

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

### **Standalone Financial Statements for the Years Ended December 31, 2021 and 2020 and Independent Auditors' Report**

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

## INDEPENDENT AUDITORS' REPORT

Eternal Materials Co., Ltd.

### Opinion

We have audited the accompanying standalone financial statements of Eternal Materials Co., Ltd. (the "Company"), which comprise the standalone balance sheets as of December 31, 2021 and 2020, and the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the standalone financial statements, including a summary of significant accounting policies. (collectively referred to as the "financial statements")

In our opinion, based on our audits and the reports of other auditors (refer to the Other Matter paragraph) the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Company as of December 31, 2021 and 2020, and its standalone financial performance and its standalone cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company's standalone financial statements for the year ended December 31, 2021 is described as follows:

## The Occurrence of Sales Revenue from the High Performance Materials Department

### 1. Risk Description

The sales revenue from the high performance materials department of Eternal Materials Co., Ltd increased compared to last year due to the economic upturn and the percentage increase in revenue continues grow annually. Therefore, we identified the occurrence of revenue from the high performance materials department as a key audit matter.

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

- a. We obtained an understanding of design and checked that the internal controls over the customer master file, ordering, accounting and receiving process on revenue recognition of the high performance materials department had been implemented.
- b. We obtained the major customer master file data and verified the information of the registered responsible person, business category, and business address etc. using publicly available information, and checked for abnormalities in the customers' credit limit, transaction terms, sales revenue and company size.
- c. We selected appropriate samples from the sales revenue receipts of the high performance materials department, examined the shipping documents of proof of payment and verified that the recipient of the payment was the same as the transaction counterparty.
- d. We checked for major sales returns after the reporting date and verified that the sales transactions occurred before the balance sheet date.

### **Other Matter**

The financial statements of some subsidiaries and associates were audited by other auditors. Therefore, our opinion on the amounts included in the accompanying financial statements was based on the financial statements audited by other auditors. Such investments accounted for using the equity method amounted to NT\$2,484,230 thousand and NT\$813,541 thousand, representing 5% and 2% of the Company's total assets as of December 31, 2021 and 2020, respectively; and the share of the profit of the subsidiaries and associates amounted to NT\$955,437 thousand and NT\$222,293 thousand, representing 29% and 7% of the Company's total comprehensive income for the years ended December 31, 2021 and 2020, respectively.

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

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

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

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

## **Auditors' Responsibilities for the Audit of the Standalone Financial Statements**

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would

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

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

Chao-Chun Wang      Lee-Yuan Kuo

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 11, 2022

Notice to Readers

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

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

## Eternal Materials Co., Ltd.

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

ASSETS	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 204,815	-	\$ 329,643	1
Notes receivable, net (Notes 4 and 7)	378,823	1	286,075	1
Accounts receivable, net (Notes 4, 5 and 7)	2,923,374	6	2,180,150	5
Accounts receivable from related parties, net (Notes 4, 5, 7 and 25)	910,494	2	953,892	2
Other receivables (Notes 7 and 25)	640,375	1	620,114	1
Inventories (Notes 4, 5 and 8)	4,094,531	9	2,629,686	6
Other current assets - others (Note 20)	238,180	1	147,044	-
Total current assets	9,390,592	20	7,146,604	16
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9)	861,780	2	864,522	2
Investments accounted for using the equity method (Notes 4 and 10)	30,630,571	64	29,370,153	66
Property, plant and equipment (Notes 4 and 11)	6,300,703	13	6,145,448	14
Right-of-use assets (Notes 4 and 12)	108,588	-	115,936	-
Investment properties (Notes 4 and 13)	51,358	-	17,057	-
Intangible assets (Notes 4 and 14)	219,426	-	229,525	1
Deferred tax assets (Notes 4, 5 and 20)	237,989	1	232,729	1
Other non-current assets - others (Note 26)	35,883	-	35,783	-
Total non-current assets	38,446,298	80	37,011,153	84
<b>TOTAL</b>	<b>\$ 47,836,890</b>	<b>100</b>	<b>\$ 44,157,757</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 4, 15 and 25)	\$ 2,179,370	5	\$ 1,740,320	4
Notes payable	29	-	22	-
Accounts payable (Note 25)	1,584,989	3	1,387,404	3
Other payables - others (Note 16)	936,960	2	857,784	2
Current tax liabilities (Note 20)	243,453	-	136,380	-
Lease liabilities - current (Notes 4 and 12)	29,751	-	28,518	-
Current portion of long-term borrowings (Notes 4 and 15)	3,844,000	8	1,809,384	4
Other current liabilities - others (Note 18)	54,983	-	30,082	-
Total current liabilities	8,873,535	18	5,989,894	13
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Notes 4 and 15)	5,491,683	12	2,995,374	7
Long-term borrowings (Notes 4 and 15)	5,812,084	12	8,607,432	20
Deferred tax liabilities (Notes 4, 5 and 20)	2,551,139	5	2,642,876	6
Lease liabilities - non-current (Notes 4 and 12)	79,774	-	88,693	-
Other non-current liabilities (Notes 5 and 16)	789,567	2	998,991	2
Total non-current liabilities	14,724,247	31	15,333,366	35
Total liabilities	23,597,782	49	21,323,260	48
<b>EQUITY (Note 17)</b>				
Ordinary shares	12,402,795	26	12,402,795	28
Capital surplus	368,946	1	368,946	1
Retained earnings				
Legal reserve	4,437,120	9	4,188,871	10
Special reserve	781,875	2	1,442,690	3
Unappropriated earnings	7,430,191	15	5,213,715	12
Total retained earnings	12,649,186	26	10,845,276	25
Other equity	(1,181,819)	(2)	(782,520)	(2)
Total equity	24,239,108	51	22,834,497	52
<b>TOTAL</b>	<b>\$ 47,836,890</b>	<b>100</b>	<b>\$ 44,157,757</b>	<b>100</b>

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

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

## Eternal Materials Co., Ltd.

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

	For the Year Ended December 31			
	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 18 and 25)	\$ 16,562,728	100	\$ 13,011,068	100
OPERATING COSTS (Notes 8, 16, 19 and 25)	<u>13,636,721</u>	<u>82</u>	<u>10,416,153</u>	<u>80</u>
GROSS PROFIT	<u>2,926,007</u>	<u>18</u>	<u>2,594,915</u>	<u>20</u>
OPERATING EXPENSES (Notes 7, 16 and 19)				
Selling and marketing expenses	1,162,837	7	747,307	6
General and administrative expenses	802,248	5	814,088	6
Research and development expenses	1,153,539	7	1,048,456	8
Expected credit loss	<u>5,006</u>	<u>-</u>	<u>51,176</u>	<u>-</u>
Total operating expenses	<u>3,123,630</u>	<u>19</u>	<u>2,661,027</u>	<u>20</u>
LOSS FROM OPERATIONS	<u>(197,623)</u>	<u>(1)</u>	<u>(66,112)</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	154	-	254	-
Other income (Notes 19 and 25)	638,196	3	506,182	4
Other gains and losses (Notes 10 and 19)	(22,538)	-	(226,758)	(2)
Loss on disposal of financial assets at amortized cost (Note 10)	-	-	(12,007)	-
Finance costs (Notes 4, 19 and 25)	(169,460)	(1)	(204,037)	(2)
Share of profit of subsidiaries, associates and joint ventures (Note 10)	<u>3,472,420</u>	<u>21</u>	<u>2,602,562</u>	<u>20</u>
Total non-operating income and expenses	<u>3,918,772</u>	<u>23</u>	<u>2,666,196</u>	<u>20</u>
PROFIT BEFORE INCOME TAX	3,721,149	22	2,600,084	20
INCOME TAX EXPENSE (Notes 4 and 20)	<u>(171,881)</u>	<u>(1)</u>	<u>(56,588)</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>3,549,268</u>	<u>21</u>	<u>2,543,496</u>	<u>20</u>

(Continued)

## Eternal Materials Co., Ltd.

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

	For the Year Ended December 31			
	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 16, 17 and 20)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	\$ 57,254	-	\$ (43,380)	-
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	81,955	1	305,925	2
Remeasurement of defined benefit plans of subsidiaries, associates and joint ventures accounted for using the equity method	(3,493)	-	(480)	-
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	23,106	-	(6,468)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	21,168	-	(23,729)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of the financial statements of foreign operations	(446,456)	(2)	354,762	2
Share of other comprehensive income (loss) of associates and joint ventures	<u>(14,566)</u>	<u>-</u>	<u>9,320</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(281,032)</u>	<u>(1)</u>	<u>595,950</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 3,268,236</u>	<u>20</u>	<u>\$ 3,139,446</u>	<u>24</u>
EARNINGS PER SHARE (Note 21)				
Basic	\$ 2.86		\$ 2.05	
Diluted	2.85		2.04	

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

(Concluded)

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

## Eternal Materials Co., Ltd.

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

	Ordinary Shares	Capital Surplus	Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity		Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity	
BALANCE AT JANUARY 1, 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
Appropriation of the 2020 earnings (Note 17)									
Legal reserve appropriated	-	-	248,249	-	(248,249)	-	-	-	-
Reversal of special reserve	-	-	-	(660,170)	660,170	-	-	-	-
Cash dividends - NT\$1.5 per share	-	-	-	-	(1,860,419)	-	-	-	(1,860,419)
	-	-	248,249	(660,170)	(1,448,498)	-	-	-	(1,860,419)
Net profit for the year ended December 31, 2021	-	-	-	-	3,549,268	-	-	-	3,549,268
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	42,638	(461,022)	137,352	(323,670)	(281,032)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	3,591,906	(461,022)	137,352	(323,670)	3,268,236
Disposal of investments in equity instruments at fair value through other comprehensive income (Notes 17 and 20)	-	-	-	-	72,423	-	(75,629)	(75,629)	(3,206)
Others (Note 17)	-	-	-	(645)	645	-	-	-	-
BALANCE AT DECEMBER 31, 2021	\$ 12,402,795	\$ 368,946	\$ 4,437,120	\$ 781,875	\$ 7,430,191	\$ (1,781,848)	\$ 600,029	\$ (1,181,819)	\$ 24,239,108
BALANCE AT JANUARY 1, 2020	\$ 12,402,795	\$ 356,046	\$ 3,942,840	\$ 510,893	\$ 5,645,452	\$ (1,684,908)	\$ 242,219	\$ (1,442,689)	\$ 21,415,337
Appropriation of the 2019 earnings (Note 17)									
Legal reserve appropriated	-	-	246,031	-	(246,031)	-	-	-	-
Special reserve appropriated	-	-	-	931,797	(931,797)	-	-	-	-
Cash dividends - NT\$1.4 per share	-	-	-	-	(1,736,391)	-	-	-	(1,736,391)
	-	-	246,031	931,797	(2,914,219)	-	-	-	(1,736,391)
Net profit for the year ended December 31, 2020	-	-	-	-	2,543,496	-	-	-	2,543,496
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(35,088)	364,082	266,956	631,038	595,950
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	2,508,408	364,082	266,956	631,038	3,139,446
Difference between the consideration received or paid and the carrying amount of the subsidiaries during actual disposal or acquisition	-	12,842	-	-	-	-	-	-	12,842
Disposal of investments in equity instruments at fair value through other comprehensive income (Notes 17 and 20)	-	-	-	-	(25,926)	-	29,131	29,131	3,205
Others	-	58	-	-	-	-	-	-	58
BALANCE AT DECEMBER 31, 2020	\$ 12,402,795	\$ 368,946	\$ 4,188,871	\$ 1,442,690	\$ 5,213,715	\$ (1,320,826)	\$ 538,306	\$ (782,520)	\$ 22,834,497

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

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

## Eternal Materials Co., Ltd.

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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 3,721,149	\$ 2,600,084
Adjustments for:		
Depreciation expense	698,916	668,396
Amortization expense	17,888	15,217
Expected credit loss	5,006	51,176
Finance costs	169,460	204,037
Loss on disposal of financial assets at amortized cost	-	12,007
Interest income	(154)	(254)
Dividend income	(48,125)	(34,252)
Share of the profit of subsidiaries, associates and joint ventures	(3,472,420)	(2,602,562)
Loss (gain) on disposal of property, plant and equipment	(72,412)	4,342
Impairment loss recognized on financial assets	-	155,802
Impairment loss recognized on non-financial assets	89,843	28,909
Others	(385)	17
Changes in operating assets and liabilities		
Notes receivable	(92,748)	(5,662)
Accounts receivable	(733,632)	197,988
Accounts receivable from related parties	43,455	(108,195)
Other receivables	(91,241)	(9,906)
Inventories	(1,554,688)	(164,021)
Other current assets	(37,921)	3,150
Notes payable	7	(1,509)
Accounts payable	197,585	348,517
Other payables	113,824	60,398
Other current liabilities	24,901	2,264
Other non-current liabilities	(149,670)	(30,962)
Cash generated from (used in) operations	(1,171,362)	1,394,981
Interest received	154	254
Dividends received	1,874,998	1,193,112
Interest paid	(175,075)	(210,933)
Income taxes paid	(197,013)	(136,635)
Net cash generated from operating activities	<u>331,702</u>	<u>2,240,779</u>

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## Eternal Materials Co., Ltd.

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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of financial assets at fair value through other comprehensive income	\$ 84,697	\$ 18,706
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	1,517
Acquisition of investments accounted for using the equity method	-	(540,493)
Proceeds from disposal of investments accounted for using the equity method	-	537,857
Proceeds from capital reduction of investments accounted for using the equity method	-	883,906
Payment for property, plant and equipment	(867,215)	(628,035)
Proceeds from disposal of property, plant and equipment	46,641	48,664
Payment for intangible assets	(7,789)	(156,737)
Increase in other financial assets	-	(15,000)
Increase in other non-current assets	(100)	(3,386)
Net cash generated from (used in) investing activities	<u>(743,766)</u>	<u>146,999</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in short-term borrowings	439,050	(298,320)
Proceeds from issuance of bonds	2,500,000	-
Proceeds from long-term borrowings	18,848,705	12,430,126
Repayments of long-term borrowings	(19,608,089)	(12,804,000)
Decrease in guarantee deposits received	(2,500)	(2,542)
Repayment of the principal portion of lease liabilities	(29,511)	(13,327)
Dividends paid	(1,860,419)	(1,736,391)
Others	-	58
Net cash generated from (used in) financing activities	<u>287,236</u>	<u>(2,424,396)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(124,828)	(36,618)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>329,643</u>	<u>366,261</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 204,815</u>	<u>\$ 329,643</u>

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

(Concluded)

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

# Eternal Materials Co., Ltd.

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

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

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by International Accounting Standards Board (IASB)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022.

Note 2: The acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022, then the acquirer shall apply IFRIC 21 “Levies” to determine whether the event gives rise to a liability at the acquisition date.

Note 3: For property, plant and equipment brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021, any proceeds from the sale of the item produced are prohibited from being deducted from the cost of the item of property, plant and equipment.

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

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

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

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

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

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

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

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

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

c. Classification of current and noncurrent assets and liabilities

Current assets include:

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

Current liabilities include:

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

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

d. Business combinations

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

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

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

e. Foreign currencies

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

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

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

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

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

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

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

f. Inventories

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

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

g. Investments in subsidiaries

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

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

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

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

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

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

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

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

h. Investments in associates

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

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

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

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

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

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

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

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

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

i. Property, plant, and equipment

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

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

when completed and ready for their intended use and depreciated accordingly.

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

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

j. Investment properties

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

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

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

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

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

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

k. Intangible assets

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

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

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

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

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

recognized in profit or loss.

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

m. Non-current assets held for sale

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

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

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

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

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

n. Financial instruments

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

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

## 1) Financial assets

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

### a) Measurement categories

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

#### i Financial assets at amortized cost

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

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

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

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

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

#### ii Investments in equity instruments at FVTOCI

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

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

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

### b) Impairment of financial assets and contract assets

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

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

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

c) Derecognition of financial assets

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

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

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

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

o. Revenue recognition

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

1) Revenue from the sale of goods

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

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

2) Revenue from the rendering of services

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

p. Leases

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

1) The Company as lessor

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

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

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

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

2) The Company as lessee

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

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

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

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

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

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

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

q. Borrowing costs

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

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

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

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

#### s. Taxation

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

##### 1) Current tax

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

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

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

##### 2) Deferred tax

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

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

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

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

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

the Company expects, at the balance sheet date, to recover or settle the carrying amount of the assets and liabilities.

3) Current and deferred taxes for the year

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

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

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

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

### Key Sources of Estimation and Assumption Uncertainty

a. Income taxes

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

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

b. Estimated impairment of accounts receivable

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

c. Write-down of inventories

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

d. Recognition and measurement of defined benefit plans

The resulting defined benefit costs under the defined benefit pension plans and the net defined benefit liabilities (assets) are calculated using the projected unit credit method. Actuarial assumptions comprise

the discount rates, rates of employee turnover, future salary increases rate, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of expenses and liabilities.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<b>2021</b>	<b>2020</b>
Cash on hand	\$ 3,574	\$ 3,559
Checking accounts and demand deposits	<u>201,241</u>	<u>326,084</u>
	<u>\$ 204,815</u>	<u>\$ 329,643</u>

## 7. NOTES, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	<u>December 31</u>	
	<b>2021</b>	<b>2020</b>
Notes receivable	<u>\$ 378,823</u>	<u>\$ 286,075</u>
Accounts receivable	\$ 3,009,226	\$ 2,277,781
Less: Allowance for loss	<u>(85,852)</u>	<u>(97,631)</u>
	<u>\$ 2,923,374</u>	<u>\$ 2,180,150</u>
Accounts receivable from related parties	\$ 910,531	\$ 953,986
Less: Allowance for loss	<u>(37)</u>	<u>(94)</u>
	<u>\$ 910,494</u>	<u>\$ 953,892</u>
Other receivables	\$ 670,175	\$ 635,259
Less: Allowance for loss	<u>(29,800)</u>	<u>(15,145)</u>
	<u>\$ 640,375</u>	<u>\$ 620,114</u>

### a. Notes receivable and accounts receivable

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

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

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

### December 31, 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	\$ 3,931,217	\$ 217,236	\$ 66,610	\$ 8,139	\$ 75,378	\$ 4,298,580
Loss allowance (lifetime ECL)	<u>(2,698)</u>	<u>(2,526)</u>	<u>(3,800)</u>	<u>(1,487)</u>	<u>(75,378)</u>	<u>(85,889)</u>
Amortized cost	<u>\$ 3,928,519</u>	<u>\$ 214,710</u>	<u>\$ 62,810</u>	<u>\$ 6,652</u>	<u>\$ -</u>	<u>\$ 4,212,691</u>

### December 31, 2020

	<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	\$ 3,275,360	\$ 110,148	\$ 37,783	\$ 23,814	\$ 70,737	\$ 3,517,842
Loss allowance (lifetime ECL)	<u>(4,203)</u>	<u>(2,219)</u>	<u>(4,847)</u>	<u>(15,719)</u>	<u>(70,737)</u>	<u>(97,725)</u>
Amortized cost	<u>\$ 3,271,157</u>	<u>\$ 107,929</u>	<u>\$ 32,936</u>	<u>\$ 8,095</u>	<u>\$ -</u>	<u>\$ 3,420,117</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 97,725	\$ 61,694
Recognized (reversed) in current year	(9,649)	36,031
Written off in current year	<u>(2,187)</u>	<u>-</u>
Balance at December 31	<u>\$ 85,889</u>	<u>\$ 97,725</u>

#### b. Other receivables

The Company's loss allowance is based on historical experience and current financial position. As of December 31, 2021 and 2020, the balance of the loss allowance of the Company was \$29,800 thousand and \$15,145 thousand, respectively.

## 8. INVENTORIES

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Raw materials	\$ 1,833,949	\$ 1,186,905
Supplies	43,370	35,237
Finished goods	2,085,699	1,323,925
Inventory in transit	<u>131,513</u>	<u>83,619</u>
	<u>\$ 4,094,531</u>	<u>\$ 2,629,686</u>

The cost of inventories recognized as operating costs for the years ended December 31, 2021 and 2020 was \$13,636,721 thousand and \$10,416,153 thousand, respectively, including write-down of inventories of \$89,843 thousand and \$28,909 thousand, respectively.

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

	<u>December 31</u>	
	2021	2020
Domestic investments		
Listed shares		
President Securities Corp.	\$ 789,124	\$ 642,849
Unlisted shares		
Universal Venture Capital Investment Corp.	44,483	32,602
Der Yang Biotechnology Venture Capital Co., Ltd.	<u>4,323</u>	<u>3,769</u>
	<u>837,930</u>	<u>679,220</u>
Foreign investments		
Listed shares		
TBG Diagnostics Limited (TBG stocks)	-	185,302
Unlisted shares		
TBG Diagnostics Limited (TBG stocks)	<u>23,850</u>	<u>-</u>
	<u>23,850</u>	<u>185,302</u>
	<u>\$ 861,780</u>	<u>\$ 864,522</u>

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

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

**10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

	<u>December 31</u>	
	2021	2020
Investments in subsidiaries	\$ 29,298,789	\$ 28,123,294
Investments in associates	<u>1,331,782</u>	<u>1,246,859</u>
	<u>\$ 30,630,571</u>	<u>\$ 29,370,153</u>

a. Investments in subsidiaries

	<u>December 31</u>			
	2021		2020	
	Amount	Percentage	Amount	Percentage
Eternal Holdings Inc.	\$ 19,118,841	100	\$ 17,904,689	100
Eternal Global (BVI) Co., Ltd.	4,673,760	100	4,681,917	100
Mixville Holdings Inc.	3,608,531	100	3,938,279	100
New E Materials Co., Ltd.	35,122	62.80	46,663	62.80
Eternal Electronic Material (Thailand) Co., Ltd.	135,557	75	140,723	75

(Continued)

	<b>December 31</b>			
	<b>2021</b>		<b>2020</b>	
	<b>Amount</b>	<b>Percentage</b>	<b>Amount</b>	<b>Percentage</b>
CHOU-KOU Materials Co., Ltd.	\$ 83,824	100	\$ 83,826	100
Nikko-Materials Co., Ltd.	1,634,652	100	1,313,819	100
Elga Europe S.r.l.	<u>8,502</u>	72.68	<u>13,378</u>	72.68
	<u>\$ 29,298,789</u>		<u>\$ 28,123,294</u>	

(Concluded)

The Company tested the recoverable amount of the subsidiary Elga Europe S.r.l. at the end of 2020. The recoverable amount is based on the cash flow generated from operations at a discount rate of 7.21 %. According to the assessment, the recoverable amount was less than the carrying amount. Therefore, an impairment loss of \$155,802 thousand (recorded as other gains and losses) was recognized.

The Company's board of directors resolved in August 2020 to sell the equity and creditor's rights of Hangzhou Yongxinyang Photoelectric Materials Co., Ltd. to a non-related party; refer to Note 14 of the consolidated financial statements for the relevant information. The loss on disposal of financial assets at amortized cost of \$12,007 thousand was recognized.

b. Investments in associates

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Associates that are not individually material	<u>\$ 1,331,782</u>	<u>\$ 1,246,859</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
The Company's share of		
Net profit for the year	\$ 284,305	\$ 242,120
Other comprehensive income for the year	<u>(3,903)</u>	<u>6,915</u>
Total comprehensive income for the year	<u>\$ 280,402</u>	<u>\$ 249,035</u>

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Daxin Materials Corporation	<u>\$ 3,607,267</u>	<u>\$ 2,005,078</u>

Refer to Statement 6 for the changes in investments accounted for using the equity method. Refer to Table 8 for the main businesses and countries of incorporation of the associates.

## 11. PROPERTY, PLANT AND EQUIPMENT

### For the Year Ended December 31, 2021

	Land	Buildings	Machinery and Equipment	Storage Equipment	Examination Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Carrying amount at January 1, 2021	\$ 2,479,633	\$ 905,135	\$ 1,900,441	\$ 170,873	\$ 367,811	\$ 42,272	\$ 279,283	\$ 6,145,448
<u>Cost</u>								
Balance at January 1, 2021	\$ 2,479,633	\$ 3,544,428	\$ 9,506,327	\$ 679,211	\$ 1,206,624	\$ 154,751	\$ 279,283	\$ 17,850,257
Additions	41,200	159,836	365,880	26,748	89,170	13,088	136,995	832,917
Disposals	(4,249)	(28,528)	(96,124)	(13,766)	(39,613)	(5,814)	-	(188,094)
Balance at December 31, 2021	\$ 2,516,584	\$ 3,675,736	\$ 9,776,083	\$ 692,193	\$ 1,256,181	\$ 162,025	\$ 416,278	\$ 18,495,080
<u>Accumulated depreciation</u>								
Balance at January 1, 2021	\$ -	\$ 2,639,293	\$ 7,605,886	\$ 508,338	\$ 838,813	\$ 112,479	\$ -	\$ 11,704,809
Depreciation	-	149,226	389,542	31,767	83,713	14,656	-	668,904
Disposals	-	(27,117)	(93,305)	(13,734)	(39,451)	(5,729)	-	(179,336)
Balance at December 31, 2021	\$ -	\$ 2,761,402	\$ 7,902,123	\$ 526,371	\$ 883,075	\$ 121,406	\$ -	\$ 12,194,377
Carrying amount at December 31, 2021	\$ 2,516,584	\$ 914,334	\$ 1,873,960	\$ 165,822	\$ 373,106	\$ 40,619	\$ 416,278	\$ 6,300,703

### For the Year Ended December 31, 2020

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

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

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

Land (including those recorded as investment properties) held by the Company was revalued in 1980, 1990, 1997 and 2004. As of December 31, 2021 and 2020, the revaluation increments of the land was \$1,973,324 thousand and \$1,977,218 thousand, respectively.

## 12. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Carrying amounts		
Land	\$ 10,517	\$ 10,398
Buildings	74,502	84,063
Storage equipment	3,453	957
Other equipment	<u>20,116</u>	<u>20,518</u>
	<u>\$ 108,588</u>	<u>\$ 115,936</u>
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Additions to right-of-use assets	<u>\$ 32,042</u>	<u>\$ 89,152</u>
Depreciation charge for right-of-use assets		
Land	\$ 487	\$ 449
Buildings	21,508	10,613
Machinery and equipment	-	57
Storage equipment	581	68
Other equipment	<u>7,208</u>	<u>7,305</u>
	<u>\$ 29,784</u>	<u>\$ 18,492</u>

### b. Lease liabilities

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Carrying amounts		
Current	<u>\$ 29,751</u>	<u>\$ 28,518</u>
Non-current	<u>\$ 79,774</u>	<u>\$ 88,693</u>

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Land	1.72-2.29	1.72-2.29
Buildings	0.63-3.64	0.79-3.64
Storage equipment	1.63-1.67	1.67
Other equipment	0.60-1.79	1.67-3.64

### c. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Expenses relating to short-term and low-value asset leases	<u>\$ 2,424</u>	<u>\$ 3,144</u>
Total cash outflow for all leases arrangements (including short-term and low-value asset leases)	<u>\$ 33,773</u>	<u>\$ 17,702</u>

### 13. INVESTMENT PROPERTIES

For the Year Ended December 31, 2021

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
Carrying amount at January 1, 2021	<u>\$ 17,057</u>	<u>\$ -</u>	<u>\$ 17,057</u>
<u>Cost</u>			
Balance at January 1, 2021	\$ 17,057	\$ -	\$ 17,057
Additions	<u>355</u>	<u>34,174</u>	<u>34,529</u>
Balance at December 31, 2021	<u>\$ 17,412</u>	<u>\$ 34,174</u>	<u>\$ 51,586</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2021	\$ -	\$ -	\$ -
Depreciation	<u>-</u>	<u>228</u>	<u>228</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 228</u>	<u>\$ 228</u>
Carrying amount at December 31, 2021	<u>\$ 17,412</u>	<u>\$ 33,946</u>	<u>\$ 51,358</u>

For the Year Ended December 31, 2020

	<b>Land</b>
Balance at January 1 and December 31, 2020	<u>\$ 17,057</u>

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

	<u>December 31</u>	
	<b>2021</b>	<b>2020</b>
Fair value	<u>\$ 125,815</u>	<u>\$ 17,901</u>

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

Buildings	50 years
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### 14. INTANGIBLE ASSETS

For the Year Ended December 31, 2021

	<b>Computer Software</b>	<b>Other Intangible Assets</b>	<b>Total</b>
Carrying amount at January 1, 2021	<u>\$ 223,655</u>	<u>\$ 5,870</u>	<u>\$ 229,525</u>

(Continued)

	<b>Computer Software</b>	<b>Other Intangible Assets</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2021	\$ 239,226	\$ 18,157	\$ 257,383
Additions	7,742	47	7,789
Disposals	<u>-</u>	<u>(1,386)</u>	<u>(1,386)</u>
Balance at December 31, 2021	<u>\$ 246,968</u>	<u>\$ 16,818</u>	<u>\$ 263,786</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2021	\$ 15,571	\$ 12,287	\$ 27,858
Amortization expense	15,278	2,610	17,888
Disposals	<u>-</u>	<u>(1,386)</u>	<u>(1,386)</u>
Balance at December 31, 2021	<u>\$ 30,849</u>	<u>\$ 13,511</u>	<u>\$ 44,360</u>
Carrying amount at December 31, 2021	<u>\$ 216,119</u>	<u>\$ 3,307</u>	<u>\$ 219,426</u> (Concluded)

For the Year Ended December 31, 2020

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

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

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

## 15. BORROWINGS

### a. Short-term borrowings

Type of Borrowings	Interest Rate Range (%)	Amount
December 31, 2021		
Unsecured loans	0.58-0.85	\$ 1,681,130
Loans from related parties (Note 25)	0.85	<u>498,240</u>
		<u>\$ 2,179,370</u>
December 31, 2020		
Unsecured loans	0.68-0.97	<u>\$ 1,740,320</u>

### b. Long-term borrowings

Type of Borrowings	Agreement Period and Interest Payable Schedule	Interest Rate Range (%)	Amount
December 31, 2021			
Unsecured loans	From September 11, 2017 to September 29, 2024. Interest is paid based on schedule.	0.61-1.79	\$ 8,808,000
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>
			9,656,084
Less: Current portion of long-term borrowings			<u>(3,844,000)</u>
			<u>\$ 5,812,084</u>

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

Type of Borrowings	Agreement Period and Interest Payable Schedule	Interest Rate Range (%)	Amount
December 31, 2020 Unsecured loans	From July 29, 2016 to October 2, 2023. Interest is paid based on schedule.	0.60-1.79	\$ 9,517,384
Long-term bills payable Commercial paper	Revolving credit, the period of the agreement is five years. Maturity date is May 2023. Only banking surcharge and interests have to be paid before the maturity date.	1.28	900,000
Less: Unamortized discounts			<u>(568)</u>
			<u>899,432</u>
			10,416,816
Less: Current portion of long-term borrowings			<u>(1,809,384)</u>
			<u>\$ 8,607,432</u>

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

c. Facility agreements and financial covenants

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

Bank	Currency	Credit line
Bank SinoPac Co., Ltd.	NTD	\$ 1,200,000
HSBC Bank (Taiwan) Limited	NTD	600,000
Far Eastern International Bank Co., Ltd.	NTD	300,000

- 3) As of December 31, 2021, the Company executed syndicated credit facility agreements with the following banks:

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.

d. Bonds payable

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
5-year secured bond - issued at par value		
Issued in November 2019; interest rate at 0.82%; principal repayable at maturity and interest payable annually	\$ 3,000,000	\$ 3,000,000
Less: Issuance cost	<u>(3,439)</u>	<u>(4,626)</u>
	<u>2,996,561</u>	<u>2,995,374</u>
5-year secured bond - issued at par value		
Issued in August 2021; interest rate at 0.58%; principal repayable at maturity and interest payable annually	2,500,000	-
Less: Issuance cost	<u>(4,878)</u>	<u>-</u>
	<u>2,495,122</u>	<u>-</u>
	<u>\$ 5,491,683</u>	<u>\$ 2,995,374</u>

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

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

## 16. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

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

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Present value of defined benefit obligation	\$ 2,025,317	\$ 2,142,559
Fair value of plan assets	<u>(1,230,747)</u>	<u>(1,154,628)</u>
Net defined benefit liabilities	<u>\$ 794,570</u>	<u>\$ 987,931</u>
Current (recorded as other payables-others)	\$ 5,003	\$ 5,326
Non-current (recorded as other non-current liabilities)	<u>789,567</u>	<u>982,605</u>
	<u>\$ 794,570</u>	<u>\$ 987,931</u>

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

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2021	<u>\$ 2,142,559</u>	<u>\$ (1,154,628)</u>	<u>\$ 987,931</u>
Service cost			
Current service cost	30,826	-	30,826
Interest expense (income)	<u>6,428</u>	<u>(3,464)</u>	<u>2,964</u>
Recognized in profit or loss	<u>37,254</u>	<u>(3,464)</u>	<u>33,790</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(17,593)	(17,593)
Actuarial loss - changes in population assumptions	2,073	-	2,073
Actuarial gain - changes in financial assumptions	(63,750)	-	(63,750)
Actuarial loss - experience adjustments	<u>22,016</u>	<u>-</u>	<u>22,016</u>
Recognized in other comprehensive income	<u>(39,661)</u>	<u>(17,593)</u>	<u>(57,254)</u>
Contributions from the employer	-	(116,835)	(116,835)
Benefits paid	<u>(114,835)</u>	<u>61,773</u>	<u>(53,062)</u>
	<u>(114,835)</u>	<u>(55,062)</u>	<u>(169,897)</u>
Balance at December 31, 2021	<u>\$ 2,025,317</u>	<u>\$ (1,230,747)</u>	<u>\$ 794,570</u>
Balance at January 1, 2020	<u>\$ 2,091,735</u>	<u>\$ (1,120,831)</u>	<u>\$ 970,904</u>
Service cost			
Current service cost	34,699	-	34,699
Interest expense (income)	<u>14,642</u>	<u>(7,846)</u>	<u>6,796</u>
Recognized in profit or loss	<u>49,341</u>	<u>(7,846)</u>	<u>41,495</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (42,255)	\$ (42,255)
Actuarial loss - changes in financial assumptions	92,846	-	92,846
Actuarial gain - experience adjustments	<u>(7,211)</u>	<u>-</u>	<u>(7,211)</u>
Recognized in other comprehensive income	<u>85,635</u>	<u>(42,255)</u>	<u>43,380</u>
Contributions from the employer	-	(55,561)	(55,561)
Benefits paid	<u>(84,152)</u>	<u>71,865</u>	<u>(12,287)</u>
	<u>(84,152)</u>	<u>16,304</u>	<u>(67,848)</u>
Balance at December 31, 2020	<u>\$ 2,142,559</u>	<u>\$ (1,154,628)</u>	<u>\$ 987,931</u> (Concluded)

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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Operating costs	\$ 16,243	\$ 18,445
Operating expenses	<u>17,547</u>	<u>23,050</u>
	<u>\$ 33,790</u>	<u>\$ 41,495</u>

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

1) Investment risk

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

2) Interest risk

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

3) Salary risk

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

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Discount rate (%)	0.60	0.30
Expected rate of salary increase (%)	3.00	3.00
Mortality rate (%)	Population was based on the 6th Taiwan Standard Ordinary Experience Mortality Table	Population was based on the 5th Taiwan Standard Ordinary Experience Mortality Table
Resignation rate (%)	0.00-23.00	0.00-23.00
Early retirement rate (%)	0.10-99.00	0.10-99.00

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Discount rate		
0.25% increase	<u>\$ (48,117)</u>	<u>\$ (58,689)</u>
0.25% decrease	<u>\$ 49,819</u>	<u>\$ 60,977</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 43,559</u>	<u>\$ 53,931</u>
0.25% decrease	<u>\$ (42,376)</u>	<u>\$ (52,302)</u>

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Expected contributions to the plan for the next year	<u>\$ 110,868</u>	<u>\$ 117,045</u>
Average duration of the defined benefit obligation	10 years	11 years

## 17. EQUITY

### a. Share capital

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Number of shares authorized (in thousands)	<u>1,800,000</u>	<u>1,800,000</u>
Shares authorized	<u>\$ 18,000,000</u>	<u>\$ 18,000,000</u>

(Continued)

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

b. Capital surplus

	<u>December 31</u>	
	<b>2021</b>	<b>2020</b>
May be used to offset a deficit, distributed as cash or transferred to share capital (Note)		
Additional paid-in capital	\$ 309,017	\$ 309,017
Treasury share transactions	19,642	19,642
Difference between the consideration received or paid and the carrying amount of the subsidiaries during actual disposal or acquisition	<u>12,872</u>	<u>12,872</u>
	<u>341,531</u>	<u>341,531</u>
May be used to offset deficit only		
Share of change in equities of associates or joint ventures	27,357	27,357
Others	<u>58</u>	<u>58</u>
	<u>27,415</u>	<u>27,415</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 capital reserve 10% of the remaining profits, until the accumulated legal reserve equals the paid-in capital.
- 4) Setting aside or reversing a special reserve in accordance with the shareholders' meeting or as requested by the authorities.
- 5) The remainder along with the unappropriated earnings are considered as distributable earnings. In accordance with the dividend policy, the proposal of earnings appropriation is prepared by the board of directors and resolved in the shareholders' meeting.

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

As the Company elected to use the exemptions in IFRS 1, \$426,930 thousand was set aside as special reserve. However, as some of the previously disclosed assets were disposed of in September 2021, \$645 thousand was reversed from the special reserve. Therefore, as of December 31, 2021 and 2020, the special reserve was \$426,285 thousand and \$426,930 thousand, respectively.

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

	<u>Appropriations of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Legal reserve	\$ 248,249	\$ 246,031		
Special reserve (reversal)	(660,170)	931,797		
Cash dividends	1,860,419	1,736,391	\$ 1.5	\$ 1.4

The appropriations of earnings for 2021 that had been proposed by the Company's board of directors in March 2022 are as follows:

	<u>Appropriation of Earnings</u>	<u>Dividend Per Share (NT\$)</u>
Legal reserve	\$ 366,497	
Special reserve	399,944	
Cash dividends	1,860,419	\$ 1.5

The appropriations of earnings for 2021 are subject to the resolution of the shareholders in their meeting to be held in June 2022.

d. Other equity items

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

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Balance at beginning of the year	\$ (1,320,826)	\$ (1,684,908)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	(446,456)	354,762
Share of exchange differences of associates and joint ventures accounted for using the equity method	<u>(14,566)</u>	<u>9,320</u>
Balance at end of the year	<u>\$ (1,781,848)</u>	<u>\$ (1,320,826)</u>

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

2) Unrealized gains and losses on financial assets at FVTOCI

	<u>For the Year Ended December 31</u>	
	2021	2020
Balance at beginning of the year	\$ 538,306	\$ 242,219
Recognized for the year		
Unrealized gains and losses - equity instruments	114,246	273,424
Share of associates accounted for using the equity method	<u>23,106</u>	<u>(6,468)</u>
Other comprehensive income recognized for the year	<u>137,352</u>	<u>266,956</u>
Reclassification adjustment		
Cumulative unrealized gains and losses of equity instruments transferred to retained earnings due to disposal	<u>(75,629)</u>	<u>29,131</u>
Balance at end of the year	<u>\$ 600,029</u>	<u>\$ 538,306</u>

**18. REVENUE**

	<u>For the Year Ended December 31</u>	
	2021	2020
Revenue from contracts with customers		
Revenue from the sale of goods	<u>\$ 16,562,728</u>	<u>\$ 13,011,068</u>

a. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Notes and accounts receivable	<u>\$ 4,212,691</u>	<u>\$ 3,420,117</u>	<u>\$ 3,540,279</u>
Contract liabilities (recorded as other current liabilities - others)			
Sale of goods	<u>\$ 38,961</u>	<u>\$ 18,406</u>	<u>\$ 2,514</u>

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

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

	<u>For the Year Ended December 31</u>	
	2021	2020
From the balance of contract liabilities at the beginning of the year		
Sale of goods	<u>\$ 18,016</u>	<u>\$ 2,423</u>

b. Disaggregation of revenue

	Reportable Segments				Total
	Resins Materials	Electronic Materials	High Performance Materials	Others	
For the year ended December 31, 2021					
Type of revenue					
Sale of goods	\$ 8,515,629	\$ 4,488,651	\$ 3,497,723	\$ 60,725	\$ 16,562,728
For the year ended December 31, 2020					
Type of revenue					
Sale of goods	\$ 6,891,214	\$ 3,932,095	\$ 2,164,327	\$ 23,432	\$ 13,011,068

**19. PROFIT BEFORE INCOME TAX**

a. Other income

	For the Year Ended December 31	
	2021	2020
Dividend income	\$ 48,125	\$ 34,252
Others (Note 25)	<u>590,071</u>	<u>471,930</u>
	<u>\$ 638,196</u>	<u>\$ 506,182</u>

b. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Gain (loss) on disposal of property, plant and equipment	\$ 72,412	\$ (4,342)
Impairment loss on financial assets	-	(155,802)
Net foreign exchange losses	(58,087)	(35,298)
Finance fees	(32,029)	(27,771)
Others	<u>(4,834)</u>	<u>(3,545)</u>
	<u>\$ (22,538)</u>	<u>\$ (226,758)</u>

c. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest expense		
Interest on loans	\$ 173,170	\$ 209,160
Interest on lease liabilities	1,838	1,231
Less: Amounts included in the cost of qualifying assets	<u>(5,548)</u>	<u>(6,354)</u>
	<u>\$ 169,460</u>	<u>\$ 204,037</u>

Information about capitalized interest was as follows:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2021</b>	<b>2020</b>
Capitalized interest amount	<u>\$ 5,548</u>	<u>\$ 6,354</u>
Capitalization rates (%)	0.94-1.16	1.13-1.54
 d. Depreciation and amortization		
	<b><u>For the Year Ended December 31</u></b>	
	<b>2021</b>	<b>2020</b>
Property, plant and equipment	\$ 668,904	\$ 649,904
Investment properties	228	-
Right-of-use assets	29,784	18,492
Intangible assets	<u>17,888</u>	<u>15,217</u>
	<u>\$ 716,804</u>	<u>\$ 683,613</u>
Analysis of depreciation by function		
Operating costs	\$ 482,068	\$ 480,296
Operating expenses	<u>216,848</u>	<u>188,100</u>
	<u>\$ 698,916</u>	<u>\$ 668,396</u>
Analysis of amortization by function		
Operating costs	\$ 35	\$ -
Operating expenses	<u>17,853</u>	<u>15,217</u>
	<u>\$ 17,888</u>	<u>\$ 15,217</u>
 e. Employee benefits		
	<b><u>For the Year Ended December 31</u></b>	
	<b>2021</b>	<b>2020</b>
Short-term employee benefits		
Salaries	\$ 2,177,918	\$ 1,970,817
Labor and health insurance	171,977	147,825
Others	<u>130,101</u>	<u>118,770</u>
	<u>2,479,996</u>	<u>2,237,412</u>
Post-employment benefits		
Defined contribution plans	64,440	64,270
Defined benefit plans (Note 16)	<u>33,790</u>	<u>41,495</u>
	<u>98,230</u>	<u>105,765</u>
	<u>\$ 2,578,226</u>	<u>\$ 2,343,177</u>
Analysis by function		
Operating costs	\$ 1,085,985	\$ 932,316
Operating expenses	<u>1,492,241</u>	<u>1,410,861</u>
	<u>\$ 2,578,226</u>	<u>\$ 2,343,177</u>

f. Compensation of employees and remuneration of directors

The Company distributed the compensation of employees and remuneration of directors at rates of the 4.5%(inclusive)-5.5% and no higher than 1%, respectively, of pre-tax profit prior to the deduction of the compensation of employees and remuneration of directors. The accrual amounts recognized in the financial statements and amounts approved by the Company's board of directors for the year ended December 31, 2021 are as follows:

	<b>For the Year Ended December 31, 2021</b>	
	<b>Accrual Amounts Recognized in the Financial Statements</b>	<b>Amounts Approved by the Company's Board of Directors</b>
Compensation of employees	<u>\$ 177,500</u>	<u>\$ 176,559</u>
Remuneration of directors	<u>\$ 24,890</u>	<u>\$ 25,503</u>

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

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

	<b>For the Year Ended December 31</b>			
	<b>2020</b>		<b>2019</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	\$ 123,628	\$ 16,200	\$ 121,177	\$ 15,325
Amounts recognized in the financial statements	<u>131,000</u>	<u>16,200</u>	<u>122,000</u>	<u>15,325</u>
Differences	<u>\$ (7,372)</u>	<u>\$ -</u>	<u>\$ (823)</u>	<u>\$ -</u>

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

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

## 20. INCOME TAX

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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Current tax In respect of the current year	\$ 240,249	\$ 136,379

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Adjustment for prior years	\$ <u>7,461</u>	\$ <u>4,191</u>
	<u>247,710</u>	<u>140,570</u>
Deferred tax		
In respect of the current year	<u>(75,829)</u>	<u>(83,982)</u>
	<u>\$ 171,881</u>	<u>\$ 56,588</u>
		(Concluded)

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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Profit before income tax	\$ <u>3,721,149</u>	\$ <u>2,600,084</u>
Income tax expense calculated at the statutory rate	\$ 744,230	\$ 520,017
Effect from items adjusted by regulation	(494,224)	(376,301)
Income tax on unappropriated earnings	17,377	-
Investment credits	(102,963)	(91,319)
Adjustment for prior years	<u>7,461</u>	<u>4,191</u>
	<u>\$ 171,881</u>	<u>\$ 56,588</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Current tax		
Disposal of investments in equity instruments at FVTOCI	<u>\$ 3,206</u>	<u>\$ (3,205)</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Deferred tax		
Recognized for the year		
Remeasurement of defined benefit plans	\$ 11,451	\$ (8,676)
Remeasurement of defined benefit plans of subsidiaries, associates and joint ventures accounted for using the equity method	(328)	(96)
Unrealized gains and losses on financial assets at fair value through other comprehensive income	<u>(32,291)</u>	<u>32,501</u>
	<u>\$ (21,168)</u>	<u>\$ 23,729</u>

d. Current tax assets and liabilities

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Current tax assets		
Prepaid income tax (recorded as other current assets - others)	<u>\$ 156,700</u>	<u>\$ 103,485</u>
Current tax liabilities		
Income tax payable	<u>\$ 243,453</u>	<u>\$ 136,380</u>

e. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2021

	<b>Balance at Beginning of the Year</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Balance at End of the Year</b>
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit plan	\$ 175,175	\$ (27,157)	\$ (11,451)	\$ 136,567
Others	<u>57,554</u>	<u>10,884</u>	<u>32,984</u>	<u>101,422</u>
	<u>\$ 232,729</u>	<u>\$ (16,273)</u>	<u>\$ 21,533</u>	<u>\$ 237,989</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Investment income	\$(1,996,010)	\$ 85,953	\$ (365)	\$(1,910,422)
Gains on land revaluation	(640,717)	-	-	(640,717)
Unrealized gains on foreign exchange	<u>(6,149)</u>	<u>6,149</u>	<u>-</u>	<u>-</u>
	<u>\$(2,642,876)</u>	<u>\$ 92,102</u>	<u>\$ (365)</u>	<u>\$(2,551,139)</u>

For the Year Ended December 31, 2020

	<b>Balance at Beginning of the Year</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Balance at End of the Year</b>
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit plan	\$ 172,835	\$ (6,336)	\$ 8,676	\$ 175,175
Others	<u>81,865</u>	<u>8,459</u>	<u>(32,770)</u>	<u>57,554</u>
	<u>\$ 254,700</u>	<u>\$ 2,123</u>	<u>\$ (24,094)</u>	<u>\$ 232,729</u>

(Continued)

	Balance at Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at End of the Year
<u>Deferred tax liabilities</u>				
Temporary differences				
Investment income	\$(2,084,383)	\$ 88,008	\$ 365	\$(1,996,010)
Gains on land revaluation	(640,717)	-	-	(640,717)
Unrealized gains on foreign exchange	<u>-</u>	<u>(6,149)</u>	<u>-</u>	<u>(6,149)</u>
	<u>\$(2,725,100)</u>	<u>\$ 81,859</u>	<u>\$ 365</u>	<u>\$(2,642,876)</u> (Concluded)

f. Income tax assessment

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

## 21. EARNINGS PER SHARE

	<u>For the Year Ended December 31</u>	
	2021	2020
Basic earnings per share	<u>\$ 2.86</u>	<u>\$ 2.05</u>
Diluted earnings per share	<u>\$ 2.85</u>	<u>\$ 2.04</u>

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

	<u>For the Year Ended December 31</u>	
	2021	2020
Net profit for the year	<u>\$ 3,549,268</u>	<u>\$ 2,543,496</u>
<u>Number of ordinary shares</u>		

Unit: Thousand Shares

	<u>For the Year Ended December 31</u>	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,240,280	1,240,280
Effect of potentially dilutive ordinary shares		
Compensation of employee	<u>5,189</u>	<u>4,879</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,245,469</u>	<u>1,245,159</u>

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

is included in the computation of diluted earnings per share until the number of shares to be distributed to employees in the meeting in the following year.

## 22. CASH FLOW INFORMATION

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Acquisition of property, plant and equipment	\$ 832,917	\$ 612,458
Decrease in payables for equipment	<u>39,846</u>	<u>21,931</u>
	872,763	634,389
Capitalized interest	<u>(5,548)</u>	<u>(6,354)</u>
Cash paid	<u>\$ 867,215</u>	<u>\$ 628,035</u>

## 23. CAPITAL MANAGEMENT

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

## 24. FINANCIAL INSTRUMENTS

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

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

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

#### 1) Fair value hierarchy

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>December 31, 2021</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>\$ 72,656</u>	<u>\$ 72,656</u>

(Continued)

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

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

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

For the Year ended December 31, 2021

Financial assets	<u>Stocks</u> <u>Financial Assets</u> <u>at FVTOCI</u>
Balance at beginning of the year	\$ 221,673
Recognized in other comprehensive income	(149,017)
Balance at end of the year	<u>\$ 72,656</u>

For the Year ended December 31, 2020

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

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

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

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Financial assets</u>		
Financial assets at amortized cost (Note 1)	\$ 5,089,088	\$ 4,400,982
Financial assets at fair value through other comprehensive income - equity instruments	861,780	864,522
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	19,849,115	17,400,220

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

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

d. Financial risk management objectives and policies

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

1) Market risk

a) Foreign currency risk

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

For the carrying amounts of the Company's significant non-functional currency denominated monetary assets and liabilities at the balance sheet date, refer to Note 29.

Sensitivity analysis

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

	<b>Impact on Profit or Loss</b>	
	<b>2021</b>	<b>2020</b>
<u>Foreign Currencies : Functional Currency</u>		
Financial assets		
Monetary items		
USD:NTD	\$ 28,390	\$ 22,898
RMB:NTD	4,394	4,159
JPY:NTD	2,338	2,377
THB:NTD	1,380	1,420
Financial liabilities		
Monetary items		
USD:NTD	23,725	19,169
JPY:NTD	1,919	1,857

b) Interest rate risk

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

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Fair value interest rate risk		
Financial assets	\$ 15,000	\$ 15,000
Financial liabilities	9,576,208	7,812,585
Cash flow interest rate risk		
Financial assets	138,530	225,924
Financial liabilities	7,860,454	7,457,136

If interest rates had been 1% higher and all other variables were held constant, the Company's financial liabilities would have increased cash outflows by \$78,605 thousand and \$74,571 thousand for the years ended December 31, 2021 and 2020.

c) Other price risk

The Company was exposed to equity price risk through their investments in equity securities. If equity prices had been 1% higher/lower, other comprehensive income for the years ended December 31, 2021 and 2020 would have increased/decreased by \$7,891 thousand and \$6,428 thousand, respectively, as a result of the changes in the fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk of financial loss to the Company arising from default by clients or counterparties of financial instruments on the contract obligations. According to the Company's policy, each operating entity in the Company is responsible for managing and analyzing the credit risk of each of their new clients before standard payment and delivery terms and conditions are offered. The credit quality of the customers is assessed through internal risk control procedures by taking into account their financial position, past experience and other factors, and the Company

engages in credit enhancement by covering specific outstanding trade receivables by collateral. While the Company has procedures to monitor and limit exposure to credit risk on accounts receivable, there can be no assurance that such procedures will effectively limit credit risk and avoid losses. This risk is heightened during periods when economic conditions worsen.

### 3) Liquidity risk

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

#### December 31, 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	\$ 2,186,516	\$ -	\$ -	\$ -	\$ -	\$ 2,186,516
Notes payable	29	-	-	-	-	29
Accounts payable	1,584,989	-	-	-	-	1,584,989
Other payables	936,960	-	-	-	-	936,960
Lease liabilities	31,661	27,719	23,105	21,159	6,101	109,745
Long-term borrowings (including current portion)	6,445,449	3,017,512	301,842	-	-	9,764,803
Financial guarantee liabilities	1,990,602	-	-	1,107,200	-	3,097,802
Bonds payable	39,100	39,100	3,035,326	2,523,995	-	5,637,521
	<u>\$ 13,215,306</u>	<u>\$ 3,084,331</u>	<u>\$ 3,360,273</u>	<u>\$ 3,652,354</u>	<u>\$ 6,101</u>	<u>\$ 23,318,365</u>

#### December 31, 2020

	Less Than 1 Year	1-2 Years	2-3 Years	3-5 Years	Over 5 Years	Total
Non-derivative financial liabilities						
Short-term borrowings	\$ 1,743,725	\$ -	\$ -	\$ -	\$ -	\$ 1,743,725
Notes payable	22	-	-	-	-	22
Accounts payable	1,387,404	-	-	-	-	1,387,404
Other payables	857,784	-	-	-	-	857,784
Lease liabilities	30,260	26,708	25,127	34,797	5,861	122,753
Long-term borrowings (including current portion)	3,685,368	3,920,564	3,014,306	-	-	10,620,238
Financial guarantee liabilities	2,009,624	-	-	1,139,200	-	3,148,824
Bonds payable	24,600	24,600	24,600	3,020,826	-	3,094,626
	<u>\$ 9,738,787</u>	<u>\$ 3,971,872</u>	<u>\$ 3,064,033</u>	<u>\$ 4,194,823</u>	<u>\$ 5,861</u>	<u>\$ 20,975,376</u>

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

## 25. TRANSACTIONS WITH RELATED PARTIES

### a. Related party names and relationships

<u>Related Party Name</u>	<u>Relationship</u>
Eternal Chemical (China) Co., Ltd.	Subsidiary
Eternal Materials (Guangdong) Co., Ltd.	Subsidiary
Eternal Synthetic Resins (Changshu) Co., Ltd.	Subsidiary
Eternal Chemical (Tianjin) Co., Ltd.	Subsidiary
Eternal Electronic Material (Guangzhou) Co., Ltd. (Note)	Subsidiary
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. (Note)	Subsidiary

(Continued)

<b>Related Party Name</b>	<b>Relationship</b>
Eternal Electronic (Suzhou) Co., Ltd.	Subsidiary
Eternal Sun A. (Suzhou) Co., Ltd.	Subsidiary
Eternal Specialty Materials (Zhuhai) Co., Ltd.	Subsidiary
Eternal Specialty Materials (Suzhou) Co., Ltd.	Subsidiary
Eternal (China) Investment Co., Ltd.	Subsidiary
CHOU-KOU Materials Co., Ltd.	Subsidiary
New E Materials Co., Ltd.	Subsidiary
Eternal Materials (Malaysia) Sdn. Bhd.	Subsidiary
Eternal Technology Corporation	Subsidiary
Eternal Electronic Material (Thailand) Co., Ltd.	Subsidiary
Nikko-Materials Co., Ltd.	Subsidiary
Elga Europe S.r.l.	Subsidiary
Eternal Holdings Inc.	Subsidiary
Eternal Nanyang Investment Co., Ltd.	Subsidiary
PT Eternal Materials Indonesia	Subsidiary
Allnex-Eternal Resins Corporation Limited	Associate
Daxin Materials Corporation	Associate
Covestro Eternal Resins (Far East) Ltd. (Original name: DSM Resins (Far East) Co., Ltd.)	Associate
Polymics Ltd.	Associate
Mitsubishi Polyester Film Suzhou Co., Ltd.	Other related party
Kwang Yang Motor Co., Ltd.	Key management personnel
Hangzhou Yongxinyang Photoelectric Materials Co., Ltd.	Joint venture of subsidiary (no longer a related party after October 2020)
Kao, Ying-Shih	First-degree relative of the chairman of the Company (Concluded)

Note: Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. merged with Eternal Electronic Material (Guangzhou) Co., Ltd. in the fourth quarter of 2021.

b. Operating revenue

<b>Account Item</b>	<b>Related Party Category</b>	<b>For the Year Ended December 31</b>	
		<b>2021</b>	<b>2020</b>
Revenue from sales of goods	Subsidiaries	\$ 3,467,812	\$ 3,035,816
	Associates	132,944	116,341
	Joint venture of subsidiary	-	3,932
		<u>                    </u>	<u>                    </u>
		<u>\$ 3,600,756</u>	<u>\$ 3,156,089</u>

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

c. Purchase of goods

Related Party Category	For the Year Ended December 31	
	2021	2020
Subsidiaries	\$ 750,975	\$ 365,917
Associates	1,087	1,695
Other related parties	<u>2,027</u>	<u>985</u>
	<u>\$ 754,089</u>	<u>\$ 368,597</u>

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

d. Remuneration of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 150,954	\$ 132,594
Post-employment benefits	<u>479</u>	<u>356</u>
	<u>\$ 151,433</u>	<u>\$ 132,950</u>

e. Other income

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
Subsidiaries		
Eternal (China) Investment Co., Ltd.	\$ 111,176	\$ 92,727
Eternal Materials (Guangdong) Co., Ltd.	70,515	50,267
Eternal Chemical (China) Co., Ltd.	61,207	47,492
Others	281,898	252,626
Associates	4,964	5,166
Key management personnel	<u>9</u>	<u>10</u>
	<u>\$ 529,769</u>	<u>\$ 448,288</u>

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

f. Acquisition of property, plant and equipment

Related Party Category/Name	Purchase price	
	For the Year Ended December 31 2021	2020
Other related party		
Kao, Ying-Shih	<u>\$ 38,100</u>	<u>\$ -</u>

The Company purchased the land near Luzhu Factory from the related party for the purpose of operation and expansion.

g. Receivables from related parties

Account Item	Related Party Category/Name	December 31	
		2021	2020
Accounts receivable	Subsidiaries		
	Eternal Specialty Materials (Zhuhai) Co., Ltd.	\$ 143,519	\$ 137,760
	Eternal Electronic Material (Thailand) Co., Ltd.	128,144	134,874
	CHOU-KOU Materials Co., Ltd.	89,566	108,612
	Eternal Materials (Guangdong) Co., Ltd.	59,833	103,837
	Eternal Chemical (China) Co., Ltd.	93,302	100,526
	Eternal (China) Investment Co., Ltd.	95,666	98,234
	Others	268,194	235,619
	Associates	<u>32,270</u>	<u>34,430</u>
		<u>\$ 910,494</u>	<u>\$ 953,892</u>

The receivables arose mainly from sales transactions; the receivables were not guaranteed, pledged and do not bear interest. For the years ended December 31, 2021 and 2020, the balance of loss allowance of accounts receivable from related parties is \$37 thousand and \$94 thousand, respectively.

Account Item	Related Party Category/Name	December 31	
		2021	2020
Other receivables	Subsidiaries		
	Eternal (China) Investment Co., Ltd.	\$ 111,934	\$ 95,263
	Eternal Materials (Guangdong) Co., Ltd.	70,973	51,615
	Eternal Chemical (China) Co., Ltd.	61,588	48,792
	Nikko-Materials Co., Ltd.	61,235	36,243
	Others	223,831	215,942
	Associates	5	69,712
	Key management personnel	9	11
		<u>\$ 529,575</u>	<u>\$ 517,578</u>

For the years ended December 31, 2021 and 2020, the balance of loss allowance of other receivables is \$29,800 thousand and \$15,145 thousand, respectively.

h. Payables to related parties

Account Item	Related Party Category	December 31	
		2021	2020
Accounts payable	Subsidiaries	\$ 159,845	\$ 92,797
	Associates	<u>284</u>	<u>1,199</u>
		<u>\$ 160,129</u>	<u>\$ 93,996</u>

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

i. Loans from related parties

Related Party Category/Name	December 31	
	2021	2020
Subsidiaries		
Eternal Holdings Inc.	<u>\$ 498,240</u>	<u>\$ -</u>
Related Party Category/Name	For the Year Ended December 31	
	2021	2020
Interest expense		
Eternal Holdings Inc.	<u>\$ 94</u>	<u>\$ -</u>

j. Endorsements/guarantees provided

As of December 31, 2021 and 2020, guarantees provided by the Company to the related parties for investment compliance were as follows:

Related Party Category/Name	December 31	
	2021	2020
Subsidiaries		
Eternal Materials (Malaysia) Sdn. Bhd.		
Amount endorsed	\$ 2,156,492	\$ 1,506,796
Amount utilized	<u>(1,310,314)</u>	<u>(917,713)</u>
	<u>\$ 846,178</u>	<u>\$ 589,083</u>
Eternal Nanyang Investment Co., Ltd.		
Amount endorsed	\$ 1,384,000	\$ 1,424,000
Amount utilized	<u>(1,134,880)</u>	<u>(1,167,680)</u>
	<u>\$ 249,120</u>	<u>\$ 256,320</u>
Nikko-Materials Co., Ltd.		
Amount endorsed	\$ 84,175	\$ 138,150
Amount utilized	<u>-</u>	<u>-</u>
	<u>\$ 84,175</u>	<u>\$ 138,150</u>

(Continued)

Related Party Category/Name	December 31	
	2021	2020
Eternal Holdings Inc.		
Amount endorsed	\$ 487,168	\$ 273,408
Amount utilized	<u>          -</u>	<u>     (273,408)</u>
	<u>\$ 487,168</u>	<u>\$          -</u>
Others		
Amount endorsed	\$ 746,952	\$ 807,568
Amount utilized	<u>     (652,608)</u>	<u>     (790,023)</u>
	<u>\$ 94,344</u>	<u>\$ 17,545</u>
		(Concluded)

## 26. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2021	2020
Other financial assets (recorded as other non-current assets - others)		
Time deposit certificates	<u>\$ 15,000</u>	<u>\$ 15,000</u>

## 27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- The Company has issued but unused letters of credit with an aggregate amount of \$56,915 thousand as of December 31, 2021.
- The Company has contracts that were not yet incurred to purchase property, plant and equipment and intangible assets of \$809,823 thousand at December 31, 2021.

## 28. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- In order to enhance the return of shareholder's equity and increase the profitability per share, the board of directors approved a 5% cash reduction of capital on March 11, 2022. The proposal is subject to resolution by the shareholders in their meeting in June 2022 and approval by the authorities.
- On March 11, 2022, the board of directors approved the organizational restructuring of the Company and spin off the related business (including assets, liabilities and business value) of the electronic equipment department of the electronic materials business unit into a newly set-up subsidiary, so as to improve business performance with specialization and to further enhance the return of shareholder's equity and future operational development. The proposal is subject to resolution by the shareholders in their meeting in June 2022 and approval by the authorities.

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

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

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount
<u>December 31, 2021</u>				
Financial assets				
Monetary items				
USD	\$ 102,564	27.6800	(USD:NTD)	\$ 2,838,983
RMB	101,088	4.3463	(RMB:NTD)	439,361
JPY	972,960	0.2405	(JPY:NTD)	233,756
THB	165,353	0.8347	(THB:NTD)	138,020
Non-monetary items				
Financial assets at fair value through other comprehensive income				
AUD	1,188	20.0800	(AUD:NTD)	23,850
Investments accounted for using the equity method				
USD	989,925	27.6800	(USD:NTD)	27,401,132
JPY	9,150,437	0.2405	(JPY:NTD)	2,200,680
THB	162,402	0.8347	(THB:NTD)	135,557
Financial liabilities				
Monetary items				
USD	85,713	27.6800	(USD:NTD)	2,372,536
JPY	798,073	0.2405	(JPY:NTD)	191,937
<u>December 31, 2020</u>				
Financial assets				
Monetary items				
USD	80,399	28.4800	(USD:NTD)	2,289,764
RMB	95,030	4.3770	(RMB:NTD)	415,946
JPY	860,427	0.2763	(JPY:NTD)	237,736
THB	148,594	0.9556	(THB:NTD)	141,996
Non-monetary items				
Financial assets at fair value through other comprehensive income				
AUD	8,442	21.9500	(AUD:NTD)	185,302
Investments accounted for using the equity method				
USD	931,351	28.4800	(USD:NTD)	26,524,885
JPY	6,626,721	0.2763	(JPY:NTD)	1,830,963
THB	147,262	0.9556	(THB:NTD)	140,723
Financial liabilities				
Monetary items				
USD	67,306	28.4800	(USD:NTD)	1,916,875
JPY	671,965	0.2763	(JPY:NTD)	185,664

The total realized and unrealized foreign exchange gains and losses were a loss of \$58,087 thousand and a loss of \$35,298 thousand for the years ended December 31, 2021 and 2020, respectively. It is impractical to disclose net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currency.

### 30. 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: None
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
- 9) Trading in derivative instruments: (Refer to Note 7 of the consolidated financial statement)
- 10) Others: The business relationship between the parent company and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions (Table 7)
- 11) Information on investees (Table 8)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment gain or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 9)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period (Table 5)
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Table 5)

- c) The amount of property transactions and the amount of the resultant gains or losses: None
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes (Table 2)
  - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds (Table 1)
  - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services (Note 25 and Table 7)
- c. Information of major shareholders: list of the shareholders with ownership of 5 percent or greater, showing the names, the number of shares and percentage of ownership held by each shareholder (Table 10)

### **31. SEGMENT INFORMATION**

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

## Eternal Materials Co., Ltd. and Subsidiaries

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2021

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

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 2)	Ending Balance (Note 3)	Actual Amount Drawn	Interest Rate (%)	Nature of Financing (Note 4)	Transaction Amount	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Limit	Note
													Item	Value			
1	Eternal Electronic Material (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Other receivables from related parties	Y	\$ 438,400	\$ -	\$ -	-	2	\$ -	Operating needs	\$ -	-	\$ -	\$ 40,324	\$ 40,324	Notes 5 and 8
1	Eternal Electronic Material (Guangzhou) Co., Ltd.	ESCO Specialty Coatings (Shanghai) Co., Ltd.	Other receivables from related parties	Y	317,185	-	-	-	2	-	Operating needs	-	-	-	8,065	8,065	Notes 6 and 8
2	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	Other receivables from related parties	Y	1,052,160	956,190	308,914	3.852	2	-	Operating needs	-	-	-	8,606,104	8,606,104	Note 5
2	Eternal Chemical (China) Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	Other receivables from related parties	Y	1,096,000	782,338	334,562	3.852	2	-	Operating needs	-	-	-	8,606,104	8,606,104	Note 5
2	Eternal Chemical (China) Co., Ltd.	Eternal Materials (Guangdong) Co., Ltd.	Other receivables from related parties	Y	131,520	86,926	-	-	2	-	Operating needs	-	-	-	8,606,104	8,606,104	Note 5
2	Eternal Chemical (China) Co., Ltd.	Eternal Specialty Materials (Suzhou) Co., Ltd.	Other receivables from related parties	Y	438,400	434,632	79,894	3.852	2	-	Operating needs	-	-	-	8,606,104	8,606,104	Note 5
2	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	Other receivables from related parties	Y	1,608,138	1,608,138	688,396	3.852	2	-	Operating needs	-	-	-	8,606,104	8,606,104	Note 5
2	Eternal Chemical (China) Co., Ltd.	Eterkon Semiconductor Materials Co., Ltd.	Other receivables from related parties	Y	208,560	104,312	104,312	3.850	2	-	Operating needs	-	-	-	1,721,221	1,721,221	Note 6
2	Eternal Chemical (China) Co., Ltd.	Changhe International Trading (GZFTZ) Co., Ltd.	Other receivables from related parties	Y	175,360	-	-	-	2	-	Operating needs	-	-	-	8,606,104	8,606,104	Notes 5 and 7
2	Eternal Chemical (China) Co., Ltd.	Eternal (China) Investment Co., Ltd.	Other receivables from related parties	Y	869,264	869,264	-	-	2	-	Operating needs	-	-	-	8,606,104	8,606,104	Note 5
2	Eternal Chemical (China) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Other receivables from related parties	Y	217,316	217,316	-	-	2	-	Operating needs	-	-	-	8,606,104	8,606,104	Note 5
2	Eternal Matmaterials (China) Co., Ltd.	Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Other receivables from related parties	Y	65,195	65,195	-	-	2	-	Operating needs	-	-	-	8,606,104	8,606,104	Note 5
2	Eternal Matmaterials (China) Co., Ltd.	Eternal Optical Material (Suzhou) Co., Ltd.	Other receivables from related parties	Y	43,463	43,463	-	-	2	-	Operating needs	-	-	-	8,606,104	8,606,104	Note 5
3	Eternal Materials (Guangdong) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	217,316	217,316	-	-	2	-	Operating needs	-	-	-	6,811,785	6,811,785	Note 5
3	Eternal Materials (Guangdong) Co., Ltd.	Eternal (China) Investment Co., Ltd.	Other receivables from related parties	Y	1,578,240	651,948	-	-	2	-	Operating needs	-	-	-	6,811,785	6,811,785	Note 5
3	Eternal Materials (Guangdong) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Other receivables from related parties	Y	175,360	86,926	1,576	3.850	2	-	Operating needs	-	-	-	6,811,785	6,811,785	Note 5
3	Eternal Materials (Guangdong) Co., Ltd.	Eternal Optical Material (Suzhou) Co., Ltd.	Other receivables from related parties	Y	876,800	434,632	-	-	2	-	Operating needs	-	-	-	6,811,785	6,811,785	Note 5
3	Eternal Materials (Guangdong) Co., Ltd.	Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Other receivables from related parties	Y	306,880	152,121	-	-	2	-	Operating needs	-	-	-	6,811,785	6,811,785	Note 5
4	Eternal Holdings Inc.	Eternal Technology Corporation	Other receivables from related parties	Y	340,680	332,160	166,080	1.780	2	-	Operating needs	-	-	-	38,525,727	38,525,727	Note 5
4	Eternal Holdings Inc.	Eternal Sun A. (Suzhou) Co., Ltd.	Other receivables from related parties	Y	205,452	-	-	-	2	-	Operating needs	-	-	-	7,705,145	7,705,145	Note 6
4	Eternal Holdings Inc.	Eternal Materials Co., Ltd.	Other receivables from related parties	Y	498,240	498,240	498,240	0.850	2	-	Operating needs	-	-	-	38,525,727	38,525,727	Note 5
5	Eternal (China) Investment Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	876,800	869,264	217,316	3.591-3.606	2	-	Operating needs	-	-	-	30,271,861	30,271,861	Note 5
5	Eternal (China) Investment Co., Ltd.	Eternal Optical Material (Suzhou) Co., Ltd.	Other receivables from related parties	Y	1,139,840	-	-	-	2	-	Operating needs	-	-	-	30,271,861	30,271,861	Note 5
5	Eternal (China) Investment Co., Ltd.	Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Long-term receivables from related parties	Y	263,040	-	-	-	2	-	Operating needs	-	-	-	30,271,861	30,271,861	Note 5
5	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	Other receivables from related parties	Y	1,607,650	1,130,043	869,264	3.850	2	-	Operating needs	-	-	-	30,271,861	30,271,861	Note 5
5	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	Other receivables from related parties	Y	1,042,800	521,558	521,558	3.850	2	-	Operating needs	-	-	-	30,271,861	30,271,861	Note 5

(Continued)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 2)	Ending Balance (Note 3)	Actual Amount Drawn	Interest Rate (%)	Nature of Financing (Note 4)	Transaction Amount	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Limit	Note
													Item	Value			
5	Eternal (China) Investment Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	Other receivables from related parties	Y	\$ 695,200	\$ 347,706	\$ 347,706	3.850	2	\$ -	Operating needs	\$ -	-	\$ -	\$ 30,271,861	\$ 30,271,861	Note 5
5	Eternal (China) Investment Co., Ltd.	Eternal Materials (Guangdong) Co., Ltd.	Other receivables from related parties	Y	131,520	130,390	-	-	2	-	Operating needs	-	-	-	30,271,861	30,271,861	Note 5
5	Eternal (China) Investment Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Other receivables from related parties	Y	435,778	434,632	434,632	3.850	2	-	Operating needs	-	-	-	30,271,861	30,271,861	Note 5
6	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	434,632	434,632	-	-	2	-	Operating needs	-	-	-	9,762,845	9,762,845	Note 5
6	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	ESCO Specialty Coatings (Shanghai) Co., Ltd.	Other receivables from related parties	Y	158,641	158,641	158,641	4.250	2	-	Operating needs	-	-	-	1,952,569	1,952,569	Note 6

(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 had been approved by the board of directors, and translated into NTD using the exchange rate at the balance sheet date.

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

Note 4: Nature of financing is as follows:

- Business relationship.
- Short-term financing

Note 5: According to the financing company's Operation Procedures for Lending Funds to Others, either the financing limit for each borrowing company or 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 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 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 7: Changhe International Trading (GZFTZ) Co., Ltd. has been deregistered in October 2021. It is currently not a subsidiary of the Company. The table only disclosed the financing records before October 2021.

Note 8: Eternal Electronic Material (Guangzhou) Co., Ltd. was merged by Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. in December 2021. It is currently not a subsidiary of the Company. The table only disclosed the financing records before December 2021.

## Eternal Materials Co., Ltd. and Subsidiaries

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2021

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

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsements /Guarantees Given on Behalf of Each Party	Maximum Amount Endorsements /Guarantees During the Period (Note 4)	Outstanding Endorsements /Guarantees the End of the Period (Note 5)	Actual Amount Drawn	Amount Endorsements /Guarantees by Collaterals	Ratio of Accumulated Endorsements /Guarantees to Net Equity per Latest Financial Statements (%)	Maximum Endorsements /Guarantees Amount Allowable	Endorsements /Guarantees Given by Parent on Behalf of Subsidiaries	Endorsements /Guarantees by Subsidiaries on Behalf of Parent	Endorsements /Guarantees Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 2)											
0	Eternal Materials Co., Ltd.	Eternal Holdings Inc.	2	\$ 24,239,108	\$ 502,216	\$ 487,168	\$ -	\$ -	2.01	\$ 24,239,108	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Technology Corporation	2	24,239,108	285,350	276,800	276,800	-	1.14	24,239,108	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Nikko-Materials Co., Ltd.	2	24,239,108	135,800	84,175	-	-	0.35	24,239,108	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Sun A. (Suzhou) Co., Ltd.	2	24,239,108	102,726	-	-	-	-	24,239,108	Y	N	Y	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Materials (Malaysia) Sdn. Bhd.	2	24,239,108	2,177,933	2,156,492	1,310,314	-	8.90	24,239,108	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Elga Europe S.r.l.	2	24,239,108	470,152	470,152	375,808	-	1.94	24,239,108	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Nanyang Investment Co., Ltd.	2	24,239,108	1,426,750	1,384,000	1,134,880	-	5.71	24,239,108	Y	N	N	Notes 3 and 6
1	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	2	15,135,930	131,520	-	-	-	-	15,135,930	N	N	Y	Note 7
1	Eternal (China) Investment Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	2	15,135,930	131,520	-	-	-	-	15,135,930	N	N	Y	Note 7

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

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

Note 3: In accordance with the parent company's "Procedures for Provision of Endorsements and Guarantees", limit on endorsement/guarantee given on behalf of each party is 100% of the parent company's net worth based on financial statements for the year ended December 31, 2021.

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.

(Continued)

Note 6: In accordance with the parent company's "Procedures for Provision of Endorsements and Guarantees", maximum endorsement/guarantee amount allowable is 100% of the parent company's net worth based on the financial statements for the year ended December 31, 2021.

Note 7: In accordance with the subsidiary's "Procedures for Provision of Endorsements and Guarantees", the limit on endorsement/guarantee given on behalf of each party and the maximum amount endorsed/guaranteed is based on its net worth for the year ended December 31, 2021.

(Concluded)

## Eternal Materials Co., Ltd. and Subsidiaries

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

DECEMBER 31, 2021

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Eternal Materials Co., Ltd.	President Securities Corp. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	33,366,767	\$ 789,124	2.29	\$ 789,124	
	TBG Diagnostics Limited (stock)	-	Financial assets at fair value through other comprehensive income - non-current	40,200,000	23,850	18.48	23,850	
	Universal Venture Capital Investment Corp. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	5,000,000	44,483	4.15	44,483	
	Der Yang Biotechnology Venture Capital Co., Ltd. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	353,994	4,323	11.11	4,323	
	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	171,563	Note	171,563	
	Pacven Walden Ventures V, L.P.	-	Financial assets at fair value through profit or loss - non-current	-	14,968	Note	14,968	

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

## Eternal Materials Co., Ltd. and Subsidiaries

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2021

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

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition (Note 1)		Disposal				Ending Balance (Note 2)	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units	Amount
Eteranl (China) Investment Co., Ltd.	Eternal Optical Material (Suzhou) Co., Ltd.	Investments accounted for using the equity method	Note 4	Subsidiary	Note 3	\$ (711,257 )	Note 3	\$ 949,080	-	\$ -	\$ -	\$ -	Note 3	\$ 209,738
Eteranl (China) Investment Co., Ltd.	Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Investments accounted for using the equity method	Note 4	Subsidiary	Note 3	(208,355 )	Note 3	345,120	-	-	-	-	Note 3	158,623
Eteranl (China) Investment Co., Ltd.	Eternal Material Industry (Tongling) Co., Ltd.	Investments accounted for using the equity method	Note 4	Subsidiary	-	-	Note 3	429,900	-	-	-	-	Note 3	435,274

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 statements of foreign operations.

Note 3: No shares were issued.

Note 4: The Company implemented a capital increase.

## Eternal Materials Co., Ltd. and Subsidiaries

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)

Company name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales (Note 2)	Amount	% to Total	Payment Terms	Unit Price	Payment Term	Ending Balance	% to Total	
Eternal Materials Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Subsidiary	Sales	\$ 339,210	2	Note 1	\$ -	-	\$ 93,646	2	
	Eternal (China) Investment Co., Ltd.	Subsidiary	Sales	388,828	2	Note 1	-	-	96,105	2	
	CHOU-KOU Materials Co., Ltd.	Subsidiary	Sales	348,165	2	Note 1	-	-	91,349	2	
	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Subsidiary	Sales	738,553	4	Note 1	-	-	143,965	3	
	Eternal Materials (Guangdong) Co., Ltd.	Subsidiary	Sales	327,912	2	Note 1	-	-	60,102	1	
	Nikko-Materials Co., Ltd.	Subsidiary	Sales	140,111	1	Note 1	-	-	37,974	1	
	Eternal Technology Corporation	Subsidiary	Sales	115,982	1	Note 1	-	-	71,638	2	
	Eternal Electronic Material (Thailand) Co., Ltd.	Subsidiary	Sales	396,407	2	Note 1	-	-	126,674	3	
	Eternal Electronic (Suzhou) Co., Ltd.	Subsidiary	Sales	146,657	1	Note 1	-	-	36,397	1	
	Eternal Electronic Material (Guangzhou) Co., Ltd.	Subsidiary	Sales	184,414	1	Note 1	-	-	-	-	
	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Subsidiary	Sales	156,162	1	Note 1	-	-	78,033	2	
Eternal Chemical (Tianjin) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Sister company	Sales	249,751	11	Note 1	-	-	141,132	10	
Eternal Electronic Material (Guangzhou) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Sister company	Sales	463,932	16	Note 1	-	-	-	-	
	Eternal Electronic (Suzhou) Co., Ltd.	Sister company	Sales	112,181	4	Note 1	-	-	-	-	
Eternal Materials (Guangdong) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Sister company	Sales	179,279	3	Note 1	-	-	60,010	2	
	Eternal Electronic Material (Guangzhou) Co., Ltd.	Sister company	Sales	282,258	5	Note 1	-	-	-	-	
	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Sister company	Sales	280,633	5	Note 1	-	-	93,356	3	
	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Sister company	Sales	112,733	2	Note 1	-	-	55,040	2	
	Allnex-Eternal Resins (Guangdong) Co., Ltd.	Associate	Sales	317,124	5	Note 1	-	-	122,851	5	
Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Sister company	Sales	243,035	7	Note 1	-	-	104,740	8	
	Eternal Materials Co., Ltd.	Ultimate parent company	Sales	239,930	7	Note 1	-	-	58,396	4	

(Continued)

Company name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales (Note 2)	Amount	% to Total	Payment Terms	Unit Price	Payment Term	Ending Balance	% to Total	
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Sister company	Sales	\$ 569,678	20	Note 1	\$ -	-	\$ 356,294	11	
	Eternal Electronic Material (Guangzhou) Co., Ltd.	Sister company	Sales	609,449	22	Note 1	-	-	-	-	
Eternal Specialty Materials (Zhuhai) Co., Ltd.	Eternal Materials Co., Ltd.	Ultimate parent company	Sales	291,175	5	Note 1	-	-	62,722	3	
Eternal Chemical (China) Co., Ltd.	Allnex - Eternal Resins (Guangdong) Co., Ltd.	Associate	Sales	230,095	4	Note 1	-	-	153,559	5	
Nikko Mechanics Co., Ltd.	Nikko-Materials Co., Ltd.	Parent company	Sales	1,079,940	99	Note 1	-	-	-	-	
Nikko- Materials Co., Ltd.	Eternal Materials Co., Ltd.	Ultimate parent company	Sales	110,531	4	Note 1	-	-	24,278	3	
	Eternal Electronic Material (Thailand) Co., Ltd.	Sister company	Sales	111,186	4	Note 1	-	-	13,808	2	

(Concluded)

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

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

## Eternal Materials Co., Ltd. and Subsidiaries

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

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Doubtful Accounts	Note
					Amount	Actions Taken			
Eternal Materials Co., Ltd.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Subsidiary	\$ 143,965	5.22	\$ -	-	\$ 79,814	\$ -	Note
	Eternal Electronic Materials (Thailand) Co., Ltd.	Subsidiary	126,674	3.09	-	-	38,413	-	
	Eternal (China) Investment Co., Ltd.	Subsidiary	111,934	-	-	-	50,540	-	
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Sister company	356,294	1.47	135,525	Collected subsequently	73,662	-	
Eternal Chemical (Tianjin) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Sister company	141,132	2.93	-	-	38,011	-	
Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Sister company	104,740	3.19	-	-	22,595	-	
Eternal Chemical (China) Co., Ltd.	Allnex-Eternal Resins (Guangdong) Co., Ltd.	Associate	153,559	1.72	6,799	Collected subsequently	28,275	15	
Eternal Materials (Guangdong) Co., Ltd.	Allnex-Eternal Resins (Guangdong) Co., Ltd.	Associate	122,851	2.85	17,301	Collected subsequently	37,648	348	

Note : Other receivables.

## Eternal Materials Co., Ltd. and Subsidiaries

INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
 FOR THE YEAR ENDED DECEMBER 31, 2021  
 (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	Amount	Terms	
0	Eternal Materials Co., Ltd.	Eternal Chemical (China) Co., Ltd.	1	Revenue from sales of goods	\$ 339,210	Note 3	0.67
0	Eternal Materials Co., Ltd.	Eternal (China) Investment Co., Ltd.	1	Revenue from sales of goods	388,828	Note 3	0.77
0	Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	1	Revenue from sales of goods	348,165	Note 3	0.69
0	Eternal Materials Co., Ltd.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	1	Revenue from sales of goods	738,553	Note 3	1.46
0	Eternal Materials Co., Ltd.	Eternal Materials (Guangdong) Co., Ltd.	1	Revenue from sales of goods	327,912	Note 3	0.65
0	Eternal Materials Co., Ltd.	Eternal (China) Investment Co., Ltd.	1	Other receivables from related parties	111,934	Note 3	0.18
0	Eternal Materials Co., Ltd.	Nikko-Materials Co., Ltd.	1	Revenue from sales of goods	140,111	Note 3	0.28
0	Eternal Materials Co., Ltd.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	1	Notes and accounts receivable from related parties	143,965	Note 3	0.24
0	Eternal Materials Co., Ltd.	Eternal Technology Corporation	1	Revenue from sales of goods	115,982	Note 3	0.23
0	Eternal Materials Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	1	Revenue from sales of goods	396,407	Note 3	0.79
0	Eternal Materials Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	1	Revenue from sales of goods	146,657	Note 3	0.29
0	Eternal Materials Co., Ltd.	Eternal Electronic Materials (Guangzhou) Co., Ltd.	1	Revenue from sales of goods	184,414	Note 3	0.37
0	Eternal Materials Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	1	Revenue from sales of goods	156,162	Note 3	0.31
0	Eternal Materials Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	1	Notes and accounts receivable from related parties	126,674	Note 3	0.21
1	Eternal Holdings Inc.	Eternal Technology Corporation	1	Other receivables from related parties	166,080	Note 4	0.27
1	Eternal Holdings Inc.	Eternal Materials Co., Ltd.	2	Other receivables from related parties	498,240	Note 4	0.82
2	Eternal (China) Investment Co., Ltd.	Eternal Chemical (China) Co., Ltd.	3	Other receivables from related parties	217,316	Note 4	0.36
2	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	1	Other receivables from related parties	869,264	Note 4	1.44
2	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	1	Other receivables from related parties	521,558	Note 4	0.86
2	Eternal (China) Investment Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	1	Other receivables from related parties	347,706	Note 4	0.57
2	Eternal (China) Investment Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	1	Other receivables from related parties	434,632	Note 4	0.72
3	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	3	Other receivables from related parties	308,914	Note 4	0.51
3	Eternal Chemical (China) Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	3	Other receivables from related parties	334,562	Note 4	0.55
3	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	3	Other receivables from related parties	688,396	Note 4	1.14

(Continued)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Item	Amount	Terms	% to Total Revenues or Assets
4	Eternal Electronic Material (Guangzhou) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	3	Revenue from sales of goods	\$ 463,932	Note 3	0.92
4	Eternal Electronic Material (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	3	Revenue from sales of goods	112,181	Note 3	0.22
5	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	3	Revenue from sales of goods	569,678	Note 3	1.13
5	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	3	Notes and accounts receivable from related parties	356,294	Note 3	0.59
5	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic Material (Guangzhou) Co., Ltd.	3	Revenue from sales of goods	609,449	Note 3	1.21
6	Eternal Materials (Guangdong) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	3	Revenue from sales of goods	179,279	Note 3	0.36
6	Eternal Materials (Guangdong) Co., Ltd.	Eternal Electronic Material (Guangzhou) Co., Ltd.	3	Revenue from sales of goods	282,258	Note 3	0.56
6	Eternal Materials (Guangdong) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	3	Revenue from sales of goods	280,633	Note 3	0.56
6	Eternal Materials (Guangdong) Co., Ltd.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	3	Revenue from sales of goods	112,733	Note 3	0.22
7	Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	3	Revenue from sales of goods	243,035	Note 3	0.48
7	Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	3	Notes and accounts receivable from related parties	104,740	Note 3	0.17
7	Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal Materials Co., Ltd.	2	Revenue from sales of goods	239,930	Note 3	0.48
8	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Eternal Materials Co., Ltd.	2	Revenue from sales of goods	291,175	Note 3	0.58
9	Eternal Chemical (Tianjin) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	3	Revenue from sales of goods	249,751	Note 3	0.49
9	Eternal Chemical (Tianjin) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	3	Notes and accounts receivable from related parties	141,132	Note 3	0.23
10	Nikko Mechanics Co., Ltd	Nikko-Materials Co., Ltd	2	Revenue from sales of goods	1,079,940	Note 3	2.14
11	Nikko-Materials Co., Ltd	Eternal Materials Co., Ltd.	2	Revenue from sales of goods	110,531	Note 3	0.22
11	Nikko-Materials Co., Ltd	Eternal Electronic Material (Thailand) Co., Ltd.	3	Revenue from sales of goods	111,186	Note 3	0.22

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.

(Continued)

2. The subsidiary to the parent company.

3. The subsidiary to another subsidiary.

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

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

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

(Concluded)

**TABLE 8**

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

**INFORMATION ON INVESTEEES (EXCLUDING INVESTMENTS IN MAINLAND CHINA)  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Eternal Materials Co., Ltd.	Eternal Holdings Inc.	Samoa	International investment	\$ 6,259,870	\$ 6,259,870	204,273,859	100.00	\$ 19,118,841	\$ 1,837,408	\$ 1,892,365	
Eternal Materials Co., Ltd.	Eternal Global (BVI) Co., Ltd.	British Virgin Islands	International investment	717,527	717,527	16,821,024	100.00	4,673,760	352,459	344,909	
Eternal Materials Co., Ltd.	Mixville Holdings Inc.	British Virgin Islands	International investment	989,582	989,582	29,530,000	100.00	3,608,531	204,782	199,323	
Eternal Materials Co., Ltd.	Advanced PETFILM Investment Co., Ltd.	Japan	International investment	788,630	788,630	270	20.00	482,204	225,675	50,937	
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	699,933	680,409	155,133	
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	35,122	(18,377)	(11,541)	
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	149,645	195,587	78,235	
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	135,557	45,255	33,934	
Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	Japan	Selling, trading and providing services of resins material, electronic material and other related products	60,431	60,431	4,000	100.00	83,824	7,080	12,148	
Eternal Materials Co., Ltd.	Nikko-Materials Co., Ltd.	Japan	Manufacturing and selling of dry film photoresist and vacuum laminator	257,657	257,657	11,520	100.00	1,634,652	706,524	722,069	
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	8,502	(7,007)	(5,092)	
Eternal Holdings Inc.	Eternal International (BVI) Co., Ltd.	British Virgin Islands	International investment	5,739,033	5,739,033	183,793,592	100.00	15,053,716	1,218,888	-	Note 1
Eternal Holdings Inc.	E-Chem Corp.	Samoa	International investment	165,608	165,608	4,990,000	100.00	2,601,397	617,891	-	Note 1
Eternal Holdings Inc.	Eternal Nanyang Investment Co., Ltd.	Samoa	International investment	540,493	540,493	18,450,000	90.00	367,251	(76,291)	-	Note 1
Eternal Holdings Inc.	PT Eternal Materials Indonesia	Indonesia	Selling, trading of chemical	13,360	-	670	67.00	14,135	1,572	-	Note 1
Eternal Holdings Inc.	Allnex-Eternal Resins Corporation Limited	Hong Kong	Trading and international investment	174,293	174,293	5,341,000	49.00	419,682	123,316	-	Note 1
Eternal Holdings Inc.	Polymer Instrumentation and Consulting Services, Ltd.	United States	Plastic products manufacturing	121,913	121,913	4,694,296	30.00	-	-	-	Note 1
Eternal International (BVI) Co., Ltd.	Eternal Technology Corporation	United States	Manufacturing and selling of photoresist	600,693	600,693	2,333	100.00	(110,320)	(26,655)	-	Note 1
Mixville Holdings Inc.	High Expectation Limited	Cayman Islands	International investment	871,519	871,519	26,005,000	100.00	3,407,795	198,353	-	Note 1
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	2,937	(7,007)	-	Note 1
Nikko-Materials Co., Ltd.	Nikko Mechanics Co., Ltd.	Japan	Designing, manufacturing, selling of industrial machinery and machine tools	-	135,626	-	-	-	117,619	-	Notes 1 and 2
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	1,538,886	(56,127)	-	Note 1

(Continued)

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

Note 2: In the fourth quarter of 2021, the subsidiary Nikko-Materials Co., Ltd. merged with the subsidiary Nikko-Mechanics Co., Ltd, with the former as the surviving company and the latter as the extinct company.

(Concluded)

## Eternal Materials Co., Ltd. and Subsidiaries

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2021

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

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
Eternal Chemical (China) Co., Ltd.	Manufacturing and selling of resins material and processing products	\$ 755,651	2	\$ 625,549	\$ -	\$ -	\$ 625,549	\$ 313,149	100.00	\$ 313,149	\$ 4,303,056	\$ 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	76,249	50.00	38,892	368,818	544,920	Note 2
Changhe International Trading (GZFTZ) Co., Ltd.	International trading, commercial trading, entrepot trading, products displayed, bonded warehousing and business consulting services	-	2	7,020	-	-	7,020	(2,439)	-	(2,439)	-	-	Notes 2 and 4
Eternal Electronic Material (Guangzhou) Co., Ltd.	Coating, slitting, cutting, processing, and selling of photoresist	-	2	-	-	-	-	289,680	-	289,680	-	983,767	Notes 2 and 5
Eternal Optical Material (Suzhou) Co., Ltd.	Manufacturing and selling of optical film	1,563,967	2	-	-	-	-	(40,211)	100.00	(40,211)	209,738	-	Note 2
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	443,467	100.00	443,467	4,901,585	-	Notes 2 and 5
Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Researching, developing and manufacturing of photoresist dry film, liquid photo imaginable solder masks and printed circuit board related materials	469,402	2	-	-	-	-	17,771	100.00	17,771	158,623	-	Note 2
Eterkon Semiconductor Materials Co., Ltd. (original name: Eternal Electronic Materials (Kunshan) Co., Ltd.)	Manufacturing and selling of epoxy molding compounds which are used in electronic parts and related products	524,337	2	456,427	-	-	456,427	86,146	40.00	32,938	248,013	-	Note 2
Eternal Synthetic Resins (Changshu) Co., Ltd.	Manufacturing and selling of unsaturated polyester resin	726,426	2	279,811	-	-	279,811	(10,811)	100.00	(10,811)	198,779	-	Note 2
Eternal Chemical (Tianjin) Co., Ltd.	Manufacturing and selling of adhesives, resins material and processing products	1,008,004	2	599,320	-	-	599,320	39,918	100.00	39,918	885,111	-	Note 2
Eternal Specialty Materials (Zhuhai) Co., Ltd.	Manufacturing and selling of acrylic resin and methacrylic acid	611,011	2	243,540	-	-	243,540	623,109	90.00	617,903	2,589,200	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	(26,406)	40.00	(12,687)	(26,711)	-	Note 2
Eternal Materials (Guangdong) Co., Ltd.	Manufacturing and selling of adhesives, resins material and processing products	1,297,259	2	868,175	-	-	868,175	198,570	100.00	198,570	3,405,896	1,885,420	Note 2
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	1,244,595	100.00	1,244,595	15,135,945	-	Notes 2 and 3

(Continued)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
Eternal Chemical (Chengdu) Co., Ltd.	Researching, manufacturing and selling of resins material	\$ 450,351	2	\$ -	\$ -	\$ -	\$ -	\$ (136,114)	100.00	\$ (136,114)	\$ (521,515)	\$ -	Note 2
Eternal Electronic (Suzhou) Co., Ltd.	Researching, developing, and manufacturing of dry film photoresist and dry film solder masks which are used in electronic materials, researching resin materials and selling, providing after sales services of self-produced products	1,492,280	2	-	-	-	-	157,996	100.00	157,996	1,729,220	-	Note 2
Eternal Sun A. (Suzhou) Co., Ltd.	Researching, developing, and manufacturing of optical protective film which is used in display, and selling, providing after sales services of self-produced products	1,067,649	2	-	-	-	-	(105,757)	60.00	(63,454)	221,230	-	Note 2 and refer to note 10 of consolidated financial statement
Eternal Specialty Materials (Suzhou) Co., Ltd.	Researching and developing chemical products, and selling, providing technical services of self-produced products	1,199,225	2	-	-	-	-	371,486	100.00	371,486	1,610,501	-	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	-	-	-	-	5,434	30.00	1,958	89,472	-	Note 2
Eternal Material Industry (Tongling) Co., Ltd.	Manufacturing and selling resins material products and providing technical services	429,900	2	-	-	-	-	639	100.00	639	435,274	-	Note 2

Investor Company	Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2021 (Note 6)	Investment Amount Authorized by the Investment Commission, MOEA (Note 6)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 7)
Eternal Materials Co., Ltd.	\$ 8,083,938	\$ 26,111,170	\$ -

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

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

Note 2: The investment gains and losses were recognized from the financial statements audited by the parent company's CPA in the ROC in accordance with SAS No. 54 "Special Considerations - Audits of Group Financial Statements".

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

Note 4: The divestment was resolved by the board of directors in March 2021, and the liquidation was completed in September 2021.

Note 5: In the fourth quarter of 2021, the subsidiary Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. merged with the subsidiary Eternal Electronic Material (Guangzhou) Co., Ltd., with the former as the surviving company and the latter as the extinct company.

Note 6: The amounts were translated into NTD using the exchange rate at the application date.

Note 7: 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.

(Concluded)

**TABLE 10****Eternal Materials Co., Ltd. and Subsidiaries****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2021**

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

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

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

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**STATEMENT 1**

**Eternal Materials Co., Ltd.**

**STATEMENT OF CASH AND CASH EQUIVALENTS**

**DECEMBER 31, 2021**

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

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<b>Item</b>	<b>Description</b>	<b>Amount</b>
Cash on hands		\$ 3,574
Cash in banks	Checking accounts	62,711
	NTD demand deposits	43,824
	USD demand deposits (USD2,512 thousand @27.68)	69,543
	JPY demand deposits (JPY70,236 thousand @0.2405)	16,892
	RMB demand deposits (RMB0.5 thousand @4.3463)	2
	EUR demand deposits (EUR104 thousand @31.3435)	3,275
	SGD demand deposits (SGD244 thousand @20.46)	4,994
		<hr/>
		<u>\$ 204,815</u>

**STATEMENT 2****Eternal Materials Co., Ltd.****STATEMENT OF ACCOUNTS RECEIVABLE, NET****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

<b>Client Name</b>	<b>Description</b>	<b>Amount</b>	<b>Remark</b>
Non-related parties			
Regent Electron (Suzhou) Co., Ltd.	Sales of goods	\$ 237,425	
Aalborz Chemical LLC DBA AAL CHEM	Sales of goods	133,760	
Others (Note)		<u>2,638,041</u>	
		3,009,226	
Less: Allowance for loss		<u>(85,852)</u>	
		<u>\$ 2,923,374</u>	
Related parties			
Eternal Specialty Materials (Zhuhai) Co., Ltd.	Sales of goods	\$ 143,519	
Eternal Electronic Material (Thailand) Co., Ltd.	Sales of goods	128,144	
Eternal (China) Investment Co., Ltd.	Sales of goods	95,666	
Eternal Chemical (China) Co., Ltd.	Sales of goods	93,302	
CHOU-KOU Materials Co., Ltd.	Sales of goods	89,566	
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Sales of goods	77,739	
Eternal Technology Corporation	Sales of goods	71,266	
Eternal Materials (Guangdong) Co., Ltd.	Sales of goods	59,833	
Others (Note)		<u>151,496</u>	
		910,531	
Less: Allowance for loss		<u>(37)</u>	
		<u>\$ 910,494</u>	

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

**STATEMENT 3**

**Eternal Materials Co., Ltd.**

**STATEMENT OF OTHER RECEIVABLES**

**DECEMBER 31, 2021**

**(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Description</b>	<b>Amount</b>
Receivable for trademark license fee		\$ 296,946
Receivable for service fee		186,513
Receivable for business tax		105,110
Others (Note)		<u>81,606</u>
		670,175
Less: Allowance for loss		<u>(29,800)</u>
		<u>\$ 640,375</u>

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

**STATEMENT 4**

**Eternal Materials Co., Ltd.**

**STATEMENT OF INVENTORIES**

**DECEMBER 31, 2021**

**(In Thousands of New Taiwan Dollars)**

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Item	Description	Amount		Remark
		Cost	Net Realizable Value	
Raw materials		\$ 1,833,949	\$ 2,442,943	Note
Supplies		43,370	43,370	Note
Finished goods		2,085,699	2,671,393	Note
Inventory in transit		<u>131,513</u>	<u>131,513</u>	Note
		<u>\$ 4,094,531</u>	<u>\$ 5,289,219</u>	

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

## Eternal Materials Co., Ltd.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT  
 FOR THE YEAR ENDED DECEMBER 31, 2021  
 (In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Name	Beginning of the Year		Additions		Decrease		End of the Year		Guarantee or Pledge	Remark
	Number of Shares	Fair Value (Note 1)	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Fair Value (Note 1)		
Domestic listed shares										
President Securities Corp.	34,937,430	\$ 642,849	1,283,337	\$ 230,972	(2,854,000)	\$ (84,697)	33,366,767	\$ 789,124	No	Note 2
Domestic unlisted shares										
Universal Venture Capital Investment Corp.	5,000,000	32,602	-	11,881	-	-	5,000,000	44,483	No	Note 2
Der Yang Biotechnology Venture Capital Co., Ltd.	353,994	3,769	-	554	-	-	353,994	4,323	No	Note 2
Hwa Nan Venture Capital Co., Ltd.	57,438	-	-	-	-	-	57,438	-	No	
Foreign listed or unlisted shares										
TBG Diagnostics Limited	40,200,000	<u>185,302</u>	-	<u>-</u>	-	<u>(161,452)</u>	40,200,000	<u>23,850</u>	No	Notes 2 and 3
		<u>\$ 864,522</u>		<u>\$ 243,407</u>		<u>\$ (246,149)</u>		<u>\$ 861,780</u>		

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

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

Note 3: TBG stocks were delisted from the Australian Securities Exchange in August 2021.

## Eternal Materials Co., Ltd.

**STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2021**  
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Name	Balance at Beginning of the Year		Additions		Decrease (Note 1)		Investment Gain (Loss)	Other Adjustments (Note 2)	Balance at End of the Year			Market Value or Net Assets Value		Guarantee or Pledge	Remark
	Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	Amount			Number of Shares (In Thousands)	%	Amount	Unit price (NT\$)	Total Amount		
Eternal Holdings Inc.	204,274	\$ 17,904,689	-	\$ -	-	\$ (342,298 )	\$ 1,892,365	\$ (335,915 )	204,274	100.00	\$ 19,118,841	\$ 94	\$ 19,286,340	No	
Eternal Global (BVI) Co., Ltd.	16,821	4,681,917	-	-	-	(500,469 )	344,909	147,403	16,821	100.00	4,673,760	279	4,689,838	No	
Mixville Holdings Inc.	29,530	3,938,279	-	-	-	(513,720 )	199,323	(15,351 )	29,530	100.00	3,608,531	123	3,628,599	No	
Advanced PETFILM Investment Co., Ltd.	-	433,318	-	-	-	-	50,937	(2,051 )	-	20.00	482,204	1,692,793	457,054	No	Note 3
Daxin Materials Corporation	23,424	661,919	-	-	-	(117,119 )	155,133	-	23,424	22.80	699,933	154	3,607,267	No	
New E Materials Co., Ltd.	6,908	46,663	-	-	-	-	(11,541 )	-	6,908	62.80	35,122	5	35,122	No	
Covestro Eternal Resins (Far East) Ltd.	3,660	151,622	-	-	-	(78,360 )	78,235	(1,852 )	3,660	40.00	149,645	41	149,645	No	
Eternal Electronic Material (Thailand) Co., Ltd.	938	140,723	-	-	-	(19,967 )	33,934	(19,133 )	938	75.00	135,557	152	142,737	No	
CHOU-KOU Materials Co., Ltd.	4	83,826	-	-	-	-	12,148	(12,150 )	4	100.00	83,824	21,116	84,464	No	
Nikko-Materials Co., Ltd.	12	1,313,819	-	-	-	(198,660 )	722,069	(202,576 )	12	100.00	1,634,652	141,897	1,634,652	No	
Elga Europe S.r.l.	-	13,378	-	-	-	-	(5,092 )	216	-	72.68	8,502	-	8,502	No	Note 4
		<u>\$29,370,153</u>		<u>\$ -</u>		<u>\$ (1,770,593 )</u>	<u>\$ 3,472,420</u>	<u>\$ (441,409 )</u>			<u>\$ 30,630,571</u>		<u>\$ 33,724,220</u>		

Note 1: Cash dividends.

Note 2: Other adjustments:

- 1) Exchange differences on translation of the financial statements of foreign operations that are recognized using the equity method.
- 2) Recognized remeasurement of defined benefit plans of investments accounted for using the equity method.
- 3) Recognized unrealized gains and losses on financial assets at FVTOCI of investments accounted for using the equity method.

Note 3: Less than a thousand shares.

Note 4: No shares issued; not applicable.

**Eternal Materials Co., Ltd.****STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Balance at Beginning of the Year</b>	<b>Additions (Note)</b>	<b>Decrease</b>	<b>Balance at End of the Year</b>	<b>Remark</b>
Land	\$ 11,281	\$ 606	\$ -	\$ 11,887	
Buildings	98,932	20,980	(19,551)	100,361	
Storage equipment	1,025	3,077	-	4,102	
Other equipment	<u>31,727</u>	<u>7,379</u>	<u>(7,266)</u>	<u>31,840</u>	
	<u>\$ 142,965</u>	<u>\$ 32,042</u>	<u>\$ (26,817)</u>	<u>\$ 148,190</u>	

Note: Including lease modification.

**Eternal Materials Co., Ltd.****STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Balance at Beginning of the Year</b>	<b>Additions</b>	<b>Decrease</b>	<b>Balance at End of the Year</b>	<b>Remark</b>
Land	\$ 883	\$ 487	\$ -	\$ 1,370	
Buildings	14,869	21,508	(10,518)	25,859	
Storage equipment	68	581	-	649	
Other equipment	<u>11,209</u>	<u>7,208</u>	<u>(6,693)</u>	<u>11,724</u>	
	<u>\$ 27,029</u>	<u>\$ 29,784</u>	<u>\$ (17,211)</u>	<u>\$ 39,602</u>	

**STATEMENT 9**

**Eternal Materials Co., Ltd.**

**STATEMENT OF ACCOUNTS PAYABLE**

**DECEMBER 31, 2021**

**(In Thousands of New Taiwan Dollars)**

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<b>Vendor Name</b>	<b>Description</b>	<b>Amount</b>	<b>Remark</b>
Chang Chun Plastics Co., Ltd.	Purchase of goods	\$ 175,359	
Nan Ya Plastics Corporation	Purchase of goods	152,041	
Formosa Plastics Corporation	Purchase of goods	87,748	
Others (Note)		<u>1,169,841</u>	
		<u>\$ 1,584,989</u>	

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

**STATEMENT 10**

**Eternal Materials Co., Ltd.**

**STATEMENT OF OTHER PAYABLES - OTHERS**

**DECEMBER 31, 2021**

**(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Description</b>	<b>Amount</b>
Compensation of employees		\$ 177,500
Payable for equipment		158,284
Bonus		156,071
Commission		61,298
Others (Note)		<u>383,807</u>
		<u>\$ 936,960</u>

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

## Eternal Materials Co., Ltd.

## STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2021

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

Type	Balance at End of Year	Contract Period	Range of Interest Rates (%)	Loan Commitments	Collateral
Unsecured loans					
HSBC Bank (Taiwan) Limited	\$ 318,320	2021.09.24-2022.04.28	0.78	US\$ 30,000	None
The Shanghai Commercial and Savings Bank, Ltd.	595,120	2021.09.08-2022.03.23	0.68-0.85	US\$ 35,000	None
Taipei Fubon Commercial Bank Co., Ltd.	328,485	2021.08.26-2022.04.22	0.60-0.82	NT\$ 500,000	None
DBS Bank (Taiwan) Ltd.	55,360	2021.10.15-2022.04.13	0.80	US\$ 30,000	None
United Overseas Bank Limited, Taipei Branch	138,400	2021.11.29-2022.04.08	0.80-0.85	US\$ 30,000	None
Mizuho Bank, Ltd.	245,445	2021.09.28-2022.04.01	0.58-0.72	NT\$ 1,000,000	None
Loans from related parties					
Eternal Holdings Inc.	<u>498,240</u>	2021.12.24-2022.12.23	0.85	US\$ 18,000	None
	<u>\$ 2,179,370</u>				

**STATEMENT 12**

**Eternal Materials Co., Ltd.**

**STATEMENT OF OTHER NON-CURRENT LIABILITIES**

**DECEMBER 31, 2021**

**(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Description</b>	<b>Amount</b>
Net defined benefit liabilities		<u>\$ 789,567</u>

## Eternal Materials Co., Ltd.

STATEMENT OF LONG-TERM BORROWINGS  
 DECEMBER 31, 2021  
 (In Thousands of New Taiwan Dollars)

Creditors	Description	Loan Amount	Agreement Period	Interest Rate Range (%)	Pledge or Guarantee	Remark
Unsecured loans						
First commercial bank	Bullet repayment, non-revolving credit	\$ 900,000	2017.11-2023.08	1.15-1.61	No	
Syndicated credit facility with eight banks led by E.SUN Commercial Bank, Ltd.	Repay in installment, non-revolving credit	2,025,000	2018.07-2023.05	1.79	No	
HSBC Bank (Taiwan) Limited	Repay in installment, non-revolving credit	600,000	2019.12-2023.08	0.99-1.00	No	
Mizuho bank, Ltd.	Bullet repayment, revolving credit	670,000	2021.02-2023.02	0.78	No	
Mega International Commercial Bank Co., Ltd.	Bullet repayment, non-revolving credit	800,000	2017.09-2022.09	1.58	No	
Bank of Taiwan	Repay in installment, non-revolving credit	800,000	2018.08-2022.09	0.96-0.97	No	
Taiwan Business Bank Co., Ltd.	Bullet repayment, non-revolving credit	150,000	2021.05-2024.05	1.10	No	
Far Eastern International Bank Co., Ltd.	Bullet repayment, non-revolving credit	150,000	2021.09-2024.09	1.04	No	
The Export-Import Bank of the Republic of China	Repay in installment, non-revolving credit	288,000	2017.10-2023.10	0.97	No	
Bank SinoPac Co., Ltd.	Repay in installment, non-revolving credit	525,000	2019.12-2022.12	0.95	No	
Chang Hwa Commercial Bank, Ltd.	Bullet repayment, non-revolving credit	300,000	2020.08-2023.08	0.95	No	
Chang Hwa Commercial Bank, Ltd.	Bullet repayment, revolving credit	100,000	2020.08-2023.08	0.95	No	
Hua Nan Commercial Bank	Bullet repayment, revolving credit	500,000	2020.08-2023.08	0.98	No	
Bank of China	Bullet repayment, revolving credit	<u>1,000,000</u>	2021.02-2022.02	0.61	No	
		8,808,000				
Long-term bills payable		<u>848,084</u>	Note	1.13	Note 15	
Commercial paper		9,656,084				
Less: Current portion of long-term borrowings		(3,844,000)				
		<u>\$ 5,812,084</u>				

Note: 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.

## Eternal Materials Co., Ltd.

## STATEMENT OF BONDS PAYABLE

DECEMBER 31, 2021

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

Bond Name	Trustee	Issuance Date	Interest Payment Date and Repayment Method	Annual Rate	Amount					Collateral
					Total Amount Issued	Repayment Paid	Balance at End of the Year	Issuance Costs	Carrying Value	
5-year secured bonds	Bank SinoPac Co., Ltd.	2019.11-2024.11	Principal repayable at maturity and interest payable annually	0.82	\$ 3,000,000	\$ -	\$ 3,000,000	\$ (3,439)	\$ 2,996,561	Note 15
5-year secured bonds	CTBC Bank Co., Ltd.	2021.08-2026.08	Principal repayable at maturity and interest payable annually	0.58	2,500,000	-	2,500,000	(4,878)	2,495,122	Note 15
					<u>\$ 5,500,000</u>	-	<u>\$ 5,500,000</u>	<u>\$ (8,317)</u>	<u>\$ 5,491,683</u>	

## Eternal Materials Co., Ltd.

STATEMENT OF LEASE LIABILITIES  
 DECEMBER 31, 2021  
 (In Thousands of New Taiwan Dollars)

Item	Description	Lease Term	Discount Rate	Balance at End of the Year	Remark
Land		2019.01-2043.06	1.72-2.29	\$ 6,390	
Buildings		2019.01-2026.09	0.63-3.64	79,348	
Storage equipment		2020.09-2026.07	1.63-1.67	3,475	
Other equipment		2019.01-2026.12	0.60-1.79	<u>20,312</u>	
				109,525	
Less: Current portion of lease liabilities				<u>(29,751)</u>	
				<u>\$ 79,774</u>	

**STATEMENT 16**

**Eternal Materials Co., Ltd.**

**STATEMENT OF OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Quantity</b>	<b>Amount</b>	<b>Remark</b>
Resins materials	139 thousand tons	\$ 8,515,629	
Electronic materials	1,120,933 thousand square feet and 5 thousand tons	4,488,651	
High performance materials	16 thousand tons	3,497,723	
Others		<u>60,725</u>	
		<u>\$ 16,562,728</u>	

**STATEMENT 17****Eternal Materials Co., Ltd.****STATEMENT OF OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

Item	Amount
Balance of raw materials and materials in transit, beginning of the year	\$ 1,279,666
Add: Raw materials purchased	11,226,922
Transferred from finished goods to manufacturing	18,109,520
Less: Raw materials sold	(263,352)
Others	(16,618)
Balance of raw materials and materials in transit, end of the year	<u>(1,979,625)</u>
Raw materials used	<u>28,356,513</u>
Balance of supplies, beginning of the year	35,237
Add: Supplies purchased	658,757
Less: Supplies sold	(11,761)
Others	(128,415)
Balance of supplies, end of the year	<u>(43,370)</u>
Supplies used	<u>510,448</u>
Raw materials and supplies used	28,866,961
Direct labor	390,886
Manufacturing expenses	<u>1,766,564</u>
Manufacturing cost	31,024,411
Balance of finished goods, beginning of the year	1,354,923
Add: Finished goods purchased	971,903
Less: Transferred to manufacturing	(18,109,520)
Others	(98,926)
Balance of finished goods, end of the year	<u>(2,139,884)</u>
Operating costs - finished goods	13,002,907
Operating costs - raw materials	263,352
Operating costs - supplies	11,761
Operating costs - others	<u>358,701</u>
Operating costs	<u>\$ 13,636,721</u>

**Eternal Materials Co., Ltd.**

**STATEMENT OF SELLING AND MARKETING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Description</b>	<b>Amount</b>	<b>Remark</b>
Shipping expense		\$ 669,281	
Payroll expense		218,936	
Commission		61,120	
Others (Note)		<u>213,500</u>	
		<u>\$ 1,162,837</u>	

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

**STATEMENT 19**

**Eternal Materials Co., Ltd.**

**STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Description</b>	<b>Amount</b>	<b>Remark</b>
Salaries		\$ 425,880	
Depreciation expense		42,784	
Others (Note)		<u>333,584</u>	
		<u>\$ 802,248</u>	

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

**Eternal Materials Co., Ltd.**

**STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Description</b>	<b>Amount</b>	<b>Remark</b>
Salaries		\$ 597,214	
Depreciation expense		166,058	
Laboratory fees		96,837	
Others (Note)		<u>293,430</u>	
		<u>\$ 1,153,539</u>	

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

## Eternal Materials Co., Ltd.

**STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION BY  
FUNCTION FOR THE YEAR  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

Function Nature	For the Year Ended December 31, 2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense			
Salaries	907,088	1,242,030	2,149,118
Labor and health insurance	79,244	92,733	171,977
Pension	43,371	54,859	98,230
Remuneration of directors	-	28,800	28,800
Others	56,282	73,819	130,101
Depreciation	482,068	216,848	698,916
Amortization	35	17,853	17,888

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

Note 1: For the years ended December 31, 2021 and 2020, the Company had 2,109 and 2,004 employees, respectively, and there were 9 and 8 non-employee directors, respectively.

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

- 1) Average employee benefit expense for the year ended December 31, 2021 was \$1,214 thousand (calculated as total employee benefit expense net of total remuneration of directors for the year divided by number of employees net of number of non-employee directors for the year). Average employee benefit expense for the year ended December 31, 2020 was \$1,164 thousand (calculated as total employee benefit expense net of total remuneration of directors for the previous year divided by the number of employees net of number of non-employee directors for the previous year).
- 2) Average salaries for the year ended December 31, 2021 was \$1,023 thousand (calculated as total salaries for the year divided by number of employees net of number of non-employee directors for the year). Average salaries for the year ended December 31, 2020 was \$978 thousand (calculated as total salaries for the previous year divided by number of employees net of number of non-employee directors for the previous year).

(Continued)

- 3) Adjustment of average salaries was 4.6% (calculated as average salaries for the year net of average salaries for the previous year divided by average salaries for the previous year).
- 4) The Company has no supervisors.
- 5) The Company conducts salary surveys every year to measure the market's salary level and overall economic indicators and makes appropriate adjustments to its overall salary policy. In addition to the annual salary adjustments and a comprehensive promotion system, various reward systems are in place to encourage colleagues with superior performance. According to the Company's Articles of Incorporation, if the Company makes a profit in the current year, 4.5% (inclusive) to 5.5% of the profit shall be appropriated as compensation of employees.

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

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

(Concluded)