

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

### **Consolidated Financial Statements for the Six Months Ended June 30, 2023 and 2022 and Independent Auditors' Review Report**

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

## **INDEPENDENT AUDITORS' REVIEW REPORT**

Eternal Materials Co., Ltd.

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Eternal Materials Co., Ltd. (the "Company") and its subsidiaries as of June 30, 2023 and 2022, the consolidated statements of comprehensive income for the three months ended June 30, 2023 and 2022, and for the six months ended June 30, 2023 and 2022, and the consolidated statements of changes in equity and cash flows for the six months then ended June 30, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

Except as described in the following paragraph, we conducted our reviews in accordance with Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Basis for Qualified Conclusion**

As described in Note 13 to the consolidated financial statements, total assets of some non-significant subsidiaries included in the consolidated financial statements amounted to NT\$23,633,766 thousand and NT\$25,798,432 thousand, representing 42% and 41% of the consolidated total assets as of June 30, 2023 and 2022, respectively; total liabilities amounted to NT\$8,918,443 thousand and NT\$10,858,691 thousand, representing 27% and 28% of the consolidated total liabilities as of June 30, 2023 and 2022, respectively; total comprehensive income amounted to loss of NT\$300,752 thousand, profit of NT\$208,825 thousand, loss of NT\$305,318 thousand and profit of NT\$936,562 thousand, representing 63%, 110%, 146% and 43% of the consolidated total comprehensive income for the three months ended June 30, 2023 and 2022, and for the six months ended June 30, 2023 and 2022, respectively. The above amounts and information disclosed in Note 36 to the consolidated financial statements were based on the financial statements prepared and disclosed by these subsidiaries, which were not reviewed by independent auditors for the same reporting periods. In addition, as described in Note 14 to the consolidated financial statements, the balance of investments accounted for using the equity method of the Company and its subsidiaries amounted to NT\$2,412,665 thousand and NT\$2,471,734 thousand as of June 30, 2023 and 2022, respectively; the share of the profit of associates and joint ventures accounted for using the equity method amounted to NT\$70,672 thousand, NT\$52,119 thousand, NT\$109,508 thousand and NT\$121,877 thousand for the three months ended June 30, 2023 and 2022, and for the six months ended June 30, 2023 and 2022, respectively;

the share of the other comprehensive income of associates and joint ventures amounted to loss of NT\$34,577 thousand, loss of NT\$15,411 thousand, loss of NT\$29,070 thousand and profit of NT\$42,709 thousand for the three months ended June 30, 2023 and 2022, and for the six months ended June 30, 2023 and 2022, respectively. The above amounts and information on investees disclosed in Note 36 to the consolidated financial statements were based on the financial statements recognized and disclosed by investees, which were not reviewed by independent auditors for the same reporting periods.

### **Qualified Conclusion**

Base on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of some non-significant subsidiaries and investments accounted for using the equity method as described in the preceding paragraph been reviewed by independent auditors, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the financial position of the Company and its subsidiaries as of June 30, 2023 and 2022, and its consolidated financial performance for the three months ended June 30, 2023 and 2022, and for the six months ended June 30, 2023 and 2022, and its consolidated cash flows for the six months ended June 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and international Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Chao-Chun Wang and Jui-Hsuan Hsu.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

August 11, 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’ review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ review report and consolidated financial statements shall prevail.*

## Eternal Materials Co., Ltd. and Subsidiaries

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

	June 30,2023		December 31,2022		June 30,2022	
	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 5,050,482	9	\$ 5,450,766	10	\$ 5,938,952	10
Financial assets at fair value through profit or loss – current (Note 7)	258,839	1	-	-	-	-
Notes receivable, net (Notes 8 and 32)	4,767,984	8	5,429,674	9	5,658,789	9
Notes receivable from related parties, net (Notes 8 and 31)	25,250	-	47,123	-	63,603	-
Accounts receivable, net (Note 8)	10,196,348	18	11,470,087	19	13,198,832	21
Accounts receivable from related parties, net (Notes 8 and 31)	183,920	-	185,395	-	229,360	-
Other receivables (Notes 8 and 31)	660,214	1	842,736	2	676,955	1
Inventories (Note 9)	8,975,714	16	9,716,165	16	12,053,390	19
Non-current assets held for sale (Note 10)	179,611	-	-	-	-	-
Other financial assets - current (Notes 11 and 32)	1,707,980	3	1,220,507	2	281,641	1
Other current assets - others	563,242	1	819,171	1	873,182	1
Total current assets	32,569,584	57	35,181,624	59	38,974,704	62
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through profit or loss - non-current (Note 7)	10,387	-	9,402	-	12,092	-
Financial assets at fair value through other comprehensive income - non-current (Note 12)	934,595	2	822,647	1	956,354	1
Investments accounted for using the equity method (Note 14)	2,412,665	4	2,323,035	4	2,507,693	4
Property, plant and equipment (Notes 15 and 32)	17,499,733	31	17,472,950	29	16,770,496	27
Right-of-use assets (Note 16)	1,334,823	2	1,323,105	2	1,343,101	2
Investment properties (Note 17)	1,236,084	2	1,385,518	2	1,414,787	2
Intangible assets (Note 18)	239,074	-	248,830	1	253,967	-
Deferred tax assets	283,399	1	312,457	1	349,566	1
Other non-current assets - others (Notes 19 and 32)	342,555	1	375,708	1	439,680	1
Total non-current assets	24,293,315	43	24,273,652	41	24,047,736	38
<b>TOTAL</b>	<b>\$ 56,862,899</b>	<b>100</b>	<b>\$ 59,455,276</b>	<b>100</b>	<b>\$ 63,022,440</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Notes 20 and 32)	\$ 5,869,228	10	\$ 5,364,058	9	\$ 6,493,582	10
Notes payable	567,015	1	626,160	1	1,169,163	2
Accounts payable (Note 31)	4,267,577	8	4,553,914	8	5,893,245	9
Dividend payable	-	-	-	-	1,860,419	3
Other payables - others	1,899,559	4	2,224,447	4	2,055,996	3
Current tax liabilities	120,197	-	733,250	1	512,721	1
Liabilities directly associated with non-current assets held for sale (Note 10)	1,931	-	-	-	-	-
Lease liabilities - current (Note 16)	51,903	-	37,202	-	62,046	-
Current portion of long-term borrowings(Notes 20 and 32)	1,885,129	3	3,039,531	5	4,314,764	7
Other current liabilities - others (Note 23)	581,424	1	535,858	1	494,189	1
Total current liabilities	15,243,963	27	17,114,420	29	22,856,125	36
<b>NON-CURRENT LIABILITIES</b>						
Bonds payable (Note 20)	5,495,035	10	5,493,921	9	5,492,789	9
Long-term borrowings (Notes 20 and 32)	9,333,523	17	8,493,942	14	6,224,194	10
Deferred tax liabilities	2,376,852	4	2,284,336	4	2,423,163	4
Lease liabilities - non-current (Note 16)	219,626	-	178,554	-	166,474	-
Other non-current liabilities (Note 14)	744,412	1	818,763	2	1,020,959	2
Total non-current liabilities	18,169,448	32	17,269,516	29	15,327,579	25
Total liabilities	33,413,411	59	34,383,936	58	38,183,704	61
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)</b>						
Ordinary shares	11,782,655	21	11,782,655	20	12,402,795	20
Capital surplus	372,829	1	368,946	1	368,946	-
Retained earnings						
Legal reserve	5,083,381	9	4,803,617	8	4,803,617	8
Special reserve	977,601	2	1,181,819	2	1,181,819	2
Unappropriated earnings	6,606,071	11	7,600,968	13	6,586,050	10
Total retained earnings	12,667,053	22	13,586,404	23	12,571,486	20
Other equity	( 1,656,296)	( 3)	( 977,601)	( 2)	( 803,975)	( 1)
Total equity attributable to owners of the Company	23,166,241	41	24,760,404	42	24,539,252	39
<b>NON-CONTROLLING INTERESTS (Note 22)</b>						
	283,247	-	310,936	-	299,484	-
Total equity	23,449,488	41	25,071,340	42	24,838,736	39
<b>TOTAL</b>	<b>\$ 56,862,899</b>	<b>100</b>	<b>\$ 59,455,276</b>	<b>100</b>	<b>\$ 63,022,440</b>	<b>100</b>

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' review report dated August 11, 2023)

## Eternal Materials Co., Ltd. and Subsidiaries

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 23 and 31)	\$10,849,709	100	\$13,184,770	100	\$20,425,201	100	\$25,548,603	100
OPERATING COSTS (Notes 9, 24 and 31)	8,779,424	81	10,286,159	78	16,645,061	81	19,904,520	78
GROSS PROFIT	2,070,285	19	2,898,611	22	3,780,140	19	5,644,083	22
OPERATING EXPENSES (Notes 24 and 31)								
Selling and marketing expenses	637,188	6	827,442	6	1,211,086	6	1,563,563	6
General and administrative expenses	576,088	5	563,292	4	1,109,625	6	1,122,848	4
Research and development expenses	391,542	4	396,287	3	752,674	4	780,639	3
Expected credit loss (gain)	6,734	-	4,720	-	3,930	-	(982)	-
Total operating expenses	1,611,552	15	1,791,741	13	3,077,315	16	3,466,068	13
PROFIT FROM OPERATIONS	458,733	4	1,106,870	9	702,825	3	2,178,015	9
NON-OPERATING INCOME AND EXPENSES								
Interest income (Note 24)	28,837	-	25,749	-	57,947	-	44,100	-
Other income (Notes 24 and 31)	83,330	1	68,497	1	138,586	1	114,936	-
Other gains and losses (Note 24)	(4,486)	-	(14,809)	-	(40,372)	-	(8,657)	-
Loss on disposal of financial assets at amortized cost	(1,394)	-	(2,347)	-	(4,104)	-	(5,234)	-
Finance costs (Note 24)	(114,694)	(1)	(80,068)	(1)	(216,826)	(1)	(151,934)	(1)
Share of the profit of associates and joint ventures (Note 14)	70,672	1	52,119	-	109,508	-	121,877	1
Total non-operating income and expenses	62,265	1	49,141	-	44,739	-	115,088	-
PROFIT BEFORE INCOME TAX	520,998	5	1,156,011	9	747,564	3	2,293,103	9
INCOME TAX EXPENSE (Notes 4 and 25)	(164,747)	(2)	(256,728)	(2)	(257,666)	(1)	(502,008)	(2)
NET PROFIT FOR THE PERIOD	356,251	3	899,283	7	489,898	2	1,791,095	7

(Continued)

## Eternal Materials Co., Ltd. and Subsidiaries

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 22 and 25)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	\$ 31,811	-	( \$ 146,673)	( 1)	\$ 59,019	-	( \$ 93,695)	( 1)
Income tax relating to items that will not be reclassified subsequently to profit or loss	5,377	-	( 2,056)	-	4,038	-	1,319	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statement of foreign operations	( 832,978)	( 7)	( 544,669)	( 5)	( 732,388)	( 3)	423,807	2
Share of the other comprehensive income (loss) of associates and joint ventures	( 34,577)	-	( 15,411)	-	( 29,070)	-	42,709	-
Share of the other comprehensive income (loss) of associates and joint ventures	( 830,367)	( 7)	( 708,809)	( 6)	( 698,401)	( 3)	374,140	1
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<b>(\$ 474,116)</b>	<b>( 4)</b>	<b>\$ 190,474</b>	<b>1</b>	<b>(\$ 208,503)</b>	<b>( 1)</b>	<b>\$ 2,165,235</b>	<b>8</b>
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO:</b>								
Owners of the Company	\$ 357,851		\$ 891,011		\$ 494,568		\$ 1,779,513	
Non-controlling interests	( 1,600)		8,272		( 4,670)		11,582	
	<b>\$ 356,251</b>		<b>\$ 899,283</b>		<b>\$ 489,898</b>		<b>\$ 1,791,095</b>	
<b>TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:</b>								
Owners of the Company	(\$ 450,227)		\$ 198,836		(\$ 184,127)		\$ 2,157,357	
Non-controlling interests	( 23,889)		( 8,362)		( 24,376)		7,878	
	<b>(\$ 474,116)</b>		<b>\$ 190,474</b>		<b>(\$ 208,503)</b>		<b>\$ 2,165,235</b>	
<b>EARNINGS PER SHARE</b> (Note 26)								
Basic	\$ 0.30		\$ 0.72		\$ 0.42		\$ 1.43	
Diluted	0.30		0.72		0.42		1.43	

(Concluded)

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' review report dated August 11, 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						Other Equity		Total	Non-controlling Interests	Total Equity
	Ordinary Shares	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity			
			Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2023	\$ 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
Appropriation of 2022 earnings(Note 22)											
Legal reserve appropriated	-	-	279,764	-	( 279,764)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	( 204,218)	204,218	-	-	-	-	-	-
Cash dividends—NT\$1.2 per share	-	-	-	-	( 1,413,919)	-	-	-	( 1,413,919)	-	( 1,413,919)
	-	-	279,764	( 204,218)	( 1,489,465)	-	-	-	( 1,413,919)	-	( 1,413,919)
Share of change in equities of associates or joint ventures(Note 22)	-	3,883	-	-	-	-	-	-	3,883	-	3,883
Net profit for the six months ended June 30, 2023	-	-	-	-	494,568	-	-	-	494,568	( 4,670)	489,898
Other comprehensive income (loss) for the six months ended June 30, 2023, net of income tax	-	-	-	-	-	( 741,752)	63,057	( 678,695)	( 678,695)	( 19,706)	( 698,401)
Total comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	494,568	( 741,752)	63,057	( 678,695)	( 184,127)	( 24,376)	( 208,503)
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	( 3,313)	( 3,313)
BALANCE AT JUNE 30, 2023	\$ 11,782,655	\$ 372,829	\$ 5,083,381	\$ 977,601	\$ 6,606,071	(\$ 2,076,763)	\$ 420,467	(\$ 1,656,296)	\$ 23,166,241	\$ 283,247	\$ 23,449,488
BALANCE AT JANUARY 1, 2022	\$ 12,402,795	\$ 368,946	\$ 4,437,120	\$ 781,875	\$ 7,430,191	(\$ 1,781,848)	\$ 600,029	(\$ 1,181,819)	\$ 24,239,108	\$ 427,749	\$ 24,666,857
Appropriation of 2021 earnings(Note 22)											
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)
	-	-	366,497	399,944	( 2,626,860)	-	-	-	( 1,860,419)	-	( 1,860,419)
Net profit for the six months ended June 30, 2022	-	-	-	-	1,779,513	-	-	-	1,779,513	11,582	1,791,095
Other comprehensive income (loss) for the six months ended June 30, 2022, net of income tax	-	-	-	-	-	470,220	( 92,376)	377,844	377,844	( 3,704)	374,140
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	1,779,513	470,220	( 92,376)	377,844	2,157,357	7,878	2,165,235
Disposal of subsidiaries (Note 27)	-	-	-	-	-	-	-	-	-	( 127,529)	( 127,529)
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	( 8,614)	( 8,614)
Disposal of investments in equity instruments as at fair value through other comprehensive income	-	-	-	-	3,206	-	-	-	3,206	-	3,206
BALANCE AT JUNE 30, 2022	\$ 12,402,795	\$ 368,946	\$ 4,803,617	\$ 1,181,819	\$ 6,586,050	(\$ 1,311,628)	\$ 507,653	(\$ 803,975)	\$ 24,539,252	\$ 299,484	\$ 24,838,736

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

(With Deloitte & Touche auditors' review report dated August 11, 2023)

## Eternal Materials Co., Ltd. and Subsidiaries

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

	<b>For the Six months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 747,564	\$ 2,293,103
Adjustments for:		
Depreciation expense	1,044,665	1,047,769
Amortization expense	10,667	11,752
Expected credit loss (gain)	3,930	( 982)
Net loss (gain) on fair value changes of financial assets at fair value through profit or loss	( 3,384)	702
Finance costs	216,826	151,934
Loss on disposal of financial assets at amortized cost	4,104	5,234
Interest income	( 57,947)	( 44,100)
Dividends income	( 13,013)	-
Share of the profit of associates and joint ventures	( 109,508)	( 121,877)
Loss on disposal of property, plant and equipment	5,326	11,754
Gain on disposal of investments	( 2,547)	-
Impairment loss recognized on non-financial assets	25,264	24,011
Others	( 6)	( 3,836)
Changes in operating assets and liabilities		
Notes receivable	559,860	1,170,350
Notes receivable from related parties	21,117	21,195
Accounts receivable	1,044,961	( 71,496)
Accounts receivable from related parties	( 2,179)	12,545
Other receivables	( 37,330)	( 5,067)
Inventories	532,806	( 1,345,970)
Other current assets	104,149	( 18,868)
Notes payable	( 48,583)	289,071
Accounts payable	( 195,706)	( 959,034)
Other payables	( 141,817)	( 118,373)
Other current liabilities	74,783	276,444
Other non-current liabilities	( 31,205)	( 63,326)
Cash generated from operations	3,752,797	2,562,935
Interest received	49,849	32,109
Dividends received	52,241	-
Interest paid	( 206,257)	( 136,295)
Income taxes paid	( 595,129)	( 562,714)
Net cash generated from operating activities	3,053,501	1,896,035

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## Eternal Materials Co., Ltd. and Subsidiaries

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

	For the three months Ended March 31	
	2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	( \$ 50,000)	\$ -
Purchase of financial assets at fair value through profit or loss	( 656,901)	( 491,793)
Proceeds from disposal of financial assets at fair value through profit of loss	393,174	495,766
Proceeds from capital reduction of investments accounted for using the equity method	-	123,909
Proceeds from disposal of non-current assets held for sale	168,318	29,242
Payments for property, plant and equipment	( 1,481,866)	( 1,314,235)
Proceeds from disposal of property, plant and equipment	5,809	4,134
Payments for intangible assets	( 3,211)	( 17,468)
Decrease in long-term lease receivables	21,638	19,025
Increase in other financial assets	( 515,709)	( 84,036)
Increase in other non-current assets	( 40,850)	( 20,765)
Net cash used in investing activities	( 2,159,598)	( 1,256,221)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	564,880	1,843,540
Proceeds from long-term borrowings	4,111,432	3,289,493
Repayments of long-term borrowings	( 4,359,497)	( 4,146,943)
Increase in guarantee deposits received	4,286	7,772
Repayment of the principal portion of lease liabilities	( 43,341)	( 43,339)
Cash Dividends	( 1,413,919)	-
Decrease in non-controlling interests	( 3,313)	( 8,614)
Net cash generated from (used in) financing activities	( 1,139,472)	941,909
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		
	( 136,767)	67,762
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	( 382,336)	1,649,485
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		
	5,450,766	4,289,467
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		
	\$ 5,068,430	\$ 5,938,952

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

	June 30	
	2023	2022
Cash and cash equivalents in the consolidated balance sheets	\$ 5,050,482	\$ 5,938,952
Cash and cash equivalents classified to non-current assets held for sale	17,948	-
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>\$ 5,068,430</b>	<b>\$ 5,938,952</b>

(Concluded)

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' review report dated August 11, 2023)

# Eternal Materials Co., Ltd. and Subsidiaries

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022 (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 August 11, 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 issued by International Accounting Standards Board (IASB), 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 17 and IFRS 9 - 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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024
Amendments to IAS 12 “International Tax Reform – Pillar Two Model Rules”	Note 3

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.

Note 3: The requirement that the Group applies the exception and the requirement to disclose that fact is applied immediately upon issuance of the amendments and retrospectively in accordance with IAS 8. The remaining disclosure requirements are applied for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

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

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

##### **a. Statement of compliance**

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

##### **b. Basis of consolidation**

The detailed information of subsidiaries (including the percentages of ownership and main businesses) is provided in Note 13 and Tables 9 and 10.

##### **c. Other significant accounting policies**

Except for the following, refer to the summary of significant accounting policies in the consolidated financial statements for the year ended December 31, 2022.

###### **1) Retirement Benefits**

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

###### **2) Taxation**

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

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

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as those applied in the preparation of the consolidated financial statements of the year ended December 31, 2022.

## 6. CASH AND CASH EQUIVALENTS

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Cash on hand	\$ 11,085	\$ 11,527	\$ 37,381
Checking accounts and demand deposits	4,516,837	3,714,602	3,452,569
Cash equivalents (investments with original maturities of three months or less)			
Time deposits	522,560	1,724,637	2,449,002
	<u>\$ 5,050,482</u>	<u>\$ 5,450,766</u>	<u>\$ 5,938,952</u>

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

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
<u>Financial assets — current</u>			
Hybrid financial assets			
Structured time deposits	\$ 258,839	\$ -	\$ -
<u>Financial assets — non-current</u>			
Non-derivative financial assets			
Mutual fund			
Pacven Walden Ventures V, L.P.	\$ 10,387	\$ 9,402	\$ 12,092

## 8. NOTES, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Notes receivable	<u>\$ 4,767,984</u>	<u>\$ 5,429,674</u>	<u>\$ 5,658,789</u>
Notes receivable from related parties	<u>\$ 25,250</u>	<u>\$ 47,123</u>	<u>\$ 63,603</u>
Accounts receivable	\$10,461,579	\$11,736,196	\$13,441,952
Less: Allowance for loss	( 265,231)	( 266,109)	( 243,120)
	<u>\$10,196,348</u>	<u>\$11,470,087</u>	<u>\$13,198,832</u>
Accounts receivable from related parties	\$ 184,019	\$ 185,544	\$ 229,555
Less: Allowance for loss	( 99)	( 149)	( 195)
	<u>\$ 183,920</u>	<u>\$ 185,395</u>	<u>\$ 229,360</u>
Other receivables	\$ 690,014	\$ 872,536	\$ 706,755
Less: Allowance for loss	( 29,800)	( 29,800)	( 29,800)
	<u>\$ 660,214</u>	<u>\$ 842,736</u>	<u>\$ 676,955</u>

### a. Notes receivable and accounts receivable

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

June 30, 2023

	<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	\$14,094,094	\$ 538,329	\$ 425,293	\$ 161,553	\$ 219,563	\$15,438,832
Loss allowance (lifetime ECL)	( 7,503)	( 4,716)	( 11,205)	( 22,343)	( 219,563)	( 265,330)
Amortized cost	<u>\$14,086,591</u>	<u>\$ 533,613</u>	<u>\$ 414,088</u>	<u>\$ 139,210</u>	<u>\$ -</u>	<u>\$15,173,502</u>

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)	( 7,031)	( 6,050)	( 13,205)	( 33,523)	( 206,449)	( 266,258)
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>

June 30, 2022

	<b>Not Past Due</b>	<b>0 to 30 Days</b>	<b>31 to 90 Days</b>	<b>91 to 180 Days</b>	<b>Over 180 Days</b>	<b>Total</b>
Gross carrying amount	\$17,717,267	\$ 778,064	\$ 582,898	\$ 114,819	\$ 200,851	\$19,393,899
Loss allowance (lifetime ECL)	( 8,022)	( 4,611)	( 10,890)	( 18,941)	( 200,851)	( 243,315)
Amortized cost	<u>\$17,709,245</u>	<u>\$ 773,453</u>	<u>\$ 572,008</u>	<u>\$ 95,878</u>	<u>\$ -</u>	<u>\$19,150,584</u>

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

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
Balance, beginning of the period	\$ 266,258	\$ 249,160
Recognized (reversed)	3,930	( 982)
Written-off	( 689)	( 7,102)
Effects of foreign currency exchange differences	( 4,169)	2,239
Balance, end of the period	<u>\$ 265,330</u>	<u>\$ 243,315</u>

b. Other receivables

The Company and its subsidiaries' loss allowance is based on historical experience and current financial position. As of June 30, 2023, December 31, 2022, and June 30, 2022, the balance of the loss allowance of the Company and its subsidiaries was \$29,800 thousand.

## 9. INVENTORIES

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Raw materials	\$ 3,389,957	\$ 3,616,961	\$ 4,748,631
Supplies	141,934	152,236	171,881
Finished goods	5,256,428	5,665,657	6,780,812
Work in progress	4,623	23,511	-
Inventory in transit	182,772	257,800	352,066
	<u>\$ 8,975,714</u>	<u>\$ 9,716,165</u>	<u>\$12,053,390</u>

The cost of inventories recognized as operating costs for the three months ended June 30, 2023 and 2022, and the six months ended June 30, 2023 and 2022 was \$8,753,161 thousand, \$10,258,942 thousand, \$16,594,075 thousand and \$19,860,041 thousand, respectively, including write-down of inventories of \$24,334 thousand, \$55,315 thousand, \$25,264 thousand and \$32,770 thousand, respectively.

## 10. NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE

In May 2023, the board of directors of the Company resolved to dispose of the entire equity interest of Eternal Optical Material (Suzhou) Co., Ltd. held by its subsidiary Eternal (China) Investment Co., Ltd.. The disposal procedure is expected to be completed within twelve months, therefore the relevant assets and liabilities were reclassified as disposal groups held for sale and presented separately in the consolidated balance sheets. The major classes of assets and liabilities of the disposal groups held for sale were as follows:

	<b>June 30, 2023</b>
Cash and cash equivalents	\$ 17,948
Accounts receivable, net	5,901
Other receivables	147
Other current assets-others	1,949
Property, plant and equipment	64,185
Right-of-use assets	1,401
Investment properties	87,882
Intangible assets	198
Non-current assets held for sale	<u>\$ 179,611</u>
Other payables - others	\$ 1,010
Other current liabilities - others	204
Other non-current liabilities	717
Liabilities directly associated with non-current assets held for sale	<u>\$ 1,931</u>

The sales price is expected to be higher than the carrying amount of the relevant net assets, therefore no impairment loss was recognized.

## 11. OTHER FINANCIAL ASSETS - CURRENT

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Time deposits with original maturities of more than three months	\$ 1,707,739	\$ 1,203,722	\$ 281,641
Restricted time deposit	241	16,785	-
	<u>\$ 1,707,980</u>	<u>\$ 1,220,507</u>	<u>\$ 281,641</u>

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

	June 30, 2023	December 31, 2022	June 30, 2022
Domestic investments			
Listed shares			
President Securities Corp.	\$ 580,582	\$ 522,190	\$ 623,959
Unlisted shares			
Universal Venture Capital Investment Corp.	50,515	45,497	44,153
Der Yang Biotechnology Venture Capital Co., Ltd.	2,858	2,770	4,264
Research Innovation Capital Corporation	49,814	-	-
	<u>683,769</u>	<u>570,457</u>	<u>672,376</u>
Foreign investments			
Unlisted shares			
Grace THW Holding Limited	\$ 214,417	\$ 195,591	\$ 266,721
TBG Diagnostics Limited	36,409	56,599	17,257
	<u>250,826</u>	<u>252,190</u>	<u>283,978</u>
	<u>\$ 934,595</u>	<u>\$ 822,647</u>	<u>\$ 956,354</u>

The Company participated in cash capital increase of Research Innovation Capital Corporation in March 2023. As of June 30, 2023, the Company held 29.76% ownership of Research Innovation Capital Corporation. However, considering that company is expected to raise funds until the end of 2023, the Company's percentage of ownership is expected to be less than 20% according to the capital plan. Therefore, the Company has no significant influence on it.

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

## 13. SUBSIDIARIES

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

Investor	Investee	Main Businesses	Percentage of Ownership (%)			Additional Remarks
			June 30, 2023	December 31, 2022	June 30, 2022	
The Company	Eternal Holdings Inc.	International investment	100	100	100	1)
	Eternal Global (BVI) Co., Ltd.	International investment	100	100	100	1)
	Mixville Holdings Inc.	International investment	100	100	100	1)
	CHOU-KOU Materials Co., Ltd.	Selling, trading and providing services of resins material, electronic material and other related products	100	100	100	1)
	Nikko-Materials Co., Ltd. (NM)	Manufacturing and selling of dry film photoresist and vacuum laminator	-	-	100	1) and 2)
	Eternal Electronic Material (Thailand) Co., Ltd.	Trading services, cutting and selling of dry film photoresist	75	75	75	1)
	New E Materials Co., Ltd.	Researching, developing, manufacturing and selling of photoelectric, semiconductor process related electronic chemical materials and equipment spare parts	62.80	62.80	62.80	1)
	Eternal Precision Mechanics Co., Ltd.	Manufacturing and selling of vacuum laminator	100	100	-	1) and 2)

( Continued )

Investor	Investee	Main Businesses	Percentage of Ownership (%)			Additional Remarks
			June 30, 2023	December 31, 2022	June 30, 2022	
	Elga Europe S.r.l.	Manufacturing, selling, distribution and processing of electronic chemical products	72.68	72.68	72.68	1)
Eternal Global (BVI) Co., Ltd.	Eternal Chemical (China) Co., Ltd	Manufacturing and selling of resins material and processing products	100	100	100	
Eternal Holdings Inc.	Eternal International (BVI) Co., Ltd.	International investment	100	100	100	1)
	E-Chem Corp.	International investment	100	100	100	1)
	Eternal Nanyang Investment Co., Ltd.	International investment	90	90	90	1)
	PT Eternal Materials Indonesia	Trading of chemical products	67	67	67	1)
Eternal International (BVI) Co., Ltd.	Eternal Technology Corporation	Manufacturing and selling of photoresist	100	100	100	1)
	Eternal (China) Investment Co., Ltd.	Managing, investing consulting services, researching, leasing, manufacturing and selling of resins material and photoelectric chemical materials	100	100	100	1)
E-Chem Corp.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Manufacturing and selling of acrylic resin and methacrylic acid	90	90	90	
Eternal Nanyang Investment Co., Ltd.	Eternal Materials (Malaysia) Sdn. Bhd.	Manufacturing, selling, trading and providing services of resins material related products	100	100	100	1)
Mixville Holdings Inc.	High Expectation Limited	International investment	100	100	100	1)
High Expectation Limited	Eternal Materials (Guangdong) Co., Ltd.	Manufacturing and selling of adhesives, resins material and processing of products	100	100	100	1)
Eternal (China) Investment Co., Ltd.	Eternal Optical Material (Suzhou) Co., Ltd.	Manufacturing and selling of optical film, and leasing business	100	100	100	1) and Note 10
	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	100	1)
	Eternal Synthetic Resins (Changshu) Co., Ltd.	Manufacturing and selling of unsaturated polyester resin	100	100	100	1)
	Eternal Chemical (Chengdu) Co., Ltd.	Researching, manufacturing and selling of resins material	100	100	100	1)
	Eternal Electronic (Suzhou) Co., Ltd.	Researching, developing, and manufacturing of dry film photoresist and dry film solder mask which used in electronic materials, researching resin materials and selling, providing after sales service of self-produced products	100	100	100	3)
	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Researching, developing, manufacturing and selling of electronic high-tech chemical and related products	100	100	100	
	Eternal Chemical (Tianjin) Co., Ltd.	Manufacturing and selling of adhesives, resins material and processing products	100	100	100	1)
	Eternal Specialty Materials (Suzhou) Co., Ltd.	Researching and developing chemical products, and selling, providing technical services of self-produced products	100	100	100	3)
	Elga Europe S.r.l.	Manufacturing, selling, distribution and processing of electronic chemical products	22.32	22.32	22.32	1)
	Eternal Material Industry (Tongling) Co., Ltd.	Manufacturing, selling, trading and providing technical services of products related to resins material	100	100	100	1)
Eternal Precision Mechanics Co., Ltd.	Nikko Mechanics Co., Ltd. (NM)	Manufacturing and selling of dry film photoresist and vacuum laminator	100	100	-	1) and 2)

(Concluded)

- 1) This is an immaterial subsidiary for which its financial statements are not reviewed by the Company's independent auditors.
  - 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.
  - 3) One of the entities reviewed by the Company's auditors on June 30, 2022 was Eternal Electronic (Suzhou) Co., Ltd., and since the third quarter of 2022 it has been adjusted to Eternal Specialty Materials (Suzhou) Co., Ltd..
- 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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Investments accounted for using the equity method			
Investments in associates	\$ 2,412,665	\$ 2,323,035	\$ 2,507,693
Credit balance of investments accounted for using the equity method (recorded as other non-current liabilities)			
Investments in associates	\$ -	(\$ 40,424)	(\$ 35,959)

a. Investments accounted for using the equity method

Investments in associates

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Associates that are not individually material	\$ 2,412,665	\$ 2,323,035	\$ 2,507,693

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

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
The Company and its subsidiaries' share of				
Net profit for the period	\$ 70,672	\$ 57,850	\$ 115,066	\$ 130,617
Other comprehensive income for the period	( 35,019)	( 15,972)	( 29,319)	43,217
Total comprehensive income for the period	<u>\$ 35,653</u>	<u>\$ 41,878</u>	<u>\$ 85,747</u>	<u>\$ 173,834</u>

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

<u>Name of Associate</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Daxin Materials Corporation	<u>\$ 2,588,331</u>	<u>\$ 1,522,548</u>	<u>\$ 1,979,312</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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Associates that are not individually material	\$ -	(\$ 40,424)	(\$ 35,959)

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

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
The Company and its subsidiaries' share of				
Net loss for the period	\$ -	(\$ 5,731)	(\$ 5,558)	(\$ 8,740)
Other comprehensive income for the period	442	561	249	( 508)
Total comprehensive income (loss) for the period	<u>\$ 442</u>	<u>(\$ 5,170)</u>	<u>(\$ 5,309)</u>	<u>(\$ 9,248)</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).

In March 2023, the board of directors of the Company resolved to dispose of the equity of the associate Shanghai Dowill Paint Technology Co., Ltd. (Original name: ESCO Specialty Coatings (Shanghai) Co., Ltd.) held by its subsidiary Eternal (China) Investment Co., Ltd. and the loans from Eternal (China) Investment Co., Ltd. to Shanghai Dowill Paint Technology Co., Ltd. The disposal was completed in May 2023, and the gain on disposal of investment was \$2,547 thousand (recorded as other gains and losses).

The Company and its subsidiaries' investments accounted for using the equity method (including credit balance) as of June 30, 2023 and 2022 are based on the associates' financial statements which have not been reviewed by independent auditors for the same period.

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

## 15. PROPERTY, PLANT AND EQUIPMENT

### For the Six Months Ended June 30, 2023

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Storage Equipment</u>	<u>Examination Equipment</u>	<u>Other Equipment</u>	<u>Construction in Progress and Equipment to be Inspected</u>	<u>Total</u>
Carrying amount at January 1, 2023	\$2,705,522	\$ 4,887,232	\$ 6,093,148	\$ 673,854	\$ 524,164	\$ 299,695	\$2,289,335	\$17,472,950
Cost								
Balance at January 1, 2023	\$2,705,522	\$11,653,533	\$22,972,582	\$1,658,571	\$1,786,946	\$ 957,333	\$2,289,335	\$44,023,822
Additions	-	164,482	500,925	26,337	32,139	19,521	581,988	1,325,392
Disposals	-	( 4,596)	( 94,569)	( 21,678)	( 38,376)	( 21,095)	-	( 180,314)
Transferred to investment properties	-	-	-	-	-	-	( 976)	( 976)
Transferred to non-current assets held for sale	-	( 99,504)	( 185,113)	( 751)	( 2,712)	( 8,614)	-	( 296,694)
Effect of foreign currency exchange difference	6,801	( 166,608)	( 306,711)	( 24,004)	( 10,422)	( 18,195)	( 40,888)	( 560,027)
Balance at June 30, 2023	<u>\$2,712,323</u>	<u>\$11,547,307</u>	<u>\$22,887,114</u>	<u>\$1,638,475</u>	<u>\$1,767,575</u>	<u>\$ 928,950</u>	<u>\$2,829,459</u>	<u>\$44,311,203</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Storage Equipment	Examination Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2023	\$ -	\$ 6,766,301	\$16,879,434	\$ 984,717	\$1,262,782	\$ 657,638	\$ -	\$26,550,872
Depreciation	-	253,603	567,184	38,059	62,771	38,992	-	960,609
Disposals	-	( 4,377)	( 87,429)	( 20,559)	( 38,082)	( 19,928)	-	( 170,375)
Transferred to non-current assets held for sale	-	( 62,376)	( 161,110)	( 673)	( 1,226)	( 7,124)	-	( 232,509)
Effect of foreign currency exchange difference	-	( 74,976)	( 192,009)	( 10,929)	( 7,305)	( 11,908)	-	( 297,127)
Balance at June 30, 2023	\$ -	\$ 6,878,175	\$17,006,070	\$ 990,615	\$1,278,940	\$ 657,670	\$ -	\$26,811,470
Carrying amount at June 30, 2023	\$2,712,323	\$ 4,669,132	\$ 5,881,044	\$ 647,860	\$ 488,635	\$ 271,280	\$2,829,459	\$17,499,733

### For the Six Months Ended June 30, 2022

	Land	Buildings	Machinery and Equipment	Storage Equipment	Examination Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Carrying amount at January 1, 2022	\$2,696,984	\$ 5,114,250	\$ 6,013,137	\$ 615,524	\$ 530,670	\$ 334,462	\$1,063,973	\$16,369,000
<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	-	140,632	431,487	78,320	33,145	18,729	600,458	1,302,771
Disposals	-	( 56,210)	( 297,458)	( 29,125)	( 19,214)	( 20,782)	-	( 422,789)
Transferred to investment properties	-	( 245,303)	-	-	-	-	( 287)	( 245,590)
Effect of foreign currency exchange difference	( 1,066)	154,900	209,147	16,644	8,034	8,142	11,789	407,590
Balance at June 30, 2022	\$2,695,918	\$11,458,823	\$22,362,821	\$1,622,390	\$1,727,745	\$ 938,864	\$1,675,933	\$42,482,494
<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	-	275,537	553,600	36,969	61,200	39,406	-	966,712
Disposals	-	( 48,705)	( 293,320)	( 27,492)	( 17,918)	( 19,584)	-	( 407,019)
Transferred to investment properties	-	( 144,514)	-	-	-	-	-	( 144,514)
Effect of foreign currency exchange difference	-	72,068	135,946	7,852	5,255	4,186	-	225,307
Balance at June 30, 2022	\$ -	\$ 6,504,940	\$16,402,734	\$ 958,356	\$1,223,647	\$ 622,321	\$ -	\$25,711,998
Carrying amount at June 30, 2022	\$2,695,918	\$ 4,953,883	\$ 5,960,087	\$ 664,034	\$ 504,098	\$ 316,543	\$1,675,933	\$16,770,496

(Concluded)

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

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

Refer to Note 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 June 30, 2023, December 31, 2022 and June 30, 2022, the revaluation increments of the land were \$1,973,324 thousand.

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Carrying amounts			
Land	\$1,069,359	\$1,114,341	\$1,124,316
Buildings	115,559	84,846	99,817
Machinery and equipment	122,831	93,031	87,980
Storage equipment	9,450	11,012	7,636
Other equipment	17,624	19,875	23,352
	<u>\$1,334,823</u>	<u>\$1,323,105</u>	<u>\$1,343,101</u>
		<b>For the Six Months Ended June 30</b>	
		<b>2023</b>	<b>2022</b>
Additions to right-of-use assets		<u>\$ 113,062</u>	<u>\$ 296,001</u>
		<b>For the Three Months Ended June 30</b>	<b>For the Six Months Ended June 30</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>
	<b>2022</b>		<b>2022</b>
Depreciation charge for right-of-use assets			
Land	\$ 6,693	\$ 6,998	\$ 13,669
Buildings	10,054	12,972	21,725
Machinery and equipment	7,062	3,693	13,548
Storage equipment	747	454	1,498
Other equipment	2,102	2,309	4,621
	<u>\$ 26,658</u>	<u>\$ 26,426</u>	<u>\$ 54,648</u>
		<u>\$ 54,648</u>	<u>\$ 55,263</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>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Carrying amounts			
Current	<u>\$ 51,903</u>	<u>\$ 37,202</u>	<u>\$ 62,046</u>
Non-current	<u>\$ 219,626</u>	<u>\$ 178,554</u>	<u>\$ 166,474</u>

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

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Land	1.72~6.66	0.93~6.66	0.93~6.66
Buildings	0.63~5.62	0.63~4.60	0.63~4.35
Machinery and equipment	0.22~6.58	0.22~6.58	0.22~6.04
Storage equipment	1.63~3.78	1.63~3.78	1.63~1.79
Other equipment	0.63~4.60	0.63~4.60	0.60~2.70

c. Material lease activities and terms

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

d. Other lease information

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Expenses relating to short-term and low-value asset leases	\$ 43,908	\$ 40,830	\$ 82,504	\$ 76,296
			<b>For the Six Months Ended June 30</b>	
			<b>2023</b>	<b>2022</b>
Total cash outflow for all lease arrangements (including short-term and low-value asset leases)			\$ 126,832	\$ 120,866

## 17. INVESTMENT PROPERTIES

For the Six Months Ended June 30, 2023

	<b>Land</b>	<b>Buildings</b>	<b>Right-of-use Assets</b>	<b>Total</b>
Carrying amount at January 1, 2023	\$ 53,386	\$1,263,803	\$ 68,329	\$1,385,518
<u>Cost</u>				
Balance at January 1, 2023	\$ 53,386	\$1,674,171	\$ 77,392	\$1,804,949
Transferred from property, plant and equipment	-	976	-	976
Transferred to non-current assets held for sale	-	( 236,250)	( 3,892)	( 240,142)
Effects of foreign currency exchange differences	( 2,693)	( 39,612)	( 1,753)	( 44,058)
Balance at June 30, 2023	\$ 50,693	\$1,399,285	\$ 71,747	\$1,521,725
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2023	\$ -	\$ 410,368	\$ 9,063	\$ 419,431
Depreciation	-	28,276	1,132	29,408
Transferred to non-current assets held for sale	-	( 151,764)	( 496)	( 152,260)
Effect of foreign currency exchange differences	\$ -	( 10,709)	( 229)	( 10,938)
Balance at June 30, 2023	\$ -	\$ 276,171	\$ 9,470	\$ 285,641
Carrying amount at June 30, 2023	\$ 50,693	\$1,123,114	\$ 62,277	\$1,236,084

For the Six Months Ended June 30, 2022

	<b>Land</b>	<b>Buildings</b>	<b>Right-of-use Assets</b>	<b>Total</b>
Carrying amount at January 1, 2022	\$ 54,640	\$1,196,546	\$ 65,992	\$1,317,178
<u>Cost</u>				
Balance at January 1, 2022	\$ 54,640	\$1,413,962	\$ 72,359	\$1,540,961
Additions	-	312	-	312
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	( 3,452)	18,029	1,323	15,900
Balance at June 30, 2022	\$ 51,188	\$1,677,893	\$ 77,723	\$1,806,804
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2022	\$ -	\$ 217,416	\$ 6,367	\$ 223,783
Depreciation	-	21,141	1,081	22,222
Transferred from property, plant and equipment	-	144,514	-	144,514
Transferred from right-of-use assets	-	-	410	410
Effect of foreign currency exchange differences	-	971	117	1,088
Balance at June 30, 2022	\$ -	\$ 384,042	\$ 7,975	\$ 392,017
Carrying amount at June 30, 2022	\$ 51,188	\$1,293,851	\$ 69,748	\$1,414,787

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>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Year 1	\$ 182,751	\$ 221,459	\$ 178,815
Year 2	109,231	119,073	147,253
Year 3	110,930	89,741	90,699
Year 4	111,465	94,122	93,356
Year 5	112,168	92,664	94,030
Year 6 onwards	184,460	215,360	262,567
	<u>\$ 811,005</u>	<u>\$ 832,419</u>	<u>\$ 866,720</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>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Fair value	<u>\$ 3,027,285</u>	<u>\$ 3,373,691</u>	<u>\$ 3,383,815</u>

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

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

Operating income and expenses directly related to investment properties

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Rental income	<u>\$ 58,579</u>	<u>\$ 75,398</u>	<u>\$ 124,731</u>	<u>\$ 143,909</u>
Operating expenses directly related to investment properties	<u>\$ 18,103</u>	<u>\$ 33,148</u>	<u>\$ 49,818</u>	<u>\$ 62,628</u>

## 18. INTANGIBLE ASSETS

For the Six Months Ended June 30, 2023

	<b>Goodwill</b>	<b>Expertise</b>	<b>Customer Relationships</b>	<b>Computer Software</b>	<b>Others</b>	<b>Total</b>
Carrying amount at January 1, 2023	<u>\$ 32,713</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$206,659</u>	<u>\$ 9,458</u>	<u>\$248,830</u>
<u>Cost</u>						
Balance at January 1, 2023	\$ 69,713	\$127,513	\$104,038	\$253,775	\$105,183	\$660,222
Additions	-	-	-	1,270	1,941	3,211
Transferred to non-current assets held for sale	-	-	-	-	( 762)	( 762)
Effects of foreign currency exchange differences	( 2,450)	-	-	( 17)	9,283	6,816
Balance at June 30, 2023	<u>\$ 67,263</u>	<u>\$127,513</u>	<u>\$104,038</u>	<u>\$255,028</u>	<u>\$115,645</u>	<u>\$669,487</u>
<u>Accumulated amortization and impairment</u>						
Balance at January 1, 2023	\$ 37,000	\$127,513	\$104,038	\$ 47,116	\$ 95,725	\$411,392
Amortization expense	-	-	-	8,397	1,659	10,056
Transferred to non-current assets held for sale	-	-	-	-	( 564)	( 564)
Effects of foreign currency exchange differences	-	-	-	( 2)	9,531	9,529
Balance at June 30, 2023	<u>\$ 37,000</u>	<u>\$127,513</u>	<u>\$104,038</u>	<u>\$ 55,511</u>	<u>\$106,351</u>	<u>\$430,413</u>
Carrying amount at June 30, 2023	<u>\$ 30,263</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$199,517</u>	<u>\$ 9,294</u>	<u>\$239,074</u>

For the Six Months Ended June 30, 2022

	Goodwill	Expertise	Customer Relationships	Computer Software	Others	Total
Carrying amount at January 1, 2022	\$ 33,853	\$ -	\$ -	\$216,119	\$ 11,470	\$261,442
<u>Cost</u>						
Balance at January 1, 2022	\$ 70,853	\$127,513	\$104,038	\$246,968	\$ 91,567	\$640,939
Additions	-	-	-	4,237	1,883	6,120
Disposals	-	-	-	-	( 1,493)	( 1,493)
Effects of foreign currency exchange differences	( 3,139)	-	-	-	( 3,208)	( 6,347)
Balance at June 30, 2022	\$ 67,714	\$127,513	\$104,038	\$251,205	\$ 88,749	\$639,219
<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	-	-	-	7,934	2,452	10,386
Disposals	-	-	-	-	( 1,493)	( 1,493)
Effects of foreign currency exchange differences	-	-	-	-	( 3,138)	( 3,138)
Balance at June 30, 2022	\$ 37,000	\$127,513	\$104,038	\$ 38,783	\$ 77,918	\$385,252
Carrying amount at June 30, 2022	\$ 30,714	\$ -	\$ -	\$212,422	\$ 10,831	\$253,967

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

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

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

## 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 4.82%-6.23%. The Company and its subsidiaries entered into a lease agreement with an associate Allnex - Eternal Resins (Guangdong) Co., Ltd. for the leasing out of machinery and equipment for ten years, and the implicit interest rate in the lease was 6.23%. This agreement was deemed as a sale agreement. The gain on disposal will be deferred and subsequently recognized as profit over the lease term. As of June 30, 2023, December 31, 2022 and June 30, 2022, the balance of finance lease receivables generated from the aforementioned transactions was \$9,049 thousand, \$19,282 thousand, and \$18,743 thousand, respectively.

The Company and its subsidiaries measured the loss allowance of the finance lease receivables based on lifetime expected credit losses. As of June 30, 2023, December 31, 2022 and June 30, 2022, no loss allowance was recognized.

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

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Undiscounted lease payments			
Year 1	\$ 18,202	\$ 27,016	\$ 26,659
Year 2	18,570	19,000	19,176
Year 3	18,478	18,906	19,081
Year 4	18,386	18,812	18,987
Year 5	18,294	18,718	18,892
Year 6 onwards	28,466	42,202	49,441
	<u>120,396</u>	<u>144,654</u>	<u>152,236</u>
Less: Unearned financial income	( 17,772)	( 21,821)	( 24,689)
Finance lease receivable (recorded as other non-current assets - others)	<u>\$ 102,624</u>	<u>\$ 122,833</u>	<u>\$ 127,547</u>

## 20. BORROWINGS

### a. Short-term borrowings

<b>Type of Borrowings</b>	<b>Interest Rate Range (%)</b>	<b>Amount</b>
June 30, 2023		
Mortgage secured loans	1.30~3.10	\$ 204,427
Unsecured loans	0.58~6.47	3,792,575
Purchase loans	4.35~6.64	321,575
Secured loans	3.95~4.43	<u>1,550,651</u>
		<u>\$ 5,869,228</u>
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>
June 30, 2022		
Mortgage secured loans	0.30~3.23	\$ 1,015,564
Unsecured loans	0.58~3.55	3,632,654
Purchase loans	1.73~3.71	329,852
Secured loans	1.00~3.44	<u>1,515,512</u>
		<u>\$ 6,493,582</u>

b. Long-term borrowings

Type of Borrowings	Agreement Period and Interest Payable Schedule	Interest Rate Range (%)	Amount
June 30, 2023			
Mortgage secured loans	From December 17, 2010 to December 31, 2025. Interest is paid based on schedule.	0.86~1.75	\$ 32,099
Secured loans	From November 25, 2020 to November 25, 2025. Interest is paid based on schedule.	6.10~6.26	1,370,160
Unsecured loans	From October 2, 2017 to June 29, 2026. Interest is paid based on schedule.	1.05~3.33	9,816,393
			<hr/> 11,218,652
Less: Current portion of long- term borrowings			( 1,885,129)
			<hr/> <b>\$ 9,333,523</b>
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
			<hr/> 11,533,473
Less: Current portion of long- term borrowings			( 3,039,531)
			<hr/> <b>\$ 8,493,942</b>

<b>Type of Borrowings</b>	<b>Agreement Period and Interest Payable Schedule</b>	<b>Interest Rate Range (%)</b>	<b>Amount</b>
June 30, 2022			
Mortgage secured loans	From December 17, 2010 to December 31, 2025. Interest is paid based on schedule.	0.86~1.76	\$ 42,094
Secured loans	From November 25, 2020 to November 25, 2025. Interest is paid based on schedule.	2.46	1,233,380
Unsecured loans	From September 11, 2017 to April 30, 2025. Interest is paid based on schedule.	1.04~3.85	9,263,484
			10,538,958
Less: Current portion of long-term borrowings			( 4,314,764)
			\$ 6,224,194

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 immediately due. The Company and its subsidiaries were in compliance with the syndicated credit facility agreements based on the consolidated financial statements for the years ended December 31, 2022 and 2021.
- 2) As of June 30, 2023, the Company and its subsidiaries utilized the credits under signed facility agreements of the following banks.

<b>Bank</b>	<b>Currency</b>	<b>Credit line</b>
HSBC Bank (Taiwan) Limited	NTD	\$ 900,000
Taishin International Bank Co., Ltd.	NTD	500,000
CTBC Bank Co., Ltd.	NTD	300,000
Far Eastern International Bank Co., Ltd.	NTD	800,000

- 3) As of June 30, 2023, 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 USD \$50,000 thousand credit line; the proceeds are for expanding medium-term working capital and increase subsidiaries' capital to repay the existing liabilities.

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

d. Bonds Payable

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
5 year secured bonds - issued at par value Issued in November 2019; interest rate at 0.82%; principal repayable at maturity and interest payable annually	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Less: Issuance cost	( 1,641)	( 2,240)	( 2,846)
	<u>2,998,359</u>	<u>2,997,760</u>	<u>2,997,154</u>
5 year secured bonds - issued at par value Issued in August 2021; interest rate at 0.58%; principal repayable at maturity and interest payable annually	2,500,000	2,500,000	2,500,000
Less: Issuance cost	( 3,324)	( 3,839)	( 4,365)
	<u>2,496,676</u>	<u>2,496,161</u>	<u>2,495,635</u>
	<u>\$ 5,495,035</u>	<u>\$ 5,493,921</u>	<u>\$ 5,492,789</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

For the three months ended June 30, 2023 and 2022, and the six months ended June 30, 2023 and 2022, the pension expenses of defined benefit plans were \$7,420 thousand, \$22,807 thousand, \$15,211 thousand and \$46,333 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2022 and 2021, respectively.

## 22. EQUITY

a. Share capital

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Number of shares authorized (in thousands)	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>
Shares authorized	<u>\$18,000,000</u>	<u>\$18,000,000</u>	<u>\$18,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>1,178,266</u>	<u>1,178,266</u>	<u>1,240,280</u>
Shares issued	<u>\$11,782,655</u>	<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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
May be used to offset deficit, distributed as cash or transferred to share capital (Note)			
Additional paid-in capital	\$ 309,017	\$ 309,017	\$ 309,017
Treasury share transactions	19,642	19,642	19,642
Difference between the consideration received or paid and the carrying amount of the subsidiaries during actual disposal or acquisition	12,872	12,872	12,872
	<u>341,531</u>	<u>341,531</u>	<u>341,531</u>
May be used to offset deficit only			
Share of change in equities of associates or joint ventures	\$ 27,357	\$ 27,357	\$ 27,357
Others	58	58	58
	<u>27,415</u>	<u>27,415</u>	<u>27,415</u>
May not be used for any purpose			
Share of change in equities of associates or joint ventures	3,883	-	-
	<u>\$ 372,829</u>	<u>\$ 368,946</u>	<u>\$ 368,946</u>

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

c. Retained earnings and dividend policy

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

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

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 June 30, 2023, December 31, 2022 and June 30, 2022, the special reserve were \$426,285 thousand.

The appropriations of earnings for 2022 and 2021 were as follows:

	<b>For the Year Ended December, 31</b>			
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>Appropriations of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
Legal reserve	\$ 279,764	\$ 366,497		
Special reserve(reversed)	( 204,218)	399,944		
Cash dividends	1,413,919	1,860,419	\$ 1.2	\$ 1.5

The above appropriation for cash dividends of 2022 was resolved by the Company's board of directors in March 2023. The others was approved in the shareholders' meeting in June 2023. The appropriations of earnings for 2021 was approved in the shareholders' meeting in June 2022.

d. Other equity items

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

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
Balance, beginning of the period	(\$ 1,335,011)	(\$ 1,781,848)
Recognized for the period		
Exchange differences on translation of the financial statements of foreign operations	( 712,682)	427,511
Share of exchange differences of associates and joint ventures accounted for using the equity method	( 29,070)	42,709
Balance, end of the period	(\$ 2,076,763)	(\$ 1,311,628)

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 to the NTD on the subsidiaries in mainland China.

2) Unrealized gains and losses on financial assets at FVTOCI

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
Balance, beginning of the period	\$ 357,410	\$ 600,029
Recognized for the period		
Unrealized gains and losses - equity instruments	63,057	( 92,376)
Balance, end of the period	<u>\$ 420,467</u>	<u>\$ 507,653</u>

e. Non-controlling interests

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
Balance, beginning of the period	\$ 310,936	\$ 427,749
Share of net profit(loss) for the period	( 4,670)	11,582
Other comprehensive income or loss for the period		
Exchange differences on translation of the financial statements of foreign operations	( 19,706)	( 3,704)
Dividends distributed by subsidiaries	( 3,313)	( 8,614)
Disposal of subsidiaries (Note 27)	-	( 127,529)
Balance, end of the period	<u>\$ 283,247</u>	<u>\$ 299,484</u>

**23. REVENUE**

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Revenue from contracts with customers				
Revenue from the sale of goods	\$10,779,760	\$13,110,144	\$20,291,440	\$25,409,862
Lease revenue	69,949	74,626	133,761	138,741
	<u>\$10,849,709</u>	<u>\$13,184,770</u>	<u>\$20,425,201</u>	<u>\$25,548,603</u>

Contract balances

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>	<b>January 1, 2022</b>
Notes and accounts receivable	<u>\$15,173,502</u>	<u>\$17,132,279</u>	<u>\$19,150,584</u>	<u>\$20,071,472</u>
Contract liabilities (recorded as other current liabilities - others)				
Sale of goods	<u>\$ 511,674</u>	<u>\$ 444,225</u>	<u>\$ 488,003</u>	<u>\$ 181,963</u>

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

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

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
From the balance of contract liabilities at the beginning of the period				
Sale of goods	\$ 97,677	\$ 34,335	\$ 219,455	\$ 144,010

## 24. PROFIT BEFORE INCOME TAX

### a. Interest income

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Interest on bank deposits	\$ 25,504	\$ 21,477	\$ 50,249	\$ 35,542
Others	3,333	4,272	7,698	8,558
	<u>\$ 28,837</u>	<u>\$ 25,749</u>	<u>\$ 57,947</u>	<u>\$ 44,100</u>

### b. Other income

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Dividend income	\$ 13,013	\$ -	\$ 13,013	\$ -
Others	70,317	68,497	125,573	114,936
	<u>\$ 83,330</u>	<u>\$ 68,497</u>	<u>\$138,586</u>	<u>\$114,936</u>

### c. Other gains and losses

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Loss on disposal and retirement of property, plant and equipment	(\$ 4,014)	(\$ 6,457)	(\$ 5,326)	(\$ 11,754)
Gain on disposal of investments (Note 14)	2,547	-	2,547	-
Gains (Losses) on financial assets				
Financial assets at FVTPL	1,627	( 3,833)	3,384	( 702)
Reversal of impairment loss on non-financial assets				
Non-current assets held for sale	-	-	-	8,759
Finance fees	( 11,764)	( 11,000)	( 23,303)	( 26,263)
Net foreign exchange gains and losses	17,686	21,381	2,516	69,658
Others	( 10,568)	( 14,900)	( 20,190)	( 48,355)
	<u>(\$ 4,486)</u>	<u>(\$ 14,809)</u>	<u>(\$ 40,372)</u>	<u>(\$ 8,657)</u>

d. Finance costs

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Interest expense				
Interest on loans	\$120,969	\$ 82,785	\$228,225	\$156,444
Interest on lease liabilities	531	582	987	1,231
Less: Amounts included in the cost of qualifying assets	( 6,806)	( 3,299)	( 12,386)	( 5,741)
	<u>\$114,694</u>	<u>\$ 80,068</u>	<u>\$216,826</u>	<u>\$151,934</u>

Information about capitalized interest was as follows:

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Capitalized interest amount	<u>\$ 6,806</u>	<u>\$ 3,299</u>	<u>\$ 12,386</u>	<u>\$ 5,741</u>
Capitalization rates (%)	1.80~1.93	1.13~3.73	1.60~1.93	0.94~3.78

e. Depreciation and amortization

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Property, plant and equipment	\$ 477,282	\$ 486,096	\$ 960,609	\$ 966,712
Investment properties	14,608	4,991	29,408	22,222
Right-of-use assets	26,658	26,426	54,648	55,263
Intangible assets	4,966	5,184	10,056	10,386
Other non-current assets - others	267	483	611	1,257
Non-current assets held for sale	-	-	-	3,681
	<u>\$ 523,781</u>	<u>\$ 523,180</u>	<u>\$1,055,332</u>	<u>\$1,059,521</u>
Analysis of depreciation by function				
Operating costs	\$ 391,134	\$ 411,636	\$ 807,082	\$ 816,009
Operating expenses	127,414	105,877	237,583	231,760
	<u>\$ 518,548</u>	<u>\$ 517,513</u>	<u>\$1,044,665</u>	<u>\$1,047,769</u>
Analysis of amortization by function				
Operating costs	\$ 378	\$ 339	\$ 773	\$ 883
Operating expenses	4,855	5,328	9,894	10,869
	<u>\$ 5,233</u>	<u>\$ 5,667</u>	<u>\$ 10,667</u>	<u>\$ 11,752</u>

f. Employee benefits

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Short-term employee benefits				
Salaries	\$1,013,002	\$1,041,985	\$1,981,727	\$2,049,317
Labor and health insurance	85,564	78,670	171,831	170,158
Others	87,754	92,763	170,075	176,487
	<u>1,186,320</u>	<u>1,213,418</u>	<u>2,323,633</u>	<u>2,395,962</u>
Post-employment benefits				
Defined contribution plans	66,212	60,804	129,177	122,071
Defined benefit plans (Note 21)	7,420	22,807	15,211	46,333
	<u>73,632</u>	<u>83,611</u>	<u>144,388</u>	<u>168,404</u>
	<u>\$1,259,952</u>	<u>\$1,297,029</u>	<u>\$2,468,021</u>	<u>\$2,564,366</u>
Analysis by function				
Operating costs	\$ 556,071	\$ 568,649	\$1,092,782	\$1,116,992
Operating expenses	703,881	728,380	1,375,239	1,447,374
	<u>\$1,259,952</u>	<u>\$1,297,029</u>	<u>\$2,468,021</u>	<u>\$2,564,366</u>

g. Compensation of employees and remuneration of directors

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

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Compensation of employees	<u>\$ 18,335</u>	<u>\$ 55,000</u>	<u>\$ 25,000</u>	<u>\$103,000</u>
Remuneration of directors	<u>\$ 2,537</u>	<u>\$ 7,500</u>	<u>\$ 3,500</u>	<u>\$ 14,300</u>

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

The compensation of employees and remuneration of directors (all in cash) approved by the Company's board of directors in March 2023 and 2022, and accrual amounts recognized in the consolidated financial statements were as follows:

	<b>For the Year Ended December 31</b>			
	<b>2022</b>		<b>2021</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	\$127,083	\$ 18,356	\$176,559	\$ 25,503
Amounts recognized in the financial statements	<u>130,000</u>	<u>18,250</u>	<u>177,500</u>	<u>24,890</u>
Difference	<u>(\$ 2,917)</u>	<u>\$ 106</u>	<u>(\$ 941)</u>	<u>\$ 613</u>

The differences were adjusted to profit and loss for the years ended December 31, 2023 and 2022.

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>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Current tax	\$ 53,903	\$423,535	\$132,329	\$613,959
Deferred tax	110,844	( 166,807)	125,337	( 111,951)
	<u>\$164,747</u>	<u>\$256,728</u>	<u>\$257,666</u>	<u>\$502,008</u>

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

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Current tax				
Disposal of investments in equity instruments at FVTOCI	<u>\$ -</u>	<u>(\$ 3,206)</u>	<u>\$ -</u>	<u>(\$ 3,206)</u>

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

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Deferred tax				
Recognized in the current period				
Unrealized gains and losses on financial assets at fair value through other comprehensive income	<u>(\$ 5,377)</u>	<u>\$ 2,056</u>	<u>(\$ 4,038)</u>	<u>(\$ 1,319)</u>

d. Income tax assessment

The Company's income tax returns as of 2021 have been assessed by the tax authorities.

## 26. EARNINGS PER SHARE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Basic earnings per share	\$ 0.30	\$ 0.72	\$ 0.42	\$ 1.43
Diluted earnings per share	\$ 0.30	\$ 0.72	\$ 0.42	\$ 1.43

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

Net Profit for the period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Net profit for the period attributable to owners of the Company	\$ 357,851	\$ 891,011	\$ 494,568	\$ 1,779,513

Number of ordinary shares

Unit: Thousand Shares

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,178,266	1,240,280	1,178,266	1,240,280
Effect of potentially dilutive ordinary shares				
Compensation of employees	774	1,700	2,243	5,440
Weighted average number of ordinary shares used in the computation of diluted earnings per share	1,179,040	1,241,980	1,180,509	1,245,720

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 assets and liabilities attributable to the subsidiary disposed of were reclassified as disposal groups held for sale. 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	\$ 203,199

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
Inventory	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	( 1,823)
Net assets disposed of	\$ 368,116

c. Gain and loss on disposal of subsidiaries

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

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	( 102)
Net cash inflow on disposals of subsidiaries	\$ 29,242

## 28. CASH FLOW INFORMATION

### a. Information on investment activities

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
Acquisition of property, plant and equipment	\$ 1,325,392	\$ 1,303,058
Decrease(Increase) in payables for equipment	169,020	( 9,750)
Decrease(Increase) in other non-current liabilities	( 160)	26,668
	<u>1,494,252</u>	<u>1,319,976</u>
Capitalized interest	( 12,386)	( 5,741)
Cash paid	<u>\$ 1,481,866</u>	<u>\$ 1,314,235</u>

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

#### For the six months ended June 30, 2023

	<b>January 1, 2023</b>	<b>Cash Flows</b>	<b>Non-cash Changes</b>		<b>June 30, 2023</b>
			<b>Exchange Rate Adjustment</b>	<b>Issuance Cost</b>	
Short-term borrowings	\$ 5,364,058	\$ 564,880	(\$ 59,710)	\$ -	\$ 5,869,228
Long-term borrowings	11,533,473	( 248,065)	( 66,756)	-	11,218,652
Bonds payable	5,493,921	-	-	1,114	5,495,035

#### For the six months ended June 30, 2022

	<b>January 1, 2022</b>	<b>Cash Flows</b>	<b>Non-cash Changes</b>		<b>June 30, 2022</b>
			<b>Exchange Rate Adjustment</b>	<b>Issuance Cost</b>	
Short-term borrowings	\$ 4,588,002	\$ 1,843,540	\$ 62,040	\$ -	\$ 6,493,582
Long-term borrowings	11,339,550	( 857,450)	56,858	-	10,538,958
Bonds payable	5,491,683	-	-	1,106	5,492,789

## 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 supports 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>June 30, 2023</u>				
Financial instruments at FVTPL				
Structured Deposit	\$ -	\$ 258,839	\$ -	\$ 258,839
Mutual funds	\$ -	\$ -	\$ 10,387	\$ 10,387
Financial instruments at FVTOCI				
Equity instruments				
Domestic and foreign listed shares	\$ 580,582	\$ -	\$ -	\$ 580,582
Domestic and foreign unlisted shares	\$ -	\$ -	\$ 354,013	\$ 354,013
<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>June 30, 2022</u>				
Financial instruments at FVTPL				
Mutual funds	\$ -	\$ -	\$ 12,092	\$ 12,092
Financial instruments at FVTOCI				
Equity instruments				
Domestic and foreign listed shares	\$ 623,959	\$ -	\$ -	\$ 623,959
Domestic and foreign unlisted shares	\$ -	\$ -	\$ 332,395	\$ 332,395

There was no transfer between Level 1 and Level 2 for the six months ended June 30, 2023 and 2022.

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

For the Six Months Ended June 30, 2023

Financial assets	<b>Mutual Funds</b> <b>Financial Assets</b> <b>at FVTPL</b>	<b>Stocks</b> <b>Financial Assets</b> <b>at FVTOCI</b>	<b>Total</b>
Balance, beginning of the period	\$ 9,402	\$ 300,457	\$ 309,859
Additions	-	50,000	50,000
Recognized in profit or loss (recorded as other gains and losses)	977	-	977
Recognized in other comprehensive income	-	627	627
Disposal	( 142)	-	( 142)
Effects of foreign currency exchange differences	150	2,929	3,079
	\$ 10,387	\$ 354,013	\$ 364,400
Unrealized other gains and losses for the period	\$ 977		\$ 977

For the Six Months Ended June 30, 2022

Financial assets	<b>Mutual Funds</b> <b>Financial Assets</b> <b>at FVTPL</b>	<b>Stocks</b> <b>Financial Assets</b> <b>at FVTOCI</b>	<b>Total</b>
Balance, beginning of the period	\$ 14,968	\$ 244,219	\$ 259,187
Recognized in profit or loss (recorded as other gains and losses)	( 4,057)	-	( 4,057)
Recognized in other comprehensive income	-	71,471	71,471
Effects of foreign currency exchange differences	1,181	16,705	17,886
	\$ 12,092	\$ 332,395	\$ 344,487
Unrealized other gains and losses for the period	(\$ 4,057)		(\$ 4,057)

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

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

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

The fair value of mutual funds was estimated by the net worth of the latest financial statement. Some domestic and foreign unlisted shares' fair values were estimated by the net worth of the latest financial statement, and others were estimated by the market approach and arrived at by reference to the type of industry, similar companies and the company's operations.

c. Categories of financial instruments

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
<u>Financial assets</u>			
Fair value through profit or loss			
Mandatorily classified as at fair value through profit or loss	\$ 269,226	\$ 9,402	\$ 12,092
Financial assets at amortized cost (Note 1)	22,752,957	24,855,755	26,328,187
Financial assets at fair value through other comprehensive income - equity instruments	934,595	822,647	956,354
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (Note 2)	29,401,518	29,878,791	31,735,612

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).

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.

Foreign Currencies : Functional Currencies	<b>Impact on Profit or Loss</b>	
	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
Financial assets		
Monetary items		
USD:NTD	\$ 24,781	\$ 34,116
USD:RMB	6,302	8,969
USD:MYR	3,893	5,309
RMB:NTD	1,729	2,331
JPY:NTD	3,646	2,421
THB:NTD	1,186	1,350
Financial liabilities		
Monetary items		
USD:NTD	21,791	31,834
USD:RMB	3,909	4,979
USD:MYR	3,727	5,290
JPY:NTD	3,038	2,251

#### 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>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Fair value interest rate risk			
Financial assets	\$2,351,269	\$3,086,147	\$2,876,373
Financial liabilities	5,766,564	7,059,677	8,471,309
Cash flow interest rate risk			
Financial assets	4,535,970	3,533,117	3,303,288
Financial liabilities	17,087,880	15,547,531	14,282,540

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 \$170,879 thousand and \$142,825 thousand for the six months ended June 30, 2023 and 2022.

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 six months ended June 30, 2023 and 2022 would have increased/decreased by \$5,806 thousand and \$6,240 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

3) Liquidity risk

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

June 30, 2023

	Less Than 1 Year	1-2 Years	2-3 Years	3-5 Years	Over 5 Years	Total
Non-derivative financial liabilities						
Short-term borrowings	\$ 5,921,103	\$ -	\$ -	\$ -	\$ -	\$ 5,921,103
Notes payable	567,015	-	-	-	-	567,015
Accounts payable	4,267,577	-	-	-	-	4,267,577
Other payables	1,899,559	-	-	-	-	1,899,559
Lease liabilities	85,041	71,332	55,760	54,193	19,799	286,125
Long-term borrowings (including current portion)	5,564,441	2,267,607	3,730,132	-	-	11,562,180
Bonds payable	39,100	3,023,059	14,500	2,502,304	-	5,578,963
	<u>\$ 18,343,836</u>	<u>\$ 5,361,998</u>	<u>\$ 3,800,392</u>	<u>\$ 2,556,497</u>	<u>\$ 19,799</u>	<u>\$ 30,082,522</u>

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	\$ 5,399,696	\$ -	\$ -	\$ -	\$ -	\$ 5,399,696
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>\$ 19,009,511</u>	<u>\$ 4,603,626</u>	<u>\$ 4,381,041</u>	<u>\$ 2,558,175</u>	<u>\$ 19,785</u>	<u>\$ 30,572,138</u>

June 30, 2022

	Less Than 1 Year	1-2 Years	2-3 Years	3-5 Years	Over 5 Years	Total
Non-derivative financial liabilities						
Short-term borrowings	\$ 6,527,368	\$ -	\$ -	\$ -	\$ -	\$ 6,527,368
Notes payable	1,169,163	-	-	-	-	1,169,163
Accounts payable	5,893,245	-	-	-	-	5,893,245
Dividend payable	1,860,419	-	-	-	-	1,860,419
Other payables	2,055,996	-	-	-	-	2,055,996
Lease liabilities	81,365	53,294	41,066	46,418	24,630	246,773
Long-term borrowings (including current portion)	6,639,966	1,894,184	1,601,858	606,996	-	10,743,004
Bonds payable	39,100	39,100	3,023,059	2,516,804	-	5,618,063
	<u>\$ 24,266,622</u>	<u>\$ 1,986,578</u>	<u>\$ 4,665,983</u>	<u>\$ 3,170,218</u>	<u>\$ 24,630</u>	<u>\$ 34,114,031</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 June 30, 2023, December 31, 2022 and June 30, 2022, the carrying amount of the accounts receivable that have been transferred but have not been derecognized amounted to \$1,957,820 thousand, \$2,103,197 thousand and \$3,188,137 thousand, respectively, and the carrying amount of the related borrowings and accounts payables were \$1,956,876 thousand, \$2,101,935 thousand and \$3,185,262 thousand, respectively.

### 31. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party names and relationships

<u>Related Party Name</u>	<u>Relationship</u>
Allnex-Eternal Resins Corporation Limited	Associate
Allnex-Eternal Resins (Guangdong) Co., Ltd.	Associate
Eterkon Semiconductor Materials Co., Ltd.	Associate
Daxin Materials Corporation	Associate
Resonac New Material (Zhuhai) Co., Ltd. (Original name: Showa Denko New Material (Zhuhai) Co., Ltd.)	Associate
Shanghai Dowill Paint Technology Co., Ltd. (Original name: ESCO Specialty Coatings (Shanghai) Co., Ltd.)	Associate (no longer a related party since June 2023)
Covestro Eternal Resins (Far East) Ltd.	Associate
Covestro Eternal Resins (Kunshan) Ltd.	Associate
Mitsubishi Polyester Film Suzhou Co., Ltd.	Other related party
Kwang Yang Motor Co., Ltd.	Key management personnel
Kao, Ying-Shih	First-degree relative of the chairman of the Company
The Orchard Corp. of Taiwan Ltd.	The company whose chairman is second-degree relative of the chairman of the Company

b. Operating revenue

Account Item	Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2023	2022	2023	2022
Revenue from sales of goods	Associates	\$158,085	\$180,146	\$311,595	\$363,573
	Key management personnel	-	4,183	-	4,183
	Other related parties	-	102	-	102
		<u>\$158,085</u>	<u>\$184,431</u>	<u>\$311,595</u>	<u>\$367,858</u>

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

c. Purchase of goods

Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Associates	\$ 1,822	\$ -	\$ 2,041	\$ 1,360
Other related parties	-	-	-	2,796
	<u>\$ 1,822</u>	<u>\$ -</u>	<u>\$ 2,041</u>	<u>\$ 4,156</u>

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

d. Other income

Related Party Category / Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Associates				
Allnex-Eternal Resins (Guangdong) Co., Ltd.	\$12,277	\$ 8,629	\$25,377	\$17,615
Others	4,007	4,898	6,659	8,161
Key management personnel	-	-	5	-
	<u>\$16,284</u>	<u>\$13,527</u>	<u>\$32,041</u>	<u>\$25,776</u>

Inclusive of rental income, service fees and so on.

e. Receivables from related parties

Account Item	Related Party Category	June 30, 2023	December 31, 2022	June 30, 2022
Notes and accounts receivable	Associates	<u>\$209,170</u>	<u>\$232,518</u>	<u>\$292,963</u>

The receivables arose mainly from sales transactions; the receivables were not guaranteed, pledged and do not bear interest. As of June 30, 2023, December 31, 2022 and June 30, 2022, the balance of loss allowance of accounts receivable from related parties is \$99 thousand, \$149 thousand and \$195 thousand, respectively.

f. Payable to related parties

<u>Account Item</u>	<u>Related Party Category</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Accounts payable	Associates	\$ 510	\$ 858	\$ -

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

g. Loans to related parties

<u>Account Item</u>	<u>Related Party Category/Name</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Other receivables	Associates			
	Shanghai Dowill Paint Technology Co., Ltd.	\$ -	\$160,945	\$161,633
	Eterkon Semiconductor Materials Co., Ltd.	103,429	105,827	106,279
		<u>\$103,429</u>	<u>\$266,772</u>	<u>\$267,912</u>

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

h. Dividends receivable

<u>Account Item</u>	<u>Related Party Category</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Other receivables	Associates	\$ 53,452	\$106,612	\$ -

i. Compensation of key management personnel

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$25,813	\$37,508	\$45,010	\$71,393
Post-employment benefits	267	1,343	534	2,686
	<u>\$26,080</u>	<u>\$38,851</u>	<u>\$45,544</u>	<u>\$74,079</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:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Notes receivable	\$ 1,957,820	\$ 2,103,197	\$ 3,188,137
Property, plant and equipment	264,309	260,983	249,626
Other financial assets – current and non-current (recorded as other non-current assets - others)			
Time deposit certificates and deposit of escrow account	18,346	34,956	18,182
	<u>\$ 2,240,475</u>	<u>\$ 2,399,136</u>	<u>\$ 3,455,945</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 \$58,362 thousand as of June 30, 2023.
- b. The Company and its subsidiaries have contracts that were not yet incurred to purchase property, plant and equipment and intangible assets of \$2,146,964 thousand at June 30, 2023.

### 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>
<hr/> June 30, 2023 <hr/>				
Financial assets				
Monetary items				
USD	\$ 79,579	31.1400	(USD:NTD)	\$2,478,090
USD	20,239	7.2258	(USD:RMB)	630,242
USD	12,503	4.6860	(USD:MYR)	389,343
RMB	40,127	4.3096	(RMB:NTD)	172,930
JPY	1,695,894	0.2150	(JPY:NTD)	364,617
THB	134,507	0.8816	(THB:NTD)	118,581
Non-monetary items				
Investments accounted for using the equity method				
USD	\$ 900,616	31.1400	(USD:NTD)	\$28,045,180
RMB	6,016,870	0.1384	(RMB:USD)	25,930,062
JPY	6,581,549	0.2150	(JPY:NTD)	1,415,033
MYR	247,632	0.2134	(MYR:USD)	1,645,599
THB	137,489	0.8816	(THB:NTD)	121,210
Financial liabilities				
Monetary items				
USD	69,979	31.1400	(USD:NTD)	2,179,146
USD	12,553	7.2258	(USD:RMB)	390,900
USD	11,967	4.6860	(USD:MYR)	372,652
JPY	1,412,850	0.2150	(JPY:NTD)	303,763

(Continued)

	<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>June 30, 2022</u>				
Financial assets				
Monetary items				
USD	114,790	29.7200	(USD:NTD)	3,411,559
USD	30,178	6.7114	(USD:RMB)	896,890
USD	17,864	4.4035	(USD:MYR)	530,918
RMB	52,639	4.4283	(RMB:NTD)	233,101
JPY	1,109,502	0.2182	(JPY:NTD)	242,093
THB	159,421	0.8469	(THB:NTD)	135,014
Non-monetary items				
Investments accounted for using the equity method				
USD	\$ 978,064	29.7200	(USD:NTD)	\$29,068,074
RMB	6,217,169	0.1490	(RMB:USD)	27,531,429
JPY	5,030,435	0.2182	(JPY:NTD)	1,097,641
MYR	228,599	0.2271	(MYR:USD)	1,542,858
THB	144,661	0.8469	(THB:NTD)	122,513
Financial liabilities				
Monetary items				
USD	107,113	29.7200	(USD:NTD)	3,183,398
USD	16,753	6.7114	(USD:RMB)	497,899
USD	17,801	4.4035	(USD:MYR)	529,046
JPY	1,031,759	0.2182	(JPY:NTD)	225,130

(Concluded)

The total realized and unrealized foreign exchange gains and losses were a gain of \$17,686 thousand, a gain of \$21,381 thousand, a gain of \$2,516 thousand and a gain of \$69,658 thousand for the three months ended June 30, 2023 and 2022, and for the six months ended June 30, 2023 and 2022, 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: None
  - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds (Table 1)
  - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None
- c. Information of major shareholders: list of the shareholders with ownership of 5% or greater, showing the names, the number of shares and percentage of ownership held by each shareholder. (Table 11)

### **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.

#### Segment revenues and operating results

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

	<b>Resins Materials</b>	<b>Electronic Materials</b>	<b>High Performance Materials</b>	<b>Others</b>	<b>Adjustment and Elimination</b>	<b>Total</b>
For the six months ended June 30, 2023						
Revenues from external customers						
Revenue from the sale of goods	\$ 10,672,788	\$ 5,509,117	\$ 4,077,221	\$ 32,314	\$ -	\$ 20,291,440
Revenue from the rental service	-	13,264	-	120,497	-	133,761
Inter-segment revenues	1,152,296	1,227,842	618,254	1,326	( 2,999,718)	-
Total revenue	<u>\$ 11,825,084</u>	<u>\$ 6,750,223</u>	<u>\$ 4,695,475</u>	<u>\$ 154,137</u>	<u>(\$ 2,999,718)</u>	<u>\$ 20,425,201</u>
Segment operating profit (loss)	<u>\$ 175,105</u>	<u>\$ 370,706</u>	<u>\$ 390,873</u>	<u>(\$ 233,859)</u>	<u>\$ -</u>	<u>\$ 702,825</u>
For the six months ended June 30, 2022						
Revenues from external customers						
Revenue from the sale of goods	\$ 12,342,828	\$ 6,554,902	\$ 6,431,174	\$ 80,958	\$ -	\$ 25,409,862
Revenue from the rental service	-	8,368	-	130,373	-	138,741
Inter-segment revenues	1,588,236	1,669,204	1,210,611	1,333	( 4,469,384)	-
Total revenue	<u>\$ 13,931,064</u>	<u>\$ 8,232,474</u>	<u>\$ 7,641,785</u>	<u>\$ 212,664</u>	<u>(\$ 4,469,384)</u>	<u>\$ 25,548,603</u>
Segment operating profit (loss)	<u>\$ 354,757</u>	<u>\$ 691,159</u>	<u>\$ 1,310,164</u>	<u>(\$ 178,065)</u>	<u>\$ -</u>	<u>\$ 2,178,015</u>

## Eternal Materials Co., Ltd. and Subsidiaries

**FINANCING PROVIDED TO OTHERS  
FOR THE SIX MONTHS ENDED JUNE 30, 2023  
(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	\$ 609,600	\$ 311,400	\$ 311,400	6.45-6.53	2	\$ -	Operating needs	\$ -	\$ -	\$ -	\$ 1,158,312	\$ 9,266,496	Note 5
1	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	Other receivables from related parties	Y	888,556	430,956	161,576	3.10	2	-	Operating needs	-	-	-	9,239,383	9,239,383	Note 7
1	Eternal Chemical (China) Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	Other receivables from related parties	Y	799,700	430,956	301,923	3.10	2	-	Operating needs	-	-	-	9,239,383	9,239,383	Note 7
1	Eternal Chemical (China) Co., Ltd.	Eternal Materials (Guangdong) Co., Ltd.	Other receivables from related parties	Y	177,711	86,191	-	-	2	-	Operating needs	-	-	-	9,239,383	9,239,383	Note 7
1	Eternal Chemical (China) Co., Ltd.	Eternal Specialty Materials (Suzhou) Co., Ltd.	Other receivables from related parties	Y	444,278	215,478	-	-	2	-	Operating needs	-	-	-	9,239,383	9,239,383	Note 7
1	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	Other receivables from related parties	Y	1,777,112	861,912	731,729	3.10	2	-	Operating needs	-	-	-	9,239,383	9,239,383	Note 7
1	Eternal Chemical (China) Co., Ltd.	Eterkon Semiconductor Materials Co., Ltd.	Other receivables from related parties	Y	106,627	-	-	-	2	-	Operating needs	-	-	-	1,847,877	1,847,877	Note 9
1	Eternal Chemical (China) Co., Ltd.	Eternal (China) Investment Co., Ltd.	Other receivables from related parties	Y	888,556	430,956	43,726	3.10	2	-	Operating needs	-	-	-	9,239,383	9,239,383	Note 7
1	Eternal Chemical (China) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Other receivables from related parties	Y	666,417	430,956	3,954	3.10	2	-	Operating needs	-	-	-	9,239,383	9,239,383	Note 7
1	Eternal Chemical (China) Co., Ltd.	Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Other receivables from related parties	Y	133,283	64,643	-	-	2	-	Operating needs	-	-	-	9,239,383	9,239,383	Note 7
1	Eternal Chemical (China) Co., Ltd.	Eternal Optical Material (Suzhou) Co., Ltd.	Other receivables from related parties	Y	88,856	43,096	-	-	2	-	Operating needs	-	-	-	9,239,383	9,239,383	Note 7
2	Eternal Materials (Guangdong) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	444,278	215,478	-	-	2	-	Operating needs	-	-	-	6,859,003	6,859,003	Note 6
3	Eternal Holdings Inc.	Eternal Technology Corporation	Other receivables from related parties	Y	457,200	280,260	280,260	6.45-6.55	2	-	Operating needs	-	-	-	41,464,217	41,464,217	Note 6
3	Eternal Holdings Inc.	Eternal Materials Co., Ltd.	Other receivables from related parties	Y	1,058,760	1,058,760	1,058,760	6.45-6.55	2	-	Operating needs	-	-	-	41,464,217	41,464,217	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	888,556	430,956	-	-	2	-	Operating needs	-	-	-	29,922,874	29,922,874	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	Other receivables from related parties	Y	1,909,041	991,199	991,199	3.10	2	-	Operating needs	-	-	-	29,922,874	29,922,874	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	Other receivables from related parties	Y	1,065,511	517,147	517,147	3.10	2	-	Operating needs	-	-	-	29,922,874	29,922,874	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	Other receivables from related parties	Y	710,341	344,765	344,765	3.10	2	-	Operating needs	-	-	-	29,922,874	29,922,874	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Other receivables from related parties	Y	887,926	430,956	430,956	3.10	2	-	Operating needs	-	-	-	29,922,874	29,922,874	Note 6
4	Eternal (China) Investment Co., Ltd.	Shanghai Dowill Paint Technology Co., Ltd. (Original name:ESCO Specialty Coatings (Shanghai) Co., Ltd.)	Non-current assets held for sale	Y	162,161	-	-	-	2	-	Operating needs	-	-	-	5,984,575	5,984,575	Note 8 and 10
4	Eternal (China) Investment Co., Ltd.	Eterkon Semiconductor Materials Co., Ltd.	Other receivables from related parties	Y	106,551	103,429	103,429	3.65	2	-	Operating needs	-	-	-	5,984,575	5,984,575	Note 8
5	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	1,110,695	646,434	291,308	2.85	2	-	Operating needs	-	-	-	8,624,515	8,624,515	Note 7
6	Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	222,139	215,478	-	-	2	-	Operating needs	-	-	-	3,729,143	3,729,143	Note 7
7	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	221,982	215,478	43,096	2.85	2	-	Operating needs	-	-	-	1,328,941	1,328,941	Note 9

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

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

Note 4: Nature of financing is as follows:

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 latest financial statement, respectively.

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

Note 8: According to the financing company's Operation Procedures for Lending Funds to Others, either the financing limit for each borrowing company or the financing company's total financing limits shall not exceed 40% of the net worth of the financing company as of December 31, 2022, and it should be translated into NTD using the exchange rate at the balance sheet date.

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

Note 10: The ownership of Shanghai Dowill Paint Technology Co., Ltd. (Original name: ESCO Specialty Coatings (Shanghai) Co., Ltd.), held by the Company, has been sold to a non-related party in May 2023. It is currently not an associate of the Company. The table only disclosed the financing records before May 2023.

Note 11: 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 SIX MONTHS ENDED JUNE 30, 2023

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

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsements /Guarantees Given on Behalf of Each Party	Maximum Amount Endorsements /Guarantees During the Period (Note 4)	Outstanding Endorsements /Guarantees the End of the Period (Note 5)	Actual Amount Drawn	Amount Endorsements /Guarantees by Collaterals	Ratio of Accumulated Endorsements /Guarantees to Net Equity per Latest Financial Statements (%)	Maximum Endorsements /Guarantees Amount Allowable	Endorsements /Guarantees Given by Parent on Behalf of Subsidiaries	Endorsements /Guarantees by Subsidiaries on Behalf of Parent	Endorsements /Guarantees Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 2)											
0	Eternal Materials Co., Ltd.	Eternal Holdings Inc.	2	\$ 23,166,241	\$ 548,064	\$ 548,064	\$ -	\$ -	2.37	\$ 23,166,241	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Materials (Malaysia) Sdn. Bhd.	2	23,166,241	2,575,503	2,575,503	1,404,099	-	11.12	23,166,241	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Elga Europe S.r.l.	2	23,166,241	509,203	509,203	468,127	-	2.20	23,166,241	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Nanyang Investment Co., Ltd.	2	23,166,241	1,557,000	1,557,000	1,370,160	-	6.72	23,166,241	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Material Industry (Tongling) Co., Ltd.	2	23,166,241	1,584,804	1,572,989	-	-	6.79	23,166,241	Y	N	Y	Notes 3 and 6
1	Eternal (China) Investment Co., Ltd.	Eternal Material Industry (Tongling) Co., Ltd.	2	14,961,437	430,956	430,956	-	-	2.88	14,961,437	N	N	Y	Note 7

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

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

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

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

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

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

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

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

Note 7: In accordance with the subsidiary's "Procedures for Provision of Endorsements and Guarantees", the limit on endorsement/guarantee given on behalf of each party and the maximum amount endorsed/guaranteed is based on its net worth for the year ended December 31, 2022.

## Eternal Materials Co., Ltd. and Subsidiaries

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

JUNE 30, 2023

(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	June 30, 2022				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Eternal Materials Co., Ltd.	President Securities Corp. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	33,366,767	\$ 580,582	2.29	\$ 580,582	
	TBG Diagnostics Limited (stock)	-	Financial assets at fair value through other comprehensive income - non-current	40,200,000	36,409	18.48	36,409	
	Universal Venture Capital Investment Corp. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	5,000,000	50,515	4.15	50,515	
	Der Yang Biotechnology Venture Capital Co., Ltd. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	230,096	2,858	11.11	2,858	
	Research Innovation Capital Corporation. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	10,000,000	49,814	29.76 (Note 1)	49,814	
	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	214,417	Note 2	214,417	
	Pacven Walden Ventures V, L.P. (fund)	-	Financial assets at fair value through profit or loss - non-current	-	10,387	Note 2	10,387	

Note 1 : The Company has no significant influence on it, refer to Note12

Note 2 : 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 SIX MONTHS ENDED JUNE 30, 2023**

**(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		Disposal			Ending Balance (Note 1)		
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units	Amount
Eternal International (BVI) Co., Ltd.	Eteranl (China) Investment Co., Ltd.	Investments accounted for using the equity method	Note 2	Subsidiary	Note 3	\$ 15,308,189	-	\$ -	Note 3	\$ -	(\$ 454,125)	Note 2	Note 3	\$ 14,621,843
Eternal Holdings Inc.	Eternal International (BVI) Co., Ltd.	Investments accounted for using the equity method	Note 2	Subsidiary	183,793,592	15,137,021	-	-	( 15,000,000 )	-	( 454,125 )	Note 2	168,793,592	14,398,027
Eternal Materials Co., Ltd.	Eternal Holdings Inc.	Investments accounted for using the equity method	Note 2	Subsidiary	200,108,859	20,293,015	-	-	( 15,000,000 )	-	( 454,125 )	Note 2	185,108,859	19,613,962

Note 1: The ending balance included the 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 2: The company had capital reduction.

Note 3: No share was issued.

**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 SIX MONTHS ENDED JUNE 30, 2023  
(In Thousands of New Taiwan Dollars)**

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Price Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Eternal Material Industry (Tongling) Co., Ltd.	Engaging the non-related party to build the office & factory building on own land.	March 20, 2023	\$ 946,000	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 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 SIX MONTHS ENDED JUNE 30, 2023**  
**(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.	CHOU-KOU Materials Co., Ltd.	Subsidiary	Sales	\$ 199,240	3	Note 1	\$ -	-	\$ 126,608	4	
Eternal Materials Co., Ltd.	Nikko-Materials Co., Ltd.	Subsidiary	Sales	102,115	2	Note 1	-	-	41,060	1	
Eternal Materials Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	Subsidiary	Sales	113,750	2	Note 1	-	-	103,847	3	
Eternal Materials Co., Ltd.	Eternal (China) Investment Co., Ltd.	Subsidiary	Sales	125,744	2	Note 1	-	-	50,956	2	
Eternal Materials Co., Ltd.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Subsidiary	Sales	217,003	3	Note 1	-	-	102,639	3	
Eternal Materials Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Subsidiary	Sales	161,395	3	Note 1	-	-	84,996	3	
Eternal Materials (Guangdong) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Sister company	Sales	141,361	6	Note 1	-	-	99,833	5	
Eternal Materials (Guangdong) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Sister company	Sales	187,732	8	Note 1	-	-	62,523	3	
Eternal Materials (Guangdong) Co., Ltd.	Allnex-Eternal Resins (Guangdong) Co., Ltd.	Associate	Sales	206,696	9	Note 1	-	-	115,068	6	
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Sister company	Sales	113,436	7	Note 1	-	-	125,274	6	
Eternal Chemical (Tianjin) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Sister company	Sales	140,824	13	Note 1	-	-	108,292	12	
Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Sister company	Sales	119,873	10	Note 1	-	-	97,601	12	

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

JUNE 30, 2023

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Doubtful Accounts
					Amount	Actions Taken		
Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	Subsidiary	\$ 126,608	3.00	\$ 13,433	Collected subsequently	\$ 41,567	\$ -
Eternal Materials Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	Subsidiary	103,847	2.61	23,364	Collected subsequently	-	-
Eternal Materials Co., Ltd.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Subsidiary	102,639	4.06	-	-	-	-
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Sister company	125,274	1.10	32,546	Collected subsequently	12,079	-
Eternal Materials (Guangdong) Co., Ltd.	Allnex-Eternal Resins (Guangdong) Co., Ltd.	Associate	115,068	3.58	-	-	15,403	81
Eternal Chemical (Tianjin) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Sister company	108,292	2.99	-	-	41,695	-
Eternal Precision Mechanics Co., Ltd.	Nikko-Materials Co., Ltd.	Subsidiary	104,307	0.64	20,302	Collected subsequently	-	-

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

## Eternal Materials Co., Ltd. and Subsidiaries

INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE SIX MONTHS ENDED JUNE 30, 2023

(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.	CHOU-KOU Materials Co., Ltd.	1	Revenue from sales of goods	\$ 199,240	Note3	0.98
0	Eternal Materials Co., Ltd.	Nikko-Materials Co., Ltd.	1	Revenue from sales of goods	102,115	Note3	0.50
0	Eternal Materials Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	1	Revenue from sales of goods	113,750	Note3	0.56
0	Eternal Materials Co., Ltd.	Eternal (China) Investment Co., Ltd.	1	Revenue from sales of goods	125,744	Note3	0.62
0	Eternal Materials Co., Ltd.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	1	Revenue from sales of goods	217,003	Note3	1.06
0	Eternal Materials Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	1	Revenue from sales of goods	161,395	Note3	0.79
0	Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	1	Notes and accounts receivable from related parties	126,608	Note3	0.22
0	Eternal Materials Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	1	Notes and accounts receivable from related parties	103,847	Note3	0.18
0	Eternal Materials Co., Ltd.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	1	Notes and accounts receivable from related parties	102,639	Note3	0.18
0	Eternal Materials Co., Ltd.	Eternal Technology Corporation	1	Other receivables from related parties	311,400	Note4	0.55
1	Eternal Holdings Inc.	Eternal Technology Corporation	1	Other receivables from related parties	280,260	Note4	0.49
1	Eternal Holdings Inc.	Eternal Materials Co., Ltd.	2	Other receivables from related parties	1,058,760	Note4	1.86
2	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	1	Other receivables from related parties	991,199	Note4	1.74
2	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	1	Other receivables from related parties	517,147	Note4	0.91
2	Eternal (China) Investment Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	1	Other receivables from related parties	344,765	Note4	0.61
2	Eternal (China) Investment Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	1	Other receivables from related parties	430,956	Note4	0.76
3	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	3	Revenue from sales of goods	113,436	Note3	0.56
3	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	3	Notes and accounts receivable from related parties	125,274	Note3	0.22
3	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	3	Other receivables from related parties	291,308	Note4	0.51

(Continued)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Item (Note 5)	Amount	Terms	% to Total Revenues or Assets
4	Eternal Materials (Guangdong) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	3	Revenue from sales of goods	\$ 141,361	Note3	0.69
4	Eternal Materials (Guangdong) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	3	Revenue from sales of goods	187,732	Note3	0.92
5	Eternal Chemical (Tianjin) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	3	Revenue from sales of goods	140,824	Note3	0.69
5	Eternal Chemical (Tianjin) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	3	Notes and accounts receivable from related parties	108,292	Note3	0.19
6	Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	3	Revenue from sales of goods	119,873	Note3	0.59
7	Eternal Precision Mechanics Co., Ltd.	Nikko-Materials Co., Ltd.	1	Notes and accounts receivable from related parties	104,307	Note3	0.18
8	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	3	Other receivables from related parties	161,576	Note4	0.28
8	Eternal Chemical (China) Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	3	Other receivables from related parties	301,923	Note4	0.53
8	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	3	Other receivables from related parties	731,729	Note4	1.29

(Concluded)

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

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

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

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

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

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

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

## Eternal Materials Co., Ltd. and Subsidiaries

INFORMATION ON INVESTEEES (EXCLUDING INVESTMENTS IN MAINLAND CHINA)  
FOR THE SIX MONTHS ENDED JUNE 30, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of June 30, 2023			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				June 30, 2023	December 31, 2022	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Eternal Materials Co., Ltd.	Eternal Holdings Inc.	Samoa	International investment	\$ 5,681,836	\$ 6,135,961	185,108,859	100.00	\$ 19,613,962	\$ 217,469	\$ 246,720	
Eternal Materials Co., Ltd.	Eternal Global (BVI) Co., Ltd.	British Virgin Islands	International investment	703,144	703,144	16,357,914	100.00	4,974,287	93,654	97,131	
Eternal Materials Co., Ltd.	Mixville Holdings Inc.	British Virgin Islands	International investment	899,392	899,392	26,630,000	100.00	3,456,931	68,814	73,842	
Eternal Materials Co., Ltd.	Advanced PETFILM Investment Co., Ltd.	Japan	International investment	788,630	788,630	270	20.00	471,266	(18,679)	(7,071)	
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	729,679	248,845	56,737	
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	31,872	302	190	
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	133,230	73,855	29,542	
Eternal Materials Co., Ltd.	Eternal Precision Mechanics Co., Ltd.	Taiwan	Manufacturing and selling of vacuum laminator	550,000	550,000	52,000,000	100.00	962,677	191,077	198,444	
Eternal Materials Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	Thailand	Trading services, cutting and selling of dry film photoresist	90,919	90,919	937,500	75.00	121,210	684	1,071	
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	80,280	4,066	1,611	
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	1,381	6,994	5,084	
Eternal Precision Mechanics Co., Ltd.	Nikko-Materials Co., Ltd.	Japan	Manufacturing and selling of dry film photoresist and vacuum laminator	300,150	300,150	11,520	100.00	863,487	265,508	-	Note
Eternal Holdings Inc.	Eternal International (BVI) Co., Ltd.	British Virgin Islands	International investment	5,284,908	5,739,033	168,793,592	100.00	14,398,027	50,088	-	Note
Eternal Holdings Inc.	E-Chem Corp.	Samoa	International investment	165,608	165,608	4,990,000	100.00	3,152,819	207,822	-	Note
Eternal Holdings Inc.	Eternal Nanyang Investment Co., Ltd.	Samoa	International investment	841,453	841,453	28,350,000	90.00	256,539	(109,626)	-	Note
Eternal Holdings Inc.	PT Eternal Materials Indonesia	Indonesia	Selling, trading of chemical	13,360	13,360	670	67.00	18,892	2,714	-	Note
Eternal Holdings Inc.	Allnex-Eternal Resins Corporation Limited	Hong Kong	Trading and international investment	50,385	50,385	1,176,000	49.00	398,924	43,585	-	Note
Eternal Holdings Inc.	Polymer Instrumentation and Consulting Services, Ltd.	United States	Plastic products manufacturing	121,913	121,913	4,694,296	30.00	-	-	-	Note
Eternal International (BVI) Co., Ltd.	Eternal Technology Corporation	United States	Manufacturing and selling of photoresist	600,693	600,693	2,333	100.00	(256,546)	(50,011)	-	Note
Mixville Holdings Inc.	High Expectation Limited	Cayman Islands	International investment	871,519	871,519	26,005,000	100.00	3,239,345	67,837	-	Note
Eternal (China) Investment Co., Ltd.	Elga Europe S.r.l.	Italy	Manufacturing, selling, distribution and processing of electronic chemical products	58,610	58,610	-	22.32	773	6,994	-	Note
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	2,082,818	395,922,000	100.00	1,645,599	(66,275)	-	Note

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

**TABLE 10**

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

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE SIX MONTHS ENDED JUNE 30, 2023  
(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, 2023	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of June 30, 2023	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of June 30, 2023	Accumulated Repatriation of Investment Income as of June 30, 2023	Note
					Outward	Inward							
Eternal Chemical (China) Co., Ltd.	Manufacturing and selling of resins material and processing products	\$ 755,651	2	\$ 625,549	\$ -	\$ -	\$ 625,549	\$ 87,526	100.00	\$ 87,526	\$ 4,619,692	\$ 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	9,659	50.00	4,830	312,437	544,920	Note 3
Eternal Optical Material (Suzhou) Co., Ltd.	Manufacturing and selling of optical film and leasing business.	1,563,967	2	-	-	-	-	( 8,926)	100.00	( 8,926)	177,975	-	Note 3 and Note 10
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	79,449	100.00	79,449	4,312,257	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	-	-	-	-	3,641	100.00	3,641	171,090	-	Note 3
Eterkon Semiconductor Materials Co., Ltd.	Manufacturing and selling of epoxy molding compounds which used in electronic parts and related products	524,337	2	456,427	-	-	456,427	17,502	40.00	11,776	276,837	-	Note 3
Eternal Synthetic Resins (Changshu) Co., Ltd.	Manufacturing and selling of unsaturated polyester resin	726,426	2	279,811	-	-	279,811	( 16,129)	100.00	( 16,129)	166,180	-	Note 3
Eternal Chemical (Tianjin) Co., Ltd.	Manufacturing and selling of adhesives, resins material and processing products	1,008,004	2	599,320	-	-	599,320	( 11,082)	100.00	( 11,082)	905,625	-	Note 3
Eternal Specialty Materials (Zhuhai) Co., Ltd.	Manufacturing and selling of acrylic resin and methacrylic acid	611,011	2	243,540	-	-	243,540	212,308	90.00	207,544	3,138,653	950,086	Note 2
Shanghai Dowill Paint Technology Co., Ltd. (Original name: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	( 4,689)	-	( 5,558)	-	-	Note 3
Eternal Materials (Guangdong) Co., Ltd.	Manufacturing and selling of adhesives, resins material and processing products	1,297,259	2	868,175	-	-	868,175	67,836	100.00	67,836	3,237,437	2,150,020	Note 3
Eternal (China) Investment Co., Ltd.	Managing, investing consulting services, researching, leasing, manufacturing and selling of resins material and photoelectric chemicals materials	7,103,478	2	4,264,844	-	454,125	3,810,719	99,398	100.00	99,398	14,621,843	-	Notes 3 and 4
Eternal Chemical (Chengdu) Co., Ltd.	Researching, manufacturing and selling of resins material	450,351	2	-	-	-	-	( 88,888)	100.00	( 88,888)	( 774,397)	-	Note 3
Eternal Electronic (Suzhou) Co., Ltd.	Researching, developing, and manufacturing of dry film photoresist and dry film solder masks which used in electronic materials, researching resin materials and selling, providing after sales service of self-produced products	1,929,180	2	-	-	-	-	( 61,038)	100.00	( 61,038)	2,036,842	-	Note 3

(Continued)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of June 30, 2023	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of June 30, 2023	Accumulated Repatriation of Investment Income as of June 30, 2023	Note
					Outward	Inward							
Eternal Specialty Materials (Suzhou) Co., Ltd.	Researching and developing chemical products, and selling, providing technical services of self-produced products	\$ 1,199,225	2	-	-	-	-	\$ 137,803	100.00	\$ 137,803	\$ 1,864,571	-	Note 2
Resonac New Material (Zhuhai) Co., Ltd. (Original name: Showa Denko New Material (Zhuhai) Co., Ltd.)	Manufacturing and selling of functional resins, resins composite material and providing technical services	366,881	2	-	-	-	-	1,567	30.00	414	90,292	-	Note 3
Eternal Material Industry (Tongling) Co., Ltd.	Manufacturing and selling resins material products and providing technical services	869,200	2	-	-	-	( 17,360)	( 17,360)	100.00	( 17,360)	826,923	-	Note 3

(Concluded)

Investor Company	Accumulated Outward Remittance for Investments in Mainland China as of June 30, 2023 (Note 5)	Investment Amount Authorized by the Investment Commission, MOEA (Note 5)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 6)
Eternal Materials Co., Ltd.	\$ 7,622,793	\$ 27,199,621	\$ -
Eternal Precision Mechanics Co., Ltd.	-	132,330	581,174

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

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

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

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

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

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

Note 6: According to the "Regulation Governing the Approval of Investment or Technical Cooperation in Mainland China", which was modified on August 29, 2008, Eternal Materials Co., Ltd. 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. For Eternal Precision Mechanics Co., Ltd., the limit on investments is 60% of its net worth.

**TABLE 11****Eternal Materials Co., Ltd. and Subsidiaries****INFORMATION OF MAJOR SHAREHOLDERS  
JUNE 30, 2023**

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	73,696,152	6.25

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

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