 740,871</u>

### a. Notes receivable and accounts receivable

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

The loss allowance of the Company and its subsidiaries' accounts receivable is recognized by using lifetime expected credit losses. The lifetime expected credit losses on accounts receivable are estimated using a provision matrix approach considering the past collection experience of the customers, the increase in overdue payments and the forward-looking factor of global economic growth rate.

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

September 30, 2022

	<b>Not Past Due</b>	<b>0 to 30 Days</b>	<b>31 to 90 Days</b>	<b>91 to 180 Days</b>	<b>Over 180 Days</b>	<b>Total</b>
Gross carrying amount	\$15,423,673	\$ 1,471,420	\$ 871,133	\$ 170,986	\$ 202,520	\$18,139,732
Loss allowance (lifetime ECL)	( 6,973)	( 7,729)	( 16,034)	( 22,756)	( 202,520)	( 256,012)
Amortized cost	<u>\$15,416,700</u>	<u>\$ 1,463,691</u>	<u>\$ 855,099</u>	<u>\$ 148,230</u>	<u>\$ -</u>	<u>\$17,883,720</u>

December 31, 2021

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

September 30, 2021

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

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>
Balance, beginning of the period	\$ 249,160	\$ 290,010
Recognized (reversed)	14,235	( 19,502)
Written-off	( 11,444)	( 15,097)
Effects of foreign currency exchange differences	<u>4,061</u>	( 4,678)
Balance, end of the period	<u>\$ 256,012</u>	<u>\$ 250,733</u>

b. Other receivables

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

## 9. INVENTORIES

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Raw materials	\$ 3,938,188	\$ 4,206,444	\$ 4,375,272
Supplies	179,509	155,099	157,188
Finished goods	6,011,610	5,971,718	5,190,422
Inventory in transit	<u>174,465</u>	<u>344,952</u>	<u>328,998</u>
	<u>\$ 10,303,772</u>	<u>\$ 10,678,213</u>	<u>\$ 10,051,880</u>

The cost of inventories recognized as operating costs for the three months ended September 30, 2022 and 2021, and the nine months ended September 30, 2022 and 2021 was \$9,547,481 thousand, \$10,309,665 thousand, \$29,407,522 thousand and \$29,241,889 thousand, respectively, including write-down of inventories of \$36,615 thousand, \$22,212 thousand, \$69,385 thousand and \$132,848 thousand, respectively.

## 10. OTHER FINANCIAL ASSETS - CURRENT

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Time deposits with original maturities of more than three months	\$ 261,802	\$ 193,382	\$ 62,855
Restricted time deposit	<u>1,814</u>	<u>-</u>	<u>-</u>
	<u>\$ 263,616</u>	<u>\$ 193,382</u>	<u>\$ 62,855</u>

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Domestic investments			
Listed shares			
President Securities Corp.	\$ 488,823	\$ 789,124	\$ 767,436
Unlisted shares			
Universal Venture Capital Investment Corp.	46,318	44,483	40,644
Der Yang Biotechnology Venture Capital Co., Ltd.	<u>3,072</u>	<u>4,323</u>	<u>4,316</u>
	<u>538,213</u>	<u>837,930</u>	<u>812,396</u>
Foreign investments			
Unlisted shares			
Grace THW Holding Limited	217,223	171,563	179,923
TBG Diagnostics Limited	<u>19,018</u>	<u>23,850</u>	<u>40,341</u>
	<u>236,241</u>	<u>195,413</u>	<u>220,264</u>
	<u>\$ 774,454</u>	<u>\$ 1,033,343</u>	<u>\$ 1,032,660</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 Remarks
			September 30, 2022	December 31, 2021	September 30, 2021	
The Company	Eternal Holdings Inc.	International investment	100	100	100	1)
	Eternal Global (BVI) Co., Ltd.	International investment	100	100	100	1)
	Mixville Holdings Inc.	International investment	100	100	100	1)
	CHOU-KOU Materials Co., Ltd.	Selling, trading and providing services of resins material, electronic material and other related products	100	100	100	1)
	Nikko-Materials Co., Ltd.	Manufacturing and selling of dry film photoresist and vacuum laminator	100	100	100	1)
	Eternal Electronic Material (Thailand) Co., Ltd.	Trading services, cutting and selling of dry film photoresist	75	75	75	1)
New E Materials Co., Ltd.	Researching, developing, manufacturing and selling of photoelectric, semiconductor process related electronic chemical materials and equipment spare parts	62.80	62.80	62.80	1)	
		Elga Europe S.r.l.	Manufacturing, selling, distribution and processing of electronic chemical products	72.68	72.68	72.68
Eternal Global (BVI) Co., Ltd.	Eternal Chemical (China) Co., Ltd	Manufacturing and selling of resins material and processing products	100	100	100	
Eternal Holdings Inc.	Eternal International (BVI) Co., Ltd.	International investment	100	100	100	1)
	E-Chem Corp.	International investment	100	100	100	1)
	Eternal Nanyang Investment Co., Ltd.	International investment	90	90	90	1)
	PT Eternal Materials Indonesia	Selling, trading of chemical products	67	67	67	1)
Eternal International (BVI) Co., Ltd.	Eternal Technology Corporation	Manufacturing and selling of photoresist	100	100	100	1)
	Eternal (China) Investment Co., Ltd.	Managing, investing consulting services, researching, leasing, manufacturing and selling of resins material and photoelectric chemical materials	100	100	100	1)
E-Chem Corp.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Manufacturing and selling of acrylic resin and methacrylic acid	90	90	90	
Eternal Nanyang Investment Co., Ltd.	Eternal Materials (Malaysia) Sdn. Bhd.	Manufacturing, selling, trading and providing services of resins material related products	100	100	100	1)
Mixville Holdings Inc.	High Expectation Limited	International investment	100	100	100	1)
High Expectation Limited	Eternal Materials (Guangdong) Co., Ltd.	Manufacturing and selling of adhesives, resins material and processing of products	100	100	100	1)
Eternal (China) Investment Co., Ltd.	Eternal Optical Material (Suzhou) Co., Ltd.	Manufacturing and selling of optical film, and leasing.	100	100	100	1)
	Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Researching, developing and manufacturing of photoresist dry film, liquid photo imagable solder masks and printed circuit board related materials	100	100	100	1)
	Eternal Synthetic Resins (Changshu) Co., Ltd.	Manufacturing and selling of unsaturated polyester resin	100	100	100	1)
	Eternal Chemical (Chengdu) Co., Ltd.	Researching, manufacturing and selling of resins material	100	100	100	1)
	Eternal Electronic (Suzhou) Co., Ltd.	Researching, developing, and manufacturing of dry film photoresist and dry film solder mask which used in electronic materials, researching resin materials and selling, providing after sales service of self-produced products	100	100	100	5)
	Eternal Electronic Material (Guangzhou) Co., Ltd.	Coating, slitting, cutting, processing, and selling of photoresist	-	-	100	2)
	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Researching, developing, manufacturing and selling of electronic high-tech chemical and related products	100	100	100	

( Continued )



Investor	Investee	Main Businesses	Percentage of Ownership (%)			Additional Descriptions
			September 30, 2022	December 31, 2021	September 30, 2021	
	Eternal Sun A. (Suzhou) Co., Ltd.	Researching, developing, and manufacturing of optical protective film which used in display, and selling, providing after sales service of self-produced products	-	60	60	1),4) and Note26
	Eternal Chemical (Tianjin) Co., Ltd.	Manufacturing and selling of adhesives, resins material and processing products	100	100	100	1)
	Eternal Specialty Materials (Suzhou) Co., Ltd.	Researching and developing chemical products, and selling, providing technical services of self-produced products	100	100	100	5)
	Elga Europe S.r.l.	Manufacturing, selling, distribution and processing of electronic chemical products	22.32	22.32	22.32	1)
	Eternal Material Industry (Tongling) Co., Ltd.	Manufacturing, selling, trading and providing technical services of products related to resins material	100	100	100	1)
Nikko-Materials Co., Ltd.	Nikko Mechanics Co., Ltd.	Designing, manufacturing, selling of industrial machinery and machine tool	-	-	100	1) and 3)

(Concluded)

- 1) This is an immaterial subsidiary for which its financial statements are not reviewed by the Company's independent auditors.
  - 2) In March 2020, the board of directors of the Company approved the merger of the subsidiary Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. with the subsidiary Eternal Electronic Material (Guangzhou) Co., Ltd., and the merger had been completed in the fourth quarter of 2021. After the merger, the subsidiary Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. is the surviving company and the subsidiary Eternal Electronic Material (Guangzhou) Co., Ltd. is the extinct company.
  - 3) In March 2021, the board of directors of the Company approved the merger of the subsidiary Nikko-Materials Co., Ltd. with the subsidiary Nikko Mechanics Co., Ltd., and the merger had been completed in the fourth quarter of 2021. After the merger, the subsidiary Nikko-Materials Co., Ltd. is the surviving company and the subsidiary Nikko Mechanics Co., Ltd. is the extinct company.
  - 4) The disposal was resolved by the board of directors in August 2021, and completed in February 2022.
  - 5) The Company's independent auditors' review scope was adjusted from Eternal Electronic (Suzhou) Co., Ltd. in September 30, 2021 to Eternal Specialty Materials (Suzhou) Co., Ltd. in the third quarter of 2022.
- b. The Company and its subsidiaries did not have any subsidiary with material non-controlling interests.

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Investments accounted for using the equity method			
Investments in associates	\$ <u>2,434,960</u>	\$ <u>2,457,766</u>	\$ <u>2,439,182</u>
Credit balance of investments accounted for using the equity method (recorded as other non-current liabilities)			
Investments in associates	(\$ <u>39,270</u> )	(\$ <u>26,711</u> )	(\$ <u>23,833</u> )

a. Investments accounted for using the equity method

Investments in associates

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Associates that are not individually material	\$ <u>2,434,960</u>	\$ <u>2,457,766</u>	\$ <u>2,439,182</u>

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

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
The Company and its subsidiaries' share of				
Net profit for the period	\$ 24,057	\$ 111,429	\$ 154,674	\$ 345,229
Other comprehensive income for the period	<u>27,358</u>	<u>(4,920)</u>	<u>70,575</u>	<u>(29,486)</u>
Total comprehensive income for the period	<u>\$ 51,415</u>	<u>\$ 106,509</u>	<u>\$ 225,249</u>	<u>\$ 315,743</u>

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Daxin Materials Corporation	\$ <u>1,489,754</u>	\$ <u>3,607,267</u>	\$ <u>2,084,719</u>

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

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Associates that are not individually material	( \$ 39,270 )	( \$ 26,711 )	( \$ 23,833 )

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

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
The Company and its subsidiaries' share of				
Net loss for the period	( \$ 2,836 )	( \$ 2,923 )	( \$ 11,576 )	( \$ 10,095 )
Other comprehensive income for the period	( 475 )	78	( 983 )	357
Total comprehensive loss for the period	( \$ 3,311 )	( \$ 2,845 )	( \$ 12,559 )	( \$ 9,738 )

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

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

Refer to Tables 9 and 10 for the main businesses and countries of incorporation of the associates.

## 14. PROPERTY, PLANT AND EQUIPMENT

### For the Nine Months Ended September 30, 2022

	Land	Buildings	Machinery and Equipment	Storage Equipment	Examination Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Carrying amount at January 1, 2022	<u>\$ 2,696,984</u>	<u>\$ 5,114,250</u>	<u>\$ 6,013,137</u>	<u>\$ 615,524</u>	<u>\$ 530,670</u>	<u>\$ 334,462</u>	<u>\$ 1,063,973</u>	<u>\$ 16,369,000</u>
<u>Cost</u>								
Balance at January 1, 2022	\$ 2,696,984	\$ 11,464,804	\$ 22,019,645	\$ 1,556,551	\$ 1,705,780	\$ 932,775	\$ 1,063,973	\$ 41,440,512
Additions	-	191,203	574,570	92,275	89,451	32,473	1,035,066	2,015,038
Disposals	-	(58,286)	(328,308)	(32,681)	(23,735)	(25,458)	(250)	(468,718)
Transferred to investment properties	-	(245,303)	-	-	-	-	(287)	(245,590)

(Continued)

	Land	Buildings	Machinery and Equipment	Storage Equipment	Examination Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Effect of foreign currency exchange difference	(2,689)	275,623	374,749	29,084	13,677	17,717	29,121	737,282
Balance at September 30, 2022	<u>\$ 2,694,295</u>	<u>\$ 1,1628,041</u>	<u>\$ 22,640,656</u>	<u>\$ 1,645,229</u>	<u>\$ 1,785,173</u>	<u>\$ 957,507</u>	<u>\$ 2,127,623</u>	<u>\$ 43,478,524</u>
<b>Accumulated depreciation and impairment</b>								
Balance at January 1, 2022	\$ -	\$ 6,350,554	\$ 16,006,508	\$ 941,027	\$ 1,175,110	\$ 598,313	\$ -	\$ 25,071,512
Depreciation	-	402,291	824,465	55,900	91,481	60,045	-	1,434,182
Disposals	-	(50,438)	(320,449)	(30,689)	(22,222)	(24,104)	-	(447,902)
Transferred to investment properties	-	(144,514)	-	-	-	-	-	(144,514)
Effect of foreign currency exchange difference	-	128,661	244,948	13,445	9,013	10,371	-	406,438
Balance at September 30, 2022	<u>\$ -</u>	<u>\$ 6,686,554</u>	<u>\$ 16,755,472</u>	<u>\$ 979,683</u>	<u>\$ 1,253,382</u>	<u>\$ 644,625</u>	<u>\$ -</u>	<u>\$ 26,319,716</u>
Carrying amount at September 30, 2022	<u>\$ 2,694,295</u>	<u>\$ 4,941,487</u>	<u>\$ 5,885,184</u>	<u>\$ 665,546</u>	<u>\$ 531,791</u>	<u>\$ 312,882</u>	<u>\$ 2,127,623</u>	<u>\$ 17,158,808</u>

(Concluded)

For the Nine Months Ended September 30, 2021

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

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

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

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

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

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Carrying amounts			
Land	\$ 1,133,673	\$ 877,304	\$ 840,630
Buildings	91,026	159,909	171,754
Machinery and equipment	90,469	73,935	78,411
Storage equipment	11,818	3,453	3,659
Other equipment	<u>20,656</u>	<u>24,145</u>	<u>19,072</u>
	<u>\$ 1,347,642</u>	<u>\$ 1,138,746</u>	<u>\$ 1,113,526</u>
		<b>For the Nine Months Ended September 30</b>	
		<u>2022</u>	<u>2021</u>
Additions to right-of-use assets		<u>\$ 314,253</u>	<u>\$ 47,996</u>
		<b>For the Three Months Ended September 30</b>	
		<u>2022</u>	<u>2021</u>
Depreciation charge for right-of-use assets			
Land	\$ 6,968	\$ 5,301	\$ 21,709
Buildings	12,682	14,224	40,723
Machinery and equipment	6,205	3,636	13,406
Storage equipment	1,173	205	1,832
Other equipment	<u>2,065</u>	<u>2,346</u>	<u>7,368</u>
	<u>\$ 29,093</u>	<u>\$ 25,712</u>	<u>\$ 84,356</u>

In addition, part of the land use rights 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>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Carrying amounts			
Current	<u>\$ 50,879</u>	<u>\$ 86,404</u>	<u>\$ 76,034</u>
Non-current	<u>\$ 173,960</u>	<u>\$ 189,327</u>	<u>\$ 212,967</u>

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Land	0.93~6.66	0.93~6.66	0.93~6.66
Buildings	0.63~4.35	0.63~5.04	0.63~5.04
Machinery and equipment	3.71	3.71	3.71
Storage equipment	1.63~3.78	1.63~1.67	1.63~1.67
Other equipment	0.60~2.70	0.60~2.70	0.63~3.64

c. Material lease activities and terms

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

d. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Expenses relating to short-term and low-value asset leases	<u>\$ 16,914</u>	<u>\$ 9,933</u>	<u>\$ 45,248</u>	<u>\$ 25,997</u>
			<b>For the Nine Months Ended September 30</b>	
			<b>2022</b>	<b>2021</b>
Total cash outflow for all lease arrangements (including short-term and low-value asset leases)			<u>\$ 111,912</u>	<u>\$ 94,581</u>

## 16. INVESTMENT PROPERTIES

For the Nine Months Ended September 30, 2022

	Land	Buildings	Right-of-use Assets	Total
Carrying amount at January 1, 2022	<u>\$ 54,640</u>	<u>\$ 1,196,546</u>	<u>\$ 65,992</u>	<u>\$ 1,317,178</u>
<u>Cost</u>				
Balance at January 1, 2022	\$ 54,640	\$ 1,413,962	\$ 72,359	\$ 1,540,961
Additions	-	521	-	521
Transferred from property, plant and equipment	-	245,590	-	245,590
Transferred from right-of-use assets	-	-	4,041	4,041
Effects of foreign currency exchange differences	( <u>3,096</u> )	<u>38,142</u>	<u>2,277</u>	<u>37,323</u>
Balance at September 30, 2022	<u>\$ 51,544</u>	<u>\$ 1,698,215</u>	<u>\$ 78,677</u>	<u>\$ 1,828,436</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2022	\$ -	\$ 217,416	\$ 6,367	\$ 223,783
Depreciation	-	34,100	1,631	35,731
Transferred from property, plant and equipment	-	144,514	-	144,514
Transferred from right-of-use assets	-	-	419	419
Effect of foreign currency exchange differences	-	<u>5,800</u>	<u>221</u>	<u>6,021</u>
Balance at September 30, 2022	<u>\$ -</u>	<u>\$ 401,830</u>	<u>\$ 8,638</u>	<u>\$ 410,468</u>
Carrying amount at September 30, 2022	<u>\$ 51,544</u>	<u>\$ 1,296,385</u>	<u>\$ 70,039</u>	<u>\$ 1,417,968</u>

For the Nine Months Ended September 30, 2021

	<b>Land</b>	<b>Buildings</b>	<b>Right-of-use Assets</b>	<b>Total</b>
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
Additions	355	34,174	-	34,529
Transferred to property, plant and equipment	-	( 15,710)	-	( 15,710)
Transferred to right-of-use assets	-	-	( 847)	( 847)
Effects of foreign currency exchange differences	( <u>4,226</u> )	( <u>30,737</u> )	( <u>1,375</u> )	( <u>36,338</u> )
Balance at September 30, 2021	\$ <u>55,956</u>	\$ <u>1,395,211</u>	\$ <u>71,492</u>	\$ <u>1,522,659</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2021	\$ -	\$ 179,880	\$ 4,324	\$ 184,204
Depreciation	-	31,032	1,589	32,621
Transferred to property, plant and equipment	-	( 713)	-	( 713)
Transferred to right-of-use assets	-	-	( 50)	( 50)
Effect of foreign currency exchange differences	-	( <u>4,943</u> )	( <u>96</u> )	( <u>5,039</u> )
Balance at September 30, 2021	\$ <u>-</u>	\$ <u>205,256</u>	\$ <u>5,767</u>	\$ <u>211,023</u>
Carrying amount at September 30, 2021	\$ <u>55,956</u>	\$ <u>1,189,955</u>	\$ <u>65,725</u>	\$ <u>1,311,636</u>

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

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

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Year 1	\$ 153,993	\$ 227,398	\$ 254,586
Year 2	134,285	143,607	141,826
Year 3	90,295	113,637	125,652
Year 4	95,219	83,948	84,580
Year 5	94,681	89,945	88,453
Year 6 onwards	<u>242,364</u>	<u>298,110</u>	<u>316,756</u>
	\$ <u>810,837</u>	\$ <u>956,645</u>	\$ <u>1,011,853</u>

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

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Fair value	<u>\$ 3,423,515</u>	<u>\$ 3,080,253</u>	<u>\$ 3,061,453</u>

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

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

Operating income and expenses directly related to investment properties

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Rental income	<u>\$ 73,745</u>	<u>\$ 71,925</u>	<u>\$ 217,654</u>	<u>\$ 214,547</u>
Operating expenses directly related to investment properties	<u>\$ 33,746</u>	<u>\$ 33,768</u>	<u>\$ 96,374</u>	<u>\$ 91,664</u>

## 17. INTANGIBLE ASSETS

For the Nine Months Ended September 30, 2022

	<b>Goodwill</b>	<b>Expertise</b>	<b>Customer Relationships</b>	<b>Computer Software</b>	<b>Others</b>	<b>Total</b>
Carrying amount at January 1, 2022	<u>\$ 33,853</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,119</u>	<u>\$ 11,470</u>	<u>\$ 261,442</u>
<u>Cost</u>						
Balance at January 1, 2022	\$ 70,853	\$ 127,513	\$ 104,038	\$ 246,968	\$ 91,567	\$ 640,939
Additions	-	-	-	5,723	2,289	8,012
Disposals	-	-	-	-	( 1,493 )	( 1,493 )
Effects of foreign currency exchange differences	( 2,815 )	-	-	10	( 6,865 )	( 9,670 )
Balance at September 30, 2022	<u>\$ 68,038</u>	<u>\$ 127,513</u>	<u>\$ 104,038</u>	<u>\$ 252,701</u>	<u>\$ 85,498</u>	<u>\$ 637,788</u>
<u>Accumulated amortization and impairment</u>						
Balance at January 1, 2022	\$ 37,000	\$ 127,513	\$ 104,038	\$ 30,849	\$ 80,097	\$ 379,497
Amortization expense	-	-	-	12,079	3,497	15,576
Disposals	-	-	-	-	( 1,493 )	( 1,493 )
Effects of foreign currency exchange differences	-	-	-	-	( 6,866 )	( 6,866 )
Balance at September 30, 2022	<u>\$ 37,000</u>	<u>\$ 127,513</u>	<u>\$ 104,038</u>	<u>\$ 42,928</u>	<u>\$ 75,235</u>	<u>\$ 386,714</u>
Carrying amount at September 30, 2022	<u>\$ 31,038</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 209,773</u>	<u>\$ 10,263</u>	<u>\$ 251,074</u>



For the Nine Months Ended September 30, 2021

	<b>Goodwill</b>	<b>Expertise</b>	<b>Customer Relationships</b>	<b>Computer Software</b>	<b>Others</b>	<b>Total</b>
Carrying amount at January 1, 2021	<u>\$ 38,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223,655</u>	<u>\$ 19,688</u>	<u>\$ 282,235</u>
<u>Cost</u>						
Balance at January 1, 2021	\$ 75,892	\$ 127,513	\$ 104,038	\$ 239,226	\$ 143,163	\$ 689,832
Additions	-	-	-	6,655	1,095	7,750
Disposals	-	-	-	-	( 14,281 )	( 14,281 )
Effects of foreign currency exchange differences	( <u>3,843</u> )	-	-	-	( <u>26,870</u> )	( <u>30,713</u> )
Balance at September 30, 2021	<u>\$ 72,049</u>	<u>\$ 127,513</u>	<u>\$ 104,038</u>	<u>\$ 245,881</u>	<u>\$ 103,107</u>	<u>\$ 652,588</u>
<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	-	-	-	11,431	6,611	18,042
Disposals	-	-	-	-	( 14,281 )	( 14,281 )
Effects of foreign currency exchange differences	-	-	-	-	( <u>26,285</u> )	( <u>26,285</u> )
Balance at September 30, 2021	<u>\$ 37,000</u>	<u>\$ 127,513</u>	<u>\$ 104,038</u>	<u>\$ 27,002</u>	<u>\$ 89,520</u>	<u>\$ 385,073</u>
Carrying amount at September 30, 2021	<u>\$ 35,049</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218,879</u>	<u>\$ 13,587</u>	<u>\$ 267,515</u>

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

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

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

## 18. FINANCE LEASE RECEIVABLES

The Company and its subsidiaries have a ten-year lease period for both renovation works and machinery and equipment lease contracts, and the implicit interest rate range of the leases is 4.84%-6.23%. The Company and its subsidiaries entered into a lease agreement with an associate Allnex - Eternal Resins (Guangdong) Co., Ltd. for the leasing out of machinery and equipment for ten years, and the implicit interest rate in the lease was 6.23%. This agreement was deemed as a sale agreement. The gain on disposal will be deferred and subsequently recognized as profit over the lease term. As of September 30, 2022, December 31, 2021 and September 30, 2021, the balance of finance lease receivables generated from the aforementioned transactions was \$19,286 thousand, \$28,442 thousand, and \$27,647 thousand, respectively.

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

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Undiscounted lease payments			
Year 1	\$ 26,986	\$ 27,092	\$ 25,852
Year 2	19,411	26,629	26,768
Year 3	19,316	18,728	18,595
Year 4	19,220	18,636	18,504
Year 5	19,124	18,543	18,412
Year 6 onwards	<u>45,819</u>	<u>58,681</u>	<u>62,214</u>
	149,876	168,309	170,345
Less: Unearned financial income	( <u>23,360</u> )	( <u>27,535</u> )	( <u>29,023</u> )
Finance lease receivable (recorded as other non-current assets - others)	<u>\$ 126,516</u>	<u>\$ 140,774</u>	<u>\$ 141,322</u>

## 19. BORROWINGS

### a. Short-term borrowings

Type of Borrowings	Interest Rate Range (%)	Amount
September 30, 2022		
Mortgage secured loans	0.57-2.93	\$ 1,033,176
Unsecured loans	0.58-4.13	4,896,211
Purchase loans	2.50-5.10	293,656
Secured loans	1.10-4.10	<u>1,687,545</u>
		<u>\$ 7,910,588</u>
December 31, 2021		
Mortgage secured loans	0.90-3.35	\$ 293,574
Unsecured loans	0.58-3.55	2,695,852
Purchase loans	1.15-2.98	125,126
Secured loans	1.00-3.32	<u>1,473,450</u>
		<u>\$ 4,588,002</u>
September 30, 2021		
Mortgage secured loans	2.31-3.35	\$ 301,400
Unsecured loans	0.58-3.71	5,114,355
Purchase loans	1.12-2.95	461,794
Secured loans	1.00-3.28	<u>1,361,515</u>
		<u>\$ 7,239,064</u>

b. Long-term borrowings

Type of Borrowings	Agreement Period and Interest Payable Schedule	Interest Rate Range (%)	Amount
September 30, 2022			
Mortgage secured loans	From December 17, 2010 to December 31, 2025. Interest is paid based on schedule.	0.86-1.75	\$ 38,491
Secured loans	From November 25, 2020 to November 25, 2025. Interest is paid based on schedule.	3.93	1,322,812
Unsecured loans	From October 2, 2017 to September 16, 2025. Interest is paid based on schedule.	1.04-3.43	9,486,968
			<u>10,848,271</u>
Less: Current portion of long- term borrowings			(4,297,159)
			<u>\$ 6,551,112</u>
December 31, 2021			
Mortgage secured loans	From December 17, 2010 to December 31, 2025. Interest is paid based on schedule.	0.86-1.75	\$ 49,205
Secured loans	From November 25, 2020 to November 25, 2025. Interest is paid based on schedule.	1.13-1.45	1,411,680
Unsecured loans	From September 11, 2017 to November 25, 2024. Interest is paid based on schedule.	0.61-3.85	9,030,581
			<u>10,491,466</u>
Long-term bills payable			
Commercial paper	Revolving credit, the period of the agreement is five years. Maturity date is October 2027. Only banking surcharge and interests have to be paid before the maturity date.	1.13	850,000
Less: Unamortized discounts			<u>(1,916)</u>
			<u>848,084</u>
			11,339,550
Less: Current portion of long- term borrowings			(4,325,565)
			<u>\$ 7,013,985</u>

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

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

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, 2021 and 2020.
- 2) As of September 30, 2022, the Company and its subsidiaries utilized the credits under signed facility agreements of the following banks.

<b>Bank</b>	<b>Currency</b>	<b>Credit line</b>
Bank SinoPac Co., Ltd.	NTD	\$ 1,125,000
HSBC Bank (Taiwan) Limited	NTD	1,050,000
Far Eastern International Bank Co., Ltd.	NTD	800,000
Taishin International Bank	NTD	500,000

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

In November, 2020, the subsidiary entered into a syndicated credit facility agreement with five banks led by Taipei Fubon Commercial Bank Co., Ltd. for a USD50,000 thousand credit line; the proceeds are for expanding medium-term working capital and increase capital to repay the subsidiaries' existing liabilities.

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

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

d. Bonds Payable

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
5 year secured bonds - issued at par value			
Issued in November 2019; interest rate at 0.82%; principal repayable at maturity and interest payable annually	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Less: Issuance cost	<u>(2,543)</u>	<u>(3,439)</u>	<u>(3,739)</u>
	<u>2,997,457</u>	<u>2,996,561</u>	<u>2,996,261</u>
5 year secured bonds - issued at par value			
Issued in August 2021; interest rate at 0.58%; principal repayable at maturity and interest payable annually	2,500,000	2,500,000	2,500,000
Less: Issuance cost	<u>(4,178)</u>	<u>(4,878)</u>	<u>(5,139)</u>
	<u>2,495,822</u>	<u>2,495,122</u>	<u>2,494,861</u>
	<u>\$ 5,493,279</u>	<u>\$ 5,491,683</u>	<u>\$ 5,491,122</u>

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

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

## 20. RETIREMENT BENEFIT PLANS

For the three months ended September 30, 2022 and 2021, and the nine months ended September 30, 2022 and 2021, the pension expenses of defined benefit plans were \$22,985 thousand, \$9,093 thousand, \$69,318 thousand and \$26,906 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2021 and 2020, respectively.

## 21. EQUITY

### a. Share capital

	September 30, 2022	December 31, 2021	September 30, 2021
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>1,178,266</u>	<u>1,240,280</u>	<u>1,240,280</u>
Shares issued	<u>\$ 11,782,655</u>	<u>\$ 12,402,795</u>	<u>\$ 12,402,795</u>

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

### b. Capital surplus

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

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

### c. Retained earnings and dividend policy

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

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

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

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

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

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

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

d. Other equity items

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

	<u>For the Nine Months Ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Balance, beginning of the period	\$(1,781,848)	\$(1,320,826)
Recognized for the period		
Exchange differences on translation of the financial statements of foreign operations	816,332	(685,098)
Share of exchange differences of associates and joint ventures accounted for using the equity method	<u>69,592</u>	<u>(29,129)</u>
Balance, end of the period	<u>\$ (895,924)</u>	<u>\$ (2,035,053)</u>

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

2) Unrealized gains and losses on financial assets at FVTOCI

	<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>
Balance, beginning of the period	\$ 600,029	\$ 538,306
Recognized for the period		
Unrealized gains and losses - equity instruments	( 291,254 )	132,663
Reclassification adjustments		
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>( 75,629 )</u>
Balance, end of the period	<u>\$ 308,775</u>	<u>\$ 595,340</u>

e. Non-controlling interests

	<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>
Balance, beginning of the period	\$ 427,749	\$ 403,805
Share of net profit(loss) for the period	5,871	( 1,558 )
Other comprehensive income or loss for the period		
Exchange differences on translation of the financial statements of foreign operations	( 14,371 )	( 12,893 )
Dividends distributed by subsidiaries	( 18,152 )	( 25,179 )
Non-controlling interests arising from establishing a new subsidiary	-	6,580
Disposal of subsidiaries (Note26)	<u>( 127,529 )</u>	<u>-</u>
Balance, end of the period	<u>\$ 273,568</u>	<u>\$ 370,755</u>

**22. REVENUE**

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Revenue from contracts with customers				
Revenue from the sale of goods	\$ 11,623,383	\$ 12,940,816	\$ 37,033,245	\$ 37,216,839
Lease revenue	<u>71,119</u>	<u>69,378</u>	<u>209,860</u>	<u>206,829</u>
	<u>\$ 11,694,502</u>	<u>\$ 13,010,194</u>	<u>\$ 37,243,105</u>	<u>\$ 37,423,668</u>

Contract balances

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>	<b>January 1, 2021</b>
Notes and accounts receivable	<u>\$ 17,883,720</u>	<u>\$ 20,071,472</u>	<u>\$ 19,493,915</u>	<u>\$ 17,523,187</u>
Contract liabilities (recorded as other current liabilities - others)				
Sale of goods	<u>\$ 645,901</u>	<u>\$ 181,963</u>	<u>\$ 128,479</u>	<u>\$ 131,902</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:

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
From the balance of contract liabilities at the beginning of the year	<u>\$ 30,064</u>	<u>\$ 303</u>	<u>\$ 174,074</u>	<u>\$ 131,345</u>
Sale of goods				

### 23. PROFIT BEFORE INCOME TAX

#### a. Interest income

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Interest on bank deposits	\$ 25,427	\$ 20,574	\$ 60,969	\$ 60,703
Others	<u>4,219</u>	<u>5,251</u>	<u>12,777</u>	<u>15,375</u>
	<u>\$ 29,646</u>	<u>\$ 25,825</u>	<u>\$ 73,746</u>	<u>\$ 76,078</u>

#### b. Other income

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Dividend income	\$ 120,032	\$ 48,125	\$ 120,032	\$ 48,125
Others	<u>42,849</u>	<u>58,471</u>	<u>157,785</u>	<u>169,263</u>
	<u>\$ 162,881</u>	<u>\$ 106,596</u>	<u>\$ 277,817</u>	<u>\$ 217,388</u>

#### c. Other gains and losses

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Gains on disposal of investment	\$ -	\$ 2,924	\$ -	\$ 2,905
Gains (Losses) on disposal and retirement of property, plant and equipment	( 3,654)	68,753	( 15,408)	63,834
Gains on financial assets				
Financial assets at FVTPL	825	6,947	123	10,623
Reversal of impairment loss on non-financial assets				
Non-current assets held for sale	-	-	8,759	-
Finance fees	( 13,354)	( 10,552)	( 39,617)	( 28,112)
Net foreign exchange gains and losses	48,999	( 13,970)	118,657	( 74,385)
Others	<u>( 5,046)</u>	<u>( 11,207)</u>	<u>( 53,401)</u>	<u>( 58,956)</u>
	<u>\$ 27,770</u>	<u>\$ 42,895</u>	<u>\$ 19,113</u>	<u>(\$ 84,091)</u>

d. Finance costs

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Interest expense				
Interest on loans	\$ 104,358	\$ 76,771	\$ 260,802	\$ 221,380
Interest on lease liabilities	607	724	1,838	2,302
Less: Amounts included in the cost of qualifying assets	( 4,844)	( 1,313)	( 10,585)	( 4,080)
	<u>\$ 100,121</u>	<u>\$ 76,182</u>	<u>\$ 252,055</u>	<u>\$ 219,602</u>

Information about capitalized interest was as follows:

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Capitalized interest amount	<u>\$ 4,844</u>	<u>\$ 1,313</u>	<u>\$ 10,585</u>	<u>\$ 4,080</u>
Capitalization rates (%)	1.42~3.78	0.94~1.08	0.94~3.78	0.94~1.16

e. Depreciation and amortization

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Property, plant and equipment	\$ 467,470	\$ 488,292	\$ 1,434,182	\$ 1,457,888
Investment properties	13,509	10,827	35,731	32,621
Right-of-use assets	29,093	25,712	84,356	79,475
Intangible assets	5,190	5,652	15,576	18,042
Other non-current assets - others	345	634	1,602	2,097
Non-current assets held for sale	-	-	3,681	-
	<u>\$ 515,607</u>	<u>\$ 531,117</u>	<u>\$ 1,575,128</u>	<u>\$ 1,590,123</u>
Analysis of depreciation by function				
Operating costs	\$ 389,792	\$ 406,478	\$ 1,205,801	\$ 1,213,992
Operating expenses	<u>120,280</u>	<u>118,353</u>	<u>352,040</u>	<u>355,992</u>
	<u>\$ 510,072</u>	<u>\$ 524,831</u>	<u>\$ 1,557,841</u>	<u>\$ 1,569,984</u>
Analysis of amortization by function				
Operating costs	\$ 266	\$ 452	\$ 1,149	\$ 1,350
Operating expenses	<u>5,269</u>	<u>5,834</u>	<u>16,138</u>	<u>18,789</u>
	<u>\$ 5,535</u>	<u>\$ 6,286</u>	<u>\$ 17,287</u>	<u>\$ 20,139</u>

f. Employee benefits

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Short-term employee benefits				
Salaries	\$ 938,860	\$ 983,549	\$ 2,988,177	\$ 2,950,264
Labor and health insurance	85,846	81,894	256,004	247,816
Others	<u>81,614</u>	<u>83,331</u>	<u>258,101</u>	<u>247,811</u>
	<u>1,106,320</u>	<u>1,148,774</u>	<u>3,502,282</u>	<u>3,445,891</u>
Post-employment benefits				
Defined contribution plans	61,855	55,431	183,926	162,557
Defined benefit plans (Note 20)	<u>22,985</u>	<u>9,093</u>	<u>69,318</u>	<u>26,906</u>
	<u>84,840</u>	<u>64,524</u>	<u>253,244</u>	<u>189,463</u>
	<u>\$ 1,191,160</u>	<u>\$ 1,213,298</u>	<u>\$ 3,755,526</u>	<u>\$ 3,635,354</u>
Analysis by function				
Operating costs	\$ 537,331	\$ 549,619	\$ 1,654,323	\$ 1,642,028
Operating expenses	<u>653,829</u>	<u>663,679</u>	<u>2,101,203</u>	<u>1,993,326</u>
	<u>\$ 1,191,160</u>	<u>\$ 1,213,298</u>	<u>\$ 3,755,526</u>	<u>\$ 3,635,354</u>

g. Compensation of employees and remuneration of directors

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Compensation of employees	<u>\$ 17,000</u>	<u>\$ 46,000</u>	<u>\$ 120,000</u>	<u>\$ 146,000</u>
Remuneration of directors	<u>\$ 2,000</u>	<u>\$ 3,600</u>	<u>\$ 16,300</u>	<u>\$ 11,290</u>

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

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

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

The differences were adjusted to profit and loss in 2022 and 2021, respectively.

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

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	Current tax	\$ 344,185	\$ 379,005	\$ 958,144
Deferred tax	( 189,891)	( 111,631)	( 301,842)	( 64,314)
	<u>\$ 154,294</u>	<u>\$ 267,374</u>	<u>\$ 656,302</u>	<u>\$ 786,679</u>

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

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	Current tax			
Disposal of investments in equity instruments at FVTOCI	<u>\$ -</u>	<u>\$ -</u>	( \$ 3,206)	<u>\$ 3,206</u>

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

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	Deferred tax			
Recognized in the current period				
Unrealized gains and losses on financial assets at fair value through other comprehensive income	<u>\$ 353</u>	( \$ 12,135)	( \$ 966)	( \$ 28,992)

d. Income tax assessment

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

## 25. EARNINGS PER SHARE

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Basic earnings per share	<u>\$ 0.41</u>	<u>\$ 0.79</u>	<u>\$ 1.85</u>	<u>\$ 2.32</u>
Diluted earnings per share	<u>\$ 0.41</u>	<u>\$ 0.79</u>	<u>\$ 1.84</u>	<u>\$ 2.31</u>

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

Net profit for the period

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Net profit for the period attributable to owners of the Company	<u>\$ 487,786</u>	<u>\$ 981,184</u>	<u>\$2,267,299</u>	<u>\$2,879,931</u>

Number of ordinary shares

Unit: Thousand Shares

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,201,858	1,240,280	1,227,331	1,240,280
Effect of potentially dilutive ordinary shares				
Compensation of employees	<u>561</u>	<u>1,222</u>	<u>5,175</u>	<u>4,956</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,202,419</u>	<u>1,241,502</u>	<u>1,232,506</u>	<u>1,245,236</u>

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

## 26. DISPOSAL OF SUBSIDIARIES

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

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

## 27. CASH FLOW INFORMATION

### a. Information on investment activities

	<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>
Acquisition of property, plant and equipment	\$ 2,015,326	\$ 1,244,421
Decrease in payables for equipment	85,705	107,772
Decrease (Increase) in other non-current liabilities	<u>26,515</u>	<u>(91)</u>
	2,127,546	1,352,102
Capitalized interest	<u>(10,585)</u>	<u>(4,080)</u>
Cash paid	<u>\$ 2,116,961</u>	<u>\$ 1,348,022</u>

### b. Changes in major liabilities arising from financing activities

#### For the nine months ended September 30, 2022

	<u>January 1, 2022</u>	<u>Cash Flows</u>	<u>Non-cash Changes</u>		<u>September 30, 2022</u>
			<u>Exchange Rate Adjustment</u>	<u>Issuance Cost</u>	
Short-term borrowings	\$ 4,588,002	\$ 3,200,696	\$ 121,890	\$ -	\$ 7,910,588
Long-term borrowings	11,339,550	( 652,314)	161,035	-	10,848,271
Bonds payable	5,491,683	-	-	1,596	5,493,279

#### For the nine months ended September 30, 2021

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

## 28. CAPITAL MANAGEMENT

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

## 29. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>September 30, 2022</u>				
Financial instruments at FVTPL				
Mutual funds	\$ <u>-</u>	\$ <u>-</u>	\$ <u>12,160</u>	\$ <u>12,160</u>
Financial instruments at FVTOCI				
Equity instruments				
Domestic and foreign listed shares	\$ <u>488,823</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>488,823</u>
Domestic and foreign unlisted shares	\$ <u>-</u>	\$ <u>-</u>	\$ <u>285,631</u>	\$ <u>285,631</u>
<u>December 31, 2021</u>				
Financial instruments at FVTPL				
Mutual funds	\$ <u>-</u>	\$ <u>-</u>	\$ <u>14,968</u>	\$ <u>14,968</u>
Financial instruments at FVTOCI				
Equity instruments				
Domestic and foreign listed shares	\$ <u>789,124</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>789,124</u>
Domestic and foreign unlisted shares	\$ <u>-</u>	\$ <u>-</u>	\$ <u>244,219</u>	\$ <u>244,219</u>
<u>September 30, 2021</u>				
Financial instruments at FVTPL				
Structured deposit	\$ <u>-</u>	\$ <u>77,578</u>	\$ <u>-</u>	\$ <u>77,578</u>
Mutual funds	\$ <u>-</u>	\$ <u>-</u>	\$ <u>13,314</u>	\$ <u>13,314</u>
Financial instruments at FVTOCI				
Equity instruments				
Domestic and foreign listed shares	\$ <u>767,436</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>767,436</u>
Domestic and foreign unlisted shares	\$ <u>-</u>	\$ <u>-</u>	\$ <u>265,224</u>	\$ <u>265,224</u>

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



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

For the Nine Months Ended September 30, 2022

Financial assets	<b>Mutual Funds</b> <b>Financial Assets</b> <b>at FVTPL</b>	<b>Stocks</b> <b>Financial Assets</b> <b>at FVTOCI</b>	<b>Total</b>
Balance, beginning of the period	\$ 14,968	\$ 244,219	\$ 259,187
Recognized in profit or loss (recorded as other gains and losses)	( 4,849 )	-	( 4,849 )
Recognized in other comprehensive income	-	8,080	8,080
Disposal	-	( 1,239 )	( 1,239 )
Effects of foreign currency exchange differences	<u>2,041</u>	<u>34,571</u>	<u>36,612</u>
Balance, end of the period	<u>\$ 12,160</u>	<u>\$ 285,631</u>	<u>\$ 297,791</u>
Unrealized other gains and losses for the period	( <u>\$ 4,849</u> )		( <u>\$ 4,849</u> )

For the Nine Months Ended September 30, 2021

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

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

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

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

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

c. Categories of financial instruments

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
<b>Financial assets</b>			
Fair value through profit or loss			
Mandatorily classified as at fair value through profit or loss	\$ 12,160	\$ 14,968	\$ 90,892
Financial assets at amortized cost (Note 1)	26,582,065	25,316,320	25,991,070
Financial assets at fair value through other comprehensive income - equity instruments	774,454	1,033,343	1,032,660
<b>Financial liabilities</b>			
Financial liabilities at amortized cost (Note 2)	\$ 32,016,170	\$ 31,313,608	\$ 32,020,846

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

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

d. Financial risk management objectives and policies

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

1) Market risk

a) Foreign currency risk

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

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

### Sensitivity analysis

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

Foreign Currencies : Functional Currencies	Impact on Profit or Loss For the Nine Months Ended September 30	
	2022	2021
Financial assets		
Monetary items		
USD:NTD	\$ 33,564	\$ 29,116
USD:RMB	8,023	8,673
USD:MYR	4,703	4,232
RMB:NTD	3,196	3,545
JPY:NTD	2,727	2,381
THB:NTD	1,269	1,688
Financial liabilities		
Monetary items		
USD:NTD	29,237	23,486
USD:RMB	3,500	7,877
USD:MYR	4,880	4,061
JPY:NTD	2,201	1,448

#### b) Interest rate risk

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

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

	September 30, 2022	December 31, 2021	September 30, 2021
Fair value interest rate risk			
Financial assets	\$ 3,429,867	\$ 1,271,574	\$ 1,990,781
Financial liabilities	7,668,118	9,192,415	9,205,123
Cash flow interest rate risk			
Financial assets	4,351,077	3,225,275	3,596,414
Financial liabilities	16,808,859	12,502,551	13,738,354

If interest rates had been 1% higher and all other variables were held constant, the Company and its subsidiaries' financial liabilities would have increased cash outflows by \$168,089 thousand and \$137,384 thousand for the nine months ended September 30, 2022 and 2021.

c) Other price risk

The Company and its subsidiaries were exposed to equity price risk through their investments in equity securities. If equity prices had been 1% higher/lower, other comprehensive income for the nine months ended September 30, 2022 and 2021 would have increased/decreased by \$4,888 thousand and \$7,674 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

3) Liquidity risk

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

September 30, 2022

	Less Than 1 Year	1-2 Years	2-3 Years	3-5 Years	Over 5 Years	Total
Non-derivative financial liabilities						
Short-term borrowings	\$ 7,954,356	\$ -	\$ -	\$ -	\$ -	\$ 7,954,356
Notes payable	836,236	-	-	-	-	836,236
Accounts payable	4,098,790	-	-	-	-	4,098,790
Other payables	2,735,926	-	-	-	-	2,735,926
Lease liabilities	76,977	50,336	39,864	43,560	21,955	232,692
Long-term borrowings (including current portion)	6,255,857	793,250	3,459,975	645,111	-	11,154,193
Bonds payable	39,100	39,100	3,016,859	2,513,149	-	5,608,208
	<u>\$ 21,997,242</u>	<u>\$ 882,686</u>	<u>\$ 6,516,698</u>	<u>\$ 3,201,820</u>	<u>\$ 21,955</u>	<u>\$ 32,620,401</u>

December 31, 2021

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

September 30, 2021

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

e. Transfers of financial assets

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

As of September 30, 2022, December 31, 2021 and September 30, 2021, the carrying amount of the accounts receivable that have been transferred but have not been derecognized amounted to \$2,691,489 thousand, \$3,403,826 thousand and \$3,107,499 thousand, respectively, and the carrying amount of the related borrowings and accounts payables were \$2,688,344 thousand, \$3,402,510 thousand and \$3,105,920 thousand, respectively.

### 30. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party names and relationships

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

b. Operating revenue

<u>Account Item</u>	<u>Related Party Category</u>	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenue from sales of goods	Associates	\$ 175,720	\$ 187,138	\$ 539,293	\$ 518,694
	Key management personnel	-	-	4,183	-
	Other related parties	-	-	102	-
		<u>\$ 175,720</u>	<u>\$ 187,138</u>	<u>\$ 543,578</u>	<u>\$ 518,694</u>

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

c. Purchase of goods

<u>Related Party Category</u>	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Associates	\$ 1,124	\$ -	\$ 2,484	\$ 816
Other related parties	-	-	2,796	2,028
	<u>\$ 1,124</u>	<u>\$ -</u>	<u>\$ 5,280</u>	<u>\$ 2,844</u>

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

d. Other income

<u>Related Party Category/Name</u>	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Associates				
Allnex-Eternal Resins (Guangdong) Co., Ltd.	\$ 8,993	\$ 10,831	\$ 26,608	\$ 25,507
Others	<u>1,741</u>	<u>1,157</u>	<u>9,902</u>	<u>4,701</u>
	<u>\$ 10,734</u>	<u>\$ 11,988</u>	<u>\$ 36,510</u>	<u>\$ 30,208</u>

Inclusive of rental income, service fees and so on.

e. Receivables from related parties

<u>Account Item</u>	<u>Related Party Category</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Notes and accounts receivable	Associates	<u>\$ 271,051</u>	<u>\$ 321,270</u>	<u>\$ 301,264</u>

The receivables arose mainly from sales transactions; the receivables were not guaranteed, pledged and do not bear interest. As of September 30, 2022, December 31, 2021 and September 30, 2021, the balance of loss allowance of accounts receivable from related parties is \$213 thousand, \$399 thousand and \$440 thousand, respectively.

f. Payable to related parties

<u>Account Item</u>	<u>Related Party Category</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Accounts payable	Associates	<u>\$ 161</u>	<u>\$ 284</u>	<u>\$ -</u>

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

g. Loans to related parties

<u>Account Item</u>	<u>Related Party Category/Name</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Other receivables	Associates			
	ESCO Specialty Coatings (Shanghai) Co., Ltd.	\$ 163,618	\$ 158,641	\$ 156,740
	Eterkon Semiconductor Materials Co., Ltd.	107,584	104,312	103,062
		<u>\$ 271,202</u>	<u>\$ 262,953</u>	<u>\$ 259,802</u>

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

h. Compensation of key management personnel

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 19,749	\$ 28,221	\$ 91,142	\$ 85,212
Post-employment benefits	<u>1,343</u>	<u>120</u>	<u>4,029</u>	<u>359</u>
	<u>\$ 21,092</u>	<u>\$ 28,341</u>	<u>\$ 95,171</u>	<u>\$ 85,571</u>

### 31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Notes receivable	\$ 2,691,489	\$ 3,403,826	\$ 3,107,499
Property, plant and equipment	245,654	259,427	265,760
Other financial assets – current and non-current (recorded as other non-current assets - others)			
Time deposit certificates and deposit of escrow account	<u>20,038</u>	<u>18,119</u>	<u>18,079</u>
	<u>\$ 2,957,181</u>	<u>\$ 3,681,372</u>	<u>\$ 3,391,338</u>

### 32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. The Company and its subsidiaries have issued but unused letters of credit with an aggregate amount of \$70,364 thousand as of September 30, 2022.
- b. The Company and its subsidiaries have contracts that were not yet incurred to purchase property, plant and equipment and intangible assets of \$1,796,109 thousand at September 30, 2022.

### 33. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The subsidiary Eternal Materials (Malaysia) Sdn. Bhd. will purchase additional land use right for industrial land near the existing factory by capital increase and self-owned funds for the purpose of operating need. The total amount including related taxes and fees is about MYR 54,000 thousand.

### 34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount
September 30, 2022				
Financial assets				
Monetary items				
USD	\$ 105,300	31.8750	(USD:NTD)	\$3,356,438
USD	25,169	7.1107	(USD:RMB)	802,262
USD	14,754	4.6150	(USD:MYR)	470,284
RMB	71,307	4.4827	(RMB:NTD)	319,646
JPY	1,236,725	0.2205	(JPY:NTD)	272,698
THB	151,523	0.8377	(THB:NTD)	126,931
Non-monetary items				
Financial assets at fair value through other comprehensive income				
AUD	933	20.3800	(AUD:NTD)	19,018
Investments accounted for using the equity method				
USD	925,688	31.8750	(USD:NTD)	29,506,299
RMB	6,036,897	0.1406	(RMB:USD)	27,061,476
JPY	4,049,215	0.2205	(JPY:NTD)	892,852
MYR	220,242	0.2167	(MYR:USD)	1,521,174
THB	144,683	0.8377	(THB:NTD)	121,201
Financial liabilities				
Monetary items				
USD	91,723	31.8750	(USD:NTD)	2,923,671
USD	10,979	7.1107	(USD:RMB)	349,956
USD	15,311	4.6150	(USD:MYR)	488,038
JPY	998,216	0.2205	(JPY:NTD)	220,107

(Continued)



December 31, 2021	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>		<b>Carrying Amount</b>
<b>Financial assets</b>				
<b>Monetary items</b>				
USD	\$ 102,572	27.6800	(USD:NTD)	\$2,839,193
USD	26,590	6.3686	(USD:RMB)	736,011
USD	14,522	4.1930	(USD:MYR)	401,969
RMB	101,088	4.3463	(RMB:NTD)	439,361
JPY	972,232	0.2405	(JPY:NTD)	233,822
THB	165,353	0.8347	(THB:NTD)	138,020
<b>Non-monetary items</b>				
<b>Financial assets at fair value through   other comprehensive income</b>				
AUD	1,188	20.0800	(AUD:NTD)	23,850
<b>Investments accounted for using   the equity method</b>				
USD	989,925	27.6800	(USD:NTD)	27,401,132
RMB	5,936,727	0.1570	(RMB:USD)	25,802,915
JPY	9,150,437	0.2405	(JPY:NTD)	2,200,680
MYR	233,112	0.2385	(MYR:USD)	1,538,886
THB	162,402	0.8347	(THB:NTD)	135,557
<b>Financial liabilities</b>				
<b>Monetary items</b>				
USD	85,713	27.6800	(USD:NTD)	2,372,536
USD	20,207	6.3686	(USD:RMB)	559,330
USD	12,560	4.1930	(USD:MYR)	347,661
JPY	798,073	0.2405	(JPY:NTD)	191,937
<hr/>				
September 30, 2021				
<hr/>				
<b>Financial assets</b>				
<b>Monetary items</b>				
USD	104,545	27.8500	(USD:NTD)	2,911,578
USD	31,141	6.4854	(USD:RMB)	867,277
USD	15,197	4.1870	(USD:MYR)	423,236
RMB	82,562	4.2943	(RMB:NTD)	354,543
JPY	956,120	0.2490	(JPY:NTD)	238,074
THB	203,778	0.8284	(THB:NTD)	168,810

(Continued)

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>		<b>Carrying Amount</b>
Non-monetary items				
Financial assets at fair value through other comprehensive income				
AUD	2,010	20.0700	(AUD:NTD)	40,341
Investments accounted for using the equity method				
USD	966,082	27.8500	(USD:NTD)	26,905,370
RMB	6,066,283	0.1542	(RMB:USD)	26,050,195
JPY	8,271,574	0.2490	(JPY:NTD)	2,059,622
MYR	239,026	0.2388	(MYR:USD)	1,589,890
THB	152,278	0.8284	(THB:NTD)	126,147
Financial liabilities				
Monetary items				
USD	84,330	27.8500	(USD:NTD)	2,348,591
USD	28,283	6.4854	(USD:RMB)	787,682
USD	14,581	4.1870	(USD:MYR)	406,081
JPY	581,396	0.2490	(JPY:NTD)	144,768
(Concluded)				

The total realized and unrealized foreign exchange gains and losses were a gain of \$48,999 thousand, a loss of 13,970 thousand, a gain of \$118,657 thousand and a loss of 74,385 thousand for the three months ended September 30, 2022 and 2021, and for the nine months ended September 30, 2022 and 2021, respectively. It is impractical to disclose net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of each entity.

### 35. ADDITIONAL DISCLOSURES

#### a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (Table 3)
- 4) Marketable securities acquired or disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital: (Table 4)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: (Table 5)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 7)
- 9) Trading in derivative instruments: (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 8)
- 11) Information on investees (Table 9)
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment gain or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 10)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period (Table 6)
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Table 6)
    - c) The amount of property transactions and the amount of the resultant gains or losses: None
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes (Table 2)
    - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds (Table 1)
    - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: 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 11)

### 36. SEGMENT INFORMATION

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

- Resins Materials

Mainly operating variety of industrial resins materials.

- Electronic Materials

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

- High Performance Materials

Mainly operating UV - light curing raw material.

- Others

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

### Segment revenues and operating results

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

	<b>Resins Materials</b>	<b>Electronic Materials</b>	<b>High Performance Materials</b>	<b>Others</b>	<b>Adjustment and Elimination</b>	<b>Total</b>
<u>For the nine months ended September 30, 2022</u>						
Revenues from external customers						
Revenue from the sale of goods	\$ 18,301,049	\$ 9,628,218	\$ 9,000,302	\$ 103,676	\$ -	\$ 37,033,245
Revenue from the rental service	-	14,394	-	195,466	-	209,860
Inter-segment revenues	<u>2,191,935</u>	<u>2,279,230</u>	<u>1,512,426</u>	<u>2,000</u>	<u>(5,985,591)</u>	<u>-</u>
Total revenue	<u>\$ 20,492,984</u>	<u>\$ 11,921,842</u>	<u>\$ 10,512,728</u>	<u>\$ 301,142</u>	<u>(\$ 5,985,591)</u>	<u>\$ 37,243,105</u>
Segment operating profit (loss)	<u>\$ 363,028</u>	<u>\$ 923,324</u>	<u>\$ 1,657,742</u>	<u>(\$ 268,718)</u>	<u>\$ -</u>	<u>\$ 2,675,376</u>
<u>For the nine months ended September 30, 2021</u>						
Revenues from external customers						
Revenue from the sale of goods	\$ 18,205,873	\$ 11,081,209	\$ 7,859,946	\$ 69,811	\$ -	\$ 37,216,839
Revenue from the rental service	-	-	-	206,829	-	206,829
Inter-segment revenues	<u>2,078,186</u>	<u>4,145,047</u>	<u>1,390,610</u>	<u>2,437</u>	<u>(7,616,280)</u>	<u>-</u>
Total revenue	<u>\$ 20,284,059</u>	<u>\$ 15,226,256</u>	<u>\$ 9,250,556</u>	<u>\$ 279,077</u>	<u>(\$ 7,616,280)</u>	<u>\$ 37,423,668</u>
Segment operating profit (loss)	<u>\$ 388,563</u>	<u>\$ 1,790,830</u>	<u>\$ 1,476,402</u>	<u>(\$ 315,650)</u>	<u>\$ -</u>	<u>\$ 3,340,145</u>

## Eternal Materials Co., Ltd. and Subsidiaries

## FINANCING PROVIDED TO OTHERS

FOR THE NINE MONTHS ENDED September 30, 2022

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

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 2)	Ending Balance (Note 3)	Actual Amount Drawn	Interest Rate (%)	Nature of Financing (Note 4)	Transaction Amount	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Limit	Note
													Item	Value			
0	Eternal Materials Co., Ltd.	Eternal Technology Corporation	Other receivables from related parties	Y	\$ 318,750	\$ 318,750	\$ 318,750	4.300-4.400	2	\$ -	Operating needs	\$ -	-	\$ -	\$ 1,231,186	\$ 9,849,490	Note 5
1	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	Other receivables from related parties	Y	992,013	448,268	223,832	3.330-3.852	2	-	Operating needs	-	-	-	9,379,867	9,379,867	Note 7
1	Eternal Chemical (China) Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	Other receivables from related parties	Y	811,647	358,614	241,606	3.330-3.852	2	-	Operating needs	-	-	-	9,379,867	9,379,867	Note 7
1	Eternal Chemical (China) Co., Ltd.	Eternal Materials (Guangdong) Co., Ltd.	Other receivables from related parties	Y	90,183	89,654	-	-	2	-	Operating needs	-	-	-	9,379,867	9,379,867	Note 7
1	Eternal Chemical (China) Co., Ltd.	Eternal Specialty Materials (Suzhou) Co., Ltd.	Other receivables from related parties	Y	450,915	224,134	1	3.330-3.852	2	-	Operating needs	-	-	-	9,379,867	9,379,867	Note 7
1	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	Other receivables from related parties	Y	1,668,386	896,536	618,151	3.330-3.852	2	-	Operating needs	-	-	-	9,379,867	9,379,867	Note 7
1	Eternal Chemical (China) Co., Ltd.	Eterkon Semiconductor Materials Co., Ltd.	Other receivables from related parties	Y	216,439	107,584	107,584	3.700	2	-	Operating needs	-	-	-	1,875,973	1,875,973	Note 9
1	Eternal Chemical (China) Co., Ltd.	Eternal (China) Investment Co., Ltd.	Other receivables from related parties	Y	901,830	448,268	-	-	2	-	Operating needs	-	-	-	9,379,867	9,379,867	Note 7
1	Eternal Chemical (China) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Other receivables from related parties	Y	225,458	224,134	3,511	3.330	2	-	Operating needs	-	-	-	9,379,867	9,379,867	Note 7
1	Eternal Chemical (China) Co., Ltd.	Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Other receivables from related parties	Y	67,637	67,240	-	-	2	-	Operating needs	-	-	-	9,379,867	9,379,867	Note 7
1	Eternal Chemical (China) Co., Ltd.	Eternal Optical Material (Suzhou) Co., Ltd.	Other receivables from related parties	Y	45,092	44,827	-	-	2	-	Operating needs	-	-	-	9,379,867	9,379,867	Note 7
2	Eternal Materials (Guangdong) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	225,458	224,134	67,852	3.080	2	-	Operating needs	-	-	-	7,025,496	7,025,496	Note 6
2	Eternal Materials (Guangdong) Co., Ltd.	Eternal (China) Investment Co., Ltd.	Other receivables from related parties	Y	657,915	-	-	-	2	-	Operating needs	-	-	-	7,025,496	7,025,496	Note 6
2	Eternal Materials (Guangdong) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Other receivables from related parties	Y	87,722	-	-	-	2	-	Operating needs	-	-	-	7,025,496	7,025,496	Note 6
2	Eternal Materials (Guangdong) Co., Ltd.	Eternal Optical Material (Suzhou) Co., Ltd.	Other receivables from related parties	Y	438,610	-	-	-	2	-	Operating needs	-	-	-	7,025,496	7,025,496	Note 6
2	Eternal Materials (Guangdong) Co., Ltd.	Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Other receivables from related parties	Y	153,514	-	-	-	2	-	Operating needs	-	-	-	7,025,496	7,025,496	Note 6
3	Eternal Holdings Inc.	Eternal Technology Corporation	Other receivables from related parties	Y	336,300	191,250	191,250	3.500	2	-	Operating needs	-	-	-	44,364,434	44,364,434	Note 6

(Continued)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 2)	Ending Balance (Note 3)	Actual Amount Drawn	Interest Rate (%)	Nature of Financing (Note 4)	Transaction Amount	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Limit	Note
													Item	Value			
3	Eternal Holdings Inc.	Eternal Materials Co., Ltd.	Other receivables from related parties	Y	\$ 573,750	\$ 573,750	\$ 573,750	4.520	2	-	Operating needs	-	-	-	\$ 44,364,434	\$ 44,364,434	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	901,830	448,268	-	-	2	-	Operating needs	-	-	-	31,221,600	31,221,600	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	Other receivables from related parties	Y	1,938,935	1,031,016	1,031,016	3.330	2	-	Operating needs	-	-	-	31,221,600	31,221,600	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	Other receivables from related parties	Y	1,062,790	537,922	537,922	3.330	2	-	Operating needs	-	-	-	31,221,600	31,221,600	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	Other receivables from related parties	Y	721,464	358,614	358,614	3.330	2	-	Operating needs	-	-	-	31,221,600	31,221,600	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Materials (Guangdong) Co., Ltd.	Other receivables from related parties	Y	131,583	-	-	-	2	-	Operating needs	-	-	-	31,221,600	31,221,600	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Other receivables from related parties	Y	901,830	448,268	448,268	3.330	2	-	Operating needs	-	-	-	31,221,600	31,221,600	Note 6
4	Eternal (China) Investment Co., Ltd.	ESCO Specialty Coatings (Shanghai) Co., Ltd.	Other receivables from related parties	Y	163,618	163,618	163,618	4.250	2	-	Operating needs	-	-	-	6,244,320	6,244,320	Note 8
5	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	450,915	448,268	296,102	3.080-3.199	2	-	Operating needs	-	-	-	8,667,464	8,667,464	Note 7
5	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	ESCO Specialty Coatings (Shanghai) Co., Ltd.	Other receivables from related parties	Y	164,584	-	-	-	2	-	Operating needs	-	-	-	1,733,493	1,733,493	Note 9

(Concluded)

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

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

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

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

Note 4: Nature of financing is as follows:

- Business relationship.
- Short-term financing

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

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

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

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

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

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

## Eternal Materials Co., Ltd. and Subsidiaries

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsements /Guarantees Given on Behalf of Each Party	Maximum Amount Endorsements /Guarantees During the Period (Note 4)	Outstanding Endorsements /Guarantees the End of the Period (Note 5)	Actual Amount Drawn	Amount Endorsements /Guarantees by Collaterals	Ratio of Accumulated Endorsements /Guarantees to Net Equity per Latest Financial Statements (%)	Maximum Endorsements /Guarantees Amount Allowable (Note 6)	Endorsements /Guarantees Given by Parent on Behalf of Subsidiaries	Endorsements /Guarantees by Subsidiaries on Behalf of Parent	Endorsements /Guarantees Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 2)											
0	Eternal Materials Co., Ltd.	Eternal Holdings Inc.	2	\$24,623,724	\$ 561,000	\$ 561,000	\$ -	\$ -	2.28	\$24,623,724	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Technology Corporation	2	24,623,724	294,750	-	-	-	-	24,623,724	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Nikko-Materials Co., Ltd.	2	24,623,724	85,120	-	-	-	-	24,623,724	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Materials (Malaysia) Sdn. Bhd.	2	24,623,724	2,637,130	2,637,130	1,598,906	-	10.71	24,623,724	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Elga Europe S.r.l.	2	24,623,724	479,190	459,284	382,431	-	1.87	24,623,724	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Nanyang Investment Co., Ltd.	2	24,623,724	1,593,750	1,593,750	1,322,813	-	6.47	24,623,724	Y	N	N	Notes 3 and 6

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

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

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

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

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

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

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

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



## Eternal Materials Co., Ltd. and Subsidiaries

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

SEPTEMBER 30, 2022

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2022				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Eternal Materials Co., Ltd.	President Securities Corp. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	33,366,767	\$ 488,823	2.29	\$ 488,823	
	TBG Diagnostics Limited (stock)	-	Financial assets at fair value through other comprehensive income - non-current	40,200,000	19,018	18.48	19,018	
	Universal Venture Capital Investment Corp. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	5,000,000	46,318	4.15	46,318	
	Der Yang Biotechnology Venture Capital Co., Ltd. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	230,096	3,072	11.11	3,072	
	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	217,223	Note	217,223	
	Pacven Walden Ventures V, L.P. (fund)	-	Financial assets at fair value through profit or loss - non-current	-	12,160	Note	12,160	

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

**Eternal Materials Co., Ltd. and Subsidiaries**

**MARKETABLE SECURITIES ACQUIRED OR DISPOSED AT COSTS OR PRICES AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**  
**(In Thousands of New Taiwan Dollars)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition (Note 1)		Disposal				Ending Balance (Note 2)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Eternal (China) Investment Co., Ltd.	Eternal Material Industry (Tongling) Co., Ltd.	Investments accounted for using the equity method	Note 4	Subsidiary	Note 3	\$ 435,274	Note 3	\$ 439,300	-	\$ -	\$ -	\$ -	Note 3	\$ 884,866

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

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

Note 3: No share were issued.

Note 4: The Company implemented capital increase.

**Eternal Materials Co., Ltd. and Subsidiaries**

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022  
(In Thousands of New Taiwan Dollars)**

Company Name	Property	Event Date	Transaction Amount	Payment Terms	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Price Reference	Purpose of Acquisition	Other Terms
							Property-Owner	Relationship	Transaction Date	Amount			
Eternal Electronic (Suzhou) Co., Ltd.	Engaging the non-related party to build the R&D building on own land.	April 19, 2022	\$ 576,810	Payment in accordance with the terms	Zhongdi Construction Group Co., Ltd	Non- related party	-	-	-	\$ -	Price negotiation in accordance with the terms	Self-use	None

**TABLE 6**

**Eternal Materials Co., Ltd. and Subsidiaries**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**  
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales (Note 2)	Amount	% to Total	Payment Terms	Unit Price	Payment Term	Ending Balance	% to Total	
Eternal Materials Co., Ltd.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Subsidiary	Sales	\$ 486,758	4	Note 1	\$ -	-	\$ 61,398	1	Note 3
Eternal Materials Co., Ltd.	Eternal Materials (Guangdong) Co., Ltd.	Subsidiary	Sales	185,152	1	Note 1	-	-	31,713	1	Note 3
Eternal Materials Co., Ltd.	Nikko-Materials Co., Ltd.	Subsidiary	Sales	189,534	2	Note 1	-	-	37,796	1	Note 3
Eternal Materials Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	Subsidiary	Sales	192,234	2	Note 1	-	-	113,286	3	Note 3
Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	Subsidiary	Sales	282,979	2	Note 1	-	-	104,665	2	Note 3
Eternal Materials Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Subsidiary	Sales	222,432	2	Note 1	-	-	53,019	1	Note 3
Eternal Materials Co., Ltd.	Eternal (China) Investment Co., Ltd.	Subsidiary	Sales	284,964	2	Note 1	-	-	97,230	2	Note 3
Eternal Materials Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Subsidiary	Sales	145,761	1				58,838	1	Note 3
Eternal Chemical (Tianjin) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Sister company	Sales	336,606	18	Note 1	-	-	101,186	8	Note 3
Eternal Materials (Guangdong) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Sister company	Sales	383,577	10	Note 1	-	-	78,866	3	Note 3
Eternal Materials (Guangdong) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Sister company	Sales	241,819	6	Note 1	-	-	68,478	3	Note 3
Eternal Materials (Guangdong) Co., Ltd.	Allnex-Eternal Resins (Guangdong) Co., Ltd.	Associate	Sales	307,303	8	Note 1	-	-	127,525	6	
Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal Materials Co., Ltd.	Ultimate parent company	Sales	281,872	10	Note 1	-	-	5,783	1	Note 3
Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Sister company	Sales	182,359	7	Note 1	-	-	95,476	8	Note 3
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Sister company	Sales	455,125	16	Note 1	-	-	326,148	16	Note 3
Eternal Specialty Materials (Zhuhai) Co., Ltd.	Eternal Materials Co., Ltd.	Ultimate parent company	Sales	278,616	6	Note 1	-	-	786	-	Note 3
Eternal Specialty Materials (Zhuhai) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Sister company	Sales	105,616	2	Note 1	-	-	22,005	1	Note 3
Nikko-Materials Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	Sister company	Sales	104,211	4	Note 1	-	-	15,759	2	Note 3
Eternal Chemical (China) Co., Ltd.	Allnex-Eternal Resins (Guangdong) Co., Ltd.	Associate	Sales	138,315	4	Note 1	-	-	109,302	4	

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

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

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

## Eternal Materials Co., Ltd. and Subsidiaries

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
SEPTEMBER 30, 2022

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Doubtful Accounts
					Amount	Actions Taken		
Eternal Materials Co., Ltd.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Subsidiary	\$ 104,665	3.85	\$ 940	Collected subsequently	\$ 872	\$ -
Eternal Materials Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	Subsidiary	113,286	2.14	58,663	Collected subsequently	32,648	-
Eternal Materials Co., Ltd.	Eternal Technology Corporation	Subsidiary	155,822	1.15	84,247	Collected subsequently	-	-
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Sister company	326,148	1.78	156,142	Collected subsequently	81,363	-
Eternal Chemical (Tianjin) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Sister company	101,186	3.70	-	-	20,581	-
Eternal Chemical (China) Co., Ltd.	Allnex-Eternal Resins (Guangdong) Co., Ltd.	Associate	109,302	1.40	5,320	Collected subsequently	10,585	29
Eternal Materials (Guangdong) Co., Ltd.	Allnex-Eternal Resins (Guangdong) Co., Ltd.	Associate	127,525	3.27	15,505	Collected subsequently	31,184	168

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

## Eternal Materials Co., Ltd. and Subsidiaries

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

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transactions Details			% to Total Revenues or Assets
				Financial Statement Item (Note 5)	Amount	Terms	
0	Eternal Materials Co., Ltd.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	1	Revenue from sales of goods	\$ 486,758	Note3	1.31
0	Eternal Materials Co., Ltd.	Eternal Materials (Guangdong) Co., Ltd.	1	Revenue from sales of goods	185,152	Note3	0.50
0	Eternal Materials Co., Ltd.	Nikko-Materials Co., Ltd.	1	Revenue from sales of goods	189,534	Note3	0.51
0	Eternal Materials Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	1	Revenue from sales of goods	192,234	Note3	0.52
0	Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	1	Revenue from sales of goods	282,979	Note3	0.76
0	Eternal Materials Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	1	Revenue from sales of goods	222,432	Note3	0.60
0	Eternal Materials Co., Ltd.	Eternal (China) Investment Co., Ltd.	1	Revenue from sales of goods	284,964	Note3	0.77
0	Eternal Materials Co., Ltd.	Eternal Chemical (China) Co., Ltd.	1	Revenue from sales of goods	145,761	Note3	0.39
0	Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	1	Notes and accounts receivable from related parties	104,665	Note3	0.17
0	Eternal Materials Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	1	Notes and accounts receivable from related parties	113,286	Note3	0.18
0	Eternal Materials Co., Ltd.	Eternal Technology Corporation	1	Notes and accounts receivable from related parties	155,822	Note3	0.25
0	Eternal Materials Co., Ltd.	Eternal Technology Corporation	1	Other receivables from related parties	318,750	Note4	0.52
1	Eternal Holdings Inc.	Eternal Technology Corporation	1	Other receivables from related parties	191,250	Note4	0.31
1	Eternal Holdings Inc.	Eternal Materials Co., Ltd.	2	Other receivables from related parties	573,750	Note4	0.93
2	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	1	Other receivables from related parties	1,031,016	Note4	1.67
2	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	1	Other receivables from related parties	537,922	Note4	0.87
2	Eternal (China) Investment Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	1	Other receivables from related parties	358,614	Note4	0.58
2	Eternal (China) Investment Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	1	Other receivables from related parties	448,268	Note4	0.73
3	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	3	Revenue from sales of goods	455,125	Note3	1.22
3	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	3	Notes and accounts receivable from related parties	326,148	Note3	0.53
3	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	3	Other receivables from related parties	296,102	Note4	0.48
4	Eternal Chemical (China) Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	3	Other receivables from related parties	241,606	Note4	0.39
4	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	3	Other receivables from related parties	618,151	Note4	1.00
4	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	3	Other receivables from related parties	223,832	Note4	0.36

(Continued)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Item (Note 5)	Amount	Terms	% to Total Revenues or Assets
5	Eternal Materials (Guangdong) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	3	Revenue from sales of goods	\$ 383,577	Note3	1.03
5	Eternal Materials (Guangdong) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	3	Revenue from sales of goods	241,819	Note3	0.65
6	Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal Materials Co., Ltd.	2	Revenue from sales of goods	281,872	Note3	0.76
6	Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	3	Revenue from sales of goods	182,359	Note3	0.49
7	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Eternal Materials Co., Ltd.	2	Revenue from sales of goods	278,616	Note3	0.75
7	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	3	Revenue from sales of goods	105,616	Note3	0.28
8	Eternal Chemical (Tianjin) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	3	Revenue from sales of goods	336,606	Note3	0.90
8	Eternal Chemical (Tianjin) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	3	Notes and accounts receivable from related parties	101,186	Note3	0.16
9	Nikko-Materials Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	3	Revenue from sales of goods	104,211	Note3	0.28

(Concluded)

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

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

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

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

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

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

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

## Eternal Materials Co., Ltd. and Subsidiaries

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of September 30, 2022			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				September 30, 2022	December 31, 2021	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Eternal Materials Co., Ltd.	Eternal Holdings Inc.	Samoa	International investment	\$ 6,135,961	\$ 6,259,870	200,108,859	100.00	\$ 20,579,379	\$ 927,956	\$ 939,623	
Eternal Materials Co., Ltd.	Eternal Global (BVI) Co., Ltd.	British Virgin Islands	International investment	717,527	717,527	16,821,024	100.00	5,063,323	236,810	237,643	
Eternal Materials Co., Ltd.	Mixville Holdings Inc.	British Virgin Islands	International investment	989,582	989,582	29,530,000	100.00	3,863,597	88,462	91,002	
Eternal Materials Co., Ltd.	Advanced PETFILM Investment Co., Ltd.	Japan	International investment	788,630	788,630	270	20.00	514,921	67,547	17,513	
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	652,269	335,448	76,482	
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	31,720	(5,417)	(3,402)	
Eternal Materials Co., Ltd.	Covestro Eternal Resins (Far East) Ltd.	Taiwan	Manufacturing and selling of powder coating resin	36,400	36,400	3,660,000	40.00	164,192	36,368	14,547	
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	121,201	13,883	10,412	
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	81,051	3,264	4,112	
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	296,880	556,574	553,304	
Eternal Materials Co., Ltd.	Elga Europe S.r.l.	Italy	Manufacturing, selling, distribution and processing of electronic chemical products	287,169	287,169	-	72.68	2,274	(8,252)	(5,998)	
Eternal Holdings Inc.	Eternal International (BVI) Co., Ltd.	British Virgin Islands	International investment	5,739,033	5,739,033	183,793,592	100.00	15,370,197	654,762	-	Note
Eternal Holdings Inc.	E-Chem Corp.	Samoa	International investment	165,608	165,608	4,990,000	100.00	2,972,215	440,453	-	Note
Eternal Holdings Inc.	Eternal Nanyang Investment Co., Ltd.	Samoa	International investment	540,493	540,493	18,450,000	90.00	172,992	(108,659)	-	Note
Eternal Holdings Inc.	PT Eternal Materials Indonesia	Indonesia	Selling, trading of chemical products	13,360	13,360	670	67.00	16,924	2,226	-	Note
Eternal Holdings Inc.	Allnex-Eternal Resins Corporation Limited	Hong Kong	Trading and international investment	50,385	174,293	1,176,000	49.00	371,260	84,157	-	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	(157,380)	(28,785)	-	Note
Mixville Holdings Inc.	High Expectation Limited	Cayman Islands	International investment	871,519	871,519	26,005,000	100.00	3,551,403	36,266	-	Note
Eternal (China) Investment Co., Ltd.	Elga Europe S.r.l.	Italy	Manufacturing, selling, distribution and processing of electronic chemical products	58,610	58,610	-	22.32	1,116	(8,252)	-	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	1,521,174	(83,813)	-	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 10

## Eternal Materials Co., Ltd. and Subsidiaries

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
 FOR THE PERIOD ENDED September 30, 2022  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of September 30, 2022	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of September 30, 2022	Accumulated Repatriation of Investment Income as of September 30, 2022	Note
					Outward	Inward							
Eternal Chemical (China) Co., Ltd.	Manufacturing and selling of resins material and processing products	\$ 755,651	2	\$ 625,549	\$ -	\$ -	\$ 625,549	\$ 248,892	100.00	\$ 248,892	\$ 4,689,933	\$ 1,509,802	Note 2
Covestro Eternal Resins (Kunshan) Co., Ltd.	Manufacturing and selling of powder coating resin	183,470	2	91,735	-	-	91,735	(21,962)	50.00	(10,981)	369,140	544,920	Note 3
Eternal Optical Material (Suzhou) Co., Ltd.	Manufacturing and selling of optical film and leasing.	1,563,967	2	-	-	-	-	(15,779)	100.00	(15,779)	200,339	-	Note 3
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Researching, developing, manufacturing and selling of electronic high-tech chemical and related products	2,256,739	2	444,685	-	-	444,685	305,345	100.00	305,345	4,333,732	983,767	Note 2
Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Researching, developing and manufacturing of photoresist dry film, liquid photo imagable solder masks and printed circuit board related materials	469,402	2	-	-	-	-	10,636	100.00	10,636	174,342	-	Note 3
Eterkon Semiconductor Materials Co., Ltd.	Manufacturing and selling of epoxy molding compounds which used in electronic parts and related products	524,337	2	456,427	-	-	456,427	28,676	40.00	13,934	269,879	-	Note 3
Eternal Synthetic Resins (Changshu) Co., Ltd.	Manufacturing and selling of unsaturated polyester resin	726,426	2	279,811	-	-	279,811	(30,682)	100.00	(30,682)	173,938	-	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	40,547	100.00	40,547	953,434	-	Note 3
Eternal Specialty Materials (Zhuhai) Co., Ltd.	Manufacturing and selling of acrylic resin and methacrylic acid	611,011	2	243,540	-	-	243,540	455,394	90.00	440,404	2,958,116	950,086	Note 2
ESCO Specialty Coatings (Shanghai) Co., Ltd.	Researching, manufacturing and selling of processing electronic high-tech chemical, high performance coating, material and products	403,180	2	196,680	-	-	196,680	(22,127)	40.00	(11,576)	(39,270)	-	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	36,266	100.00	36,266	3,549,216	1,885,420	Note 3
Eternal (China) Investment Co., Ltd.	Managing, investing consulting services, researching, leasing, manufacturing and selling of resins material and photoelectric chemicals materials	7,557,603	2	4,264,844	-	-	4,264,844	683,401	100.00	683,401	15,495,071	-	Notes 3 and 4

(Continued)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of September 30, 2022	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of September 30, 2022	Accumulated Repatriation of Investment Income as of September 30, 2022	Note
					Outward	Inward							
Eternal Chemical (Chengdu) Co., Ltd.	Researching, manufacturing and selling of resins material	\$ 450,351	2	\$ -	\$ -	\$ -	\$ -	\$ (125,809)	100.00	\$ (125,809)	\$ (665,467)	\$ -	Note 3
Eternal Electronic (Suzhou) Co., Ltd.	Researching, developing, and manufacturing of dry film photoresist and dry film solder masks which used in electronic materials, researching resin materials and selling, providing after sales service of self-produced products	1,492,280	2	-	-	-	-	(7,492)	100.00	(7,492)	1,776,141	-	Note 3
Eternal Sun A. (Suzhou) Co., Ltd.	Researching, developing, and manufacturing of optical protective film which used in display, and selling, providing after sales service of self-produced products	1,067,649	2	-	-	-	-	(8,836)	-	(5,302)	-	-	Notes 3, 7 and 26
Eternal Specialty Materials (Suzhou) Co., Ltd.	Researching and developing chemical products, and selling, providing technical services of self-produced products	1,199,225	2	-	-	-	-	392,637	100.00	392,637	1,968,510	-	Note 2
Showa Denko New Material (Zhuhai) Co., Ltd.	Manufacturing and selling of functional resins, resins composite material and providing technical services	366,881	2	-	-	-	-	5,377	30.00	1,020	93,299	-	Note 3
Eternal Material Industry (Tongling) Co., Ltd.	Manufacturing and selling resins material products and providing technical services	869,200	2	-	-	-	-	(12,178)	100.00	(12,178)	884,866	-	Note 3

(Concluded)

Investor Company	Accumulated Outward Remittance for Investments in Mainland China as of September 30, 2022 (Note 5)	Investment Amount Authorized by the Investment Commission, MOEA (Note 5)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 6)
Eternal Materials Co., Ltd.	\$ 8,083,938	\$ 26,993,327	\$ -

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

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

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

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

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

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

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

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

**TABLE 11****Eternal Materials Co., Ltd. and Subsidiaries****INFORMATION OF MAJOR SHAREHOLDERS****September 30, 2022**

Name of the Major Shareholder	Shares	
	Number of Shares Owned	Percentage of Ownership
Kwang Yang Motor Co., Ltd.	124,000,000 ( after capital reduction : 117,800,000 )	9.99
Kao, Ying-Shih	78,287,830 ( after capital reduction : 74,384,152 )	6.31

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

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