

Eternal Materials Co., Ltd.

2021 Annual Report

Printed on May 17, 2022

Market Observation Post System: <http://mops.twse.com.tw>

Company Website: <https://www.eternal-group.com>

I. Name, Title, Telephone Number, and E-mail Address of Spokesperson and Deputy Spokesperson

Spokesperson: Liu, Bing-Cheng Title: Director of Finance Dept.
Tel: (07) 383-8181 ext.306
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Acting Spokesperson: Chu, Jui-Hsin Title: Director of Administration
Tel: (07) 383-8181 ext.306
E-mail: phoenix_chu@eternal-group.com

II. Address and Telephone Number of Headquarters, Branch Offices, and Factories

Headquarters: No. 578, Jiangong Road, Sanmin District, Kaohsiung City
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Lu-Chu Plant: No. 22, Changxing Road, Luzhu District, Kaohsiung City
Tel: (07) 696-3331
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Tel: (07) 787-3645
Ping-Nan Plant: No. 23, Pingnan Road, Fangliao Township, Pingtung County (Pingnan Industrial Park)
Tel: (08) 866-9009
North Region Office: 6F, No. 23, Jilin Road, Zhongli District, Taoyuan City
Tel: (03) 462-8088
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Tel: (04) 2253-3555
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III. Name, Address, E-mail Address, and Telephone Number of Stock Transfer Agent

Name: President Securities Corporation
Address: B1, No. 8, Dongxing Road, Songshan District, Taipei City
Tel: (02) 2746-3797
Website: [http:// www.pscnet.com.tw](http://www.pscnet.com.tw)

IV. Names of Certified Public Accountants Duly Auditing the Annual Financial Statements for the Most Recent Fiscal Year, and Name, Address and Telephone Number of Accounting Firm

Name of CPAs: Wang, Chao-Chun, Kuo, Li-Yuan
Name of CPA Firm: Deloitte & Touche
Address: 3F, No. 88, Chenggong 2nd Road, Qianzhen District, Kaohsiung City
Tel: (07) 530-1888
Website: [http:// www2.deloitte.com/tw](http://www2.deloitte.com/tw)

V. Name of Exchanges where the Company's Securities Are Traded Offshore: None Method by which to Access Information on Offshore Securities: None

VI. Company Website [https:// www.eternal-group.com](https://www.eternal-group.com)

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Chapter 1. Letter to Shareholders

In 2021, facing such challenges as supply and demand imbalance brought about by the continuation of the COVID-19 epidemic, rising freight rates and raw material prices, and "dual control" of energy consumption in major production regions in mainland China, and benefited from the growth of customer demand, product portfolio optimization, and new product introductions, Eternal hit record highs in both revenue and profit, and the revenue of the three major business units all increased compared to the previous year.

At the beginning of the new year, the issue of inflation triggered expectations of central banks raising interest rates and tightening monetary policies, and the tension between Europe and Russia also added uncertainty to the economic growth prospects. In this regard, the management team will review the current situation and strive to maintain the stability of the existing operation; and with the completion of the development of new products and the construction of new production capacity, the operation performance will be further improved.

In the face of global climate change and corporate sustainable development issues, Eternal will continue to promote ESG, set environmental protection, energy conservation and carbon reduction goals, fulfill social responsibilities, extend corporate governance and strengthen risk control, hoping to contribute to the global environment and human well-being.

The operating results in 2021 are reported as follows:

I. 2021 Operating Results

(I) Implementation results of the business plan

In 2021, the consolidated revenue of the Company was NT\$50.5 billion, a increase of 32% from 2020; in terms of operating performance, the net profit before tax was NT\$4.432 billion, an increase of 41% from the previous year; the net profit after tax attributable to owners of the parent company was NT\$3.549 billion, while the earnings per share (EPS) was at NT\$2.86.

(II) Financial position and profitability analysis

1. Financial revenues and expenditures:

Unit: NT\$ thousand

Item	Amount in 2021
Operating revenue	50,471,397
Operating gross profit	10,694,148
Operating profit	4,095,041
Non-operating income and expenses	336,818
Net profit before tax	4,431,859
Net income	3,485,710

Other comprehensive income/losses, net	(289,282)
Total comprehensive income	3,196,428
Net profit attributable to owners of the parent company	3,549,268
Net profit attributable to non-controlling interests	(63,558)
Total comprehensive income/losses attributable to owners of the parent company	3,268,236
Total comprehensive income/losses attributable to non-controlling interests	(71,808)
Earnings per share (NT\$)	2.86

Note: As the Company did not disclose financial forecasts for 2021, the relevant information for implementation of the budget in 2021 was unavailable.

2. Profitability analysis:

Unit: %

Item	Ratio
Return on assets (ROA)	6
Return on equity (ROE)	15
Ratio of net profit before tax to paid-in capital	36
Profit margin	7
Earnings per share (NT\$)	2.86

(III) Research and development status

1. Research and development results in 2021:

- (1) New matte stain-resistant material
- (2) Resin for oil transportation and sewer pipes for industry and people's livelihood
- (3) Dry film for nickel immersion gold process
- (4) Water-soluble alkyd
- (5) Development of V-0 halogen-free CEM-1 high leakage resistance composite substrate
- (6) Application of UV-curing PU-UVPSA in flexible substrates
- (7) Rapid detection reagent for COVID-19 antigen
- (8) Application of light-curing resin in trenchless pipeline repair industry
- (9) Titanium-based polycarbonate polyol

2. Future research and developments:

- (1) New technologies take root: Develop the following technologies step by step in line with the development of 5G and semiconductor
 - A. High frequency material blowing technology
 - B. High temperature sintering and inorganic powder surface treatment technology
 - C. Mixed chain processing technology
 - D. Material purification technology
- (2) Deploy the research and development of new materials: In line with the development of 5G, semiconductors, electric vehicles and green materials, gradually develop the following materials
 - A. Electronic materials with high frequency, high speed and high thermal conductivity
 - B. Semiconductor packaging materials
 - C. High-performance thermoplastic composites
 - D. Lithium battery materials
 - E. Degradable plastic materials
 - F. Biomedical testing materials

II. A Summary of the Business Plan for 2022

(I) Expected sales volume

The Company's 2022 annual business plan aims to stabilize revenue and profit growth in the medium and long term. The management team will actively achieve the operational goals and work together to enhance the corporate value.

(II) Management objectives and production and sales strategies

1. The research and development direction of new products will focus on potential industries such as 5G, electric vehicles, semiconductors, green energy, energy storage, etc., and use local research and development energy to quickly respond to customer needs and speed up product launch.
2. Expand emerging markets such as ASEAN and India, and expand regional sales with the advantages of local production capacity, tariffs, and transportation costs of the Malaysian Plant; in addition, strategically cooperate with major international manufacturers in Asia to strengthen business and product capabilities.

III. Future Development Strategy, Impact From the External Competitive Environment, Regulatory Environment and Overall Business Environment

In the face of global competition and market changes, Eternal will expand the market and

deploy key materials with a clear strategic direction, internal resource integration and operational management capabilities, so as to obtain and maintain a long-term competitive advantage.

Best regards,

Wish you good health and a safe family

Chairman: Kao, Kuo-Lun

President: Mao, Hui-Kuan

Chapter 2. Company Profile

I. Date of Incorporation: December 03, 1964

II. Company History

In 1964 The Company was founded in Kaohsiung City with the initial capital of NT\$800,000.

In 1965 The plant in Kaohsiung was completed and began to produce resin products.

In 1973 Lu-Chu Plant was completed and relocated.

In 1988 The Company and the Netherlands' DSM jointly established DSM Resins (Far East) Co., Ltd. in Pingtung.

In 1994 The Company's stock was listed on the Taiwan Stock Exchange on March 31.

In 1995 Eternal Chemical (China) Co., Ltd. was established in Jiangsu, China.

In 1995 Eternal Chemical (Guangzhou) Co., Ltd. was established in Guangdong, China.

In 1996 Eternal Chemical (Japan) Co., Ltd. was established in Japan.

In 1996 Eternal Electronic Materials (Kunshan) Co., Ltd. was established in Jiangsu, China.

In 1997 Eternal Corporation of America was established in the United States (U.S.).

In 1997 The Company and the Netherlands' DSM Resins B.V. jointly established DSM Eternal Resins (Kunshan) Co., Ltd. in Jiangsu, China.

In 1998 Eternal Technologies (Shanghai) Co., Ltd. was established in Shanghai, China.

In 1999 Eternal Technology Corporation was established in the U.S.

In 1999 Shanghe International Trading (Shanghai) Co., Ltd. was established in Shanghai, China.

In 1999 Eternal Photoelectric Material Industry (Kunshan) Co., Ltd. was established in Jiangsu, China.

In 2000 Eternal Chemical (Guangdong) Co., Ltd. was established in Guangdong, China.

In 2000 Lu-Chu Plant was shut down for three months due to the Gaoping River water pollution incident.

In 2001 Eternal Electronic Material (Guangzhou) Co., Ltd. was established in Guangdong, China.

In 2001 Changhe International Trading (GZFTZ) Co., Ltd. was established in Guangdong, China.

In 2003 The U.S. subsidiary, Eternal Technology Corporation acquired the Dry Film business of Shipley Company L.L.C.

In 2003 Eternal Specialty Chemical (Zhuhai) Co., Ltd. was established in Guangdong, China.

In 2003 ESCO Specialty Coatings (Guangzhou) Co., Ltd. was established in Guangdong, China.

In 2003 Eternal Development Technology Co., Ltd. was established in Southern Taiwan Science Park (STSP) in Kaohsiung.

In 2004 Eternal Photosensitive Liquid Materials (Kunshan) Co., Ltd. was established in Jiangsu, China.

In 2004 A Dutch company, Cognis B.V., invested and acquired 10% shares of Eternal Specialty Chemical (Zhuhai) Co., Ltd.

In 2006 Eternal Optical Material (Suzhou) Co., Ltd. was established in Jiangsu, China.

In 2006 Eternal Chemical Industry (China) Co., Ltd. invested and established Eternal Synthetic Resins (Changshu) Co., Ltd. in Jiangsu, China.

In 2006 The Company and AU Optronics Corporation formed a joint venture to establish Daxin Materials Corporation in Hsinchu.

In 2006 Eternal Photoelectric Materials (Guangzhou) Co., Ltd. was established in Guangdong, China.

In 2007 ESCO Specialty Coatings (Shanghai) Co., Ltd. was established in Shanghai, China.

In 2007 Eternal Photoelectric Material Industry (Yingkou) Co., Ltd. was established in Liaoning, China.

In 2008 The Company invested and acquired 75% shares in Eternal Electronic Materials (Thailand) Co., Ltd. in Thailand.

In 2008 Eternal Chemical Europe B.V. was established in the Netherlands.

In 2009 Eternal Chemical (Tianjin) Co., Ltd. was established in Tianjin, China.

In 2009 The Company and Kwang Yang Motor Co., Ltd., etc. formed a joint venture to establish New E Materials Co., Ltd. in STSP in Kaohsiung.

In 2010 The Company (holding 20% of the shares) and Mitsubishi Plastics, Inc. formed a joint venture to establish Advanced PETFILM Investment Co., Ltd.

In 2011 Eternal (China) Investment Co., Ltd. was established in Shanghai, China.

In 2011 Eternal (Guangzhou) Chemical Industry Co., Ltd. was merged into Eternal (Guangzhou) Electronic Material Co., Ltd. in China.

In 2011 Eternal Electronic (Suzhou) Co., Ltd. was established in Jiangsu, China.

In 2011 Eternal Chemical (Chengdu) Co., Ltd. was established in Sichuan, China.

In 2012 Eternal Technology (Shanghai) Co., Ltd. was merged into Eternal (China) Investment Co., Ltd. in China.

In 2012 Eternal Corporation of America was merged into the Eternal Technology Corporation.

In 2013 The Company and Sun A. Kaken Co., Ltd. formed a joint venture to establish Eternal Sun A. (Suzhou) Co., Ltd. in Jiangsu, China.

In 2013 The Company invested and acquired 100% shares of Nichigo-Morton Co., Ltd. in Japan.

In 2013 Eternal invested and acquired 35% shares of Elga Europe S.R.L.

In 2014 Eternal Specialty Chemical (Suzhou) Co., Ltd. was established in Jiangsu, China.

In 2014 The Company, Eternal Chemical Co., Ltd. was renamed as Eternal Materials Co., Ltd.

In 2014 The Company and Gemmy Electronics Co., Ltd. formed a joint venture to establish Eternal Capatech Co., Ltd. in Kaohsiung.

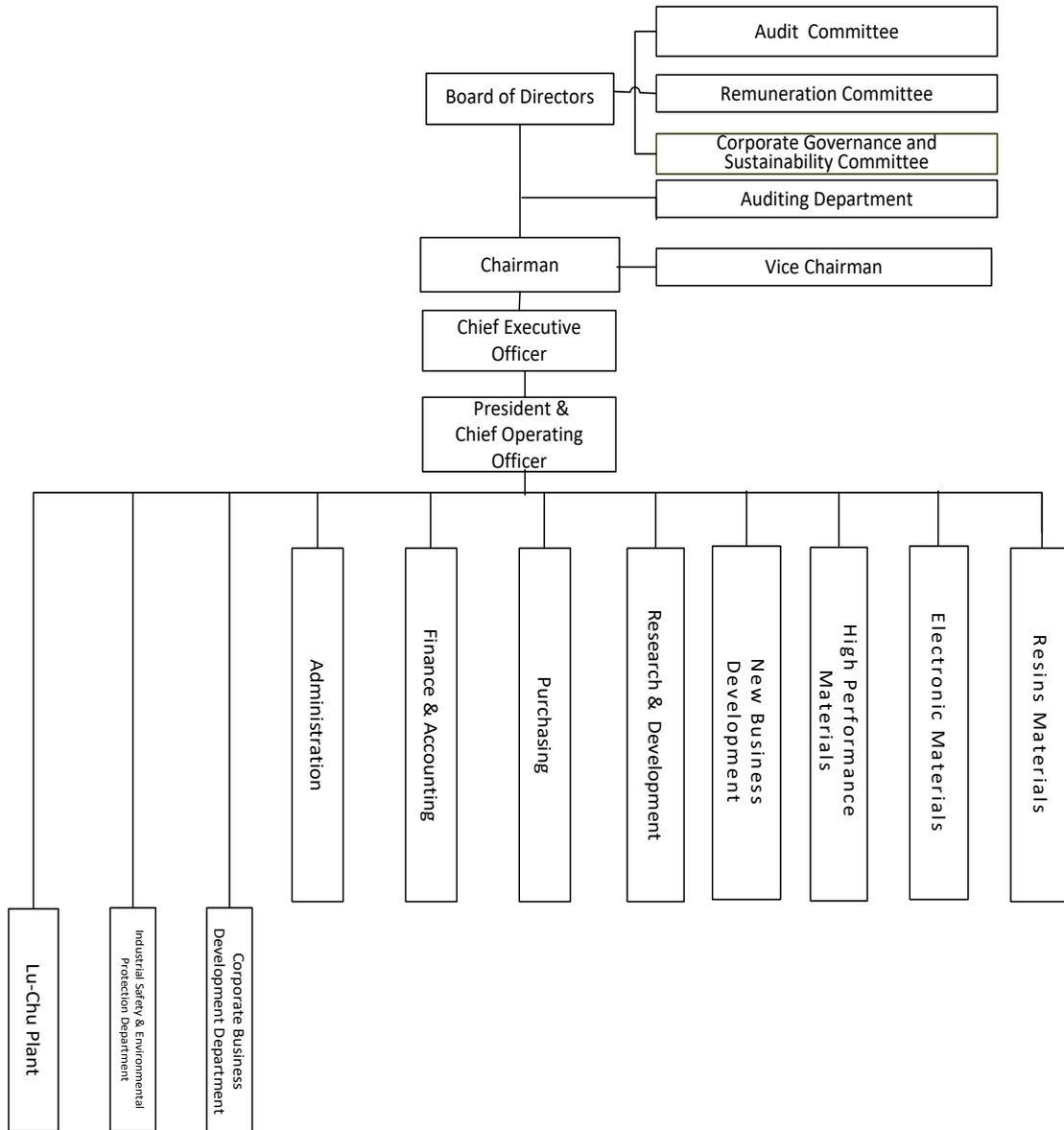
In 2015 The Company and Allnex S.a.r.l formed a joint venture to establish Allnex-Eternal Resins Corporation Ltd. in Hong Kong.

- In 2015 The Company and Showa Denko Co., Ltd. formed a joint venture to establish Showa Denko New Material (Zhuhai) Co., Ltd. in China.
- In 2015 The Company and Tong Seng Holdings Pte. Ltd. formed a joint venture to establish Eternal Materials (Malaysia) Sdn. Bhd. in Malaysia.
- In 2015 The Company invested and acquired 18.48% shares in TBG Diagnostics Ltd (an affiliated company of Medigen Biotech Corporation) in Australia.
- In 2017 The Company increased its investment in Elga Europe S.R.L. to 95% of shares in Italy.
- In 2017 The Company and Zhejiang Nanyang Technology Co., Ltd. formed a joint venture to establish Hangzhou Yongxin Yangguang Electronic Material Co., Ltd. in China.
- In 2018 The Company increased its investment in Polymer Instrumentation and Consulting Services, Ltd. to 30% of shares in the U.S.
- In 2021 The Company established a joint venture "PT. Eternal Materials Indonesia" with a 67% stake.
- In 2021 The Company established Eternal Materials (Tongling) Co., Ltd. In Anhui, China.

Chapter 3. Report on Corporate Governance

I. Organizational System:

(I) Organizational Structure



Note: On March 11, 2022, the Board of Directors resolved to rename the "Corporate Governance and Corporate Social Responsibility Committee" to the "Corporate Governance and Sustainability Committee".

(II) Responsibilities and functions of major departments

Departments	Main Responsibilities and Functions
Resins Materials	Responsible for supervising the implementation of the business development strategies and the completion of business objectives of various business divisions and subsidiaries.
Electronic Materials	Responsible for supervising the implementation of the business development strategies and the completion of business objectives of various business divisions and subsidiaries.
High Performance Materials	Responsible for supervising the implementation of the business development strategies and the completion of business objectives of various business divisions and subsidiaries.
New Business Development	Responsible for supervising the implementation of the business development strategies and the completion of business objectives of various business divisions and subsidiaries.
Research & Development	Responsible for new product development and technical quality improvement, integration of core technologies, resource expansion of relevant domestic and international research and development, planning of medium and long-term research and development direction, nurturing new ventures, engineering and technical data management, production improvement projects, supervising various mechanical equipment maintenance, maintenance planning, repair as well as assisting in engineering planning, design, supervision, testing, and acceptance.
Purchasing	Responsible for the planning and execution of domestic and international raw materials, machinery and equipment procurement, engineering contracting, and long-term contracts for important raw materials.

Departments	Main Responsibilities and Functions
Finance & Accounting	Responsible for supervising the financial and accounting units under its supervision in order to integrate and audit their management performance domestically and internationally.
Administration	Responsible for integrating domestic and overseas human resources management, information management, administrative services, legal affairs, and other units as well as the performance auditing.
Corporate Business Development Department	Responsible for research in industry development trends and business opportunities in emerging markets, determining market feasibility of new research and development topics, evaluation of new business establishments, expansion planning and management of operating locations.
Industrial Safety & Environmental Protection Department	Responsible for planning the industrial safety and environmental protection system, supervising the implementation of the industrial and environmental protection at various factories domestically and internationally, and regularly audit their operations.
Lu-Chu Plant	Responsible for the health, safety, and environmental protection issues, coordination of general affairs, and the maintenance of public facilities in Lu-Chu Plant.
Auditing Department	Responsible for the audit of various operational activities.

II. Information on Directors, Supervisors, and Managerial Officers:

(I)

1. Information on Directors and Supervisors

April 25, 2022; Unit: Thousand shares, %

Title	Nationality /Place of Registration	Name	Gender	Date Elected	Term	Date First Elected (Note 1)	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education)	Other Position Concurrently Held at the Company and Other Companies (Note 2)	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remark
			Age				Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
Chairman	R.O.C.	Kao, Kuo-Lun	Male	06/26/2019	3 years	7/15/1992	50,139	4.04	54,006	4.35	5,731	0.46	0	0	MBA, University of Southern California Former President of the Company	Chief Executive Officer (CEO) of the Company Convener of the Corporate Governance and Sustainability Committee of the Company	None	None	None	(Notes 3 and 6)
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Vice Chairman	R.O.C.	Hsieh, Chin-Kun	Male	06/26/2019	3 years	04/14/2004	723	0.06	723	0.06	0	0	0	0	MBA, National Sun Yat-sen University Former President, Chief Operating Officer (COO) and Chief Strategy Officer (CSO) of the Company	Vice President and Senior Consultant of the Company	None	None	None	
			66																	
Director	R.O.C.	Kwang Yang Motor Co., Ltd	-	06/26/2019	3 years	04/28/1995	123,002	9.92	124,000	9.99	N/A	N/A	0	0	N/A	N/A	N/A			
		Representative: Ko, Chun-Ping	Male				0	0	0	0	0	0	0	0	0	0	0	Master of Management Science, Tamkang University	(Note 4)	

Director	R.O.C.	Kao, Ying-Chih	Male 83	06/26/2019	3 years	06/15/2010	19,852	1.60	19,252	1.55	1,037	0.08	6,279	0.51	Bachelor of Physics, Chung Yuan Christian University Former Chairman, Orchard Taiwan Co., Ltd.	Supervisor, Chengfu International Investment Co., Ltd.	None	None	None	
Director	R.O.C.	Yang, Huai-Kun	Male 84	06/26/2019	3 years	05/14/1972	16,176	1.30	15,576	1.26	0	0	0	0	Bachelor of Accounting, Soochow University Former Vice President of the Company	None	None	None	None	
Director	R.O.C.	Huang, Wu-Tung (Note 5)	Male 81	06/26/2019	3 years	05/23/1976	3,921	0.32	3,901	0.32	2,257	0.18	0	0	Bachelor of Chemical Engineering, National Cheng Kung University Former Vice President of the Company	None	None	None	None	
Director	R.O.C.	Shiao, Tzu-Fei	Male 66	06/26/2019	3 years	04/10/1998	558	0.05	558	0.05	0	0	0	0	MBA, National Chengchi University Former Vice Chairman, President, and COO of the Company	Senior Consultant of the Company	None	None	None	
Director	R.O.C.	Yen, Shu-Fen	Female 68	06/26/2019	3 years	06/26/2019	299	0.02	299	0.02	31	0	0	0	Bachelor of Business Administration, National Cheng Kung University Former Vice President of the Company	Consultant of the Company	None	None	None	

Independent Director	R.O.C.	Chen, Yi-Heng	Male	06/18/2020	2 years	06/15/2016	472	0.03	146	0.01	82	0	0	0	PhD in Human Resources Management and Organization Development, New York University	Member of the Remuneration Committee, the Audit Committee and the Corporate Governance and Sustainability Committee of the Company Professor, Institute of Human Resource Management, National Sun Yat-sen University Director of Innovation Research Center, Sun Yat-sen University Independent Director, convener of the Remuneration Committee and member of the Audit Committee of KHAM Inc. Independent Director, convener of the Audit Committee and the Remuneration Committee of Tigerair Taiwan Co., Ltd.	None	None	None	
			64																	
Independent Director	R.O.C.	Hung, Lee-Jung	Female	06/26/2019	3 years	06/15/2016	0	0	0	0	0	0	0	0	Department of Accountancy, National Cheng Kung University Former partner and CPA at	Convener of the Remuneration Committee of the Company Member of the Audit Committee and the Corporate	None	None	None	

			59												Pricewaterhouse Coopers Taiwan	Governance and Sustainability Committee of the Company Independent Director, convener of the Audit Committee and the Remuneration Committee of Advanced International Multitech Co., Ltd. Independent Director, convener of the Audit Committee and the Remuneration Committee of Kuen Ling Machinery Refrigerating Co., Ltd.				
Independent Director	R.O.C.	Lo, Li-Chun	Male	06/26/2019	3 years	06/26/2019	0	0	0	0	0	0	0	0	PhD in Management, Hong Kong Polytechnic University Former Visiting Associate Professor, Nanyang Business School Former CEO of Protrend Global Financial Information Co., Ltd.	Convener of the Audit Committee of the Company Member of the Remuneration Committee and the Corporate Governance and Sustainability Committee of the Company CEO of Protrend Management Consulting Co., Ltd.	None	None	None	
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Note 1: Chairman Kao, Kuo-Lun was elected as Director of the Company for the first time on July 15, 1992. He was elected by the Board of Directors as Chairman on June 15, 2010 and has served in this capacity since then.

Director Hsieh, Chin-Kun was elected as Director of the Company for the first time, and served from April 14, 2004 to April 13, 2007. He was re-elected as Director on June 15, 2010 and has served in this capacity since then.

Director Kao, Ying-Chih has been elected as Supervisor of the Company since May 23, 1976. He was elected as Director for the first time on June 15, 2010 and has served in this capacity since then.

Director Chen, Yi-Heng was elected as Independent Director for the first term from June 15, 2016 to June 26, 2019 and for the second term from June 18, 2020 to June 25, 2022.

Note 2: No director of the Company is employed by a certified public accountants firm or any of its affiliates.

Note 3: Other Position Concurrently Held at the Company and Other Companies: Please also refer to the "Directors, Supervisors and President of Affiliates" on pages 314 to 319 of this annual Financial Report.

Note 4: Director Ko, Chun-Ping: Director and CEO of Kwang Yang Motor Co., Ltd., Chairman of Kwang Xing Industrial Co., Ltd., Chairman of Kwang Da Trading Co., Ltd., Chairman of Kwang Jie Co., Ltd.; Director of Shing Shang Yang Venture Capital Co., Ltd., Director of New E Materials Co., Ltd.,

Note 5: Director Huang, Wu-Tung was discharged on April 8, 2021 due to retirement. His shareholding was disclosed as of the day of his discharge.

Note 6: Appointed as CEO by the Board of Directors on June 26, 2019. The responsibility of a Chairman is to preside over board meetings and execute matters authorized by the Board of Directors, whereas a CEO is responsible for the execution and promotion of the Company's business plan. It is essential to establish the CEO role, given their different responsibilities, despite being held by the same person. Over half of the directors of the Company do not concurrently serve as employees or managerial officers of the Company.

2. Major Shareholders of Institutional Shareholders

April 25, 2022

Name of Institutional Shareholder	Major Shareholder	Shareholding Ratio (%)
Kwang Yang Motor Co., Ltd.	Xinsheng Investment Co., Ltd.	11.31
	Hongguang Investment Co., Ltd.	7.99
	Kuang Chou Investment Co., Ltd.	6.66
	Daming Investment Co., Ltd.	6.33
	Kwang Hsing Industrial Co., Ltd.	5.39
	Ko, Chia-Cheng	1.05
	Ko, Hung-Ming	1.03
	Ko Wang, Shu-Yuan	1.03
	Ko, Hsing-Lang	1.00
	Hung Sheng Investment Co., Ltd.	1.00

Note: Data above is provided by the Shareholder Services Department of Kwang Yang Motor Co., Ltd.

3. Main shareholders of corporate shareholders

April 25, 2022

Name of Institutional Shareholder	Major Shareholder	Shareholding Ratio (%)
Xinsheng Investment Co., Ltd.	Ko, Hung-Ming	0.005
	Ko, Hsing-Lang	0.005
	Ko Wang, Shu-Yuan	0.005
	Ko, Yu-Feng	0.000
	Cyclical Investment Corporation	62.09
	Min Fong Investment Corporation	19.05
	Hsin Ching Investment Corporation	18.83
Hongguang Investment Co., Ltd.	Ko Wang, Shu-Yuan	20.00
	Ko, Hung-Ming	20.00
	Ko, Sheng-Feng	20.00
	Ko, Yu-Feng	20.00
	Ko, Kwang-Feng	20.00
Kuang Chou Investment Co., Ltd.	Ko, Wen-Tan	0.50
	Xindong Investment Co., Ltd.	8.25
	Hsien Yu Li Investment Co., Ltd.	7.70
	He Wei Investment Co., Ltd.	5.23
	Chou An Investment Co., Ltd.	4.51
	Yu Yang Investment Co., Ltd.	3.34
	Ko, Chun-Sung	2.66
	Yi Cheng Investment Co., Ltd.	1.31
	Ko, Mei-Hui	0.76
	Ko, Chun-Nan	0.76
	Ko, Chun-Ming	0.53
Ko, Chen-Hsien	0.06	
Daming Investment Co., Ltd.	Ko, Chung-Hsiung	4.95
	Ko, Chia-Hung	12.50
	Ko, Jung-Chia	2.58
	Ko, Chia-Nan	0.71
Kwang Hsing Industrial Co., Ltd.	Kwang Yang Motor Co., Ltd.	100.00

Hung Sheng Investment Co., Ltd.	Ho Sheng Investment Co., Ltd.	12.50
	Pai Yao Investment Co., Ltd.	13.63
	Chien Yao Investment Co., Ltd.	11.37
	Shuo Ting Investment Co., Ltd.	12.50
	Po Hsin Investment Co., Ltd.	12.50
	Chen Hsun Investment Co., Ltd.	12.50
	Hou Kang Investment Co., Ltd.	12.50
	Hing Yi Investment Co., Ltd.	12.50

Note: The information in the table above is obtained from the Business Registration Public Information System of the Department of Commerce, Ministry of Economic Affairs (MOEA).

4. Information on Directors and Supervisors

The Company advocates and respects the policy of diversity of directors. In order to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, the Company advocates board diversity policy to improve the overall performance of the Company. Members of the Board of Directors are selected on a merit-based basis, with diverse and complementary abilities across industries, including basic composition (e.g. age, gender, nationality, etc.), industry experience and relevant skills, as well as business judgment, management, leadership and decision making and crisis management abilities. In order to strengthen the functions of the Board of Directors and achieve the ideal goal of corporate governance, the third chapter of the Corporate Governance Best Practice Principles "Strengthening the Functions of the Board of Directors" of the Company has provided a diversity policy, and the members of the Board of Directors should generally possess the knowledge, skills and qualities necessary to perform their duties.

The current Board of Directors consists of 10 directors (including 3 independent directors), all of whom have rich work experience and professional qualifications required by business, legal, financial, accounting or corporate businesses; among the 3 independent directors, each of whom provides objective and professional advice on their areas of expertise to assist the board in making decisions that are best for the Company. The election of directors of the Company adopts the candidate nomination system. After the qualification examination, the list of candidates is selected and appointed by the Board of Shareholders for a term of three years. In addition, the Company also focuses on gender equality in the composition of the Board of Directors. Currently there are 10 Directors, including 2 female directors.

(1) The professional qualifications and diversity of directors are as follows:

Name	Diversified Core Competences	Basic composition				Seniority of Independent Director		Experience and the following professional qualifications										No circumstances in Article 30 of the Company Act					
		Nationality	Employee Status	Gender	Major Education	Age		Diversified Core Competences											Professional Qualification				
						50-65 years old (inclusive)	65+ years old	Below 3 years	3-9 years (inclusive)	9+ years	Business judgment ability	Accounting and financial analysis ability	Business management ability	Crisis management ability	Industrial Knowledge	International market perspective	Leadership			Decision-making ability	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist who Has Passed a National Examination and Has Been Awarded a Certificate in a Profession Necessary for the Business	
Director	Kao, Kuo-Lun	R.O.C	V	Male	MBA, University of Southern California	-	V	-	-	-	V	V	V	V	V	V	V	V	V	V	-	-	V
	Yang, Huai-Kun	R.O.C	-	Male	Bachelor of Accounting, Soochow University	-	V	-	-	-	V	V	V	V	V	V	V	V	V	V	-	-	V
	Huang, Wu-Tung (Note)	R.O.C	-	Male	Bachelor of Chemical Engineering, National Cheng Kung University	-	V	-	-	-	V	V	V	V	V	V	V	V	V	V	-	-	V
	Kao, Ying-Chih	R.O.C	-	Male	Bachelor of Physics, Chung Yuan Christian University	-	V	-	-	-	V	V	V	V	V	V	V	V	V	V	-	-	V
	Ko, Chun-Ping	R.O.C	-	Male	Master of Management Science, Tamkang University	V	-	-	-	-	V	V	V	V	V	V	V	V	V	V	-	-	V
	Hsieh, Chin-Kun	R.O.C	-	Male	MBA, National Sun Yat-sen University	-	V	-	-	-	V	V	V	V	V	V	V	V	V	V	-	-	V
	Shiao, Tzu-Fei	R.O.C	-	Male	MBA, National Chengchi University	-	V	-	-	-	V	V	V	V	V	V	V	V	V	V	-	-	V
	Yen, Shu-Fen	R.O.C	-	Female	Bachelor of Business Administration, National Cheng Kung University	-	V	-	-	-	V	V	V	V	V	V	V	V	V	V	-	-	V
Independent Director	Chen, Yi-Heng	R.O.C	-	Male	PhD in Human Resources Management and Organization Development, New York University	V	-	-	V	-	V	V	V	V	V	V	V	V	V	V	V	-	V
	Hung, Lee-Jung	R.O.C	-	Female	Department of Accountancy, National Cheng Kung University	V	-	-	V	-	V	V	V	V	V	V	V	V	V	V	-	V (CPA)	V
	Luo Li-Chun	R.O.C	-	Male	PhD in Management, Hong Kong Polytechnic University	V	-	V	-	-	V	V	V	V	V	V	V	V	V	V	V	-	V

Note: Director Huang, Wu-Tung was discharged on April 8, 2021.

(2) Independence of independent directors:

December 31, 2021

Name	Qualifications	Independence			Whether a director, supervisor or employee of a company having a particular relationship with the Company	Amount of remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		Whether any of he himself, his spouse, or relative within the second degree of kinship serves as a Director, Supervisor or employee of the Company or its affiliates	Shareholding amount and ratio of he himself, his spouse, or relative within the second degree of kinship (or in the name of others)				
			Number of Shares	Ratio			
Chen, Yi-Heng		No	227,840	0.01%	No	0	2
Hung, Lee-Jung		No	0	0	No	0	2
Luo Li-Chun		No	0	0	No	0	0

(II) Information on managerial officers

April 25, 2022; Unit: Thousand shares, %

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education)	Other Position Concurrently Held at Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Remark
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
CEO	R.O.C.	Kao, Kuo-Lun	Male	06/20/2013	54,006	4.35	5,731	0.46	0	0	MBA, University of Southern California Master	(Notes 1 and 2)	None	None	None	Note 14
President and COO	R.O.C.	Mao, Hui-Kuan	Male	06/26/2019	217	0.02	0	0	0	0	Master in Chemical Engineering, National Taiwan University	(Note 2)	None	None	None	
CSO	R.O.C.	Hsieh, Chin-Kun (Note 3)	Male	06/26/2019	723	0.06	0	0	0	0	MBA, National Sun Yat-sen University	(Note 1)	None	None	None	
CSO	R.O.C.	Shiao, Tzu-Fei (Note 3)	Male	06/15/2016	558	0.05	0	0	0	0	MBA, National Chengchi University	(Note 1)	None	None	None	
Vice President	R.O.C.	Chen, Chin-Yuan (Note 4)	Male	02/21/2011	255	0.02	0	0	0	0	Bachelor of Chemical Engineering, National Taiwan University	None	None	None	None	
Vice President	R.O.C.	Liao, Heng-Ning	Male	01/01/2017	253	0.02	0	0	0	0	Bachelor of Chemical Engineering, National Taiwan University	None	None	None	None	
Vice President	R.O.C.	Hung, Chao-Cheng (Note 5)	Male	07/01/2021	259	0.02	0	0	0	0	Bachelor of Chemical Engineering, National Taiwan University	(Notes 2, 5 and 6)	None	None	None	
Vice President	R.O.C.	Pan, Chin-Cheng (Note 5)	Male	07/01/2021	239	0.02	110	0.01	0	0	Master of Chemistry, National Cheng Kung University	(Notes 2, 5 and 7)	Assistant Vice President	Chu, Jui-Hsin	Spouse	
Assistant Vice President	R.O.C.	Lin, Chih-Kuo	Male	07/01/1999	599	0.05	0	0	0	0	PhD in Human Resources Management, National Sun Yat-sen University	None	None	None	None	

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education)	Other Position Concurrently Held at Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Remark
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
Assistant Vice President	R.O.C.	Sung, Chun-Lung (Note 4)	Male	01/01/2003	0	0	0	0	0	0	Bachelor of Chemistry, National Cheng Kung University	None	None	None	None	
Assistant Vice President	R.O.C.	Kao, Chih-Yu	Male	01/01/2010	63	0	10	0	0	0	PhD in Chemical Engineering, National Taiwan University	(Note 8)	None	None	None	
Assistant Vice President	R.O.C.	Chang, Shih-Fang (Note 4)	Male	01/01/2014	100	0.01	484	0.04	0	0	Bachelor of Chemical Engineering, Tunghai University	None	None	None	None	
Assistant Vice President	R.O.C.	Huang, Chin-Lung (Note 4)	Male	01/01/2015	214	0.02	55	0	0	0	Bachelor of Chemical Engineering, Chung Yuan Christian University (Taiwan)	None	None	None	None	
Assistant Vice President	R.O.C.	Su, Wen-Pin	Male	01/01/2015	53	0	13	0	0	0	Master of Industrial Engineering, Taiwan Institute of Technology	None	None	None	None	
Assistant Vice President	R.O.C.	Yeh, Mao-Jung	Male	01/01/2019	0	0	0	0	0	0	Master of Chemical Engineering, National Tsing Hua University	(Note 2)	None	None	None	
Assistant Vice President	R.O.C.	Weng, Chin-Yi	Male	01/01/2019	10	0	0	0	0	0	Master of Chemical Engineering, National Tsing Hua University	(Note 2)	None	None	None	
Assistant Vice President	R.O.C.	Chu, Jui-Hsin	Female	01/01/2020	110	0.01	239	0.02	0	0	MBA, National Sun Yat-sen University	(Note 2)	Assistant Vice President	Pan, Chin-Cheng	Spouse	
Assistant Vice President	R.O.C.	Lin, Chao-Kun	Male	01/01/2020	30	0	35	0	0	0	Master of Chemistry, National Sun Yat-sen University	(Notes 2 and 9)	None	None	None	
Assistant Vice President	R.O.C.	Chen, Hung-Yi	Male	01/01/2020	43	0	29	0	0	0	Master of Chemical Engineering, Chung Yuan Christian University	(Notes 2 and 10)	None	None	None	

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education)	Other Position Concurrently Held at Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Remark
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
Assistant Vice President	R.O.C.	Liao, Keng-Chung	Male	06/01/2020	251	0.02	0	0	0	0	Bachelor of Chemical Engineering, Tunghai University	(Note 2)	None	None	None	
Assistant Vice President	R.O.C.	Chang Chi-Kang	Male	01/01/2021	0	0	0	0	0	0	Ph.D. in Chemistry, National Sun Yat-Sen University	(Note 11)	None	None	None	
Assistant Vice President	R.O.C.	Hsieh, Yen-Fen	Male	01/01/2021	78	0.01	0	0	0	0	MBA., National Chi Nan University	(Note 2)	None	None	None	
Chief Financial Officer	R.O.C.	Liu, Bing-Cheng	Male	12/01/2018	35	0	0	0	0	0	Master of Finance, National Taiwan University Master of Information Technology, Loughborough University	(Notes 2 and 12)	None	None	None	
Accounting Manager	R.O.C.	Su, Hui-Fang	Female	07/01/2014	0	0	0	0	0	0	Master of Accounting, National Cheng Kung University MBA, National Sun Yat-sen University	(Notes 2 and 13)	None	None	None	
Corporate Governance Officer	R.O.C.	Liu, Bing-Cheng	Male	05/10/2019	35	0	0	0	0	0	Master of Finance, National Taiwan University Master of Information Technology, Loughborough University	(Notes 2 and 12)	None	None	None	

Note 1: Please refer to the section "Information on Directors and Supervisors".

Note 2: Other Position Concurrently Held at the Company and Other Companies: Please refer to the "Information on Directors, Supervisors, and Presidents of Affiliates" on pages 314 ~319 of the Annual Report.

Note 3: Hsieh, Chin-Kun and Shiao, Tzu-Fei were discharged as the CSO due to retirement on September 2021 and February 2021, respectively.

Note 4: Chen, Chin-Yuan, Sung, Chun-Lung, Huang, Chin-Lung and Chang, Shih-Fang retired / were discharged respectively on January 2021, March 2021, March 2022 and January 2022, and their shareholdings were disclosed as of the month of their retirement/discharge.

Note 5: Hung, Chao-Cheng and Pan, Chin-Cheng were promoted to Vice Presidents of the Company in July 2021.

Note 6: Hung, Chao-Cheng - Supervisor of Advanced PETFILM Investment Co., Ltd.

Note 7: Pan, Chin-Cheng - Director of ESCO Specialty Coatings (Shanghai), Director of Phichem Corporation, and Director of Daxin Materials Corporation.

Note 8: Kao, Chih-Yu - Director of DSM Resins (Far East) Co., Ltd. and director of DSM Eternal Resins (Kunshan) Co., Ltd.

Note 9: Lin, Chao-Kun - Director of Allnex-Eternal Resins Corporation Ltd., Director of Allnex-Eternal Resins (Guangdong) Corporation Ltd., Director of DSM Resins (Far East) Co., Ltd. and Director of DSM Eternal Resins (Kunshan) Co., Ltd.

Note 10: Chen, Hung-Yi - Director of Allnex-Eternal Resins Corporation Ltd., Director of Allnex-Eternal Resins (Guangdong) Corporation Ltd., Director of DSM Resins (Far East) Co., Ltd. and Director of DSM Eternal Resins (Kunshan) Co., Ltd.

Note 11: Chang, Chi-Kang - Director of Daxin Materials Corporation.

Note 12: Liu, Ping-Cheng - Director of Allnex-Eternal Resins Corporation Ltd., Director of Allnex-Eternal Resins (Guangdong) Corporation Ltd., Director of TBG Diagnostics Limited.

Note 13: Su, Hui-Fang - Supervisor of DSM Resins (Far East) Co., Ltd., DSM Resins (Kunshan) Co., Ltd., Allnex-Eternal Resins (Guangdong) Co., Ltd., ESCO Specialty Coatings (Shanghai), Phichem Corporation , and Showa Denko New Material (Zhuhai) Co. Ltd.

Note 14: The Company's positions of CEO and Chairman are held by the same person. Since the duties of CEO and the Chairman are different, the main responsibility of the Chairman is to preside over board meetings and execute matters authorized by the Board of Directors, while the CEO is responsible for the execution of promotion of the Company's business plan, so it is necessary to establish these positions, and more than half of the directors of the Company's Board of Directors are not the employees or managers of the Company.

III. Remuneration Paid to Directors, Supervisors, President and Vice Presidents in the Most Recent Year

(I)

1. Remuneration of Directors

Unit: NT\$ thousand

Title	Name	Remuneration Paid to Directors								Percentage of the total sums of A, B, C, and D on the net profit after tax		Relevant Remuneration Received by Directors who Are Also Employees						Percentage of the total sums of A, B, C, D, E, F, and G on the net profit after tax		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company				
		Remuneration (A)		Severance Pay and Pension (B)		Director Remuneration (C)		Business Execution Expenses (D)				Salary, Bonus, and Allowance (E) (Note 2)		Severance Pay and Pension (F)		Employees' compensation (G) (Note 3)								
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	Cash Amount	Stock Amount	Cash Amount	Stock Amount		The Company	All Companies in Consolidated Financial Statements		
Director	Chairman	Kao, Kuo-Lun																						
	Vice Chairman	Hsieh, Chin-Kun																						
	Director	Representative of Kwang Yang Motor Co., Ltd.: Ko, Chun-Ping																						
	Director	-	-	-	-	24,890	24,890	530	533	25,420	25,423	29,422	29,422	-	-	8,411	-	8,411	-	63,253	63,256	-		
	Director	Huang, Wu-Tung (Note 1)																						
	Director	Yang, Huai-Kun																						
	Director	Shiao, Tzu-Fei																						
	Director	Yen, Shu-Fen																						
Independent Director	Independent Director	Chen, Yi-Heng																						
	Independent Director	3,000	3,000	-	-	-	-	380	380	3,380	3,380	0.10%	0.10%	-	-	-	-	-	-	3,380	3,380	0.10%	0.10%	-
	Independent Director	Luo Li-Chun																						

Note 1. Director Huang, Wu-Tung was discharged on April 8, 2021.

Note 2. Including expenses for the use of company vehicles. Additionally, compensation paid to the drivers amounted to NT\$777 thousand, but not included in this remuneration.

Note 3. The Company's 2021 earnings to be distributed to employees in 2022 are provisional in nature.

Note 4. Please explain the independent director remuneration policy, system, standard, and structure, and the connection between the amount of remuneration and the considered factors such as their job responsibilities, risks, working time:

According to the Company's Directors' Remuneration and Remuneration Distribution Guidelines, independent directors' remuneration is NT\$1 million per person per year, paid quarterly.

Range of Remuneration Paid to Directors

Range of Remuneration Paid to Directors	Name of Director			
	Total Amount of Remuneration (A+B+C+D)		Total Amount of Remuneration (A+B+C+D+E+F+G)	
	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements
Less than NT\$1,000,000	Huang, Wu-Tung (Note)	Huang, Wu-Tung (Note)	Huang, Wu-Tung (Note)	Huang, Wu-Tung (Note)
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)	Hung, Lee-Jung; Lo, Li-Chun; Chen, Yi-Heng	Hung, Lee-Jung; Lo, Li-Chun; Chen, Yi-Heng	Hung, Lee-Jung; Lo, Li-Chun; Chen, Yi-Heng	Hung, Lee-Jung; Lo, Li-Chun; Chen, Yi-Heng
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	Hsieh, Chin-Kun; Shiao, Tzu-Fei, Yen, Shu-Fen; Yang, Huai-Kun, Kao, Ying-Chih, Representative of Kwang Yang Motor Co., Ltd.: Ko, Chun-Ping	Hsieh, Chin-Kun; Shiao, Tzu-Fei, Yen, Shu-Fen; Yang, Huai-Kun, Kao, Ying-Chih, Representative of Kwang Yang Motor Co., Ltd.: Ko, Chun-Ping	Yen, Shu-Fen; Yang, Huai-Kun, Kao, Ying-Chih, Representative of Kwang Yang Motor Co., Ltd.: Ko, Chun-Ping	Yen, Shu-Fen; Yang, Huai-Kun, Kao, Ying-Chih, Representative of Kwang Yang Motor Co., Ltd.: Ko, Chun-Ping
NT\$ 3,500,000 (inclusive) to NT\$ 5,000,000 (exclusive)	-	-	-	-
NT\$5,000,000 (inclusive)~ NT\$10,000,000 (exclusive)	Kao, Kuo-Lun	Kao, Kuo-Lun	Shiao, Tzu-Fei	Shiao, Tzu-Fei
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)	-	-	Hsieh, Chin-Kun	Hsieh, Chin-Kun
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	-	-	-	-
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)	-	-	Kao, Kuo-Lun	Kao, Kuo-Lun
NT\$ 50,000,000 (inclusive) to NT\$ 100,000,000 (exclusive)	-	-	-	-
Over NT\$100,000,000	-	-	-	-
Total	11	11	11	11

Note: Director Huang, Wu-Tung was discharged on April 8, 2021.

2. Remuneration Paid to CEO, President, CSO, and Vice Presidents

Unit: NT\$ thousand

Title	Name	Salary (A)		Severance Pay and Pension (B)		Bonuses and special allowances (C) (Note 1)		Employee Compensation (D) (Note 2)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Compensation Paid to Supervisors from an Invested Company Other than the Company's Subsidiary
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company		All Companies in Consolidated Financial Statements		The Company	All Companies in Consolidated Financial Statements	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
CEO	Kao, Kuo-Lun													
President and COO	Mao, Hui-Kuan													
CSO (Note 3)	Hsieh, Chin-Kun													
CSO (Note 3)	Shiao, Tzu-Fei											96,842	96,842	
Vice President	Chen, Chin-Yuan	24,472	24,472	307	307	50,686	50,686	21,377	-	21,377	-	;	;	-
Vice President	Liao, Heng-Ning											2.73%	2.73%	
Vice President (Note 4)	Hung, Chao-Cheng													
Vice President (Note 4)	Pan, Chin-Cheng													

Note 1: Including expenses for the use of company vehicles. Additionally, compensation paid to the drivers amounted to NT\$777 thousand, but not included in this remuneration.

Note 2: The Company's 2021 earnings to be distributed to employees in 2022 are provisional in nature.

Note 3: Hsieh, Chin-Kun and Shiao, Tzu-Fei were discharged as the CSO due to retirement on September 2021 and February 2021, respectively.

Note 4: Hung, Chao-Cheng and Pan, Chin-Cheng were promoted to Vice Presidents of the Company in July 2021.

*A different concept is used for the content of remuneration disclosed in this table compared to that in the Income Tax Act. This table is used for information disclosure, instead of taxation.

Range of Remuneration Paid to CEO, President, CSO, and Vice Presidents

Range of Remuneration Paid to CEO, President, CSO, and Vice Presidents	Names CEO, President, Chief Strategy Officer and Vice Presidents	
	The Company	All Companies in Consolidated Financial Statements
Less than NT\$1,000,000		
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)		
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	Chen, Chin-Yuan	Chen, Chin-Yuan
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)		
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	Shiao, Tzu-Fei, Hung, Chao-Cheng, Pan, Chin-Cheng	Shiao, Tzu-Fei, Hung, Chao-Cheng, Pan, Chin-Cheng
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)	Hsieh, Chin-Kun; Liao, Heng-Ning	Hsieh, Chin-Kun; Liao, Heng-Ning
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)	Mao, Hui-Kuan	Mao, Hui-Kuan
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)	Kao, Kuo-Lun	Kao, Kuo-Lun
NT\$50,000,000 (inclusive)~NT\$100,000,000 (exclusive)		
Over NT\$100,000,000		
Total	8	8

3. Name of managerial officers to which employee rewards are distributed, and the status of distribution

Dec. 31, 2021 Unit: NT\$ thousand

	Title	Name	Stock Amount	Cash Amount	Total	Ratio of Total Amount to Net Income (%)
Managerial Officer	CEO	Kao, Kuo-Lun	0	36,153	36,153	1.02
	President and COO	Mao, Hui-Kuan				
	CSO	Hsieh, Chin-Kun (Note)				
	CSO	Shiao, Tzu-Fei (Note)				
	Vice President	Chen, Chin-Yuan (Note)				

Vice President	Liao, Heng-Ning				
Vice President	Hung, Chao-Cheng (Note)				
Vice President	Pan, Chin-Cheng (Note)				
Assistant Vice President	Lin, Chih-Kuo				
Assistant Vice President	Sung, Chun-Lung (Note)				
Assistant Vice President	Kao, Chih-Yu				
Assistant Vice President	Chang, Shih-Fang				
Assistant Vice President	Huang, Chin-Lung				
Assistant Vice President	Su, Wen-Pin				
Assistant Vice President	Yeh, Mao-Jung				
Assistant Vice President	Weng, Chin-Yi				
Assistant Vice President	Chu, Jui-Hsin				
Assistant Vice President	Lin, Chao-Kun				
Assistant Vice President	Chen, Hung-Yi				

Assistant Vice President	Liao, Keng-Chung				
Assistant Vice President	Chang Chi-Kang				
Assistant Vice President	Hsieh, Yen-Fen				
Manager	Liu, Bing-Cheng				
Manager	Su, Hui-Fang				

Note: Hsieh, Chin-Kun, Shiao, Tzu-Fei, Chen, Chin-Yuan and Sung, Chun-Lung retired on Sept. 23, 2021, Feb. 12, 2021, Jan. 19, 2021 and Mar. 15, 2021 respectively; Hung, Chao-Cheng and Pan, Chin-Cheng was promoted to Vice Presidents on July 01, 2021.

(II) Analysis of Total Remuneration, as a Percentage of Net Income Stated in the Parent Company Only Financial Statements, Paid by the Company and All Companies in Consolidated Financial Statements during the Past 2 Fiscal Years to the Directors, President, and Vice Presidents, Along with Description of Remuneration Policies, Standards, and Packages, Procedure for Determining Remuneration, and Linkage Thereof to Operating Performance and Future Risk Exposure:

1.

Target \ Year	Ratio of Total Remuneration to NIAT (%)			
	2021		2020	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Director of the Board (Note 1)	0.81	0.81	0.77	0.77
President and Vice Presidents (Note 2)	2.73	2.73	3.31	3.31

Note 1: Excluding employee remuneration received by directors

Note 2: Shall be disclosed regardless of job titles, positions that are equivalent to president, vice president (such as president, Chief Executive Officer and director).

2. Remuneration paid to directors, supervisors, president, and vice presidents shall be subject to the Company's Articles of Incorporation.

(1) According to Article 17 of the Company's Articles of Incorporation, if the Company has a profit in the current year, the director's remuneration shall not exceed 1%. The relevant

remuneration payment method shall be determined according to Article 14-1 with reference to the industry standard. The Company has also formulated the "Director Remuneration and Compensation Payment Guidelines". The revision of the regulations and the payment of remuneration are subject to the resolutions of the Remuneration Committee and the Board of Directors.

Independent Directors receive fixed remuneration, while general directors are paid according to their engagement in the Company's operations, contribution value, the Company's operating performance, and their professional ability and responsibilities. All directors will also receive travel expenses according to their actual attendance at the Board of Directors. The Company reviews the director remuneration policy from time to time in light of its operational status and future risks.

- (2) The annual remuneration of the President, Vice Presidents and other managerial officers includes salary, bonus and employee remuneration from surplus distribution; salaries are paid with reference to the level of the industry, and the rationality in light of the Company's operating performance, personal performance and future risks. Remuneration related to managerial officers shall also be submitted to the Remuneration Committee for deliberation and to the Board of Directors for approval in accordance with laws and regulations.

IV. Implementation of Corporate Governance:

(I) Operations of the Board of Directors

1. A total of 8 (A) meetings of the Board of Directors were held in 2021. The attendance of Directors was as follows:

Title	Name	Number of Actual Attendance (B)	Number of Attendance by Proxy	Rate of Attendance in Person (%) [B/A] (Note)	Remark
Chairman	Kao, Kuo-Lun	8	0	100	
Vice Chairman	Hsieh, Chin-Kun	6	0	75	
Director	Kwang Yang Motor Co., Ltd. Representative: Ko, Chun-Ping	8	0	100	
Director	Kao, Ying-Chih	8	0	100	
Director	Yang, Huai-Kun	7	0	88	
Director	Huang, Wu-Tung	0	0	0	Resigned on April 8, 2021, required

					to attend 1 meeting.
Director	Shiao, Tzu-Fei	8	0	100	
Director	Yen, Shu-Fen	8	0	100	
Independent Director	Hung, Lee-Jung	8	0	100	
Independent Director	Chen, Yi-Heng	8	0	100	
Independent Director	Luo Li-Chun	7	1	88	

Note: The director's percentage of attendance in person (%) should be calculated based on the number of Board of Directors' Meetings held and the actual attendance in person during his/her term of office.

2. The attendance of Independent Directors at each Board meeting:

2021	3/26	5/7	6/18	7/2	8/6	11/5	11/30	12/22
Hung, Lee-Jung	v	v	v	v	v	v	v	v
Luo Li-Chun	v	⊙	v	v	v	v	v	v
Chen, Yi-Heng	v	v	v	v	v	v	v	v

Note: **V**: Attendance in person; ☆: Attendance by proxy

3. Note of attendance:

(1) The actual total attendance rate of the board meeting in 2021 was 94%.

(2) In the 8 board meetings in 2021, except that 2 independent directors attended the meeting in person on May 7, the remaining 3 independent directors attended the meeting in person.

Other items to be recorded:

I. If any of the following applies to the operations of the Board of Directors, the date and session of the Board meeting, the content of the proposal, opinions of all Independent Directors and the Company's actions in response to the opinions of Independent Directors shall be stated:

(I) Items listed in Article 14-3 of the Securities and Exchange Act: The Company has set up an Audit Committee. Please refer to Other Items to be Recorded in the section "Operations of the Audit Committee".

(II) In addition to the preceding matter, other resolutions of the Board of Directors on which independent directors have dissenting opinions or qualified opinions, and that are documented or issued through written statements: None.

II. In regard to the recusal of directors from voting due to conflict of interests, the name of the directors, the content of the proposal, reasons for recusal, and the results of voting counts shall be stated:

Proposals on managerial officers' annual salary adjustment, business performance bonus, profit target overreach bonus, annual performance bonus, and managers' employee bonus distribution. Chairman Kao, Kuo-Lun, Director Hsieh, Chin-Kun, and Director Shiao, Tzu-Fei recused themselves from the discussion due to conflict of interest as per regulations. Chairman Kao, Kuo-Lun appointed Director Yang, Huai-Kung to preside over the discussion as the acting Chairman. The acting Chairman consulted all the remaining directors present without any dissenting opinion.

III. Cycle, period, scope, method, and content of the self-evaluation (or peer evaluation) of the Board of Directors:

(I) Annual self-evaluation

To implement corporate governance and enhance the functions of the Board of Directors, the Company established the "Rules Governing the Performance Evaluation of the Board of Directors" approved by the Board of Directors on May 10, 2019. The Board of Directors should perform an internal board performance evaluation at least once a year. The internal evaluation period is from the end of each year to the end of the first quarter of the following year, and the current year's performance evaluation is conducted in accordance with the evaluation procedures and evaluation indicators under Articles 6 and 8.

Frequency	Period	Scope	Method	Content
Once a year	01/01/2021 ~ 12/31/2021	Evaluation on performance of the Board, individual directors, and functional committees (the Audit Committee and the Remuneration Committee).	Internal board self-evaluation, board member self-evaluation and peer evaluation	Report on internal evaluation results of board performance

1. Evaluation aspects:

Evaluation Object	Evaluation Items	Number of Questions	Indicator Score
Board of Directors	1. Degree of engagement in corporate operations 2. Improvement of Board of	45	96

	<p>Directors' decision-making.</p> <p>3. Composition and structure of the Board of Directors.</p> <p>4. The election of Directors and their continuing education.</p> <p>5. Internal control.</p>		
<p>Directors (Self-evaluation or peer evaluation)</p>	<p>1. Execution of the Company's goals and tasks</p> <p>2. Understanding of the director's roles and responsibilities</p> <p>3. Degree of engagement in the Company's operation</p> <p>4. Management and communication of the internal relations</p> <p>5. Expertise and continuing education of the directors</p> <p>6. Internal control</p>	23	97
<p>Functional committees (The Audit Committee and the Remuneration Committee)</p>	<p>1. Degree of engagement in corporate operations.</p> <p>2. Recognition of the duties of functional committees.</p> <p>3. Improvement in the quality of decision making by the functional committees.</p> <p>4. Composition of the functional committee, and election and appointment of committee members.</p> <p>5. Internal control.</p>	24	97

2. Evaluation result: The overall operation of the Board of Directors, board members and functional committees is effective and meets the requirements of corporate governance.

3. Improvement plan: The item with low scores in this evaluation result is board performance evaluation: "Record of formal director training hours and continuous professional development plan, so that directors can strengthen their knowledge and skills", the improvement method is to engage with external lecturers to

teach in the Company from the year 2022, in order to establish the mechanism and channel of director learning.

(II) External evaluation

Frequency	Period	Scope	Method	Content
Once per 3 years	05/01/2020 ~ 04/30/2021	Evaluation on performance of the Board, individual directors, and functional committees (the Audit Committee and the Remuneration Committee).	Taiwan Corporate Governance Association was appointed to conduct the evaluation	Report on internal evaluation results of board performance

1. The overall rating:

- (1) Provide sufficient time for Independent Directors to review proposals and report their review opinions to the Board of Directors.
- (2) The business unit keeps track of the matters assigned by the Board of Directors to form a positive board culture.
- (3) Attach importance to inheritance and transfer senior managers to consultants to assist the team.
- (4) Formulate the "Ethical Corporate Management Best Practice Principles" and promote them through education and training.

2. Suggestions and company feedback:

No.	Suggestions	Feedback
1	The information of the whistleblower mailbox shall be arranged to be received by the Independent Directors at the same time.	The information receiving process will be discussed with the Independent Directors.
2	Establish a dedicated risk management unit and regularly report to the Board of Directors.	The President will supervise the planning, organization and operation.
3	Inform the members of the Board of Directors of major matters, and suggest written institutionalization.	Related operations will be revised into internal procedures as recommended.
4	The assessment of the audit supervisor shall be assessed by Independent Directors and approved by the Chairman.	Subject to research and discussion by the human resources unit.

IV. Targets for strengthening the functions of the Board of Directors in the current fiscal year and

the most recent fiscal year (e.g., establishing an audit committee and enhancing information transparency), and evaluation of target implementation:

1. The Company has established the "Procedural Rules for Board of Directors Meetings of Eternal Materials Co., Ltd." to comply with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" and enter the Board of Directors' attendance on the Market Observation Post System (MOPS). The Board of Directors has also disclosed material resolutions on the Company website.
2. The Company has formed a Remuneration Committee of three Independent Directors on October 21, 2011. It is responsible for assisting the Board of Directors in assessing the remuneration level of directors and managerial officers.
3. To implement the spirit of corporate governance and effectively improve information transparency, the Company has fully disclosed various operational and financial information in the annual report, company website, and MOPS.
4. The Company established an Audit Committee (comprised of all independent directors) in 2016 to strengthen internal control mechanism and assist the Board of Directors with decision-making process.

V. The Composition of the Board of Directors and Senior Management Succession Plan and Operations

1. Members of the Board of Directors

- (1) The Company adopts the candidate nomination system for Directors; the term of each session shall be three years. Unless otherwise required by laws and regulations or the Articles of Incorporation, the election of Directors shall be in compliance with the Company's "Rules Governing the Election of Directors".
- (2) The election of the Directors shall take diversity into consideration, such as basic requirements and values (including gender, age, nationality, culture, etc.), professional knowledge and skills (including professional background, professional skills, and industry experiences).
- (3) In order to achieve the goal of corporate governance, members of board shall possess necessary acknowledge, and skills, and accomplishments. The required competences are as follows:
 - ★ Ability to make sound business judgments.
 - ★ Ability to perform accounting and financial analysis.
 - ★ Ability to manage a business.
 - ★ Ability to handle crisis management.
 - ★ Knowledge of the industry.
 - ★ An international market perspective.
 - ★ Leadership.
 - ★ Decision-making ability.

The Company conducts the director succession plan through the following methods:

I. Recommended by Incumbent Directors

II. Director candidates recommended by shareholders.

III. Refer to the results of performance evaluation of the Board of Directors for the nomination of the Directors' re-appointment.

To strengthen the efficacy of Directors in carrying on their duties, the Company will facilitate annual trainings for the Directors, in referencing the internal and external conditions and development needs, to enhance Directors' professional competency.

2. Succession plan of significant managements

(1) To meet the group's human resources development needs, the Company has established Personnel Review Committee, which meets on the fourth quarter each year to review senior human resources development of each unit.

(2) In order to ensure proper development and rotation of management talents, each business unit and critical function review key positions and talent development status during the first quarter of each year. The Company also ensures succession plan is in place for key management personnel including business unit heads and the department heads of subsidiaries and above.

(3) For the development of management personnel, besides the basic training for new managers, all section heads are required to pass mid-level management training, and to participate in management seminars led by senior executives.

(4) In addition to in-house training courses, the Company also encourages mid-level executives to expand their professional fields and combine practical training with practical training. For managerial officers promoted to the manager level, they are required to have cross-functional or overseas assignment training experience to enhance their practical management qualifications and management functional ability.

(II) Operations of the Audit Committee:

1. A total of 6 (A) meetings of the Audit Committee were held in 2021. The attendance of independent directors and the operation of the Committee are described below:

Title	Name	Number of Attendance in Person (B)	Number of Attendance by Proxy	Attendance Rate (%) [B/A] (Note)	Remark
Independent Director	Hung, Lee-Jung	6	0	100	None
Independent Director	Luo Li-Chun	6	0	100	None
Independent Director	Chen, Yi-Heng	6	0	100	None

Note: The disclosure above is as of December 31, 2021. The actual attendance rate (%) was calculated based on the number of board meetings held during each director's term and the number of meetings actually attended by that director.

Other items to be recorded:

I. If the operation of the Audit Committee falls under any of the following circumstances, the meeting date of the Audit Committee, the session, the content of the proposals, the independent directors' objections, reservations or major proposals, the results of the Audit Committee's resolutions, and the Company's handling of the comments of the Audit Committee.

(I) Items Listed in Article 14-5 of the Securities and Exchange Act

Date of Meeting	Content of Motion and Follow-up
03/19/2021 The 9th meeting of the 2nd term Audit Committee	1. To pass the proposal on discussing the 2020 consolidated and standalone financial statements.
	2. To pass the proposal on the appointment of CPAs from Q2 2021 to Q1 2022 and the evaluation of CPAs' independence.
	3. To pass the proposal on the amendment to the "Code of Practice for Related Party Transactions".
	4. To pass the proposal on approving the Company's 2020 internal control system design and the consent to the implementation effectiveness.
	5. To pass the 2020 Business Report.
	6. To pass the proposal on the distribution of surplus for 2020.
	7. To pass the proposal on the inter-subsidary loans and quotas (entrusted loans).
	8. To pass the proposal on the inter-subsidary loans and quotas (external loans).
	9. To pass the proposal on the inter-affiliate loans and quotas (entrusted loans).
	10. To pass the proposal on the investment to establish the new synthetic resins plant in east China.
	11. To pass the proposal on merger of Nikko-Materials Co., Ltd. And Nikko-Mechanics Co., Ltd.
	12. To pass the proposal on capital increase of Eternal Electronic (Suzhou) Co., Ltd.
	13. To pass the proposal on the investment to the gluing production line of Eternal Electronic (Suzhou) Co., Ltd.
	14. To pass the proposal on the liquidation and dissolution of Changhe International Trading (GZFTZ) Co., Ltd.
Committee Members' Opinion: No objections or reservations.	
Resolution: Approved by the Chairman upon consultation with all the Independent Directors present.	
The Company's response to the opinions of the Audit Committee: Approved by all	

	the Directors present.
05/03/2021 The 10th meeting of the 2nd term Audit Committee	<p>1. To pass the proposal on discussing the consolidated financial report for 2021 Q1.</p> <p>2. To pass the proposal on the application for syndicated bank credit to repay the bank loan and meet medium-term operating working capital needs.</p> <p>3. To pass the proposal on the issuance of secured ordinary corporate bonds for 2021.</p> <p>4. To pass the proposal on the inter-subsiary loans and quotas (entrusted loans).</p> <p>5. To pass the proposal on the inter-affiliate loans and quotas (entrusted loans).</p> <p>Committee Members' Opinion: No objections or reservations.</p> <p>Resolution: Approved by the Chairman upon consultation with all the Independent Directors present.</p> <p>The Company's response to the opinions of the Audit Committee: Approved by all the Directors present.</p>
08/04/2021 The 11th meeting of the 2nd term Audit Committee	<p>1. To pass the proposal on discussing the consolidated financial report for 2021 Q2.</p> <p>2. To pass the proposal on the capital increase of Indonesian subsidiary.</p> <p>3. To pass the proposal on the capital increase and equity sale of ESCO Specialty Coatings (Shanghai) Co., Ltd.</p> <p>4. To pass the proposal on the capital increase and equity sale of Eternal Sun A. (Suzhou) Co., Ltd.</p> <p>5. To pass the proposal on the inter-subsiary loans and quotas (external loans).</p> <p>Committee Members' Opinion: No objections or reservations.</p> <p>Resolution: Approved by the Chairman upon consultation with all the Independent Directors present.</p> <p>The Company's response to the opinions of the Audit Committee: Approved by all the Directors present.</p>
11/01/2021 The 12th meeting of the 2nd term Audit Committee	<p>1. To pass the proposal on discussing the consolidated financial report for 2021 Q3.</p> <p>2. To pass the proposal on building Suzhou R&D Building.</p> <p>3. To pass the proposal on the investment to the gluing production line of Eternal Electronic (Suzhou) Co., Ltd.</p> <p>4. To pass the proposal on the inter-subsiary loans and quotas (entrusted loans).</p> <p>Committee Members' Opinion: No objections or reservations.</p> <p>Resolution: Approved by the Chairman upon consultation with all the Independent Directors present.</p> <p>The Company's response to the opinions of the Audit Committee: Approved by all the Directors present.</p>
11/30/2021	1. To pass the proposal on acquiring land at Huazheng Rd., Luzhu District.

The 13th meeting of the 2nd term Audit Committee	<p>Committee Members' Opinion: No objections or reservations.</p> <p>Resolution: Approved by the Chairman upon consultation with all the Independent Directors present.</p> <p>The Company's response to the opinions of the Audit Committee: Approved by all the Directors present.</p>
12/15/2021 The 14th meeting of the 2nd term Audit Committee	<p>1. To pass the proposal on the annual audit and adjustment of the inter-subsi-dary loans (revolving credit line).</p> <p>2. To pass the proposal on the inter-subsi-dary loans (nonrevolving credit line).</p> <p>Committee Members' Opinion: No objections or reservations.</p> <p>Resolution: Approved by the Chairman upon consultation with all the Independent Directors present.</p> <p>The Company's response to the opinions of the Audit Committee: Approved by all the Directors present.</p>
03/07/2022 The 15th meeting of the 2nd term Audit Committee	<p>1. To pass the proposal on discussing the 2021 consolidated and standalone financial statements.</p> <p>2. To pass the proposal on the appointment of CPAs from Q2 2022 to Q1 2023 and the evaluation of their independence.</p> <p>3. To pass the proposal on approving the Company's 2021 internal control system design and the consent to the implementation effectiveness.</p> <p>4. To pass the 2021 Business Report.</p> <p>5. To pass the proposal on capital reduction in cash of the Company.</p> <p>6. To pass the proposal on distribution of surplus in 2021.</p> <p>7. To pass the proposal on amendment of certain articles in the "Procedures Governing the Acquisition and Disposal of Assets".</p> <p>8. To pass the proposal on the spin off and transfer of electronic equipment team, electronic equipment BU related business and the establishment of subsidiaries and the spin-off plan.</p>
03/07/2022 The 15th meeting of the 2nd term Audit Committee	<p>9. To pass the proposal that in order to coordinate with the stock listing plan of the Company's new subsidiary "Eternal Precision Mechanics Co., Ltd.", the Company may dilute the shares of the subsidiary in batches and abandon its participation in the cash capital increase plan of Eternal Precision Mechanics Co., Ltd.</p> <p>10. To pass the proposal on the issuance of secured ordinary corporate bonds for 2022.</p> <p>11. To pass the proposal on the inter-affiliate loans (nonrevolving credit line).</p> <p>12. To pass the proposal on the investment to expand the Phase 2 project of</p>

Suzhou material plant.
13. To pass the proposal on capital increase in cash of Eternal Electronic (Suzhou) Co., Ltd.
14. To pass the proposal on capital reduction of Allnex-Eternal Resins (joint venture).
Committee Members' Opinion: No objections or reservations. Resolution: Approved by the Chairman upon consultation with all the Independent Directors present. The Company's response to the opinions of the Audit Committee: Approved by all the Directors present.

(II) In addition to the items in the preceding sentence, other resolutions passed by two-thirds of all the directors but yet to be approved by the Audit Committee: None.

II. In regards to the recusal of Independent Directors from voting due to conflict of interests, the name of the Independent Directors, the resolutions, reasons for recusal due to conflict of interests and voting results shall be stated: None.

III. Communication between the independent directors, internal audit manager, and CPAs (including the key items, methods, and results of audit of finances and operations)

(I) Communication with the internal Audit Manager:

1. In accordance with the law, the Audit Manager submitted the audit report and follow-up reports on a monthly and quarterly basis to the independent directors.
2. The Audit Manager had a meeting with the independent directors at least once a quarter to report and communicate on the implementation of the Company's internal audit and internal control operations, and put forward the execution results of the Company on the suggestions of the independent directors.
3. Communication with the internal Audit Manager in 2021:

Date	Attendance of Independent Directors	Communication Content	Communication Results
05.03	3 independent directors attended	The Audit Manager had an independent discussion with the independent directors to report the design and compliance of the internal control system of the new product line, and put forward audit suggestions; The independent directors raised questions about the internal control design and operation status of the new product line.	The Audit Manager has given a preliminary response to the independent directors' proposals and will

			provide supplementary information at the next meeting.
06.23	Written report and video discussion with 3 independent directors	<ol style="list-style-type: none"> 1. The Audit Manager replied in writing to the questions raised by the independent directors and supplemented the technical management, sales and procurement mode of the new product line. 2. The Audit Manager submitted in writing to each independent director the audit results of the operation procedures for judging and handling nonconforming products of each business unit, and put forward audit suggestions. The independent directors recommended to reconfirm whether each unit has implemented the suggestion. 	The Audit Manager has explained to the independent directors that all audit failures have been registered and tracked.
11.01	2/3 independent directors attended	The Audit Manager met with the independent directors separately to report the audit results of the procurement and payment cycle and made recommendations for the audit. In the meeting, the independent directors put forward suggestions on the functional division of procurement cycle and operation process design, which need to be further communicated internally and improved.	The Audit Manager will reply on the improvements at the next meeting.
12.15	2/3 independent directors attended	<ol style="list-style-type: none"> 1. The Audit Manager had a separate discussion with the independent directors, replied to the previous independent directors' questions about functional division of procurement cycle and operation process design, and proposed improvement plans for the Company's system design. 2. In the meeting, the Audit Manager also reported the problems of raw material procurement process, audit suggestions and improvement plans proposed by procurement units. 	The independent directors present had no opinion on the content of report

(II) Communication with the CPAs

The Audit Committee communicates with the CPAs annually on topics such as audit results of the Company's financial statements, implementation of internal control, estimates on material accounting, and the selection or change of the accounting principles, and major audit adjustments; the Audit Committee evaluates the CPAs regarding their selection and appointment.

Date	Independent Director Attendance / Appearance	Communication Content	Communication Results
03.19	All attended	Notes to the 2020 CPA auditing work report and 2020 consolidated and standalone financial reports.	Passed with no dissenting opinion.
12.25	All attended	2021 Report on Key Audit Matters.	Passed with no dissenting opinion.

2. Annual work plan

The Audit Committee is solely composed of all Independent Directors. The goal of the Audit Committee is to provide assistance to the Board of Directors in performing its duty of supervising the Company on accounting, auditing, financial reporting process and quality of financial control, and integrity related matters.

(1) The main purpose of the Audit Committee is to supervise the following matters:

- Fair presentation of the Company's financial statements.
- The appointment and dismissal, the independence, and performance of CPAs.
- Effective implementation of the internal control system.
- Compliance with relevant laws and regulations.
- Management of current and potential risks.

(2) Audit of financial reports

The Company's 2021 business report, earnings distribution proposal, financial statements and consolidated financial statements submitted by the Board of Directors have been reviewed by the Audit Committee, and no irregularities were found.

(3) Assessment of the effectiveness of the internal control system:

The Audit Committee has assessed the effectiveness of the Company's internal control system policies and procedures (including control measures such as finance, operation, risk management, information security, outsourcing, regulatory compliance, etc.) and audited The Company's audit department and CPAs, as well as management's periodic reports, including risk management and regulatory

compliance. The committee also referred to the Internal Control - Integrated Framework which is published by The Committee of Sponsoring Organizations of the Treadway Commission (COSO), and concluded that the Company's risk management and internal control system is effective, the Company has also adopted required control mechanism to supervise and correct the violations.

(III) Implementation Status of Corporate Governance and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Does the Company establish and disclose its corporate governance best-practice principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		The Company has established the Corporate Governance Best-Practice Principles of Eternal Materials Co., Ltd., the formulation and revision of which have been approved by the Board of Directors, and have been disclosed on the Company website.	Having been implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies without deviations
II. Shareholding structure & shareholders' rights				
(I) Has the Company established and implemented internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations?	V		(I) The Company has established the Regulations Governing Shareholder Service, appointed a spokesperson and an acting spokesperson, and entrusted a professional stock transfer agent to handle shareholder-related matters. The Legal Affairs and System Department and the entrusted law firm can provide necessary consulting service and assistance for related legal affairs.	Having been implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies without deviations
(II) Does the Company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	V		(II) The Company can obtain the list of major shareholders of the Company and their ultimate controllers, and regularly report the abnormal changes to the directors, managerial officers and major shareholders holding more than 10% of the shares to the Market Observation Post System. In addition, the stock agency shall assist to handle the stock related affairs.	Having been implemented according to the Corporate
(III) Has the Company	V		(III) The Company has established the "Related Party Transaction	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
<p>established and implemented a risk management and firewall system within its affiliates?</p> <p>(IV) Has the Company established internal rules against insiders using undisclosed information to trade in securities?</p>	V		<p>Guidelines" and the "Regulations for Supervision and Management of Subsidiaries" as the reference for business dealings with affiliated companies. In addition, the assets and finances of affiliated companies are independent and controlled by the designated personnel and audited by the parent company to avoid any risk of corporate fraud arising from affiliated companies.</p> <p>(IV) The Company has established the "Management Rules for Internal Material Information Handling and Insider Trading Prevention" to prohibit insiders from trading in securities using non-public information.</p>	<p>Governance Best Practice Principles for TWSE/TPEX Listed Companies without deviations Having been implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies without deviations Having been implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies without deviations</p>
<p>III. Composition and responsibilities of the Board of Directors</p> <p>(I) Has the Board formulated diversity policies, specific management objectives and implemented them?</p>	V		<p>(I)</p> <p>1. The Board of Directors of the Company guides the Company's strategy, supervises the management, and is responsible to the Company and its shareholders. The operation and arrangement of the Company's corporate governance system shall ensure that the Board of Directors exercises its functions and powers in</p>	<p>Having been implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies</p>

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>accordance with laws and regulations, the Company's Articles of Incorporation or the resolutions of the shareholders' meeting. The Company has established the "Corporate Governance Best-Practice Principles". In Chapter 3, "Strengthening the Functions of the Board of Directors", a diversity policy is established. The members of the Board of Directors should generally possess the knowledge, skills and qualities necessary to perform their duties. In addition, according to the Regulations Governing the Election of Directors, the directors of the Board are nominated and elected based on the nomination system to ensure the diversity and independence of the directors of the Board.</p> <p>2. Specific management targets:</p> <p>(1) The Board of Directors of the Company also attaches importance to gender equality and shall include at least one female director.</p> <p>(2) The board of directors of the Company focuses on the ability of operational judgment, management and crisis management, and more than 2/3 of the board members should have the ability of related core projects.</p> <p>(3) Independent directors shall not serve more than three consecutive terms, so as to maintain their independence.</p> <p>3. Status of implementation:</p> <p>(1) The current Board of Directors is composed of 10 directors, including 3 independent directors and 2 female directors. Kao, Kuo-Lun, Hsieh, Chin-Kun, Ko, Chun-Ping, Kao, Ying-Chih, Yang, Huai-Kung, Shiao, Tzu-Fei, and Yen, Shu-Fen are good at leadership, operational judgment, management, crisis management, and have the industry knowledge and international market views; independent directors Hung, Lee-Jung and Lo, Li-Chun specializes in audit, taxation and financial management; Chen, Yi-Heng is a professor of human resource development.</p> <p>(2) Directors with concurrent employee status account for 10%; independent directors account for 30%; female directors account for 20%. None of the 3 Independent Directors have served more than three consecutive terms; 2 directors are aged over 70 years old; 7 are aged between 50 and 70 years old.</p>	without deviations.
(II) Does the Company voluntarily establish other functional committees in addition to the legally-required Remuneration Committee and Audit	V		(II) In addition to the establishment of the Remuneration Committee and the Audit Committee in October 2011 and June 2016, respectively, the Company also set up the Corporate Governance and Corporate Social Responsibility Committee in November 2021 to practice sustainable development and strengthen the implementation of sustainable development. In March 2022, the Company changed the name of the newly	Having been implemented according to the Corporate Governance Best Practice Principles for

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof																		
	Yes	No	Description																			
<p>Committee?</p> <p>(III) Does the Company formulate the performance evaluation methods for the Board of Directors, conduct performance evaluations annually and regularly, and report the results of the performance evaluations to the Board of Directors?</p> <p>(IV) Does the Company regularly evaluate the independence of CPAs?</p>	V		<p>established committee to the Corporate Governance and Sustainability Committee and announced it in accordance with relevant regulations.</p> <p>(III)</p> <p>1. On May 10, 2019, the Board of Directors of the Company approved the Rules Governing the Performance Evaluation of the Board of Directors, and submitted the evaluation method, scope and results for 2021 to the Board of Directors on March 11, 2022 in accordance with the provisions of the Rules.</p> <p>2. In accordance with the performance evaluation method, Taiwan Corporate Governance Association was invited to conduct external evaluation in May 2022, and the evaluation results were submitted to the Board of Directors on November 05, 2021.</p> <p>3. For the evaluation content and results, please refer to the relevant descriptions of "(I) Operations of the Board of Directors: III. Cycle, period, scope, method, and content of the self-evaluation (or peer evaluation) of the Board of Directors".</p> <p>(IV)</p> <p>1. The Company performs self-evaluation of the independence of CPAs regularly every year, and submits the evaluation results to the Audit Committee and the Board of Directors for approval.</p> <p>2. The Company evaluates the CPA independence evaluation items and results:</p> <table border="1"> <thead> <tr> <th>Independence Evaluation Item</th> <th>Yes</th> <th>No</th> </tr> </thead> <tbody> <tr> <td>I. Are the CPAs not directors of the Company or its affiliated enterprises?</td> <td>V</td> <td></td> </tr> <tr> <td>II. Are the CPAs not shareholders of the Company or its affiliate?</td> <td>V</td> <td></td> </tr> <tr> <td>III. Are the CPAs not paid at the Company or its affiliates?</td> <td>V</td> <td></td> </tr> <tr> <td>IV. Does the CPA confirm that its joint accounting firm has complied with the standards of mutual independence.</td> <td>V</td> <td></td> </tr> <tr> <td>V. Has the Co-CPA of the joint accounting firm to which the CPAs belong not taken up the position of director or managerial officer of the Company or had a significant influence on the audit case within one year after his retirement?</td> <td>V</td> <td></td> </tr> </tbody> </table>	Independence Evaluation Item	Yes	No	I. Are the CPAs not directors of the Company or its affiliated enterprises?	V		II. Are the CPAs not shareholders of the Company or its affiliate?	V		III. Are the CPAs not paid at the Company or its affiliates?	V		IV. Does the CPA confirm that its joint accounting firm has complied with the standards of mutual independence.	V		V. Has the Co-CPA of the joint accounting firm to which the CPAs belong not taken up the position of director or managerial officer of the Company or had a significant influence on the audit case within one year after his retirement?	V		<p>TWSE/TPEX Listed Companies without deviations.</p> <p>Having been implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies without deviations.</p> <p>Having been implemented according to the Corporate Governance</p>
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IV. Does the Company appoint adequate persons and a chief governance officer to be in charge of corporate governance matters (including but not limited to providing directors and supervisors required information for business execution, assisting directors and supervisors in following laws and regulations, handling matters in relation to the Board meetings and shareholders' meetings and keeping minutes at the Board meetings and shareholders' meetings according to law)?	V		<p>The Company acquired the approval by the resolution of the Board of Directors on May 10, 2019 to designate Liu, Bing-Cheng, the Chief Financial Officer, as the Chief Corporate Governance Officer of the Company to coordinate corporate governance related affairs with the assistance of the Financial Department. Mr. Liu has more than three years of experience as a Chief Financial Officer in a public offering company. His main duties include related affairs of board meetings and shareholders' meetings, production of meeting minutes for board meetings and shareholders' meetings, assisting Directors in taking office and continuing education, providing data required by Directors to perform their duties, and assisting Directors in legal compliance.</p> <p>I. The performance of duties in 2021 is described as follows:</p> <p>1. Assist independent directors and general directors in performing their duties by providing the necessary information and arranging for continuing education for directors:</p> <p>(1) Provide relevant rules and decrees required by laws and regulations to members of the Board of Directors upon taking office in the current year.</p> <p>(2) Check and provide company information required by the directors so as to maintain smooth communication and interaction between the Board of Directors and the heads of divisions.</p>	Having been implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies without deviations						

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
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			<p>(3) Assist independent directors in arranging meetings with the internal audit manager or CPAs in accordance with the Corporate Governance Best Practice Principles when there is a need for independent directors to meet them in order to understand the Company's financial operations</p> <p>(4) Assist independent directors and general directors in drawing up annual continuing education plan and making arrangements for courses in accordance with the nature of the industry to which the Company belongs and the experience and background of directors</p> <p>2. Assist in matters related to the proceedings of Board of Directors' meetings and shareholders' meetings as well as legal compliance of resolutions:</p> <p>(1) Report the operations of corporate governance at the Company to the Board of Directors, independent directors and the Audit Committee, and confirm whether the convening of shareholders' meetings and board meetings comply with relevant laws and regulations, as well as the Corporate Governance Best Practice Principles</p> <p>(2) Assist in and remind directors of the regulations to be complied with when performing their duties or officially voting on resolutions by the Board of Directors.</p> <p>(3) Responsible for examining matters related to the release of material information about the important resolutions approved by the Board of Directors to ensure the legality and accuracy of the content of these material information, so as to maintain information symmetry during investor trading.</p> <p>3. Draw up the agendas of the Board of Directors and notify directors of the agendas seven (7) days before the meeting, convene meetings and provide meeting information, send out reminders regarding agendas that require recusal of directors and complete the minutes of the Board of Directors' meeting 20 days</p>	

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			<p>after the meeting</p> <p>4. Register the date of the shareholders' meeting in advance according to the law and prepare the meeting notice, handbook, meeting minutes and director by-election within the statutory time limit.</p> <p>II. The total duration of training in 2021 was 12 hours. The course dates/contents are as follows:</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Training Institution</th> <th>Course Name</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td>08.27</td> <td>Securities & Futures Institute</td> <td>Practical advancement seminar for Directors and Supervisors (including Independent Directors)</td> <td>3</td> </tr> <tr> <td>09.03</td> <td>Taiwan Corporate Governance Association</td> <td>Governance framework of family inheritance and case study</td> <td>3</td> </tr> <tr> <td>09.16</td> <td>Taiwan Corporate Governance Association</td> <td>Case analysis of hostile M&A, competition for management rights and countermeasures</td> <td>3</td> </tr> <tr> <td>09.24</td> <td>Securities & Futures Institute</td> <td>Analysis on unconventional transaction of Directors and Supervisors and case study</td> <td>3</td> </tr> </tbody> </table>	Date	Training Institution	Course Name	Hours	08.27	Securities & Futures Institute	Practical advancement seminar for Directors and Supervisors (including Independent Directors)	3	09.03	Taiwan Corporate Governance Association	Governance framework of family inheritance and case study	3	09.16	Taiwan Corporate Governance Association	Case analysis of hostile M&A, competition for management rights and countermeasures	3	09.24	Securities & Futures Institute	Analysis on unconventional transaction of Directors and Supervisors and case study	3	
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V. Does the Company establish communication channels and a dedicated section on the Company website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner?	V		<p>In order to ensure a more complete and comprehensive information disclosure, the Company participated in 4 investor conferences held by securities companies in 2021 to brief the quarterly business performance and company development, and participated in irregular symposiums to maintain a good communication channel with investors.</p> <p>The website has set up a "Stakeholders Zone" to identify issues of concern to various stakeholders, and to provide information on dedicated departments for investor relations, customer service, corporate social responsibility, etc. and their contact details to strengthen communication and respond immediately. In addition to the immediate disclosure on the Company's website, the communication with stakeholders is as follows:</p> <table border="1"> <thead> <tr> <th>Stakeholders</th> <th>Issue of concern</th> <th>Communication channels</th> </tr> </thead> <tbody> <tr> <td>Investors</td> <td>Business performance, information disclosure, material information, company website</td> <td>Annually: shareholders meetings, annual reports Irregularly: Spokesperson On demand: Market Observation Post System (MOPS), investor conference In real time: Company website</td> </tr> <tr> <td>Customers</td> <td>Product quality, delivery schedule, service, customer complaint channel</td> <td>Annually: Customer satisfaction survey Irregularly: Visit, email and phone call On demand: Technical support</td> </tr> <tr> <td>Employee</td> <td>Remuneration system, education, welfare, safety and health, health promotion</td> <td>Irregularly: Communication meeting, email, company internal announcement Every 6 months: Interviews with department heads Quarterly: Employee Welfare Committee</td> </tr> </tbody> </table>	Stakeholders	Issue of concern	Communication channels	Investors	Business performance, information disclosure, material information, company website	Annually: shareholders meetings, annual reports Irregularly: Spokesperson On demand: Market Observation Post System (MOPS), investor conference In real time: Company website	Customers	Product quality, delivery schedule, service, customer complaint channel	Annually: Customer satisfaction survey Irregularly: Visit, email and phone call On demand: Technical support	Employee	Remuneration system, education, welfare, safety and health, health promotion	Irregularly: Communication meeting, email, company internal announcement Every 6 months: Interviews with department heads Quarterly: Employee Welfare Committee	Having been implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies without deviations
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Community	Community engagement / Charitable activities	On demand: Being neighborly, supporting the disadvantaged											
VI. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company has designated the Shareholding Service Department of President Securities Corporation as the stock transfer agent.	Having been implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies without deviations									

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
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<p>VII. Information disclosure</p> <p>(I) Has the Company established a website to disclose information on financial operations and corporate governance?</p> <p>(II) Does the Company have other information disclosure channels (e.g., building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, and making the process of investor conferences available on the corporate website)?</p> <p>(III) Does the Company publicly announce and file the annual financial reports within two months after the close of the given fiscal year and publicly announce and file the first, second, and third quarterly financial reports and the operation of each month ahead of the required deadline?</p>	V		<p>(I) The Company has established website and set up an "Investor Zone" and a "Corporate Social Responsibility Zone" to disclose both financial standings and the status of corporate governance.</p> <p>(II) 1. The Company has designated personnel to collect and disclose company information, implement the spokesperson system, and made the information on the at least four investor conferences per year available on the Company website.</p> <p>2. The Company has established public information online disclosure system in accordance with the "Guidelines for Online Filing of Public Information by Public Companies" to disclose material information.</p> <p>3. The Company has also set up an English website to expose Chinese information simultaneously on the English website.</p> <p>(III) The Company filed and disclosed its annual financial reports within three months after the end of the fiscal year as required by the Securities and Exchange Act and other relevant laws and regulations. In addition, the financial reports for the 1st, 2nd, and 3rd quarters, as well as the operating status for each month, are published before the specified deadline. Please refer to the Market Observation Post System (MOPS) for further details.</p>	<p>Having been implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies without deviations</p> <p>Having been implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies without deviations</p> <p>No material difference. The disclosure and filing of financial statements are completed in accordance with relevant laws and regulations.</p>

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
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VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchase of liability insurance for directors and supervisors)?	V		<p>(I) Employee rights and employee care:</p> <p>The Company offers a variety of "employee benefits", including allowances for childbirth, marriage, and funerals, travel subsidies, group insurance, birthday and festival bonuses, senior employee reward, regular health examination, year-end bonus, employee cafeteria, shuttle bus service, dormitory, and library access.</p> <p>According to the "Labor Standards Act", the years of service of regular employees before the implementation of the "Labor Pension Act" on July 1, 2005 and the years of service to which the regular employees choose to apply the "Labor Standards Act" after the implementation of the "Labor Pension Act" shall be included in the calculation of the years of service for retirement. In addition, the Company appropriates 10% of total salaries to the designated account at the Bank of Taiwan and reviews the balance every month. If the balance is insufficient to pay the statutory retired employees in the following year, the Company will complete the appropriation by the end of the following March to ensure the rights and interests of the retired employees. Since July 1, 2005, new recruits shall apply to the "Labor Pension Act", which stipulates that the Company shall appropriate 6% of an employee's salary to the employee's account at the Bureau of Labor Insurance every month as the pension. In addition, subsidiaries in Mainland China are required to pay pension insurance every month in accordance with the local government regulations.</p> <p>A labor-management meeting is held on a regular basis to improve communication regarding agreements and maintenance of employee rights and ensure the harmonious labor relations.</p> <p>(II) Investor relations: The Company discloses material finance and business information on the Company website as well as MOPS to avail investors' understanding of the Company's development and business strategies.</p> <p>(III) Supplier relations: The Company has maintained a favorable relationship with suppliers and customers to create a business ecosystem of mutual trust.</p> <p>(IV) Stakeholder rights: The Company values stakeholder rights and</p>	Having been implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies without deviations

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			<p>has disclosed information on its finances, business, and corporate governance on the Company website. Stakeholders may communicate their opinions by phone, E-mail or fax at any time.</p> <p>(V) 2021 continuing education of directors is tabulated below and disclosed on the Market Observation Post System (MOPS) as required by law.</p> <table border="1"> <thead> <tr> <th>Title / Name</th> <th>Date</th> <th>Training Institution</th> <th>Course Name</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Director Yen, Shu-Fen</td> <td>10.05</td> <td>Taiwan Corporate Governance Association</td> <td>The only way for sustainable corporate operation - external innovation</td> <td>3</td> </tr> <tr> <td>09.03</td> <td>Taiwan Corporate Governance Association</td> <td>Governance framework of family inheritance and case study</td> <td>3</td> </tr> <tr> <td rowspan="2">Independent Director Hung, Lee-Jung</td> <td>09.07</td> <td>Accounting Research and Development Foundation</td> <td>Financial risk and case analysis of Taiwan enterprises' disposition of real estate equity in Mainland China</td> <td>3</td> </tr> <tr> <td>09.16</td> <td>Accounting Research and Development Foundation</td> <td>Practical analysis on competent authorities' review of financial reports and material information</td> <td>3</td> </tr> <tr> <td>Independent Director Chen, Yi-Heng</td> <td>09.01</td> <td>Financial Supervisory Commission</td> <td>The 13th Taipei Corporate Governance Forum</td> <td>3</td> </tr> <tr> <td></td> <td>01.21</td> <td>Taiwan Corporate Governance Association</td> <td>Corporate Governance and Securities Laws and Regulations</td> <td>3</td> </tr> <tr> <td rowspan="2">Independent Director Luo Li-Chun</td> <td>09.03</td> <td>Taiwan Corporate Governance Association</td> <td>Governance framework of family inheritance and case study</td> <td>3</td> </tr> <tr> <td>08.20</td> <td>Taiwan</td> <td>One lesson directors</td> <td>3</td> </tr> </tbody> </table>	Title / Name	Date	Training Institution	Course Name	Hours	Director Yen, Shu-Fen	10.05	Taiwan Corporate Governance Association	The only way for sustainable corporate operation - external innovation	3	09.03	Taiwan Corporate Governance Association	Governance framework of family inheritance and case study	3	Independent Director Hung, Lee-Jung	09.07	Accounting Research and Development Foundation	Financial risk and case analysis of Taiwan enterprises' disposition of real estate equity in Mainland China	3	09.16	Accounting Research and Development Foundation	Practical analysis on competent authorities' review of financial reports and material information	3	Independent Director Chen, Yi-Heng	09.01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	3		01.21	Taiwan Corporate Governance Association	Corporate Governance and Securities Laws and Regulations	3	Independent Director Luo Li-Chun	09.03	Taiwan Corporate Governance Association	Governance framework of family inheritance and case study	3	08.20	Taiwan	One lesson directors	3	
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			Corporate Governance Association	should know: global risk perception	
			(VI) Implementation of risk management policies and risk evaluation measures: The Company has established rules for risk assessment and measurement in accordance with laws and internal policies. (VII) Implementation of customer policies: The Company has established the Guidelines for Handling Customer Complaints to resolve customers' issues in a quick and effective manner. (VIII) Purchase of liability insurance for directors and supervisors: The Company has purchased liability insurance for its directors and managerial officers.		

IX. Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange's Corporate Governance Center, and provide the priorities and plans for improvement with items yet to be improved. (Leave this section blank if the Company is not included in the evaluation process)

The progress of improvements recommended based on the results of the 7th (2021) Corporate Governance Evaluation published in April 2022 is detailed below:

(I) Improvements made:

No.	Indicator
2.9	Does the Company establish succession plan of Board members and important managerial officers, and disclose the implementation status of the plan in the Company website and Annual Report?
Improvements: Succession planning has been established and disclosed on the Company website or in the annual report.	
2.13	Do members of the Company's Remuneration Committee attend at least twice a year to disclose information on the policies, systems, standards and structures for regularly reviewing performance evaluations and remuneration for directors, supervisors and managerial officers?
Improvements: Members of the Remuneration Committee attended more than twice a year and disclosed the meeting information on the Company website in 2021.	
2.14	Has the Company set up a non-statutory functional committee with at least three members, more than half of whom are independent directors, and more than one of whom has the required professional competence of the committee, and disclosed its composition, responsibilities and operation?
Improvements: The Board of Directors approved the establishment of the Corporate Governance and Corporate Social Responsibility Committee on Nov. 05, 2021 (renamed as the Corporate Governance and Sustainability	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
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			Committee on March 11, 2022 by resolution of the Board of Directors) with 6 members, 3 of whom are independent directors. The composition, responsibilities and operation of the Committee have been disclosed on the official website of the Company.	
2.17			Does the board regularly (at least once a year) assess the independence of the CPAs and disclose the process in full in the annual report?	
			Improvements: The independence of certified accountants is assessed once a year as required and the assessment process is fully disclosed in the annual report.	
2.20			Are at least two independent directors present in person at each board meeting of the Company?	
			Improvements: At least two independent directors were present in person at each board meeting of the Company in 2021.	
2.27			Does the Company have an intellectual property management plan linked to its business objectives and disclose its implementation on the Company website or in the annual report and report to the Board at least once a year?	
			Improvements: The intellectual property management plan has been developed and regularly reported to the Board of Directors, and the implementation has been disclosed on the Company's website or annual report.	
3.6			Does the Company disclose the interim financial report in English within two months after the deadline for filing the Chinese interim financial report?	
			Improvements: The English version of the interim financial report has been disclosed within two months after the deadline for filing the Chinese version of the interim financial report.	
4.14			Does the Company website or annual report reveal the identity of the identified stakeholders, issues of concern, communication channels and ways of responding?	
			Improvements: Relevant information has been disclosed on the Company's website and annual report.	
(II) Pending improvement: The Company will review and monitor the pending improvement list until completion in line with corporate governance spirit.				

(IV) Composition, duties, and state of operations of the Remuneration Committee

The purpose of the Remuneration Committee is to assist the Board of Directors in evaluating the remuneration paid to directors and managerial officers. A total of 3 meetings were convened in 2021, and all members attended the meetings in person.

Description of professional qualifications and experience of members of the Remuneration Committee:		Professional Certification and Experience(Note)	Independence	Number of Other Public Company Concurrently Serves as a Remuneration Committee Member
Title	Condition and experience Name			
Independent Director Convener	Hung, Lee-Jung	Former partner and CPA at Pricewaterhouse Coopers Taiwan, has been a member of Remuneration Committee over 3 years, with ability of operation judgement, accounting and financial analysis, business, crisis management, industrial knowledge, international market perspective, leadership, decision making and strategy.	Refer to the table below	2
Independent Director	Chen, Yi-Heng	Professor, Institute of Human Resource Management, National Sun Yat-sen University, concurrent independent director of 2 listed company, has been a member of Remuneration Committee over 3 years, with ability of operation judgement, accounting and financial analysis, business, crisis management, industrial knowledge, international market perspective, leadership, decision making and strategy.	Refer to the table below	2
Independent Director	Luo Li-Chun	CEO of Protrend Management Consulting Co., Ltd. and former Visiting Associate Professor, Nanyang Business School, has been a member of Remuneration Committee over 3 years, with ability of operation judgement, accounting and financial analysis, business, crisis management, industrial knowledge, international market perspective, leadership, decision making and strategy.	Refer to the table below	0

Note: Please refer to P.11 Information on Directors, Supervisors, and Managerial Officers.

(2) Information regarding the independence of the members of the Remuneration Committee:

December 31, 2021

Name	Independence				Amount of remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years	No circumstances in Article 30 of the Company Act
	Where any of he himself, his spouse, or relative within the second degree of kinship serves as a Director, Supervisor or employee of the Company or its affiliates	Shareholding amount and ratio of he himself, his spouse, or relative within the second degree of kinship (or in the name of others)		Whether a director, supervisor or employee of a company having a particular relationship with the Company		
		Number of Shares	Ratio			
Hung, Lee-Jung	No	0	0	No	0	No
Chen, Yi-Heng	No	227,840	0.01%	No	0	No
Luo Li-Chun	No	0	0	No	0	No

Operational status of the Remuneration Committee

1. The Company's Remuneration Committee consists of 3 members.
2. Term of office of the current members: June 26, 2019 to June 25, 2022. The Remuneration Committee convened three (3) meetings (A) in the most recent year. The qualification and attendance of members are as follows:

Title	Name	Number of Attendance in Person (B)	Number of Attendance by Proxy	Percentage of attendance in person (%) (B/A) (Note)	Remark
Convener	Hung, Lee-Jung	3	0	100%	Attended all 3 meetings in person.
Committee Member	Luo Li-Chun	3	0	100%	Attended all 3 meetings in person.
Committee Member	Chen, Yi-Heng	3	0	100%	Attended all 3 meetings in person.

Note: The disclosure above is as of December 31, 2021. His or her attendance rate (%) should be calculated on the basis of number of Remuneration Committee meetings held during his or her tenure and the number of such meetings attended.

Other items to be recorded:

- I. The operation of the Remuneration Committee in 2021, meeting dates, sessions, agenda, resolutions, and how the Company responded to the opinions of the Remuneration Committee.

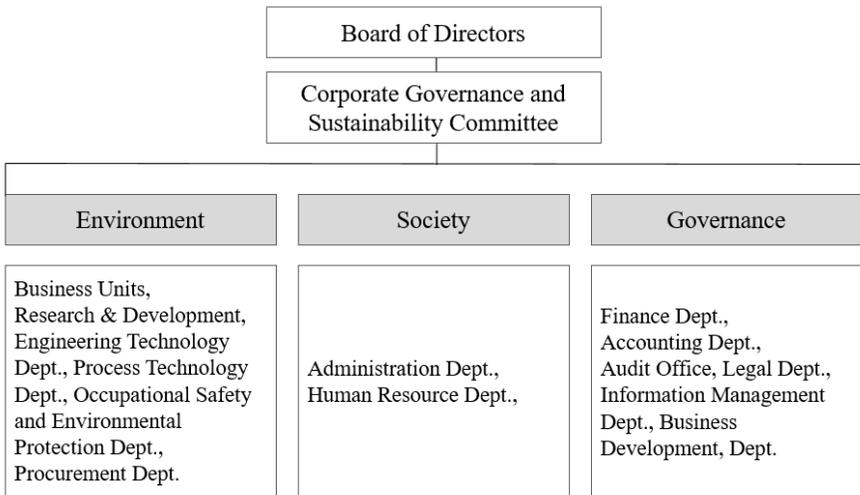
Date of Meeting	Proposal	Resolution	Handling of opinions
03/19/2021	1. 2020 compensation of directors and employees of the Company	No dissenting opinion	Approved by the Board of Directors

The 7th meeting of the 4th term	2. Distribution of profit target overreach performance bonuses to managerial officers in 2020.	No dissenting opinion	Approved by the Board of Directors
05/03/2021 The 8th meeting of the 4th term	1. Amendment to the Regulations on Administration of Year-end Bonus Payment	No dissenting opinion	Approved by the Board of Directors
	2. Amendment to the "Employee Compensation Distribution Standards"	No dissenting opinion	Approved by the Board of Directors
	3. Amendment to the "Regulations on Administration of Subsidies for Official Use of Self-Owned Vehicles"	No dissenting opinion	Approved by the Board of Directors
	4. Review of compensation for promotion and transfer of managerial officers	No dissenting opinion	Approved by the Board of Directors
	5. The Company's 2020 remuneration distribution proposal for managerial officers.	No dissenting opinion	Approved by the Board of Directors
12/17/2021 The 9th meeting of the 4th term	1. Amendment to the "Director Compensation Distribution Standards"	No dissenting opinion	Approved by the Board of Directors
	2. Annual salary adjustment of managerial officers for 2022	No dissenting opinion	Approved by the Board of Directors
	3. Managerial officers' annual performance bonus and operation performance bonus in 2021	No dissenting opinion	Approved by the Board of Directors

II. If the Board of Directors does not adopt or amend the recommendations made by the Remuneration Committee, the date and session of the Board of Directors' meeting, resolutions, voting results and handling of opinions of the Remuneration Committee by the Company shall be disclosed: None.

III. If the members of the Remuneration Committee has any dissenting opinion or qualified opinions on the resolutions of the Remuneration Committee, where such opinions are documented or issued through written statements, the date and session of the meeting of the Remuneration Committee, resolutions, all the members' opinions and handling of these opinions shall be stated: None.

(V) Implementation of the promotion of sustainable development and the differences and reasons from the Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Does the Company set up a governance structure to promote sustainable development, and set up a full-time (part-time) unit to promote sustainable development, which is authorized by the board of directors to handle the senior management, and the board of directors supervision?	V		<p>1. Structure of the Corporate Governance and Sustainability Committee (formerly the Corporate Governance and Corporate Social Responsibility Committee) :</p>  <pre> graph TD A[Board of Directors] --> B[Corporate Governance and Sustainability Committee] B --> C[Environment] B --> D[Society] B --> E[Governance] C --- C1["Business Units, Research & Development, Engineering Technology Dept., Process Technology Dept., Occupational Safety and Environmental Protection Dept., Procurement Dept."] D --- D1["Administration Dept., Human Resource Dept.,"] E --- E1["Finance Dept., Accounting Dept., Audit Office, Legal Dept., Information Management Dept., Business Development, Dept."] </pre> <p>2. The Company set up the Corporate Governance and Corporate Social Responsibility Committee in November 2021 (on March 11, 2022, the Board of Directors resolved to rename the Corporate Governance</p>	Having been implemented according to the Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies without deviations

		<p>and Corporate Social Responsibility Committee to the Corporate Governance and Sustainability Committee), which consists of 6 members, with the Chairman serving as the convener, and is composed of 3 independent directors, the President and Director of Administration. The Committee holds a meeting at least once a year to review the risk evaluation on environmental, social or corporate governance issues related to the Company's core operations, formulate relevant management policies or strategies, and promote sustainable development in a purposeful, systematic and organized manner.</p> <p>3. The latest meeting was held on March 07, 2022, and the materials for review was submitted to the Board of Directors for resolution on March 11, 2022; and the "2022 Sustainable Development Plan and Strategic Direction" was proposed at the meeting for the Board of Directors to supervise the sustainable development.</p>													
<p>II. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the business operations and formulate relevant risk management policies or strategies based on the materiality principle?</p>	<p>V</p>	<p>Risk assessment and policy response have been made in reference to the materiality principles of the GRI Standards.</p> <table border="1" data-bbox="786 596 1962 1382"> <thead> <tr> <th data-bbox="786 596 882 715">Material Issue</th> <th data-bbox="882 596 1070 715">Risk evaluation item</th> <th data-bbox="1070 596 1962 715">Future direction & plan (Risk management policy or strategy)</th> </tr> </thead> <tbody> <tr> <td data-bbox="786 715 882 1002"></td> <td data-bbox="882 715 1070 1002">GHG emissions</td> <td data-bbox="1070 715 1962 1002"> <ol style="list-style-type: none"> 1. Each plant conducts GHG checking each year, which is subject to the verification by a third-party impartial agency. 2. Use clean and low-pollution natural gas, equipment, efficiency improvement and other energy-saving projects. 3. Formulate plans for carbon reduction, energy saving, electricity saving and reduction of other greenhouse gas emissions every year, and continuously promote the review of independent reduction policies. </td> </tr> <tr> <td data-bbox="786 1002 882 1246">Environment</td> <td data-bbox="882 1002 1070 1246">Wastewater discharge</td> <td data-bbox="1070 1002 1962 1246"> <ol style="list-style-type: none"> 1. Source reduction: Process improvement to reduce water and wastewater discharge. 2. Separate collection: Separately collect process waste water, cooling water and rainwater to reduce environmental impact. 3. End treatment: Set wastewater treatment facilities in each production plant according to the characteristics of wastewater to realize wastewater recycling. </td> </tr> <tr> <td data-bbox="786 1246 882 1382"></td> <td data-bbox="882 1246 1070 1382">Waste Disposal Management</td> <td data-bbox="1070 1246 1962 1382"> <ol style="list-style-type: none"> 1. Source reduction: Reduce process waste output for recycling. 2. End treatment: Treat according to laws and regulations and select external treatment contractor with care and give priority to recyclable resources. </td> </tr> </tbody> </table>	Material Issue	Risk evaluation item	Future direction & plan (Risk management policy or strategy)		GHG emissions	<ol style="list-style-type: none"> 1. Each plant conducts GHG checking each year, which is subject to the verification by a third-party impartial agency. 2. Use clean and low-pollution natural gas, equipment, efficiency improvement and other energy-saving projects. 3. Formulate plans for carbon reduction, energy saving, electricity saving and reduction of other greenhouse gas emissions every year, and continuously promote the review of independent reduction policies. 	Environment	Wastewater discharge	<ol style="list-style-type: none"> 1. Source reduction: Process improvement to reduce water and wastewater discharge. 2. Separate collection: Separately collect process waste water, cooling water and rainwater to reduce environmental impact. 3. End treatment: Set wastewater treatment facilities in each production plant according to the characteristics of wastewater to realize wastewater recycling. 		Waste Disposal Management	<ol style="list-style-type: none"> 1. Source reduction: Reduce process waste output for recycling. 2. End treatment: Treat according to laws and regulations and select external treatment contractor with care and give priority to recyclable resources. 	<p>Having been implemented according to the Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies without deviations</p>
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				Waste gas management	<ol style="list-style-type: none"> 1. Emission according to laws and regulations. 2. Use of low-carbon energy 3. Carry out process source improvement and adopt best feasible control technology.
				Energy conservation and carbon reduction action	<ol style="list-style-type: none"> 1. Take the average power consumption per unit of the process in the previous five years as the baseline and reduce by 1% per year. 2. Take the average power consumption per unit of the household in the previous five years as the baseline and reduce by 1% per year. 3. Take the average heat consumption (purchased steam/fuel oil/natural gas) per unit of the process in the previous five years as the baseline and reduce by 1% per year.
				Energy intensity	Manage through various energy consumption control policies.
				Water consumption	Take the average water consumption per unit of the process and household from 2016 to 2020 as the baseline and reduce by 1% per year.
				Development of green chemicals	With the aim of developing materials that reduce environmental pollution, green energy, environmental decomposition and recycling, the Company will develop new research and development technologies to produce environmentally friendly products and leave a green earth to future generations.
				Chemical security	Based on people's LOHAS health, while enjoying the convenience of life brought by high industrialization, effectively control the risk index of chemical substances and improve the quality of human life.
			Society	Human rights	Implement the "Eternal Human Rights Policy" and the International Human Rights Code, and the International Labour Organization's "Core Treaty on Labor Standards Protection".
				Talent attraction and retention strategy	<ol style="list-style-type: none"> 1. Establish an overall human resource policy (cultivation, employment, retention) that is flexible and in line with management benefits. 2. Conduct resignation interviews to confirm resignation factors as a reference for improving internal systems and policies. 3. Carry out a group engagement survey every two years, and implement the

				strengthening plan accordingly.	
			Training and development	<ol style="list-style-type: none"> 1. Establish various functional training systems and institutions, so that each function can cultivate various functional professionals according to their needs. 2. Establish and promote digital learning platforms and mechanisms. 3. Encourage professionals to study independently, and provide opportunities in terms of external training, exhibition participation, overseas seminars, foreign language subsidies, various professional certificates, etc. according to work needs. 	
			Transporter management	<ol style="list-style-type: none"> 1. Transporter evaluation. 2. Legal compliance. 	
			Supplier management	Promotion of CSR and supplier code of conduct.	
			Supplier CSR assessment	<ol style="list-style-type: none"> 1. Questionnaire survey and statistics of major raw material suppliers 2. Carry out improvement plans for high-risk suppliers. 	
			Governance Customer relations	Pursue comprehensive product quality assurance and sound customer service, and take meeting the individual needs of customers as the orientation, implement the spirit of "research, development, innovation, and environmental protection", with a foothold in Taiwan and an eye on the whole world. Serve customers with good customer relations, customer-oriented products and quality, and after-sales service and customer satisfaction strengthened.	
			Build a safe workplace	Establish a risk-controlled environment and operation, provide a work environment free of injuries and accidents, and continuously optimize and effectively implement the occupational safety and health management system.	
			Build a safety culture and workplace environment	Instill the attitude of rejecting uncontrollable risks in employees, and the risk concepts of "only by knowing dangers, can we avoid them" and "prevention first".	
			Business ethics	In order to promote the integrity culture policy, relevant measures have been	

				formulated in accordance with laws and regulations: The "Ethical Corporate Management Best Practice Principles" and the "Reporting System and Implementation Management Measures".	
			Corporate Governance	In order to deepen corporate governance and improve the operation of the board of directors, relevant measures have been formulated in accordance with laws and regulations: The "Corporate Governance Best-Practice Principles", the "Rules Governing the Performance Evaluation of the Board of Directors", and the "Management Rules for Internal Material Information Handling and Insider Trading Prevention".	
<p>III. Environmental Issues</p> <p>(I) Has the Company established a suitable environmental management system based on its industrial characteristics?</p> <p>(II) Does the Company endeavor to utilize all resources more efficiently and use renewable materials that have low impact on the environment?</p> <p>(III) Does the Company assess the potential risks and opportunities of climate change for its current and future operations and undertake response measures with respect to climate change?</p> <p>(IV) Does the Company calculate the amount of greenhouse gas emissions, water consumption, and</p>	<p>V</p> <p>V</p> <p>V</p> <p>V</p>		<p>(I) The Company has always attached great importance to environmental protection issues, implemented the environmental management system in accordance with the ISO 14001 international standard, and obtained the ISO14001 environmental management system certification in 1999; and obtained the ISO14001:2015 revised certification in 2017. It continues to engage with third-party verification agency to manage the system validity verification, and the validity period of the certificate is until July 22, 2023.</p> <p>(II) The Company develops source management measures such as raw material reduction through green production technology, and is committed to the research and development of green products and green energy industry products to design application materials with low energy consumption, low pollution and high efficiency. In addition to source management, it is also actively involved in recycling and economic use of waste as a substantial action to get engaged in environmental greening as an enterprise.</p> <p>(III) In accordance with the regulations of the Energy Bureau of the Ministry of Economic Affairs, the Company has formulated an target of annual electricity saving of 1% based on the total electricity consumption in 2014; and carried out baseline checking of GHG emissions in accordance with ISO 14064-1 to check the GHG emissions every year since 2005. It engages with a third-party verification agency (Taiwan Weili International Quality Assurance Verification Co., Ltd. (BV)) for verification each year. At present, the checking of GHG emissions in 2021 has been completed. The Company also carries out GHG emission list every year. In addition, on November 15, 2013, it passed the PAS2050 carbon footprint verification statement for three products.</p> <p>(IV) Each plant of the Company completes the GHG checking operation, applies for GHG exchange project, regularly monitors and reports, and sets the reduction target; they also carries out the statistics, report (to competent authorities) and disclosure (in ESG report for example) of various environmental statistics</p>	<p>Having been implemented according to the Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies without deviations</p>	

<p>(III) Does the Company provide a healthy and safe work environment and organize health and safety training for its employees on a regular basis?</p>	<p>V</p>	<p>compensation, and the award of long-term employee bonuses, exemplary employees, etc. These incentives are implemented without preferential treatment or discrimination on gender, age, race, nationality, religion or political stance.</p> <p>(III)</p> <ol style="list-style-type: none"> 1. In accordance with the requirements of laws and regulations, the annual health inspection needs are thoroughly implemented, and an analysis report of the inspection results is issued. Special personnel (factory medical staff) follow up and control the abnormal items. The special operations personnel also undergo special health inspections every year. The Company provides complete and compliant safety facilities, regularly conducts working environment monitoring to ensure that workers have a safe working environment; meanwhile, health inspection software is used to statistically analyze the health inspection status of each plant. The Company also promotes various health education knowledge, organizes walking activities for employees, and sets up sports clubs. All plants have held health seminars to promote healthy concepts. Factory doctors and experts are assigned regularly to the factories to conduct training related to occupational illness prevention and government health policies. Additionally, the factories will offer healthy lunches based on actual needs. At the same time, in conjunction with the government's policies in promoting healthiness, in terms of employees working overtime, ergonomics in workplace, and maternal protection upon female staff, the Company has organized relevant plans to prevent cardiovascular diseases and work-related musculoskeletal disorders, as well as strengthened the prevention of mother and child risks. and arrange smoke cessation and weight loss activities. 2. According to ISO45001: 2018 Occupational Safety and Health Management System, the Company passed the third-party verification on August 3, 2020, and the certificate will be valid until August 2, 2023, covering the parent company and Taiwan Lu-Chu Plant, Ta-Fa Plant, Ping-Nan Plant and other production bases. The Company also uses PDCA management structure to build a safe and healthy workplace environment, and makes an annual safety and health education plan for implementation. 3. There were 2 occupational accident cases in 2021, in which 2 people were injured, accounting for 0.1% of the total number of employees in Taiwan. One accident was caused by contamination with chemicals when repacking, and the improvement measure is to reconfirm the identification of work hazards, risk assessment and redoing of educational training and practical performance assessment; the other case was caused by the splashing resulting from falling off of the pipelines at shutdown, and the improvement measure is to comprehensively investigate and replace valve parts that are less likely to fall off, and re-confirm the identification of operational hazards and risk assessment, and conduct personnel training again. 	<p>without deviations</p>
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<p>(IV) Does the Company establish effective career development and training plans for its employees?</p>	<p>V</p>	<p>(IV) The Company plans different training courses for different objects (new recruits, general employees, management personnel). For new recruits, the Company sets up "Induction Training", "New Staff Training", "Plant Tour", department OJT, etc.; general staff are divided into sales type, R&D type, manufacturing quality type, etc.; management personnel are divided into grassroots management, middle management and advanced management, high-level management, business management, and the Company provides relevant internal and external training courses every year according to needs. Overseas managers are also provided with relevant training resources and targeted training courses. For the key personnel to be cultivated, the Company sets up separate personal development plans and mentors to complete the training plan.</p> <p>Effectiveness of education and training implementation:</p> <p>1. The actual expenditure on education and training declined, government subsidies increased, and the status of course offerings continued to grow:</p> <p>As shown in the table below, although 2021 was still affected by the COVID-19 epidemic, the Company started online learning and appropriately adopted the combined teaching method of physical and video teaching. Therefore, the indicators such as the number of class, the number of trainee, and the total number of class hour all last growing, and the total amount of government subsidies reached a record high.</p> <table border="1" data-bbox="846 906 1886 1257"> <thead> <tr> <th>Year</th> <th>Actual expenditures of education and training</th> <th>Government subsidy</th> <th>Number of class (hour)</th> <th>Number of trainee</th> <th>Total number of class hour</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>NT\$ 5,265,656</td> <td>NT\$4,112.3 million</td> <td>767</td> <td>17,205</td> <td>33,016</td> </tr> <tr> <td>2021</td> <td>NT\$ 4,644,901</td> <td>NT\$4,535.23 million</td> <td>802</td> <td>22,748</td> <td>34,571</td> </tr> </tbody> </table> <p>2. The proportion of digital learning in the total class hours has grown significantly:</p> <p>After continuous promotion, the proportion of digital learning in the total class hours has grown significantly from 2.1% (2019), 7.4% (2020) to 21.7% (2021), showing the increasing effect of the</p>	Year	Actual expenditures of education and training	Government subsidy	Number of class (hour)	Number of trainee	Total number of class hour	2020	NT\$ 5,265,656	NT\$4,112.3 million	767	17,205	33,016	2021	NT\$ 4,644,901	NT\$4,535.23 million	802	22,748	34,571	
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<p>(V) Does the Company follow relevant laws and regulations and international standards, and formulate relevant consumer protection policies and complaint procedures with regard to customer health and safety, customer privacy, marketing and labeling of products and services?</p> <p>(VI) Does the Company formulate and implement supplier management policies that require suppliers to follow relevant regulations on</p>	<p>V</p> <p>V</p>	<p>Company's promotion of digital learning.</p> <p>3. The first time to launch the training of management capacity of managers (HPM) to strengthen the effectiveness of the cultivation and inheritance of manager experience:</p> <p>In 2021, for the first time, the Company launched the course of management capacity of managers (HPM), in which the mid-level managers in the Company served as lecturers. The course was in two stages, and a total of 47 trainees passed, achieving the effect of cultivating and inheriting supervisory experience.</p> <table border="1" data-bbox="808 475 1944 858"> <tr> <td>Training category</td> <td>2021 achievements</td> </tr> <tr> <td>Internal training</td> <td>A total of 140 classes were held, with a total of 18,428 class hours and a total of 4,959 trainees. The most expenditures were for management training, accounting for 48.05%.</td> </tr> <tr> <td>External training</td> <td>A total of 608 classes were applied for, with a total of 8,625 class hours and a total of 634 trainees.</td> </tr> <tr> <td>Digital learning platform</td> <td>At the end of 2021, 54 digital courses were added, with accumulated 17,146 readings. The total reading hours were 7,518 hours.</td> </tr> </table> <p>(V) In order to ensure and maintain the health and safety of customers and ensure the comprehensive service quality of customers, the Company's products meet the requirements of relevant laws and regulations, and the marketing and labeling also follow relevant laws and regulations and international standards. Each department responds on, reviews, and regularly holds production and sales meetings and business meetings on the product quality, and formulates customer complaint handling management measures as appeal channel. It has set up the Stakeholders Zone on the website, through which the customers can contact the Company by telephone, letters and E-mail at any time, facilitating the Company to appropriately response to the appeals of customers and their issues of concern.</p> <p>(VI)</p> <p>1. For supplier management, the Company has formulated the Supplier Evaluation Procedures for annual evaluation, and requires suppliers to sign the Supplier Code of Conduct, which covers labor, health and safety, environment, ethics and integrity. In terms of quality assurance and procurement, the Company also carries out irregular on-site audit on the production, quality management, safety, environment and health issues of existing suppliers. Most of the suppliers are long-term cooperative manufacturers. If the existing</p>	Training category	2021 achievements	Internal training	A total of 140 classes were held, with a total of 18,428 class hours and a total of 4,959 trainees. The most expenditures were for management training, accounting for 48.05%.	External training	A total of 608 classes were applied for, with a total of 8,625 class hours and a total of 634 trainees.	Digital learning platform	At the end of 2021, 54 digital courses were added, with accumulated 17,146 readings. The total reading hours were 7,518 hours.	
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<p>environmental protection, occupational safety and health or labor human rights?</p>		<p>suppliers are found to have a major negative impact on issues such as environment, labor conditions, human rights and society, the Group can change the source of supply from the next month (quarter).</p> <p>2. The annual written evaluation of suppliers is carried out in the first quarter of each year, and the raw material supplier evaluation is carried out according to the raw material items (5 items each) represented by the annual consumption scale (divided into four levels: over 5000 tons, 1000-5000 tons, 100-1000 tons, and below 100 tons).</p> <p>(1) The evaluation results are divided into Level A: 90 points or more, Level B: 75-89 points, Level C: 60-74 points, and Level D: 60 points or less.</p> <p>(2) Suppliers rated as C are required to make improvements and reduction of procurement configuration, while those rated as D will have to suspend procurement and shall not resume procurement unless making improvement.</p> <p>(3) The scoring criteria are shown in the following table:</p> <table border="1" data-bbox="846 544 1924 855"> <tr> <td data-bbox="846 544 1386 611"> <p>■Quality (50 points):</p> </td> <td data-bbox="1386 544 1924 611"> <p>■Cost (20 points): Whether the price is competitive.</p> </td> </tr> <tr> <td data-bbox="846 611 1386 678"> <p>① Whether there is ISO9001 certificate (10 points)</p> </td> <td data-bbox="1386 611 1924 678"> <p>■Delivery (10 points): Whether delivery is on time.</p> </td> </tr> <tr> <td data-bbox="846 678 1386 745"> <p>② Whether there is an environmental safety and health management system (10 points)</p> </td> <td data-bbox="1386 678 1924 745"> <p>■Service (20 points):</p> </td> </tr> <tr> <td data-bbox="846 745 1386 812"> <p>③ Whether an inspection form is attached (10 points)</p> </td> <td data-bbox="1386 745 1924 812"> <p>① Company requirements (10 points)</p> </td> </tr> <tr> <td data-bbox="846 812 1386 855"> <p>④ Delivery quality status (20 points)</p> </td> <td data-bbox="1386 812 1924 855"> <p>② CSR score (10 points)</p> </td> </tr> </table> <p>(4) Evaluation results for 2021: Suppliers all perform well, and no supplier is rated C or D.</p>	<p>■Quality (50 points):</p>	<p>■Cost (20 points): Whether the price is competitive.</p>	<p>① Whether there is ISO9001 certificate (10 points)</p>	<p>■Delivery (10 points): Whether delivery is on time.</p>	<p>② Whether there is an environmental safety and health management system (10 points)</p>	<p>■Service (20 points):</p>	<p>③ Whether an inspection form is attached (10 points)</p>	<p>① Company requirements (10 points)</p>	<p>④ Delivery quality status (20 points)</p>	<p>② CSR score (10 points)</p>	
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<p>④ Delivery quality status (20 points)</p>	<p>② CSR score (10 points)</p>												
<p>V. Does the Company prepare sustainable development report and other reports that disclose non-financial information by following international reporting standards or guidelines? Are the reports certified or assured by a third-party accreditation body?</p>	<p>V</p>	<p>Formulate sustainable development report with reference to GRI Standards and AA1000. The CPAs shall perform assurance work of the report and obtain the assurance statement according to the Conviction Standards Bulletin No. 1. Relevant information was disclosed on the Company's website and reported to MOPS as required by law.</p>	<p>Having been implemented according to the Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies without</p>										

				deviations
<p>VI. If the Company has established sustainable development best-practice principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," describe the implementation and any deviations from such principles:</p> <ol style="list-style-type: none"> 1. The Company has adopted the Corporate Social Responsibility Best Practice Principles (renamed as the Sustainable Development Best Practice Principles by the resolution of the Board of Directors on March 11, 2022), which serves as the basis for the promotion of corporate governance, the development of sustainable environment, the engagement in promoting social welfare, and strengthening the disclosure of CSR information. 2. Please refer to the above description for operation. 3. There are no deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies. 				
<p>VII. Other important information to facilitate a better understanding of promoting sustainable development practices: For relevant information, please refer to the operation situation and detailed report disclosed by the Company on its website: https:// www.eternal-group.com/WebData/Corporate02.</p>				

(VI) Implementation of ethical corporate management and measures for its implementation

Implementation of Ethical Corporate Management

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
<p>I. Formulating ethical corporate management policies and programs</p> <p>(I) Does the Company establish the ethical corporate management policies approved by the Board of Directors and declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its Board to implement the policies?</p>	V		(I) The Company has established the "Ethical Corporate Management Best Practice Principles" approved by the Board of Directors and submitted to the shareholders' meeting in August 2013. The Board and all employees should abide by the ethical corporate management policy to comply with corporate culture and ethical corporate management policy of "compliance, trustworthiness, and morality", and disclose the above information on the Company's website and MOPS.	Having been implemented according to the "Ethical Corporate Management Best Practice Principles" for TWSE/TPEX Listed Companies without deviations
<p>(II) Does the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include those specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?</p>	V		(II) The Company clearly stated in the "Ethical Corporate Management Best Practice Principles" that it prohibits unethical conduct stated in Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", and disclosed relevant regulations in the Company's internal system for colleagues to review and implement at any time. In addition, the Company reinforces the concepts during education and training to implement relevant regulations.	
<p>(III) Does the Company specify in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implement</p>	V		(III) To prevent unethical conduct, the Company has developed and implemented the "Whistleblowing Operating Procedure". Through internal control and routine audits, the Company	

<p>them and review the prevention programs on a regular basis?</p>			<p>expects to minimize the risk of unethical conducts of various types.</p> <p>The Company takes initiatives in promulgating anti-bribery mechanisms to prevent corruption and illegal activities. Zero incident of corruption was reported within the past three years.</p> <p>The achievement rate is 100%.</p>	
<p>II. Implementation of the ethical corporate management</p> <p>(I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties?</p> <p>(II) Does the Company establish an exclusively dedicated unit supervised by the Board of Directors to be in charge of ethical corporate management and report to the Board of Directors the implementation of ethical corporate management policies and prevention programs on a regular basis (at least once a year)?</p> <p>(III) Does the Company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?</p> <p>(IV) Does the Company establish effective accounting systems and internal control systems to implement ethical corporate management, with the internal audit unit being responsible for devising relevant audit plans based on the results of assessment of any unethical conduct risk, examining accordingly the compliance with the prevention programs, or engaging a certified public accountant to carry out the audit?</p> <p>(V) Does the Company regularly hold internal and external training</p>	<p>V</p> <p>V</p> <p>V</p> <p>V</p> <p>V</p>		<p>(I) Evaluations and credit investigations have been conducted upon all types of partners to avoid transaction with partners who have records of unethical behaviors.</p> <p>(II) The Company has established a dedicated unit to formulate and implement "Ethical Corporate Management Best Practice Principles", with the internal auditing unit regularly reports to the Board of Directors.</p> <p>(III) In the "Sustainable Development Policy", the Company clearly stipulates that the implementation of sustainable development should be based on respecting social ethics and paying attention to the rights and interests of other stakeholders. While pursuing sustainable operation and profit, the Company should attach great importance to environmental protection, social welfare and corporate governance factors, which have been incorporated into the Company's overall management and operations.</p> <p>(IV) The company has established an effective accounting system and internal control system. The internal auditors will also evaluate the high- risk activities listed in the annual audit plan and prepare the audit results into an audit report which will be submitted to the Audit Committee for review and directors attending the board meeting on a regular basis. In addition, departments are required to self- evaluate their internal control systems each year to ensure the effectiveness of the design and implementation.</p> <p>(V) Following the corporate culture of "compliance, trustworthiness, and</p>	<p>Having been implemented according to the "Ethical Corporate Management Best Practice Principles" for TWSE/TPEX Listed Companies without deviations</p>

<p>related to ethical corporate management?</p>			<p>virtues (public virtues, morality, and characters)", the Company promotes the concept of ethical corporate management for employees through written and course promotion.</p> <ol style="list-style-type: none"> 1. Current employees: Promulgated through annual publications. 2. New employees: A 20-minute talk is arranged during new employee trainings on corporate governance internal control and legal compliance, including anti- bribery, ethical corporate management, and insider trading, etc. Promulgation and testing are conducted on the internal educational platform. In total, 88 new employees have completed the training in 2021. <p>The Company has advocated for ethical corporate management to the entire staff for years. The overall achievement rate is 100%.</p>	
<p>III. Implementation of the Company's whistleblowing system</p> <p>(I) Does the Company establish both a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party?</p> <p>(II) Does the Company establish the standard operating procedures for investigating reported misconduct, follow-up measures to be taken after the investigation, and related confidentiality mechanisms?</p> <p>(III) Does the Company provide protection for whistle-blowers against receiving improper treatment?</p>	<p>V</p> <p>V</p> <p>V</p>		<p>(I) The Company has established the "Ethical Corporate Management Principles of Eternal Materials Co., Ltd." to regulate the relevant whistle-blowing system, established a reporting channel, and assigned appropriate personnel to investigate the reported party.</p> <p>(II) The implementation and management measures for the "whistle-blowing system" have been formulated and announced by the Company.</p> <p>(III)</p> <ol style="list-style-type: none"> 1. The Company has clearly adopted measures to protect whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing, assigned dedicated personnel or unit to investigate the reports, and kept the identity of the whistle-blower and content of the report confidential. 2. Starting from 2021 Q4, after each quarter, the contents of the whistle-blowing mailbox, a summary of the whistle-blowing and acceptance situation shall be sent to each independent director. 	<p>Having been implemented according to the "Ethical Corporate Management Best Practice Principles" for TWSE/TPEX Listed Companies without deviations</p>

<p>IV. Enhancing disclosure of information</p> <p>Does the Company disclose the ethical corporate management policies and the results of its implementation on the Company website and MOPS?</p>	<p>V</p>	<p>The Company's website (http://www.tpcc.com.tw) discloses the Company's management philosophy of integrity. The Company maintains a smooth communication channel at all times, fully utilizes the spokesperson mechanism, and upholds the principle of good faith to immediately disclose public information at MOPS to protect the rights of investors and stakeholders. In addition, the Company discloses in the annual report on the implementation of integrity management and adoption measures.</p>	<p>Having been implemented according to the "Ethical Corporate Management Best Practice Principles" for TWSE/TPEX Listed Companies without deviations</p>
<p>V. If the Company has established its own Ethical Corporate Management Best Practice Principles in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies, state the discrepancies between these principles and its implementation: No deviation.</p>			
<p>VI. Is there any other important information to facilitate a better understanding of the Company's ethical corporate management practices? (Such as review and amendment of the Company's Ethical Corporate Management Best Practice Principles): Having been disclosed on the Company's website and the MOPS.</p>			

(VII) Methods of inquiry on the Corporate Governance Best Practice Principles and related regulations established by the Company:

Having been disclosed on the Company website. To inquire, please refer to www.eternal-group.com.

(VIII) Other material information that can enhance the understanding of the state of corporate governance at the Company:

Considering actual operational needs, the Company has formulated the "Procedures for Endorsements and Guarantees", the "Procedures for Lending Funds to Other Parties", the "Procedures for Acquisition or Disposal of Assets", the "Corporate Governance Regulations of Eternal Materials Co., Ltd.", the "Management Rules for Internal Material Information Handling and Insider Trading Prevention", the "Corporate Sustainable Development Guidelines", and the "Ethical Corporate Management Principles". These documents have been published on the company website. Meanwhile, important resolutions passed during the meetings (of either shareholders or Board of Directors) were disclosed on the company website to provide more information on the operations of corporate governance.

(IX) Implementation of the Internal Control System

1. Statement of Internal Control

Eternal Materials Co., Ltd.
Statement on Internal Control

Date: Mar. 11, 2022

The internal control system of the Company in 2021, based on the results of self-assessment, is hereby stated as follows:

- I. The Company acknowledges that it is the responsibility of the Board of Directors and managerial officers to establish, implement, and maintain the established internal control system. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including income, performance, and asset safety) and reporting are reliable, timely, and transparent, as well as to ensure compliance with relevant regulations and laws.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- III. The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify 5 components of internal control based on the process of management control: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring operations. Each key component includes several items. Please refer to the Regulations for the aforementioned items.
- IV. The Company has evaluated the design and operating effectiveness of the internal control system according to the Regulations.
- V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2021, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.
- VI. This statement is an integral part of the Company's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement has been approved by the Board of Directors of the Company on March 11, 2022. Among the 9 Directors present, 0 of them disagreed. The rest all agreed to the contents of this statement.

Eternal Materials Co., Ltd.

Chairman: Kao, Kuo-Lun (signed / sealed)

President: Mao, Hui-Kuan (signed / sealed)

2. Any CPA commissioned to conduct a project review of the ICS shall disclose the CPA's audit report: None.

(X) Penalties imposed on the Company and its internal staff, penalties imposed on its internal staff by the Company for violation of internal control regulations, major deficiencies and status of improvements made in the most recent fiscal year up to the publication date of this annual report: None.

(XI) Key resolutions adopted by the Shareholders' Meeting and the Board of Directors in the most recent fiscal year up to the publication date of this annual report

1. 2021 Annual Meeting of Shareholders

Proposal	Material Resolution	Status of Implementation
Proposal I	Recognition of 2020 final statements.	Implemented as proposed.
Proposal II	Recognition of 2019 surplus distribution.	The distribution of cash dividend of NT\$1.5 per share was completed on August 26, 2021. Implemented as proposed.
Proposal III	Pass the proposal on the amendments to the Articles of Incorporation.	The resolution was passed, and the Company conducted relevant operations in accordance with the amended Articles of Incorporation, and disclosed them publicly on the Company website.

2. Meetings of the Board of Directors

Date	Resolution
03/26/2021	<p>Proposal I: Pass the proposal on discussing the 2020 consolidated and standalone financial statements.</p> <p>Proposal II: Pass the proposal on the appointment of CPAs from 2021 Q2 to 2022 Q1 and the evaluation of CPAs' independence.</p> <p>Proposal III: Pass the proposal on the amendment to the Code of Practice for Related Party Transactions.</p> <p>Proposal IV: Pass the 2020 Business Report.</p> <p>Proposal V: Approve the issuance of the 2020 Statement on Internal Control System.</p> <p>Proposal VI: Pass the proposal on the distribution of surplus for 2020.</p> <p>Proposal VII: Pass the proposal on the distribution of remuneration for directors and employees in 2020.</p> <p>Proposal VIII: Pass the proposal on the amendments to the Articles of Incorporation.</p> <p>Proposal IX: Pass the convention of the 2021 shareholders' meeting.</p> <p>Proposal X: Pass the proposal on the inter-subsidary loans and quotas (entrusted loans).</p> <p>Proposal XI: Pass the proposal on the inter-subsidary loans and quotas (external loans).</p> <p>Proposal XII: Pass the proposal on the inter-affiliate loans and quotas (entrusted loans).</p> <p>Proposal XIII: Pass the proposal on the investment to establish the new synthetic resins plant in east China.</p> <p>Proposal XIV: Pass the proposal on capital increase of Eternal Electronic (Suzhou) Co., Ltd.</p> <p>Proposal XV: Pass the proposal on the investment to the gluing production line of Eternal Electronic (Suzhou) Co., Ltd.</p> <p>Proposal XVI: Pass the proposal on the merger of Nikko-Materials Co., Ltd. with Nikko-Mechanics Co., Ltd.</p>

	<p>Proposal XVII: Pass the proposal on the liquidation and dissolution of Changhe International Trading (GZFTZ) Co., Ltd.</p> <p>Proposal XVIII: Pass the proposal on the distribution of profit target overreach performance bonuses to managerial officers in 2020.</p>
05/07/2021	<p>Proposal I: Pass the proposal on the application for syndicated bank credit to repay the bank loan and meet medium-term operating working capital needs.</p> <p>Proposal II: Pass the proposal on the issuance of secured ordinary corporate bonds for 2021.</p> <p>Proposal III: Pass the proposal on the inter-subsiary loans and quotas (entrusted loans).</p> <p>Proposal IV: Pass the proposal on the inter-affiliate loans and quotas (entrusted loans).</p> <p>Proposal V: Pass the proposal for the Company to lift the non-competition restrictions for managerial officers of the Company to serve in enterprises invested by the Company.</p> <p>Proposal VI: Pass the proposal on the amendment to the Regulations on Administration of Subsidies for Official Use of Self-Owned Vehicles.</p> <p>Proposal VII: Pass the proposal on the Amendment to the Regulations on Administration of Year-end Bonus Payment.</p> <p>Proposal VIII: Pass the proposal on the amendment to the Employee Compensation Distribution Standards</p> <p>Proposal IX: Pass the proposal on the promotion and remuneration review of managerial officers of the Company.</p> <p>Proposal X: Pass the proposal on the transfer and remuneration review of important operation managers of the Company.</p> <p>Proposal XI: Pass the proposal on the distribution of employee remuneration for managerial officers in 2020.</p>
06/18/2021	Proposal I: Determine the postponement of the 2021 Annual Meeting of Shareholders
07/02/2021	None.
08/06/2021	<p>Proposal I: Pass the revised 2021 group business plan.</p> <p>Proposal II: Pass the mid-2021 revised cash flow plan.</p> <p>Proposal III: Pass the proposal on formulating the Organizational Procedures for the Corporate Governance and Corporate Social Responsibility Committee</p> <p>Proposal IV: Pass the proposal on the capital increase of Indonesian subsidiary.</p> <p>Proposal V: Pass the proposal on the capital increase and equity sale of ESCO Specialty Coatings (Shanghai) Co., Ltd.</p> <p>Proposal VI: Pass the proposal on the capital increase and equity sale of Eternal Sun A. (Suzhou) Co., Ltd.</p> <p>Proposal VII: Pass the proposal on the inter-subsiary loans and quotas (external loans).</p> <p>Proposal VIII: Pass the proposal on the retirement / discharge of the Company's managerial officer Hsieh, Chin-Kun, the Chief Operation Strategy Officer.</p>
11/05/2021	<p>Proposal I: Pass the proposal on building Suzhou R&D Building.</p> <p>Proposal II: Pass the proposal on the investment to the gluing production line of Eternal Electronic (Suzhou) Co., Ltd.</p>

	<p>Proposal III: Pass the proposal on the inter-subsidary loans and quotas (entrusted loans).</p> <p>Proposal IV: Pass the proposal on the establishment of the Corporate Governance and Corporate Social Responsibility Committee and the appointment of the first term of committee members.</p> <p>Proposal V: Approve the amendment of some provisions in the Articles of Incorporation.</p>
11/30/2021	Proposal I: Pass the proposal on acquiring land at Huazheng Rd., Luzhu District.
12/22/2021	<p>Proposal I: Pass the 2022 group (merger) business plan.</p> <p>Proposal II: Pass the 2022 cash flow plan.</p> <p>Proposal III: Pass the 2022 audit plan.</p> <p>Proposal IV: Pass the proposal on the annual audit and adjustment of the inter-subsidary loans (revolving credit line).</p> <p>Proposal V: Pass the proposal on the inter-subsidary loans (nonrevolving credit line).</p> <p>Proposal VI: Pass the proposal that in order to meet the needs of correspondent banks, loan procedures and capital dispatch, request the Board of Directors to authorize the Chairman to approve the account opening, account closing, depositing and borrowing, including application for or renewal of relevant quotas with financial institutions in 2022</p> <p>Proposal VII: Pass the proposal on the cancellation of business division.</p> <p>Proposal VIII: Pass the proposal on the change of managerial representative of Ping-Nan Plant branch.</p> <p>Proposal IX: Pass the proposal on the Amendment to the "Director Compensation Distribution Standards"</p> <p>Proposal X: Pass the proposal on 2022 salary adjustment of managerial officers.</p> <p>Proposal XI: Pass the proposal on the managerial officers' annual performance bonus and operation performance bonus in 2021</p>
03/11/2022	<p>Proposal I: Pass the proposal on discussing the 2021 consolidated and standalone financial statements.</p> <p>Proposal II: Pass the proposal on the appointment of CPAs from Q2 2022 to Q1 2023 and the evaluation of their independence.</p> <p>Proposal III: Pass the 2021 Business Report.</p> <p>Proposal IV: Approve the issuance of the 2021 Statement on Internal Control System.</p> <p>Proposal V: Pass the proposal on capital reduction in cash of the Company.</p> <p>Proposal VI: Pass the proposal on the distribution of surplus for 2021.</p> <p>Proposal VII: Pass the proposal on the distribution of remuneration for directors and employees in 2021.</p> <p>Proposal VIII: Pass the proposal on amendment of certain articles in the "Procedures Governing the Acquisition and Disposal of Assets".</p> <p>Proposal IX: Pass the proposal on the application for the license of selling medical equipment by the Company's Biomedical Branch Office.</p> <p>Proposal X: Pass the proposal on the election of directors of the 19th Board of Directors of the Company.</p> <p>Proposal XI: Pass the proposal on the candidate list of directors (including independent directors) nominated by the Board of Directors.</p>

<p>Proposal XII: Pass the proposal for the Company to lift the non-competition restrictions for the 19th term of directors of the Company.</p> <p>Proposal XIII: Pass the proposal on the spin off and transfer of electronic equipment team related business and the establishment of subsidiaries and the spin-off plan.</p> <p>Proposal XIV: Pass the proposal that in order to coordinate with the stock listing plan of the Company's new subsidiary "Eternal Precision Mechanics Co., Ltd. ", the Company may release the shares of the subsidiary in batches and abandon its participation in the cash capital increase plan of Eternal Precision Mechanics Co., Ltd.</p> <p>Proposal XV: Pass the convention of the 2022 shareholders' meeting.</p> <p>Proposal XVI: Pass the proposal on the issuance of secured ordinary corporate bonds for 2022.</p> <p>Proposal XVII: Pass the proposal on the inter-affiliate loans (revolving credit line).</p> <p>Proposal XVIII: Pass the proposal on the investment to expand the Phase 2 project of Suzhou material plant.</p> <p>Proposal XIX: Pass the proposal on capital increase in cash of Eternal Electronic (Suzhou) Co., Ltd.</p> <p>Proposal XX: Pass the proposal on capital reduction of Allnex-Eternal Resins (joint venture).</p> <p>Proposal XXI: Pass the proposal to amend the names and some provisions of the "Corporate Social Responsibility Best Practice Principles", the "Corporate Social Responsibility Policy" and the "Organizational Procedures for the Corporate Governance and Corporate Social Responsibility Committee of the Company", and change the name of the "Corporate Governance and Corporate Social Responsibility Committee".</p> <p>Proposal XXII: Approve the amendment to some articles of the "Corporate Governance Regulations"</p> <p>Proposal XXIII: Pass the annual plan and strategic direction for sustainable development in 2022.</p> <p>Proposal XXIV: Pass the proposal on the retirement / discharge of the Company's managerial officer Liao, Hung-Ning.</p> <p>Proposal XXV: Pass the proposal on the transfer of important operation managers of the Company.</p> <p>Proposal XXVI: Pass the proposal on the amendment to the "Remuneration Committee Charter"</p> <p>Proposal XXVII: Pass the proposal on the distribution of profit target overreach performance bonuses to managerial officers in 2021.</p> <p>Proposal XXVIII: Pass the proposal on 2021 managerial officer project award plan.</p>
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(XII) Major contents of any dissenting opinions on record or stated in a written statement made by Directors or Supervisors regarding key resolutions of the Directors' Meeting in the most recent year up to the publication date of this report: None.

(XIII) Summary of the resignation and dismissal of the Company's Chairman, President, Accounting Manager, Finance Manager, Head of Internal Audit and Head of Research and Development in the most recent fiscal year up to the publication date of this annual report:

None.

V. Information on CPA Professional Fees:

(I) Amount of audit and non-audit fees and non-audit services provided by CPAs and their accounting firm and affiliates:

Unit: NT\$ thousand

Accounting Firm	CPA Name	Audit Period	Audit Fees	Non-audit Fees	Total	Remark
Deloitte Taiwan	Wang, Chao-Chun	01/01/2021~12/31/2021	8,120	1,250	9,370	Non-audit fees are mainly for-profit business income tax and service fees for certified and project consultants
	Kuo, Li-Yuan	01/01/2021~12/31/2021				

(II) Changing an accounting firm and the audit fees paid in the year of the change are less than those in the year preceding the change: None.

(III) Whether the audit fees were reduced by more than 10 percent compared to the previous fiscal year: None.

VI. Information on Replacement of CPAs:

(I) Replacement of CPA within the most recent two years or any subsequent interim period: None.

1. Regarding the former CPAs: None.

2. Regarding the successor CPAs: None.

3. Former CPAs' Reply to Disclosures under Items 1 and 2-3, Subparagraph 6, Article 10 of the Guidelines: N/A.

VII. The Chairman, President, or Any Managerial Officer in Charge of Finance or Accounting Matters in the Most Recent Fiscal Year Holding a Position at the CPAs' Accounting Firm or an Affiliate of the Accounting Firm: None.

VIII. Equity transfer or changes in equity pledged by the Company's directors, supervisors, managerial officers or shareholders with shareholding percentage exceeding ten (10) percent in the most recent fiscal year up to the publication date of this Annual Report:

(I) Transfer of equity interests:

Title	Name	2021		As of April 25, 2022	
		Change in Number of Shares Held	Change in Number of Shares Pledged	Change in Number of Shares Held	Change in Number of Shares Pledged
Chairman and CEO	Kao, Kuo-Lun	(133,000)	(250,000)	-	-
Vice Chairman and CSO	Hsieh, Chin-Kun(Note 1)	-	-	-	-

President and COO	Mao, Hui-Kuan	-	-	-	-
Director and CSO	Shiao, Tzu-Fei(Note 1)	-	-	-	-
Director	Kao, Ying-Chih	(600,000)	-	-	-
	Kwang Yang Motor Co., Ltd.	-	-	-	-
	Representative: Ko, Chun-Ping	-	-	-	-
	Yang, Huai-Kun	-	-	(200,000)	-
	Huang, Wu-Tung(Note 2)	(20,000)	-	-	-
Independent Director	Yen, Shu-Fen	-	-	-	-
	Hung, Lee-Jung	-	-	-	-
	Luo Li-Chun	-	-	-	-
Vice President	Chen, Yi-Heng	-	-	-	-
	Chen, Chin-Yuan(Note 2)	-	-	-	-
	Liao, Heng-Ning	-	-	-	-
	Hung, Chao-Cheng(Note 3)	-	-	-	-
Assistant Vice President	Pan, Chin-Cheng(Note 3)	-	-	-	-
	Lin, Chih-Kuo	10,000	-	-	-
	Sung, Chun-Lung(Note 2)	-	-	-	-
	Kao, Chih-Yu	-	-	-	-
	Chang, Shih-Fang(Note 2)	1,613	-	-	-
	Huang, Chin-Lung(Note 2)	-	-	-	-
	Su, Wen-Pin	-	-	-	-
	Yeh, Mao-Jung	-	-	-	-
	Weng, Chin-Yi	-	-	-	-
	Chu, Jui-Hsin	-	-	-	-
	Lin, Chao-Kun	-	-	-	-
	Chen, Hung-Yi	-	-	-	-
	Liao, Keng-Chung	-	-	-	-
Chang Chi-Kang	-	-	-	-	
Hsieh, Yen-Fen	-	-	-	-	
Chief Financial Officer	Liu, Bing-Cheng	10,000	-	10,000	-
Chief Accounting Officer	Su, Hui-Fang	-	-	-	-
Corporate Governance Officer	Liu, Bing-Cheng	10,000	-	10,000	-

Note 1: Hsieh, Chin-Kun and Shiao, Tzu-Fei were discharged as the CSO due to retirement on September 2021 and February 2021, respectively.

Note 2: For discharged directors and managers, the number of shares held at the end of the period refers to the number of shares held in the month of discharge.

Note 3: Hung, Chao-Cheng and Pan, Chin-Cheng were promoted to Vice Presidents of the Company on July 1, 2021

(II) Information on related parties of transfer of equity interests

As of April 25, 2022

Name	Reason for Transfer	Date of Transaction	Counterparty	Relationship between the counterparty and the Company, its Directors, Supervisors, managerial officers, and shareholders with shareholding percentage exceeding ten (10) percent	Number of Shares	Transaction Price
Kao, Ying-Chih	Bestowal	12/17/2021	Kao, Kuo-Hsun	Father and son	600,000	N/A
Yang, Huai-Kun	Bestowal	01/06/2022	Yang, Chin-Ying	Father and daughter	100,000	N/A
Yang, Huai-Kun	Bestowal	01/06/2022	Yang, Chin-Ning	Father and daughter	100,000	N/A

(III) Information on related parties of pledge of equity interests: None.

IX. Information on the top 10 holders of the Company's shares who are identified as related parties, spouse or relative within second-degree of kinship:

Information of the top 10 shareholders in terms of number of shares held, who are related parties of each other

Unit: Thousand shares; %

NAME	CURRENT SHAREHOLDING		SPOUSE & MINOR SHAREHOLDING		TOTAL SHAREHOLDING BY NOMINEES		TITLE OR NAME AND RELATIONSHIP OF TOP 10 SHAREHOLDERS WHO ARE RELATED PARTIES OR EACH OTHER'S SPOUSES AND RELATIVES WITHIN THE SECOND DEGREE OF KINSHIP		REMARK
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Name	Relationship	
Kwang Yang Motor Co., Ltd.	124,000	9.99	0	0.00	0	0.00	Kwang Hsing Industrial Co., Ltd.	Parent company and subsidiary	None
Representative: Ko, Sheng-Feng	0	0.00	0	0.00	0	0.00	None	None	None
Kao, Ying-Shih	78,288	6.31	0	0.00	0	0.00	Kao, Kuo-Lun Kao, Ying-Chih	Father Brothers	None
Kwang Hsing Industrial Co., Ltd.	56,000	4.52	0	0.00	0	0.00	Kwang Yang Motor Co., Ltd.	Parent company and subsidiary	None
Representative: Ko, Chun-Ping	0	0.00	10	0.00	0	0.00	None	None	None

Kao, Kuo-Lun	54,006	4.35	5,731	0.46	0	0.00	Kao, Ying-Shih	Father	None
Taiwan Cooperative Bank Co., Ltd.	23,005	1.85	0	0.00	0	0.00	None	None	None
Representative: Lei, Chung-Ta	0	0.00	0	0.00	0	0.00	None	None	None
LGT Bank AG in custody of Standard Chartered	20,818	1.68	0	0.00	0	0.00	None	None	None
Hua-Yang Industrial Co., Ltd.	19,990	1.61	0	0.00	0	0.00	None	None	None
Representative: Lee, Shang-Heng	7	0.00	12	0.00	0	0.00	None	None	None
Kao, Ying-Chih	19,252	1.55	1,037	0.08	6,279	0.51	Kao, Ying-Shih	Brothers	None
Yang, Huai-Kun	15,576	1.26	0	0.00	0	0.00	None	None	None
Jia-Cheng Co., Ltd.	15,491	1.25	0	0.00	0	0.00	None	None	None
Representative: Cheng, Yu-Ching	0	0.00	0	0.00	0	0.00	None	None	None

X. Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its Directors and Supervisors, Managerial Officers, and Any Companies Controlled Either Directly or Indirectly by the Company:

Consolidated shareholding percentage

Dec. 31, 2021 Unit: Shares; %

Investee companies (Note 1)	Ownership by the Company		Investment by Directors/Managerial Officers and Companies Directly or Indirectly Controlled by the Company		Total Ownership	
	Number of Shares	Percentage of Ownership	Number of Shares	Percentage of Ownership	Number of Shares	Percentage of Ownership
EternalHoldingsInc.	204,273,859	100.00	0	0	204,273,859	100.00
EternalGlobal(BVI)Co.,Ltd.	16,821,024	100.00	0	0	16,821,024	100.00
MixvilleHoldingsInc.	29,530,000	100.00	0	0	29,530,000	100.00
AdvancedPETFILMInvestmentCo., Ltd.	270	20.00	0	0	270	20.00
Daxin Materials Corporation	23,423,812	22.80	513,089 Note 3	0.50	23,939,901	23.30
New E Materials Co., Ltd.	6,907,585	62.80	1,200,000	10.91	8,107,585	73.71
Covestro Eternal Resins (Far East) Ltd.	3,660,000	40.00	0	0	3,660,000	40.00
Eternal Electronic Material (Thailand) Co., Ltd.	937,500	75.00	0	0	937,500	75.00
Eternal Materials (Japan) Co., Ltd.	4,000	100.00	0	0	4,000	100.00

Nikko-MaterialsCo.,Ltd.	11,520	100.00	0	0	11,520	100.00
ElgaEuropeS.r.l.	Note 2	72.68	Note 2	22.32	Note 2	95.00

Note 1: Long-term investments made by the Company using the equity method

Note 2: Not applicable as stocks were not issued.

Note 3: The data on April 17, 2022 book closure date for Daxin Materials Corporation shareholders' meeting.

Chapter 4. Funding Status

I. Capital and Shares

(I) Source of Capital

1. Type of share capital

April 25, 2022 Unit: Thousand shares

Type of Shares	Authorized Capital			Remark
	Issued Shares	Unissued Shares	Total	
Common stock	1,240,280 (listed)	559,720	1,800,000	None

2. Capital formation

April 25, 2022 Unit: NT\$ thousand; thousand shares

Year/Month	Par Value	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
1964.12	NT\$100	8	800	8	800	Establishment	None	--
1966.01	NT\$100	40	4,000	40	4,000	Capitalization of cash, 3,200	None	--
1968.01	NT\$100	100	10,000	100	10,000	Capitalization of cash, 6,000	None	--
1972.01	NT\$100	160	16,000	160	16,000	Capitalization of cash, 6,000	None	--
1972.11	NT\$100	360	36,000	360	36,000	Capitalization of cash, 20,000	None	--
1973.11	NT\$100	700	70,000	700	70,000	Capitalization of cash, 34,000	None	--
1975.09	NT\$100	770	77,000	770	77,000	Capitalization of cash, 7,000	None	--
1977.09	NT\$100	800	80,000	800	80,000	Capitalization of cash, 3,000	None	--
1978.08	NT\$100	1,000	100,000	1,000	100,000	Capitalization of cash, 20,000	None	--
1979.11	NT\$100	1,500	150,000	1,500	150,000	Capitalization of surplus, 25,000; capitalization of cash, 25,000	None	--
1985.11	NT\$10	20,000	200,000	20,000	200,000	Capitalization of cash, 50,000	None	--
1987.01	NT\$10	30,000	300,000	30,000	300,000	Capitalization of cash, 100,000	None	--
1988.07	NT\$10	45,500	455,000	45,500	455,000	Capitalization of cash, 155,000	None	07/21/1988 (77) T.C.Z. (Y.) No. 08700
1990.08	NT\$10	60,000	600,000	60,000	600,000	Capitalization of surplus, 145,000	None	08/03/1990 (79) T.C.Z. (Y.) No. 31539
1992.07	NT\$10	72,000	720,000	72,000	720,000	Capitalization of surplus, 120,000	None	06/03/1992 (81) T.C.Z. (Y.) No. 01142
1993.07	NT\$10	90,942	909,419	90,942	909,419	Capitalization of surplus, 189,419	None	06/22/1993 (82) T.C.Z. (Y.) No. 01524
1994.07	NT\$40	131,677	1,316,774	131,677	1,316,774	Capitalization of surplus, 227,355; capitalization of cash, 180,000;	None	06/27/1994 (83) T.C.Z. (Y.) No. 27511
1995.07	NT\$10	164,597	1,645,967	164,597	1,645,967	Capitalization of surplus, 197,516; capital reserve, 131,677	None	06/08/1995 (84) T.C.Z. (Y.) No. 33684
1996.07	NT\$10	197,516	1,975,161	197,516	1,975,161	Capitalization of surplus, 164,597; capital reserve, 164,597	None	06/25/1996 (85) T.C.Z. (Y.) No. 38778

1997.07	NT\$10	300,000	3,000,000	257,633	2,576,329	Capitalization of surplus, 434,535; capital reserve, 158,013; employee bonus 8,620	None	06/12/1997 (86) T.C.Z. (Y.) No. 46433
1998.06	NT\$10	400,000	4,000,000	336,103	3,361,025	Capitalization of surplus, 566,793; capital reserve, 206,106; employee bonus 11,797	None	05/06/1998 (87) T.C.Z. (Y.) No. 38173
1999.06	NT\$10	500,000	5,000,000	404,352	4,043,517	Capitalization of surplus, 571,374; capital reserve, 100,831; employee bonus 10,287	None	05/18/1999 (88) T.C.Z. (Y.) No. 46053
1999.10	NT\$35	500,000	5,000,000	407,352	4,073,517	Capitalization of cash, 30,000	None	10/13/1999 (88) T.C.Z. (Y.) No. 88150
2000.05	NT\$35	500,000	5,000,000	418,782	4,187,817	Capitalization of cash, 114,300	None	05/12/2000 (89) T.C.Z. (Y.) No. 42830
2000.07	NT\$10	600,000	6,000,000	501,877	5,018,766	Capitalization of surplus, 766,229; capital reserve, 16,245; employee bonus 48,475	None	05/20/2000 (89) T.C.Z. (Y.) No. 44222
2001.05	NT\$10	650,000	6,500,000	554,175	5,541,752	Capitalization of surplus, 401,501; capital reserve, 100,375; employee bonus 21,110	None	05/24/2001 (90) T.C.Z. (Y.) No. 132348
2002.05	NT\$10	650,000	6,500,000	583,667	5,836,668	Capitalization of surplus, 277,088; employee bonus 17,828	None	05/21/2002 (91) T.C.Z. (Y.) No. 127586
2005.07	NT\$10	753,000	7,530,000	642,034	6,420,335	Capitalization of surplus, 583,667	None	07/06/2005, J.G.Z.Z. No. 0940127266
2006.06	NT\$10	850,000	8,500,000	711,451	7,114,512	Capitalization of surplus, 642,034; employee bonus 52,143	None	06/23/2006, J.G.Z.Z. No. 0950126034
2007.07	NT\$10	950,000	9,500,000	803,547	8,035,468	Capitalization of surplus, 853,741; employee bonus 67,215	None	06/06/2007, J.G.Z.Z. No. 0960028997
2008.08	NT\$10	1,200,000	12,000,000	891,221	8,912,212	Capitalization of surplus, 803,547; employee bonus 73,197	None	07/24/2008, J.G.Z.Z. No. 0970037454
2009.07	NT\$10	1,200,000	12,000,000	900,133	9,001,334	Capitalization of surplus, 89,122	None	06/23/2009, J.G.Z.Z. No. 0980031147
2010.09	NT\$10	1,200,000	12,000,000	945,140	9,451,401	Capitalization of surplus, 450,067	None	07/21/2010, J.G.Z.Z. No. 0990037977
2011.08	NT\$10	1,200,000	12,000,000	992,397	9,923,971	Capitalization of surplus, 472,570	None	06/22/2011, J.G.Z.Z. No. 000028589
2014.08	NT\$10	1,200,000	12,000,000	1,022,169	10,221,690	Capitalization of surplus, 297,719	None	07/22/2014, J.G.Z.Z. No. 030025006
2016.08	NT\$10	1,200,000	12,000,000	1,103,943	11,039,425	Capitalization of surplus, 817,735	None	08/19/2016, J.S.S.Z. No. 10501207920
2017.08	NT\$10	1,200,000	12,000,000	1,159,140	11,591,397	Capitalization of surplus, 551,972	None	08/21/2017, J.S.S.Z. No. 10601118100
2018.08	NT\$10	1,800,000	18,000,000	1,240,280	12,402,795	Capitalization of surplus, 811,398	None	08/16/2018, J.S.S.Z. No. 10701099770

3. Information on offering and issuance of securities by the shelf registration system: None.

(II) Shareholder structure:

April 25, 2022 Unit: Thousand shares; %

Item \ Structure	Government Agencies	Financial Institutions	Other Institutional Shareholders	Domestic Natural Persons	Foreign Institutions and Individuals	Total
Number of Persons	0	22	186	56,637	247	57,092
Shares Held	0	55,890	306,171	698,889	181,330	1,242,280
Percentage of Ownership	0	4.34	24.69	56.35	14.62	100.00

(III) Distribution of Equity Ownership:

1. Common shares

April 25, 2022; The denomination of each share is NT\$10, %

Range of Shares	Number of Shareholders	Shares Held	Percentage of Ownership
1 - 999	11,756	2,669,157	0.22
1,000 - 5,000	33,573	70,134,418	5.65
5,001 - 10,000	5,695	45,164,608	3.64
10,001 - 15,000	1,844	23,451,426	1.89
15,001 - 20,000	1,133	20,779,849	1.67
20,001 - 30,000	1,000	25,321,562	2.04
30,001 - 40,000	487	17,178,313	1.39
40,001 - 50,000	336	15,475,589	1.25
50,001 - 100,000	581	41,434,948	3.34
100,001 - 200,000	292	40,693,385	3.28
200,001 - 400,000	155	43,908,655	3.54
400,001 - 600,000	65	32,561,850	2.63
600,001 - 800,000	30	20,925,305	1.69
800,001 - 1,000,000	27	24,108,777	1.94
1,000,001 above	118	816,471,613	65.83
Total	57,092	1,240,279,455	100.00

2. Preferred shares: None.

(IV) List of major shareholders: Names, shareholding amount and ratio of shareholders with shareholding of 5% or more or top 10 shareholders in shareholding ratio:

April 25, 2022 Unit: Shares; %

Name of Major Shareholders	Type of Shares	Shares Held	Percentage of Ownership
Kwang Yang Motor Co., Ltd.		124,000,000	9.99
Kao, Ying-Shih		78,287,830	6.31

Kwang Hsing Industrial Co., Ltd.	56,000,000	4.52
Kao, Kuo-Lun	54,005,856	4.35
Taiwan Cooperative Bank Co., Ltd.	23,005,000	1.85
LGT Bank AG in custody of Standard Chartered	20,817,610	1.68
Hua-Yang Industrial Co., Ltd.	19,990,000	1.61
Kao, Ying-Chih	19,251,560	1.55
Yang, Huai-Kun	15,575,900	1.26
Jia-Cheng Co., Ltd.	15,490,889	1.25

(V) Market price, net value, earnings, and dividends per share in the past two years:

Item		Year	2020	2021	Current fiscal year up to March 31, 2022 (Note 8)
Market Price Per Share (Note 1)	Highest	Before retrospective adjustment	40.30	47.10	41.90
		After retrospective adjustment	40.30	(Note 9)	-
	Lowest	Before retrospective adjustment	20.20	32.70	35.10
		After retrospective adjustment	20.20	(Note 9)	-
	Average	Before retrospective adjustment	30.92	37.65	38.21
		After retrospective adjustment	30.92	(Note 9)	-
Net Worth per Share (Note 2)	Before distribution		18.41	19.54	21.12
	After distribution		18.41	(Note 9)	-
Earnings per share	Weighted average number of shares (in thousands)		1,240,280	1,240,280	1,240,280
	Earnings per share	Before retrospective adjustment	2.05	2.86	0.72

	(Note 3)	After retrospective adjustment	2.05	(Note 9)	-
Dividends per share	Cash dividends		1.5	1.5	-
	Stock dividends	Stock dividends appropriated from earnings	0	0	-
		Stock dividends appropriated from capital surplus	0	0	-
	Accumulated unpaid dividends (Note 4)		0	0	-
Return on investment	Price-to-earnings ratio (Note 5)		15.08	13.16	-
	Price-to-dividend ratio (Note 6)		20.61	25.10	-
	Cash dividend yield (Note 7)		4.85	3.98	-

*If any revenue or capital surplus is transferred to capital increase or common stock, disclose the information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: List the highest and lowest market price of common shares for each fiscal year and calculate the average market price for each fiscal year based on trading value and volume in each fiscal year.

Note 2: Please fill these rows based on the number of shares that have been issued at the end of the fiscal year and the distribution plan approved at the Board Meeting or Shareholders' Meeting in the subsequent fiscal year.

Note 3: If there was any retroactive adjustment required due to stock dividends, earnings per share before and after such adjustment shall be listed.

Note 4: If there was any condition regarding the issuance of equity securities stating that undistributed dividends for the current fiscal year has to be accumulated till the year when a profit is recorded, the Company shall separately disclose cumulative undistributed dividends as of the current fiscal year.

Note 5: Price/earnings ratio = Average closing price per share for the current fiscal year/earnings per share.

Note 6: Price/dividend ratio = Average closing price per share for the current fiscal year/cash dividend per share.

Note 7: Cash dividend yield = Cash dividends per share/Average closing price per share for the year.

Note 8: The net worth per share and earnings per share up to the quarter nearest to the date of publication of the Annual Report that has been audited by the CPAs shall be filled in; the remaining fields shall be filled with the annual data up to the date of publication of the Annual Report.

Note 9: 2021 earnings distribution has been approved by the Board of Directors, but is yet to be approved by the Shareholders' Meeting.

(VI) Dividend policy and its implementation:

1. Dividend policy stipulated in the Articles of Incorporation:

Committed to the sustainable development and sustainable growth, the Company expects to have major expansion plans. Dividends to be distributed to shareholders shall not be less than 30% of the balance of earnings in a year. Cash dividends shall not be less than 10% of total distributable dividends for a year.

2. The proposed dividend distribution of Shareholders' Meeting this year:

(1) 2021 surplus distribution in accordance with Article 18 of the Articles of Incorporation.

(2) In 2021, the Company reported earnings after tax of NT\$3,549,268,474. In addition to other items after tax, and net of the 10% statutory surplus reserves and reversal of special reserves, total distributable earnings for 2021 was NT\$2,898,532,585; in addition to the undistributed surplus of NT\$3,765,217,940, the total distributable surplus for shareholders for this period is NT\$6,663,750,525, of which NT\$1,860,419,183 was appropriated for cash dividend NT\$1.5 per share.

3. Any expected material changes to the dividend policy shall be further explained: No significant change.

(VII) Effect of stock dividend distribution proposed at this shareholders' meeting on the Company's business performance and earnings per share: N/A.

(In accordance with the Regulations Governing the Publication of Financial Forecasts of Public Companies, the Company is free of available financial forecast information for the year 2021.)

(VIII) Compensation for employees, directors, and supervisors

1. Percentage or range of remuneration distributed to employees and directors as stipulated in the Company's Articles of Incorporation:

If the Company reports a profit in a year, 4.5%~5.5% of which shall be set aside as compensation for employees, and 1% of which shall be set aside as compensation for directors and supervisors. If the Company has accumulated losses, a reserve shall be set aside to offset the losses.

The profit in the current year mentioned in Paragraph 1 shall refer to the profit before tax of the year before deducting the distribution of remuneration paid to employees and to directors.

2. Basis for estimating the amount of remuneration to be distributed to employees and directors, basis for calculating the number of shares to be distributed as employee remuneration and accounting treatment for discrepancies between the actual and estimated amount of remuneration to be distributed for this period: It shall be treated as the profit or loss of the next year according to the changes in accounting estimates.

3. Status of compensation distribution as approved by the Board of Directors :

- (1) Remuneration for employees and directors shall be distributed in the form of cash or shares.
 - ① Proposed cash compensation for employees: NT\$176,559,255, a decrease of NT\$940,745 from the estimated amount of NT\$177,500,000 for the year 2021;
 - ② Proposed compensation for directors: NT\$25,503,004, an increase of NT\$613,004 from the estimated amount of NT\$24,890,000 for the year 2021;
 - ③ Differences shall be treated as the profit or loss of the next year according to the changes in accounting estimates.
- (2) Ratio of employee compensation allocated in stock to the total of after-tax net profit in the current parent company only or individual financial report and the employee compensation: The amount of remuneration distributed to employees in the form of stock was NT\$0.

4. Actual distribution of remuneration to employees and directors and supervisors for the previous year

- (1) Employee cash remuneration totaled \$123,627,792; directors' remuneration totaled \$16,200,000.
- (2) Where there is any discrepancy between the actual amount and the recognized amount of remuneration to employees, directors, and supervisors, the amount, cause, and treatment of such a discrepancy shall be stated:

The employee remuneration was estimated as NT\$131 million in 2020, NT\$7,372,208 higher than the amount actually distributed. The discrepancy was recognized as profit/loss for the next fiscal year in accordance with the changes in accounting estimates; The remuneration distributed to directors and supervisors was NT\$162 million, and there is no discrepancy with the estimation.

(IX) Repurchase of the Company's shares: None.

II. Issuance of corporate bonds:

Type of Corporate Bonds	Issuance of first secured corporate bonds for 2021
Issue Date	August 27, 2021 to August 27, 2026
Par Value	NT\$10,000 thousand
Place of issuance and transaction	R.O.C.
Par Value	Issue at par value
Total interests	NT\$2.5 billion
Interest rate	0.58% per annum
Maturity	5 years
Guarantor	Bank of Taiwan Co., Ltd., E.SUN Commercial Bank, Ltd., Changhua Commercial Bank Co., Ltd.,

		Hua Nan Commercial Bank Co., Ltd., Taiwan Cooperative Bank Co., Ltd., Mega International Commercial Bank Co., Ltd., Bank SinoPac Company Limited, Shanghai Commercial & Savings Bank, Ltd. and Yuanta Commercial Bank Company Limited act as joint guarantee banks to provide guarantee in accordance with the signed joint appointment guarantee contract and the corporate bond performance guarantee obligation contract.
Trustee		CTBC Bank Co., Ltd.
Underwriter		E.Sun Commercial Bank, Ltd. as the lead underwriter
Certified Lawyer		Yufeng Law Firm
CPA		Deloitte & Touche
Repayment method		One-time repayment at maturity
Outstanding principle		NT\$2.5 billion
Provision of prepayment and early redemption		None
Restrictions		None
Name of credit rating agency, rating rate and corporate bond ratings		N/A
Other rights	Dollar amount of common shares already converted (swapped or warranted) and global depository receipts or other negotiable securities as of the publication date of this annual report	None
	Issuance and conversion (swap or subscription) methods	None
Possible dilution of equity or impact to shareholders' equity caused by regulations on the issuance and conversion, swap or subscription to stocks		None
Name of commissioned custodian of exchangeable underlying		None

III. Issuance of preferred stocks: None.

IV. Overseas depository receipts: None.

V. Issuance of employees' stock option certificate and new restricted employee shares: None.

VI. Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies: None.

VII. Implementation of capital utilization plan: None.

Chapter 5. Operational Highlights

I. Business Activities

(I) Scope of Business

I. Description of business:

- (1) Synthetic resin manufacturing.
- (2) Electronic parts and components manufacturing.
- (3) Paint, dye and pigment manufacturing
- (4) Industrial catalyst manufacturing.
- (5) Other plastics manufacturing
- (6) Other chemical materials manufacturing
- (7) Petrochemical raw material manufacturing
- (8) Basic chemical industry
- (9) Medical equipment manufacturing
- (10) Wholesale of medical equipments
- (11) Retail of medical equipments
- (12) All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. 2021 revenue composition by key products:

Product name	Percentage (%)
Synthetic resins	49
Electronic materials	29
Specialty materials	21
Others	1

3. Products and Services:

- (1) General resin
- (2) Coating resin
- (3) Polyester resin
- (4) Copper-clad laminate
- (5) Dry film photoresist
- (6) Specialty chemicals
- (7) Packaging materials
- (8) Panel materials for solar modules

4. New Products and Services Planned for Development:

- (1) Electronic materials with high frequency, high speed and high thermal conductivity:
High frequency substrate material, millimeter wave substrate material, low dielectric resin material, electronic material thermal paste, high frequency communication LCP film, liquid crystal polymer film material, and coating type LCP soft board resin.
- (2) Semiconductor packaging materials: 3D-IC/SIP high-end packaging materials and silicone packaging materials.
- (3) High-performance thermoplastic composites: High-performance thermoplastic engineering plastics for aerospace, telecommunications, medical and 3D printing.
- (4) Lithium battery materials: Silicon negative bonding agent, silicon carbon material, lithium battery electrode bonding agent, electrolyte additive.
- (5) Degradable plastic materials: Degradable plastic microspheres, degradable plastic film bags, degradable heat resistant modifiers for tableware.
- (6) Biomedical testing materials: Protein/antibody of cell fermentation process, enzyme fermentation process, rapid screening test tablets related to mosquito-borne diseases, rapid screening test tablets for dengue fever, rapid screening test tablets for Chikungunya virus and Zika virus, enzyme/antibody reagent materials.

(II) Industry Overview and Business Development Plans

1. Current state and development of the industry

(1) Synthetic resin

A. General resin and coating resin

① General resin

With the gradual recovery of the global economy, the rise of the red supply chain in mainland China has led to more intense competition. To expand the market share of existing products, the Company enhances after-sales and technical service in addition to real-time price adjustments with the market trends. In terms of investment in the new industries, currently PSA products have extended to protective films and tapes used in high-end electronic products, optical panel protection PU PSA, PUR/PUD adhesive with special POLYOL. In terms of new productions, chemical products used in the steel industry are being developed, such as quenching liquid and cutting oil. In response to the trend of

environmental protection, acrylic adhesive, silane-terminated polyurethane (STPU) adhesive, and high polymer polyester adhesive for the solar energy industry are developed.

② Coating resin

At the beginning of 2021, the inventory level of downstream manufacturers was generally low due to the COVID-19 epidemic. When the market demand recovered, there was a trend of excess demand, which lasted to the first half of 2021. After the demand was filled up, the policy and market factors dominated in the second half of the year. On the other hand, mainland China's policy to crack down housing speculation affected the wood coatings market; in addition to mainland China's export restrictions on the steel industry also shrunk the volume of steel coils. To address over-capacity, the price competition was fierce. In addition, sales were also affected by the high shipping cost and selective shipment. Raw materials, shipping, packaging materials continue to rise in price, and it's difficult to pass on the profit decline. Coating resin industry is trying to pass on the cost to the downstream customers, the profit slightly stabilized at the beginning of 2022. The long-term coating market still returned to its basic development route. On basis of the maintenance of the existing market, the Company not only followed the footsteps of the existing customers, but also maintained the procurement of raw materials and the supply from nearby production bases to reduces costs and improve services, and conducted maneuvers on product prices that meet market expectations to adjust the model and stabilize the Company's market share. In addition, the Company also actively cooperated with new strategic partners, strengthened and deepened cooperative relationships, expanded new cooperative projects and new applications for existing products, developed new products and explored new sectors.

Except the mainland China, the Company's new synthetic resin production base in Malaysia was fully put into production in January 2018. Besides the Association of Southeast Asian Nations, the business scope also covers South Asia such as India, Sri Lanka, and Bangladesh. It has even expanded to Turkey and countries with preferential tariffs; with the continuous efforts of the sales team, there has been a significant increase in the number of sales in the overall export shipment compared with previous years, and it is expected that there will still be considerable growth in the future.

In terms of investment in the new industries, the Company continues to increase the fluorocarbon resin production line in response to solar power, construction industries, and market trends; in response to the trend of environmental protection, the coating industry begins to develop towards green energy, water-based, high-solids, powder products, and has achieved breakthroughs and growth; in response to industry trends, the Company pays close attention to the

development of anti-corrosion technologies in the wind power generation and solar energy industries, develops solutions for harsh environments, and continues to pay attention to changes in product design and industrial applications on issues related to biomass raw materials, circular economy, energy conservation and carbon reduction.

B. Unsaturated polyester resin

In 2021, under the influence of factors such as the epidemic and port congestion, the sea freight rate rose sharply, and the raw materials continued to rise after the Lunar New Year, which seriously affected our competitiveness. Due to the Sino-US tariff war, the export industries in China were affected, which made some manufacturers begin to leave mainland China to find another production base. As the artificial marble industry related to us is difficult to be exported to the US market, the orders are transferred to Southeast Asia, especially to Vietnam and Malaysia. Eternal has seized the business opportunities and benefited a lot. In addition, under mainland China's policy of lowering the value-added tax and increasing tax rebates to stimulate the economy, some Chinese peers began to sell at low prices to disrupt the Southeast Asian market. With the advantage of supplying from nearby factories in Malaysia, we can still maintain our competitiveness and strive for business opportunities. Therefore, the establishment of the Malaysian plant is conducive to the advantages of the Company's unsaturated polyester production and sales in different regions, the development of infrastructure in emerging markets, the control requirements of organic volatile substances (VOCs) in developed countries, and the need to develop lightweight composite materials are the main factor for the Company to continue to develop green products and maintain its market share.

(2) Electronic materials

A. Photoresist materials

Photoresist dry film is a key material for Image transfer during the production process of printed circuit boards (PCB). In recent years, the product structure of the electronic industry is becoming more connected to HDI and high-density fine lines. This is in response to demand for light, thin and high-performance portable products, such as smart phones. Thus, the role of photoresist dry film becomes more important in image transfer of fine circuits. In addition, due to the increasing demand for product precision during the HDI manufacturing process, the application of LDI photoresist dry film will continue to increase in the future. According to PrisMark, despite impact from the pandemic, the PCB industry is expected to grow by 22.6% in 2021 compared to 2020. As for 2022, the PCB industry will face a period of adjustment after the rapid growth in 2021. PrisMark estimates that the PCB industry will grow by about 4.8% compared to that of 2021,

mainly due to the economic recovery after the pandemic, the impact of supply chain access, inventory adjustment and the continued growth of PCB demand for 5G, electric vehicles and other related products.

B. Copper-clad laminate

Copper-clad laminate is primarily used in consumer electronics. From the second half of 2020 to the first half of 2021, all industrial raw materials were facing escalating prices as the pandemic eased. For instance, prices for all three major raw materials for copper-clad boards, copper, resin, and fiberglass cloth, have all risen, albeit in different degrees. The rising raw material costs along with strong demand have caused the downstream copper-clad board industry to follow suit. Kingboard and Sytech, two industry-leaders, have raised their prices a number of times upon shipments to downstream PCB clients. According to PrisMark's market survey, despite the pandemic impact, the demand for CEM-1/CEM-3 in 2021 rose by 9.7% compared to 2020, and the compounded growth up to 2025 is expected to be 4.7%. In addition, usage for paper phenolic copper clad laminate (FR-1) grew by 5.5% in 2021 compared to 2020, and the compounded growth rate up to 2025 is expected to be 2.5%.

C. Vacuum film laminator

Vacuum film laminator is mainly used in the process of IC substrate industry, and the high-end special processes of PCB/FPC/other industries also need vacuum lamination technology. In recent years, the demand for chips related to 5G and automotive applications has increased significantly. In addition to the active expansion of production capacity by existing IC substrate manufacturers to meet the needs of end customer orders, other new investors have also been attracted to enter the IC substrate manufacturing industry. The strong demand for production equipment will continue until 2025.

(3) Specialty materials

A. Special materials

Featuring the fast curing speed, energy conservation, eco-friendliness, high performance and high-speed automated production, ultraviolet curing (UV) products have a wide range of applications covering woods, inks, daily chemical products, electronic products, automobiles, and 3D printing. Against the backdrop of the global focus on 5e (efficiency, energy-efficient industries, economic considerations, energy saving, and environmental protection), as well as increasing pressure upon environmental protection in China, UV products are applied to more industries, replacing traditional highly-polluting processes, hence the industry outlook is promising. In addition, in response to the demand for environmental protection, the demand for existing UV materials in the traditional non-UV industry has increased.

B. Special coating

It is estimated that the global UV coating market will grow at an annual rate of over 5%, with Asia leading the global growth. The Special Material Business Division of Eternal has invested heavily in the development of high-value UV coating applications (new materials, new technologies, new products and new markets), with market deployment covering headlight coating, 3D printing, molding glue, UV hardening coating, UV adhesive, light-guide film, UV solvent-free spray paint, and putty paint, moving the Company's product lines toward high value-add and technology differentiation.

C. Organic silicone materials

Organic silicone materials are new uniquely-structured chemical materials, having both organic and inorganic features, characterized by heat stability, durability, water resistance, physiological inertia, corrosion resistance, and insulation. With high market potential, they are widely used in LED, LCD, thin film, cosmetics, coating, ink and PCB. The global market is expected to grow at an annual rate of 5%.

2. Correlations between upstream, midstream and downstream Industries

(1) Synthetic resin

Synthetic resin is a midstream and downstream product of the petrochemical industry. It is an upstream material used for the necessities of life, such as clothing and housing. The upstream industry of synthetic resin is the petroleum refining industry, and the downstream industry is the manufacturing industry. The upstream and downstream links are shown in the following table.

Upstream Industry	<ul style="list-style-type: none">• Styrene, acrylic acid (propylene), phthalic anhydride, adipic acid, and xylene, etc.• Key players: Formosa Plastics Group, Taiwan Styrene Monomer, Formosa Chemicals & Fibre Corporation and China Petroleum & Chemical Corporation, etc.
Midstream Industry	<ul style="list-style-type: none">• Acrylic resin, polyester resin, fluorocarbon resin, alkyd resin, epoxy resin, PU resin, phenol formaldehyde resin, and unsaturated polyester resin• Key players: Eternal Materials, Qualipoly Chemical, Nan Ya, Enchuan Chemical, and Yong Shun Chemical, etc.
Downstream Industry	<ul style="list-style-type: none">• Adhesives, construction coating, industrial coating, automotive paint, wood paint, artificial stones, buttons, copper clad laminates, electronic tapes, and cosmetics.• Key players: 3M, AveryDennison, Yung Chi, San Fang Chemical, Nippon Paint, Nanpao, Liangchi, Symbio, AUO, Bostik, etc.

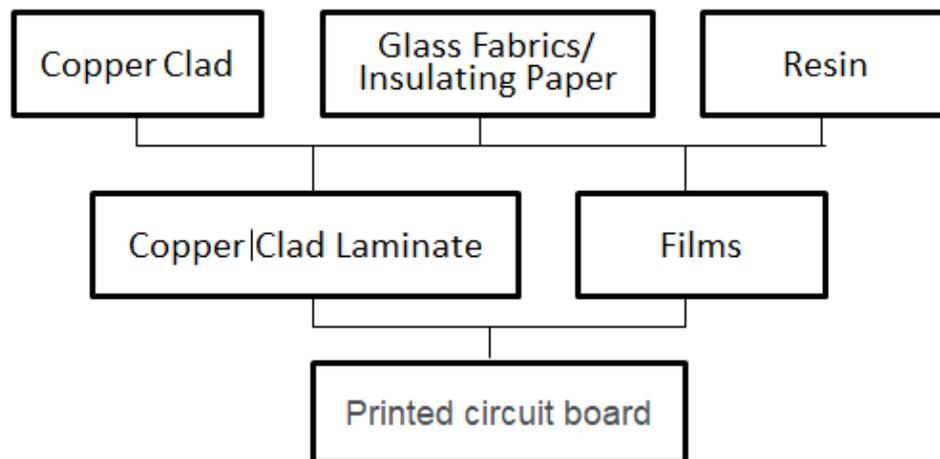
(2) Electronic materials

A. Photoresist materials

The upstream materials of photoresist dry films are mainly composed of optical polyester films, polyethylene films, resins and photoinitiators.

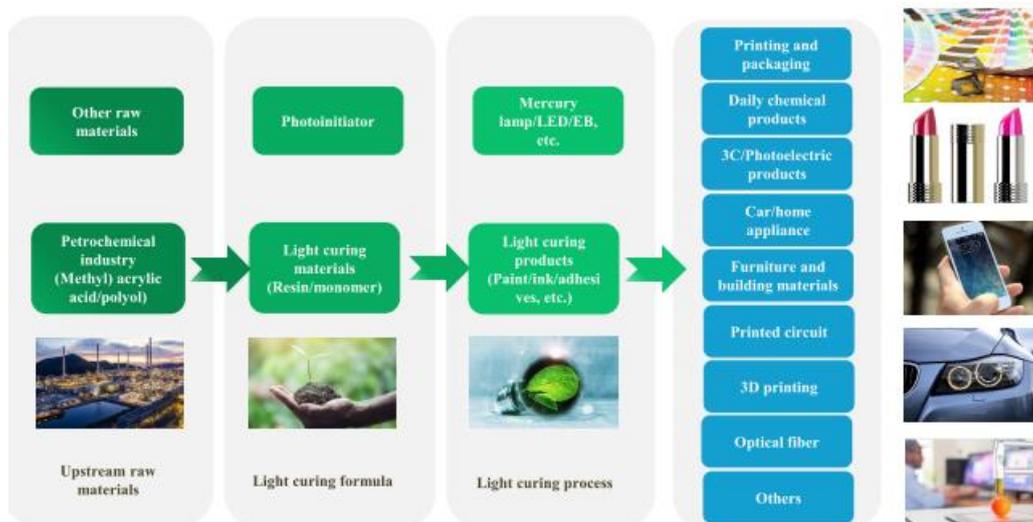
The downstream industries of dry film photoresists include rigid and flexible PCBs and packaging substrates etc.

B. Copper-clad laminate



(3) Specialty materials

A. Special materials and coatings



B. Organic silicone materials

Upstream industry	Methyl silicone, organic silicon monomer, and polyether
Midstream Industry	Organic silica microsphere and organic silicone auxiliary
Downstream Industry	LED, LCD, films, cosmetics, coating, ink, PCB and release coating, etc.

3. Various product trends

(1) Synthetic resin

A. General resin and coating resin

① General resin

PSA products have extended to protective films and tapes used in high-end electronic products, screen-print PSA, and polyol for PU/PUD adhesives. In terms of new productions, products used in the steel industry are being developed. In response to the trend of environmental protection, acrylic adhesive, silane-terminated polyurethane (STPU) adhesive, and high polymer polyester adhesive for the solar energy industry are developed.

② Coating resin

Due to mainland China's increasingly stringent requirements in environmental protection and safety regulations as well as the impact of the Sino-US trade war and epidemic, market demand is weak and visibility is low; small and medium-sized oil-based paint companies have gradually shut down, while the industry is beginning to focus on large enterprises. Mergers, acquisitions and integration are frequently seen in the market; our products are also in line with market trends towards high solids, water-based, UV and powder coating products, and have made breakthroughs and growth.

B. Unsaturated polyester resin

① Easy-in-construction, automation-prone resin:

As automated production is required to reduce high labor costs today, developing unsaturated polyester resin that is suitable for automated production and saves subsequent manual work is the trend.

② High-solids, low-VOC resin:

As the awareness of environmental protection and the requirements for occupational safety and health are high, developing high-solids, low-VOC resins that are used to reduce the usage and evaporation of styrene monomer, as well as to maintain the quality of the working environment has become a global trend.

③ Composite materials are widely used in the highly demanding flame-retardant applications:

Flame retardant materials are used to slow down the burning process or minimize the likelihood of a fire. Therefore, demanding flame-retardant resins for building materials and transportation are developed to meet market demand.

④ Development of high value-added products

Develop unsaturated polyester structural adhesive, vinyl ester structural adhesive,

epoxy structural adhesive, epoxy resin; increase the added-value for petrochemical products, and gross margin of the product lines.

(2) Electronic materials

A. Photoresist materials

Dry film photoresist is mainly applied to the production of PCB. Different PCB electronic products have different requirements for dry film photoresist, which are divided into the following:

PCB for general PC, communications, automotive, and other consumer electronics: Mainly for multi-layered boards, dry film photoresist used in light of different process demands of inner/outer boards (etching / plating). In recent years, due to the development of Internet, electric vehicles and 5G and high-order server applications, the demand for dry film photoresist in IC substrate, HDI, vehicle and communication applications will continue to grow in the next five years.

Mobile phones and some notebooks: As the smart phone market drives the rapid development of HDI/AnyLayer process, as well as the rising demand for notebooks due to pandemic driven home economics and video conferencing, there is a growing demand for high-resolution dry film photoresists. In addition to high-resolution dry film photoresists, LDI-specific dry film with low exposure and high throughput will be the focus of future development.

Semiconductor packaging substrates: In the early days, Japanese process technology dominated the packaging substrate process. As a result, direct and indirect materials used in the process were also imported from Japan. In recent years, with the continuous efforts made by Taiwan's packaging and IC substrate manufacturers, most of the processes today are directly developed by Taiwanese companies. High-resolution dry film photoresists for ball grid array packages, wafer-sized packages, and ABF flip-chip substrate will also be the focus of future development.

Other dry film photoresists for special uses, such as dry film used in electroplating or special dry and wet etching processes, and FanOutWLCSP, thick film for special processes.

B. Copper-clad laminate

In recent years, the PCB industry is expected to be a high-growth product in the future with a wide range of applications, high technical threshold, high unit price and high gross margin, driven by the further amplification of the application needs of stay-at-home economy, 5G communications, high-performance computing,

automotive electronics and other applications. The Company has begun developing high-frequency and high-speed substrate material products for 5G to tap into high-end copper-clad laminate market. Green product CEM-1 is another feature product with both cost and quality advantages to meet the growing trend of environmental protection.

C. Vacuum film laminator

In response to the market demand for high-end chips, the IC substrate industry has continuously improved the process technology capabilities of FCBGA and Embedded products to meet the market demands of end customers. Under the existing market advantages, a new generation of vacuum film laminator has been developed to adapt to the need in the high-end product process of IC substrates.

At this stage, the industry is also cooperating with customers in the semiconductor industry to actively develop the application of advanced packaging Fan Out process technology to meet the equipment needs of the high-end semiconductor market.

(3) Specialty materials

Featuring high-solids (100%), fast hardening (in seconds), and solvent contamination-free, UV light curing coatings have the advantages of environment friendly, energy conservation, and efficient production. The growth rate of UV light curing coatings remains about 5% in the global market. The average growth rate of UV light curing coatings in emerging markets, such as India and Southeast Asia, is more than 10%, making them the main regions for sustainable development and expansion in the future. As the world's major market for LED lighting and LCDs, China is growing at a rate of more than 10% per year with the strong demand for diffusing agents, in addition to the new demand from 5G industry, driving the continued growth of PSQ microspheres. Affected by the epidemic in 2021, the supply chain was deeply impacted, and some overseas orders transferred to mainland China where the epidemic was stably controlled. On the one hand, the shortage of shipping has increased the difficulty of overseas raw material supply scheduling, and the policy control of environmental protection and energy consumption has intensified raw materials. Due to unstable supply and shortage of some items, the supply of light-curing raw materials in 2021 was relatively tight. It is expected that there will be some relief in 2022. The overall UV-curable raw materials will still maintain a situation of oversupply in the long run.

4. Competition

(1) Synthetic resin

The Company has been in the synthetic resin business for more than 50 years. To stay ahead of competitors, the Company continues to introduce advanced technology from Europe and the U.S. on top of its solid research and development foundation, and deploys marketing channels around the world with a full spectrum of products.

The major competitors and their main products are as follows:

The Company	General resin, coating resin, unsaturated polyester resin, photoresist, vacuum film laminator equipment, copper-clad laminate, UV light curing materials, epoxy resin packaging materials, and liquid compound molding materials
Qualipoly Chemical Corporation	UV light curing materials, unsaturated polyester resin, coating resin, PU resin, and casting resin
UNIEXPV	Coating resin, leather resin, adhesive, hardener, polyol resin, ink resin, water-based PU resin, and anti-static resin
Daily Polymer	Coating resin, alkyd resin, textile resin, unsaturated polyester resin, and LCD materials
Young Shun	Unsaturated polyester resin, polyester polyol resin, and FRP product
Lidye Chemical	PU polymer resin, polymer emulsion (synthetic leather, insulation foam, textiles use), polymer resin for ink, and polymer resin for coating (automobile, 3C product, and special construction)

Quick Stick	Adhesive tape, double-sided tape adhesive, self-adhesive label glue, glue for protection laminating tape, advertising stickers, and self-adhesive glue for shoes
Asia Titan	Electronic tape, conductive glue, thermal adhesive, temperature-sensitive glue, optoelectronic glue, acetate cloth tape, flame-retardant glue, and anti-static adhesive
BASF	Coating resin, acrylic resin, and unsaturated polyester resin
ALLNEX	Coating resin, acrylic resin, and amino resin
Sumei	Water/oil-based pressure-sensitive adhesive, vinyl acetate coating, and

Chemical	curing hot-melt pressure-sensitive adhesive
Covestro Taiwan	Polyurethane material and system, thermoplastic polyurethane, polycarbonate and polycarbonate blends, coating, adhesive and medical polymer, textile coating, elastomers, and cosmetic materials
Dow Chemical	Special polymer, adhesive, coating, water-based flooring and protection coating, and personal care products
Cathay	Epoxy hardener, esterified epoxy resin, modified alkyd resin, water-based resin, unsaturated polyester resin, medium oil alkyd resin, urea and melamine formaldehyde resin, solid epoxy resin, rosin ester resin, and thermoplastic acrylic resin
Chanshieh	Acrylic ester, waterborne PU ester, saturated polyester ester, vinyl acetate ester, hot melt adhesive
Coating	Polyester polyol resin, PU synthetic resin, waterborne PU, TPU, moisture reactive polyurethane hot melt adhesive

(2) Electronic materials

A. Photoresist materials

World's major dry film photoresist suppliers: Analysis of main products/sales territories/applications:

Item	Supplier	Main Sales Territory	Main Product	Application
1	The Company	Taiwan, mainland China, Southeast Asia, Japan, Europe, and North America	Dry film photoresist for etching, electroplating, MSAP, SAP, selective plating, HDI, and bumping thick film	Rigid PCB, HDI, FPC, RFPCB, IC substrate, and packaging
2	Showa Denko	Taiwan, mainland China, Southeast Asia, and Japan	Dry film photoresist for etching, electroplating, MSAP, SAP, and HDI	Rigid PCB, HDI, FPC, and IC substrate
3	Asahi Kasei Corporation	Taiwan, mainland China, Southeast Asia, and Japan	Dry film photoresist for etching, electroplating, SAP, and HDI	Rigid PCB and IC substrate

4	DuPont	North America	Electroplating and selective-based dry film photoresist	RPCB, HDI, FPC
5	Others	Mainland China	Etching-based dry film photoresist	RigidPCB

B. Copper-clad laminate

The main products of copper-clad laminate include paper phenolic copper clad laminate (XPC, FR-1) and composite epoxy copper clad laminate (CEM-1). Eternal Material features FR-1 and CEM- 1, positions itself as a critical third business strategy. Competitive advantage lies in superior technical service and clearly defined price-performance ratio to differentiate itself from competitors.

(3) Specialty materials

In response to an increasingly competitive environment, the Company has been committed to increasing the proportion of sales of high value-added products, reducing the production costs, optimizing its manufacturing process, making continuous improvement to maintain its competitive advantage, and developing new industries and applications to secure its long-term competitive advantages and market presence.

Main Product	Key Competitors
Specialty Materials	Allnex, Sartomer, Miwon, BASF, Miki Kougyou Zairyou, Riyoung, Litian Technology, Qualipoly Chemical and Hau Huei
Special Coatings	Qualipoly Chemical, Momentive, Fujikura, Cashew Co., Ltd., Sun Origin, and Nissei
Organic Silicone Materials	Samsung, Shin-Etsu, ABC, Dow Corning, Momentive, Changji, Xinjiayi, and Huisheng

(III) Technology and R&D Overview

1. Research and development expenses

2021 R&D expenses: NT\$1.527 billion.

R&D expenses as of March 31, 2022: NT\$0.384 billion.

2, Research and development results in 2021

(1) New matte stain-resistant material

(2) Resin for oil transportation and sewer pipes for industry and people's livelihood

- (3) Dry film for nickel immersion gold process
- (4) Water-soluble alkyd
- (5) Development of V-0 halogen-free CEM-1 high leakage resistance composite substrate
- (6) Application of UV-curing PU-UVPSA in flexible substrates
- (7) Rapid detection reagent for COVID-19 antigen
- (8) Application of light-curing resin in trenchless pipeline repair industry
- (9) Titanium-based polycarbonate polyol

(IV) Long-term and Short-term Development

1. Long-term business development plans

(1) Synthetic resin

A. General resin and coating resin

- ① Increasing R&D manpower and developing high value-added products.
- ② Tapping into new industries, such as steel, solar power, and functional textile, carrying out continuous development and planning.
- ③ Cooperating with international major coating manufacturers to secure the Company's position as the key supplier and strategic partner in Asia.
- ④ Integrating polymer synthesis technology, introducing application verification technology, strengthening the development of new process technologies, exploring new material applications, and developing new product lines.

B. Unsaturated polyester resin

- ① Developing chemical materials required for the production of FRP composites.
- ② Developing high-end resin for carbon fiber reinforced plastics (CFRP) and derivative heterogeneous composite.
- ③ Supplying raw materials required for composites as a world-class manufacturer and supplier in Asia.

(2) Electronic materials

A. Photoresist materials

- ① Integrated global R&D, production, & sales in order to optimize production capacity, output and sales for new products.
- ② Have a firm grasp of market trend in anticipation of the future needs of strategic clients in order to develop next-generation products/brand-new products ahead of the market.

- ③ Continue to improve precision coatings production capability and to expand global precision coating OEM market.

B. Copper-clad laminate

- ① Comprehensive control over changes in raw material market with a view to raw materials supply stability.
- ② Layout of hard and soft board electronic materials certification.
- ③ Gradually plan to expand production capacity and increase product size to meet customer needs.
- ④ Actively develop high-end products to solidify future growth.

C. Vacuum film laminator

- ① Adopt key core technologies, expand the related process equipment design and development, committed to become the PCB key process equipment manufacturer.
- ② Continuously expand the sales of vacuum film laminator in sealed loading board/passive components/flexible printed circuit board/semiconductor market.
- ③ Develop next generation products/new products to meet customer needs.

(3) Specialty materials

- ① Continue to develop environmentally friendly products, high-end products and high value-added products.
- ② Continue to develop new core technologies and promote the diversified development of public institutions.
- ③ Strengthen product development and market promotion in emerging application industries.
- ④ Develop the application of new materials in UV hot melt adhesive, UV pressure sensitive adhesive, UV water-based, LED curing, metal substrate protection coating, etc., and actively expand to non-UV applications and other fields.
- ⑤ Develop high-value silicon materials.

2. Short-term business plans

(1) Synthetic resin

A. General resin and coating resin

- ① Cultivate Southeast Asian and South Asian markets to take advantage of the added production capacity of the new Malaysian Plant, and to expand to countries with tariff advantages.
- ② Align market prices in step with changes in raw material cost and exchange rates;

expand the market in Japan. Promote high-end new products in Japan.

- ③ Strengthen the development and sales of water-based, low-VOC and low-odor products, high-solids fluorocarbon, and hardener-free oil-based acrylic acid.

B. Unsaturated polyester resin

- ① Promote unsaturated polyester resin and vinyl resin worldwide.
- ② Establish and expand operations in Southeast Asia to take advantage of the new plant capacity in Malaysia.
- ③ Strengthen the development and sales of niche-based (mechanical molding/eco-friendly) resins.
- ④ Continue to promote high value-added products (such as structural adhesive/epoxy resin) to raise gross margins.

(2) Electronic materials

A. Photoresist materials

- ① Increase market share in niche markets (such as DF, DFSM, and PIC/PSPI for LDI, ENIG, HDI, FPC, IC substrate, and WLP processes).
- ② Strengthen the production and sales in mainland China in light of its growth potential.
- ③ Control the source of key materials to keep the cost of materials under control.

B. Copper-clad laminate

- ① Continue to cultivate Southeast Asian market (such as Thailand, Vietnam) and India.
- ② Increase market penetration among home appliance brands in mainland China
- ③ Seek new applications.
- ④ Obtain certification from major international electronic companies

C. Vacuum film laminator

- ① Build the second design and assembly center of middle and high level equipment in Taiwan.
- ② Strengthen sales and technical services in greater China to provide customers with perfect process solutions.
- ③ Develop vacuum film laminator for semiconductor advanced packaging process.

(3) Specialty materials

Keep up with the industry development trend of mainland China and maintain the leading position in the market of mainland China

- ① Develop markets, such as Japan, South Korea, India, and Southeast Asia.
- ② Strengthen the expansion of overseas markets, such as Middle East, Europe, and South America.
- ③ Integrate the technological resources of business units and enhancing the proportion of sales of high-value products.
- ④ Promote adhesives and UV water-based materials, and expand market share in traditional industries, such as plastic, wood, and ink.
- ⑤ Secure the long-term customer relations with a full range of products and services.
- ⑥ Adjust the product structure of silicon materials and increase the proportion of high value-added products. Increase sales of PSQ microspheres in the export market.

II. Market and Sales Overview

(I) Market Analysis

1. Sales regions for major products:

Sales territories and sales of main products for the most recent two years are as follows:

Unit: NT\$ thousand

Sales Territory	2020		2021	
	Amount	%	Amount	%
Taiwan	4,739,251	12	6,082,548	12
Mainland China	23,610,169	62	31,266,877	62
Others	10,020,946	26	13,121,972	26
Total	38,370,366	100	50,471,397	100

2. Main Competitors and Market Share

Main competitors of the Company include: DOW, Miki Kougyou Zairyou, Qualipoly Chemical, Sartomer, Allnex, Asahi Kasei, Kingboard (KB), and DuPont.

The Company's global market share is as follows:

Business Line	Market Share
Synthetic resins	2.50%
Specialty materials	15.88%
Electronic Materials	17.00%

3. Future Demand and Supply Conditions and Market's Growth Potential

The Company has a wide range of products that cover various industries and are closely related to the daily demand of the people. In response to the development of global mainstream industries, the Company has striven to develop related key materials, strengthen the supply chain, and provide timely services to stay competitive. The main products of the Company are described as follows:

(1) Synthetic resin:

Synthetic resin is a midstream and downstream material in the petrochemical industry and an upstream material for daily necessities. The growth of demand can be expected according to the global population forecast. To accelerate the momentum of growth and realize the short- term and long-term business development plans, the Company will strengthen the integration of core technologies, develop special polymer synthesis technology and precision coating technology, and apply customized adhesives and special tapes to automotive, LCD, LED, and solar power industries; in addition, the Company will develop polyester polyol, acrylic acid, water-based PU, and wet-curing PU adhesives and accelerate the development of eco-friendly products, such as water-based anti-corrosive paint, water-based box paint, and water-based wood paint. To keep products competitive and distinctive, the Company will develop high-performance products, such as anti-corrosive, weather-resistant, insulation, and self-cleaning products. With the increasing control over VOCs and hazardous goods, the Company will continue to develop green products.

(2) Electronic materials:

Dry film photoresist and related chemical products: The demand for PCBs increases as portable electronics, information, home appliance, communications, and automotive electronics industries continue to grow every year. Global manufacturing base has been shifted to Greater China region and Asia. In particular, Taiwan and China has become the largest production base for electronic circuit boards (PCB) globally. Key competitors are Asahi, Showa Denko, and Dupont, etc. The Company has completed market deployment in this place. Global market share is circa 34%.

(3) Specialty materials:

Featuring high-solids (100%), fast hardening (in seconds), and solvent contamination-free, UV light curing coatings have advantages of environmental protection, energy conservation, and efficient production. The growth rate of UV light curing coatings remains at 5%. The average growth rate of UV light curing coatings in emerging markets, such as Brazil, Russia, India and Southeast Asia, is more than 10%, making them the main regions for sustainable development and expansion in the future. As the world's major market for LED lighting and LCDs, mainland China is growing at a rate of more than 10% per year with the strong demand for diffusing agents, in addition to the new demand from 5G industry, driving the continued growth of PSQ microspheres. Light curing organosilicon release agent products have the characteristics of environmental protection, high efficiency, energy saving, market growth rate of about 8-10%, and has a good development potential in the replacement of part of the traditional heat setting release agent. On the supply side, the high growth of UV light curing coatings has attracted competitors to expand production capacity. In response to an increasingly competitive environment, the Company has been committed to increasing the proportion of sales of high value-added products, reducing the production costs, not only to reinforce its existing competitive advantage, but also to deploy new industries and applications to secure its long-term competitive advantages and market presence.

4. Advantages and disadvantages of the development prospects and countermeasures

(1) Favorable factors:

- A. The Company has a full range of products covering upstream, midstream, and downstream industries. In addition to integrating key technology, the Company has been developing new business units to facilitate transformation and distribute the negative effect of a single industry's downturn.
- B. The Company has established complete production facilities and well-functioning operating systems in Taiwan and mainland China. With cost advantages and well-established management goodwill, the Company seeks to enhance its market deployment in mainland China and Asia. In conjunction with the added capacity from the new Malaysian plant, the Company aims to increase its market share in Asia-Pacific, ASEAN and South Asia.
- C. With the global network and a sound industry chain, the Company has forged strategic alliances with internationally renowned companies at a regional and global level. The Company has also established production bases in line with the needs of key accounts and markets to strengthen the strategic cooperation.
- D. The Company focuses on the products with a higher price-performance ratio, accelerates the development of new industries, products, and process technologies, and strengthens the development of emerging markets worldwide to improve competitiveness, market share, and revenue and profitability.
- E. The scale of business continues to grow, along with the market leadership. The quality of products remains competitive; the capacity for research and development of new products has been constantly strengthened. With the integration and development of core technologies, the Company plans to tap into high value-added products, such as key materials and equipment for mainstream industries.
- F. The Company continues to accelerate the establishment of the ERP Core Network and Smart Plant by upstream material integration, strategic investments, and mergers and acquisitions. Along with long-term human resources development strategy, the Company aims to achieve its vision of rooting deeply in Taiwan, expanding footprints in Asia, and embracing the world.

(2) Unfavorable factors:

- A. Drastic changes in raw materials can affect the Company's operations and profitability. As a result, the Company has integrated raw materials and sourced from international major suppliers to strengthen its bargaining power. In terms of sales, the Company controls changes in the prices of raw materials at any time and adjusts the sales strategy in a timely manner.
- B. The mainland China Market, representing a key revenue source, has slowed down due to the impact of the Sino-US trade war and the COVID-19 pandemic. In the future, the Company will flexibly arrange the export proportion in the international market, and accelerate the increase of production in the new factory in Malaysia simultaneously, so as to continue to expand the market.
- C. Some downstream customers relocating to mainland China and Southeast Asia have switched to local suppliers to shorten supply chain; others have relocated overseas

to be close to their customers due to high tariffs and convenience of customer service.

- D. The VAT rate of the manufacturing industry in mainland China has dropped from 16% to 13%, increasing export rebate; due to an economic slowdown in mainland China, regional competition may increase.

(II) Production Procedures of Main Products

1. Usage

- (1) Coating resin: Water-based and oil-based coating for construction, wood coating, PU coating, coiled steel and can coating, automotive refinish coating, and solar power materials.
- (2) General resin: Water-based and oil-based adhesive, trademark and process protection oil glue, film lamination and adhesive, water-based polyurethane, glass fiber sizing agent, structural adhesive, rigid foam, TPU, shoe adhesive, fixing agent, paper varnishing/film agent, floor wax resin, printing and dyeing resin, and cosmetics.
- (3) Unsaturated polyester resin: Using hand lamination, spraying, vacuum infusion, winding, pultrusion, molding and other processes, applied to chemical resistance, corrosion resistance, fire protection and other products-lighting board, storage tank, yacht, fishing boat, wind turbine cabinet cover, transportation vehicle (rail, passenger vehicles, automobiles); and general industrial products - buttons, artificial marble, injection-molded arts, furniture coating bases, topcoats, car repairs, etc.
- (4) Acrylic monomer & acrylic oligomer: Paper varnish, wood bottom/topcoat, plastic spray finish, plastic vacuum plating/topcoat, CD protective varnish, DVD adhesive, fiber coating, printing ink, PCB photoresist or anti-solder green paint, LCD color photoresist, optical film coating, and special optical adhesive.
- (5) Special coating: UV printing coating, vacuum plating and sputtering primers, headlight coating, film coating, UV pigmented coating, thermoset tinted coating, disc coating, UV metal coating, and UV light curing adhesive.
- (6) Organic silicone materials: Light-diffusing agent, cosmetic grade organic silicone microsphere, and modified organic silicone products.
- (7) Copper-clad laminate: Applied to PCBs for high-end home appliances, such as calculator, telephone, LCD TV, and remote control, keyboard, mouse, digital multi-purpose optical disc drive, LED and traditional lighting power supply board, and other electrical appliances.
- (8) Photoresist: Photoresist applied to image transfer processes, polyimide material, vacuum laminator, photoresist applied to image transfer processes, and optical films for display devices.

2. Manufacturing processes:

Resins are mostly polymer reactions such as condensation and free radical polymerization. Electronic materials and specialty materials are produced through precision dust-free film coating technology, polymerization, organic-inorganic hybridization or nanotechnology, depending on the products.

(III) Supply Status of Main Materials

Main Raw Materials	Source of Supply	State of Supply
SM - Styrene	Formosa Chemicals & Fibre Corporation, Taiwan Styrene Monomer Corporation, Grand Pacific Petrochemical Corporation, and mainland China	Good
MPA - Phthalic Anhydride	UPC Technology Corporation, Nan Ya Plastics Corporation, and mainland China	Good
AA - Acrylic	Formosa Petrochemical Corporation, BPC (Malaysia), mainland China	Good
Xylene	Hongyang Enterprise, Chi Mei Trading Co., Ltd., and mainland China	Good
Polyester Film	Japan, South Korea, Indonesia, and mainland China	Good
Methacrylate Monomer	Formosa Plastics Corporation, Kaohsiung Monomer Company, Nippon Shokubai, Evonik Taiwan, Sumitomo, and mainland China	Good
MA - Maleic Anhydride	EXCEL Chemical Corporation, Nan Ya Plastics Corporation, OOSB, and mainland China	Good
MPG - Propylene Glycol	Dow Chemical Company, Shell, LyondellBasell Industries, and mainland China	Good
PENTA - Pentaerythritol	LCY Chemical Corporation, Perstorp, and mainland China	Good
AA - Adipic Acid	Japan AKC, Europe RADICI, and mainland China	Good

(IV) List of Major Suppliers and Customers in the Most Recent Two Years

1. List of major suppliers in the most recent 2 years:

Unit: NT\$ thousand

Item	2020				2021				2022 Q1			
	Name	Amount	Percentage to Net Procurement in the Year	Relationship with the Issuer	Name	Amount	Percentage of Net Purchase for the Current Year	Relationship with the Issuer	Name	Amount	Percentage to Net Procurement in Q1 of the Year (%)	Relationship with the Issuer
1	Supplier A	2,420,703	10%	None	Supplier B	2,710,348	8%	None	Supplier A	651,162	10%	None
	Others	21,729,376	90%	None	Others	32,006,248	92%	None	Others	7,510,395	90%	None
	Net procurement	24,150,079	100%	-	Net procurement	34,716,596	100%	-	Net procurement	8,161,557	100%	-

2. List of major customers in the most recent 2 years No customers account for more than ten (10) percent of the total sales of goods.

(V) Production volume in the most recent two fiscal years

Unit: NT\$ thousand

Main Product \ Year	2020			2021		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Synthetic Resins (ton)	621,344	449,138	15,271,632	701,998	480,314	23,383,598
Electronic Materials (KFT ²)	5,932,958	4,719,073	7,291,800	5,935,595	4,879,580	8,292,959
Electronic Materials (others)	-	-	696,886	-	-	1,283,497
Specialty materials (tons)	96,825	63,988	5,217,339	100,111	76,525	8,333,782
Others (others)	-	-	-	-	-	-
Total			28,477,657			41,293,836

(VI) Sales volume in the most recent two fiscal years

Unit: NT\$ thousand

Main Products \ Year	2020				2021			
	Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Synthetic Resins (ton)	48,390	2,459,254	354,472	16,024,681	50,478	2,904,267	396,334	21,834,088
Electronic Materials (KFT ²)	546,629	1,075,583	4,157,879	9,740,052	572,102	1,234,831	4,243,829	10,435,929
Electronic Materials (others)	-	480,968	-	1,573,164	-	997,182	-	1,862,746
Specialty materials (tons)	5,482	701,867	58,474	6,031,506	5,525	882,919	65,978	9,970,236
Others (others)	-	21,579	-	261,712	-	63,349	-	285,850
Total		4,739,251		33,631,115		6,082,548		44,388,849

Note: Note: Domestic sales refer to sales in Taiwan; export refer to sales outside Taiwan.

III. Information on Employees

Year		2020	2021	Year as at March 31, 2022
Number of Employees (Note)	Director labor	1,205	1,264	1,208
	Indirect labor	3,654	3,696	3,712
	Total	4,859	4,960	4,920

Average Age		38.70	37.42	37.69
Average Service Year		10.70	12.12	12.25
Education	PhD	1.85%	1.93%	1.99%
	Master	12.88%	13.37%	13.52%
	Bachelor (University)	34.97%	35.10%	34.98%
	Bachelor (Junior College)	16.61%	16.07%	15.89%
	Senior High School or Below	33.69%	33.53%	33.62%

Note: The number of employees includes regular employees, contract employees, and foreign employees (excluding temporary workers).

IV. Expenditures for Environmental Protection

(I) Total Losses and Punishments for Violations of Environmental Regulations during the Current Year up to the Date of Publication of the Annual Report:

Date	Punishment file number	Violation of provisions	Violation contents	Punishment contents	Plant
03/2021	L.Z.S.Z. No. 1100200981	Occupational Safety and Health Act	Hazardous zone division does not use explosion-proof performance structure equipment	Fine NT\$60,000	Ping-Nan Plant
08/2021	(J.B.) Y.J.F. (2021) No. 183	Regulations of Tianjin municipality on Work Safety	Fire personnel lack operational qualifications	Fine RMB20,000	Tianjin Plant
08/2021	None	Waste Disposal Act	Waste is not cleaned up in accordance with regulations	Fine MYR6,000	Malaysia Plant
09/2021	(S.S.C.) Y.J.G. (2021) No. 567	Regulations on Safety Administration of Hazardous Chemicals	Flame arrester is not installed in the incinerator natural gas pipeline as required	Fine RMB53,750	Changshu Plant
10/2021	(Z.) Y.J.F. [2021] No. 17	Regulations on Safety Administration of Hazardous Chemicals	Hazardous zone division does not use explosion-proof performance structure equipment	Fine RMB50,000	Guangdong Plant

(II) Future response strategies and potential expenditure:

In compliance with the government's environmental regulations and self-regulation requirements, safety and environmental expenditures include the operation and maintenance of pollution prevention equipment, waste treatment, environmental monitoring and training. The Company will budget for new purchase and replacement of equipment to the extent feasible technologically. In 2022, the Company plans to invest NT 362,072 thousand in facility improvement to reduce pollution emissions, to increase energy efficiency, and to enhance production safety measures.

V. Labor Relations

(I) The Company's various employee welfare measures, education, training and retirement systems and their implementation status, as well as the agreements between employees and employer and the measures taken to safeguard the rights and interests of employees.

The Company offers a variety of "employee benefits", including allowances for childbirth, marriage, and funerals, travel subsidies, group insurance, birthday and festival bonuses, senior employee reward, regular health examination, year-end bonus, employee cafeteria, shuttle bus service, dormitory, and library access.

According to the "Labor Standards Act", the years of service of regular employees before the implementation of the "Labor Pension Act" on July 1, 2005 and the years of service to which the regular employees choose to apply the "Labor Standards Act" after the implementation of the "Labor Pension Act" shall be included in the calculation of the years of service for retirement. In addition, the Company appropriates 10% of total salaries to the designated account at the Bank of Taiwan and reviews the balance every month. If the balance is insufficient to pay the statutory retired employees in the following year, the Company will complete the appropriation by the end of the following March to ensure the rights and interests of the retired employees. Since July 1, 2005, new recruits shall apply to the "Labor Pension Act", which stipulates that the Company shall appropriate 6% of an employee's salary to the employee's account at the Bureau of Labor Insurance every month as the pension. In addition, subsidiaries in Mainland China are required to pay pension insurance every month in accordance with the local government regulations.

A labor-management meeting is held on a regular basis to improve communication regarding agreements and maintenance of employee rights and ensure the harmonious labor relations.

1. Managerial officers' participation in corporate governance training in 2021 is detailed below:

Title	Name	Date	Training Institution	Course Name	Training Hours
Vice President	Liao, Heng-Ning	03.11~05.11	Development Department	Marketing Presentation Practice Course	17.0

Vice President	Pan, Chin-Cheng	01.19	Research institute	Technical Lecture on Communication and 5G Transmission Applications	2.0
Vice President	Pan, Chin-Cheng	03.11	Daxin Materials Corporation	Foundry and Advanced Packaging Technology and Supply Chain Opportunities	3.0
Assistant Vice President	Lin, Chih-Kuo	08.05~08.19	Research institute	Develop the Concept of Industry Analysis at the Initial Stage & Master the Key Points of Industry/Market Development (Part 1)	10.0
Assistant Vice President	Lin, Chih-Kuo	09.02	Research institute	Specialized Industry Trends and Developments	1.5
Assistant Vice President	Lin, Chih-Kuo	09.16	Research institute	Lu-Chu Plant - Trend and Development of Green Chemical Industry	1.5
Assistant Vice President	Lin, Chih-Kuo	09.23	Research institute	Lu-Chu Plant - Trend and Development of Electronic Materials Industry (Semiconductor Materials/PCB Materials)	3.0
Assistant Vice President	Lin, Chih-Kuo	12.14	Research institute	Materials for Electrochemical Applications	2.0
Assistant Vice President	Kao, Chih-Yu	09.02	Research institute	Specialized Industry Trends and Developments	1.5
Assistant Vice President	Kao, Chih-Yu	09.16	Research institute	Lu-Chu Plant - Trend and Development of Green Chemical Industry	1.5
Assistant Vice President	Kao, Chih-Yu	09.23	Research institute	Lu-Chu Plant - Trend and Development of Electronic Materials Industry (Semiconductor Materials/PCB Materials)	3.0
Assistant Vice President	Su, Wen-Pin	12.17	Development Department	Lu-Chu Plant - Issues Related to Net Zero Carbon Emissions	2.0
Assistant Vice President	Su, Wen-Pin	04.14 ~ 04.16	Occupational Safety & Environmental Protection Department	External Audit of PSLC Management System	18.0
Assistant Vice President	Yeh, Mao-Jung	05.03	Process Technology Department	Lectures on Industrial Applications and Development Trends of Artificial Intelligence	2.0

Assistant Vice President	Yeh, Mao-Jung	08.05~08.19	Research institute	Develop the Concept of Industry Analysis at the Initial Stage & Master the Key Points of Industry/Market Development (Part 1)	10.0
Assistant Vice President	Yeh, Mao-Jung	09.02	Research institute	Specialized Industry Trends and Developments	1.5
Assistant Vice President	Yeh, Mao-Jung	09.16	Research institute	Lu-Chu Plant - Trend and Development of Green Chemical Industry	1.5
Assistant Vice President	Yeh, Mao-Jung	09.23	Research institute	Lu-Chu Plant - Trend and Development of Electronic Materials Industry (Semiconductor Materials/PCB Materials)	3.0
Assistant Vice President	Yeh, Mao-Jung	12.14	Research institute	Materials for Electrochemical Applications	2.0
Assistant Vice President	Weng, Chin-Yi	08.05~08.19	Research institute	Develop the Concept of Industry Analysis at the Initial Stage & Master the Key Points of Industry/Market Development (Part 1)	10.0
Assistant Vice President	Weng, Chin-Yi	09.02	Research institute	Specialized Industry Trends and Developments	1.5
Assistant Vice President	Weng, Chin-Yi	09.16	Research institute	Lu-Chu Plant - Trend and Development of Green Chemical Industry	1.5
Assistant Vice President	Weng, Chin-Yi	09.23	Research institute	Lu-Chu Plant - Trend and Development of Electronic Materials Industry (Semiconductor Materials/PCB Materials)	3.0
Assistant Vice President	Weng, Chin-Yi	12.14	Research institute	Materials for Electrochemical Applications	2.0
Assistant Vice President	Weng, Chin-Yi	11.23	Research institute	Application Guidance of Patent Search Platform of Intellectual Property Office of Ministry of Economic Affairs	2.0
Assistant Vice President	Chu, Jui-Hsin	02.24	China Industrial & Commercial Research Institute	Corporate Spokesperson Selection and Practical Training Seminar	6.0

Assistant Vice President	Chu, Jui-Hsin	11.12	Information Management Department	2021 Information Security Promotion (for Officers)	--
Assistant Vice President	Chang Chi-Kang	08.05~08.19	Research institute	Develop the Concept of Industry Analysis at the Initial Stage & Master the Key Points of Industry/Market Development (Part 1)	10.0
Assistant Vice President	Chang Chi-Kang	09.02	Research institute	Specialized Industry Trends and Developments	1.5
Assistant Vice President	Chang Chi-Kang	09.16	Research institute	Lu-Chu Plant - Trend and Development of Green Chemical Industry	1.5
Assistant Vice President	Chang Chi-Kang	09.23	Research institute	Lu-Chu Plant - Trend and Development of Electronic Materials Industry (Semiconductor Materials/PCB Materials)	3.0
Assistant Vice President	Chang Chi-Kang	12.14	Research institute	Materials for Electrochemical Applications	2.0
Assistant Vice President	Chang Chi-Kang	10.13	SEMI	SEMI High-tech Enterprise Growth Innovation Platform Online Forum	2.0
Chief Accounting Officer	Su, Hui-Fang	03.11 ~ 12.23	Accounting Research and Development Foundation, The Institute of Internal Auditors	Continuing Education Course for Accounting Officers	21.0

Note: For corporate governance supervisor training, please refer to item 4 of (III) Implementation Status of Corporate Governance and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

2. Employee education and training:

The Company spares no effort in investing in employee development. In addition to a sound training system, the Company budgets for internal and external training and language training every year to improve employees' work skills and knowledge. Training required for each level and position is also clearly defined, including management training, functional training, and core competency training; in addition, differentiated personal development plans are made for specific employees. The Company has established related training regulations and makes and implements training plans on a yearly basis.

2021 Group training expenses are listed below:

Unit: (Unit: NT\$)

Plant	Training Expense	Percentage (%)
Head Office	4,644,901	38
Subsidiaries in mainland China	6,823,450	56
Subsidiaries in other regions	652,867	6
Total	12,121,218	100

3. In 2021, persons in charge of financial information transparency obtained the following certificates designated by the regulators:

Certificate Name	Number of Persons
Certified Public Accountant (CPA) of the Republic of China	5
Accredited Bookkeeper of the Republic of China	1
CPA of the People's Republic of China	4
Certified Tax Agent (CTA) of the People's Republic of China	3
Financial Risk Manager (FRM)	1
Certified Internal Auditor (CIA) organized by the Internal Audit Association	1
Basic Proficiency Test on Business Internal Control organized by Securities & Futures Institute	3

4. Code of Conduct or Code of Ethics

The Company has established the following policies based on the corporate culture of compliance, trust, and integrity to keep employees' conduct in line with its requirements. The regulations have been announced in the internal information platform for employees' access. The purpose of each regulation is described as follows:

- (1) "Ethical Corporate Management Principles of Eternal Materials Co., Ltd.":
To develop a sound structure of business operations and fulfill the corporate culture of compliance, trust, and integrity.
- (2) "Corporate Governance Best-Practice Principles of Eternal Materials Co., Ltd.":
To develop a sound corporate governance system that ensures the rights and interests of shareholders, enhances the functions of the Board of Directors, and fulfills corporate social responsibility.
- (3) "The Management Rules for Internal Material Information Handling and Insider Trading":
To develop an internal material information handling and disclosure system that prevents the improper leak or use of information and ensures the consistence and correctness of information disclosure.

(4) "Regulations Governing Trade Secrets and Intellectual Property Rights":

Trade secrets are the intellectual property of the Company. The regulations are established to protect trade secrets from leakage or disclosure, maintain competitiveness of the Company, and manage intellectual property rights in a proper manner.

(5) "Personal Information Protection Regulations":

To comply with and implement the regulations relating to personal information protection and ensure that the collection, processing, and use of personal information is properly protected and managed.

(6) "Regulations Governing Safety and Health and Environmental Protection":

The regulations define the overall principle of safety, health, and environmental requirements and the scope of safety, health, and environmental management, providing the guidelines for the structure of safety, health, and environmental management.

(7) "Procedures for Workplace Grievances":

To provide employees a work environment free of violation and avoid any physical and mental abuse during the performance of duties; the procedures also define the preventive, corrective, and disciplinary action and response measures against sexual harassment to protect the rights and privacy of parties concerned.

(8) "Directives for the Administration of Employee Rewards and Punishments":

To direct the rewards and punishments for employees' conduct.

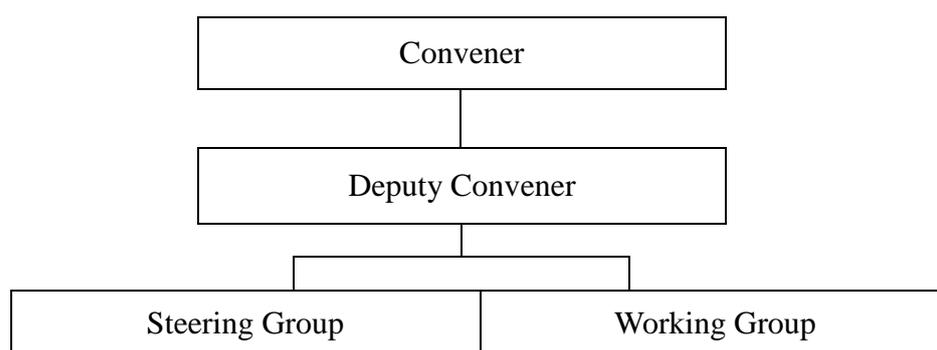
(II) Losses arising as a result of labor disputes in the recent year up and as of the printing date of this annual report and disclosure of potential current and future losses and countermeasures: None.

VI. Information Security Management

(I) Describe the information security risk management framework, the information security policy, the specific management plan and the resources invested in the information security management, etc.

1. Information security risk management framework:

Information security management task grouping: In order to promote information security-related management matters, the information management department of the Company is organized with existing personnel according to the information security management tasks. The structure is as follows:



2. Information Security Policy:

Strengthen personnel awareness, avoid data leakage, implement daily maintenance, and ensure service availability.

3. Specific management plan:

In order to strengthen information security management, ensure the confidentiality, integrity and availability of the information assets to which it belongs, provide an information environment for the continuous operation of the Company's information business, and comply with the requirements of relevant laws and regulations to protect it from internal and external deliberate or unexpected threat.

- (1) Conduct information security education and training to promote employees' awareness of information security and strengthen their awareness of relevant responsibilities.
- (2) Protect the Company's business activity information from unauthorized access.
- (3) Protect the Company's business activity information, avoid unauthorized modification, and ensure that it is correct and complete.

4. Resources invested in the security management of information security:

Because the Company attaches great importance to information security, the Company invested about NT\$42 million in information security related software and hardware in 2021 to continuously increase the software and hardware investment in information security related information security protection framework.

- (II) List the losses suffered due to major information security incidents in the most recent fiscal year up to the publication date of the annual report, and the possible impact and countermeasures. If the amount cannot be reasonably estimated, facts of which estimation cannot be made shall be explained: In the most recent year and up to the date of publication of the annual report, the Company has not found any information security incidents that have or may have a material adverse impact on the Company's business or operations.

VII. Important Contracts

Type of Contract	Contracting Party	Commencement Date and Expiration Date	Major Content	Restrictions
Supply Contract	Grand Pacific Petrochemical Corporation	01/01/2022-12/31/2022	Raw material supply	None
	Formosa Chemicals & Fibre Corporation	01/01/2022-12/31/2022		None
	Taiwan Styrene Monomer Corporation	01/01/2022-12/31/2022		None
	Kunshan Juchuan Chemical Co., Ltd. (Note 1)	02/01/2022-01/31/2023		None
	Wanhua Petrochemical (Yantai) Co., Ltd. (Note 2)	01/01/2022-12/31/2022		None
	Formosa Industries (Ningbo) Co., Ltd. (Note 2)	01/01/2022-12/31/2022		None
	Roehm (Shanghai) Co., Ltd. (Note 2)	01/01/2022-12/31/2022		None
	UPC Technology Corporation (Note 2)	02/01/2022-01/31/2023		None
	Nan Ya Plastics (Kunshan) Co., Ltd. (Note 3)	01/01/2022-12/31/2022		None
	Taixing Sunke Chemicals Co., Ltd. (Note 3)	01/01/2022-12/31/2022		None
	Wanhua Petrochemical (Yantai) Co., Ltd. (Note 3)	01/01/2022-12/31/2022		None
	Formosa Industries (Ningbo) Co., Ltd. (Note 3)	01/01/2022-12/31/2022		None
	Roehm (Shanghai) Co., Ltd. (Note 3)	01/01/2022-12/31/2022		None
	Sinochem Petrochemical Distribution Co., Ltd. (Note 4)	02/01/2022-01/31/2023		None
Zhuhai Yuanyang International Petrochemicals Co., Ltd. (Note 4)	02/01/2022-01/31/2023	None		
Procurement Letter of Intent	BASF Taiwan Ltd.	01/01/2022-12/31/2023	Raw material supply	None
Syndicated Loans	E.SUN Commercial Bank and the Syndicates	07/11/2018-05/16/2023	Repayment of loans to financial institutions and replenishment of working capital	None
	Bank of Taiwan and the Syndicates	11/06/2019-11/06/2024	Corporate bond guarantee	None

	Taipei Fubon Bank and the Syndicates (Note 5)	11/25/2020-11/25/2025	Ensure sufficient mid-term operating capital and to increase equity investment in subsidiaries for debt reduction.	None
	E.SUN Commercial Bank and the Syndicates	08/27/2021-08/27/2026	Repayment of loans to financial institutions and replenishment of working capital	None
Loan Contract	Syndicate banks, including First Commercial Bank	09/11/2017-09/29/2024	Repayment of loans to financial institutions and replenishment of working capital	None

Note 1: Signed by the subsidiary Eternal Chemical (China) Co., Ltd. with the other contracting party.

Note 2: Signed by the subsidiaries Eternal Chemical (China) Co., Ltd., Eternal Chemical (Guangdong) Co., Ltd., Eternal Chemical (Tianjin) Co., Ltd., Eternal Chemical (Chengdu) Co., Ltd. and Eternal Chemical (Changshu) Co., Ltd. with the other contracting party.

Note 3: Signed by the subsidiaries Eternal Materials (Zhuhai) Co., Ltd. and Eternal Materials (Suzhou) Co., Ltd. with the other contracting party.

Note 4: Signed by the subsidiary Eternal Materials (Guangdong) Co., Ltd. with the other contracting party.

Note 5: Signed by Eternal Nanyang Investment Co., Ltd. with the other contracting party.

VII. Work Environment and Personal Safety Protection Measures

(I) Specific measures for safety and health management

1. Formulate safety and health policies

The Company has established the EHS policy based on the corporate culture and business philosophy and continuously improved with the idea of PDCA in the hope of reducing the occupational hazard incident number to zero.

2. Regular review of EHS management system

(1) SO45001: 2018 Occupational health and safety management systems

Original verification date: January 7, 2009

Certificate expiration date: August 2, 2023

(2) CNS45001: 2018 Taiwan Occupational Safety and Health Management System

Original verification date: January 7, 2009

Certificate expiration date: August 2, 2023

(3) ISO14001: 2015 environmental management system

Original verification date: July 23, 1999

Certificate expiration date: July 22, 2023

(4) ISO5001: 2011 Energy Management System

Original verification date: November 21, 2017

Certificate expiration date: November 20, 2023

3. Risk Assessment and Countermeasures

The Company conducts hazard identification and risk assessment, makes EHS management plans or controls based on the requirements for work safety, and reports the results of assessment to the safety and health review meetings for review.

4. Incident Reduction

To promote safety in the work environment and minimize the incidence of occupational disasters, the Company encourages employees to improve hazardous factors in the work environment on their own initiative by proposing for improvement and reporting accident-free work hours.

5. Monitoring of Operating Environment

According to the Regulation Governing the Implementation of Environmental Monitoring, the Company has entrusted qualified environmental monitoring institutions to test for chemical and physical factors in the work environment and the compliance. Any abnormalities found in the test will be corrected to protect the health of employees.

6. Health Care and Management

According to the Regulations of the Labor Health Protection, the Company organizes health examinations for general operators and high risk operators, including chest X-ray, blood pressure, abdominal ultrasound, urine, and blood test. The Company also analyzes the results of health examinations and provides health promotion activities for employees with hypertension, hyperlipidemia, hyperglycemia, and abnormal body mass. For employees working in high risk environment, such as noise, organic solvents, and specific chemicals, additional exam items will be performed, and the employees will be graded for health management based on the results of special health exams. For employees suffering from work overload, ergonomic hazard, and for female employees, health evaluation and protection are provided to avoid the incidence of cardiovascular diseases, musculoskeletal injuries, and harm to babies. On-site physicians are also staffed to provide follow-up exams and medical advice.

(II) Work Safety Control Measures

1. According to the safety and health regulations and the results of hazard identification and risk assessment, the Company implements work permits and special controls over hot work, limited space operation, pipe flanges or disassembly and blind sealing, power outage (electrical isolation) and hot line work, overhead operations, hoisting operations, excavation, and waterjet cutting.

2. Before daily operations, the Company organizes a toolbox talk to remind employees of

hazards; safety and health supervisors are also appointed to oversee and ensure the work safety during construction.

3. Hazardous equipment is regularly examined according to the regulations. Operators are required to obtain professional licenses and attend retraining on a regular basis. The Company conducts risk assessment of Class A hazardous workplaces every five years to ensure the work safety.
4. The Company investigates into injuries, non-injury accidents, and false alarms and takes corrective measures to eliminate the hazards caused by humans and working environments; in addition, the Company conducts the ad hoc inspections of equipment and operations and makes corrective plans to avoid injuries.
5. To avoid musculoskeletal injuries caused by long-term work on-site and improve productivity at the same time, the Company makes improvement plans for operations and equipment based on the analysis of ergonomics.
6. To ensure the production safety in the work environment, the Company has designated the explosion-proof areas, controlled the use and installation of electrical equipment, and evaluated the process safety; in addition, corrective action is taken against unacceptable risks.
7. In addition to external audits, the Industrial Safety & Environmental Protection Department organizes safety and health audits of the environment, equipment, and operations on a regular basis to ensure the compliance with operating procedures and work safety.

Chapter 6. Overview of Financial Status

I. Five-Year Condensed Balance Sheet and Condensed Statement of Comprehensive Income

(I) Condensed Balance Sheet - Consolidated

Unit: NT\$ thousand

Item	Year (Note 1)	Financial information for the most recent 5 years					Financial Information for the Year as of Mar. 31, 2022
		2017	2018	2019	2020	2021	
CURRENT ASSETS		33,149,934	30,666,571	30,227,516	32,621,948	37,041,238	38,562,740
Property, plant and equipment		18,466,249	18,792,384	17,435,546	16,623,050	16,369,000	16,616,796
INTANGIBLE ASSETS		318,014	385,279	343,782	282,235	261,442	257,158
Other Assets		4,531,308	4,516,045	5,789,885	6,661,392	6,864,009	7,346,402
Total Assets		56,465,505	54,360,279	53,796,729	56,188,625	60,535,689	62,783,096
Current Liabilities	Before distribution	18,124,943	14,482,801	15,828,650	15,513,121	19,523,383	21,363,382
	After distribution	18,704,513	15,599,053	17,565,041	17,373,540	Note 2	Note 2
Non-Current Liabilities		17,272,451	18,252,309	16,048,344	17,437,202	16,345,449	14,905,625
Total Liabilities	Before distribution	35,397,394	32,735,110	31,876,994	32,950,323	35,868,832	36,269,007
	After distribution	35,976,964	33,851,362	33,613,385	34,810,742	Note 2	Note 2
Equity Attributable to Owners of the Parent		20,506,760	21,003,079	21,415,337	22,834,497	24,239,108	26,197,629
Share capital		11,591,397	12,402,795	12,402,795	12,402,795	12,402,795	12,402,795
Capital reserve		359,900	356,046	356,046	368,946	368,946	368,946
Retained earnings	Before distribution	8,497,081	8,755,131	10,099,185	10,845,276	12,649,186	13,537,688
	After distribution	7,106,113	7,638,879	8,362,794	8,984,857	Note 2	Note 2
Other equity		58,382	(510,893)	(1,442,689)	(782,520)	(1,181,819)	(111,800)
Treasury stock		0	0	0	0	0	0
Non-controlling Interests		561,351	622,090	504,398	403,805	427,749	316,460
Total Equity	Before distribution	21,068,111	21,625,169	21,919,735	23,238,302	24,666,857	26,514,089
	After distribution	20,488,541	20,508,917	20,183,344	21,377,883	Note 2	Note 2

Note 1: Financial information in the above table has been audited or reviewed by the CPAs.

Note 2: The 2021 surplus distribution plan is yet to be approved by the Shareholders' Meeting

(II) Condensed Statement of Comprehensive Income - Consolidated

Unit: NT\$ thousand

Item \ Year (Note)	Financial information for the most recent 5 years					Financial Information for the Year as of Mar. 31, 2022
	2017	2018	2019	2020	2021	
Operating revenue	41,551,117	43,300,155	40,363,238	38,370,366	50,471,397	12,363,833
Operating gross profit	7,438,276	7,279,839	7,856,953	8,885,888	10,694,148	2,745,472
Operating Income	1,861,551	1,813,005	2,335,050	3,138,926	4,095,041	1,071,145
Non-operating income and expenses	409,058	50,966	578,881	5,583	336,818	65,947
Net profit before tax	2,270,609	1,863,971	2,913,931	3,144,509	4,431,859	1,137,092
Income from Continuing Operations	1,864,100	1,492,323	2,428,081	2,493,217	3,485,710	891,812
Loss from Discontinued Operations	0	0	0	0	0	0
Net Income (Loss)	1,864,100	1,492,323	2,428,081	2,493,217	3,485,710	891,812
Other Comprehensive Income (after Tax)	(494,191)	(600,017)	(945,873)	593,951	(289,282)	1,082,949
Total Comprehensive Income	1,369,909	892,306	1,482,208	3,087,168	3,196,428	1,974,761
Net profit attributable to owners of the parent company	1,909,634	1,550,515	2,466,356	2,543,496	3,549,268	888,502
Net profit attributable to non-controlling interests	(45,534)	(58,192)	(38,275)	(50,279)	(63,558)	3,310
Total comprehensive incom/losses attributable to owners of the parent company	1,416,409	952,243	1,531,715	3,139,446	3,268,236	1,958,521
Total comprehensive income/losses attributable to non-controlling interests	(46,500)	(59,937)	(49,507)	(52,278)	(71,808)	16,240
Earnings per share (NT\$)	1.54	1.25	1.99	2.05	2.86	0.72

Note: Financial information in the above table has been audited or reviewed by the CPAs.

(III) Condensed balance sheet - Standalone

Unit: NT\$ thousand

Item	Year (Note 1)	Financial information for the most recent 5 years				
		2017	2018	2019	2020	2021
CURRENT ASSETS		8,649,017	7,847,541	7,114,450	7,146,604	9,390,592
Property, plant and equipment		5,909,844	6,034,560	6,184,393	6,145,448	6,300,703
INTANGIBLE ASSETS		7,779	89,365	88,005	229,525	219,426
Other Assets		29,823,490	29,612,160	29,569,146	30,636,180	31,926,169
Total Assets		44,390,130	43,583,626	42,955,994	44,157,757	47,836,890
Current Liabilities	Before distribution	8,209,256	7,720,218	7,006,246	5,989,894	8,873,535
	After distribution	8,788,826	8,836,470	8,742,637	7,850,313	Note 2
Non-Current Liabilities		15,674,114	14,860,329	14,534,411	15,333,366	14,724,247
Total Liabilities	Before distribution	23,883,370	22,580,547	21,540,657	21,323,260	23,597,782
	After distribution	24,462,940	23,696,799	23,277,048	23,183,679	Note 2
Equity Attributable to Owners of the Parent		N/A	N/A	N/A	N/A	N/A
Share capital		11,591,397	12,402,795	12,402,795	12,402,795	12,402,795
Capital reserve		359,900	356,046	356,046	368,946	368,946
Retained earnings	Before distribution	8,497,081	8,755,131	10,099,185	10,845,276	12,649,186
	After distribution	7,106,113	7,638,879	8,362,794	8,984,857	Note 2
Other equity		58,382	(510,893)	(1,442,689)	(782,520)	(1,181,819)
Treasury stock		0	0	0	0	0
Non-controlling Interests		N/A	N/A	N/A	N/A	N/A
Total Equity	Before distribution	20,506,760	21,003,079	21,415,337	22,834,497	24,239,108
	After distribution	19,927,190	19,886,827	19,678,946	20,974,078	Note 2

Note 1: Financial information in the above table has been audited by the CPAs.

Note 2: The 2021 surplus distribution plan is yet to be approved by the Shareholders' Meeting

(IV) Condensed Statement of Composite Income - Standalone

Unit: NT\$ thousand

Item \ Year (Note)	Financial information for the most recent 5 years				
	2017	2018	2019	2020	2021
Operating revenue	16,451,548	16,113,899	14,804,018	13,011,068	16,562,728
Operating gross profit	2,785,879	2,296,895	2,639,659	2,594,915	2,926,007
Operating Income	304,297	(158,239)	144,187	(66,112)	(197,623)
Non-operating income and expenses	1,686,665	1,670,309	2,411,301	2,666,196	3,918,772
Net profit before tax	1,990,962	1,512,070	2,555,488	2,600,084	3,721,149
Income from Continuing Operations	1,909,634	1,550,515	2,466,356	2,543,496	3,549,268
Loss from Discontinued Operations	0	0	0	0	0
Net Income (Loss)	1,909,634	1,550,515	2,466,356	2,543,496	3,549,268
Other comprehensive income for the period, net of income tax	(493,225)	(598,272)	(934,641)	595,950	(281,032)
Total Comprehensive Income	1,416,409	952,243	1,531,715	3,139,446	3,268,236
Net profit attributable to owners of the parent company	N/A	N/A	N/A	N/A	N/A
Net profit attributable to non-controlling interests	N/A	N/A	N/A	N/A	N/A
Total comprehensive income/losses attributable to owners of the parent company	N/A	N/A	N/A	N/A	N/A
Total comprehensive income/losses attributable to non-controlling interests	N/A	N/A	N/A	N/A	N/A
Earnings per share (NT\$)	1.54	1.25	1.99	2.05	2.86

Note: Financial information in the above table has been audited by the CPAs.

(V) Names of CPAs and their audit opinions

Year	Accounting firm	Name of CPA	Opinions
2017	Deloitte & Touche	Kuo, Li-Yuan and Kung, Chun-Chi	Unqualified opinion plus audit report on other matters
2018	Deloitte & Touche	Kuo, Li-Yuan and Kung, Chun-Chi	Unqualified opinion plus audit report on other matters
2019	Deloitte & Touche	Kuo, Li-Yuan and Kung, Chun-Chi	Unqualified opinion plus audit report on other matters
2020	Deloitte & Touche	Wang, Chao-Chun, Kuo, Li-Yuan	Unqualified opinion plus audit report on other matters
2021	Deloitte & Touche	Wang, Chao-Chun, Kuo, Li-Yuan	Unqualified opinion plus audit report on other matters

II. Financial Analysis for The Last Five Years

(I) Financial Analysis - Consolidated

Analysis Item		Year	Financial Analyses for the Past Five Fiscal Years					Current Year March 31, 2022
			2017	2018	2019	2020	2021	
Financial Structure (%)	Debt ratio		63	60	59	59	59	58
	Ratio of long-term capital to property, plant, and equipment		208	212	218	245	251	249
Solvency (%)	Current ratio		183	212	191	210	190	181
	Quick ratio		133	151	140	157	131	121
	Interest coverage ratio		6	4	7	9	16	17
Operating ability	Accounts receivable turnover rate (times)		2.9	2.9	2.6	2.3	2.6	2.4
	Average days for cash receipts		125	128	139	159	138	150
	Inventory turnover rate (times)		4.6	4.5	4.2	3.9	4.3	3.4
	Accounts payable turnover rate (times)		10	11	8	6	6	5
	Average days for sale of goods		79	81	86	93	85	108
	Property, plant, and equipment turnover rate (times)		2	2	2	2	3	3
	Total assets turnover rate (times)		1	1	1	1	1	1
Profitability	Return on total assets (%)		4	4	5	5	6	6
	Return on equity (%)		9	7	11	11	15	14
	Ratio of income before tax to paid-in capital (%)		20	15	23	25	36	37
	Net profit margin (%)		4	3	6	6	7	7
	Earnings per share (NT\$)		1.54	1.25	1.99	2.05	2.86	0.72
Cash flow	Cash flow ratio (%)		-3	20	31	27	4	3
	Cash flow adequacy ratio (%)		60	58	67	66	53	71
	Cash reinvestment ratio (%)		-4	4	7	4	-2	1
Leverage	Operating leverage		3	3	3	2	2	2
	Financial leverage		1	1	1	1	1	1

Reasons for the changes in the financial ratios (if the change is less than 20%, the analysis can be exempted):

1. Reasons for changes in the most recent two years

- (1) Interest coverage ratio: The growth of operating income and the increase of net profit before tax resulted in an increase in interest coverage ratio.
- (2) Property, plant, and equipment turnover rate: The easing of the COVID-19 epidemic and the recovery of economy led to increased demand and increased operating revenue.
- (3) Profitability: The growth of operating revenue and the increase of operating profit led to improved profitability.
- (4) Cash flow ratio and cash reinvestment ratio: Mainly due to the decrease in net cash flow from operating activities due to inventory increase during the current year.

2. Reasons for changes in the first quarter of 2022 and 2021:

(1) Inventory turnover rate and Average days for sale of goods : Due to the transportation limit and the expectation of rising raw material prices, book raw materials in advance to result in increase in average inventory.

(2) Earnings Per Share: Calculated on quarterly base.

(3) Cash Flow: Calculated on quarterly base.

(II) Financial Analysis - Standalone

Analysis Item		Year	Financial Analyses for the Past Five Fiscal Years				
			2017	2018	2019	2020	2021
Financial Structure (%)	Debt ratio		54	52	50	48	49
	Ratio of long-term capital to property, plant, and equipment		612	594	581	621	618
Solvency (%)	Current ratio		105	102	102	119	106
	Quick ratio		66	63	65	75	59
	Interest coverage ratio		9	6	11	14	23
Operating ability	Accounts receivable turnover rate (times)		4.1	3.9	3.9	3.7	4.2
	Average days for cash receipts		89	93	94	100	86
	Inventory turnover rate (times)		4.6	4.5	4.4	4.0	4.0
	Accounts payable turnover rate (times)		9.9	9.5	9.4	8.6	9.1
	Average days for sale of goods		80	81	83	92	92
	Property, plant, and equipment turnover rate (times)		3	3	2	2	3
	Total assets turnover rate (times)		0.4	0.4	0.3	0.3	0.4
Profitability	Return on total assets (%)		5	4	6	6	8
	Return on equity (%)		9	7	12	11	15
	Ratio of income before tax to paid-in capital (%)		17	12	21	21	30
	Net profit margin (%)		12	10	17	20	21
	Earnings per share (NT\$)		1.54	1.25	1.99	2.05	2.86
Cash flow	Cash flow ratio (%)		6	24	25	37	4
	Cash flow adequacy ratio (%)		66	64	70	72	51
	Cash reinvestment ratio (%)		-3	3	1	1	-3
Leverage	Operating leverage		8	-12	16	-33	-11
	Financial leverage		5	0	-1	0	1

Reasons for changes in various financial ratios in the most recent two fiscal years. (Analysis is not be required if such changes are within 20%)

1. Quick ratio: Mainly due to the increase in long-term borrowings being transferred to those due within one year.
2. Interest coverage ratio: The increase in the share of profit / loss of the main subsidiaries and affiliates, and the increase in net profit before interest and tax resulted in an increase in the interest coverage ratio.
3. Turnover rate of property, plant and equipment, and turnover rate of total assets: The easing of the COVID-19 epidemic and the recovery of economy led to increased demand and increased operating revenue.
4. Profitability: Mainly due to the increase in the profit / loss of the subsidiary in which the principal system recognized the equity method, which increased the related profitability index.
5. Cash flow: Mainly due to the decrease in net cash flow from operating activities due to inventory increase during the current year.
6. Operating leverage: Mainly due to the decrease in operating profit.

Formula

1. Financial structure

- (1) Liabilities to Assets Ratio = Total Liabilities / Total Assets.
- (2) Proportion of long-term capital in property, plant, and equipment = (Total equities + non-current liabilities) / (Total net value of property, plant, and equipment).

2. Solvency

- (1) Current ratio = Current assets / Current liabilities.
- (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities
- (3) Interest coverage ratio = Income before tax and interest expenses/Interest expenses.

3. Operating ability

- (1) Accounts receivable (including accounts receivable and notes receivable generated from operations) turnover rate = Net sales/Average balance of accounts receivable (including accounts receivable and notes receivable generated from operations) for each period.
- (2) Average days of collection = 365 / receivables turnover ratio.
- (3) Inventory turnover ratio = Costs of goods sold / Average inventory.
- (4) Accounts payable (including accounts payable and notes payable generated from operations) turnover rate = Cost of goods sold/Average balance of accounts payable (including accounts payable and notes payable generated from operations) for each period.
- (5) Average inventory turnover days = 365 / Inventory turnover ratio.
- (6) Property, plant, and equipment turnover rate = Net sales/Average net property, plant, and equipment.
- (7) Total asset turnover ratio = Net sales / Average total assets.

4. Profitability

- (1) Return on assets = [Net income + Interest expenses × (1-Tax rate)] / Average total

assets.

(2) Return on equity = profit and loss after tax/average total equity.

(3) Net profit margin = net income after taxes/net sales

(4) Earnings per share = (net gain or loss attributable to owners of the parent company - preferred stock dividend) / weighted average number of shares outstanding.

5. Cash flow

(1) Cash flow ratio = net cash provided by operating activities / current liabilities

(2) Net cash flow adequacy ratio = net cash flow rising from operating activities in the most recent five years / (capital expenditure + inventory increase + cash dividend) in the most recent five years.

(3) Cash re-investment ratio = (net cash flows from operating activities - cash dividend) / (gross property, plant and equipment + long-term investment + other non-current assets + working capital).

6. Leverage:

(1) Operating leverage = (Net operating revenue - Variable operating costs & expenses)/Operating profit.

(2) Financial leverage = Operating income/(Operating profit - Interest expenses).

III. Audit Committee's Review Report of the Most Recent Annual Financial Report

Eternal Materials Co., Ltd.

Audit Committee's Review Report

Hereby approved.

The Company's 2021 business report, earnings distribution, financial statements and consolidated financial statements submitted by the Board of Directors have been reviewed by the Audit Committee, and no irregularities have been found. The review report is hereby presented in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely,

2022 Shareholders' General Meeting

Eternal Materials Co., Ltd.

Convener of the Audit Committee:

March 11, 2022

IV. Financial Statement for the Most Recent Year

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of affiliates under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2021 are all the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the consolidated financial statements of affiliates has been disclosed in the consolidated financial statements of Eternal Materials Co., Ltd. and its subsidiaries. Consequently, Eternal Materials Co., Ltd. and its subsidiaries did not prepare a separate set of combined financial statements of affiliates.

Very truly yours,

Eternal Materials Co., Ltd.

By

Kao, Kuo-Lun
Chairman

March 11, 2022

INDEPENDENT AUDITORS' REPORT

Eternal Materials Co., Ltd.

Opinion

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

In our opinion, based on our audits and the reports of other auditors (refer to the Other Matter paragraph) the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2021 and 2020, and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

We conducted our audit 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 Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the report of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated 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 and its subsidiaries' consolidated 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. Description

The sales revenue from the high performance materials department of Eternal Materials Co., Ltd and its subsidiaries 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 follows:

- a. We obtained an understanding of the 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 we 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. Total assets from the subsidiary amounted to NT\$2,586,727 thousand, representing 4% of the Company and its subsidiaries' total assets as of December 31, 2021; and the operating revenue amounted to NT\$2,789,997 thousand, representing 6% of the Company and its subsidiaries' total operating revenue for the year ended December 31, 2021. Such investments accounted for using the equity method amounted to NT\$849,578 thousand and NT\$1,213,380 thousand, representing 1% and 2% of the Company and its subsidiaries' total assets as of December 31, 2021 and 2020, respectively; and the share of the profit of these associates amounted to NT\$233,368 thousand and NT\$268,060 thousand, representing 7% and 9% of the Company and its subsidiaries' total comprehensive income for the years ended December 31, 2021 and 2020, respectively.

We have also audited the standalone financial statements of the Company as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion with other matter paragraph.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the FSC of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company and its subsidiaries' 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 and its subsidiaries 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 and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 and its subsidiaries' 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 and its subsidiaries' 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 consolidated 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 and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Company and its subsidiaries' 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 consolidated 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.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2022

Notice to Readers

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

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

Eternal Materials Co., Ltd. and Subsidiaries

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 4,250,469	7	\$ 6,108,294	11
Notes receivable, net (Notes 4, 8 and 33)	6,717,389	11	5,138,238	9
Notes receivable from related parties, net (Notes 4, 8 and 32)	83,349	-	44,739	-
Accounts receivable, net (Notes 4, 5, and 8)	13,032,813	22	12,121,573	22
Accounts receivable from related parties, net (Notes 4, 5, 8 and 32)	237,921	-	218,637	-
Other receivables (Notes 8 and 32)	671,227	1	791,068	2
Inventories (Notes 4, 5 and 9)	10,678,213	18	7,492,620	13
Non-current assets held for sale (Notes 4 and 10)	313,112	1	-	-
Other financial assets - current (Notes 4 and 11)	193,382	-	61,860	-
Other current assets - others (Note 25)	<u>863,363</u>	<u>1</u>	<u>644,919</u>	<u>1</u>
Total current assets	<u>37,041,238</u>	<u>61</u>	<u>32,621,948</u>	<u>58</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	14,968	-	21,301	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 12)	1,033,343	2	1,016,306	2
Investments accounted for using the equity method (Notes 4 and 14)	2,457,766	4	2,306,731	4
Property, plant and equipment (Notes 4, 15, 32 and 33)	16,369,000	27	16,623,050	30
Right-of-use assets (Notes 4 and 16)	1,138,746	2	1,195,535	2
Investment properties (Notes 4 and 17)	1,317,178	2	1,356,821	2
Intangible assets (Notes 4 and 18)	261,442	-	282,235	-
Deferred tax assets (Notes 4, 5 and 25)	368,573	1	397,389	1
Other non-current assets - others (Notes 19 and 33)	<u>533,435</u>	<u>1</u>	<u>367,309</u>	<u>1</u>
Total non-current assets	<u>23,494,451</u>	<u>39</u>	<u>23,566,677</u>	<u>42</u>
TOTAL	<u>\$ 60,535,689</u>	<u>100</u>	<u>\$ 56,188,625</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4, 20 and 33)	\$ 4,588,002	8	\$ 4,403,929	8
Notes payable	863,529	1	534,320	1
Accounts payable (Note 32)	6,771,109	11	5,598,389	10
Other payables - others (Note 21)	2,171,091	4	2,053,754	4
Current tax liabilities (Note 25)	489,253	1	442,184	1
Liabilities directly associated with non-current assets held for sale (Notes 4 and 10)	1,506	-	-	-
Lease liabilities - current (Notes 4 and 16)	86,404	-	81,002	-
Current portion of long-term borrowings (Notes 4, 20 and 33)	4,325,565	7	2,211,266	4
Other current liabilities - others (Note 23)	<u>226,924</u>	<u>-</u>	<u>188,277</u>	<u>-</u>
Total current liabilities	<u>19,523,383</u>	<u>32</u>	<u>15,513,121</u>	<u>28</u>
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 20)	5,491,683	9	2,995,374	5
Long-term borrowings (Notes 4, 20 and 33)	7,013,985	12	10,190,026	18
Deferred tax liabilities (Notes 4, 5 and 25)	2,551,139	4	2,641,898	5
Lease liabilities - non-current (Notes 4 and 16)	189,327	-	262,898	1
Other non-current liabilities (Notes 5, 14 and 21)	<u>1,099,315</u>	<u>2</u>	<u>1,347,006</u>	<u>2</u>
Total non-current liabilities	<u>16,345,449</u>	<u>27</u>	<u>17,437,202</u>	<u>31</u>
Total liabilities	<u>35,868,832</u>	<u>59</u>	<u>32,950,323</u>	<u>59</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)				
Ordinary shares	<u>12,402,795</u>	<u>20</u>	<u>12,402,795</u>	<u>22</u>
Capital surplus	<u>368,946</u>	<u>1</u>	<u>368,946</u>	<u>1</u>
Retained earnings				
Legal reserve	4,437,120	8	4,188,871	7
Special reserve	781,875	1	1,442,690	3
Unappropriated earnings	<u>7,430,191</u>	<u>12</u>	<u>5,213,715</u>	<u>9</u>
Total retained earnings	<u>12,649,186</u>	<u>21</u>	<u>10,845,276</u>	<u>19</u>
Other equity	<u>(1,181,819)</u>	<u>(2)</u>	<u>(782,520)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	24,239,108	40	22,834,497	41
NON-CONTROLLING INTERESTS (Note 22)	<u>427,749</u>	<u>1</u>	<u>403,805</u>	<u>-</u>
Total equity	<u>24,666,857</u>	<u>41</u>	<u>23,238,302</u>	<u>41</u>
TOTAL	<u>\$ 60,535,689</u>	<u>100</u>	<u>\$ 56,188,625</u>	<u>100</u>

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

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

Eternal Materials Co., Ltd. and Subsidiaries

CONSOLIDATED 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 23 and 32)	\$ 50,471,397	100	\$ 38,370,366	100
OPERATING COSTS (Notes 9, 24 and 32)	<u>39,777,249</u>	<u>79</u>	<u>29,484,478</u>	<u>77</u>
GROSS PROFIT	<u>10,694,148</u>	<u>21</u>	<u>8,885,888</u>	<u>23</u>
OPERATING EXPENSES (Notes 8, 24 and 32)				
Selling and marketing expenses	2,956,111	6	2,226,281	6
General and administrative expenses	2,122,880	4	2,037,956	5
Research and development expenses	1,526,595	3	1,385,294	4
Expected credit loss (gain)	<u>(6,479)</u>	<u>-</u>	<u>97,431</u>	<u>-</u>
Total operating expenses	<u>6,599,107</u>	<u>13</u>	<u>5,746,962</u>	<u>15</u>
PROFIT FROM OPERATIONS	<u>4,095,041</u>	<u>8</u>	<u>3,138,926</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 24)	97,049	-	112,264	-
Other income (Notes 24 and 32)	283,647	1	234,548	1
Other gains and losses (Notes 7, 14, 15, 18 and 24)	(168,556)	-	(237,558)	(1)
Loss on disposal of financial assets at amortized cost (Note 14)	-	-	(49,268)	-
Finance costs (Note 24)	(291,812)	(1)	(385,432)	(1)
Share of the profit of associates and joint ventures (Note 14)	<u>416,490</u>	<u>1</u>	<u>331,029</u>	<u>1</u>
Total non-operating income and expenses	<u>336,818</u>	<u>1</u>	<u>5,583</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	4,431,859	9	3,144,509	8
INCOME TAX EXPENSE (Notes 4 and 25)	<u>(946,149)</u>	<u>(2)</u>	<u>(651,292)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>3,485,710</u>	<u>7</u>	<u>2,493,217</u>	<u>6</u>

(Continued)

Eternal Materials Co., Ltd. and Subsidiaries

CONSOLIDATED 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 14, 21, 22 and 25)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 54,804	-	\$ (44,110)	-
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	105,061	-	299,457	1
Remeasurement of defined benefit plans of associates and joint ventures accounted for using the equity method	(1,852)	-	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	21,977	-	(23,479)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statement of foreign operations	(454,706)	(1)	352,763	1
Share of the 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>(289,282)</u>	<u>(1)</u>	<u>593,951</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 3,196,428</u>	<u>6</u>	<u>\$ 3,087,168</u>	<u>8</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 3,549,268		\$ 2,543,496	
Non-controlling interests	<u>(63,558)</u>		<u>(50,279)</u>	
	<u>\$ 3,485,710</u>		<u>\$ 2,493,217</u>	
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 3,268,236		\$ 3,139,446	
Non-controlling interests	<u>(71,808)</u>		<u>(52,278)</u>	
	<u>\$ 3,196,428</u>		<u>\$ 3,087,168</u>	
EARNINGS PER SHARE (Note 26)				
Basic	\$ 2.86		\$ 2.05	
Diluted	2.85		2.04	

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

(Concluded)

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

Eternal Materials Co., Ltd. and Subsidiaries

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

	Equity Attributable to Owners of the Company						Other Equity		Total	Non-controlling Interests	Total Equity
	Ordinary Shares	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity			
			Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2021	\$ 12,402,795	\$ 368,946	\$ 4,188,871	\$ 1,442,690	\$ 5,213,715	\$ (1,320,826)	\$ 538,306	\$ (782,520)	\$ 22,834,497	\$ 403,805	\$ 23,238,302
Appropriation of the 2020 earnings (Note 22)	-	-	248,249	-	(248,249)	-	-	-	-	-	-
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)	-	(1,860,419)
Net profit (loss) for the year ended December 31, 2021	-	-	248,249	(660,170)	(1,448,498)	-	-	-	(1,860,419)	-	(1,860,419)
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	3,549,268	-	-	-	3,549,268	(63,558)	3,485,710
	-	-	-	-	42,638	(461,022)	137,352	(323,670)	(281,032)	(8,250)	(289,282)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	3,591,906	(461,022)	137,352	(323,670)	3,268,236	(71,808)	3,196,428
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	95,752	95,752
Disposals of investments in equity instruments at fair value through other comprehensive income (Note 22)	-	-	-	-	72,423	-	(75,629)	(75,629)	(3,206)	-	(3,206)
Others	-	-	-	(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	\$ 427,749	\$ 24,666,857
BALANCE AT JANUARY 1, 2020	\$ 12,402,795	\$ 356,046	\$ 3,942,840	\$ 510,893	\$ 5,645,452	\$ (1,684,908)	\$ 242,219	\$ (1,442,689)	\$ 21,415,337	\$ 504,398	\$ 21,919,735
Appropriation of the 2019 earnings (Note 22)	-	-	246,031	-	(246,031)	-	-	-	-	-	-
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)	-	(1,736,391)
Net profit (loss) for the year ended December 31, 2020	-	-	246,031	931,797	(2,914,219)	-	-	-	(1,736,391)	-	(1,736,391)
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	2,543,496	-	-	-	2,543,496	(50,279)	2,493,217
	-	-	-	-	(35,088)	364,082	266,956	631,038	595,950	(1,999)	593,951
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	2,508,408	364,082	266,956	631,038	3,139,446	(52,278)	3,087,168
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(146)	(146)
Difference between the consideration received or paid and the carrying amount of the subsidiaries during actual disposal or acquisition (Note 27)	-	12,842	-	-	-	-	-	-	12,842	(40,571)	(27,729)
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(7,598)	(7,598)
Disposals of investments in equity instruments at fair value through other comprehensive income (Note 22)	-	-	-	-	(25,926)	-	29,131	29,131	3,205	-	3,205
Others	-	58	-	-	-	-	-	-	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	\$ 403,805	\$ 23,238,302

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

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

Eternal Materials Co., Ltd. and Subsidiaries

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

	<u>For the Year Ended December 31</u>	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 4,431,859	\$ 3,144,509
Adjustments for:		
Depreciation expense	2,085,827	1,980,353
Amortization expense	26,385	60,096
Expected credit loss (gain)	(6,479)	97,431
Net gain on fair value changes of financial assets at fair value through profit or loss	(14,252)	(40,262)
Finance costs	291,812	385,432
Loss on disposal of financial assets at amortized cost	-	49,268
Interest income	(97,049)	(112,264)
Dividend income	(53,409)	(36,443)
Share of the profit of associates and joint ventures	(416,490)	(331,029)
Loss (gain) on disposal of property, plant and equipment	(60,279)	9,193
Gain on disposal of investments	(2,905)	(130,159)
Impairment loss recognized on financial assets	-	85,581
Impairment loss recognized on non-financial assets	198,562	272,143
Others	(485)	(184)
Changes in operating assets and liabilities		
Notes receivable	(1,579,151)	(649,039)
Notes receivable from related parties	(38,610)	12,299
Accounts receivable	(1,089,617)	(1,476,063)
Accounts receivable from related parties	(18,646)	5,211
Other receivables	(27,322)	131,884
Inventories	(3,371,102)	(395,217)
Other current assets	(73,908)	33,126
Notes payable	329,208	320,822
Accounts payable	1,173,458	1,287,515
Other payables	127,562	57,582
Other current liabilities	19,381	112,533
Other non-current liabilities	(171,219)	(32,409)
Cash generated from operations	1,663,131	4,841,909
Interest received	92,461	108,080
Dividends received	371,342	153,562
Interest paid	(295,867)	(406,073)
Income taxes paid	(1,081,500)	(549,444)
Net cash generated from operating activities	<u>749,567</u>	<u>4,148,034</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal 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
Purchase of financial assets at fair value through profit or loss	(1,507,103)	(2,446,166)
Proceeds from disposal of financial assets at fair value through profit of loss	1,511,193	2,516,801

(Continued)

Eternal Materials Co., Ltd. and Subsidiaries

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

	For the Year Ended December 31	
	2021	2020
Proceeds from disposal of investments accounted for using the equity method	\$ -	\$ 431
Proceeds from disposal of subsidiaries	-	150,216
Proceeds from capital reduction of investments accounted for using the equity method	-	72,202
Payments for property, plant and equipment	(2,048,942)	(1,457,518)
Proceeds from disposal of property, plant and equipment	56,184	119,759
Decrease (increase) in other receivables from related parties	1,856	(6,509)
Payments for intangible assets	(9,100)	(157,762)
Decrease in long-term lease receivables	27,561	30,750
Increase in other financial assets	(134,641)	(9,910)
Increase in other non-current assets	(206,689)	(67,533)
Net cash used in investing activities	<u>(2,224,984)</u>	<u>(1,235,016)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	240,145	(3,854)
Proceeds from issuance of bonds	2,500,000	-
Proceeds from long-term borrowings	18,937,047	16,650,324
Repayments of long-term borrowings	(19,933,911)	(17,643,619)
Increase (decrease) in guarantee deposits received	(11,294)	6,745
Repayment of the principal portion of lease liabilities	(123,411)	(59,627)
Dividends paid	(1,860,419)	(1,736,391)
Net cash outflow on acquisition of further interests of subsidiaries	-	(27,729)
Increase (decrease) in non-controlling interests	95,752	(7,598)
Others	-	58
Net cash used in financing activities	<u>(156,091)</u>	<u>(2,821,691)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(187,319)</u>	<u>7,321</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,818,827)	98,648
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>6,108,294</u>	<u>6,009,646</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,289,467</u>	<u>\$ 6,108,294</u>

Reconciliation of cash and cash equivalents as of December 31, 2021 and 2020

	For the Year Ended December 31	
	2021	2020
Cash and cash equivalents in the consolidated balance sheets	\$ 4,250,469	\$ 6,108,294
Cash and cash equivalents classified to non-current assets held for sale	<u>38,998</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,289,467</u>	<u>\$ 6,108,294</u>

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

(Concluded)

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

Eternal Materials Co., Ltd. and Subsidiaries

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

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors and authorized for issue on 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 material impact on the Company and its subsidiaries’ 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: If the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022, 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 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 consolidated financial statements were authorized for issue, the Company and its subsidiaries have assessed that the application of other standards and interpretations will not have a material impact on the Company and its subsidiaries’ 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 consolidated financial statements were authorized for issue, the Company and its subsidiaries are continuously assessing the possible impact that the application of other standards and interpretations will have on the Company and its subsidiaries’ financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated 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.

c. Classification of current and non-current 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. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Company. All intercompany transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of

subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Company and its subsidiaries lose control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Company and its subsidiaries account for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company and its subsidiaries had directly disposed of the related assets or liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the cost on initial recognition of an investment in an associate.

The detailed information of subsidiaries (including the percentages of ownership and main businesses) is provided in Note 13 and Tables 8 and 9.

e. 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.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. Other types of non-controlling interests are measured at fair value.

When a business combination is achieved in stages, the Company and its subsidiaries' 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 and its subsidiaries.

f. Foreign currencies

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

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

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

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

For the purpose of presenting the consolidated financial statements, the functional currencies of the foreign operations (including subsidiaries, associates and joint ventures in other countries or those that use currencies that are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company and its subsidiaries' 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 attributable to the owners of the Company 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 re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

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

g. 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.

h. Investments in associates and joint ventures

An associate is an entity over which the Company and its subsidiaries have significant influence and that is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Company and its subsidiaries and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Company and its subsidiaries use the equity method to account for their investments in associates and joint ventures.

Under the equity method, an investment in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Company and its subsidiaries' share of the profit or loss and other comprehensive income of the associate and joint venture. The Company and its subsidiaries also recognize the changes in the share of equity of associates and joint ventures.

Any excess of the cost of acquisition over the Company and its subsidiaries' share of the net fair value of the identifiable assets and liabilities of an associate or a joint venture 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 and its subsidiaries' 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 and its subsidiaries subscribe for additional new shares of an associate and joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company and its subsidiaries' proportionate interest in the associate and joint venture. The Company and its subsidiaries record such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - share of changes in equities of the associates and joint ventures and investments accounted for using the equity method. If the Company and its subsidiaries' ownership interest is reduced due to non-subscription of the new shares of the associate and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture 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 and its subsidiaries' share of losses of an associate and joint venture equal or exceed their interest in that associate and joint venture (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 and its subsidiaries' net investment in the associate and joint venture), the Company and its subsidiaries discontinue recognizing their share of further losses. Additional losses and liabilities are recognized only to the extent that the Company and its subsidiaries have incurred legal obligations, or constructive obligations, or made payments on behalf of that associate and joint venture.

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 not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment has subsequently increased.

The Company and its subsidiaries discontinue the use of the equity method from the date on which their investment cease to be an associates or joint venture. 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 associates and the joint ventures attributable to the retained interest and their fair value are included in the determination of the gains or losses on disposal of the associates and the joint ventures. The Company and its subsidiaries account for all amounts previously recognized in other comprehensive income in relation to these associates and joint ventures on the same basis as would be required if that associates and joint ventures had directly disposed of the related assets or liabilities.

When the Company and its subsidiaries transact with their associates and joint ventures, profits and losses on these transactions are recognized in the consolidated financial statements only to the extent of interests in the associates and joint ventures that are not related to the Company and its subsidiaries.

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 the 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.

Investment properties used for subleases were initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made on or before the commencement date, plus initial direct costs incurred and an estimate of costs needed to restore the underlying assets, less any lease incentives received. These investment properties are subsequently measured at cost less accumulated depreciation and accumulated impairment loss and adjusted for any remeasurement of the lease liabilities.

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. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Company and its subsidiaries' cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of

the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized on goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal.

l. Intangible assets

1) Intangible assets acquired separately

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.

2) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

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.

m. Impairment of property, plant and equipment, investment properties, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Company and its subsidiaries review the carrying amounts of their 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 and its subsidiaries estimate 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.

n. 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 assets and liabilities of that subsidiary are classified as held for sale, regardless of whether the Company and its subsidiaries 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 and its subsidiaries are committed to a sale plan involving the disposal of an investment or a portion of an investment in an associate or a joint venture, 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 and its subsidiaries discontinue 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 or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. If the Company and its subsidiaries cease to have significant influence over the investment after the disposal takes place, the Company and its subsidiaries account 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 and a portion of an interest in a joint venture 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 consolidated financial statements for the prior periods with interests classified as held for sale are amended accordingly.

o. Financial instruments

Financial assets and financial liabilities are recognized when the Company and its subsidiaries become 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 FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i Financial assets at FVTPL

Financial assets at FVTPL are financial assets mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The dividends and net gain or loss are recognized in profit or loss. Fair value is determined in the manner described in Note 31.

ii Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes and accounts receivable at amortized cost, other receivables, other financial assets - current and non-current, refundable deposits, and other receivables-long term 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.

iii Investments in equity instruments at FVTOCI

On initial recognition, the Company and its subsidiaries 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 and its subsidiaries' right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company and its subsidiaries recognize a loss allowance for expected credit losses on financial assets at amortized cost, which are on trade receivables and finance lease receivables.

The Company and its subsidiaries recognize lifetime expected credit losses (ECLs) for trade receivables and finance lease receivables. For all other financial instruments, the Company and its subsidiaries recognize 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 and its subsidiaries measure 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 and its subsidiaries derecognize a financial asset only when the contractual rights to the cash flows from the asset expire, or when they transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Company and its subsidiaries neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, the Company and its subsidiaries recognize their retained interest in the asset and any associated liability for amounts they may have to pay. If the Company and its subsidiaries retain substantially all the risks and rewards of ownership of a transferred financial asset, the Company and its subsidiaries continue to recognize the financial asset and also recognize 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 that 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 and its subsidiaries measure all financial liabilities at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

p. Revenue recognition

The Company and its subsidiaries identify contracts with customers, allocate the transaction price to the performance obligations and recognize 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 and its subsidiaries to customers and performance obligations are satisfied. 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 and its subsidiaries with customers. For a contract where the period between the date the Company and its subsidiaries transfer a promised good to a customer and the date the customer pays for that good is one year or less, the Company and its subsidiaries do 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 and its subsidiaries pertain to 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 and its subsidiaries do not adjust the promised amount of consideration for any effect of a significant financing component.

q. Leasing

At the inception of a contract, the Company and its subsidiaries assess whether the contract is, or contains, a lease.

1) The Company and its subsidiaries as lessor

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

When the Company and its subsidiaries sublease 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 and its subsidiaries, as a lessee, have accounted for by applying the 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 and its subsidiaries' net investment outstanding in respect of leases.

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

2) The Company and its subsidiaries as lessee

The Company and its subsidiaries recognize 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 consolidated balance sheets, except for those that meet the definition of investment properties. For the recognition and measurement of right-of-use assets that meet the definition of investment properties, refer to the accounting policies for 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 and its subsidiaries by the end of the lease terms or if the costs of right-of-use assets reflect that the Company and its subsidiaries will exercise a purchase option, the Company and its subsidiaries depreciate 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 and its subsidiaries are 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 and its subsidiaries use 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 and its subsidiaries remeasure 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 and its subsidiaries account 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 consolidated 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.

r. 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.

s. 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.

t. Taxation

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

1) Current tax

The company and its subsidiaries' income tax payable (refundable) are 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 as income tax 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 on 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, associates and joint ventures, except where the Company and its subsidiaries are 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 only recognized 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 asset 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 and its subsidiaries expect, 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 and its subsidiaries' accounting policies, management is required to make judgments, estimates 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 and its subsidiaries consider the economic impact of the COVID-19 when making their critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

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 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 and its subsidiaries use judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company and its subsidiaries' 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 an impact on the amount of expenses and liabilities.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash on hand	\$ 43,184	\$ 11,413
Checking accounts and demand deposits	3,287,986	2,841,405
Cash equivalents (investments with original maturities of three months or less)		
Time deposits	<u>919,299</u>	<u>3,255,476</u>
	<u>\$ 4,250,469</u>	<u>\$ 6,108,294</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
<u>Financial assets - non-current</u>		
Non-derivative financial assets		
Mutual fund		
Pacven Walden Ventures V, L.P.	<u>\$ 14,968</u>	<u>\$ 21,301</u>

The subsidiaries entered into a structured time deposit contract with a bank. The entire contract was mandatorily classified as financial assets at FVTPL in accordance with IFRS 9, and the net gain from the contract was recorded as other gains and losses for the years ended December 31, 2021 and 2020. The subsidiaries already settled the structured time deposit contracts as of December 31, 2021 and 2020.

8. NOTES, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Notes receivable	<u>\$ 6,717,389</u>	<u>\$ 5,138,238</u>
Notes receivable from related parties	<u>\$ 83,349</u>	<u>\$ 44,739</u>
Accounts receivable	\$ 13,281,574	\$ 12,410,546
Less: Allowance for loss	<u>(248,761)</u>	<u>(288,973)</u>
	<u>\$ 13,032,813</u>	<u>\$ 12,121,573</u>
Accounts receivable from related parties	\$ 238,320	\$ 219,674
Less: Allowance for loss	<u>(399)</u>	<u>(1,037)</u>
	<u>\$ 237,921</u>	<u>\$ 218,637</u>
Other receivables	\$ 701,027	\$ 806,213
Less: Allowance for loss	<u>(29,800)</u>	<u>(15,145)</u>
	<u>\$ 671,227</u>	<u>\$ 791,068</u>

a. Notes receivable and accounts receivable

The notes and accounts receivable of the Company and its subsidiaries are measured at amortized cost. For the related credit management policies, refer to Note 31.

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

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

December 31, 2021

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

December 31, 2020

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

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

	For the Year Ended December 31	
	2021	2020
Balance at beginning of the year	\$ 290,010	\$ 221,717
Recognized (reversed) in the current year	(21,134)	82,286
Written-off in the current year	(15,721)	(17,057)
Effects of foreign currency exchange differences	<u>(3,995)</u>	<u>3,064</u>
Balance at end of the year	<u>\$ 249,160</u>	<u>\$ 290,010</u>

b. Other receivables

The Company and its subsidiaries' 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 and its subsidiaries was \$29,800 thousand and \$15,145 thousand, respectively.

9. INVENTORIES

	December 31	
	2021	2020
Raw materials	\$ 4,206,444	\$ 2,976,856
Supplies	155,099	165,834
Finished goods	5,971,718	4,098,371
Inventory in transit	<u>344,952</u>	<u>251,559</u>
	<u>\$ 10,678,213</u>	<u>\$ 7,492,620</u>

The cost of inventories recognized as operating costs for the years ended December 31, 2021 and 2020 was \$39,777,249 thousand and \$29,484,478 thousand, respectively, including write-down of inventories of \$139,870 thousand and \$84,303 thousand, respectively.

10. NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE

In August 2021, the board of directors of the Company resolved to dispose of the entire equity interest held by its subsidiary Eternal (China) Investment Co., Ltd., in another subsidiary Eternal Sun A. (Suzhou) Co., Ltd. after all its loans from related parties have been repaid. The aforementioned repayment of loans was completed in December 2021, and the assets and liabilities attributable to the subsidiary disposed of were reclassified as disposal groups held for sale and presented separately in the consolidated balance sheets; the sale is expected to be completed within 12 months. The major classes of assets and liabilities of the disposal groups held for sale were as follows:

	December 31, 2021
Cash and cash equivalents	\$ 38,998
Other receivables	70,933
Inventories	45,639
Other current assets-others	1,053
Property, plant and equipment	193,830
Intangible assets	621
Other non-current assets - others	<u>20,656</u>
Non-current assets held for sale	<u>371,730</u>
Accumulated impairment - Non-current assets held for sale	<u>(58,618)</u>
Non-current assets held for sale, net	<u>\$ 313,112</u>
Liabilities directly associated with non-current assets held for sale - payables	<u>\$ 1,506</u>

The sales price is expected to be lower than the carrying amount of the relevant net assets; therefore, an impairment loss of \$58,692 thousand was recognized in 2021 (recorded as other gains and losses).

11. OTHER FINANCIAL ASSETS - CURRENT

	December 31	
	2021	2020
Time deposits with original maturities of more than three months	<u>\$ 193,382</u>	<u>\$ 61,860</u>

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

	December 31	
	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		
Grace THW Holding Limited	171,563	151,784
TBG Diagnostics Limited (TBG stocks)	<u>23,850</u>	<u>-</u>
	<u>195,413</u>	<u>337,086</u>
	<u>\$ 1,033,343</u>	<u>\$ 1,016,306</u>

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

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

13. SUBSIDIARIES

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

Investor	Investee	Main Businesses	Percentage of Ownership (%)		Additional Remarks	
			December 31, 2021	December 31, 2020		
The Company	Eternal Holdings Inc.	International investment	100	100		
	Eternal Global (BVI) Co., Ltd.	International investment	100	100		
	Mixville Holdings Inc.	International investment	100	100		
	CHOU-KOU Materials Co., Ltd.	Selling, trading and providing services of resins material, electronic material and other related products	100	100		
	Nikko-Materials Co., Ltd.	Manufacturing and selling of dry film photoresist and vacuum laminator	100	100		
	Eternal Electronic Material (Thailand) Co., Ltd.	Trading services, cutting and selling of dry film photoresist	75	75		
	New E Materials Co., Ltd.	Researching, developing, manufacturing and selling of photoelectric, semiconductor process related electronic chemical materials and equipment spare parts	62.80	62.80		
	Elga Europe S.r.l.	Manufacturing, selling, dealing and processing of electronic distribution chemical products.	72.68	72.68		
	Eternal Global (BVI) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Manufacturing and selling of resins material and processing products	100	100	
		Changhe International Trading (GZFTZ) Co., Ltd.	International trading, commercial trading, entropot trading, product display, bonded warehousing and business consulting services	-	100	1)
Eternal Holdings Inc.	Eternal International (BVI) Co., Ltd.	International investment	100	100		
	E-Chem Corp.	International investment	100	100		
	Eternal Nanyang Investment Co., Ltd.	International investment	90	90		
	PT Eternal Materials Indonesia	Selling, trading of chemical	67	-	2)	
Eternal International (BVI) Co., Ltd.	Eternal Technology Corporation	Manufacturing and selling of photoresist	100	100		
	Eternal (China) Investment Co., Ltd.	Managing, investing consulting services, researching, leasing, manufacturing and selling of resins material and photoelectric chemical materials	100	100		
E-Chem Corp.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Manufacturing and selling of acrylic resin and methacrylic acid	90	90		
Eternal Nanyang Investment Co., Ltd.	Eternal Materials (Malaysia) Sdn. Bhd.	Manufacturing, selling, trading and providing services of resins material related products	100	100		
Mixville Holdings Inc.	High Expectation Limited	International investment	100	100		
High Expectation Limited	Eternal Materials (Guangdong) Co., Ltd.	Manufacturing and selling of adhesives, resins material and processing of products	100	100		
Eternal (China) Investment Co., Ltd.	Eternal Optical Material (Suzhou) Co., Ltd.	Manufacturing and selling of optical film	100	100		
	Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Researching, developing and manufacturing of photoresist dry film, liquid photo imaginable solder masks and printed circuit board related materials	100	100		
	Eternal Synthetic Resins (Changshu) Co., Ltd.	Manufacturing and selling of unsaturated polyester resin	100	100		
	Eternal Chemical (Chengdu) Co., Ltd.	Researching, manufacturing and selling of resins material	100	100		
	Eternal Electronic (Suzhou) Co., Ltd.	Researching, developing, and manufacturing of dry film photoresist and dry film solder mask which used in electronic materials, researching resin materials and selling, providing after sales service of self-produced products	100	100		

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%)		Additional Remarks
			December 31, 2021	December 31, 2020	
	Eternal Electronic Material (Guangzhou) Co., Ltd.	Coating, slitting, cutting, processing, and selling of photoresist	-	100	3)
	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Researching, developing, manufacturing and selling of electronic high-tech chemical and related products	100	100	
	Eternal Sun A. (Suzhou) Co., Ltd.	Researching, developing, and manufacturing of optical protective film which used in display, and selling, providing after sales service of self-produced products	60	60	Note 10
	Eternal Chemical (Tianjin) Co., Ltd.	Manufacturing and selling of adhesives, resins material and processing products	100	100	
	Eternal Specialty Materials (Suzhou) Co., Ltd.	Researching and developing chemical products, and selling, providing technical services of self-produced products	100	100	
	Elga Europe S.r.l.	Manufacturing, selling, distribution and processing of electronic chemical products	22.32	22.32	
	Eternal Material Industry (Tongling) Co., Ltd.	Manufacturing, selling, trading and providing technical services of products related to resins material	100	-	4)
Nikko-Materials Co., Ltd.	Nikko Mechanics Co., Ltd.	Designing, manufacturing, selling of industrial machinery and machine tool	-	100	5) and Note 27

(Concluded)

- 1) The divestment was resolved by the board of directors in March 2021, and the liquidation was completed in September 2021.
- 2) The subsidiary was established in January 2021.
- 3) In March 2020, the board of directors of the Company approved the merger of the subsidiary Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. with the subsidiary Eternal Electronic Material (Guangzhou) Co., Ltd., and the merger had been completed in the fourth quarter of 2021. After the merger, the subsidiary Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. is the surviving company and the subsidiary Eternal Electronic Material (Guangzhou) Co., Ltd. is the extinct company.
- 4) The subsidiary was established in August 2021.
- 5) In March 2021, the board of directors of the Company approved the merger of the subsidiary Nikko-Materials Co., Ltd. with the subsidiary Nikko Mechanics Co., Ltd., and the merger had been completed in the fourth quarter of 2021. After the merger, the subsidiary Nikko-Materials Co., Ltd. is the surviving company and the subsidiary Nikko Mechanics Co., Ltd. is the extinct company.

b. The Company and its subsidiaries did not have any subsidiary with material non-controlling interests.

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

	December 31	
	2021	2020
Investments accounted for using the equity method		
Investments in associates	<u>\$ 2,457,766</u>	<u>\$ 2,306,731</u>
Credit balance of investments accounted for using the equity method (recorded as other non-current liabilities)		
Investments in associates	<u>\$ (26,711)</u>	<u>\$ (14,095)</u>

a. Investments accounted for using the equity method

Investments in associates

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Associates that are not individually material	\$ <u>2,457,766</u>	\$ <u>2,306,731</u>

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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
The Company and its subsidiaries' share of		
Net profit for the year	\$ 429,177	\$ 340,896
Other comprehensive income for the year	<u>(16,489)</u>	<u>9,714</u>
Total comprehensive income for the year	<u>\$ 412,688</u>	<u>\$ 350,610</u>

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

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

Polymer Instrumentation and Consulting Services, Ltd. (Polymics Ltd.), an associate, is affected by the economic environment has been assessed to have no future economic benefits. The Company and its subsidiaries recognized an impairment loss of \$85,581 thousand in August 2020.

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

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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Associates that are not individually material	\$ <u>(26,711)</u>	\$ <u>(14,095)</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
The Company and its subsidiaries' share of		
Net loss for the year	\$ (12,687)	\$ (9,867)
Other comprehensive income for the year	<u>71</u>	<u>(394)</u>
Total comprehensive loss for the year	<u>\$ (12,616)</u>	<u>\$ (10,261)</u>

The Company and its subsidiaries' share of losses of the associates exceeded their interests in those associates. After reducing their equity to zero, the Company and its subsidiaries recognized additional losses only to the extent that they have incurred legal obligations or constructive obligations, or made

payments on behalf of those associates and joint ventures and transferred them to the credit balance of investments accounted for using the equity method (recorded as other non-current liabilities).

Eternal (China) Investment Co., Ltd. held 51% ownership of Hangzhou Yongxinyang Photoelectric Materials Co., Ltd. However, since the investment is under joint control in a joint venture agreement, the investment is accounted for using the equity method. 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 non-related parties. The disposal was completed in October 2020. The gain on disposal of investments of \$25,193 thousand and the loss on disposal of financial assets at amortized cost of \$49,268 thousand were recognized in 2020.

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

15. 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	\$ 2,680,444	\$ 5,362,540	\$ 6,273,237	\$ 656,418	\$ 541,695	\$ 358,188	\$ 750,528	\$ 16,623,050
Cost								
Balance at January 1, 2021	\$ 2,680,444	\$ 11,323,614	\$ 21,620,157	\$ 1,559,720	\$ 1,644,996	\$ 902,637	\$ 750,528	\$ 40,482,096
Additions	41,200	407,075	1,046,490	59,995	119,326	65,070	319,179	2,058,335
Disposals	(4,249)	(38,154)	(164,976)	(26,878)	(48,703)	(15,861)	-	(298,821)
Transferred from investment properties	-	11,114	-	-	-	-	-	11,114
Transferred to non-current assets held for sale	-	(121,110)	(275,115)	(25,474)	(4,570)	(176)	(1,375)	(427,820)
Effect of foreign currency exchange difference	(20,411)	(117,735)	(206,911)	(10,812)	(5,269)	(18,895)	(4,359)	(384,392)
Balance at December 31, 2021	\$ 2,696,984	\$ 11,464,804	\$ 22,019,645	\$ 1,556,551	\$ 1,705,780	\$ 932,775	\$ 1,063,973	\$ 41,440,512
Accumulated depreciation and impairment								
Balance at January 1, 2021	\$ -	\$ 5,961,074	\$ 15,346,920	\$ 903,302	\$ 1,103,301	\$ 544,449	\$ -	\$ 23,859,046
Depreciation	-	538,993	1,123,042	73,103	123,377	80,705	-	1,939,220
Disposals	-	(34,327)	(150,778)	(24,886)	(45,561)	(12,835)	-	(268,387)
Transferred from investment properties	-	713	-	-	-	-	-	713
Transferred to non-current assets held for sale	-	(61,027)	(155,810)	(14,046)	(2,965)	(142)	-	(233,990)
Effect of foreign currency exchange difference	-	(54,872)	(156,866)	3,554	(3,042)	(13,864)	-	(384,392)
Balance at December 31, 2021	\$ -	\$ 6,350,554	\$ 16,006,508	\$ 941,027	\$ 1,175,110	\$ 598,313	\$ -	\$ 25,071,512
Carrying amount at December 31, 2021	\$ 2,696,984	\$ 5,114,250	\$ 6,013,137	\$ 615,524	\$ 530,670	\$ 334,462	\$ 1,063,973	\$ 16,369,000

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	\$ 2,713,753	\$ 5,715,567	\$ 6,297,691	\$ 667,141	\$ 472,136	\$ 363,704	\$ 1,205,554	\$ 17,435,546
Cost								
Balance at January 1, 2020	\$ 2,713,753	\$ 11,180,745	\$ 20,587,401	\$ 1,500,221	\$ 1,475,283	\$ 862,673	\$ 1,205,554	\$ 39,525,630
Additions	2,030	480,319	1,122,346	57,679	180,351	87,823	(447,317)	1,483,231
Disposals	-	(117,591)	(193,246)	(5,912)	(17,006)	(31,325)	(1,391)	(366,471)
Transferred to investment properties	(43,451)	(236,815)	-	-	-	-	-	(280,266)
Impairment loss	-	-	-	-	-	-	(327)	(327)
Disposal of subsidiaries	-	(70,634)	(34,470)	(378)	(26)	(13,550)	-	(119,058)
Reclassification	-	10,872	2,300	-	-	(13,172)	-	-
Effect of foreign currency exchange difference	8,112	76,718	135,826	8,110	6,394	10,188	(5,991)	239,357
Balance at December 31, 2020	\$ 2,680,444	\$ 11,323,614	\$ 21,620,157	\$ 1,559,720	\$ 1,644,996	\$ 902,637	\$ 750,528	\$ 40,482,096
Accumulated depreciation and impairment								
Balance at January 1, 2020	\$ -	\$ 5,465,178	\$ 14,289,710	\$ 833,080	\$ 1,003,147	\$ 498,969	\$ -	\$ 22,090,084
Depreciation	-	525,765	1,070,009	69,685	112,463	71,412	-	1,849,334
Disposals	-	(17,808)	(119,044)	(4,899)	(16,782)	(14,308)	-	(172,841)
Transferred to investment properties	-	(19,809)	-	-	-	-	-	(19,809)
Impairment loss	-	3,589	20,135	37	-	1,629	-	25,390
Disposal of subsidiaries	-	(46,629)	(26,346)	(340)	(23)	(10,985)	-	(84,323)
Reclassification	-	8,891	(689)	-	-	(8,202)	-	-
Effect of foreign currency exchange difference	-	41,897	113,145	5,739	4,496	5,934	-	171,211
Balance at December 31, 2020	\$ -	\$ 5,961,074	\$ 15,346,920	\$ 903,302	\$ 1,103,301	\$ 544,449	\$ -	\$ 23,859,046
Carrying amount at December 31, 2020	\$ 2,680,444	\$ 5,362,540	\$ 6,273,237	\$ 656,418	\$ 541,695	\$ 358,188	\$ 750,528	\$ 16,623,050

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

The above 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

Refer to Note 33 for the amounts of property, plant and equipment pledged by the Company and its subsidiaries as collateral for bank borrowings.

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

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amounts		
Land	\$ 877,304	\$ 871,970
Buildings	159,909	214,559
Machinery and equipment	73,935	83,674
Storage equipment	3,453	957
Other equipment	<u>24,145</u>	<u>24,375</u>
	<u>\$ 1,138,746</u>	<u>\$ 1,195,535</u>
	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	<u>\$ 97,469</u>	<u>\$ 262,032</u>
Depreciation charge for right-of-use assets		
Land	\$ 21,810	\$ 21,359
Buildings	57,237	49,260
Machinery and equipment	13,827	12,323
Storage equipment	581	68
Other equipment	<u>9,624</u>	<u>10,781</u>
	<u>\$ 103,079</u>	<u>\$ 93,791</u>

In addition, part of the land use rights for land located in mainland China is subleased under operating leases, and the relevant right-of-use assets are recorded as investment properties, refer to Note 17 for the details.

b. Lease liabilities

	December 31	
	2021	2020
Carrying amounts		
Current	<u>\$ 86,404</u>	<u>\$ 81,002</u>
Non-current	<u>\$ 189,327</u>	<u>\$ 262,898</u>

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

	December 31	
	2021	2020
Land	0.93-6.66	0.93-6.66
Buildings	0.63-5.04	0.79-9.00
Machinery and equipment	3.71	2.70
Storage equipment	1.63-1.67	1.67
Other equipment	0.60-2.70	0.86-5.35

c. Material leasing activities and terms

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

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term and low-value asset leases	<u>\$ 39,429</u>	<u>\$ 25,621</u>
Total cash outflow for all lease arrangements (including short-term and low-value asset leases)	<u>\$ 165,853</u>	<u>\$ 87,776</u>

17. INVESTMENT PROPERTIES

For the Year Ended December 31, 2021

	Land	Buildings	Right-of-use Assets	Total
Carrying amount at January 1, 2021	<u>\$ 59,827</u>	<u>\$ 1,227,604</u>	<u>\$ 69,390</u>	<u>\$ 1,356,821</u>
<u>Cost</u>				
Balance at January 1, 2021	\$ 59,827	\$ 1,407,484	\$ 73,714	\$ 1,541,025
Additions	355	34,174	-	34,529
Transferred to property, plant and equipment	-	(11,114)	-	(11,114)

(Continued)

	Land	Buildings	Right-of-use Assets	Total
Transferred to right-of-use assets	\$ -	\$ -	\$ (847)	\$ (847)
Effects of foreign currency exchange differences	<u>(5,542)</u>	<u>(16,582)</u>	<u>(508)</u>	<u>(22,632)</u>
Balance at December 31, 2021	<u>\$ 54,640</u>	<u>\$ 1,413,962</u>	<u>\$ 72,359</u>	<u>\$ 1,540,961</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2021	\$ -	\$ 179,880	\$ 4,324	\$ 184,204
Depreciation	-	41,408	2,120	43,528
Transferred to property, plant and equipment	-	(713)	-	(713)
Transferred to right-of-use assets	-	-	(50)	(50)
Effect of foreign currency exchange differences	<u>-</u>	<u>(3,159)</u>	<u>(27)</u>	<u>(3,186)</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 217,416</u>	<u>\$ 6,367</u>	<u>\$ 223,783</u>
Carrying amount at December 31, 2021	<u>\$ 54,640</u>	<u>\$ 1,196,546</u>	<u>\$ 65,992</u>	<u>\$ 1,317,178</u> (Concluded)

For the Year Ended December 31, 2020

	Land	Buildings	Right-of-use Assets	Total
Carrying amount at January 1, 2020	<u>\$ 17,057</u>	<u>\$ 1,024,946</u>	<u>\$ 70,374</u>	<u>\$ 1,112,377</u>
<u>Cost</u>				
Balance at January 1, 2020	\$ 17,057	\$ 1,147,244	\$ 72,501	\$ 1,236,802
Transferred from property, plant and equipment	43,451	236,815	-	280,266
Effects of foreign currency exchange differences	<u>(681)</u>	<u>23,425</u>	<u>1,213</u>	<u>23,957</u>
Balance at December 31, 2020	<u>\$ 59,827</u>	<u>\$ 1,407,484</u>	<u>\$ 73,714</u>	<u>\$ 1,541,025</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2020	\$ -	\$ 122,298	\$ 2,127	\$ 124,425
Depreciation	-	35,114	2,114	37,228
Transferred from property, plant and equipment	-	19,809	-	19,809
Effect of foreign currency exchange differences	<u>-</u>	<u>2,659</u>	<u>83</u>	<u>2,742</u>
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 179,880</u>	<u>\$ 4,324</u>	<u>\$ 184,204</u> (Continued)

	Land	Buildings	Right-of-use Assets	Total
Carrying amount at December 31, 2020	<u>\$ 59,827</u>	<u>\$ 1,227,604</u>	<u>\$ 69,390</u>	<u>\$ 1,356,821</u> (Concluded)

The investment properties were leased for terms of 2 to 15 years.

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

	December 31	
	2021	2020
Year 1	\$ 227,398	\$ 259,117
Year 2	143,607	221,217
Year 3	113,637	136,481
Year 4	83,948	112,848
Year 5	89,945	84,540
Year 6 onwards	<u>298,110</u>	<u>390,794</u>
	<u>\$ 956,645</u>	<u>\$ 1,204,997</u>

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

	December 31	
	2021	2020
Fair value	<u>\$ 3,080,253</u>	<u>\$ 3,027,121</u>

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

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

Operating income and expenses directly related to investment properties

	For the Year Ended December 31	
	2021	2020
Rental income	<u>\$ 285,699</u>	<u>\$ 255,527</u>
Operating expenses directly related to investment properties	<u>\$ 125,663</u>	<u>\$ 99,749</u>

18. INTANGIBLE ASSETS

For the Year Ended December 31, 2021

	Goodwill	Expertise	Customer Relationships	Computer Software	Others	Total
Carrying amount at January 1, 2021	<u>\$ 38,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223,655</u>	<u>\$ 19,688</u>	<u>\$ 282,235</u>
<u>Cost</u>						
Balance at January 1, 2021	\$ 75,892	\$ 127,513	\$ 104,038	\$ 239,226	\$ 143,163	\$ 689,832
Additions	-	-	-	7,742	1,358	9,100
Disposals	-	-	-	-	(15,287)	(15,287)
Transferred to non-current assets held for sale	-	-	-	-	(1,813)	(1,813)
Effects of foreign currency exchange differences	(5,039)	-	-	-	(35,854)	(40,893)
Balance at December 31, 2021	<u>\$ 70,853</u>	<u>\$ 127,513</u>	<u>\$ 104,038</u>	<u>\$ 246,968</u>	<u>\$ 91,567</u>	<u>\$ 640,939</u>
<u>Accumulated amortization and impairment</u>						
Balance at January 1, 2021	\$ 37,000	\$ 127,513	\$ 104,038	\$ 15,571	\$ 123,475	\$ 407,597
Amortization expense	-	-	-	15,278	8,328	23,606
Disposals	-	-	-	-	(15,287)	(15,287)
Transferred to non-current assets held for sale	-	-	-	-	(1,192)	(1,192)
Effects of foreign currency exchange differences	-	-	-	-	(35,227)	(35,227)
Balance at December 31, 2021	<u>\$ 37,000</u>	<u>\$ 127,513</u>	<u>\$ 104,038</u>	<u>\$ 30,849</u>	<u>\$ 80,097</u>	<u>\$ 379,497</u>
Carrying amount at December 31, 2021	<u>\$ 33,853</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,119</u>	<u>\$ 11,470</u>	<u>\$ 261,442</u>

For the Year Ended December 31, 2020

	Goodwill	Expertise	Customer Relationships	Computer Software	Others	Total
Carrying amount at January 1, 2020	<u>\$ 75,850</u>	<u>\$ 87,370</u>	<u>\$ 61,927</u>	<u>\$ 78,254</u>	<u>\$ 40,381</u>	<u>\$ 343,782</u>
<u>Cost</u>						
Balance at January 1, 2020	\$ 75,850	\$ 127,513	\$ 104,038	\$ 82,736	\$ 128,722	\$ 518,859
Additions	-	-	-	156,490	1,272	157,762
Disposals	-	-	-	-	(165)	(165)
Effects of foreign currency exchange differences	42	-	-	-	13,334	13,376
Balance at December 31, 2020	<u>\$ 75,892</u>	<u>\$ 127,513</u>	<u>\$ 104,038</u>	<u>\$ 239,226</u>	<u>\$ 143,163</u>	<u>\$ 689,832</u>
<u>Accumulated amortization and impairment</u>						
Balance at January 1, 2020	\$ -	\$ 40,143	\$ 42,111	\$ 4,482	\$ 88,341	\$ 175,077
Amortization expense	-	12,522	12,385	11,089	21,578	57,574
Impairment loss	37,000	74,848	49,542	-	733	162,123
Disposals	-	-	-	-	(165)	(165)
Effects of foreign currency exchange differences	-	-	-	-	12,988	12,988
Balance at December 31, 2020	<u>\$ 37,000</u>	<u>\$ 127,513</u>	<u>\$ 104,038</u>	<u>\$ 15,571</u>	<u>\$ 123,475</u>	<u>\$ 407,597</u>
Carrying amount at December 31, 2020	<u>\$ 38,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223,655</u>	<u>\$ 19,688</u>	<u>\$ 282,235</u>

The subsidiary Elga Europe Srl. tested the recoverable amount of intangible assets (including goodwill, expertise and customer relationships, etc.) at the end of 2020. The recoverable amount was calculated at the discount rate of 7.21% based on the cash flow generated from operations. According to the assessment, the recoverable amount was less than the carrying amount. Therefore, an impairment loss of \$162,055 thousand (recorded as other gains and losses) was recognized.

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

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

19. FINANCE LEASE RECEIVABLES

The Company and its subsidiaries have a ten-year lease period for both renovation works and machinery and equipment lease contracts, and the implicit interest rate range of the leases is 4.84%-6.23%. The Company and its subsidiaries entered into a lease agreement with an associate Allnex - Eternal Resins (Guangdong) Co., Ltd. for the leasing out of machinery and equipment for ten years, and the implicit interest rate in the lease was 6.23%. This agreement was deemed as a sales agreement. The gain on disposal will be deferred and subsequently recognized as profit over the lease term. The balance of finance lease receivables generated from the aforementioned transactions was \$28,442 thousand and \$38,012 thousand as of December 31, 2021 and 2020, respectively.

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

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

	<u>December 31</u>	
	2021	2020
Undiscounted lease payments		
Year 1	\$ 27,092	\$ 27,750
Year 2	26,629	27,284
Year 3	18,728	26,817
Year 4	18,636	18,860
Year 5	18,543	18,767
Year 6 onwards	<u>58,681</u>	<u>76,392</u>
	168,309	195,870
Less: Unearned financial income	<u>(27,535)</u>	<u>(34,846)</u>
Finance lease receivable (recorded as other non-current assets - others)	<u>\$ 140,774</u>	<u>\$ 161,024</u>

20. BORROWINGS

a. Short-term borrowings

Type of Borrowings	Interest Rate Range (%)	Amount
December 31, 2021		
Mortgage secured loans	0.90-3.35	\$ 293,574
Unsecured loans	0.58-3.55	2,695,852
Purchase loans	1.15-2.98	125,126
Secured loans	1.00-3.32	<u>1,473,450</u>
		<u>\$ 4,588,002</u>

(Continued)

Type of Borrowings	Interest Rate Range (%)	Amount
December 31, 2020		
Mortgage secured loans	0.00-3.30	\$ 271,782
Unsecured loans	0.68-3.71	2,607,208
Purchase loans	1.13-3.10	219,393
Secured loans	1.00-4.35	<u>1,305,546</u>
		<u>\$ 4,403,929</u>
		(Concluded)

b. Long-term borrowings

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

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

Type of Borrowings	Agreement Period and Interest Payable Schedule	Interest Rate Range (%)	Amount
December 31, 2020			
Mortgage secured loans	From December 17, 2010 to December 31, 2025. Interest is paid based on schedule.	0.86-2.70	\$ 80,874
Secured loans	From September 17, 2018 to November 25, 2025. Interest is paid based on schedule.	1.16-1.50	1,599,100
Unsecured loans	From July 28, 2016 to October 2, 2023. Interest is paid based on schedule.	0.60-3.85	9,821,886
			<u>11,501,860</u>
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>
			899,432
			12,401,292
Less: Current portion of long-term borrowings			<u>(2,211,266)</u>
			<u>\$ 10,190,026</u>

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

c. Facility agreements and financial covenants

- 1) During the period of the credit facility agreements, the Company and its subsidiaries made agreements with the creditors that the current ratio, liability ratio, interest coverage ratio and net tangible assets of the consolidated financial statements will be maintained within a certain specified ratio or amount and reviewed at least once a year. If the Company or its subsidiaries breach these clauses, the bank and syndicated banks can cancel the credit line or declare that part or all of the loan together with accrued interest 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 and its subsidiaries utilized the credits under signed facility agreements of the following banks.

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

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

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

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

- 4) Refer to Note 33 for the assets pledged as collateral for bank borrowings of the Company and its subsidiaries.

d. Bonds payable

	<u>December 31</u>	
	2021	2020
5-year secured bonds - issued at par value		
Issued in November 2019; interest 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 bonds - issued at par value		
Issued in August 2021; interest rate at 0.58%; principal repayable at maturity and interest payable annually	2,500,000	-
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.

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

The subsidiaries in mainland China have defined contribution pension plans and contribute monthly an amount based on a certain percentage of employees' monthly salaries and wages. The plan is administered by the government of mainland China. Other than the monthly contributions, the subsidiaries do not have other pension liabilities.

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.

Some subsidiaries also have their own defined benefit plan as approved by each subsidiary. The contribution depends on employees' job level and age, and payment to the employee must be completed within two months after the employee has left the company.

The amounts included in the consolidated balance sheets in respect of the Company and its subsidiaries' defined benefit plans were as follows:

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 2,086,720	\$ 2,197,946
Fair value of plan assets	<u>(1,230,747)</u>	<u>(1,154,628)</u>
Net defined benefit liabilities	<u>\$ 855,973</u>	<u>\$ 1,043,318</u>
Current (recorded as other payables-others)	\$ 5,003	\$ 5,326
Non-current (recorded as other non-current liabilities)	<u>850,970</u>	<u>1,037,992</u>
	<u>\$ 855,973</u>	<u>\$ 1,043,318</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	<u>\$ 2,197,946</u>	<u>\$ (1,154,628)</u>	<u>\$ 1,043,318</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Service cost			
Current service cost	\$ 44,008	\$ -	\$ 44,008
Interest expense (income)	<u>6,833</u>	<u>(3,464)</u>	<u>3,369</u>
Recognized in profit or loss	<u>50,841</u>	<u>(3,464)</u>	<u>47,377</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	(61,300)	-	(61,300)
Actuarial loss - experience adjustments	<u>22,016</u>	<u>-</u>	<u>22,016</u>
Recognized in other comprehensive income	<u>(37,211)</u>	<u>(17,593)</u>	<u>(54,804)</u>
Contributions from the employer	-	(116,835)	(116,835)
Benefits paid	<u>(117,497)</u>	<u>61,773</u>	<u>(55,724)</u>
	<u>(117,497)</u>	<u>(55,062)</u>	<u>(172,559)</u>
Exchange differences	<u>(7,359)</u>	<u>-</u>	<u>(7,359)</u>
Balance at December 31, 2021	<u>\$ 2,086,720</u>	<u>\$ (1,230,747)</u>	<u>\$ 855,973</u>
Balance at January 1, 2020	<u>\$ 2,142,823</u>	<u>\$ (1,120,831)</u>	<u>\$ 1,021,992</u>
Service cost			
Current service cost	37,851	-	37,851
Interest expense (income)	<u>15,000</u>	<u>(7,846)</u>	<u>7,154</u>
Recognized in profit or loss	<u>52,851</u>	<u>(7,846)</u>	<u>45,005</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(42,255)	(42,255)
Actuarial loss - changes in financial assumptions	93,576	-	93,576
Actuarial gain - experience adjustments	<u>(7,211)</u>	<u>-</u>	<u>(7,211)</u>
Recognized in other comprehensive income	<u>86,365</u>	<u>(42,255)</u>	<u>44,110</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>
Exchange differences	<u>59</u>	<u>-</u>	<u>59</u>
Balance at December 31, 2020	<u>\$ 2,197,946</u>	<u>\$ (1,154,628)</u>	<u>\$ 1,043,318</u> (Concluded)

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

	For the Year Ended December 31	
	2021	2020
Operating costs	\$ 19,578	\$ 20,251
Operating expenses	<u>27,799</u>	<u>24,754</u>
	<u>\$ 47,377</u>	<u>\$ 45,005</u>

Through the defined benefit plans under the Labor Standards Act, the Company and its subsidiaries are 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 salary 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 were as follows:

	December 31	
	2021	2020
Discount rate (%)	0.60-0.70	0.30-0.70
Expected rate of salary increase (%)	0.00-3.00	0.00-3.00
Mortality rate (%)	Population was based on the 6th Taiwan Standard Ordinary Experience Mortality Table/85% of National Life Table	Population was based on the 5th Taiwan Standard Ordinary Experience Mortality Table/85% of National Life Table
Resignation rate (%)	0.00-23.00	0.00-23.00
Early retirement rate (%)	0.10-99.00	0.10-99.00

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

	December 31	
	2021	2020
Discount rate		
0.25% increase	<u>\$ (49,627)</u>	<u>\$ (60,272)</u>
0.25% decrease	<u>\$ 51,382</u>	<u>\$ 62,619</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.

	December 31	
	2021	2020
Expected contributions to the plan for the next year	<u>\$ 110,868</u>	<u>\$ 117,045</u>
Average duration of the defined benefit obligation	9-11 years	11-12 years

22. EQUITY

a. Share capital

	December 31	
	2021	2020
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>
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>

b. Capital surplus

	December 31	
	2021	2020
May be used to offset 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>

(Continued)

	December 31	
	2021	2020
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>
		(Concluded)

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

c. Retained earnings and dividend policy

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

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

	Appropriations of Earnings		Dividends Per Share	
	2020	2019	(NT\$)	
			2020	2019
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:

	Appropriation of Earnings	Dividend Per Share (NT\$)
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>	
	2021	2020
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	137,352	266,956
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>

e. Non-controlling interests

	<u>For the Year Ended December 31</u>	
	2021	2020
Balance at beginning of the year	\$ 403,805	\$ 504,398
Share of net loss for the year	(63,558)	(50,279)
		(Continued)

	For the Year Ended December 31	
	2021	2020
Other comprehensive income or loss during the year		
Exchange differences on translation of the financial statements of foreign operations	\$ (8,250)	\$ (1,999)
Non-controlling interests from acquisition of subsidiaries (Note 27)	-	(40,571)
Dividends distributed by subsidiaries	(37,311)	(7,890)
Reduction in non-controlling interests due to liquidation of subsidiaries	-	(146)
Increase in non-controlling interests due to the establishment of a new subsidiary and the increase in equity interest of existing subsidiary in proportion to ownership percentage	<u>133,063</u>	<u>292</u>
Balance at end of the year	<u>\$ 427,749</u>	<u>\$ 403,805</u> (Concluded)

23. REVENUE

	For the Year Ended December 31		
	2021	2020	
Revenue from contracts with customers			
Revenue from the sale of goods	\$ 50,195,906	\$ 38,124,842	
Lease revenue	<u>275,491</u>	<u>245,524</u>	
	<u>\$ 50,471,397</u>	<u>\$ 38,370,366</u>	
	December 31	January 1,	
	2021	2020	2020
Notes and accounts receivable	<u>\$ 20,071,472</u>	<u>\$ 17,523,187</u>	<u>\$ 15,361,112</u>
Contract liabilities (recorded as other current liabilities - others)			
Sale of goods	<u>\$ 181,963</u>	<u>\$ 131,902</u>	<u>\$ 9,720</u>

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

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

	For the Year Ended December 31	
	2021	2020
From the balance of contract liabilities at the beginning of the year		
Sale of goods	<u>\$ 131,385</u>	<u>\$ 8,909</u>

24. PROFIT BEFORE INCOME TAX

a. Interest income

	For the Year Ended December 31	
	2021	2020
Interest on bank deposits	\$ 76,482	\$ 95,090
Others	<u>20,567</u>	<u>17,174</u>
	<u>\$ 97,049</u>	<u>\$ 112,264</u>

b. Other income

	For the Year Ended December 31	
	2021	2020
Dividend income	\$ 53,409	\$ 36,443
Others	<u>230,238</u>	<u>198,105</u>
	<u>\$ 283,647</u>	<u>\$ 234,548</u>

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Gains on disposal of investments	\$ 2,905	\$ 130,159
Gain (loss) on disposal of property, plant and equipment	60,279	(9,193)
Gains on financial assets		
Financial assets at FVTPL	14,252	40,262
Impairment loss on financial assets	-	(85,581)
Impairment loss on non-financial assets		
Non-current assets held for sale	(58,692)	-
Property, plant and equipment	-	(25,717)
Intangible assets	-	(162,123)
Finance fees	(41,010)	(45,725)
Net foreign exchange gains and losses	(73,129)	(7,754)
Others	<u>(73,161)</u>	<u>(71,886)</u>
	<u>\$ (168,556)</u>	<u>\$ (237,558)</u>

d. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest Expense		
Interest on loans	\$ 294,010	\$ 382,253
Interest on lease liabilities	3,013	2,528
Others	530	7,459
Less: Amounts included in the cost of qualifying assets	<u>(5,741)</u>	<u>(6,808)</u>
	<u>\$ 291,812</u>	<u>\$ 385,432</u>

Information about capitalized interest was as follows:

	<u>For the Year Ended December 31</u>	
	2021	2020
Capitalized interest amount	\$ <u>5,741</u>	\$ <u>6,808</u>
Capitalization rates (%)	0.94-3.78	1.13-4.94
e. Depreciation and amortization		
	<u>For the Year Ended December 31</u>	
	2021	2020
Property, plant and equipment	\$ 1,939,220	\$ 1,849,334
Investment properties	43,528	37,228
Right-of-use assets	103,079	93,791
Intangible assets	23,606	57,574
Other non-current assets - others	<u>2,779</u>	<u>2,522</u>
	<u>\$ 2,112,212</u>	<u>\$ 2,040,449</u>
Analysis of depreciation by function		
Operating costs	\$ 1,613,121	\$ 1,539,709
Operating expenses	<u>472,706</u>	<u>440,644</u>
	<u>\$ 2,085,827</u>	<u>\$ 1,980,353</u>
Analysis of amortization by function		
Operating costs	\$ 1,796	\$ 1,795
Operating expenses	<u>24,589</u>	<u>58,301</u>
	<u>\$ 26,385</u>	<u>\$ 60,096</u>
f. Employee benefits		
	<u>For the Year Ended December 31</u>	
	2021	2020
Short-term employee benefits		
Salaries	\$ 4,004,784	\$ 3,618,899
Labor and health insurance	323,761	274,074
Others	<u>352,827</u>	<u>315,780</u>
	<u>4,681,372</u>	<u>4,208,753</u>
Post-employment benefits		
Defined contribution plans	206,237	94,607
Defined benefit plans (Note 21)	<u>47,377</u>	<u>45,005</u>
	<u>253,614</u>	<u>139,612</u>
	<u>\$ 4,934,986</u>	<u>\$ 4,348,365</u>

(Continued)

	For the Year Ended December 31	
	2021	2020
Analysis by function		
Operating costs	\$ 2,238,985	\$ 1,883,756
Operating expenses	<u>2,696,001</u>	<u>2,464,609</u>
	<u>\$ 4,934,986</u>	<u>\$ 4,348,365</u>

(Concluded)

g. Compensation of employees and remuneration of directors

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

	For the Year Ended December 31, 2021	
	Accrual Amounts Recognized in the Financial Statements	Amounts Approved by the Company's Board of Directors
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 amounts recognized and approved by Company's board of directors is recorded as a change in accounting estimate and will be adjusted in the next year.

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

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

25. INCOME TAX

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

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	\$ 992,543	\$ 772,763
Adjustments for prior years	<u>8,498</u>	<u>(30,495)</u>
	<u>1,001,041</u>	<u>742,268</u>
Deferred tax		
In respect of the current year	<u>(54,892)</u>	<u>(90,976)</u>
	<u>\$ 946,149</u>	<u>\$ 651,292</u>

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

	For the Year Ended December 31	
	2021	2020
Profit before income tax	<u>\$ 4,431,859</u>	<u>\$ 3,144,509</u>
Income tax expense calculated at the statutory rate	\$ 1,499,879	\$ 1,172,767
Effect from items adjusted by regulation	(476,642)	(399,661)
Income tax on unappropriated earnings	17,377	-
Investment credits	(102,963)	(91,319)
Adjustments for prior years	<u>8,498</u>	<u>(30,495)</u>
	<u>\$ 946,149</u>	<u>\$ 651,292</u>

The tax rate applicable to most subsidiaries in China is 25%. However, some subsidiaries that are high-tech enterprises in China have a preferential tax rate of 15%. Tax rates used by other entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

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

	For the Year Ended December 31	
	2021	2020
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

	For the Year Ended December 31	
	2021	2020
Deferred tax		
Recognized for the year		
Remeasurement of defined benefit plans	\$ 10,642	\$ (8,926)
Remeasurement of defined benefit plans of subsidiaries, associates and joint ventures accounted for using the equity method	(328)	(96)

(Continued)

For the Year Ended December 31
2021 **2020**

Unrealized gains and losses on financial assets at fair value through other comprehensive income	\$ (32,291)	\$ 32,501
	<u>\$ (21,977)</u>	<u>\$ 23,479</u> (Concluded)

d. Current tax assets and liabilities

December 31
2021 **2020**

Current tax assets		
Prepaid income tax (recorded as other current assets - others)	\$ 253,400	\$ 107,711
Current tax liabilities		
Income tax payable	\$ 489,253	\$ 442,184

e. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2021

	Balance at Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance at End of the Year
<u>Deferred tax assets</u>					
Temporary differences					
Defined benefit plan	\$ 175,175	\$ (27,157)	\$ (9,780)	\$ (23)	\$ 138,215
Loss carryforwards	64,116	(81)	-	(6,557)	57,478
Others	158,098	(10,834)	32,984	(7,368)	172,880
	<u>\$ 397,389</u>	<u>\$ (38,072)</u>	<u>\$ 23,204</u>	<u>\$ (13,948)</u>	<u>\$ 368,573</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)
Others	(5,171)	7,011	(862)	(978)	-
	<u>\$ (2,641,898)</u>	<u>\$ 92,964</u>	<u>\$ (1,227)</u>	<u>\$ (978)</u>	<u>\$ (2,551,139)</u>

For the Year Ended December 31, 2020

	Balance at Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance at End of the Year
<u>Deferred tax assets</u>					
Temporary differences					
Defined benefit plan	\$ 172,835	\$ (6,336)	\$ 8,676	\$ -	\$ 175,175
Loss carryforwards	64,828	(3,328)	-	2,616	64,116
Others	172,377	18,780	(32,769)	(290)	158,098
	<u>\$ 410,040</u>	<u>\$ 9,116</u>	<u>\$ (24,093)</u>	<u>\$ 2,326</u>	<u>\$ 397,389</u>

(Continued)

	Balance at Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	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)
Others	726	(6,148)	249	2	(5,171)
	<u>\$ (2,724,374)</u>	<u>\$ 81,860</u>	<u>\$ 614</u>	<u>\$ 2</u>	<u>\$ (2,641,898)</u>

(Concluded)

f. Income tax assessment

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

26. 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 attributable to owners of the Company	<u>\$ 3,549,268</u>	<u>\$ 2,543,496</u>

Number of ordinary shares

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 employees	<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.

27. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Subsidiary Nikko-Materials Co., Ltd. acquired the equity of its subsidiary Nikko Mechanics Co., Ltd. in 2020. As a result, its percentage of ownership increased from 80% to 100%. The capital surplus, which was the difference between the consideration paid and the net assets, increased by \$12,842 thousand.

The above transaction was accounted for as an equity transaction, since the Company and its subsidiaries did not cease to have control over the subsidiary.

	Amount
Consideration paid	\$ (27,729)
The proportionate share of the carrying amount of the subsidiary's net assets transferred from non-controlling interests	<u>40,571</u>
Difference recognized from equity transaction	<u>\$ 12,842</u>

28. DISPOSAL OF SUBSIDIARIES

The Company's board of directors had approved the disposal of 100% ownership of the subsidiary Eternal Photoelectronic Material Industry (Kunshan) Co., Ltd. held by its subsidiaries Eternal (China) Investment Co., Ltd. and Eternal Electronic Material (Guangzhou) Co., Ltd. in May 2020. The disposal was completed and the control of the subsidiary was lost in August 2020.

a. Consideration received

	Amount
Total consideration received - cash	<u>\$ 343,140</u>

b. Analysis of assets and liabilities on the date control was lost

	Amount
Current assets	
Cash and cash equivalents	\$ 192,924
Other current assets	117
Non-current assets	
Property, plant and equipment	34,735
Right-of-use asset	3,887
Current liabilities	
Payables	<u>(994)</u>
Net assets disposed of	<u>\$ 230,669</u>

c. Gain on disposal of subsidiaries

	Amount
Consideration received	\$ 343,140
Net assets disposed of	(230,669)
Transaction cost	(6,388)
Effects of foreign currency exchange difference	<u>(1,117)</u>
	<u>\$ 104,966</u>

d. Net cash inflow on disposals of subsidiaries

	Amount
Consideration received in cash and cash equivalents	\$ 343,140
Less: Cash and cash equivalents disposed of	<u>(192,924)</u>
	<u>\$ 150,216</u>

29. CASH FLOW INFORMATION

a. Information on investment activities

	For the Year Ended December 31	
	2021	2020
Acquisition of property, plant and equipment	\$ 2,058,335	\$ 1,483,231
Decrease (increase) in payables for equipment	(3,561)	20,182
Increase in other non-current liabilities	<u>(91)</u>	<u>(39,087)</u>
	2,054,683	1,464,326
Capitalized interest	<u>(5,741)</u>	<u>(6,808)</u>
Cash paid	<u>\$ 2,048,942</u>	<u>\$ 1,457,518</u>

b. Changes in major liabilities arising from financing activities

For the year ended December 31, 2021

	January 1, 2021	Cash Flows	Non-cash Changes		December 31, 2021
			Exchange Rate Adjustment	Issuance Cost	
Short-term borrowings	\$ 4,403,929	\$ 240,145	\$ (56,072)	\$ -	\$ 4,588,002
Long-term borrowings	12,401,292	(996,864)	(64,878)	-	11,339,550
Bonds payable	<u>2,995,374</u>	<u>2,500,000</u>	<u>-</u>	<u>(3,691)</u>	<u>5,491,683</u>
	<u>\$ 19,800,595</u>	<u>\$ 1,743,281</u>	<u>\$ (120,950)</u>	<u>\$ (3,691)</u>	<u>\$ 21,419,235</u>

For the year ended December 31, 2020

	January 1, 2020	Cash Flows	Non-cash Changes		December 31, 2020
			Exchange Rate Adjustment	Issuance Cost	
Short-term borrowings	\$ 4,414,613	\$ (3,854)	\$ (6,830)	\$ -	\$ 4,403,929
Long-term borrowings	13,476,436	(993,295)	(81,849)	-	12,401,292
Bonds payable	<u>2,994,192</u>	<u>-</u>	<u>-</u>	<u>1,182</u>	<u>2,995,374</u>
	<u>\$ 20,885,241</u>	<u>\$ (997,149)</u>	<u>\$ (88,679)</u>	<u>\$ 1,182</u>	<u>\$ 19,800,595</u>

30. CAPITAL MANAGEMENT

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

retained earnings.

31. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>December 31, 2021</u>				
Financial instruments at FVTPL				
Mutual funds	\$ <u>-</u>	\$ <u>-</u>	\$ <u>14,968</u>	\$ <u>14,968</u>
Financial instruments at FVTOCI				
Equity instruments				
Domestic and foreign listed shares	\$ <u>789,124</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>789,124</u>
Domestic and foreign unlisted shares	\$ <u>-</u>	\$ <u>-</u>	\$ <u>244,219</u>	\$ <u>244,219</u>
<u>December 31, 2020</u>				
Financial instruments at FVTPL				
Mutual funds	\$ <u>-</u>	\$ <u>-</u>	\$ <u>21,301</u>	\$ <u>21,301</u>
Financial instruments at FVTOCI				
Equity instruments				
Domestic and foreign listed shares	\$ <u>642,849</u>	\$ <u>-</u>	\$ <u>185,302</u>	\$ <u>828,151</u>
Domestic and foreign unlisted shares	\$ <u>-</u>	\$ <u>-</u>	\$ <u>188,155</u>	\$ <u>188,155</u>

There was no transfer between Level 1 and Level 2 during 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	Mutual Funds Financial Assets at FVTPL	Stocks Financial Assets at FVTOCI	Total
Balance at beginning of the year	\$ 21,301	\$ 373,457	\$ 394,758
Recognized in profit or loss (recorded as other gains and losses)	1,172	-	1,172
Recognized in other comprehensive income	-	(125,911)	(125,911)
Disposal	(7,107)	-	(7,107)
Effects of foreign currency exchange differences	<u>(398)</u>	<u>(3,327)</u>	<u>(3,725)</u>
Balance at end of the year	<u>\$ 14,968</u>	<u>\$ 244,219</u>	<u>\$ 259,187</u>
Unrealized other gains and losses	<u>\$ 1,106</u>		<u>\$ 1,106</u>

For the Year Ended December 31, 2020

Financial assets	Mutual Funds Financial Assets at FVTPL	Stocks Financial Assets at FVTOCI	Total
Balance at beginning of the year	\$ 12,483	\$ 225,563	\$ 238,046
Recognized in profit or loss (recorded as other gains and losses)	15,461	-	15,461
Recognized in other comprehensive income	-	(26,473)	(26,473)
Transferred to level 3	-	202,264	202,264
Disposal	(5,550)	(21,660)	(27,210)
Effects of foreign currency exchange differences	<u>(1,093)</u>	<u>(6,237)</u>	<u>(7,330)</u>
Balance at end of the year	<u>\$ 21,301</u>	<u>\$ 373,457</u>	<u>\$ 394,758</u>
Unrealized other gains and losses	<u>\$ 10,697</u>		<u>\$ 10,697</u>

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

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

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

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

c. Categories of financial instruments

	December 31	
	2021	2020
Financial assets		
<hr/>		
Fair value through profit or loss		
Mandatorily classified as at fair value through profit or loss	\$ 14,968	\$ 21,301
Financial assets at amortized cost (Note 1)	25,316,320	24,637,813
Financial assets at fair value through other comprehensive income - equity instruments	1,033,343	1,016,306
<hr/>		
Financial liabilities		
<hr/>		
Financial liabilities at amortized cost (Note 2)	31,313,608	28,090,292

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

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

d. Financial risk management objectives and policies

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

1) Market risk

a) Foreign currency risk

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

For the carrying amounts of the Company and its subsidiaries' significant non-functional currency denominated monetary assets and liabilities (including those eliminated on consolidation) at the balance sheet date, refer to Note 36.

Sensitivity analysis

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

	Impact on Profit or Loss	
	2021	2020
Foreign Currencies : Functional Currencies		
Financial assets		
Monetary items		
USD:NTD	\$ 28,392	\$ 22,900
USD:RMB	7,360	5,190
USD:MYR	4,020	3,489
RMB:NTD	4,394	4,159
JPY:NTD	2,338	2,378
THB:NTD	1,380	1,420
Financial liabilities		
Monetary items		
USD:NTD	23,725	19,169
USD:RMB	5,593	8,759
USD:MYR	3,477	4,640
JPY:NTD	1,919	1,857

b) Interest rate risk

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

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

	December 31	
	2021	2020
Fair value interest rate risk		
Financial assets	\$ 1,271,574	\$ 3,493,360
Financial liabilities	9,742,415	8,039,274
Cash flow interest rate risk		
Financial assets	3,225,275	2,741,246
Financial liabilities	11,952,551	12,105,221

If interest rates had been 1% higher and all other variables were held constant, the Company and its subsidiaries' financial liabilities would have increased cash outflows by \$119,526 thousand and \$121,052 thousand for the years ended December 31, 2021 and 2020.

c) Other price risk

The Company and its subsidiaries were exposed to equity price risk through their investments in equity securities. If equity prices had been 1% higher/lower, other comprehensive income for the 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 refer to the risk of financial loss to the Company and its subsidiaries arising from default by clients or counterparties of financial instruments on the contract obligations. According to the Company and its subsidiaries' policy, each operating entity in the Company and its subsidiaries is responsible for managing and analyzing the credit risk of each of their new clients before standard payment and delivery terms and conditions are offered. The credit quality of the customers is assessed through internal risk control procedures by taking into account their financial position, past experience and other factors, and the Company and its subsidiaries engage in credit enhancement by covering specific outstanding trade receivables by collateral. While the Company and its subsidiaries have procedures to monitor and limit exposure to credit risk on accounts receivable, there can be no assurance that such procedures will effectively limit credit risk and avoid losses. This risk is heightened during periods when economic conditions worsen.

3) Liquidity risk

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

December 31, 2021

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

December 31, 2020

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

e. Transfers of financial assets

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

As of December 31, 2021 and 2020, the carrying amount of the accounts receivable that have been transferred but have not been derecognized amounted to \$3,403,826 thousand and \$2,329,453 thousand, respectively, and the carrying amount of the related borrowings and accounts payable were \$3,402,510 thousand and \$2,328,143 thousand, respectively.

32. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party names and relationships

<u>Related Party Name</u>	<u>Relationship</u>
Allnex-Eternal Resins Corporation Limited	Associate
Allnex-Eternal Resins (Guangdong) Co., Ltd.	Associate
Eterkon Semiconductor Materials Co., Ltd. (Original name: Eternal Electronic Materials (Kunshan) Co., Ltd.)	Associate
Daxin Materials Corporation	Associate
Showa Denko New Material (Zhuhai) Co., Ltd.	Associate
ESCO Specialty Coatings (Shanghai) Co., Ltd.	Associate
Covestro Eternal Restins (Far East) Ltd. (Original name: DSM Resins (Far East) Ltd.)	Associate
Hangzhou Yongxinyang Photoelectric Materials Co., Ltd.	Joint venture (no longer a related party after October 2020)
Kwang Yang Motor Co., Ltd.	Key management personnel
Mitsubishi Polyester Film Suzhou Co., Ltd.	Other related party
Kao, Ying-Shih	First-degree relative of the chairman of the Company

b. Operating revenue

<u>Account Item</u>	<u>Related Party Category</u>	<u>For the Year Ended December 31</u>	
		<u>2021</u>	<u>2020</u>
Revenue from sales of goods	Associates	\$ 706,525	\$ 502,439
	Joint ventures	<u>-</u>	<u>3,932</u>
		<u>\$ 706,525</u>	<u>\$ 506,371</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
Associates	\$ 1,087	\$ 2,357
Other related parties	<u>2,027</u>	<u>985</u>
	<u>\$ 3,114</u>	<u>\$ 3,342</u>

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

d. Other income

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
Associates		
Allnex-Eternal Resins (Guangdong) Co., Ltd.	\$ 34,387	\$ 31,809
Others	5,977	5,727
Key management personnel	<u>9</u>	<u>10</u>
	<u>\$ 40,373</u>	<u>\$ 37,546</u>

Inclusive of rental income, service fees and so on.

e. 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-Shin	<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.

f. Receivables from related parties

Account Item	Related Party Category	December 31	
		2021	2020
Notes and accounts receivable	Associates	<u>\$ 321,270</u>	<u>\$ 263,376</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 \$399 thousand and \$1,037 thousand, respectively.

g. Payables to related parties

Account Item	Related Party Category	December 31	
		2021	2020
Accounts payable	Associates	<u>\$ 284</u>	<u>\$ 1,958</u>

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

h. Loans to related parties

Account Item	Related Party Category/Name	December 31	
		2021	2020
Other receivables	Associates		
	ESCO Specialty Coatings (Shanghai) Co., Ltd.	\$ 158,641	\$ 159,761
	Eterkon Semiconductor Materials Co., Ltd.	104,312	105,048
		<u>262,953</u>	<u>264,809</u>

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

i. Remuneration of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 150,957	\$ 132,600
Post-employment benefits	<u>479</u>	<u>356</u>
	<u>\$ 151,436</u>	<u>\$ 132,956</u>

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2021	2020
Notes receivable	\$ 3,403,826	\$ 2,329,453
Property, plant and equipment	259,427	295,789
Other financial assets (recorded as other non-current assets - others)		
Time deposit certificates and deposit of escrow account	<u>18,119</u>	<u>15,000</u>
	<u>\$ 3,681,372</u>	<u>\$ 2,640,242</u>

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- The Company and its subsidiaries have issued but unused letters of credit with an aggregate amount of \$97,011 thousand as of December 31, 2021.
- The Company and its subsidiaries have contracts that were not yet incurred to purchase property, plant and equipment and intangible assets of \$1,658,750 thousand at December 31, 2021.

35. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- a. 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.
- b. 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.

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount
December 31, 2021				
Financial assets				
Monetary items				
USD	\$ 102,572	27.6800	(USD:NTD)	\$ 2,839,193
USD	26,590	6.3686	(USD:RMB)	736,011
USD	14,522	4.1930	(USD:MYR)	401,969
RMB	101,088	4.3463	(RMB:NTD)	439,361
JPY	972,232	0.2405	(JPY:NTD)	233,822
THB	165,353	0.8347	(THB:NTD)	138,020
Non-monetary items				
Financial assets at fair value through other comprehensive income				
AUD	1,188	20.0800	(AUD:NTD)	23,850
Investments accounted for using the equity method				
USD	989,925	27.6800	(USD:NTD)	27,401,132
RMB	5,936,727	0.1570	(RMB:USD)	25,802,915
JPY	9,150,437	0.2405	(JPY:NTD)	2,200,680
MYR	233,112	0.2385	(MYR:USD)	1,538,886
THB	162,402	0.8347	(THB:NTD)	135,557
Financial liabilities				
Monetary items				
USD	85,713	27.6800	(USD:NTD)	2,372,536
USD	20,207	6.3686	(USD:RMB)	559,330
USD	12,560	4.1930	(USD:MYR)	347,661
JPY	798,073	0.2405	(JPY:NTD)	191,937

(Continued)

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

The total realized and unrealized foreign exchange gains and losses were a loss of \$73,129 thousand and a loss of \$7,754 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 currencies of each entity.

37. 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: (Note 7)
 - 10) Others: The business relationship between the parent company and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions: (Table 7)
 - 11) Information on investees: (Table 8)
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment gain or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 9)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period (Table 5)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Table 5)
 - c) The amount of property transactions and the amount of the resultant gains or losses: none
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes (Table 2)
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds (Table 1)
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services (Note 32 and Table 7)
- c. Information of major shareholders: list of the shareholders with ownership of 5% or greater, showing the names, the number of shares and percentage of ownership held by each shareholder. (Table 10)

38. SEGMENT INFORMATION

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

- Resins Materials

Mainly operating variety of industrial resins materials.

- Electronic Materials

Mainly operating electronic and optoelectronic industry raw material.

- High Performance Materials

Mainly operating UV - light curing raw material.

- Others

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

a. Segment revenues and operating results

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

	Resins Materials	Electronic Materials	High Performance Materials	Others	Adjustment and Elimination	Total
<u>For the year ended December 31, 2021</u>						
Revenues from external customers						
Revenue from the sale of goods	\$ 24,738,355	\$ 14,530,688	\$ 10,853,155	\$ 73,708	\$ -	\$ 50,195,906
Revenue from the rental service	-	-	-	275,491	-	275,491
Inter-segment revenues	<u>2,913,096</u>	<u>5,212,602</u>	<u>1,935,052</u>	<u>3,092</u>	<u>(10,063,842)</u>	<u>-</u>
Total revenue	<u>\$ 27,651,451</u>	<u>\$ 19,743,290</u>	<u>\$ 12,788,207</u>	<u>\$ 352,291</u>	<u>\$ (10,063,842)</u>	<u>\$ 50,471,397</u>
Segment operating profit (loss)	<u>\$ 416,431</u>	<u>\$ 2,164,104</u>	<u>\$ 1,977,432</u>	<u>\$ (462,926)</u>	<u>\$ -</u>	<u>\$ 4,095,041</u>
<u>For the year ended December 31, 2020</u>						
Revenue from external customers						
Revenue from the sale of goods	\$ 18,483,935	\$ 12,869,767	\$ 6,733,373	\$ 37,767	\$ -	\$ 38,124,842
Revenue from the rental service	-	-	-	245,524	-	245,524
Inter-segment revenues	<u>2,103,185</u>	<u>4,913,436</u>	<u>1,243,827</u>	<u>3,432</u>	<u>(8,263,880)</u>	<u>-</u>
Total revenue	<u>\$ 20,587,120</u>	<u>\$ 17,783,203</u>	<u>\$ 7,977,200</u>	<u>\$ 286,723</u>	<u>\$ (8,263,880)</u>	<u>\$ 38,370,366</u>
Segment operating profit (loss)	<u>\$ 1,045,635</u>	<u>\$ 1,819,066</u>	<u>\$ 707,365</u>	<u>\$ (433,140)</u>	<u>\$ -</u>	<u>\$ 3,138,926</u>

b. The Company and its subsidiaries' revenues from external customers by receipt location and noncurrent assets by location were detailed below:

	Revenues from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2021	2020	2021	2020
Taiwan	\$ 6,082,548	\$ 4,739,251	\$ 6,686,801	\$ 6,516,803
China	31,266,877	23,610,169	10,070,204	10,206,793
Others	<u>13,121,972</u>	<u>10,020,946</u>	<u>2,592,251</u>	<u>2,786,927</u>
	<u>\$ 50,471,397</u>	<u>\$ 38,370,366</u>	<u>\$ 19,349,256</u>	<u>\$ 19,510,523</u>

Non-current assets excluded those classified as financial assets and deferred tax assets.

c. Information about major customers

No revenue from any individual customer exceeded 10% of the Company and its subsidiaries' total revenue for the years ended December 31, 2021 and 2020.

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 9
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 9
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 8
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:

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

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

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

Note 4: Nature of financing is as follows:

1. Business relationship.
2. Short-term financing

Note 5: According to the 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: Amount was eliminated from the consolidated financial statements, except for investments accounted for using the equity method.

Note 8: 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 9: 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 the 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 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.

Note 3: Amounts were eliminated from the consolidated financial statements, except for investment accounted for using the equity method.

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 2
	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 1: Amount was eliminated from the consolidated financial statements, except for the investments accounted for using the equity method.

Note 2: 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			% to Total Revenues or Assets
				Financial Statement Item	Amount	Terms	
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)

TABLE 9

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, entropot trading, product display, 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 service 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 service of self-produced products	1,067,649	2	-	-	-	-	(105,757)	60.00	(63,454)	221,230	-	Notes 2 and 10
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 invested 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 of 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.

V. Financial Statement for the Most Recent Year

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.

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	%
CURRENT ASSETS				
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)	<u>238,180</u>	<u>1</u>	<u>147,044</u>	<u>-</u>
Total current assets	<u>9,390,592</u>	<u>20</u>	<u>7,146,604</u>	<u>16</u>
NON-CURRENT ASSETS				
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)	<u>35,883</u>	<u>-</u>	<u>35,783</u>	<u>-</u>
Total non-current assets	<u>38,446,298</u>	<u>80</u>	<u>37,011,153</u>	<u>84</u>
TOTAL	<u>\$ 47,836,890</u>	<u>100</u>	<u>\$ 44,157,757</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
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)	<u>54,983</u>	<u>-</u>	<u>30,082</u>	<u>-</u>
Total current liabilities	<u>8,873,535</u>	<u>18</u>	<u>5,989,894</u>	<u>13</u>
NON-CURRENT LIABILITIES				
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)	<u>789,567</u>	<u>2</u>	<u>998,991</u>	<u>2</u>
Total non-current liabilities	<u>14,724,247</u>	<u>31</u>	<u>15,333,366</u>	<u>35</u>
Total liabilities	<u>23,597,782</u>	<u>49</u>	<u>21,323,260</u>	<u>48</u>
EQUITY (Note 17)				
Ordinary shares	<u>12,402,795</u>	<u>26</u>	<u>12,402,795</u>	<u>28</u>
Capital surplus	<u>368,946</u>	<u>1</u>	<u>368,946</u>	<u>1</u>
Retained earnings				
Legal reserve	4,437,120	9	4,188,871	10
Special reserve	781,875	2	1,442,690	3
Unappropriated earnings	<u>7,430,191</u>	<u>15</u>	<u>5,213,715</u>	<u>12</u>
Total retained earnings	<u>12,649,186</u>	<u>26</u>	<u>10,845,276</u>	<u>25</u>
Other equity	<u>(1,181,819)</u>	<u>(2)</u>	<u>(782,520)</u>	<u>(2)</u>
Total equity	<u>24,239,108</u>	<u>51</u>	<u>22,834,497</u>	<u>52</u>
TOTAL	<u>\$ 47,836,890</u>	<u>100</u>	<u>\$ 44,157,757</u>	<u>100</u>

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)

	For the Year Ended December 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
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>

(Continued)

Eternal Materials Co., Ltd.

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

	For the Year Ended December 31	
	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
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>
CASH FLOWS FROM FINANCING ACTIVITIES		
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)

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>	
	2021	2020
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>	
	2021	2020
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

	Not Past Due	0 to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
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

	Not Past Due	0 to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
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:

	For the Year Ended December 31	
	2021	2020
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

	December 31	
	2021	2020
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)

	December 31			
	2021		2020	
	Amount	Percentage	Amount	Percentage
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

	December 31	
	2021	2020
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:

	For the Year Ended December 31	
	2021	2020
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:

	December 31	
	2021	2020
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
Cost								
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
Accumulated depreciation								
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
Cost								
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
Accumulated depreciation								
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

	December 31	
	2021	2020
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>
	For the Year Ended December 31	
	2021	2020
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

	December 31	
	2021	2020
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:

	December 31	
	2021	2020
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

	For the Year Ended December 31	
	2021	2020
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

	Land	Buildings	Total
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

	Land
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>	
	2021	2020
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

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

(Continued)

	Computer Software	Other Intangible Assets	Total
<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

	Computer Software	Other Intangible Assets	Total
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:

	December 31	
	2021	2020
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:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
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)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (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:

	For the Year Ended December 31	
	2021	2020
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:

	December 31	
	2021	2020
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:

	December 31	
	2021	2020
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.

	December 31	
	2021	2020
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

	December 31	
	2021	2020
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>	
	2021	2020
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>	
	2021	2020
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	\$ <u>538,306</u>	\$ <u>242,219</u>
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:

	<u>For the Year Ended December 31</u>	
	2021	2020
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		
	<u>For the Year Ended December 31</u>	
	2021	2020
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		
	<u>For the Year Ended December 31</u>	
	2021	2020
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:

	For the Year Ended December 31, 2021	
	Accrual Amounts Recognized in the Financial Statements	Amounts Approved by the Company's Board of Directors
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:

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

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

(Continued)

	For the Year Ended December 31	
	2021	2020
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:

	For the Year Ended December 31	
	2021	2020
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

	For the Year Ended December 31	
	2021	2020
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

	For the Year Ended December 31	
	2021	2020
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

	Balance at Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at End of the Year
<u>Deferred tax assets</u>				
Temporary differences				
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

	Balance at Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at End of the Year
<u>Deferred tax assets</u>				
Temporary differences				
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	-	(6,149)	-	(6,149)
	<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>

Number of ordinary shares

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

	For the Year Ended December 31	
	2021	2020
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

	Level 1	Level 2	Level 3	Total
<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	<u>(21,660)</u>
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

	December 31	
	2021	2020
<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.

	Impact on Profit or Loss	
	2021	2020
<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:

	December 31	
	2021	2020
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)

Related Party Name	Relationship
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

Account Item	Related Party Category	For the Year Ended December 31	
		2021	2020
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

- a. The Company has issued but unused letters of credit with an aggregate amount of \$56,915 thousand as of December 31, 2021.
- b. 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

- a. 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.
- b. 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:

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

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

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

Note 4: Nature of financing is as follows:

1. Business relationship.
2. Short-term financing

Note 5: According to the 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	\$ -	
	Eternal Electronic Materials (Thailand) Co., Ltd.	Subsidiary	126,674	3.09	-	-	38,413	-	
	Eternal (China) Investment Co., Ltd.	Subsidiary	111,934	-	-	-	50,540	-	Note
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	
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.

VI. Effect of Any Financial Difficulties Experienced by the Company and Its Affiliates on the Financial Position of the Company:N/A.

Chapter 7. Review and Analysis of Financial Position and Financial Performance

I. Financial Position

Unit: NT\$ thousand

Item \ Year	2020	2021	Change, by Amount	Change, by Percentage
CURRENT ASSETS	32,621,948	37,041,238	4,419,290	13.55%
Property, plant and equipment	16,623,050	16,369,000	(254,050)	-1.53%
INTANGIBLE ASSETS	282,235	261,442	(20,793)	-7.37%
Other Assets	6,661,392	6,864,009	202,617	3.04%
Total Assets	56,188,625	60,535,689	4,347,064	7.74%
Current Liabilities	15,513,121	19,523,383	4,010,262	25.85%
NON-CURRENT LIABILITIES	17,437,202	16,345,449	(1,091,753)	-6.26%
Total Liabilities	32,950,323	35,868,832	2,918,509	8.86%
Share capital	12,402,795	12,402,795	0	0.00%
Capital reserve	368,946	368,946	0	0.00%
Retained earnings	10,845,276	12,649,186	1,803,910	16.63%
Other equity	(782,520)	(1,181,819)	(399,299)	-51.03%
Non-controlling Interests	403,805	427,749	23,944	5.93%
Total Equity	23,238,302	24,666,857	1,428,555	6.15%

Analysis on increase or decrease of more than 20%:

1. Current liabilities: Mainly due to the increase in long-term borrowings being transferred to those due within one year.
2. Other equity: This is mainly due to the increase of the unfavorable difference in the conversion of the financial statements of foreign operating institutions this year.

II. Financial Performance

Unit: NT\$ thousand

Item \ Year	Amount in 2020	Amount in 2021	Change, by Amount	Change, by Percentage
Operating revenue	38,370,366	50,471,397	12,101,031	31.54%
Operating gross profit	8,885,888	10,694,148	1,808,260	20.35%
Operating profit	3,138,926	4,095,041	956,115	30.46%
Non-operating income and expenses	5,583	336,818	331,235	5932.92%
Net profit before tax	3,144,509	4,431,859	1,287,350	40.94%

(I) Analysis on increase or decrease of more than 20%:

1. Operating income, Operating margin and operating profit: The easing of the COVID-19 epidemic and the recovery of economy led to increased demand, increased operating revenue and overall profit.
2. Non-operating incomes and expenses: Mainly the increase in profit and loss of affiliates and difference in profit/loss of subsidiaries recognized by principal equity method.
3. Income before tax: Increase in net profit before tax as indicated above 1 and 2.

(II) The reasons for the change of the Company's main business contents, the major changes that have occurred or are expected to occur in operating policies, market conditions, economic environment or other internal and external factors, the facts and impact of changes, and the possible impact on the Company's future financial business and response plan: None, so N/A.

(III) The expected sales volume in the next year and its basis and the main influencing factors of the Company's expected sales volume to continue to grow or decline: The Company's 2022 annual business plan aims to stabilize revenue and profit growth in the medium and long term. The management team will actively achieve the operational goals and work together to enhance the corporate value.

III. Cash Flows

(I) Analysis of changes in cash flow in the most recent year:

Item \ Year	2020	2021	Increases (decreases) ratio
Cash flow ratio	27%	4%	-85%
Cash flow adequacy ratio	66%	53%	-20%
Cash reinvestment ratio	4%	-2%	-150%

Analysis on change of increase / decrease ratio: Mainly due to the decrease in net cash flow from operating activities due to inventory increase during the current year.

(II) Cash liquidity analysis for the coming year

Unit: NT\$ thousand

Beginning cash balance (1)	Expected annual net cash flows from operating activities (2)	Expected annual cash outflow for the year (3)	Expected cash surplus (deficit)	Remedial measures for expected cash deficit	
			(1)+(2)-(3)	Investment Plan	Financial Plan
4,250,469	4,912,812	4,558,532	4,604,749	-	-

1. Analysis of cash flow changes:

- (1) Operating activities: Revenue and profit are expected to continue to grow.
- (2) Investing activities: Capacity expansion is expected to continue.
- (3) Financing activities: Cash dividend is expected to be paid.

2. Remedial measures and liquidity analysis of expected cash insufficiency: N/A.

IV. Impact of Major Capital Expenditures on Financial Business in the Most Recent Year

(I) The use and funding sources of major capital expenditures

Unit: NT\$ thousand

Plan Item	Actual or expected source of funding	Total capital required (2021 and 2020)	Actual use of funds	
			2021	2020
Land, building, and equipment	Private capital	3,506,460	2,048,942	1,457,518

(II) Expected potential benefits:

These capital expenditures can meet the Company's operational growth needs, enhance core technologies, create product added value, and enhance the Company's overall industrial competitiveness.

V. Investment Policy in the Most Recent Year, Main Causes for the Profits or Losses, Improvement Plans and Investment Plans for the Coming Year:

- (I) Re-investment policy in the most recent year: Based on the chemical industry and core technology, develop diversified products such as electronics and special materials, and deploy in mainland China and other overseas regions according to the upstream and downstream industry chain, take the goal of getting close to the market, adjust production and marketing policies timely, and provide customized technical services and products in time.
- (II) Main reason for income from reinvestment: On a consolidated basis, the transfer profit of reinvestment with equity method for the year is NT\$416,490 thousand, mainly due to the economic scale and competitive products of the invested company.
- (III) Investment plans for the coming year The company develops investment plans based on long-term strategic objectives to gain an advantageous position in the highly competitive global market.

VI. Risk Analysis and Evaluation

(I) Effect on the Profit (Loss) of Interest and Exchange Rate Fluctuations and Changes in the Inflation Rate, and Response Measures to Be Taken in the Future

1. The impact of interest rate changes of the most recent year on the Company's profit / loss and future measures:

Unit: NT\$ thousand

Item	2021
Net interest income (expense)	(194,763)
Operating revenue	50,471,397
Net profit before tax	4,431,859
Ratio of net interest income (expense) to operating revenue	(0.39%)
Ratio of net interest income (expense) to net income before tax	(4.39%)

Effects: The net interest income (expense) in 2021 was NT\$ (194,763) thousand, accounting for (0.39%) and (4.39%) of operating income and net profit before tax for the year respectively. Where the borrowings in 2021 are debts with fixed interest rates, there is no cash flow risk of interest rate changes; for debts with floating interest rates, changes in market interest rates will cause the effective interest rate to change accordingly, which will cause fluctuations in future cash flows, and leading to the fluctuation of market interest rates. An increase of 1% in market interest rate will increase the cash outflow in 2021 by NT\$ 119,526 thousand.

Corresponding measures: Regularly assess market interest rates, maintain long-term and stable relations with financial institutions to obtain the most favorable borrowing rates, and flexibly use different financing instruments to raise low-interest funds.

2. The impact of exchange rate fluctuations on the Company's profit / loss and future measures:

Unit: NT\$ thousand

Item	2021
Net amount of foreign exchange gain or loss	(73,129)
Operating revenue	50,471,397
Net profit before tax	4,431,859
Ratio of conversion profit / loss to operating income	(0.14%)
Ratio of conversion profit / loss on net profit before tax	(1.65%)

The net conversion profit /loss in 2021 was NT\$ (73,129) thousand, accounting for (0.14%) and (1.65%) of operating income and net profit before tax for the year

respectively. As export sales account for a large proportion of the Company's revenue, changes in the exchange rate between New Taiwan Dollar and US dollar may have a significant impact on the Company's profit / loss. Therefore, we always pay attention to exchange rate fluctuations in the international market and continue to implement the following measures:

- (1) The financial department maintains close contact with the foreign exchange department of the financial institution, and fully grasps the international exchange rate trend as a reference for daily foreign exchange settlement and foreign exchange hedging.
- (2) Use foreign currency assets to offset liabilities to reduce exchange rate risks and play a natural hedging effect.
- (3) For the net position after natural hedging, take hedging measures such as increasing foreign currency financing positions or buying and selling forward foreign exchange.
- (4) The business unit formulates appropriate foreign currency quotations for commodities based on the forecast of the exchange rate by the financial department.

(II) Policy Regarding High-risk Investments, Highly Leveraged Investments, Loans to Other Parties, Endorsements/Guarantees, and Derivatives Transactions, Main Reasons for the Profit (Loss) Generated Thereby, and Response Measures to Be Taken in the Future:

The Company does not engage in high-risk, high-leverage investments; for capital lending to others, endorsement guarantees and derivatives transactions, the Company has formulated complete internal control procedures, and all operations in 2021 and up to now have been handled in accordance with relevant regulations.

(III) Future Research & Development Projects and Corresponding Budget

Unit: NT\$ thousand

Future R&D plans	Expected R&D investment
High frequency, high speed and high thermal conductivity materials	63,230
Semiconductor packaging materials	35,075
High-performance thermoplastic composites	42,228
Lithium battery materials	26,095
Degradable plastic materials	19,859
Biomedical testing materials	93,564

Key factors influencing the success of future R&D:

1. Master the material development trend of mainstream industry.
2. Break through the technical bottleneck of formula and process, improve customer satisfaction with high-quality materials.
3. Customized technical ability and response speed.
4. Technology and price advantages over competitors.

(IV) Impact of changes of the important domestic and foreign policies and laws on the Company's finance and business, and countermeasures:

The Company has been always paying close attention to important domestic and foreign policies, political and economic environment changes. Relevant legal changes, legal affairs, accounting and other relevant professional units always pay close attention to the changes and timely provide evaluation, suggestions and plan measures, in order to comply with laws and reduce the impact on the Company's financial business. The Company has had no policy or legal change affecting its financial position in 2021 or up to the publication date of annual report.

(V) Impact of technological and industrial changes (including information and communication security risks) on the Company's finance and business and corresponding measures:

The Company is committed to the research and innovation of deep cultivation technology, and invests a lot of resources in research and development every year. In line with industrial pulse and technological changes, the Company develops new materials and products to realize the sustainable operation and growth of the enterprise. In addition, it also continuously strengthens quality improvement and professional technical services for traditional products, so as to maintain existing customers and expand new markets. Please refer to "Operational Highlights - VI. Information Security Management" for information security details.

(VI) Changes to corporate image that impact the Company's risk management and response measures: Adhere to the business philosophy of law-abiding, trustworthy, moral, fulfilling environmental responsibility to work hard, in order to establish the corporate image that is pragmatic, benefits the masses, and fulfills social responsibility.

(VII) Expected benefits and possible risks of mergers and response measures: The Company did not have any major mergers and acquisitions in the year of 2021.

(VIII) Expected benefits and possible risks to expand the plants and the countermeasures: The Company evaluates the investment benefits according to the market vision, demand, own technology, ability and capital cost, and reviews the market and industry changes at any time to reduce possible risks.

(IX) Risks resulting from consolidation of purchasing or sales operations and response measures: The raw materials used by the Group can be found in a number of suppliers in the market, and the sales customers are not concentrated in some major customers, so the risk of concentration of import and sales is small.

(X) Impacts and risks resulted from major equity transfer or replacement of directors, supervisors, or shareholders holding more than ten (10) percent of the Company's shares, and related response measures In 2021 and up to the date of publication of the annual report, there is no such incident, so it has no impact on the operation of the Company.

(XI) Impact, risk, and response measures related to any change in governance rights in the Company: The shareholdings of the directors of the Company is stable, and there has been no change in management rights in 2021.

(XII) For any litigious or non-litigious matters, the Company and its directors, supervisors, presidents, person with actual responsibility in the Company, and major shareholders holding more than 10 percent of the Company's shares, shall be disclosed. If there has been any substantial impact upon shareholders' equity or prices for the Company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the Company that has been finalized or has remained pending, the report shall disclose the facts in dispute, amount in dispute, commencement date, main parties involved, and current status of the case as of the publication date of this annual report: None.

(XIII) Other significant risks and response measures:

Risks and impacts of information security on the Company and the countermeasures:

1. Operating procedures for entity and environmental safety management
2. Operational procedures for continuous operation management
3. Information asset management procedures
4. Risk assessment management procedures
5. Procedures for personnel safety management and education and training
6. Communication and operation management procedures
7. Supplier and project management procedures
8. Safety incident notification and handling procedures
9. System development and maintenance procedures
10. Access control management procedures

VII. Other Important Matters: None.

Chapter 8. Special Notes

I. Information on Affiliates

- (1) Consolidated financial statements of affiliated companies: Please refer to pages 133~223.
- (2) Consolidated business report of affiliates: Please refer to pages 309~321.
- (3) Affiliation report: None.

II. Private Placement of Securities during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

III. Holding or Disposal of Shares in the Company by Subsidiaries during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

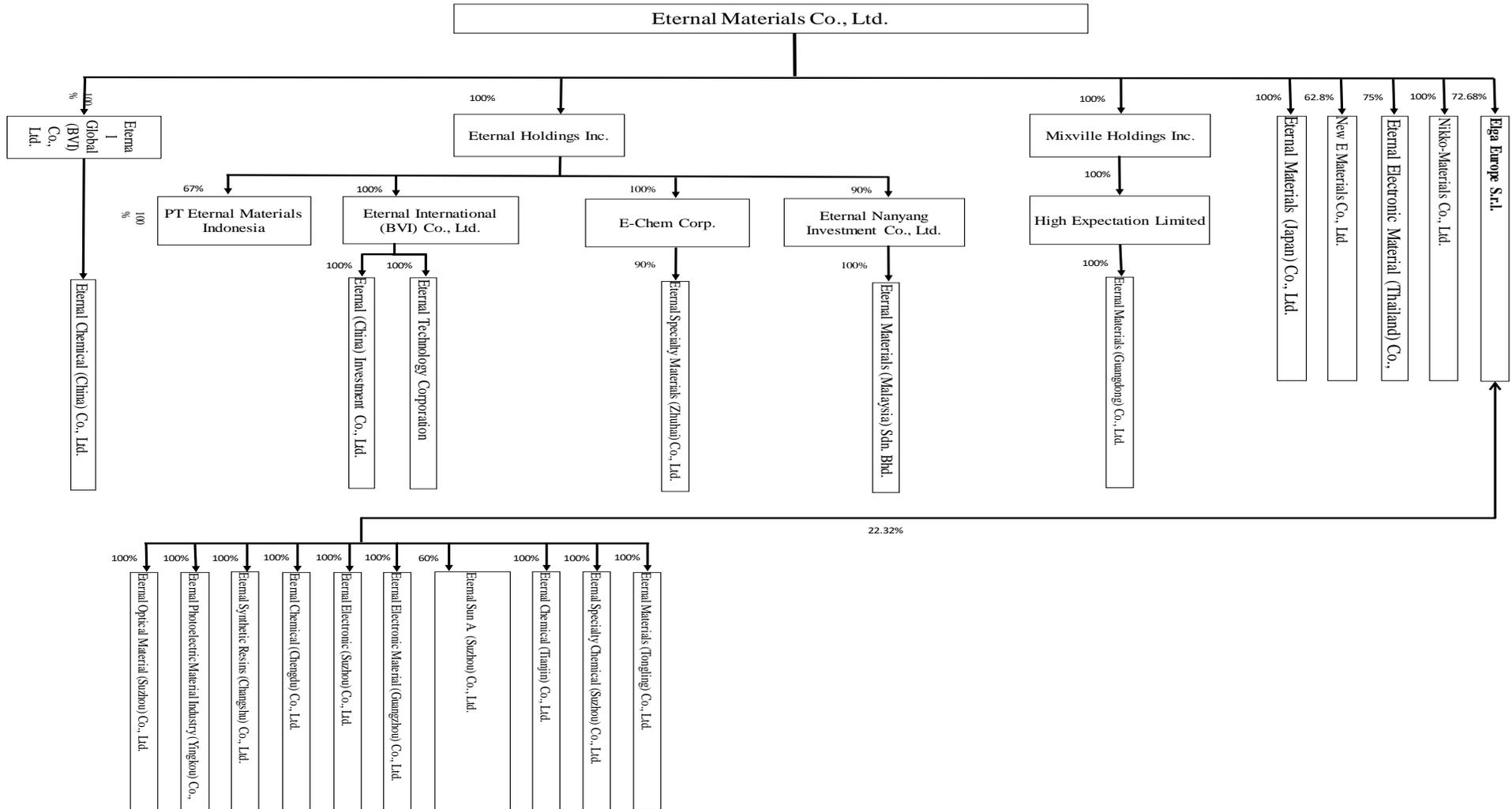
IV. Other Matters That Require Additional Description: None.

Chapter 9. Situations Listed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, which Might Materially Affect Shareholders' Equity or the Price of the Securities, Occurring during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

I. Operating Status of Affiliates

(I) Organizational Overview of Affiliates

1. Organization Chart of Affiliates (12/31/2021)



2. Companies presumed to have control and affiliation in accordance with Article 369 (3) of the Company Act: None.

3. Subsidiary companies whose personnel, finance or business operations are directly controlled by the Company in accordance with Article 369-2, Paragraph 2 of the Company Act: None. The Presidents of Covestro Eternal Resins (Far East) Ltd., Allnex-Eternal Resins Corporation Limited, and Allnex-Eternal Resins (Guangdong) Co., Ltd. are appointed by the Company, but the Company has no control over such companies.

(II) Basic Information of Affiliates

Name of Company	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
Eternal Materials Co., Ltd. (Note 1)	12/03/1964	No. 578, Jiangong Rd., Sanmin Dist., Kaohsiung City, Taiwan	NT\$12,402,795 thousand	R&D, manufacturing, processing and sales of various industrial synthetic resins, epoxy resins, acrylates, methacrylates, coatings, packaging materials, printed circuit substrates, film materials, photoresist materials, electronic chemical materials, composite materials and biomedical testing reagents, and general import and export trade.
Eternal Holdings Inc.	11/15/2002	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa.	NT\$ 6,259,870 thousand	Investment in other regions.
Eternal Global (BVI) Co., Ltd.	06/15/1995	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG 1110, British Virgin Islands.	NT\$ 717,527 thousand	Investment in other regions.
Mixville Holdings Inc.	08/11/1999	OMC Chambers, Wickhams Cay1, Road Town, Tortola, British Virgin Islands.	NT\$ 989,582 thousand	Investment in other regions.
New E Materials Co., Ltd.	10/22/2009	No. 22, Changxing Road, Luzhu District, Kaohsiung City, Taiwan	NT\$ 110,000 thousand	Engaged in the research, development, manufacturing and sales of electronic chemical materials and equipment components related to photoelectric and semiconductor processes.
Eternal Electronic Material (Thailand) Co., Ltd. (Note 2)	01/30/1997	335/8 Moo 9 Bangna-Trad Rd. Km 19, Tambol Bangchalong, Amphur Bangplee, Samutprakarn 10540.	NT\$ 121,225 thousand	Import and export trade and dry film photoresist cutting, marketing.
Eternal Materials (Japan) Co., Ltd.	01/17/1996	507 Concurred Yokohama, 3-1 Kinkocho, Kanagawa-Ku Yokohama-Shi, Kanagawa, Japan	NT\$ 60,431 thousand	Sales, trade and service of resin, electronic materials and related commodities.
Nikko-Materials Co., Ltd.(Note 2)	09/30/1997	507 Concurred Yokohama, 3-1 Kinkocho, Kanagawa-Ku Yokohama-Shi, Kanagawa, Japan	NT\$ 125,176 thousand	Manufacturing and sales of dry film photoresist and vacuum molding machine.
Elga Europe S.r.l.(Note 2)	05/24/1973	Via della Merlata,8 20014 Nerviano MILANO.	NT\$ 95,441 thousand	Production, sales, distribution and processing of electronic chemical products.
Eternal International (BVI) Co., Ltd.	10/14/1994	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG 1110, British Virgin Islands.	NT\$ 5,739,033 thousand	Investment in other regions.
E-Chem Corp.	01/03/2003	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa.	NT\$ 165,608 thousand	Investment in other regions.
Eternal Nanyang Investment Co., Ltd.	04/17/2020	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa.	NT\$ 600,548 thousand	Investment in other regions.
PT Eternal Materials Indonesia (Note 2)	11/18/2020	The St. Moritz Office Tower Unit 1101,Jalan Puri Indah Boulevard Blok U1, Jakarta Barat 11610, Indonesia	NT\$ 13,361 thousand	Import and export trading of chemical products.
Eternal Technology Corporation (Note 2)	12/09/1998	1800 Touchstone Road Colonial Heights, VA 23834 U.S.A	NT\$ 600,693 thousand	Production and sales of photoresist.

Name of Company	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
High Expectation Limited	08/02/1999	Vistra (Cayman) Limited, P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands.	NT\$ 871,519 thousand	Investment in other regions.
Eternal Materials (Malaysia) Sdn. Bhd. (Note 2)	01/30/2015	PTD 5044, Jalan Rumbia 2, Tanjung Langsat Industrial Estate, Mukim Sungai Tiram, 81700 Pasir Gudang Johor, Malaysia.	NT\$ 2,620,027 thousand	Manufacture, sale, trade and service of synthetic resin related commodities.
Eternal Chemical (China) Co., Ltd. (Note 2)	10/31/1995	No. 566, Qingyang North Road, Zhoushi Town, Kunshan City, Jiangsu Province, China	NT\$ 755,651 thousand	Production and sales of synthetic resin and processing products.
Eternal Optical Material (Suzhou) Co., Ltd. (Note 2)	12/23/2005	No. 111, Songshan Road, SND, Suzhou City, Jiangsu Province, China	NT\$ 1,563,967 thousand	Production and sales of optical film.
Eternal Electronic Material (Guangzhou) Co., Ltd. (Note 2)	12/28/2006	No. 8, Ruihe Road, Science City, New and High Technology Industrial Development Zone, Guangzhou, Guangdong, China	NT\$ 2,256,739 thousand	Research, development, production of electronic high-tech chemicals and related products, sales of the Company's products.
Eternal Photoelectric Material Industry (Yingkou) Co., Ltd. (Note 2)	09/28/2007	No. 102, Xinhai Street, Coastal Industrial Base, Yingkou, Liaoning, China.	NT\$ 469,402 thousand	Research, development and production of photoresist dry film, liquid photosensitive solder resistance agent and printed circuit board industry related auxiliary materials.
Eternal Synthetic Resins (Changshu) Co., Ltd. (Note 2)	05/24/2006	No. 15, Xinggang Road, Yanjiang Industrial Zone, Changshu Economic Development Zone, Jiangsu Province, China	NT\$ 726,426 thousand	Production and sales of unsaturated polyester resin related business.
Eternal Chemical (Tianjin) Co., Ltd. (Note 2)	08/26/2009	No. 652, Jinyuan Road, Dagang Petrochemical Industrial Park, Binhai New Area, Tianjin, China	NT\$ 1,008,004 thousand	Production and sales of self-produced adhesive, synthetic resin and their processing products.
Eternal Specialty Materials (Zhuhai) Co., Ltd. (Note 2)	04/23/2003	No. 307, Shihua 9th Road, Gaolan Port Economic Zone, Zhuhai City, Guangdong Province, China	NT\$ 611,011 thousand	Production and sales of acrylic acid ester and other methyl acrylic acid ester.
Eternal Materials (Guangdong) Co., Ltd. (Note 2)	01/21/2000	No. 9523, Zhuhai Road, Nanshui Town, Zhuhai, Guangdong, China	NT\$ 1,297,259 thousand	Production and sales of self-produced adhesive, synthetic resin and their processing products.
Eternal (China) Investment Co., Ltd.	03/17/2011	Room 1401, Floor 14, Building A, No. 1397, Yishan Rd., Xuhui Dist., Shanghai, China	NT\$ 7,557,603 thousand	Business management, investment advisory services, research and development, production and marketing of resin and photoelectric chemical materials
Eternal Chemical (Chengdu) Co., Ltd. (Note 2)	11/01/2011	No. 15, Yangheng 4th Road, New Energy and New Material Industry Functional Zone, Tianfu New District, Qionglai City, Chengdu, Sichuan Province, China	NT\$ 450,351 thousand	Research and development, production and sales of synthetic resins.

Eternal Electronic (Suzhou) Co., Ltd. (Note 2)	08/29/2013	No.2, Huaqiao Road, Xushuguan Town, SND, Suzhou, Jiangsu, China	NT\$ 1,492,280 thousand	R&D and production of dry film photoresistance, anti-welding dry film electronic special materials, R&D of resin materials, sales of self-produced products and provision of relevant after-sale technical services.
Eternal Sun A. (Suzhou) Co., Ltd. (Note 2)	12/09/2013	No. 111, Songshan Road, SND, Suzhou City, Jiangsu Province, China	NT\$ 1,067,649 thousand	Production, R&D of optical protective film electronic materials for display materials, sales of self-produced products and provision of related technical services and after-sales services.
Eternal Specialty Chemical (Suzhou) Co., Ltd. (Note 2)	03/11/2014	Tower 2, No. 15, Xinggang Road, Changshu Economic and Technological Development Zone, Jiangsu Province, China	NT\$ 1,199,225 thousand	R&D of chemical products, sales of self-produced products, and provision of technical services.
Eternal Materials (Tongling) Co., Ltd. (Note 2)	05/28/2021	Intersection of Wanjiang Avenue and Yizhou Road, East Economic and Technological Development Zone, Tongling City, Anhui Province, China	NT\$ 429,900 thousand	Manufacturing, sales and technical services of synthetic resin related products.

Note 1: The company has established Luzhu Plant (date of establishment: 1973, address: No. 22, Changxing Rd., Luzhu Dist., Kaohsiung City, Taiwan, main products: Resin products and special materials and electronic materials), Ta-Fa Plant (date of establishment: 1990, address: No. 30, Yumin St., Daliiao Dist., Kaohsiung City, Taiwan (Ta-Fa Industrial Park), main products: Electronic materials), and Ping-Nan Plant (date of establishment: 1994, address: No. 23, Pingnan Road, Fangliao Township, Pingtung County (Pingnan Industrial Park), main products: resin products).

Note 2: The company has a local plant here, and the name, date of establishment, address of the plant and the main items of production are the same as the name, date of establishment, address and the main items of business or production of the company.

(III) Profile of the same shareholders where they are deemed to have controlling or affiliation relationship: None.

(IV) Businesses covered by the affiliates' overall operations:

1. The business of the Company and its affiliates mainly includes synthetic resin, electronic materials, specialty materials, general investment and import and export trade.

2. The main business items of the Company include R&D, manufacturing, processing and sales of various industrial synthetic resins, epoxy resins, acrylates, methacrylates, coatings, packaging materials, printed circuit substrates, film materials, solar cell materials, photoresist materials, electronic chemical materials, and medical equipment, and general import and export trade. As of December 31, 2020, the division of functions of affiliations is as follows:

(1) In response to customers setting up plants in mainland China one after another, in order to meet the needs of customers, the Company has been engaged in the R&D, manufacturing, processing, sales of various industrial synthetic resins, epoxy resin, acrylate, methacrylate, coatings, packaging materials, printed circuit substrates, film materials, solar cell materials, photoresist materials, and electronic chemical materials through Eternal Chemical (China) Co., Ltd., Eternal (China) Investment Co., Ltd., Eternal Electronic Material (Guangzhou) Co., Ltd., Eternal Optical Material (Suzhou) Co., Ltd., Eternal Photoelectric Material Industry (Yingkou) Co., Ltd., Changxing (Guangzhou) Photo-Electric Materials Co., Ltd., Eternal Specialty Materials (Zhuhai) Co., Ltd., Eternal Synthetic Resins (Changshu) Co., Ltd., Eternal Materials (Guangdong) Co., Ltd., Eternal Chemical (Tianjin) Co., Ltd., Eternal Chemical (Chengdu) Co., Ltd., Eternal Sun A. (Suzhou) Co., Ltd., Eternal Electronic (Suzhou) Co., Ltd., and Eternal Specialty Chemical (Suzhou) Co., Ltd., in order to facilitate sales to Taiwanese businesses in mainland China to save transportation costs and stabilize existing customer sources.

(2) In order to expand the American and Asian markets, the Company is mainly engaged in the production or processing and sales of photoresist materials through Eternal Technology Corporation, Elga Europe S.r.l., Eternal Electronic Material (Thailand) Co., Ltd. and Nikko-Material Co., Ltd., and is engaged in the making and sales of vacuum compression molding machines through Nikko Mechanics Co., Ltd., providing complete material and equipment solutions to customers and enhance the competitiveness of the Company's products.

(3) In order to meet the needs of customers and expand the market in Japan, Europe and Greater China, the Company sells related products to customers through Eternal Materials (Japan) Co., Ltd. and Changhe International Trading (GZFTZ) Co., Ltd. to save product transportation costs and increase the competitiveness of the Company's products.

(4) In response to the trend of regional economic integration, the Company will establish and construct Eternal Materials (Malaysia) Sdn. Bhd and PT Eternal Materials Indonesia to meet the market demand of RCEP, and increase the growth momentum of the group's revenue.

(5) In response to the research and development and sales of electronic chemical materials and equipment components for optoelectronic and semiconductor processes, the Company established New E Materials Co., Ltd. to strive for cooperation and alliance with international high-tech manufacturers to enhance the competitiveness of the Company's products.

(V) Information on Directors (Including Independent Directors), Supervisors, and Presidents of Affiliates

Unit: NT\$ thousand; share; %

Name of Affiliate	Title	Name or Representative	Shareholding (Note 2) (Note 3)	
	(Note 1)		Shares	Percentage of Ownership
Eternal Materials Co., Ltd.	Chairman	Kao, Kuo-Lun	54,005,856 shares	4.35%
	Director	Shiao, Tzu-Fei	558,416 shares	0.05%
	Director	Hsieh, Chin-Kun	722,595 shares	0.06%
	Director	Yang, Huai-Kun	15,775,900 shares	1.27%
	Director	Ko, Chun-Ping (Representative of Kwang Yang Motor Co., Ltd.)	124,000,000 shares	10.00%
	Director	Kao, Ying-Chih	19,251,560 shares	1.55%
	Director	Yen, Shu-Fen	299,235 shares	0.02%
	Independent Director	Chen, Yi-Heng	145,771 shares	0.01%
	Independent Director	Hung, Lee-Jung	-	-
	Independent Director	Lo, Li-Chun	-	-
	President	Mao, Hui-Kuan	217,338 shares	0.02%
Eternal Holdings Inc.	Director	Kao, Kuo-Lun (Representative of Eternal Materials Co., Ltd.)	204,273,859 shares	100%
Eternal Global (BVI) Co., Ltd.	Director	Kao, Kuo-Lun (Representative of Eternal Materials Co., Ltd.)	16,821,024 shares	100%
Mixville Holdings Inc.	Director	Kao, Kuo-Lun (Representative of Eternal Materials Co., Ltd.)	29,530,000 shares	100%
New E Materials Co., Ltd.	Chairman	Yeh, Mao-Jung (Representative of Eternal Materials Co., Ltd.)	6,907,585 shares	62.8%
	Director	Weng, Chin-Yi, Tai, Ming-Te, Chu, Wen-Chung (Representative of Eternal Materials Co., Ltd.)		
	Director	Wen, Ching-Chang	801,200 shares	7.28%
	Director	Ko, Chun-Ping (Representative of Kwang Yang Motor Co., Ltd.)	1,100,000 shares	10%
	Supervisor	Su, Hui-Fang and Cheng, Hsien-He	-	-
	President	Yeh, Mao-Jung	-	-

Eternal Electronic Material (Thailand) Co., Ltd.	Chairman	Hung, Chao-Cheng (Representative of Eternal Materials Co., Ltd.)	937,500 shares	75%
	Director	Kuo, Shih-Pin and Hsieh, Yen-Fen (Representative of Eternal Materials Co., Ltd.)		
	Director	Tsai, Shu-Chun and Cheng, Tsang-Chao	312,500 shares	25%
	President	Kuo, Shih-Pin	-	-
Eternal Materials (Japan) Co., Ltd.	Director	Cheng, Chuan-Neng, Li, Chyuan-Neng, Tai, Ming-Te, and Kimura Katsumi (Representative of Eternal Materials Co., Ltd.)	4,000 shares	100%
	Supervisor	Su, Hui-Fang	-	-
	President	Cheng, Chuan-Neng	-	-
Nikko-Materials Co., Ltd.	Director	Hung, Chao-Cheng, Kazutoshi Iwata, Hsieh, Yen-Fen, Kimura Katsumi, Cheng, Chuan-Neng, and Akita Yoshihiro (Representative of Eternal Materials Co., Ltd.)	11,520 shares	100%
	Supervisor	Su, Hui-Fang	-	-
	President	Cheng, Chuan-Neng	-	-
Elga Europe S.r.l.	Chairman	Hung, Chao-Cheng (Representative of Eternal Materials Co., Ltd.)	\$345,779	95%
	Director	Hsieh, Yen-Fen (Representative of Eternal Materials Co., Ltd.)		
	Director	Giorgio Favini	\$18,199	5%
Eternal International (BVI) Co., Ltd.	Director	Kao, Kuo-Lun (Representative of Eternal Holdings Inc.)	183,793,592 shares	100%
E-Chem Corp.	Director	Kao, Kuo-Lun (Representative of Eternal Holdings Inc.)	4,990,000 shares	100%
Eternal Nanyang Investment Co., Ltd.	Director	Kao, Kuo-Lun (Representative of Eternal Holdings Inc.)	18,450,000 shares	90%
	Director	Chi, Hua-Han (Representative of Tong Seng Holdings Pte. Ltd.)	2,050,000 shares	10%

PT Eternal Materials Indonesia	Chairman	Bill Darwis	330 shares	33%
	Director	Tien, Chih-Hsiung, Chou, Po-Tsun, Tai, Ming-Te, Chi, Hua-Han (Representative of Eternal Holdings Inc.)	670 shares	67%
	Supervisor	Liu, Bing-Cheng	-	-
	President	Huang, Chang-Chin	-	-
Eternal Technology Corporation	Chairman	Hung, Chao-Cheng (Representative of Eternal International (BVI) Co., Ltd.)	2,333 shares	100%
	Director	Li, Wei and Hsieh, Yen-Fen (Representative of Eternal International (BVI) Co., Ltd.)		
	President	Li, Wei	-	-
High Expectation Limited	Director	Kao, Kuo-Lun (Representative of Mixville Holdings Inc.)	26,005,000 shares	100%
Eternal Materials(Malaysia) Sdn. Bhd.	Chairman	Chen, Hung-Yi (Representative of Eternal Nanyang Investment Co., Ltd.)	347,324,000 shares	100%
	Director	Li, Chyuan-Neng, Lin, Chao-Kun (Representative of Eternal Nanyang Investment Co., Ltd.)		
	Director	Chi, Hua-Han (Representative of Eternal Nanyang Investment Co., Ltd.)		
	President	Tien, Chih-Hsiung	-	-
Eternal Chemical (China) Co., Ltd.	Chairman	Chen, Hung-Yi (Representative of Eternal Global (BVI) Co., Ltd.)	\$755,651	100%
	Director	Lin, Chao-Kun and Lin, Chen-Yi (Representative of Eternal Global (BVI) Co., Ltd.)		
	Supervisor	Su, Hui-Fang	-	-
	President	Li, Chih-Chiang	-	-
Eternal Optical Material (Suzhou) Co., Ltd.	Chairman	Hung, Chao-Cheng (Representative of Aurora (China) Investment Co., Ltd.)	\$1,563,967	100%
	Director	Hsieh, Yen-Fen and Lin, Yu-Wei (Representative of Aurora (China) Investment Co., Ltd.)		
	Supervisor	Su, Hui-Fang	-	-
	President	Zhang, Zong- Ming	-	-

Eternal Electronic Material (Guangzhou) Co., Ltd.	Chairman	Hung, Chao-Cheng (Representative of Aurora (China) Investment Co., Ltd.)	\$2,256,739	100%
	Director	Hsieh, Yen-Fen and Liao, Keng-Chung (Representative of Aurora (China) Investment Co., Ltd.)		
	Supervisor	Su, Hui-Fang	-	-
	President	Kuo, Chia-Hsing	-	-
Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Chairman	Hung, Chao-Cheng (Representative of Aurora (China) Investment Co., Ltd.)	\$469,402	100%
	Director	Hsieh, Yen-Fen and Lin, Yu-Wei (Representative of Aurora (China) Investment Co., Ltd.)		
	Supervisor	Su, Hui-Fang	-	-
	President	Li, Chi-Sheng	-	-
Eternal Synthetic Resins (Changshu) Co., Ltd.	Chairman	Chen, Hung-Yi (Representative of Aurora (China) Investment Co., Ltd.)	\$726,426	100%
	Director	Liu, Chia-Hsing and Li, Chyuan-Neng (Representative of Aurora (China) Investment Co., Ltd.)		
	Supervisor	Su, Hui-Fang	-	-
	President	Liu, Chia-Hsing	-	-
Eternal Chemical (Tianjin) Co., Ltd.	Chairman	Chen, Hung-Yi (Representative of Aurora (China) Investment Co., Ltd.)	\$1,008,004	100%
	Director	Lin, Chao-Kun and Lin, Chen-Yi (Representative of Aurora (China) Investment Co., Ltd.)		
	Supervisor	Su, Hui-Fang	-	-
	President	Lu, Jin	-	-
Eternal Specialty Materials (Zhuhai) Co., Ltd.	Chairman	Pan, Chin-Cheng (Representative of E-Chem Corp.)	\$549,910	90%
	Director	Chen, Kun-Hsiung, Lin, Ching-Yao and Wang, Hong-Yu (Representative of E-Chem Corp.)		
	Director	HENRY PÁ CKERT (Representative of Cognis B.V.)	\$61,101	10%
	Supervisor	Su, Hui-Fang	-	-
	President	Shiu, Zhan-Zhong	-	-

Eternal Materials (Guangdong) Co., Ltd.	Chairman	Chen, Hung-Yi (Representative of High Expectation Limited)	\$1,297,259	100%
	Director	Lin, Chao-Kun and Lin, Chen-Yi (Representative of High Expectation Limited)		
	Supervisor	Su, Hui-Fang	-	-
	President	Lin Hsueh-Chuan	-	-
Eternal (China) Investment Co., Ltd.	Chairman	Kao, Kuo-Lun (Representative of Eternal International (BVI) Co., Ltd.)	\$7,557,603	100%
	Director	Mao, Hui-Kuan and Chu, Jui-Hsin (Representative of Eternal International (BVI) Co., Ltd.)		
	Supervisor	Su, Hui-Fang and Liu, Bing-Cheng	-	-
	President	Mao, Hui-Kuan	-	-
Eternal Chemical (Chengdu) Co., Ltd.	Chairman	Chen, Hung-Yi (Representative of Aurora (China) Investment Co., Ltd.)	\$450,351	100%
	Director	Lin, Chao-Kun and Lin, Chen-Yi (Representative of Aurora (China) Investment Co., Ltd.)		
	Supervisor	Su, Hui-Fang	-	-
	President	Tung, Shih-Kang	-	-
Eternal Electronic (Suzhou) Co., Ltd.	Chairman	Hung, Chao-Cheng (Representative of Aurora (China) Investment Co., Ltd.)	\$1,492,280	100%
	Director	Hsieh, Yen-Fen and Lin, Yu-Wei (Representative of Aurora (China) Investment Co., Ltd.)		
	Supervisor	Su, Hui-Fang	-	-
	President	Zhang, Zong-Ming	-	-
Eternal Sun A. (Suzhou) Co., Ltd.	Chairman	Takeshi Ashida (Representative of Sun A. Kaken Co., Ltd.) (Note 4)	\$427,060	40%
	Director	Akihiko Shibasaki (Representative of Sun A. Kaken Co., Ltd.) (Note 4)		
	Vice Chairman	Hung, Chao-Cheng (Note 4) (Representative of Aurora (China) Investment Co., Ltd.)	\$640,589	60%
	Director	Mai, Wen-Chen and Hsieh, Yen-Fen (Note 4) (Representative of Aurora (China) Investment Co., Ltd.)		
	Supervisor	Su, Hui-Fang and Goshō Takabe (Note 4)	-	-
	President	Mai, Wen-Chen	-	-

Eternal Specialty Chemical (Suzhou) Co., Ltd.	Chairman	Pan, Chin-Cheng (Representative of Aurora (China) Investment Co., Ltd.)	\$1,199,225	100%
	Director	Wang, Hung-Yu and Li, Hong-Tao (Representative of Aurora (China) Investment Co., Ltd.)		
	Supervisor	Su, Hui-Fang	-	-
	President	Li, Hong-Tao	-	-
Eternal Materials (Tongling) Co., Ltd.	Chairman	Chen, Hung-Yi	\$429,900	100%
	Director	Lin, Chao-Kun and Li, Chyuan-Neng (Representative of Aurora (China) Investment Co., Ltd.)		
	Supervisor	Su, Hui-Fang	-	-
	President	Lin Hsueh-Chuan	-	-

Note 1: If the affiliate is a foreign company, list the personnel holding key positions.

Note 2: If the investee company issues shares, fill in the number of shares and shareholding ratio, and for others, fill in the amount and proportion of contribution.

Note 3: If the affiliate is a foreign company, the amount of contribution is dominated in New Taiwan Dollar (NT\$) based on the historical exchange rates.

Note 4: Eternal and Sun A. Kaken Co., Ltd. sold all the shares of the company in January 2022. After the sale, they no longer possess the right of management and did not obtain the seats of director and supervisor of the company.

II. Operational Highlights of Affiliates - Financial Position and Operating Results of Each Affiliate:

Dec. 31, 2021 Unit: NT\$ thousand

Name of Affiliate	Capital Amount (Note 1)	Total Assets (Note 2)	Total Liabilities (Note 2)	Net Value	Operating Revenue (Note 2)	Operating Income (Note 2)	Current Profit or Loss (Note 2)	Earnings per share (NT\$)
Eternal Materials Co., Ltd.	12,402,795	47,836,890	23,597,782	24,239,108	16,562,728	(197,623)	3,549,268	2.86
Eternal Holdings Inc.	6,259,870	19,265,172	2,325	19,262,847	0	(2,417)	1,837,408	9
Eternal Global (BVI) Co., Ltd.	717,527	4,689,834	0	4,689,834	0	(71)	352,459	21
Mixville Holdings Inc.	989,582	3,628,596	0	3,628,596	0	(56)	204,782	7
New E Materials Co., Ltd.	110,000	56,011	94	55,917	12,982	(17,686)	(18,377)	(2)
Eternal Electronic Material (Thailand) Co.,Ltd.	121,225	371,304	180,988	190,316	622,700	53,460	45,255	36
Eternal Materials (Japan) Co., Ltd.	60,431	249,459	164,995	84,464	490,114	(2,549)	7,080	1,770
Nikko-Materials Co.,Ltd.	125,176	2,665,422	1,030,770	1,634,652	3,126,635	802,906	706,524	61,330
Elga Europe S.r.l.	95,441	595,318	583,277	12,041	591,617	770	(7,007)	0
Eternal International (BVI) Co., Ltd.	5,739,033	15,053,702	0	15,053,702	0	890	1,218,888	7
E-Chem Corp.	165,608	2,601,395	0	2,601,395	0	(28)	617,891	124
Eternal Nanyang Investment Co., Ltd.	600,548	1,549,892	1,141,836	408,056	0	(7,046)	(76,291)	(4)
PT Eternal Materials Indonesia	19,941	61,318	40,220	21,098	70,995	(893)	1,572	1,572
Eternal Technology Corporation	600,693	412,485	522,804	(110,319)	240,934	(17,794)	(26,655)	(11,425)
High Expectation Limited	871,519	3,407,792	0	3,407,792	0	(218)	198,353	8
Eternal Materials (Malaysia) Sdn. Bhd.	2,620,027	3,076,734	1,537,847	1,538,887	2,317,044	(31,014)	(56,127)	(0)

Name of Affiliate	Capital Amount (Note 1)	Total Assets (Note 2)	Total Liabilities (Note 2)	Net Value	Operating Revenue (Note 2)	Operating Income (Note 2)	Current Profit or Loss (Note 2)	Earnings per share (NT\$)
Eternal Chemical (China) Co., Ltd.	755,651	6,257,132	1,954,080	4,303,052	5,327,196	272,235	313,149	-
Eternal Optical Material (Suzhou) Co., Ltd.	1,563,967	215,040	5,302	209,738	0	(40,083)	(40,211)	-
Eternal Electronic Material (Guangzhou) Co., Ltd.	2,256,739	5,740,274	838,689	4,901,585	2,800,582	485,397	443,467	-
Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	469,402	230,128	71,504	158,624	197,130	21,122	17,771	-
Eternal Synthetic Resins (Changshu) Co., Ltd.	726,426	1,882,514	1,683,735	198,779	1,895,789	21,429	(10,811)	-
Eternal Chemical (Tianjin) Co., Ltd.	1,008,004	2,792,594	1,907,483	885,111	2,239,376	68,262	39,918	-
Eternal Specialty Materials (Zhuhai) Co., Ltd.	611,011	4,282,879	1,507,736	2,775,143	5,779,108	729,282	623,109	-
Eternal Materials (Guangdong) Co., Ltd.	1,297,259	4,896,347	1,490,454	3,405,893	5,939,103	179,456	198,570	-
Eternal (China) Investment Co., Ltd.	7,557,603	15,721,721	585,791	15,135,930	1,534,593	117,075	1,244,595	-
Eternal Chemical (Chengdu) Co., Ltd.	450,351	1,242,536	1,764,051	(521,515)	903,574	(79,993)	(136,114)	-
Eternal Electronic (Suzhou) Co., Ltd.	1,492,280	3,075,263	1,346,043	1,729,220	2,447,289	193,861	157,996	-
Eternal Sun A. (Suzhou) Co., Ltd.	1,067,649	372,454	2,689	369,765	107,835	(107,241)	(105,757)	-
Eternal Specialty Chemical (Suzhou) Co., Ltd.	1,199,225	3,092,410	1,481,909	1,610,501	3,394,404	443,137	371,486	-
Eternal Materials (Tongling) Co., Ltd.	429,900	436,034	760	435,274	0	(815)	639	-

Note 1: If the affiliate is a foreign company, the capital amount is dominated in New Taiwan Dollar (NT\$) based on the historical exchange rates.

Note 2: If the affiliate is a foreign company, the total value of its assets and liabilities is dominated in NEW Taiwan Dollar (NT\$) based on the exchange rate at the reporting date; its operating revenue, operating income, current profit or loss and earnings per share are dominated in New Taiwan Dollar based on the average exchange rate for each month of the year.

Eternal Materials Co., Ltd.

Chairman: Kao, Kuo-Lun