

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

**Consolidated Financial Statements for the  
Years Ended December 31, 2022 and 2021 and  
Independent Auditors' Report**

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.

## **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, 2022 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

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Kao, Kuo-Lun  
Chairman

March 10, 2023

## 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, 2022 and 2021, 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, 2022 and 2021, 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 the Standards on Auditing of 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, 2022. 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, 2022 is described as follows:

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

### 1. Description

The percentage of sales of the high performance materials department of Eternal Materials Co., Ltd and its subsidiaries increased due to the economic upturn. 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 internal controls over the customer master file, shipping, accounting and receiving process on revenue recognition of the high performance materials department and tested their effectiveness.
- 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 or 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\$672,942 thousand and NT\$849,578 thousand, both representing 1% of the Company and its subsidiaries' total assets as of December 31, 2022 and 2021, respectively; and the share of the profit of these associates amounted to NT\$97,155 thousand and NT\$233,368 thousand, representing 3% and 7% of the Company and its subsidiaries' total comprehensive income for the years ended December 31, 2022 and 2021, respectively.

We have also audited the standalone financial statements of the Company as of and for the years ended December 31, 2022 and 2021 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the 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, 2022 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.

Wang, Chao - Chun      Lee - Yuan Kuo

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 10, 2023

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, 2022		December 31, 2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 5,450,766	10	\$ 4,250,469	7
Notes receivable, net (Notes 4, 8 and 32)	5,429,674	9	6,717,389	11
Notes receivable from related parties, net (Notes 4, 8 and 31)	47,123	-	83,349	-
Accounts receivable, net (Notes 4, 5, and 8)	11,470,087	19	13,032,813	22
Accounts receivable from related parties, net (Notes 4, 5, 8 and 31)	185,395	-	237,921	-
Other receivables (Notes 8 and 31)	842,736	2	671,227	1
Inventories (Notes 4, 5 and 9)	9,716,165	16	10,678,213	18
Non-current assets held for sale (Notes 4 and 10)	-	-	313,112	1
Other financial assets - current (Notes 4, 11 and 32)	1,220,507	2	193,382	-
Other current assets - others (Note 25)	819,171	1	863,363	1
Total current assets	<u>35,181,624</u>	<u>59</u>	<u>37,041,238</u>	<u>61</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	9,402	-	14,968	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 12)	822,647	1	1,033,343	2
Investments accounted for using the equity method (Notes 4 and 14)	2,323,035	4	2,457,766	4
Property, plant and equipment (Notes 4, 15, 31 and 32)	17,472,950	29	16,369,000	27
Right-of-use assets (Notes 4 and 16)	1,323,105	2	1,138,746	2
Investment properties (Notes 4 and 17)	1,385,518	2	1,317,178	2
Intangible assets (Notes 4 and 18)	248,830	1	261,442	-
Deferred tax assets (Notes 4, 5 and 25)	312,457	1	368,573	1
Other non-current assets - others (Notes 19 and 32)	375,708	1	533,435	1
Total non-current assets	<u>24,273,652</u>	<u>41</u>	<u>23,494,451</u>	<u>39</u>
<b>TOTAL</b>	<u>\$ 59,455,276</u>	<u>100</u>	<u>\$ 60,535,689</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 4, 20 and 32)	\$ 5,364,058	9	\$ 4,588,002	8
Notes payable	626,160	1	863,529	1
Accounts payable (Note 31)	4,553,914	8	6,771,109	11
Other payables - others (Note 21)	2,224,447	4	2,171,091	4
Current tax liabilities (Note 25)	733,250	1	489,253	1
Liabilities directly associated with non-current assets held for sale (Notes 4 and 10)	-	-	1,506	-
Lease liabilities - current (Notes 4 and 16)	37,202	-	86,404	-
Current portion of long-term borrowings (Notes 4, 20 and 32)	3,039,531	5	4,325,565	7
Other current liabilities - others (Note 23)	535,858	1	226,924	-
Total current liabilities	<u>17,114,420</u>	<u>29</u>	<u>19,523,383</u>	<u>32</u>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Notes 4 and 20)	5,493,921	9	5,491,683	9
Long-term borrowings (Notes 4, 20 and 32)	8,493,942	14	7,013,985	12
Deferred tax liabilities (Notes 4, 5 and 25)	2,284,336	4	2,551,139	4
Lease liabilities - non-current (Notes 4 and 16)	178,554	-	189,327	-
Other non-current liabilities (Notes 5, 14 and 21)	818,763	2	1,099,315	2
Total non-current liabilities	<u>17,269,516</u>	<u>29</u>	<u>16,345,449</u>	<u>27</u>
Total liabilities	<u>34,383,936</u>	<u>58</u>	<u>35,868,832</u>	<u>59</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)</b>				
Ordinary shares	11,782,655	20	12,402,795	20
Capital surplus	368,946	1	368,946	1
Retained earnings				
Legal reserve	4,803,617	8	4,437,120	8
Special reserve	1,181,819	2	781,875	1
Unappropriated earnings	7,600,968	13	7,430,191	12
Total retained earnings	13,586,404	23	12,649,186	21
Other equity	(977,601)	(2)	(1,181,819)	(2)
Total equity attributable to owners of the Company	<u>24,760,404</u>	<u>42</u>	<u>24,239,108</u>	<u>40</u>
<b>NON-CONTROLLING INTERESTS (Note 22)</b>	<u>310,936</u>	<u>-</u>	<u>427,749</u>	<u>1</u>
Total equity	<u>25,071,340</u>	<u>42</u>	<u>24,666,857</u>	<u>41</u>
<b>TOTAL</b>	<u>\$ 59,455,276</u>	<u>100</u>	<u>\$ 60,535,689</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 10, 2023)

## 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			
	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 23 and 31)	\$ 49,014,100	100	\$ 50,471,397	100
OPERATING COSTS (Notes 9, 24 and 31)	<u>38,851,315</u>	<u>79</u>	<u>39,777,249</u>	<u>79</u>
GROSS PROFIT	<u>10,162,785</u>	<u>21</u>	<u>10,694,148</u>	<u>21</u>
OPERATING EXPENSES (Notes 8, 24 and 31)				
Selling and marketing expenses	3,022,867	6	2,956,111	6
General and administrative expenses	2,187,867	5	2,122,880	4
Research and development expenses	1,647,930	3	1,526,595	3
Expected credit loss (gain)	<u>27,276</u>	<u>-</u>	<u>(6,479)</u>	<u>-</u>
Total operating expenses	<u>6,885,940</u>	<u>14</u>	<u>6,599,107</u>	<u>13</u>
PROFIT FROM OPERATIONS	<u>3,276,845</u>	<u>7</u>	<u>4,095,041</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 24)	105,782	-	97,049	-
Other income (Notes 24 and 31)	363,473	1	283,647	1
Other gains and losses (Notes 7, 10, 15, 18 and 24)	(45,156)	-	(168,556)	-
Net loss on disposal of financial assets at amortized cost	(10,699)	-	-	-
Finance costs (Note 24)	(358,983)	(1)	(291,812)	(1)
Share of the profit of associates and joint ventures (Note 14)	<u>183,655</u>	<u>-</u>	<u>416,490</u>	<u>1</u>
Total non-operating income and expenses	<u>238,072</u>	<u>-</u>	<u>336,818</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	3,514,917	7	4,431,859	9
INCOME TAX EXPENSE (Notes 4 and 25)	<u>(895,436)</u>	<u>(2)</u>	<u>(946,149)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>2,619,481</u>	<u>5</u>	<u>3,485,710</u>	<u>7</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			
	2022		2021	
	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	\$ 215,516	-	\$ 54,804	-
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	(236,069)	-	105,061	-
Remeasurement of defined benefit plans of associates and joint ventures accounted for using the equity method	4,645	-	(1,852)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(49,872)	-	21,977	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statement of foreign operations	399,619	1	(454,706)	(1)
Share of the other comprehensive income (loss) of associates and joint ventures	<u>40,757</u>	<u>-</u>	<u>(14,566)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>374,596</u>	<u>1</u>	<u>(289,282)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,994,077</u>	<u>6</u>	<u>\$ 3,196,428</u>	<u>6</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,617,592		\$ 3,549,268	
Non-controlling interests	<u>1,889</u>		<u>(63,558)</u>	
	<u>\$ 2,619,481</u>		<u>\$ 3,485,710</u>	
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,998,649		\$ 3,268,236	
Non-controlling interests	<u>(4,572)</u>		<u>(71,808)</u>	
	<u>\$ 2,994,077</u>		<u>\$ 3,196,428</u>	
EARNINGS PER SHARE (Note 26)				
Basic	\$ 2.15		\$ 2.86	
Diluted	2.15		2.85	

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

(Concluded)

(With Deloitte & Touche auditors' report dated March 10, 2023)

## 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							Total Other Equity	Total	Non-controlling Interests	Total Equity
	Ordinary Shares	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Other Equity Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income				
			Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2022	\$ 12,402,795	\$ 368,946	\$ 4,437,120	\$ 781,875	\$ 7,430,191	\$ (1,781,848)	\$ 600,029	\$ (1,181,819)	\$ 24,239,108	\$ 427,749	\$ 24,666,857
Appropriation of the 2021 earnings (Note 22)	-	-	366,497	-	(366,497)	-	-	-	-	-	-
Legal reserve appropriated	-	-	366,497	-	(366,497)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	399,944	(399,944)	-	-	-	-	-	-
Cash dividends - NT\$1.5 per share	-	-	-	-	(1,860,419)	-	-	-	(1,860,419)	-	(1,860,419)
Net profit (loss) for the year ended December 31, 2022	-	-	366,497	399,944	(2,626,860)	-	-	-	(1,860,419)	-	(1,860,419)
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	2,617,592	-	-	-	2,617,592	1,889	2,619,481
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	176,839	446,837	(242,619)	204,218	381,057	(6,461)	374,596
Capital reduction by cash (Note 22)	(620,140)	-	-	-	-	446,837	(242,619)	204,218	2,998,649	(4,572)	2,994,077
Disposal of subsidiaries (Note 27)	-	-	-	-	-	-	-	-	(620,140)	-	(620,140)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(127,529)	(127,529)
Disposal of investments in equity instruments at fair value through other comprehensive income (Note 25)	-	-	-	-	3,206	-	-	-	-	15,288	15,288
BALANCE AT DECEMBER 31, 2022	\$ 11,782,655	\$ 368,946	\$ 4,803,617	\$ 1,181,819	\$ 7,600,968	\$ (1,335,011)	\$ 357,410	\$ (977,601)	\$ 24,760,404	\$ 310,936	\$ 25,071,340
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
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	42,638	(461,022)	137,352	(323,670)	(281,032)	(8,250)	(289,282)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	95,752	95,752
Disposal of investments in equity instruments at fair value through other comprehensive income (Notes 22 and 25)	-	-	-	-	72,423	-	(75,629)	(75,629)	(3,206)	-	(3,206)
Others (Note 22)	-	-	-	(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

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

(With Deloitte & Touche auditors' report dated March 10, 2023)

## Eternal Materials Co., Ltd. and Subsidiaries

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 3,514,917	\$ 4,431,859
Adjustments for:		
Depreciation expense	2,066,130	2,085,827
Amortization expense	22,700	26,385
Expected credit loss (gain)	27,276	(6,479)
Net loss (gain) on fair value changes of financial assets at fair value through profit or loss	846	(14,252)
Finance costs	358,983	291,812
Net loss on disposal of financial assets at amortized cost	10,699	-
Interest income	(105,782)	(97,049)
Dividend income	(120,032)	(53,409)
Share of the profit of associates and joint ventures	(183,655)	(416,490)
Loss (gain) on disposal of property, plant and equipment	18,875	(60,279)
Gain on disposal of investments	-	(2,905)
Impairment loss recognized on non-financial assets	79,760	198,562
Others	(3,872)	(485)
Changes in operating assets and liabilities		
Notes receivable	1,371,623	(1,579,151)
Notes receivable from related parties	37,396	(38,610)
Accounts receivable	1,679,835	(1,089,617)
Accounts receivable from related parties	55,749	(18,646)
Other receivables	22,421	(27,322)
Inventories	1,001,045	(3,371,102)
Other current assets	70,918	(73,908)
Notes payable	(249,625)	329,208
Accounts payable	(2,303,929)	1,173,458
Other payables	(90,958)	127,562
Other current liabilities	295,806	19,381
Other non-current liabilities	(48,215)	(171,219)
Cash generated from operations	7,528,911	1,663,131
Interest received	81,979	92,461
Dividends received	267,087	371,342
Interest paid	(364,195)	(295,867)
Income taxes paid	(932,425)	(1,081,500)
Net cash generated from operating activities	<u>6,581,357</u>	<u>749,567</u>

(Continued)

## 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>	
	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of financial assets at fair value through other comprehensive income	\$ -	\$ 84,697
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	1,238	-
Purchase of financial assets at fair value through profit or loss	(1,028,602)	(1,507,103)
Proceeds from disposal of financial assets at fair value through profit of loss	1,033,240	1,511,193
Proceeds from capital reduction of investments accounted for using the equity method	123,909	-
Proceeds from disposal of non-current assets held for sale	29,242	-
Payments for property, plant and equipment	(2,782,784)	(2,048,942)
Proceeds from disposal of property, plant and equipment	6,031	56,184
Decrease in other receivables from related parties	-	1,856
Payments for intangible assets	(20,482)	(9,100)
Decrease in long-term lease receivables	25,988	27,561
Increase in other financial assets	(1,021,410)	(134,641)
Increase in other non-current assets	(9,183)	(206,689)
Net cash used in investing activities	<u>(3,642,813)</u>	<u>(2,224,984)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	654,870	240,145
Proceeds from issuance of bonds	-	2,500,000
Proceeds from long-term borrowings	8,534,451	9,145,811
Repayments of long-term borrowings	(8,508,282)	(10,142,675)
Decrease in guarantee deposits received	(961)	(11,294)
Repayment of the principal portion of lease liabilities	(89,511)	(123,411)
Dividends paid	(1,860,419)	(1,860,419)
Capital reduction by cash	(620,140)	-
Change in non-controlling interests	3,128	95,752
Net cash used in financing activities	<u>(1,886,864)</u>	<u>(156,091)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>109,619</u>	<u>(187,319)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,161,299	(1,818,827)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>4,289,467</u>	<u>6,108,294</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 5,450,766</u>	<u>\$ 4,289,467</u>

#### Reconciliation of cash and cash equivalents as of the end of the year

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Cash and cash equivalents in the consolidated balance sheets	\$ 5,450,766	\$ 4,250,469
Cash and cash equivalents classified to non-current assets held for sale	-	38,998
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 5,450,766</u>	<u>\$ 4,280,467</u>

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

(Concluded)

(With Deloitte & Touche auditors' report dated March 10, 2023)

# Eternal Materials Co., Ltd. and Subsidiaries

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

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

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

The 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 10, 2023.

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

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

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

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

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

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

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were 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 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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

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

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

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

- a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 9 and 10.

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, work in progress 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 specific identification of cost and weighted-average cost by the nature and use of inventories, respectively.

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

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

When a sale plan would result in a loss of control of a subsidiary, all of the 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.

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 30.

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 long-term receivables 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 accounts receivable and finance lease receivables.

The Company and its subsidiaries recognize lifetime expected credit losses (ECLs) for accounts receivable 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 borrowings and accounts payable.

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.

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.

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 past service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur or when the plan amendment or curtailment occurs. Remeasurement, comprising actuarial gains and losses and

the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

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

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, joint ventures and associates, 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

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Cash on hand	\$ 11,527	\$ 43,184
Checking accounts and demand deposits	3,714,602	3,287,986
Cash equivalents (investments with original maturities of three months or less)		
Time deposits	<u>1,724,637</u>	<u>919,299</u>
	<u>\$ 5,450,766</u>	<u>\$ 4,250,469</u>

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

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
<u>Financial assets - non-current</u>		
Non-derivative financial assets		
Mutual fund		
Pacven Walden Ventures V, L.P.	<u>\$ 9,402</u>	<u>\$ 14,968</u>

The subsidiary 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, 2022 and 2021. The subsidiary already settled the structured time deposit contracts as of December 31, 2022 and 2021.

## 8. NOTES, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Notes receivable	<u>\$ 5,429,674</u>	<u>\$ 6,717,389</u>
Notes receivable from related parties	<u>\$ 47,123</u>	<u>\$ 83,349</u>
Accounts receivable	\$ 11,736,196	\$ 13,281,574
Less: Allowance for loss	<u>(266,109)</u>	<u>(248,761)</u>
	<u>\$ 11,470,087</u>	<u>\$ 13,032,813</u>
Accounts receivable from related parties	\$ 185,544	\$ 238,320
Less: Allowance for loss	<u>(149)</u>	<u>(399)</u>
	<u>\$ 185,395</u>	<u>\$ 237,921</u>

(Continued)

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Other receivables	\$ 872,536	\$ 701,027
Less: Allowance for loss	<u>(29,800)</u>	<u>(29,800)</u>
	<u>\$ 842,736</u>	<u>\$ 671,227</u> (Concluded)

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 30.

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

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

December 31, 2022

	<b>Not Past Due</b>	<b>0 to 30 Days</b>	<b>31 to 90 Days</b>	<b>91 to 180 Days</b>	<b>Over 180 Days</b>	<b>Total</b>
Gross carrying amount	\$ 15,411,194	\$ 1,045,469	\$ 575,241	\$ 160,184	\$ 206,449	\$ 17,398,537
Loss allowance (lifetime ECL)	<u>(7,031)</u>	<u>(6,050)</u>	<u>(13,205)</u>	<u>(33,523)</u>	<u>(206,449)</u>	<u>(266,258)</u>
Amortized cost	<u>\$ 15,404,163</u>	<u>\$ 1,039,419</u>	<u>\$ 562,036</u>	<u>\$ 126,661</u>	<u>\$ -</u>	<u>\$ 17,132,279</u>

December 31, 2021

	<b>Not Past Due</b>	<b>0 to 30 Days</b>	<b>31 to 90 Days</b>	<b>91 to 180 Days</b>	<b>Over 180 Days</b>	<b>Total</b>
Gross carrying amount	\$ 18,355,219	\$ 1,240,789	\$ 453,523	\$ 69,809	\$ 201,292	\$ 20,320,632
Loss allowance (lifetime ECL)	<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>

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at beginning of the year	\$ 249,160	\$ 290,010
Recognized (reversed) in the current year	27,276	(21,134)
Written-off in the current year	(13,115)	(15,721)
Effects of foreign currency exchange differences	<u>2,937</u>	<u>(3,995)</u>
Balance at end of the year	<u>\$ 266,258</u>	<u>\$ 249,160</u>

b. Other receivables

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

## 9. INVENTORIES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Raw materials	\$ 3,616,961	\$ 4,206,444
Supplies	152,236	155,099
Finished goods	5,665,657	5,971,718
Work in progress	23,511	-
Inventory in transit	<u>257,800</u>	<u>344,952</u>
	<u>\$ 9,716,165</u>	<u>\$ 10,678,213</u>

The cost of inventories recognized as operating costs for the years ended December 31, 2022 and 2021 was \$38,756,231 thousand and \$39,716,823 thousand, respectively, including write-down of inventories of \$88,519 thousand and \$139,870 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 subsidiary completed the disposal procedure in February 2022 (refer to Note 27). As of December 31, 2021, the major classes of assets and liabilities of the disposal groups held for sale were as follows:

	<b>Amount</b>
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

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Time deposits with original maturities of more than three months	\$ 1,203,722	\$ 193,382
Restricted time deposit	<u>16,785</u>	<u>-</u>
	<u>\$ 1,220,507</u>	<u>\$ 193,382</u>

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

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Domestic investments		
Listed shares		
President Securities Corp.	\$ 522,190	\$ 789,124
Unlisted shares		
Universal Venture Capital Investment Corp.	45,497	44,483
Der Yang Biotechnology Venture Capital Co., Ltd.	<u>2,770</u>	<u>4,323</u>
	<u>570,457</u>	<u>837,930</u>
Foreign investments		
Unlisted shares		
Grace THW Holding Limited	195,591	171,563
TBG Diagnostics Limited	<u>56,599</u>	<u>23,850</u>
	<u>252,190</u>	<u>195,413</u>
	<u>\$ 822,647</u>	<u>\$ 1,033,343</u>

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

## 13. SUBSIDIARIES

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

Investor	Investee	Main Businesses	<u>Percentage of Ownership (%)</u>		Additional Remarks
			<u>December 31, 2022</u>	<u>December 31, 2021</u>	
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. (NM)	Manufacturing and selling of dry film photoresist and vacuum laminator	-	100	2)
	Eternal Electronic Material (Thailand) Co., Ltd.	Trading services, cutting and selling of dry film photoresist	75	75	

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%)		Additional Remarks
			December 31, 2022	December 31, 2021	
	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	
	Eternal Precision Mechanics Co., Ltd.	Manufacturing and selling of vacuum laminator	100	-	2)
	Elga Europe S.r.l.	Manufacturing, selling, distribution and processing of electronic 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	
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	Trading of chemical products	67	67	
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 films, and leasing business	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	
	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	1), Notes 10 and Notes27
	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	100	
Eternal Precision Mechanics Co., Ltd.	Nikko Mechanics Co., Ltd. (NM)	Manufacturing and selling of dry film photoresist and vacuum laminator	100	-	2)

(Concluded)

1) The disposal was resolved by the board of directors in August 2021, and completed in February 2022.



2) The organizational restructuring was approved by the shareholders in their meeting in June 2022, and the Company spun off the related business (including assets, liabilities, and business value) of the Electric Equipment Department of Electronic Materials BU and its subsidiary NM to its wholly-owned subsidiary, Eternal Precision Mechanics Co., Ltd.. The spin-off base date was October 1, 2022.

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)**

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Investments accounted for using the equity method		
Investments in associates	<u>\$ 2,323,035</u>	<u>\$ 2,457,766</u>
Credit balance of investments accounted for using the equity method (recorded as other non-current liabilities)		
Investments in associates	<u>\$ (40,424)</u>	<u>\$ (26,711)</u>

a. Investments accounted for using the equity method

Investments in associates

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Associates that are not individually material	<u>\$ 2,323,035</u>	<u>\$ 2,457,766</u>

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

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
The Company and its subsidiaries' share of		
Net profit for the year	\$ 197,024	\$ 429,177
Other comprehensive income for the year	<u>45,746</u>	<u>(16,489)</u>
Total comprehensive income for the year	<u>\$ 242,770</u>	<u>\$ 412,688</u>

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

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Daxin Materials Corporation	<u>\$ 1,522,548</u>	<u>\$ 3,607,267</u>

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

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

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Associates that are not individually material	\$ (40,424)	\$ (26,711)
Information about associates that are not individually material was as follows:		
	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
The Company and its subsidiaries' share of		
Net loss for the year	\$ (13,369)	\$ (12,687)
Other comprehensive income (loss) for the year	<u>(344)</u>	<u>71</u>
Total comprehensive loss for the year	<u>\$ (13,713)</u>	<u>\$ (12,616)</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 transferred them to the credit balance of investments accounted for using the equity method (recorded as other non-current liabilities).

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

## 15. PROPERTY, PLANT AND EQUIPMENT

### For the Year Ended December 31, 2022

	Land	Buildings	Machinery and Equipment	Storage Equipment	Examination Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Carrying amount at January 1, 2022	<u>\$ 2,696,984</u>	<u>\$ 5,114,250</u>	<u>\$ 6,013,137</u>	<u>\$ 615,524</u>	<u>\$ 530,670</u>	<u>\$ 334,462</u>	<u>\$ 1,063,973</u>	<u>\$ 16,369,000</u>
<u>Cost</u>								
Balance at January 1, 2022	\$ 2,696,984	\$ 11,464,804	\$ 22,019,645	\$ 1,556,551	\$ 1,705,780	\$ 932,775	\$ 1,063,973	\$ 41,440,512
Additions	-	322,958	1,089,611	124,042	116,053	44,052	1,215,057	2,911,773
Disposals	-	(68,667)	(374,039)	(39,822)	(42,863)	(31,041)	(250)	(556,682)
Transferred to investment properties	-	(245,303)	-	-	-	-	(287)	(245,590)
Effect of foreign currency exchange difference	<u>8,538</u>	<u>179,741</u>	<u>237,365</u>	<u>17,800</u>	<u>7,976</u>	<u>11,547</u>	<u>10,842</u>	<u>473,809</u>
Balance at December 31, 2022	<u>\$ 2,705,522</u>	<u>\$ 11,653,533</u>	<u>\$ 22,972,582</u>	<u>\$ 1,658,571</u>	<u>\$ 1,786,946</u>	<u>\$ 957,333</u>	<u>\$ 2,289,335</u>	<u>\$ 44,023,822</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2022	\$ -	\$ 6,350,554	\$ 16,006,508	\$ 941,027	\$ 1,175,110	\$ 598,313	\$ -	\$ 25,071,512
Depreciation	-	528,184	1,094,255	75,196	123,137	80,243	-	1,901,015
Disposals	-	(58,149)	(365,357)	(37,326)	(40,857)	(28,441)	-	(530,130)
Transferred to investment properties	-	(144,514)	-	-	-	-	-	(144,514)
Effect of foreign currency exchange difference	<u>-</u>	<u>90,226</u>	<u>144,028</u>	<u>5,820</u>	<u>5,392</u>	<u>7,523</u>	<u>-</u>	<u>252,989</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 6,766,301</u>	<u>\$ 16,879,434</u>	<u>\$ 984,717</u>	<u>\$ 1,262,782</u>	<u>\$ 657,638</u>	<u>\$ -</u>	<u>\$ 26,550,872</u>
Carrying amount at December 31, 2022	<u>\$ 2,705,522</u>	<u>\$ 4,887,232</u>	<u>\$ 6,093,148</u>	<u>\$ 673,854</u>	<u>\$ 524,164</u>	<u>\$ 299,695</u>	<u>\$ 2,289,335</u>	<u>\$ 17,472,950</u>

## 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
<b>Cost</b>								
Balance at January 1, 2021	\$ 2,680,444	\$ 11,323,614	\$ 21,620,157	\$ 1,559,720	\$ 1,644,996	\$ 902,637	\$ 750,528	\$ 40,482,096
Additions	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
<b>Accumulated depreciation and impairment</b>								
Balance at January 1, 2021	\$ -	\$ 5,961,074	\$ 15,346,920	\$ 903,302	\$ 1,103,301	\$ 544,449	\$ -	\$ 23,859,046
Depreciation	-	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)	-	(225,090)
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

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 32 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, 2022 and 2021, the revaluation increments of the land were \$1,973,324 thousand.

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Carrying amounts		
Land	\$ 1,114,341	\$ 877,304
Buildings	84,846	159,909
Machinery and equipment	93,031	73,935
Storage equipment	11,012	3,453
Other equipment	<u>19,875</u>	<u>24,145</u>
	<u>\$ 1,323,105</u>	<u>\$ 1,138,746</u>

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Additions to right-of-use assets	<u>\$ 321,588</u>	<u>\$ 97,469</u>
Depreciation charge for right-of-use assets		
Land	\$ 28,639	\$ 21,810
Buildings	52,924	57,237
Machinery and equipment	18,277	13,827
Storage equipment	2,581	581
Other equipment	<u>8,768</u>	<u>9,624</u>
	<u>\$ 111,189</u>	<u>\$ 103,079</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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Carrying amounts		
Current	<u>\$ 37,202</u>	<u>\$ 86,404</u>
Non-current	<u>\$ 178,554</u>	<u>\$ 189,327</u>

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Land	0.93-6.66	0.93-6.66
Buildings	0.63-4.60	0.63-5.04
Machinery and equipment	3.71	3.71
Storage equipment	1.63-3.78	1.63-1.67
Other equipment	0.63-4.60	0.60-2.70

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Expenses relating to short-term and low-value asset leases	<u>\$ 160,367</u>	<u>\$ 127,079</u>
Total cash outflow for all lease arrangements (including short-term and low-value asset leases)	<u>\$ 284,739</u>	<u>\$ 496,089</u>

## 17. INVESTMENT PROPERTIES

For the Year Ended December 31, 2022

	<b>Land</b>	<b>Buildings</b>	<b>Right-of-use Assets</b>	<b>Total</b>
Carrying amount at January 1, 2022	<u>\$ 54,640</u>	<u>\$ 1,196,546</u>	<u>\$ 65,992</u>	<u>\$ 1,317,178</u>
<u>Cost</u>				
Balance at January 1, 2022	\$ 54,640	\$ 1,413,962	\$ 72,359	\$ 1,540,961
Additions	-	521	-	521
Transferred from property, plant and equipment	-	245,590	-	245,590
Transferred from right-of-use assets	-	-	4,041	4,041
Effects of foreign currency exchange differences	<u>(1,254)</u>	<u>14,098</u>	<u>992</u>	<u>13,836</u>
Balance at December 31, 2022	<u>\$ 53,386</u>	<u>\$ 1,674,171</u>	<u>\$ 77,392</u>	<u>\$ 1,804,949</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2022	\$ -	\$ 217,416	\$ 6,367	\$ 223,783
Depreciation	-	48,157	2,197	50,354
Transferred from property, plant and equipment	-	144,514	-	144,514
Transferred from right-of-use assets	-	-	419	419
Effect of foreign currency exchange differences	<u>-</u>	<u>281</u>	<u>80</u>	<u>361</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 410,368</u>	<u>\$ 9,063</u>	<u>\$ 419,431</u>
Carrying amount at December 31, 2022	<u>\$ 53,386</u>	<u>\$ 1,263,803</u>	<u>\$ 68,329</u>	<u>\$ 1,385,518</u>

For the Year Ended December 31, 2021

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

(Continued)

	<b>Land</b>	<b>Buildings</b>	<b>Right-of-use Assets</b>	<b>Total</b>
Accumulated depreciation and impairment				
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	-	(3,159)	(27)	(3,186)
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)

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

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Year 1	\$ 221,459	\$ 227,398
Year 2	119,073	143,607
Year 3	89,741	113,637
Year 4	94,122	83,948
Year 5	92,664	89,945
Year 6 onwards	<u>215,360</u>	<u>298,110</u>
	<u>\$ 832,419</u>	<u>\$ 956,645</u>

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Fair value	<u>\$ 3,373,691</u>	<u>\$ 3,080,253</u>

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

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

Operating income and expenses directly related to investment properties

	<b><u>For the Year Ended December 31</u></b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
Rental income	<u>\$ 286,827</u>	<u>\$ 285,699</u>
Operating expenses directly related to investment properties	<u>\$ 125,241</u>	<u>\$ 125,663</u>

**18. INTANGIBLE ASSETS**

For the Year Ended December 31, 2022

	<b><u>Goodwill</u></b>	<b><u>Expertise</u></b>	<b><u>Customer Relationships</u></b>	<b><u>Computer Software</u></b>	<b><u>Others</u></b>	<b><u>Total</u></b>
Carrying amount at January 1, 2022	<u>\$ 33,853</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,119</u>	<u>\$ 11,470</u>	<u>\$ 261,442</u>
<u>Cost</u>						
Balance at January 1, 2022	\$ 70,853	\$ 127,513	\$ 104,038	\$ 246,968	\$ 91,567	\$ 640,939
Additions	-	-	-	6,809	2,325	9,134
Disposals	-	-	-	-	(1,493)	(1,493)
Effects of foreign currency exchange differences	<u>(1,140)</u>	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>12,784</u>	<u>11,642</u>
Balance at December 31, 2022	<u>\$ 69,713</u>	<u>\$ 127,513</u>	<u>\$ 104,038</u>	<u>\$ 253,775</u>	<u>\$ 105,183</u>	<u>\$ 660,222</u>
<u>Accumulated amortization and impairment</u>						
Balance at January 1, 2022	\$ 37,000	\$ 127,513	\$ 104,038	\$ 30,849	\$ 80,097	\$ 379,497
Amortization expense	-	-	-	16,267	4,381	20,648
Disposals	-	-	-	-	(1,493)	(1,493)
Effects of foreign currency exchange differences	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,740</u>	<u>12,740</u>
Balance at December 31, 2022	<u>\$ 37,000</u>	<u>\$ 127,513</u>	<u>\$ 104,038</u>	<u>\$ 47,116</u>	<u>\$ 95,725</u>	<u>\$ 411,392</u>
Carrying amount at December 31, 2022	<u>\$ 32,713</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 206,659</u>	<u>\$ 9,458</u>	<u>\$ 248,830</u>

For the Year Ended December 31, 2021

	<b><u>Goodwill</u></b>	<b><u>Expertise</u></b>	<b><u>Customer Relationships</u></b>	<b><u>Computer Software</u></b>	<b><u>Others</u></b>	<b><u>Total</u></b>
Carrying amount at January 1, 2021	<u>\$ 38,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223,655</u>	<u>\$ 19,688</u>	<u>\$ 282,235</u>
<u>Cost</u>						
Balance at January 1, 2021	\$ 75,892	\$ 127,513	\$ 104,038	\$ 239,226	\$ 143,163	\$ 689,832
Additions	-	-	-	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	<u>(5,039)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,854)</u>	<u>(40,893)</u>
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)

(Continued)

	Goodwill	Expertise	Customer Relationships	Computer Software	Others	Total
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>

(Concluded)

The Company and its subsidiaries' goodwill was tested for impairment at the end of the annual reporting period and the recoverable amount was determined based on the value in use. The value in use was calculated based on the cash flow forecast of the cash-generating units, and the Company used the weighted average cost of capital rate in its test of impairment. However, based on the estimation, the recoverable amount was still higher than the related carrying amount. For the years ended December 31, 2022 and 2021, the Company and its subsidiaries did not recognize any impairment loss on goodwill.

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 lease period of the Company and its subsidiaries' lease contracts for both renovation works and machinery and equipment is ten-year, 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 \$19,282 thousand and \$28,442 thousand as of December 31, 2022 and 2021, 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 2022 and 2021.

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

	<u>December 31</u>	
	2022	2021
Undiscounted lease payments		
Year 1	\$ 27,016	\$ 27,092
Year 2	19,000	26,629
Year 3	18,906	18,728
Year 4	18,812	18,636
Year 5	18,718	18,543
Year 6 onwards	<u>42,202</u>	<u>58,681</u>
	144,654	168,309
Less: Unearned financial income	<u>(21,821)</u>	<u>(27,535)</u>
Finance lease receivable (recorded as other non-current assets - others)	<u>\$ 122,833</u>	<u>\$ 140,774</u>



## 20. BORROWINGS

### a. Short-term borrowings

Type of Borrowings	Interest Rate Range (%)	Amount
December 31, 2022		
Mortgage secured loans	1.00-2.91	\$ 500,615
Unsecured loans	0.58-5.29	2,981,498
Purchase loans	4.39-6.13	146,819
Secured loans	1.60-5.55	<u>1,735,126</u>
		<u>\$ 5,364,058</u>
December 31, 2021		
Mortgage secured loans	0.90-3.35	\$ 293,574
Unsecured loans	0.58-3.55	2,695,852
Purchase loans	1.15-2.98	125,126
Secured loans	1.00-3.32	<u>1,473,450</u>
		<u>\$ 4,588,002</u>

### b. Long-term borrowings

Type of Borrowings	Agreement Period and Interest Payable Schedule	Interest Rate Range (%)	Amount
December 31, 2022			
Mortgage secured loans	From December 17, 2010 to December 31, 2025. Interest is paid based on schedule.	0.86-1.75	\$ 37,770
Secured loans	From November 25, 2020 to November 25, 2025. Interest is paid based on schedule.	5.48-6.01	1,305,175
Unsecured loans	From October 2, 2017 to November 23, 2025. Interest is paid based on schedule.	1.03-3.43	10,190,528
			<u>11,533,473</u>
Less: Current portion of long-term borrowings			<u>(3,039,531)</u>
			<u>\$ 8,493,942</u>

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>
			848,084
			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.

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, 2022 and 2021.

- 2) As of December 31, 2022, 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	\$ 600,000
HSBC Bank (Taiwan) Limited	NTD	900,000
CTBC Bank Co., Ltd.	NTD	300,000
Far Eastern International Bank Co., Ltd.	NTD	800,000

- 3) As of December 31, 2022, the Company and its subsidiaries executed syndicated credit facility agreements with the following banks:

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

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

- 4) Refer to Note 32 for the assets pledged as collateral for bank borrowings of the Company and its subsidiaries.

d. Bonds payable

	<u>December 31</u>	
	2022	2021
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>(2,240)</u>	<u>(3,439)</u>
	<u>2,997,760</u>	<u>2,996,561</u>
5 year secured bonds - issued at par value		
Issued in August 2021; interest rate at 0.58%; principal repayable at maturity and interest payable annually	2,500,000	2,500,000
Less: Issuance cost	<u>(3,839)</u>	<u>(4,878)</u>
	<u>2,496,161</u>	<u>2,495,122</u>
	<u>\$ 5,493,921</u>	<u>\$ 5,491,683</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:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Present value of defined benefit obligation	\$ 1,847,531	\$ 2,086,720
Fair value of plan assets	<u>(1,241,808)</u>	<u>(1,230,747)</u>
Net defined benefit liabilities	<u>\$ 605,723</u>	<u>\$ 855,973</u>
Current (recorded as other payables-others)	\$ 4,918	\$ 5,003
Non-current (recorded as other non-current liabilities)	<u>600,805</u>	<u>850,970</u>
	<u>\$ 605,723</u>	<u>\$ 855,973</u>

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

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2022	\$ <u>2,086,720</u>	\$ <u>(1,230,747)</u>	\$ <u>855,973</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
<b>Service cost</b>			
Current service cost	\$ 29,948	\$ -	\$ 29,948
Past service cost	56,825	-	56,825
Interest expense (income)	<u>12,559</u>	<u>(7,384)</u>	<u>5,175</u>
Recognized in profit or loss	<u>99,332</u>	<u>(7,384)</u>	<u>91,948</u>
<b>Remeasurement</b>			
Return on plan assets (excluding amounts included in net interest)	-	(92,739)	(92,739)
Actuarial gain - changes in financial assumptions	(135,000)	-	(135,000)
Actuarial loss - experience adjustments	<u>12,223</u>	<u>-</u>	<u>12,223</u>
Recognized in other comprehensive income	<u>(122,777)</u>	<u>(92,739)</u>	<u>(215,516)</u>
Contributions from the employer	-	(107,994)	(107,994)
Benefits paid	<u>(213,660)</u>	<u>197,056</u>	<u>(16,604)</u>
	<u>(213,660)</u>	<u>89,062</u>	<u>(124,598)</u>
Exchange differences	<u>(2,084)</u>	<u>-</u>	<u>(2,084)</u>
Balance at December 31, 2022	<u>\$ 1,847,531</u>	<u>\$ (1,241,808)</u>	<u>\$ 605,723</u>
Balance at January 1, 2021	<u>\$ 2,197,946</u>	<u>\$ (1,154,628)</u>	<u>\$ 1,043,318</u>
<b>Service cost</b>			
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>
<b>Remeasurement</b>			
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>

(Concluded)

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Operating costs	\$ 39,628	\$ 19,578
Operating expenses	<u>52,320</u>	<u>27,799</u>
	<u>\$ 91,948</u>	<u>\$ 47,377</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 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:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rate (%)	1.10-1.40	0.60-0.70
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 6th 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:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rate		
0.25% increase	<u>\$ (40,466)</u>	<u>\$ (49,627)</u>
0.25% decrease	<u>\$ 41,809</u>	<u>\$ 51,382</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 35,318</u>	<u>\$ 43,559</u>
0.25% decrease	<u>\$ (34,419)</u>	<u>\$ (42,376)</u>

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Expected contributions to the plan for the next year	<u>\$ 68,466</u>	<u>\$ 110,868</u>
Average duration of the defined benefit obligation	10 years	9-11 years

## 22. EQUITY

### a. Share capital

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Number of shares authorized (in thousands)	<u>1,800,000</u>	<u>1,800,000</u>
Shares authorized	<u>\$ 18,000,000</u>	<u>\$ 18,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>1,178,266</u>	<u>1,240,280</u>
Shares issued	<u>\$ 11,782,655</u>	<u>\$ 12,402,795</u>

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

### b. Capital surplus

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
May be used to offset deficit, distributed as cash or transferred to share capital (Note)		
Additional paid-in capital	\$ 309,017	\$ 309,017

(Continued)

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
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>

(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.

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

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

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



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

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

The appropriations of earnings for 2022 that had been proposed by the Company's board of directors in March 2023 are as follows:

	<u>Appropriation</u> <u>of Earnings</u>	<u>Dividend Per</u> <u>Share (NT\$)</u>
Legal reserve	\$ 279,764	
Special reserve (reversal)	(204,218)	
Cash dividends	1,413,919	\$ 1.2

The above appropriation for cash dividends was resolved by the Company's board of directors. The others are subject to the resolution of the shareholders in their meeting to be held in June 2023.

d. Other equity items

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

	<u>For the Year Ended December 31</u>	
	2022	2021
Balance at beginning of the year	\$ (1,781,848)	\$ (1,320,826)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	406,080	(446,456)
Share of exchange differences of associates and joint ventures accounted for using the equity method	<u>40,757</u>	<u>(14,566)</u>
Balance at end of the year	<u>\$ (1,335,011)</u>	<u>\$ (1,781,848)</u>

Exchange differences on the translation of the financial statements of foreign operations arose mainly due to the impact of the exchange rate fluctuations of the RMB 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>	
	2022	2021
Balance at beginning of the year	\$ 600,029	\$ 538,306
Recognized for the year		
Unrealized gains and losses - equity instruments	(242,619)	137,352

(Continued)

	<u>For the Year Ended December 31</u>	
	2022	2021
Reclassification adjustment		
Cumulative unrealized gains and losses of equity instruments transferred to retained earnings due to disposal	\$ -	\$ (75,629)
Balance at end of the year	<u>\$ 357,410</u>	<u>\$ 600,029</u> (Concluded)

e. Non-controlling interests

	<u>For the Year Ended December 31</u>	
	2022	2021
Balance at beginning of the year	\$ 427,749	\$ 403,805
Share of net gain (loss) for the year	1,889	(63,558)
Other comprehensive income or loss during the year		
Exchange differences on translation of the financial statements of foreign operations	(6,461)	(8,250)
Dividends distributed by subsidiaries	(18,152)	(37,311)
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	33,440	133,063
Disposal of subsidiaries (Note 27)	<u>(127,529)</u>	<u>-</u>
Balance at end of the year	<u>\$ 310,936</u>	<u>\$ 427,749</u>

## 23. REVENUE

	<u>For the Year Ended December 31</u>	
	2022	2021
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 48,738,563	\$ 50,195,906
Lease revenue	<u>275,537</u>	<u>275,491</u>
	<u>\$ 49,014,100</u>	<u>\$ 50,471,397</u>

### Contract balances

	<u>December 31</u>		<u>January 1,</u>
	2022	2021	2021
Notes and accounts receivable	<u>\$ 17,132,279</u>	<u>\$ 20,071,472</u>	<u>\$ 17,523,187</u>
Contract liabilities (recorded as other current liabilities - others)			
Sale of goods	<u>\$ 444,225</u>	<u>\$ 181,963</u>	<u>\$ 131,902</u>

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

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
From the balance of contract liabilities at the beginning of the year		
Sale of goods	<u>\$ 179,991</u>	<u>\$ 131,385</u>

## 24. PROFIT BEFORE INCOME TAX

### a. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Interest on bank deposits	\$ 89,257	\$ 76,482
Others	<u>16,525</u>	<u>20,567</u>
	<u>\$ 105,782</u>	<u>\$ 97,049</u>

### b. Other income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Dividend income	\$ 120,032	\$ 53,409
Others	<u>243,441</u>	<u>230,238</u>
	<u>\$ 363,473</u>	<u>\$ 283,647</u>

### c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Gain on disposal of investments	\$ -	\$ 2,905
Gain (loss) on disposal of property, plant and equipment	(18,875)	60,279
Gain (loss) on financial assets		
Financial assets at FVTPL	(846)	14,252
Impairment loss (recognized) reversed on non-financial assets		
Non-current assets held for sale	8,759	(58,692)
Finance fees	(51,755)	(41,010)
Net foreign exchange gains and losses	81,165	(73,129)
Others	<u>(63,604)</u>	<u>(73,161)</u>
	<u>\$ (45,156)</u>	<u>\$ (168,556)</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Interest Expense		
Interest on loans	\$ 372,906	\$ 294,010
Interest on lease liabilities	2,317	3,013
Others	-	530
Less: Amounts included in the cost of qualifying assets	<u>(16,240)</u>	<u>(5,741)</u>
	<u>\$ 358,983</u>	<u>\$ 291,812</u>

Information about capitalized interest was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Capitalized interest amount	<u>\$ 16,240</u>	<u>\$ 5,741</u>
Capitalization rates (%)	0.94-3.78	0.94-3.78

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Property, plant and equipment	\$ 1,901,015	\$ 1,939,220
Investment properties	50,354	43,528
Right-of-use assets	111,189	103,079
Intangible assets	20,648	23,606
Other non-current assets - others	1,943	2,779
Non-current assets held for sale	<u>3,681</u>	<u>-</u>
	<u>\$ 2,088,830</u>	<u>\$ 2,112,212</u>
Analysis of depreciation by function		
Operating costs	\$ 1,593,822	\$ 1,613,121
Operating expenses	<u>472,308</u>	<u>472,706</u>
	<u>\$ 2,066,130</u>	<u>\$ 2,085,827</u>
Analysis of amortization by function		
Operating costs	\$ 1,515	\$ 1,796
Operating expenses	<u>21,185</u>	<u>24,589</u>
	<u>\$ 22,700</u>	<u>\$ 26,385</u>

f. Employee benefits

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term employee benefits		
Salaries	\$ 3,985,033	\$ 4,004,784
Labor and health insurance	344,673	323,761

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Others	\$ <u>357,793</u>	\$ <u>352,827</u>
	<u>4,687,499</u>	<u>4,681,372</u>
Post-employment benefits		
Defined contribution plans	246,007	206,237
Defined benefit plans (Note 21)	<u>91,948</u>	<u>47,377</u>
	<u>337,955</u>	<u>253,614</u>
	<u>\$ 5,025,454</u>	<u>\$ 4,934,986</u>
Analysis by function		
Operating costs	\$ 2,225,626	\$ 2,238,985
Operating expenses	<u>2,799,828</u>	<u>2,696,001</u>
	<u>\$ 5,025,454</u>	<u>\$ 4,934,986</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, 2022 are as follows:

	<b>Accrual Amounts Recognized in the Financial Statements</b>	<b>Amounts Approved by the Company's Board of Directors</b>
Compensation of employees	<u>\$ 130,000</u>	<u>\$ 127,083</u>
Remuneration of directors	<u>\$ 18,250</u>	<u>\$ 18,356</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 2022 and 2021, and accrual amounts recognized in the consolidated financial statements were as follows:

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

The differences were adjusted to profit and loss for the years ended December 31, 2022 and 2021.

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

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Current tax		
In respect of the current year	\$ 1,172,485	\$ 992,543
Adjustments for prior years	<u>(17,881)</u>	<u>8,498</u>
	<u>1,154,604</u>	<u>1,001,041</u>
Deferred tax		
In respect of the current year	<u>(259,168)</u>	<u>(54,892)</u>
	<u>\$ 895,436</u>	<u>\$ 946,149</u>

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

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Profit before income tax	<u>\$ 3,514,917</u>	<u>\$ 4,431,859</u>
Income tax expense calculated at the statutory rate	\$ 1,231,505	\$ 1,499,879
Effect from items adjusted by regulation	(273,627)	(476,642)
Income tax on unappropriated earnings	20,439	17,377
Investment credits	(65,000)	(102,963)
Adjustments for prior years	<u>(17,881)</u>	<u>8,498</u>
	<u>\$ 895,436</u>	<u>\$ 946,149</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

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Current tax		
Disposal of investments in equity instruments at FVTOCI	<u>\$ (3,206)</u>	<u>\$ 3,206</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Deferred tax		
Recognized for the year		
Remeasurement of defined benefit plans	\$ 43,211	\$ 10,642
Remeasurement of defined benefit plans of subsidiaries, associates and joint ventures accounted for using the equity method	111	(328)
Unrealized gains and losses on financial assets at fair value through other comprehensive income	<u>6,550</u>	<u>(32,291)</u>
	<u>\$ 49,872</u>	<u>\$ (21,977)</u>

d. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax assets		
Prepaid income tax (recorded as other current assets - others)	<u>\$ 275,593</u>	<u>\$ 253,400</u>
Current tax liabilities		
Income tax payable	<u>\$ 733,250</u>	<u>\$ 489,253</u>

e. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2022

	<b>Balance at Beginning of the Year</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Exchange Differences</b>	<b>Balance at End of the Year</b>
<u>Deferred tax assets</u>					
Temporary differences					
Defined benefit plan	\$ 138,215	\$ (6,573)	\$ (43,211)	\$ (33)	\$ 88,398
Loss carryforwards	57,478	(1,671)	-	4,188	59,995
Others	<u>172,880</u>	<u>609</u>	<u>(6,661)</u>	<u>(2,764)</u>	<u>164,064</u>
	<u>\$ 368,573</u>	<u>\$ (7,635)</u>	<u>\$ (49,872)</u>	<u>\$ 1,391</u>	<u>\$ 312,457</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Investment income	\$ (1,910,422)	\$ 272,399	\$ -	\$ -	\$ (1,638,023)
Gains on land revaluation	(640,717)	-	-	-	(640,717)
Others	<u>-</u>	<u>(5,596)</u>	<u>-</u>	<u>-</u>	<u>(5,596)</u>
	<u>\$ (2,551,139)</u>	<u>\$ 266,803</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,284,336)</u>

For the Year Ended December 31, 2021

	<b>Balance at Beginning of the Year</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Exchange Differences</b>	<b>Balance at End of the Year</b>
<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	<u>158,098</u>	<u>(10,834)</u>	<u>32,984</u>	<u>(7,368)</u>	<u>172,880</u>
	<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	<u>(5,171)</u>	<u>7,011</u>	<u>(862)</u>	<u>(978)</u>	<u>-</u>
	<u>\$ (2,641,898)</u>	<u>\$ 92,964</u>	<u>\$ (1,227)</u>	<u>\$ (978)</u>	<u>\$ (2,551,139)</u>

f. Income tax assessment

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

**26. EARNINGS PER SHARE**

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Basic earnings per share	<u>\$ 2.15</u>	<u>\$ 2.86</u>
Diluted earnings per share	<u>\$ 2.15</u>	<u>\$ 2.85</u>

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

Net Profit for the year

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Net profit for the year attributable to owners of the Company	<u>\$ 2,617,592</u>	<u>\$ 3,549,268</u>

Number of ordinary shares

Unit: Thousand Shares

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,214,964	1,240,280 (Continued)



	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>5,068</u>	<u>5,189</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,220,032</u>	<u>1,245,469</u> (Concluded)

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. DISPOSAL OF SUBSIDIARIES

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

### a. Consideration received

	<b>Amount</b>
Total consideration received - cash	<u>\$ 203,199</u>

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

	<b>Amount</b>
Current assets	
Cash and cash equivalents	\$ 21,456
Other receivables	73,148
Inventories	46,338
Other current assets - others	1,093
Non-current assets	
Property, plant and equipment	194,340
Intangible assets	12,089
Other non-current assets-others	21,475
Current liabilities	
Payables	<u>(1,823)</u>
Net assets disposed of	<u>\$ 368,116</u>

c. Gain on disposal of subsidiaries

	<b>Amount</b>
Consideration received	\$ 203,199
Unearned finance income	(13,408)
Net assets disposed of	(368,116)
Non-controlling interests	127,529
Transaction cost	(102)
Accumulated impairment - non-current assets held for sale	49,813
Effects of foreign currency exchange difference	<u>1,085</u>
Gain and loss on disposal of subsidiaries	<u>\$ -</u>

d. Net cash inflow on disposals of subsidiaries

	<b>Amount</b>
Consideration received in cash and cash equivalents	\$ 203,199
Less: Cash and cash equivalents balances on disposal date	(21,456)
Less: Receivables (recorded as other receivables and other non-current assets - others)	(152,399)
Less: Transaction cost	<u>(102)</u>
Net cash inflow on disposals of subsidiaries	<u>\$ 29,242</u>

## 28. CASH FLOW INFORMATION

a. Information on investment activities

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Acquisition of property, plant and equipment	\$ 2,912,061	\$ 2,058,335
Increase in payables for equipment	(144,902)	(3,561)
Decrease (increase) in other non-current liabilities	<u>31,865</u>	<u>(91)</u>
	2,799,024	2,054,683
Capitalized interest	<u>(16,240)</u>	<u>(5,741)</u>
Cash paid	<u>\$ 2,782,784</u>	<u>\$ 2,048,942</u>

b. Changes in major liabilities arising from financing activities

For the year ended December 31, 2022

	January 1, 2022	Cash Flows	<u>Non-cash Changes</u>		December 31, 2022
			Exchange Rate Adjustment	Issuance Cost	
Short-term borrowings	\$ 4,588,002	\$ 654,870	\$ 121,186	\$ -	\$ 5,364,058
Long-term borrowings	11,339,550	26,169	167,754	-	11,533,473
Bonds payable	5,491,683	-	-	2,238	5,493,921

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	2,995,374	2,500,000	-	(3,691)	5,491,683

## 29. 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.

## 30. 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, 2022</u>				
Financial instruments at FVTPL				
Mutual funds	\$ -	\$ -	\$ 9,402	\$ 9,402
Financial instruments at FVTOCI				
Equity instruments				
Domestic and foreign listed shares	\$ 522,190	\$ -	\$ -	\$ 522,190
Domestic and foreign unlisted shares	\$ -	\$ -	\$ 300,457	\$ 300,457
<u>December 31, 2021</u>				
Financial instruments at FVTPL				
Mutual funds	\$ -	\$ -	\$ 14,968	\$ 14,968

(Continued)

	Level 1	Level 2	Level 3	Total
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>
				(Concluded)

There was no transfer between Level 1 and Level 2 during the years ended December 31, 2022 and 2021.

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

For the Year Ended December 31, 2022

Financial assets	<u>Mutual Funds</u> Financial Assets at FVTPL	<u>Stocks</u> Financial Assets at FVTOCI	Total
Balance at beginning of the year	\$ 14,968	\$ 244,219	\$ 259,187
Recognized in profit or loss (recorded as other gains and losses)	(7,159)	-	(7,159)
Recognized in other comprehensive income	-	30,864	30,864
Disposal	-	(1,238)	(1,238)
Effects of foreign currency exchange differences	<u>1,593</u>	<u>26,612</u>	<u>28,205</u>
Balance at end of the year	<u>\$ 9,402</u>	<u>\$ 300,457</u>	<u>\$ 309,859</u>
Unrealized other gains and losses for the year	<u>\$ (7,159)</u>		<u>\$ (7,159)</u>

For the Year Ended December 31, 2021

Financial assets	<u>Mutual Funds</u> Financial Assets at FVTPL	<u>Stocks</u> 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)
			(Continued)

	<u>Mutual Funds</u> Financial Assets at FVTPL	<u>Stocks</u> Financial Assets at FVTOCI	Total
Effects of foreign currency exchange differences	\$ (398)	\$ (3,327)	\$ (3,725)
Balance at end of the year	<u>\$ 14,968</u>	<u>\$ 244,219</u>	<u>\$ 259,187</u>
Unrealized other gains and losses for the year	<u>\$ 1,106</u>		<u>\$ 1,106</u> (Concluded)

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 domestic and 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

	<u>December 31</u>	
	2022	2021
<u>Financial assets</u>		
Fair value through profit or loss		
Mandatorily classified as at fair value through profit or loss	\$ 9,402	\$ 14,968
Financial assets at amortized cost (Note 1)	24,855,755	25,316,320
Financial assets at fair value through other comprehensive income - equity instruments	822,647	1,033,343
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	29,878,791	31,313,608

Note 1: The balances included financial assets at amortized cost, which comprise 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 35.

Sensitivity analysis

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

	<b>Impact on Profit or Loss</b>	
	<b>2022</b>	<b>2021</b>
<u>Foreign Currencies:Functional Currencies</u>		
Financial assets		
Monetary items		
USD:NTD	\$ 28,490	\$ 28,392
USD:RMB	6,110	7,360
USD:MYR	4,324	4,020
RMB:NTD	4,076	4,394
JPY:NTD	3,498	2,338
THB:NTD	783	1,380
Financial liabilities		
Monetary items		
USD:NTD	16,504	23,725
USD:RMB	5,437	5,593
USD:MYR	3,777	3,477
JPY:NTD	3,074	1,919

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:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Fair value interest rate risk		
Financial assets	\$ 3,086,147	\$ 1,271,574
Financial liabilities	7,059,677	9,192,415
Cash flow interest rate risk		
Financial assets	3,533,117	3,225,275
Financial liabilities	15,547,531	12,502,551

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 \$155,475 thousand and \$125,026 thousand for the years ended December 31, 2022 and 2021.

c) Other price risk

The Company and its subsidiaries were exposed to equity price risk through their investments in equity securities. If equity prices had been 1% higher/lower, other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by \$5,222 thousand and \$7,891 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, 2022

	Less Than 1 Year	1-2 Years	2-3 Years	3-5 Years	Over 5 Years	Total
Non-derivative financial liabilities						
Short-term borrowings	\$ 6,330,959	\$ -	\$ -	\$ -	\$ -	\$ 6,330,959
Notes payable	626,160	-	-	-	-	626,160
Accounts payable	4,553,914	-	-	-	-	4,553,914
Other payables	2,224,447	-	-	-	-	2,224,447
Lease liabilities	77,425	54,109	43,035	47,687	19,785	242,041
Long-term borrowings (including current portion)	6,088,769	1,514,191	4,323,506	993	-	11,927,459
Bonds payable	39,100	3,035,326	14,500	2,509,495	-	5,598,421
	<u>\$ 19,940,774</u>	<u>\$ 4,603,626</u>	<u>\$ 4,381,041</u>	<u>\$ 2,558,175</u>	<u>\$ 19,785</u>	<u>\$ 31,503,401</u>

## December 31, 2021

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

### 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, 2022 and 2021, the carrying amount of the accounts receivable that have been transferred but have not been derecognized amounted to \$2,103,197 thousand and \$3,403,826 thousand, respectively, and the carrying amount of the related borrowings and accounts payable were \$2,101,935 thousand and \$3,402,510 thousand, respectively.

## 31. 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.	Associate
Daxin Materials Corporation	Associate
Showa Denko New Material (Zhuhai) Co., Ltd.	Associate
ESCO Specialty Coatings (Shanghai) Co., Ltd.	Associate

(Continued)



<u>Related Party Name</u>	<u>Relationship</u>
Covestro Eternal Resins (Far East) Ltd.	Associate
Covestro Eternal Resins (Kunshan) Ltd.	Associate
Mitsubishi Polyester Film Suzhou Co., Ltd.	Other related party
The Orchard Corporation of Taiwan Ltd.	The company whose chairman is second-degree relative of the chairman of the Company
Kwang Yang Motor Co., Ltd.	Key management personnel
Kao, Ying-Shih	First-degree relative of the chairman of the Company
	(Concluded)

b. Operating revenue

Account Item	Related Party Category	<u>For the Year Ended December 31</u>	
		2022	2021
Revenue from sales of goods	Associates	\$ 695,128	\$ 706,525
	Key management personnel	4,183	-
	Other related party	<u>102</u>	<u>-</u>
		<u>\$ 699,413</u>	<u>\$ 706,525</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	<u>For the Year Ended December 31</u>	
	2022	2021
Associates	\$ 4,006	\$ 1,087
Other related parties	<u>2,796</u>	<u>2,027</u>
	<u>\$ 6,802</u>	<u>\$ 3,114</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	<u>For the Year Ended December 31</u>	
	2022	2021
Associates		
Allnex-Eternal Resins (Guangdong) Co., Ltd.	\$ 35,880	\$ 34,387
Others	11,697	5,977
Key management personnel	<u>-</u>	<u>9</u>
	<u>\$ 47,577</u>	<u>\$ 40,373</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	
	2022	2021
Other related party		
Kao, Ying-Shih	\$ <u>          -</u>	\$ <u>38,100</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	
		2022	2021
Notes and accounts receivable	Associates	\$ <u>232,518</u>	\$ <u>321,270</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, 2022 and 2021, the balance of loss allowance of accounts receivable from related parties is \$149 thousand and \$399 thousand, respectively.

g. Payables to related parties

Account Item	Related Party Category	December 31	
		2022	2021
Accounts payable	Associates	\$ <u>858</u>	\$ <u>284</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	
		2022	2021
Other receivables	Associates		
	ESCO Specialty Coatings (Shanghai) Co., Ltd.	\$ 160,945	\$ 158,641
	Eterkon Semiconductor Materials Co., Ltd.	105,827	104,312
		<u>                  </u>	<u>                  </u>
		\$ <u>266,772</u>	\$ <u>262,953</u>

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

i. Dividends receivable

For the years ended December 31, 2022, the dividends receivable of Covestro Eternal Resins (Far East) Ltd. and Covestro Eternal Resins (Kunshan) Ltd. are \$53,452 thousand and \$53,160 thousand, respectively.

j. Remuneration of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term employee benefits	\$ 116,848	\$ 150,957
Post-employment benefits	<u>5,372</u>	<u>479</u>
	<u>\$ 122,220</u>	<u>\$ 151,436</u>

**32. 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:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Notes receivable	\$ 2,103,197	\$ 3,403,826
Property, plant and equipment	260,983	259,427
Other financial assets – current and non-current (recorded as other non-current assets - others)		
Time deposit certificates and deposit of escrow account	<u>34,956</u>	<u>18,119</u>
	<u>\$ 2,399,136</u>	<u>\$ 3,681,372</u>

**33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS**

- a. The Company and its subsidiaries have issued but unused letters of credit with an aggregate amount of \$67,869 thousand as of December 31, 2022.
- b. The Company and its subsidiaries have contracts that were not yet incurred to purchase property, plant and equipment and intangible assets of \$1,391,348 thousand at December 31, 2022.

**34. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

None.

**35. 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:

	<b>Foreign Currency (In Thousands)</b>		<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>December 31, 2022</u>				
Financial assets				
Monetary items				
USD	\$ 92,772	30.7100	(USD:NTD)	\$ 2,849,028
USD	19,896	6.9646	(USD:RMB)	611,006
USD	14,081	4.4150	(USD:MYR)	432,428
RMB	92,435	4.4094	(RMB:NTD)	407,587
JPY	1,505,154	0.2324	(JPY:NTD)	349,798
Non-monetary items				
Investments accounted for using the equity method				
USD	943,900	30.7100	(USD:NTD)	28,987,162
RMB	6,070,811	0.1436	(RMB:USD)	26,768,876
JPY	5,309,281	0.2324	(JPY:NTD)	1,233,877
MYR	257,590	0.2265	(MYR:USD)	1,791,753
THB	147,700	0.8941	(THB:NTD)	132,059
Financial liabilities				
Monetary items				
USD	53,743	30.7100	(USD:NTD)	1,650,448
USD	17,703	6.9646	(USD:RMB)	543,659
USD	12,298	4.4150	(USD:MYR)	377,672
JPY	1,322,849	0.2324	(JPY:NTD)	307,430
<u>December 31, 2021</u>				
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				
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

The total realized and unrealized foreign exchange gains and losses were a gain of \$81,165 thousand and a loss of \$73,129 thousand for the years ended December 31, 2022 and 2021, respectively. It is impractical to disclose net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of each entity.

### 36. ADDITIONAL DISCLOSURES

- a. Information about significant transactions and investees:
  - 1) Financing provided to others: (Table 1)
  - 2) Endorsements/guarantees provided: (Table 2)
  - 3) Marketable securities held: (Table 3)
  - 4) Marketable securities acquired or disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital: (Table 4)
  - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: (Table 5)
  - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
  - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: (Table 6)
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: (Table 7)
  - 9) Trading in derivative instruments: (Note 7)
  - 10) Others: The business relationship between the parent company and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions: (Table 8)
  - 11) Information on investees: (Table 9)
- b. Information on investments in mainland China
  - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment gain or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 10)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period (Table 6)
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Table 6)
    - c) The amount of property transactions and the amount of the resultant gains or losses: None
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes (Table 2)

- e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds (Table 1)
  - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services (Table 8)
- c. Information of major shareholders: list of the shareholders with ownership of 5% or greater, showing the names, the number of shares and percentage of ownership held by each shareholder. (Table 11)

### 37. SEGMENT INFORMATION

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

- Resins Materials

Mainly operating variety of industrial resins materials.

- Electronic Materials

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

- High Performance Materials

Mainly operating UV - light curing raw material.

- Others

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

#### 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, 2022</u>						
Revenues from external customers						
Revenue from the sale of goods	\$ 24,086,008	\$ 13,288,430	\$ 11,227,865	\$ 136,260	\$ -	\$ 48,738,563
Revenue from the rental service	-	20,481	-	255,056	-	275,537
Inter-segment revenues	<u>2,919,568</u>	<u>3,048,009</u>	<u>1,864,631</u>	<u>2,663</u>	<u>(7,834,871)</u>	<u>-</u>
Total revenue	<u>\$ 27,005,576</u>	<u>\$ 16,356,920</u>	<u>\$ 13,092,496</u>	<u>\$ 393,979</u>	<u>\$ (7,834,871)</u>	<u>\$ 49,014,100</u>
Segment operating profit (loss)	<u>\$ 454,526</u>	<u>\$ 1,335,747</u>	<u>\$ 1,923,913</u>	<u>\$ (437,341)</u>	<u>\$ -</u>	<u>\$ 3,276,845</u>
<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>

- b. The Company and its subsidiaries' revenues from external customers by receipt location and noncurrent assets by location were detailed below:

	<b>Revenues from External Customers</b>		<b>Non-current Assets</b>	
	<b>For the Year Ended December 31</b>		<b>December 31</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Taiwan	\$ 5,969,038	\$ 6,082,548	\$ 7,269,233	\$ 6,686,801
China	28,920,450	31,266,877	10,573,399	10,070,204
Others	<u>14,124,612</u>	<u>13,121,972</u>	<u>2,631,179</u>	<u>2,592,251</u>
	<u>\$ 49,014,100</u>	<u>\$ 50,471,397</u>	<u>\$ 20,473,811</u>	<u>\$ 19,349,256</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, 2022 and 2021.

**TABLE 1**

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

**FINANCING PROVIDED TO OTHERS**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

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

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 2)	Ending Balance (Note 3)	Actual Amount Drawn	Interest Rate (%)	Nature of Financing (Note 4)	Transaction Amount	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Limit	Note
													Item	Value			
0	Eternal Materials Co., Ltd.	Eternal Technology Corporation	Other receivables from related parties	Y	\$ 614,200	\$ 614,200	\$ 307,100	5.450	2	\$ -	Operating needs	\$ -	-	\$ -	\$ 1,238,020	\$ 9,904,162	Note 5
1	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	Other receivables from related parties	Y	992,013	881,888	345,597	3.100-3.852	2	-	Operating needs	-	-	-	9,278,145	9,278,145	Note 6
1	Eternal Chemical (China) Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	Other receivables from related parties	Y	811,647	793,699	352,358	3.100-3.852	2	-	Operating needs	-	-	-	9,278,145	9,278,145	Note 6
1	Eternal Chemical (China) Co., Ltd.	Eternal Materials (Guangdong) Co., Ltd.	Other receivables from related parties	Y	176,378	176,378	-	-	2	-	Operating needs	-	-	-	9,278,145	9,278,145	Note 6
1	Eternal Chemical (China) Co., Ltd.	Eternal Specialty Materials (Suzhou) Co., Ltd.	Other receivables from related parties	Y	450,915	440,944	-	-	2	-	Operating needs	-	-	-	9,278,145	9,278,145	Note 6
1	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	Other receivables from related parties	Y	1,763,776	1,763,776	648,476	3.100-3.852	2	-	Operating needs	-	-	-	9,278,145	9,278,145	Note 6
1	Eternal Chemical (China) Co., Ltd.	Eterkon Semiconductor Materials Co., Ltd.	Other receivables from related parties	Y	216,439	105,827	105,827	3.700	2	-	Operating needs	-	-	-	1,855,629	1,855,629	Note 7
1	Eternal Chemical (China) Co., Ltd.	Eternal (China) Investment Co., Ltd.	Other receivables from related parties	Y	901,830	881,888	65,845	3.100	2	-	Operating needs	-	-	-	9,278,145	9,278,145	Note 6
1	Eternal Chemical (China) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Other receivables from related parties	Y	661,416	661,416	3,578	3.100-3.330	2	-	Operating needs	-	-	-	9,278,145	9,278,145	Note 6
1	Eternal Chemical (China) Co., Ltd.	Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Other receivables from related parties	Y	132,283	132,283	-	-	2	-	Operating needs	-	-	-	9,278,145	9,278,145	Note 6
1	Eternal Chemical (China) Co., Ltd.	Eternal Optical Material (Suzhou) Co., Ltd.	Other receivables from related parties	Y	88,189	88,189	-	-	2	-	Operating needs	-	-	-	9,278,145	9,278,145	Note 6
2	Eternal Materials (Guangdong) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	440,944	440,944	-	-	2	-	Operating needs	-	-	-	7,017,970	7,017,970	Note 6
2	Eternal Materials (Guangdong) Co., Ltd.	Eternal (China) Investment Co., Ltd.	Other receivables from related parties	Y	657,915	-	-	-	2	-	Operating needs	-	-	-	7,017,970	7,017,970	Note 6
2	Eternal Materials (Guangdong) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Other receivables from related parties	Y	87,722	-	-	-	2	-	Operating needs	-	-	-	7,017,970	7,017,970	Note 6
2	Eternal Materials (Guangdong) Co., Ltd.	Eternal Optical Material (Suzhou) Co., Ltd.	Other receivables from related parties	Y	438,610	-	-	-	2	-	Operating needs	-	-	-	7,017,970	7,017,970	Note 6
2	Eternal Materials (Guangdong) Co., Ltd.	Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Other receivables from related parties	Y	153,514	-	-	-	2	-	Operating needs	-	-	-	7,017,970	7,017,970	Note 6
3	Eternal Holdings Inc.	Eternal Technology Corporation	Other receivables from related parties	Y	463,350	460,650	276,390	5.520-5.700	2	-	Operating needs	-	-	-	40,891,654	40,891,654	Note 6
3	Eternal Holdings Inc.	Eternal Materials Co., Ltd.	Other receivables from related parties	Y	1,544,500	982,720	982,720	5.400-5.450	2	-	Operating needs	-	-	-	40,891,654	40,891,654	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	901,830	881,888	-	-	2	-	Operating needs	-	-	-	30,616,378	30,616,378	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	Other receivables from related parties	Y	1,938,935	1,278,738	1,014,171	3.330	2	-	Operating needs	-	-	-	30,616,378	30,616,378	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	Other receivables from related parties	Y	1,062,790	529,133	529,133	3.330	2	-	Operating needs	-	-	-	30,616,378	30,616,378	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	Other receivables from related parties	Y	721,464	352,755	352,755	3.330	2	-	Operating needs	-	-	-	30,616,378	30,616,378	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Materials (Guangdong) Co., Ltd.	Other receivables from related parties	Y	131,583	-	-	-	2	-	Operating needs	-	-	-	30,616,378	30,616,378	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Long-term receivables from related parties	Y	901,830	440,944	440,944	3.330	2	-	Operating needs	-	-	-	30,616,378	30,616,378	Note 6
4	Eternal (China) Investment Co., Ltd.	ESCO Specialty Coatings (Shanghai) Co., Ltd.	Other receivables from related parties	Y	163,840	160,945	160,945	4.250	2	-	Operating needs	-	-	-	6,123,276	6,123,276	Note 7
5	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	1,102,360	1,102,360	293,481	2.850-3.199	2	-	Operating needs	-	-	-	8,664,861	8,664,861	Note 6

(Continued)



No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 2)	Ending Balance (Note 3)	Actual Amount Drawn	Interest Rate (%)	Nature of Financing (Note 4)	Transaction Amount	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Limit	Note
													Item	Value			
5	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	ESCO Specialty Coatings (Shanghai) Co., Ltd.	Other receivables from related parties	Y	\$ 164,584	\$ -	\$ -	-	2	\$ -	Operating needs	\$ -	-	\$ -	\$ 1,732,972	\$ 1,732,972	Note 7
6	Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	220,472	220,472	-	-	2	-	Operating needs	-	-	-	3,980,466	3,980,466	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 Company's Operation Procedures for Lending Funds to Others, the Company's total financing limits and the financing limit for each borrowing company shall not exceed 40% and 5% of the net worth of the Company's financial statement of December 31, 2022, respectively.

Note 6: According to the financing company's Operation Procedures for Lending Funds to Others, either the financing limit for each borrowing company or the financing company's total financing limits shall not exceed 200% of the net worth of the financing company as of December 31, 2022, and it should be translated into NTD using the exchange rate at the balance sheet date.

Note 7: According to the financing company's Operation Procedures for Lending Funds to Others, either the financing limit for each borrowing company or the financing company's total financing limits shall not exceed 40% of the net worth of the financing company as of December 31, 2022, and it should be translated into NTD using the exchange rate at the balance sheet date.

Note 8: Amount was eliminated from the consolidated financial statements, except for investments accounted for using the equity method.

## Eternal Materials Co., Ltd. and Subsidiaries

## ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2022

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

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsements /Guarantees Given on Behalf of Each Party	Maximum Amount Endorsements /Guarantees During the Period (Note 4)	Outstanding Endorsements /Guarantees the End of the Period (Note 5)	Actual Amount Drawn	Amount Endorsements /Guarantees by Collaterals	Ratio of Accumulated Endorsements /Guarantees to Net Equity per Latest Financial Statements (%)	Maximum Endorsements /Guarantees Amount Allowable	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	\$ 24,760,404	\$ 566,984	\$ 540,496	\$ -	\$ -	2.18	\$ 24,760,404	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Technology Corporation	2	24,760,404	294,750	-	-	-	-	24,760,404	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Nikko-Materials Co., Ltd.	2	24,760,404	85,120	-	-	-	-	24,760,404	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Materials (Malaysia) Sdn. Bhd.	2	24,760,404	2,663,919	2,543,157	1,430,588	-	10.27	24,760,404	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Elga Europe S.r.l.	2	24,760,404	490,962	490,962	451,358	-	1.98	24,760,404	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Nanyang Investment Co., Ltd.	2	24,760,404	1,610,750	1,535,500	1,305,175	-	6.20	24,760,404	Y	N	N	Notes 3 and 6

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, 2022.

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

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

Note 6: In accordance with the parent company's "Procedures for Provision of Endorsements and Guarantees", maximum endorsement/guarantee amount allowable is 100% of the parent company's net worth based on the financial statements for the year ended December 31, 2022.

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

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

**DECEMBER 31, 2022**

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Eternal Materials Co., Ltd.	President Securities Corp. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	33,366,767	\$ 522,190	2.29	\$ 522,190	
	TBG Diagnostics Limited (stock)	-	Financial assets at fair value through other comprehensive income - non-current	40,200,000	56,599	18.48	56,599	
	Universal Venture Capital Investment Corp. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	5,000,000	45,497	4.15	45,497	
	Der Yang Biotechnology Venture Capital Co., Ltd. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	230,096	2,770	11.11	2,770	
	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	195,591	Note	195,591	
	Pacven Walden Ventures V, L.P. (mutual fund)	-	Financial assets at fair value through profit or loss - non-current	-	9,402	Note	9,402	

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, 2022**  
**(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 Material Industry (Tongling) Co., Ltd.	Investments accounted for using the equity method	Note 3	Subsidiary	Note 4	\$ 435,274	Note 4	\$ 439,300	-	\$ -	\$ -	\$ -	Note 4	\$ 863,511
Eteranl (China) Investment Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Investments accounted for using the equity method	Note 3	Subsidiary	Note 4	1,729,220	Note 4	436,900	-	-	-	-	Note 4	2,145,218
Eternal Holdings Inc.	Eternal Nanyang Investment Co., Ltd.	Investments accounted for using the equity method	Note 3	Subsidiary	18,450,000	367,251	9,900,000	300,960	-	-	-	-	28,350,000	444,197
Eternal Nanyang Investment Co., Ltd.	Eternal Materials (Malaysia) Sdn. Bhd.	Investments accounted for using the equity method	Note 3	Subsidiary	347,324,000	1,538,886	48,598,000	334,400	-	-	-	-	395,922,000	1,791,753
Eternal Materials Co., Ltd.	Eternal Precision Mechanics Co., Ltd.	Investments accounted for using the equity method	Note 5	Subsidiary	-	-	52,000,000	550,000	-	-	-	-	52,000,000	826,296
Eternal Materials Co., Ltd.	Nikko-Materials Co., Ltd.	Investments accounted for using the equity method	Eternal Precision Mechanics Co., Ltd.	Subsidiary	11,520	1,634,652	-	-	(11,520)	300,150	(300,150 )	Note 5	-	-
Eternal Precision Mechanics Co., Ltd.	Nikko-Materials Co., Ltd.	Investments accounted for using the equity method	Eternal Materials Co., Ltd.	Subsidiary	-	-	11,520	300,150	-	-	-	-	11,520	660,041

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

Note 2: The ending balance included the increased investment amount, reorganization, 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: The Company had capital increase.

Note 4: No share was issued.

Note 5: Reorganization.

## Eternal Materials Co., Ltd. and Subsidiaries

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Eternal Electronic (Suzhou) Co., Ltd.	Engaging the non-related party to build the R&D building on own land.	April 19, 2022	\$ 576,810	Payment in accordance with the terms	Zhongdi Construction Group Co., Ltd	Non- related party	-	-	-	\$ -	Price negotiation in accordance with the terms	Self-use	None
Eternal Materials (Malaysia) Sdn. Bhd.	Right-of-use land	November 11, 2022	324,180	Payment in accordance with the terms	PTS HARTA SDN. BHD.	Non- related party	-	-	-	-	Evaluated by the professional appraisal institutions and executed by the internal level of authority	Self-use	None

**TABLE 6**

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

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2022**

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

Company name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales (Note 2)	Amount	% to Total	Payment Terms	Unit Price	Payment Term	Ending Balance	% to Total	
Eternal Materials Co., Ltd.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Subsidiary	Sales	\$ 651,094	4	Note 1	\$ -	-	\$ 111,071	3	
	Eternal Materials (Guangdong) Co., Ltd.	Subsidiary	Sales	251,561	2	Note 1	-	-	38,649	1	
	Nikko-Materials Co., Ltd.	Subsidiary	Sales	255,734	2	Note 1	-	-	46,253	1	
	Eternal Electronic Material (Thailand) Co., Ltd.	Subsidiary	Sales	246,754	2	Note 1	-	-	70,707	2	
	CHOU-KOU Materials Co., Ltd.	Subsidiary	Sales	400,952	2	Note 1	-	-	138,751	4	
	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Subsidiary	Sales	320,649	2	Note 1	-	-	96,629	3	
	Eternal (China) Investment Co., Ltd.	Subsidiary	Sales	382,043	2	Note 1	-	-	71,953	2	
	Eternal Chemical (China) Co., Ltd.	Subsidiary	Sales	264,942	2	Note 1	-	-	116,819	3	
	Eternal Technology Corporation	Subsidiary	Sales	111,043	1	Note 1	-	-	33,429	1	
	Eternal Chemical (Tianjin) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Sister company	Sales	407,527	16	Note 1	-	-	80,142	6
Eternal Materials (Guangdong) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Sister company	Sales	508,039	10	Note 1	-	-	88,263	4	
	Eternal Chemical (China) Co., Ltd.	Sister company	Sales	289,690	6	Note 1	-	-	54,783	3	
	Allnex-Eternal Resins (Guangdong) Co., Ltd.	Associate	Sales	409,452	8	Note 1	-	-	116,029	5	
Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal Materials Co., Ltd.	Ultimate parent company	Sales	286,969	8	Note 1	-	-	4,989	-	
	Eternal Electronic (Suzhou) Co., Ltd.	Sister company	Sales	234,497	7	Note 1	-	-	89,700	9	
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Sister company	Sales	588,279	15	Note 1	-	-	285,728	14	
	Eternal Electronic Material (Thailand) Co., Ltd.	Sister company	Sales	102,138	3	Note 1	-	-	17,527	1	
Eternal Specialty Materials (Zhuhai) Co., Ltd.	Eternal Materials Co., Ltd.	Ultimate parent company	Sales	297,040	5	Note 1	-	-	16,078	1	
	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Sister company	Sales	144,190	3	Note 1	-	-	43,631	3	

(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	
Nikko-Materials Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	Sister company	Sales	\$ 128,633	3	Note 1	\$ -	-	\$ 205	-	
	Eternal Materials Co., Ltd.	Ultimate parent company	Sales	109,349	3	Note 1	-	-	23,521	2	
Eternal Chemical (China) Co., Ltd.	Allnex-Eternal Resins (Guangdong) Co., Ltd.	Associate	Sales	170,494	3	Note 1	-	-	84,644	3	

(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, 2022**

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Doubtful Accounts	Note
					Amount	Actions Taken			
Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	Subsidiary	\$ 138,751	3.49	\$ 4,977	Collected subsequently	\$ 34,852	\$ -	Note 1
	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Subsidiary	111,071	5.11	-	-	50,496	-	
	Eternal Chemical (China) Co., Ltd.	Subsidiary	116,819	2.52	-	-	26,816	-	
	Eternal (China) Investment Co., Ltd.	Subsidiary	117,685	-	-	-	-	-	
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Sister company	285,728	1.83	101,933	Collected subsequently	59,984	-	
Eternal Precision Mechanics Co., Ltd.	Nikko-Materials Co., Ltd.	Subsidiary	101,462	1.24	-	-	-	-	
Eternal Materials (Guangdong) Co., Ltd.	Allnex-Eternal Resins (Guangdong) Co., Ltd.	Associate	116,029	3.43	15,656	Collected subsequently	32,737	128	

Note 1: Other receivables.

Note 2: Amount was eliminated from the consolidated financial statements, except for the investments accounted for using the equity method.



## Eternal Materials Co., Ltd. and Subsidiaries

INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Item (Note 5)	Amount	Terms	% to Total Revenues or Assets
0	Eternal Materials Co., Ltd.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	1	Revenue from sales of goods	\$ 651,094	Note 3	1.33
0	Eternal Materials Co., Ltd.	Eternal Materials (Guangdong) Co., Ltd.	1	Revenue from sales of goods	251,561	Note 3	0.51
0	Eternal Materials Co., Ltd.	Nikko-Materials Co., Ltd.	1	Revenue from sales of goods	255,734	Note 3	0.52
0	Eternal Materials Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	1	Revenue from sales of goods	246,754	Note 3	0.50
0	Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	1	Revenue from sales of goods	400,952	Note 3	0.82
0	Eternal Materials Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	1	Revenue from sales of goods	320,649	Note 3	0.65
0	Eternal Materials Co., Ltd.	Eternal (China) Investment Co., Ltd.	1	Revenue from sales of goods	382,043	Note 3	0.78
0	Eternal Materials Co., Ltd.	Eternal Chemical (China) Co., Ltd.	1	Revenue from sales of goods	264,942	Note 3	0.54
0	Eternal Materials Co., Ltd.	Eternal Technology Corporation	1	Revenue from sales of goods	111,043	Note 3	0.23
0	Eternal Materials Co., Ltd.	Eternal (China) Investment Co., Ltd.	1	Other income	117,685	Note 3	0.24
0	Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	1	Notes and accounts receivable from related parties	138,751	Note 3	0.23
0	Eternal Materials Co., Ltd.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	1	Notes and accounts receivable from related parties	111,071	Note 3	0.19
0	Eternal Materials Co., Ltd.	Eternal Chemical (China) Co., Ltd.	1	Notes and accounts receivable from related parties	116,819	Note 3	0.20
0	Eternal Materials Co., Ltd.	Eternal (China) Investment Co., Ltd.	1	Other receivables from related parties	117,685	Note 3	0.20
0	Eternal Materials Co., Ltd.	Eternal Technology Corporation	1	Other receivables from related parties	307,100	Note 4	0.52
1	Eternal Holdings Inc.	Eternal Technology Corporation	1	Other receivables from related parties	276,390	Note 4	0.46
1	Eternal Holdings Inc.	Eternal Materials Co., Ltd.	2	Other receivables from related parties	982,720	Note 4	1.65
2	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	1	Other receivables from related parties	1,014,171	Note 4	1.71
2	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	1	Other receivables from related parties	529,133	Note 4	0.89
2	Eternal (China) Investment Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	1	Other receivables from related parties	352,755	Note 4	0.59
2	Eternal (China) Investment Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	1	Other receivables from related parties	440,944	Note 4	0.74
3	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	3	Revenue from sales of goods	588,279	Note 3	1.20
3	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	3	Revenue from sales of goods	102,138	Note 3	0.21
3	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	3	Notes and accounts receivable from related parties	285,728	Note 3	0.48

(Continued)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Item (Note 5)	Amount	Terms	% to Total Revenues or Assets
3	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	3	Other receivables from related parties	\$ 293,481	Note 4	0.49
4	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	3	Other receivables from related parties	345,597	Note 4	0.58
4	Eternal Chemical (China) Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	3	Other receivables from related parties	352,358	Note 4	0.59
4	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	3	Other receivables from related parties	648,476	Note 4	1.09
5	Eternal Materials (Guangdong) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	3	Revenue from sales of goods	508,039	Note 3	1.04
5	Eternal Materials (Guangdong) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	3	Revenue from sales of goods	289,690	Note 3	0.59
6	Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal Materials Co., Ltd.	2	Revenue from sales of goods	286,969	Note 3	0.59
6	Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	3	Revenue from sales of goods	234,497	Note 3	0.48
7	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Eternal Materials Co., Ltd.	2	Revenue from sales of goods	297,040	Note 3	0.61
7	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	3	Revenue from sales of goods	144,190	Note 3	0.29
8	Eternal Chemical (Tianjin) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	3	Revenue from sales of goods	407,527	Note 3	0.83
9	Nikko-Materials Co., Ltd	Eternal Electronic Material (Thailand) Co., Ltd.	3	Revenue from sales of goods	128,633	Note 3	0.26
9	Nikko-Materials Co., Ltd	Eternal Materials Co., Ltd.	2	Revenue from sales of goods	109,349	Note 3	0.22
10	Eternal Precision Mechanics Co., Ltd.	Nikko-Materials Co., Ltd.	1	Notes and accounts receivable from related parties	101,462	Note 3	0.17

(Concluded)

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

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

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

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

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

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

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

## Eternal Materials Co., Ltd. and Subsidiaries

INFORMATION ON INVESTEEES (EXCLUDING INVESTMENTS IN MAINLAND CHINA)  
 FOR THE YEAR ENDED DECEMBER 31, 2022  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Eternal Materials Co., Ltd.	Eternal Holdings Inc.	Samoa	International investment	\$ 6,135,961	\$ 6,259,870	200,108,859	100.00	\$ 20,293,015	\$ 987,289	\$ 978,500	
Eternal Materials Co., Ltd.	Eternal Global (BVI) Co., Ltd.	British Virgin Islands	International investment	703,144	717,527	16,357,914	100.00	4,990,787	267,819	266,001	
Eternal Materials Co., Ltd.	Mixville Holdings Inc.	British Virgin Islands	International investment	899,392	989,582	26,630,000	100.00	3,703,360	103,855	103,603	
Eternal Materials Co., Ltd.	Advanced PETFILM Investment Co., Ltd.	Japan	International investment	788,630	788,630	270	20.00	488,355	(23,719)	(655)	
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	672,942	426,120	97,155	
Eternal Materials Co., Ltd.	New E Materials Co., Ltd.	Taiwan	Researching, developing, manufacturing and selling of photoelectric, semiconductor process related electronic chemical materials and equipment spare parts	82,322	82,322	6,907,585	62.80	31,682	(5,477)	(3,440)	
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	103,688	64,394	25,758	
Eternal Materials Co., Ltd.	Eternal Precision Mechanics Co., Ltd.	Taiwan	Manufacturing and selling of vacuum laminator	550,000	-	52,000,000	100.00	826,296	255,805	242,493	Note 2
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	132,059	17,245	12,498	
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	85,481	6,186	4,034	
Eternal Materials Co., Ltd.	Nikko-Materials Co., Ltd.	Japan	Manufacturing and selling of dry film photoresist and vacuum laminator	-	257,657	-	-	-	882,552	556,574	Note 2
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	(3,556)	(16,488)	(11,984)	
Eternal Precision Mechanics Co., Ltd.	Nikko-Materials Co., Ltd.	Japan	Manufacturing and selling of dry film photoresist and vacuum laminator	300,150	-	11,520	100.00	660,041	882,552	-	Notes 1 and 2
Eternal Holdings Inc.	Eternal International (BVI) Co., Ltd.	British Virgin Islands	International investment	5,739,033	5,739,033	183,793,592	100.00	15,137,021	669,803	-	Note 1
Eternal Holdings Inc.	E-Chem Corp.	Samoa	International investment	165,608	165,608	4,990,000	100.00	3,011,196	530,708	-	Note 1
Eternal Holdings Inc.	Eternal Nanyang Investment Co., Ltd.	Samoa	International investment	841,453	540,493	28,350,000	90.00	444,197	(201,095)	-	Note 1
Eternal Holdings Inc.	PT Eternal Materials Indonesia	Indonesia	Trading of chemical products	13,360	13,360	670	67.00	16,072	2,744	-	Note 1
Eternal Holdings Inc.	Allnex-Eternal Resins Corporation Limited	Hong Kong	Trading and international investment	50,385	174,293	1,176,000	49.00	383,479	126,580	-	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	(202,742)	(80,633)	-	Note 1
Mixville Holdings Inc.	High Expectation Limited	Cayman Islands	International investment	871,519	871,519	26,005,000	100.00	3,510,866	53,751	-	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	(752)	(16,488)	-	Note 1
Eternal Nanyang Investment Co., Ltd.	Eternal Materials (Malaysia) Sdn. Bhd.	Malaysia	Manufacturing, selling, trading and providing services of resins material related products	2,082,818	1,748,418	395,922,000	100.00	1,791,753	(158,105)	-	Note 1

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

Note 2: Reorganization.

## Eternal Materials Co., Ltd. and Subsidiaries

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outward	Inward							
Eternal Chemical (China) Co., Ltd.	Manufacturing and selling of resins material and processing products	\$ 755,651	2	\$ 625,549	\$ -	\$ -	\$ 625,549	\$ 274,730	100.00	\$ 274,730	\$ 4,639,073	\$ 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	(11,563)	50.00	(5,782)	315,124	544,920	Note 2
Eternal Optical Material (Suzhou) Co., Ltd.	Manufacturing and selling of optical films, and leasing business	1,563,967	2	-	-	-	-	(21,775)	100.00	(21,775)	191,058	-	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	374,815	100.00	374,815	4,332,431	983,767	Note 2
Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Researching, developing and manufacturing of photoresist dry film, liquid photo imagable solder masks and printed circuit board related materials	469,402	2	-	-	-	-	10,519	100.00	10,519	171,378	-	Note 2
Eterkon Semiconductor Materials Co., Ltd.	Manufacturing and selling of epoxy molding compounds which are used in electronic parts and related products	524,337	2	456,427	-	-	456,427	31,435	40.00	15,912	267,481	-	Note 2
Eternal Synthetic Resins (Changshu) Co., Ltd.	Manufacturing and selling of unsaturated polyester resin	726,426	2	279,811	-	-	279,811	(15,751)	100.00	(15,751)	186,019	-	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	40,149	100.00	40,149	937,396	-	Note 2
Eternal Specialty Materials (Zhuhai) Co., Ltd.	Manufacturing and selling of acrylic resin and methacrylic acid	611,011	2	243,540	-	-	243,540	550,225	90.00	530,550	2,997,505	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	(29,286)	40.00	(13,369)	(40,424)	-	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	53,984	100.00	53,984	3,508,985	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	750,029	100.00	750,029	15,308,189	-	Notes 2 and 3
Eternal Chemical (Chengdu) Co., Ltd.	Researching, manufacturing and selling of resins material	450,351	2	-	-	-	-	(174,475)	100.00	(174,475)	(703,359)	-	Note 2
Eternal Electronic (Suzhou) Co., Ltd.	Researching, developing, and manufacturing of dry film photoresist and dry film solder masks which are used in electronic materials, researching resin materials and selling, providing after sales service of self-produced products	1,929,180	2	-	-	-	-	(50,220)	100.00	(50,220)	2,145,218	-	Note 2

(Continued)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outward	Inward							
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	\$ -	\$ -	\$ -	\$ -	\$ (8,836)	-	\$ (5,302)	\$ -	\$ -	Notes 2, 6 and 27
Eternal Specialty Materials (Suzhou) Co., Ltd.	Researching and developing chemical products, and selling, providing technical services of self-produced products	1,199,225	2	-	-	-	-	446,600	100.00	446,600	1,990,233	-	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	-	-	-	-	6,016	30.00	1,210	91,967	-	Note 2
Eternal Material Industry (Tongling) Co., Ltd.	Manufacturing and selling resins material products and providing technical services	869,200	2	-	-	-	-	(19,058)	100.00	(19,058)	863,511	-	Note 2

Investor Company	Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022 (Note 4)	Investment Amount Authorized by the Investment Commission, MOEA (Note 4)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 5)
Eternal Materials Co., Ltd.	\$ 8,076,918	\$ 26,984,353	\$ -

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

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

Note 2: The investment gains and losses were recognized from the financial statements audited by the parent company's CPA in the ROC in accordance with SAS No. 600 "Special Considerations - Audits of Group Financial Statements".

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

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

Note 5: According to the "Regulation Governing the Approval of Investment or Technical Cooperation in Mainland China", which was modified on August 29, 2008, the Company obtained the approval of the operational headquarters from the Industrial Development Bureau of Ministry of Economic Affairs; hence, there is no need to set an upper limit for the investment amount.

Note 6: The disposal was resolved by the board of directors in August 2021, and completed in February 2022.

(Concluded)

**TABLE 11****Eternal Materials Co., Ltd.****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2022**

Name of the Major Shareholder	Shares	
	Number of Shares Owned	Percentage of Ownership
Kwang Yang Motor Co., Ltd.	117,800,000	9.99
Kao, Ying-Shih	74,596,152	6.33

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