

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

## **2022 Annual Report**

**Printed on May 12, 2023**

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

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

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

### **Spokesperson**

Spokesperson: Liu, Bing-Cheng Title: Financial Manager.  
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## **II. Address and Telephone Number of Headquarters, Branch Offices, and Factories**

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Da-Fa Plant: No. 30, Yumin Street, Daliao District, Kaohsiung City (Dafa Industrial Park)  
Tel: (07) 787-3645  
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Tel: (08) 866-9009  
North Region Office: 6F, No. 23, Jilin Road, Zhongli District, Taoyuan City  
Tel: (03) 462-8088  
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## **III. Name, Address, E-mail Address, and Telephone Number of Stock Transfer Agent**

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

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

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

## **V. Name of Exchanges where the Company's Securities Are Traded Offshore: None**

**Method by which to Access Information on Offshore Securities: None**

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

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## Chapter 1. Report to the Shareholders

In 2022, the global political and economic situations changed significantly, the war between Russia and Ukraine aggravated inflation, central banks raised interest rates, China and the United States wrestled with each other, and the overall economic growth slowed down significantly. Eternal management team cautiously responded to these conditions and continued to develop market and control cost. However, due to the high prices of raw materials and customer inventory adjustment, the profits reduced, and the overall performance was not better than the previous period.

In the new year, geopolitics, international trade dynamics, and the uncertainty of the interest rate rise cycle will still affect global economic activities after the restrictions on COVID-19 are fully released. The Company has carefully observed the international situation and actively established its production bases in Southeast Asia in addition to its main market, China. In response to the changes in the market as the supply chain in Asia moves to Southeast Asia, the Malaysian plant has steadily increased its shipments and has made preparations for plant expansion. In the future, we will look for suitable locations for expansion in Southeast Asia and develop business in various business units. The Chinese market is expected to see the economic recovery from COVID-19, and the Company's investment in production expansion in mainland China in recent years has been proceeding, which is conducive to the rebound of market demand. In addition, the Company's powerful R&D team continues to launch new products and optimize its product portfolio to maintain operational growth momentum.

Taiwan will start ESG carbon inventory in 2023. In addition to strengthening the sustainable development plan, Eternal has been working hard to deepen the ESG indicators within the Group, from manufacturing to new product development, gradually introducing the concepts of environmental protection, energy saving and carbon reduction, and moving towards a green supply chain. While expanding our business, we will continue to implement ESG sustainable development from the inside out.

The operating results in 2022 are reported as follows:

### I. 2022 Operating Results

#### (I) Implementation results of the business plan

In 2022, the consolidated revenue of the Company was NT\$49.0 billion, a decrease of 3% from 2021; in terms of operating performance, the net profit before tax was NT\$3.515 billion, an decrease of 21% from the previous year; the net profit after tax attributable to owners of the parent company was NT\$2.618 billion, while the earnings per share (EPS) was at NT\$2.15.

(II) Financial position and profitability analysis

1. Financial revenues and expenditures:

Unit: NT\$ Thousand

| Item  | Amount in 2022 |
|---|----------------|
| Operating revenue   | 49,014,100     |
| Operating gross profit  | 10,162,785     |
| Operating profit  | 3,276,845      |
| Non-operating income and expenses   | 238,072        |
| Net profit before tax   | 3,514,917      |
| Net profit for the year   | 2,619,481      |
| Other composite gains/losses for the year, net of tax                     | 374,596        |
| Total composite income for the year                                       | 2,994,077      |
| Net profit attributable to owners of the parent company                   | 2,617,592      |
| Net profit attributable to non-controlling interests                      | 1,889          |
| Total composite gains/losses attributable to owners of the parent company | 2,998,649      |
| Total composite gains/losses attributable to non-controlling interests    | (4,572)        |
| Earnings per share (NT\$)   | 2.15           |

Note: As the Company did not disclose financial forecasts for 2022, the relevant information for implementation of the budget in 2022 was unavailable.

2. Profitability analysis:

Unit: %

| Item  | Ratio |
|---|-------|
| Return on assets (ROA)                            | 5     |
| Return on equity (ROE)                            | 11    |
| Ratio of net profit before tax to paid-in capital | 30    |
| Profit margin                                     | 5     |
| Earnings per share (NT\$)                         | 2.15  |

(III) Research and development status

1. Research and development results in 2022:

- (1) Water-based polyurethane for shoe ink
- (2) Lightweight/heavyweight vinyl marine filler for composite materials

- (3) Silicone gel for cosmetics
- (4) Water-based light anti-corrosion resins
- (5) Light-curing silicon release agent for electronic and labeling applications
- (6) Polyurethane pressure-sensitive adhesive for protective films
- (7) LF series silicon encapsulants for Mini LED applications
- (8) Water-soluble polyester for baking paint
- (9) Light curing materials for functional printing ink
- (10) Rapid detection reagent for COVID-19 antigen and antibody
- (11) Low carbon footprint button resin
- (12) Offshore wind turbine hood FRP resin
- (13) Low odor styrene-free sheet metal filler resin for cars
- (14) Photopolymeric overlay film with vacuum lamination machine for flexible board applications

2. Future research and developments:

- (1) New technologies take root: Develop the following technologies step by step in line with the development of 5G and semiconductor
  - A. High frequency material design technology
  - B. High temperature sintering and inorganic powder surface treatment technology
  - C. Mixed chain processing technology for thermoplastic materials
  - D. Material analysis technology
- (2) Deploy the research and development of new materials: In line with the development of 5G, semiconductors, electric vehicles and green materials, gradually develop the following materials
  - A. Electronic materials with high frequency, high speed and high thermal conductivity
  - B. Semiconductor packaging materials
  - C. High-performance thermoplastic composites
  - D. Lithium battery and energy storage materials
  - E. Biomaterials, low carbon materials
  - F. Biomedical testing materials
  - G. Next generation display materials
  - H. Materials for the hydrogen industry

## II. A Summary of the Business Plan for 2022

### (I) Expected sales volume

The Company's 2023 annual business plan aims to stabilize revenue and profit growth in the medium and long term. The management team will actively achieve the operational goals and work together to enhance the corporate value.

### (II) Management objectives and production and sales strategies

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

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

In the face of future changes in industry trends and market competition, Eternal will strengthen its operational management capabilities with a clear strategic direction, long-accumulated research and development capabilities, and complete sales layouts, integrate internal and external resources to stabilize existing markets and actively expand into emerging regions. At the same time, in response to global trends such as net-zero carbon reduction, we are deploying key materials to maintain our competitive advantage for long-term development.

Best regards,

Wish you good health and a safe family

Chairman: Kao, Kuo-Lun

President: Mao, Hui-Kuan



## Chapter 2. Company Profile

### I. Date of Incorporation: December 3, 1964

### II. Brief History of the Company

- 1964 The Company was founded in Kaohsiung City with the initial capital of NT\$800,000.
- 1965 The plant in Kaohsiung was completed and began to produce resin products.
- 1973 Lu-Chu Plant was completed and relocated.
- 1988 The Company and the Netherlands' DSM jointly established DSM Resins (Far East) Co., Ltd. in Pingtung.
- 1994 The Company's stock was listed on the Taiwan Stock Exchange on March 31, 1994.
- 1995 Eternal Chemical (China) Co., Ltd. was established in Jiangsu, China.
- 1995 Eternal Chemical (Guangzhou) Co., Ltd. was established in Guangdong, China.
- 1996 Eternal Chemical (Japan) Co., Ltd. was established in Japan.
- 1996 Eternal Electronic Materials (Kunshan) Co., Ltd. was established in Jiangsu, China.
- 1997 Eternal Corporation of America was established in the United States (U.S.).
- 1997 The Company and the Netherlands' DSM Resins B.V. jointly established DSM Eternal Resins (Kunshan) Co., Ltd. in Jiangsu, China.
- 1998 Eternal Technologies (Shanghai) Co., Ltd. was established in Shanghai, China.
- 1999 Eternal Technology Corporation was established in the U.S.
- 1999 Shanghe International Trading (Shanghai) Co., Ltd. was established in Shanghai, China.
- 1999 Eternal Photoelectric Material Industry (Kunshan) Co., Ltd. was established in Jiangsu, China.
- 2000 Eternal Chemical (Guangdong) Co., Ltd. was established in Guangdong, China.
- 2000 Lu-Chu Plant was shut down for three months due to the Gaoping River water pollution incident.
- 2001 Eternal Electronic Material (Guangzhou) Co., Ltd. was established in Guangdong, China.
- 2001 Changhe International Trading (GZFTZ) Co., Ltd. was established in Guangdong, China.
- 2003 The U.S. subsidiary, Eternal Technology Corporation acquired the Dry Film business of Shipley Company L.L.C.
- 2003 Eternal Specialty Chemical (Zhuhai) Co., Ltd. was established in Guangdong, China.
- 2003 ESCO Specialty Coatings (Guangzhou) Co., Ltd. was established in Guangdong, China.
- 2003 Eternal Development Technology Co., Ltd. was established in Southern Taiwan

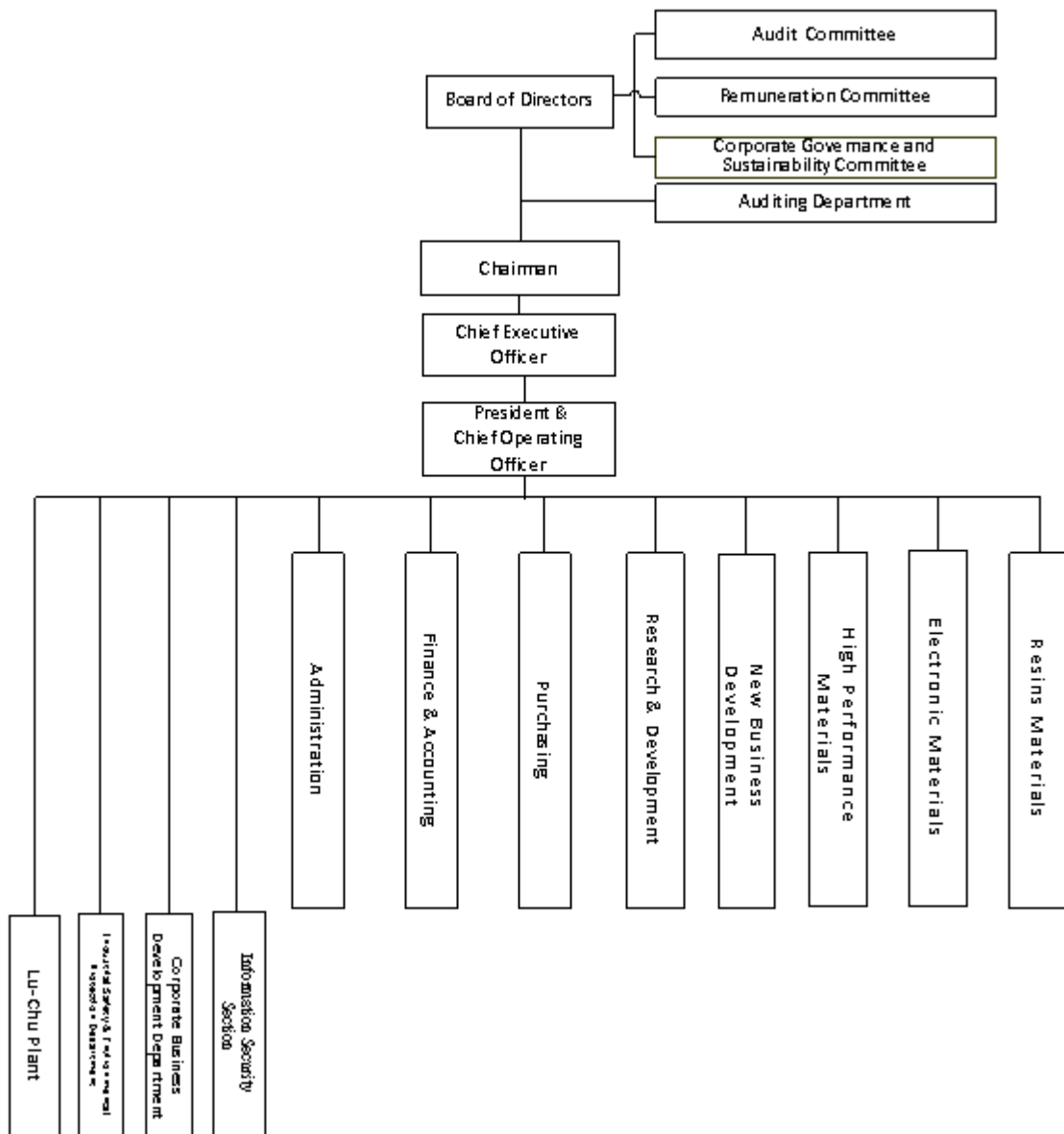
- Science Park (STSP) in Kaohsiung.
- 2004 Eternal Photosensitive Liquid Materials (Kunshan) Co., Ltd. was established in Jiangsu, China.
- 2004 A Dutch company, Cognis B.V., invested and acquired 10% shares of Eternal Specialty Chemical (Zhuhai) Co., Ltd.
- 2006 Eternal Optical Material (Suzhou) Co., Ltd. was established in Jiangsu, China.
- 2006 Eternal Chemical Industry (China) Co., Ltd. invested and established Eternal Synthetic Resins (Changshu) Co., Ltd. in Jiangsu, China.
- 2006 The Company and AU Optronics Corporation formed a joint venture to establish Daxin Materials Corporation in Hsinchu.
- 2006 Eternal Photoelectric Materials (Guangzhou) Co., Ltd. was established in Guangdong, China.
- 2007 ESCO Specialty Coatings (Shanghai) Co., Ltd. was established in Shanghai, China.
- 2007 Eternal Photoelectric Material Industry (Yingkou) Co., Ltd. was established in Liaoning, China.
- 2008 The Company invested and acquired 75% shares in Eternal Electronic Materials (Thailand) Co., Ltd. in Thailand.
- 2008 Eternal Chemical Europe B.V. was established in the Netherlands.
- 2009 Eternal Chemical (Tianjin) Co., Ltd. was established in Tianjin, China.
- 2009 The Company and Kwang Yang Motor Co., Ltd., etc. formed a joint venture to establish New E Materials Co., Ltd. in STSP in Kaohsiung.
- 2010 The Company (holding 20% of the shares) and Mitsubishi Plastics, Inc. formed a joint venture to establish Advanced PETFILM Investment Co., Ltd.
- 2011 Eternal (China) Investment Co., Ltd. was established in Shanghai, China.
- 2011 Eternal (Guangzhou) Chemical Industry Co., Ltd. was merged into Eternal (Guangzhou) Electronic Material Co., Ltd. in China.
- 2011 Eternal Electronic (Suzhou) Co., Ltd. was established in Jiangsu, China.
- 2011 Eternal Chemical (Chengdu) Co., Ltd. was established in Sichuan, China.
- 2012 Eternal Technology (Shanghai) Co., Ltd. was merged into Eternal (China) Investment Co., Ltd. in China.
- 2012 Eternal Corporation of America was merged into the Eternal Technology Corporation.
- 2013 The Company and Sun A. Kaken Co., Ltd. formed a joint venture to establish Eternal Sun A. (Suzhou) Co., Ltd. in Jiangsu, China.
- 2013 The Company invested and acquired 100% shares of Nichigo-Morton Co., Ltd. in Japan.
- 2013 Eternal invested and acquired 35% shares of Elga Europe S.R.L.
- 2014 Eternal Specialty Chemical (Suzhou) Co., Ltd. was established in Jiangsu, China.

- 2014 The Company, Eternal Chemical Co., Ltd. was renamed as Eternal Materials Co., Ltd.
- 2014 The Company and Gemmy Electronics Co., Ltd. formed a joint venture to establish Eternal Capatech Co., Ltd. in Kaohsiung.
- 2015 The Company and Allnex S.a.r.l formed a joint venture to establish Allnex-Eternal Resins Corporation Ltd. in Hong Kong.
- 2015 The Company and Showa Denko Co., Ltd. formed a joint venture to establish Showa Denko New Material (Zhuhai) Co., Ltd. in China.
- 2015 The Company and Tong Seng Holdings Pte. Ltd. formed a joint venture to establish Eternal Materials (Malaysia) Sdn. Bhd. in Malaysia.
- 2015 The Company invested and acquired 18.48% shares in TBG Diagnostics Ltd (an affiliated company of Medigen Biotech Corporation) in Australia.
- 2017 The Company increased its investment in Elga Europe S.R.L. to 95% of shares in Italy.
- 2017 The Company and Zhejiang Nanyang Technology Co., Ltd. formed a joint venture to establish Hangzhou Yongxin Yangguang Electronic Material Co., Ltd. in China.
- 2018 The Company increased its investment in Polymer Instrumentation and Consulting Services, Ltd. to 30% of shares in the U.S.
- 2021 The Company established a joint venture "PT. Eternal Materials Indonesia" with a 67% stake.  
The Company established Eternal Materials (Tongling) Co., Ltd. In Anhui, China.
- 2022 The Company established Eternal Precision Mechanics Co., Ltd. in Kaohsiung.

# Chapter 3. Corporate Governance Report

## I. Organizational System:

### (I) Organizational Structure



(II) Responsibilities and functions of major departments

| Departments   | Main Responsibilities and Functions   |
|---|---|
| Resins Materials  | Responsible for supervising the implementation of the business development strategies and the completion of business objectives of various business divisions and subsidiaries.   |
| Electronic Materials                                    | Responsible for supervising the implementation of the business development strategies and the completion of business objectives of various business divisions and subsidiaries.   |
| High Performance Materials                              | Responsible for supervising the implementation of the business development strategies and the completion of business objectives of various business divisions and subsidiaries.   |
| New Business Development                                | Responsible for planning the development strategies of various business divisions and the achievement of development and business objectives of new high-end products and services.   |
| Research & Development                                  | Responsible for new product development and technical quality improvement, engineering technology, new process technology and development of new research and development subjects.   |
| Purchasing  | Responsible for the planning and execution of domestic and international raw materials, machinery and equipment procurement, engineering contracting, and long-term contracts for important raw materials.  |
| Finance & Accounting                                    | Responsible for supervising the financial and accounting units under its supervision in order to integrate and audit their management performance domestically and internationally.   |
| Administration  | Responsible for integrating domestic and overseas human resources management, information management, administrative services, legal affairs, and other units as well as the performance auditing.  |
| Corporate Business Development Department               | Responsible for research in industry development trends and business opportunities in emerging markets, determining market feasibility of new research and development subjects, evaluation of new business establishments, expansion planning and management of operating locations. |
| Industrial Safety & Environmental Protection Department | Responsible for planning the occupational safety and environmental protection system, supervising the implementation of the occupational and environmental protection at various factories domestically and internationally, and regularly audit their operations.                    |

| Departments                  | Main Responsibilities and Functions  |
|------------------------------|--|
| Lu-Chu Plant                 | Responsible for safety, health and environmental protection management, public works system management, energy resources supply and management, site planning and building management, administrative and logistic management, cultural center heritage display and management, environmental and public facilities maintenance, and implementation of ESG at the plant. |
| Auditing Department          | Responsible for reviewing and evaluating the deficiencies of internal control systems, risk management and governance processes, measuring the effectiveness and efficiency of operations, and assisting the Board of Directors and management to achieve the goal of sound operations.  |
| Information Security Section | Responsible for the planning and promotion of the Group's information security system, technical evaluation, education and training, supervision and auditing.   |

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

### (I)

#### 1. Information on Directors and Supervisors

April 30, 2023; Unit: Thousand shares, %

| Title    | Nationality/<br>Country of<br>Origin | Name                             | Gender | Date<br>Elected | Term<br>(Years) | Date first<br>elected<br>(Note 1) | Shareholding when<br>Elected |                       | Current Shareholding   |                       | Spouse & Minor<br>Shareholding |                       | Shareholding by<br>Nominees |                       | Experience<br>(Education)  | Other Position<br>Concurrently<br>Held at the<br>Company and<br>Other<br>Companies<br>(Note 2)   | Executives, Directors or<br>Supervisors who are spouses<br>or within two degrees of<br>kinship |  |              | Note               |
|----------|--------------------------------------|----------------------------------|--------|-----------------|-----------------|-----------------------------------|------------------------------|-----------------------|------------------------|-----------------------|--------------------------------|-----------------------|-----------------------------|-----------------------|--|--|--|--|--------------|--------------------|
|          |                                      |                                  | Age    |                 |                 |                                   | Number<br>of<br>Shares       | Shareholding<br>Ratio | Number<br>of<br>Shares | Shareholding<br>Ratio | Number<br>of<br>Shares         | Shareholding<br>Ratio | Number<br>of<br>Shares      | Shareholding<br>Ratio |  |  | Title  | Name   | Relationship |                    |
| Chairman | Republic of<br>China                 | Kao, Kuo-Lun                     | Male   | 2022.06.23      | 3 years         | 1992.07.15                        | 54,006                       | 4.35                  | 51,036                 | 4.35                  | 5,445                          | 0.46                  | 0                           | 0                     | MBA,<br>University of<br>Southern<br>California<br>Master of<br>Business<br>Administration<br>Former<br>President of the<br>Company  | Chief<br>Executive<br>Officer (CEO)<br>of the<br>Company<br>Convener of<br>the Corporate<br>Governance<br>and<br>Sustainable<br>Development<br>Committee of<br>the Company | None   | None   | None         | (Notes 3<br>and 5) |
| Director | Republic of<br>China                 | Kwang Yang<br>Motor Co.,<br>Ltd. | —      | 2022.06.23      | 3 years         | 1995.04.28                        | 124,000                      | 9.99                  | 117,800                | 9.99                  | N/A                            | N/A                   | 0                           | 0                     | N/A  | N/A  | N/A  |  |              | -                  |
|          |                                      | Representative:<br>Ko, Chun-Ping | Male   |                 |                 |                                   | 65                           | 0                     | 0                      | 0                     | 0                              | 0                     | 0                           | 0                     | 0  | 0  | 0  | Master of<br>Management<br>Science,<br>Tamkang<br>University | (Note 4)     | None               |
| Director | Republic of<br>China                 | Yang, Huai-<br>Kung              | Male   | 2022.06.23      | 3 years         | 1972.05.14                        | 15,576                       | 1.26                  | 14,597                 | 1.24                  | 0                              | 0                     | 0                           | 0                     | Bachelor of<br>Accounting,<br>Soochow<br>University<br>Former Vice<br>President of the<br>Company  | None   | None   | None   | None         | -                  |
| Director | Republic of<br>China                 | Chen, Chao-<br>Hsu               | Male   | 2022.06.23      | 3 years         | 2022.06.23                        | 1,261                        | 0.10                  | 1,198                  | 0.10                  | 1,131                          | 0.09                  | 2,090                       | 0.18                  | Attending<br>Physician,<br>Department of<br>Dermatology,<br>National Taiwan<br>University<br>Hospital<br>Director,<br>Division of Skin<br>Care and<br>Surgery,<br>Department of<br>Dermatology,<br>NTU | Department of<br>Dermatology,<br>National<br>Taiwan<br>University<br>Hospital<br>Part-time<br>Attending<br>Physician   | None   | None   | None         | -                  |

| Title    | Nationality/<br>Country of<br>Origin | Name                | Gender | Date<br>Elected | Term<br>(Years) | Date first<br>elected<br>(Note 1) | Shareholding when<br>Elected |                       | Current Shareholding   |                       | Spouse & Minor<br>Shareholding |                       | Shareholding by<br>Nominees |                       | Experience<br>(Education)   | Other Position<br>Concurrently<br>Held at the<br>Company and<br>Other<br>Companies<br>(Note 2) | Executives, Directors or<br>Supervisors who are spouses<br>or within two degrees of<br>kinship |                       |                   | Note  |
|----------|--------------------------------------|---------------------|--------|-----------------|-----------------|-----------------------------------|------------------------------|-----------------------|------------------------|-----------------------|--------------------------------|-----------------------|-----------------------------|-----------------------|---|--|--|-----------------------|-------------------|---|
|          |                                      |                     | Age    |                 |                 |                                   | Number<br>of<br>Shares       | Shareholding<br>Ratio | Number<br>of<br>Shares | Shareholding<br>Ratio | Number<br>of<br>Shares         | Shareholding<br>Ratio | Number<br>of<br>Shares      | Shareholding<br>Ratio |   |  | Title  | Name                  | Relationship      |   |
|          |                                      |                     |        |                 |                 |                                   |                              |                       |                        |                       |                                |                       |                             |                       |   |  |  |                       |                   |   |
| Director | Republic of<br>China                 | Kao, Kuo-<br>Hsun   | Male   | 2022.06.23      | 3 years         | 2022.06.23                        | 1,503                        | 0.12                  | 2,288                  | 0.19                  | 0                              | 0                     | 0                           | 0                     | Secretary<br>General, Taiwan<br>Society for<br>Investigative<br>Dermatology<br>Director,<br>Taiwanese<br>Society for<br>Dermatological<br>and Aesthetic<br>Surgery<br>Executive<br>Director, Laser<br>and Photonics<br>Medicine<br>Society of<br>Taiwan | Director,<br>Chengfu<br>International<br>Investment<br>Co., Ltd.                               | Director   | Kao,<br>Ying-<br>Chih | Father and<br>son | Kao, Ying-<br>Chih retired<br>as the<br>director<br>after the re-<br>election |
|          |                                      |                     | 47     |                 |                 |                                   |                              |                       |                        |                       |                                |                       |                             |                       |   |  |  |                       |                   |   |
| Director | Republic of<br>China                 | Huang, Shun-<br>Jen | Male   | 2022.06.23      | 3 years         | 2022.06.23                        | 840                          | 0.07                  | 798                    | 0.07                  | 422                            | 0.04                  | 0                           | 0                     | Master,<br>National Tsing<br>Hua University<br>Vice President<br>of the Company<br>CTO of the<br>Company  | None   | None   | None                  | None              | -   |
|          |                                      |                     | 69     |                 |                 |                                   |                              |                       |                        |                       |                                |                       |                             |                       |   |  |  |                       |                   |   |
| Director | Republic of<br>China                 | Chen, Chin-<br>Yuan | Male   | 2022.06.23      | 3 years         | 2022.06.23                        | 255                          | 0.02                  | 242                    | 0.02                  | 0                              | 0                     | 0                           | 0                     | Bachelor of<br>Chemical<br>Engineering,<br>National Taiwan<br>University<br>Vice President<br>of the Company<br>CTO of the<br>Company,<br>Operation<br>director of the<br>business unit   | Consultant of<br>the Company   | None   | None                  | None              | -   |
|          |                                      |                     | 67     |                 |                 |                                   |                              |                       |                        |                       |                                |                       |                             |                       |   |  |  |                       |                   |   |
| Director | Republic of<br>China                 | Liao, Hen-<br>Ning  | Male   | 2022.06.23      | 3 years         | 2022.06.23                        | 253                          | 0.02                  | 241                    | 0.02                  | 0                              | 0                     | 0                           | 0                     | Bachelor of<br>Chemical<br>Engineering,<br>National Taiwan<br>University<br>Vice President<br>of the Company<br>Procurement<br>Manager of the   | Consultant of<br>the Company   | None   | None                  | None              | -   |
|          |                                      |                     | 65     |                 |                 |                                   |                              |                       |                        |                       |                                |                       |                             |                       |   |  |  |                       |                   |   |





| Title                   | Nationality/<br>Country of<br>Origin | Name        | Gender | Date<br>Elected | Term<br>(Years) | Date first<br>elected<br>(Note 1) | Shareholding when<br>Elected |                       | Current Shareholding   |                       | Spouse & Minor<br>Shareholding |                       | Shareholding by<br>Nominees |                       | Experience<br>(Education)   | Other Position<br>Concurrently<br>Held at the<br>Company and<br>Other<br>Companies<br>(Note 2)   | Executives, Directors or<br>Supervisors who are spouses<br>or within two degrees of<br>kinship  |      |              | Note |   |
|-------------------------|--------------------------------------|-------------|--------|-----------------|-----------------|-----------------------------------|------------------------------|-----------------------|------------------------|-----------------------|--------------------------------|-----------------------|-----------------------------|-----------------------|---|--|---|------|--------------|------|---|
|                         |                                      |             | Age    |                 |                 |                                   | Number<br>of<br>Shares       | Shareholding<br>Ratio | Number<br>of<br>Shares | Shareholding<br>Ratio | Number<br>of<br>Shares         | Shareholding<br>Ratio | Number<br>of<br>Shares      | Shareholding<br>Ratio |   |  | Title   | Name | Relationship |      |   |
|                         |                                      |             |        |                 |                 |                                   |                              |                       |                        |                       |                                |                       |                             |                       |   |  |   |      |              |      |   |
| Independent<br>Director | Republic of<br>China                 | Lo, Li-Chun | Male   | 2022.06.23      | 3 years         | 2019.06.26                        | 0                            | 0                     | 0                      | 0                     | 0                              | 0                     | 0                           | 0                     | PhD in<br>Management,<br>Hong Kong<br>Polytechnic<br>University<br>Former Visiting<br>Associate<br>Professor,<br>Nanyang<br>Business School | Development<br>Governance<br>and<br>Sustainable<br>Development<br>Committee of<br>the Company<br>Professor,<br>Institute of<br>Human<br>Resource<br>Management,<br>National Sun<br>Yat-sen<br>University<br>Director of<br>Innovation<br>Research<br>Center, Sun<br>Yat-sen<br>University<br>Independent<br>Director,<br>convener of<br>the<br>Remuneration<br>Committee<br>and member<br>of the Audit<br>Committee of<br>KHAM Inc.<br>Independent<br>Director,<br>convener of<br>the Audit<br>Committee<br>and the<br>Remuneration<br>Committee of<br>Tigerair<br>Taiwan Co.,<br>Ltd. | Convener of<br>the Audit<br>Committee of<br>the Company<br>Member of the<br>Remuneration<br>Committee<br>and the<br>Corporate<br>Governance | None | None         | None | - |

| Title                   | Nationality/<br>Country of<br>Origin | Name                | Gender | Date<br>Elected | Term<br>(Years) | Date first<br>elected<br>(Note 1) | Shareholding when<br>Elected |                       | Current Shareholding   |                       | Spouse & Minor<br>Shareholding |                       | Shareholding by<br>Nominees |                       | Experience<br>(Education) | Other Position<br>Concurrently<br>Held at the<br>Company and<br>Other<br>Companies<br>(Note 2)  | Executives, Directors or<br>Supervisors who are spouses<br>or within two degrees of<br>kinship                                     |          |                      | Note              |   |
|-------------------------|--------------------------------------|---------------------|--------|-----------------|-----------------|-----------------------------------|------------------------------|-----------------------|------------------------|-----------------------|--------------------------------|-----------------------|-----------------------------|-----------------------|---------------------------|---|--|----------|----------------------|-------------------|---|
|                         |                                      |                     | Age    |                 |                 |                                   | Number<br>of<br>Shares       | Shareholding<br>Ratio | Number<br>of<br>Shares | Shareholding<br>Ratio | Number<br>of<br>Shares         | Shareholding<br>Ratio | Number<br>of<br>Shares      | Shareholding<br>Ratio |                           |   | Title  | Name     | Relationship         |                   |   |
|                         |                                      |                     |        |                 |                 |                                   |                              |                       |                        |                       |                                |                       |                             |                       |                           |   |  |          |                      |                   |   |
| Independent<br>Director | Republic of<br>China                 | Lu, Chun-<br>Cheng  | Male   | 64              | 2022.06.23      | 3 years                           | 2022.06.23                   | 1                     | 0                      | 1                     | 0                              | 0                     | 0                           | 0                     | 0                         | Former CEO of<br>Protrend Global<br>Financial<br>Information<br>Co., Ltd.   | and<br>Sustainable<br>Development<br>Committee of<br>the Company<br>CEO of<br>Protrend<br>Management<br>Consulting<br>Co., Ltd.    |          |                      |                   | -   |
|                         |                                      |                     |        |                 |                 |                                   |                              |                       |                        |                       |                                |                       |                             |                       |                           | Master of Laws,<br>National<br>Chengchi<br>University<br>Attorney, Patent<br>Agent, Tai E<br>International<br>Patent & Law<br>Office<br>Attorney,<br>Taiwan<br>International<br>Patent & Law<br>Office<br>Partner<br>Attorney, L&L<br>International<br>Law Firm | Partner<br>Attorney, Huili<br>Law Office<br>Chairman,<br>Peiran Co.,<br>Ltd.<br>Supervisor,<br>Chunxing<br>Industrial Co.,<br>Ltd. | None     | None                 | None              | -   |
| Director                | Republic of<br>China                 | Hsieh, Chin-<br>Kun | Male   | 66              | 2019.06.26      | 3 years                           | 2004.04.14                   | 723                   | 0.06                   | 686                   | 0.06                           | 0                     | 0                           | 0                     | 0                         | MBA, National<br>Sun Yat-sen<br>University<br>Former<br>President, Chief<br>Operating<br>Officer (COO)<br>and Chief<br>Strategy Officer<br>(CSO) of the<br>Company  | Vice President<br>and Senior<br>Consultant of<br>the Company   | None     | None                 | None              | -   |
| Director                | Republic of<br>China                 | Kao, Ying-<br>Chih  | Male   | 86              | 2019.06.26      | 3 years                           | 2010.06.15                   | 19,852                | 1.60                   | 16,764                | 1.42                           | 986                   | 0.08                        | 5,965                 | 0.51                      | Bachelor of<br>Physics, Chung<br>Yuan Christian<br>University<br>Former<br>Chairman,<br>Orchard Taiwan<br>Co., Ltd.   | Supervisor,<br>Chengfu<br>International<br>Investment<br>Co., Ltd.   | Director | Kao,<br>Kuo-<br>Hsun | Father and<br>son | Kao, Ying-<br>Chih retired<br>as the<br>director<br>after the re-<br>election |
| Director                | Republic of<br>China                 | Shiao, Tzu-Fei      | Male   | 67              | 2019.06.26      | 3 years                           | 1998.04.10                   | 558                   | 0.05                   | 530                   | 0.05                           | 0                     | 0                           | 0                     | 0                         | MBA, National<br>Chengchi<br>University<br>Former Vice  | Senior<br>Consultant of<br>the Company   | None     | None                 | None              | -   |

| Title    | Nationality/<br>Country of<br>Origin | Name         | Gender       | Date<br>Elected | Term<br>(Years) | Date first<br>elected<br>(Note 1) | Shareholding when<br>Elected |                       | Current Shareholding   |                       | Spouse & Minor<br>Shareholding |                       | Shareholding by<br>Nominees |                       | Experience<br>(Education)  | Other Position<br>Concurrently<br>Held at the<br>Company and<br>Other<br>Companies<br>(Note 2) | Executives, Directors or<br>Supervisors who are spouses<br>or within two degrees of<br>kinship |      |              | Note |
|----------|--------------------------------------|--------------|--------------|-----------------|-----------------|-----------------------------------|------------------------------|-----------------------|------------------------|-----------------------|--------------------------------|-----------------------|-----------------------------|-----------------------|--|--|--|------|--------------|------|
|          |                                      |              | Age          |                 |                 |                                   | Number<br>of<br>Shares       | Shareholding<br>Ratio | Number<br>of<br>Shares | Shareholding<br>Ratio | Number<br>of<br>Shares         | Shareholding<br>Ratio | Number<br>of<br>Shares      | Shareholding<br>Ratio |  |  | Title  | Name | Relationship |      |
|          |                                      |              |              |                 |                 |                                   |                              |                       |                        |                       |                                |                       |                             |                       |  |  |  |      |              |      |
| Director | Republic of<br>China                 | Yen, Shu-Fen | Female<br>69 | 2019.06.26      | 3 years         | 2019.06.26                        | 299                          | 0.02                  | 284                    | 0.02                  | 0                              | 0                     | 0                           | 0                     | Chairman,<br>President, and<br>COO of the<br>Company<br>Bachelor of<br>Business<br>Administration,<br>National Cheng<br>Kung<br>University<br>Former Vice<br>President of the<br>Company | Consultant of<br>the Company   | None   | None | None         | -    |

Note 1. Chairman Kao, Kuo-Lun was elected as Director of the Company for the first time on July 15, 1992. He was elected by the Board of Directors as Chairman on June 15, 2010 and has served in this capacity since then.

Directors, Hsieh, Chin-Kun, Kao, Ying-Chih, Shiao, Tzu-Fei and Yen, Shu-Fen retired after the re-election on June 23, 2022.

Director Chen, I-Heng served as independent director of the company from June 15, 2016 to June 26, 2019 and has been an independent director since June 18, 2020.

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

Note 3. Position(s) held in other Companies: Please refer to the “Information on Directors, Supervisors, and Presidents of Affiliated Companies” on pages 359-364 of the Annual Report.

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

Note 5. Appointed as CEO by the Board of Directors on June 26, 2019. The responsibility of a Chairman is to preside over board meetings and execute matters authorized by the Board of Directors, whereas a CEO is responsible for the execution and promotion of the Company's business plan. It is essential to establish the CEO role, given their different responsibilities, despite being held by the same person. Over half of the directors of the Company do not concurrently serve as employees or managerial officers of the Company.

## 2. Major Shareholder of Institutional Shareholder

April 30, 2023

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

## 3. Main shareholders of corporate

April 30, 2023

| Name of Institutional Shareholder | Major Shareholder of Institutional Shareholder | Shareholding Ratio (%) |
|-----------------------------------|--|------------------------|
| Xinsheng Investment Co., Ltd.     | Ko, Hung-Ming                                  | 0.005                  |
|                                   | Ko, Hsing-Lang                                 | 0.005                  |
|                                   | Ko Wang, Shu-Yuan                              | 0.005                  |
|                                   | Ko Chen, Su-Hui                                | 0.005                  |
|                                   | Hongguang Investment Co., Ltd.                 | 62.10                  |
|                                   | Cyclical Investment Corporation                | 19.05                  |
|                                   | Min Fong Investment Corporation                | 18.83                  |
|                                   | Hsin Ching Investment Corporation              |                        |
| Hongguang Investment Co., Ltd.    | Ko Wang, Shu-Yuan                              | 20.00                  |
|                                   | Ko, Hung-Ming                                  | 20.00                  |
|                                   | Ko, Sheng-Feng                                 | 20.00                  |
|                                   | Ko, Yu-Feng                                    | 20.00                  |
|                                   | Ko, Kwang-Feng                                 | 20.00                  |
| Kuang Chou Investment Co., Ltd.   | Xindong Investment Co., Ltd.                   | 8.25                   |
|                                   | Hsien Yu Li Investment Co., Ltd.               | 7.70                   |
|                                   | He Wei Investment Co., Ltd.                    | 5.23                   |
|                                   | Teng Bin Investment Co., Ltd.                  | 4.38                   |
|                                   | Chang Qing Investment Co., Ltd.                | 4.38                   |
|                                   | Jia Qun Investment Co., Ltd.                   | 4.28                   |
|                                   | Qing Da Investment Co., Ltd.                   | 3.53                   |
|                                   | Yu Yang Investment Co., Ltd.                   | 3.34                   |
|                                   | Chou An Investment Co., Ltd.                   | 3.16                   |
|                                   | Cheng Tai Investment Co., Ltd.                 | 3.02                   |
| Daming Investment Co., Ltd.       | Hung Sheng Investment Co., Ltd.                | 19.35                  |
|                                   | Ko, Chia-Hung                                  | 12.50                  |
|                                   | Ko, Chia-Cheng                                 | 12.50                  |
|                                   | Zheng Jun Investment Co., Ltd.                 | 8.77                   |
| Kwang Hsing Industrial Co., Ltd.  | Kwang Yang Motor Co., Ltd.                     | 100.00                 |

| Name of Institutional Shareholder | Major Shareholder of Institutional Shareholder | Shareholding Ratio (%) |
|-----------------------------------|--|------------------------|
| Hung Sheng Investment Co., Ltd.   | Ho Sheng Investment Co., Ltd.                  | 12.50                  |
|                                   | Pai Yao Investment Co., Ltd.                   | 13.63                  |
|                                   | Chien Yao Investment Co., Ltd.                 | 11.37                  |
|                                   | Shuo Ting Investment Co., Ltd.                 | 12.50                  |
|                                   | Po Hsin Investment Co., Ltd.                   | 12.50                  |
|                                   | Chen Hsun Investment Co., Ltd.                 | 12.50                  |
|                                   | Hou Kang Investment Co., Ltd.                  | 12.50                  |
|                                   | Hing Yi Investment Co., Ltd.                   | 12.50                  |

#### 4. Information on Directors and Supervisors

##### (1) Board Member Diversity Policy:

The Company advocates and respects the policy of diversity of directors. In order to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, the Company advocates board diversity policy to improve the overall performance of the Company. Members of the Board of Directors are selected on a merit-based basis, with diverse and complementary abilities across industries, including basic composition (e.g. age, gender, nationality, etc.), industry experience and relevant skills (e.g. management, chemical industry, HR management and financial accounting), as well as business judgment, management, leadership and decision making and crisis management abilities.

In order to strengthen the functions of the Board of Directors and achieve the ideal goal of corporate governance, the third chapter of the Corporate Governance Best Practice Principles of Eternal Precision Mechanics Co., Ltd., "Strengthening the Functions of the Board of Directors" of the Company has provided a diversity policy, and the members of the Board of Directors should generally possess the knowledge, skills and qualities necessary to perform their duties. In addition, according to the Regulations Governing the Election of Directors, the directors of the Board are nominated and elected based on the nomination system to ensure the diversity and independence of the directors of the Board.

##### (2) Requirements for Professionalism and Independence of Board of Directors:

The current Board of Directors is composed of 12 directors (including 4 independent directors), with specific management objectives: Eternal's Board of Directors focuses on gender equality, with one female director currently on the Board; focuses on operational judgment, management and crisis management capabilities, with more than 2/3 of the directors possessing the abilities to handle relevant core projects.

All of the members of the Board of Directors have rich work experience and professional qualifications required by business, legal, financial, accounting or corporate businesses; among the 4 independent directors, each of whom provides objective and professional advice on their areas of expertise to assist the board in making decisions that are best for the Company. The election of directors of Eternal adopts the candidate nomination system. After the qualification examination, the list of candidates is selected and appointed by the Board of Shareholders for a term of three years.

(3) Professional qualifications of and diversity of members of the Board of Directors:

Directors Kao, Kuo-Lun, Ko, Chun-Ping, Yang, Huai-Kung and Kao, Kuo-Hsun possess operational judgment, business management, crisis management and international market perspective; director Chen, Chao-Hsu has professional background in medicine and medical qualification; directors Huang, Shun-Jen, Chen, Jin-Yuan, Liao, Hen-Ning have professional background in science and technology; independent director Chen, I-Heng is a professor specializing in human resources development and management; and independent director Lu, Chun-Cheng is a professional lawyer with legal expertise. The members of the Board of Directors have diverse backgrounds and are able to provide advice on management and strategic development from a variety of perspectives.

(4) The specific management objectives for the Company's diversity policy are achieved as follows:

Directors with concurrent employee status account for 8.33%; independent directors account for 33.33%; female directors account for 8.33%. None of the 4 Independent Directors have served more than three consecutive terms; 1 directors are aged over 70 years old; 10 are aged between 50 and 70 years old; and 1 aged under 50 years old.

For the qualifications and diversity of the members of the Board of Directors, in addition to the explanation in the following table, please refer to III. Composition and responsibilities of the Board of Directors of (III) Implementation Status of Corporate Governance and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof.

| Diversified Core Competences | Basic composition |                   |                 |        |   | Seniority of Independent Director | Experience and the following professional qualifications |               |                              |                       |          |            |                       |                            |                   |                      | No circumstances in Article 30 of the Company Act |  |   |  |
|------------------------------|-------------------|-------------------|-----------------|--------|---|-----------------------------------|--|---------------|------------------------------|-----------------------|----------|------------|-----------------------|----------------------------|-------------------|----------------------|---|--|---|--|
|                              | Name              | Nationality       | Employee Status | Gender | Major Education   |                                   | Age  |               | Diversified Core Competences |                       |          |            |                       | Professional Qualification |                   |                      |   |  |   |  |
|                              |                   |                   |                 |        |   |                                   | 50-70 years old (inclusive)                              | 70+ years old | Below 3 years                | 3-9 years (inclusive) | 9+ years | Leadership | Operational judgments | Business management        | Crisis management | Industrial Knowledge |   | Decision-making ability based on international | Other Business-related Academic Department in | Commerce, Law, Finance, Accounting, or Any |
| Director                     | Kao, Kuo-Lun      | Republic of China | V               | Male   | MBA, University of Southern California<br>Master of Business Administration | V                                 | -  | -             | -                            | -                     | V        | V          | V                     | V                          | V                 | V                    | -   | -  | -   | V  |
|                              | Ko, Chun-Ping     | Republic of China | -               | Male   | Tamkang University<br>Master of Management Science                          | V                                 | -  | -             | -                            | -                     | V        | V          | V                     | V                          | V                 | V                    | -   | -  | -   | V  |

| Diversified Core Competences | Basic composition |                   |                 |        |   | Seniority of Independent Director |               | Experience and the following professional qualifications |                       |          |                              |                       |                     |                   |                      |  |   | No circumstances in Article 30 of the Company Act |  |   |                                   |
|------------------------------|-------------------|-------------------|-----------------|--------|---|-----------------------------------|---------------|--|-----------------------|----------|------------------------------|-----------------------|---------------------|-------------------|----------------------|--|---|---|--|---|-----------------------------------|
|                              | Name              | Nationality       | Employee Status | Gender | Major Education   | Age                               |               | Below 3 years  | 3-9 years (inclusive) | 9+ years | Diversified Core Competences |                       |                     |                   |                      | Professional Qualification                     |   |   |  |   |                                   |
|                              |                   |                   |                 |        |   | 50-70 years old (inclusive)       | 70+ years old |  |                       |          | Leadership                   | Operational judgments | Business management | Crisis management | Industrial Knowledge | Decision-making ability based on international | Other Business-related Academic Department in |   | Commerce, Law, Finance, Accounting, or Any | Instructor or Higher in a Department of | Examination and Passed a National |
| Diversified Core Competences | Yang, Huai-Kung   | Republic of China | -               | Male   | Bachelor of Accounting, Soochow University  | -                                 | V             | -  | -                     | -        | V                            | V                     | V                   | V                 | V                    | V  | -   | -   | V  |   |                                   |
|                              | Chen, Chao-Hsu    | Republic of China | -               | Male   | Department of Medicine, National Taiwan University                                  | V                                 | -             | -  | -                     | -        | V                            | -                     | V                   | V                 | V                    | V  | -   | V   | Physician                                  |   |                                   |
|                              | Kao, Kuo-Hsun     | Republic of China | -               | Male   | Master of Business Administration, City University of Seattle, USA                  | V                                 | -             | -  | -                     | -        | V                            | V                     | V                   | V                 | V                    | V  | -   | -   | V  |   |                                   |
|                              | Huang, Shun-Jen   | Republic of China | -               | Male   | Master, National Tsing Hua University   | V                                 | -             | -  | -                     | -        | V                            | V                     | V                   | V                 | V                    | V  | -   | -   | V  |   |                                   |
|                              | Chen, Chin-Yuan   | Republic of China | -               | Male   | Bachelor of Chemical Engineering, National Taiwan University                        | V                                 | -             | -  | -                     | -        | V                            | V                     | V                   | V                 | V                    | V  | -   | -   | V  |   |                                   |
|                              | Liao, Hen-Ning    | Republic of China | -               | Male   | Bachelor of Chemical Engineering, National Taiwan University                        | V                                 | -             | -  | -                     | -        | V                            | V                     | V                   | V                 | V                    | V  | -   | -   | V  |   |                                   |
| Independent Director         | Hung, Lee-Jung    | Republic of China | -               | Female | Department of Accountancy, National Cheng Kung University                           | V                                 | -             | -  | 7                     | -        | V                            | V                     | V                   | V                 | V                    | V  | -   | V   | CPA  |   |                                   |
|                              | Chen, I-Heng      | Republic of China | -               | Male   | PhD in Human Resources Management and Organization Development, New York University | V                                 | -             | -  | 6                     | -        | V                            | V                     | V                   | V                 | V                    | V  | V   | -   | V  |   |                                   |
|                              | Lo, Li-Chun       | Republic of China | -               | Male   | Hong Kong Polytechnic University PhD in Management                                  | V                                 | -             | -  | 4                     | -        | V                            | V                     | V                   | V                 | V                    | V  | V   | -   | V  |   |                                   |



| Diversified Core Competences | Basic composition |             |                 |  |                 | Seniority of Independent Director |               | Experience and the following professional qualifications |                       |          |            |                            |                     |                   |                      | No circumstances in Article 30 of the Company Act |  |   |
|------------------------------|-------------------|-------------|-----------------|--|-----------------|-----------------------------------|---------------|--|-----------------------|----------|------------|----------------------------|---------------------|-------------------|----------------------|---|--|---|
|                              | Name              | Nationality | Employee Status | Gender                                       | Major Education | Age                               |               | Diversified Core Competences                             |                       |          |            | Professional Qualification |                     |                   |                      |   |  |   |
|                              |                   |             |                 |  |                 | 50~70 years old (inclusive)       | 70+ years old | Below 3 years  | 3~9 years (inclusive) | 9+ years | Leadership | Operational judgments      | Business management | Crisis management | Industrial Knowledge |   | Decision-making ability based on international | Other Business-related Academic Department in |
| Lu, Chun-Cheng               | Republic of China | -           | Male            | Master of Laws, National Chengchi University | V               | -                                 | 1             | -  | -                     | V        | V          | V                          | V                   | V                 | V                    | -   | V  | Lawyer  |

(2) Independence of independent directors:

April 30, 2023

| Diversified Core Competences | Independence |   |   |       |   |   | Number of Independent Directorships at Other Public Companies |
|------------------------------|--------------|---|---|-------|---|---|---|
|                              | Name         | When any of he himself, his spouse, or relative within the second degree of kinship serves as a Director, Supervisor or employee of the Company or its affiliates | Shareholding amount and ratio of he himself, his spouse, or relative within the second degree of kinship (or in the name of others) |       | Whether a director, supervisor or employee of a company having a particular relationship with the Company | Amount of remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years |   |
|                              |              |   | Number of Shares  | Ratio |   |   |   |
| Chen, I-Heng                 | No           | 216,447   | 0.01%   | No    | 0   | 2   |   |
| Hung, Lee-Jung               | No           | 0   | 0   | No    | 0   | 2   |   |
| Lo, Li-Chun                  | No           | 0   | 0   | No    | 0   | 0   |   |
| Lu, Chun-Cheng               | No           | 1,806   | 0   | No    | 0   | 0   |   |

## (II) Information on managerial officers

April 30, 2023; Unit: Thousand shares, %

| Title                          | Nationality          | Name                                   | Gender | Election<br>(Appointment)<br>Date | Shareholding           |                       | Spouse and Children<br>of Minor Age<br>Shareholding |                       | by Nominees<br>Shareholding |                       | Experience<br>(Education)   | Other<br>Position<br>Concurrently<br>Held at<br>Other<br>Companies | Managers who are Spouses or<br>Within<br>the Second Degree of<br>Kinship |                      |              | Note       |
|--------------------------------|----------------------|--|--------|-----------------------------------|------------------------|-----------------------|---|-----------------------|-----------------------------|-----------------------|---|--|--|----------------------|--------------|------------|
|                                |                      |  |        |                                   | Number<br>of<br>Shares | Shareholding<br>Ratio | Number<br>of<br>Shares                              | Shareholding<br>Ratio | Number<br>of<br>Shares      | Shareholding<br>Ratio |   |  | Title  | Name                 | Relationship |            |
| CEO                            | Republic<br>of China | Kao,<br>Kuo-<br>Lun                    | Male   | 2013.06.20                        | 51,306                 | 4.35                  | 5,445   | 0.46                  | 0                           | ..0                   | MBA, University of<br>Southern California<br>Master                             | (Notes 1 and<br>2)   | —  | —                    | —            | Note<br>11 |
| President<br>and<br>COO        | Republic<br>of China | Mao,<br>Hui-<br>Kuan                   | Male   | 2019.06.26                        | 206                    | 0.02                  | 0   | 0                     | 0                           | 0                     | Master in Chemical<br>Engineering,<br>National Taiwan<br>University             | (Note 2)   | —  | —                    | —            | None       |
| Vice<br>President              | Republic<br>of China | Liao,<br>Hen-<br>Ning<br>(Note<br>3)   | Male   | 2017.01.01                        | 241                    | 0.02                  | 0   | 0                     | 0                           | 0                     | Bachelor of<br>Chemical<br>Engineering,<br>National Taiwan<br>University        | None   | —  | —                    | —            | None       |
| Vice<br>President              | Republic<br>of China | Hung,<br>Chao-<br>Cheng                | Male   | 2021.07.01                        | 246                    | 0.02                  | 0   | 0                     | 0                           | 0                     | Bachelor of<br>Chemical<br>Engineering,<br>National Taiwan<br>University        | (Notes 2 and<br>4)   | —  | —                    | —            | None       |
| Vice<br>President              | Republic<br>of China | Pan,<br>Chin-<br>Cheng                 | Male   | 2021.07.01                        | 227                    | 0.02                  | 105   | 0.01                  | 0                           | 0                     | Master of<br>Chemistry, National<br>Cheng Kung<br>University                    | (Notes 2 and<br>5)   | Assistant<br>Vice<br>President   | Chu,<br>Jui-<br>Hsin | Spouse       | None       |
| Assistant<br>Vice<br>President | Republic<br>of China | Lin,<br>Chih-<br>Kuo                   | Male   | 1999.07.01                        | 569                    | 0.05                  | 0   | 0                     | 0                           | 0                     | PhD in Human<br>Resources<br>Management,<br>National Sun Yat-<br>sen University | None   | —  | —                    | —            | None       |
| Assistant<br>Vice<br>President | Republic<br>of China | Kao,<br>Chih-<br>Yu                    | Male   | 2010.01.01                        | 60                     | 0                     | 10  | 0                     | 0                           | 0                     | PhD in Chemical<br>Engineering,<br>National Taiwan<br>University                | (Note 6)   | —  | —                    | —            | None       |
| Assistant<br>Vice<br>President | Republic<br>of China | Chang,<br>Shih-<br>Fang<br>(Note<br>3) | Male   | 2014.01.01                        | 95                     | 0.01                  | 460   | 0.04                  | 0                           | 0                     | Bachelor of<br>Chemical<br>Engineering,<br>Tunghai University                   | None   | —  | —                    | —            | None       |

| Title                    | Nationality       | Name                      | Gender | Election (Appointment) Date | Shareholding     |                    | Spouse and Children of Minor Age Shareholding |                    | by Nominees Shareholding |                    | Experience (Education)  | Other Position Concurrently Held at Other Companies | Managers who are Spouses or Within the Second Degree of Kinship |                 |              | Note |
|--------------------------|-------------------|---------------------------|--------|-----------------------------|------------------|--------------------|---|--------------------|--------------------------|--------------------|---|---|---|-----------------|--------------|------|
|                          |                   |                           |        |                             | Number of Shares | Shareholding Ratio | Number of Shares                              | Shareholding Ratio | Number of Shares         | Shareholding Ratio |   |   | Title   | Name            | Relationship |      |
| Assistant Vice President | Republic of China | Huang, Chin-Lung (Note 3) | Male   | 2015.01.01                  | 223              | 0.02               | 53  | 0                  | 0                        | 0                  | Bachelor of Chemical Engineering, Chung Yuan Christian University | None  | —   | —               | —            | None |
| Assistant Vice President | Republic of China | Su, Wen-Pin               | Male   | 104.01.01                   | 51               | 0                  | 13  | 0                  | 0                        | 0                  | Master of Industrial Engineering, Taiwan Institute of Technology  | None  | —   | —               | —            | None |
| Assistant Vice President | Republic of China | Yeh, Mao-Jung             | Male   | 2019.01.01                  | 0                | 0                  | 0   | 0                  | 0                        | 0                  | Master of Chemical Engineering, National Tsing Hua University     | (Note 2)  | —   | —               | —            | None |
| Assistant Vice President | Republic of China | Weng, Chin-Yi             | Male   | 2019.01.01                  | 9                | 0                  | 0   | 0                  | 0                        | 0                  | Master of Chemical Engineering, National Tsing Hua University     | (Note 2)  | —   | —               | —            | None |
| Assistant Vice President | Republic of China | Chu, Jui-Hsin             | Female | 2020.01.01                  | 105              | 0.01               | 227   | 0.02               | 0                        | 0                  | MBA, National Sun Yat-sen University                              | (Note 2)  | Assistant Vice President  | Pan, Chin-Cheng | Spouse       | None |
| Assistant Vice President | Republic of China | Chen, Hung-Yi             | Male   | 2020.01.01                  | 41               | 0                  | 28  | 0                  | 0                        | 0                  | Master of Chemical Engineering, Chung Yuan Christian University   | (Notes 2 and 7)                                     | —   | —               | —            | None |
| Assistant Vice President | Republic of China | Lin, Chao-Kun             | Male   | 2020.01.01                  | 28               | 0                  | 33  | 0                  | 0                        | 0                  | Master of Chemistry, National Sun Yat-sen University              | (Notes 2 and 7)                                     | —   | —               | —            | None |
| Assistant Vice President | Republic of China | Liao, Keng-Chung (Note 3) | Male   | 2020.06.01                  | 238              | 0.02               | 0   | 0                  | 0                        | 0                  | Bachelor of Chemical Engineering, Tunghai University              | None  | —   | —               | —            | None |
| Assistant Vice President | Republic of China | Chang Chi-Kang            | Male   | 2021.01.01                  | 0                | 0                  | 0   | 0                  | 0                        | 0                  | Ph.D. in Chemistry, Sun Yat-Sen University                        | (Note 8)  | —   | —               | —            | None |
| Assistant Vice           | Republic of China | Hsieh, Yen-               | Male   | 2021.01.01                  | 74               | 0                  | 0   | 0                  | 0                        | 0                  | MBA., National Chi Nan University                                 | (Note 2)  | —   | —               | —            | None |

| Title                                      | Nationality       | Name            | Gender | Election (Appointment) Date | Shareholding     |                    | Spouse and Children of Minor Age Shareholding |                    | by Nominees Shareholding |                    | Experience (Education)   | Other Position Concurrently Held at Other Companies | Managers who are Spouses or Within the Second Degree of Kinship |      |              | Note |
|--|-------------------|-----------------|--------|-----------------------------|------------------|--------------------|---|--------------------|--------------------------|--------------------|--|---|---|------|--------------|------|
|  |                   |                 |        |                             | Number of Shares | Shareholding Ratio | Number of Shares                              | Shareholding Ratio | Number of Shares         | Shareholding Ratio |  |   | Title   | Name | Relationship |      |
| President                                  |                   | Fen             |        |                             |                  |                    |   |                    |                          |                    |  |   |   |      |              |      |
| Financial and Corporate Governance Officer | Republic of China | Liu, Bing-Cheng | Male   | 2018.12.01<br>2019.05.10    | 67               | 0                  | 0   | 0                  | 0                        | 0                  | Master of Finance, National Taiwan University (NTU)<br>Master of Information Technology, Loughborough University | (Notes 2 and 9)                                     | —   | —    | —            | None |
| Accounting Manager                         | Republic of China | Su, Hui-Fang    | Female | 2014.07.01                  | 0                | 0                  | 0   | 0                  | 0                        | 0                  | Master of Accounting, National Cheng Kung University<br>MBA, National Sun Yat-sen University                     | (Notes 2 and 10)                                    | —   | —    | —            | None |

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

Note 2. Position(s) held in other Companies: Please refer to the "Information on Directors, Supervisors, and Presidents of Affiliated Companies" on pages 359-364 of the Annual Report.

Note 3. Liao, Hen-Ning, Chang, Shih-Fang, Huang, Chin-Lung and Liao, Keng-Chung retired/were discharged respectively on May 2022, May 2022, March 2022 and June 2022.

Note 4. Hung, Chao-Cheng - Supervisor of Advanced PETFILM Investment Co., Ltd.

Note 5. Pan, Chin-Cheng - Director of ESCO Specialty Coatings (Shanghai), Director of Eternal Electronic Materials (Kunshan), and Director of Daxin Materials Corporation.

Note 6. Kao, Chih-Yu - Director of DSM Resins (Far East) Co., Ltd., director of DSM Eternal Resins (Kunshan) Co., Ltd. and director of INNO Capital Co., Ltd.

Note 7. Chen, Hung-Yi and Lin, Chao-Kun - Directors of Allnex-Eternal Resins Corporation Ltd., Directors of Allnex-Eternal Resins (Guangdong) Corporation Ltd., Director of DSM Resins (Far East) Co., Ltd. and Directors of DSM Eternal Resins (Kunshan) Co., Ltd.

Note 8. Chang, Chi-Kang - Director of Daxin Materials Corporation.

Note 9. Liu, Bing-Cheng - Director of Allnex-Eternal Resins Corporation Ltd., Director of Allnex-Eternal Resins (Guangdong) Corporation Ltd., Director of TBG Diagnostics Limited.

Note 10. Su, Hui-Fang - Supervisor of DSM Resins (Far East) Co., Ltd., DSM Resins (Kunshan) Co., Ltd., Allnex-Eternal Resins (Guangdong) Co., Ltd., Chuangxing Fine Chemistry (Shanghai) Co., Ltd., Eternal Electronic Materials (Kunshan) Co., Ltd., and Showa Denko New Material (Zhuhai) Co. Ltd.

Note 11. The Company's positions of CEO and Chairman are held by the same person. Since the duties of CEO and the Chairman are different, the main responsibility of the Chairman is to preside over board meetings and execute matters authorized by the Board of Directors, while the CEO is responsible for the execution of promotion of the Company's business plan, so it is necessary to establish these positions, and more than half of the directors of the Company's Board of Directors are not the employees or managers of the Company.

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

(I)

#### 1. Remuneration Paid to Directors

Unit: NT\$ Thousand

| Title                | Name                 | Remuneration of Directors                                   |                                       |                        |                                       |                             |                                       |                                |                                       |             |                                       | Percentage of the total sums of A, B, C, and D on the net profit after tax |                                       | Remuneration Paid to Concurrent Employees |                                       |                        |                                       |                                      |       |                                       |       | Percentage of the total sums of A, B, C, D, E, F, and G on the net profit after tax |                                       | Compensation Paid to Directors from an Invested Company Other Than the Company's Subsidiaries or Parent Company |      |      |   |
|----------------------|----------------------|---|---------------------------------------|------------------------|---------------------------------------|-----------------------------|---------------------------------------|--------------------------------|---------------------------------------|-------------|---------------------------------------|--|---------------------------------------|---|---------------------------------------|------------------------|---------------------------------------|--------------------------------------|-------|---------------------------------------|-------|---|---------------------------------------|---|------|------|---|
|                      |                      | Remuneration (A)  |                                       | Retirement Pension (B) |                                       | Director's Remuneration (C) |                                       | Business Execution Expense (D) |                                       | The Company | All Companies in Financial Statements | The Company  | All Companies in Financial Statements | Salary, Bonus, and Allowance (E)          |                                       | Retirement Pension (F) |                                       | Employees' compensation (G) (Note 2) |       |                                       |       | The Company   | All Companies in Financial Statements |   |      |      |   |
|                      |                      | The Company   | All Companies in Financial Statements | The Company            | All Companies in Financial Statements | The Company                 | All Companies in Financial Statements | The Company                    | All Companies in Financial Statements |             |                                       |  |                                       | The Company                               | All Companies in Financial Statements | The Company            | All Companies in Financial Statements | The Company                          |       | All Companies in Financial Statements |       |   |                                       |   |      |      |   |
|                      |                      | Cash Amount   | Stock Amount                          | Cash Amount            | Stock Amount                          | Cash Amount                 | Stock Amount                          | Cash Amount                    | Stock Amount                          | Cash Amount | Stock Amount                          | Cash Amount  | Stock Amount                          | Cash Amount                               | Stock Amount                          | Cash Amount            | Stock Amount                          |                                      |       |                                       |       |   |                                       |   |      |      |   |
| Director             | Chairman             | Kao, Kuo-Lun  | 0                                     | 0                      | 0                                     | 0                           | 4,309                                 | 4,309                          | 60                                    | 60          | 4,369                                 | 4,369  | 0.17                                  | 0.17                                      | 20,265                                | 20,265                 | 0                                     | 0                                    | 4,331 | 0                                     | 4,331 | 0   | 28,965                                | 28,965  | 1.11 | 1.11 | 0 |
|                      | Director             | Representative of Kwang Yang Motor Co., Ltd.: Ko, Chun-Ping | 0                                     | 0                      | 0                                     | 0                           | 2,155                                 | 2,155                          | 60                                    | 63          | 2,215                                 | 2,218  | 0.08                                  | 0.08                                      | 0                                     | 0                      | 0                                     | 0                                    | 0     | 0                                     | 0     | 0   | 2,215                                 | 2,218   | 0.08 | 0.08 | 0 |
|                      | Director             | Yang, Huai-Kung   | 0                                     | 0                      | 0                                     | 0                           | 2,155                                 | 2,155                          | 50                                    | 50          | 2,205                                 | 2,205  | 0.08                                  | 0.08                                      | 0                                     | 0                      | 0                                     | 0                                    | 0     | 0                                     | 0     | 0   | 2,205                                 | 2,205   | 0.08 | 0.08 | 0 |
|                      | Director             | Hsieh, Chin-Kun (Notes 1 and 2)                             | 0                                     | 0                      | 0                                     | 0                           | 1,034                                 | 1,034                          | 20                                    | 20          | 1,054                                 | 1,054  | 0.04                                  | 0.04                                      | 0                                     | 0                      | 0                                     | 0                                    | 0     | 0                                     | 0     | 0   | 1,054                                 | 1,054   | 0.04 | 0.04 | 0 |
|                      | Director             | Shiao, Tzu-Fei (Notes 1 and 2)                              | 0                                     | 0                      | 0                                     | 0                           | 1,034                                 | 1,034                          | 20                                    | 20          | 1,054                                 | 1,054  | 0.04                                  | 0.04                                      | 0                                     | 0                      | 0                                     | 0                                    | 0     | 0                                     | 0     | 0   | 1,054                                 | 1,054   | 0.04 | 0.04 | 0 |
|                      | Director             | Kao, Ying-Chih (Note 1)                                     | 0                                     | 0                      | 0                                     | 0                           | 1,034                                 | 1,034                          | 20                                    | 20          | 1,054                                 | 1,054  | 0.04                                  | 0.04                                      | 0                                     | 0                      | 0                                     | 0                                    | 0     | 0                                     | 0     | 0   | 1,054                                 | 1,054   | 0.04 | 0.04 | 0 |
|                      | Director             | Yen, Shu-Fen (Notes 1 and 2)                                | 0                                     | 0                      | 0                                     | 0                           | 1,034                                 | 1,034                          | 20                                    | 20          | 1,054                                 | 1,054  | 0.04                                  | 0.04                                      | 0                                     | 0                      | 0                                     | 0                                    | 0     | 0                                     | 0     | 0   | 1,054                                 | 1,054   | 0.04 | 0.04 | 0 |
|                      | Director             | Chen, Chao-Hsu  | 0                                     | 0                      | 0                                     | 0                           | 1,120                                 | 1,120                          | 40                                    | 40          | 1,160                                 | 1,160  | 0.04                                  | 0.04                                      | 0                                     | 0                      | 0                                     | 0                                    | 0     | 0                                     | 0     | 0   | 1,160                                 | 1,160   | 0.04 | 0.04 | 0 |
|                      | Director             | Kao, Kuo-Hsun   | 0                                     | 0                      | 0                                     | 0                           | 1,120                                 | 1,120                          | 40                                    | 40          | 1,160                                 | 1,160  | 0.04                                  | 0.04                                      | 0                                     | 0                      | 0                                     | 0                                    | 0     | 0                                     | 0     | 0   | 1,160                                 | 1,160   | 0.04 | 0.04 | 0 |
|                      | Director             | Huang, Shun-Jen   | 0                                     | 0                      | 0                                     | 0                           | 1,120                                 | 1,120                          | 40                                    | 40          | 1,160                                 | 1,160  | 0.04                                  | 0.04                                      | 0                                     | 0                      | 0                                     | 0                                    | 0     | 0                                     | 0     | 0   | 1,160                                 | 1,160   | 0.04 | 0.04 | 0 |
|                      | Director             | Chen, Chin-Yuan (Note 2)                                    | 0                                     | 0                      | 0                                     | 0                           | 1,120                                 | 1,120                          | 40                                    | 40          | 1,160                                 | 1,160  | 0.04                                  | 0.04                                      | 0                                     | 0                      | 0                                     | 0                                    | 0     | 0                                     | 0     | 0   | 1,160                                 | 1,160   | 0.04 | 0.04 | 0 |
|                      | Director             | Liao, Hen-Ning (Note 2)                                     | 0                                     | 0                      | 0                                     | 0                           | 1,120                                 | 1,120                          | 40                                    | 40          | 1,160                                 | 1,160  | 0.04                                  | 0.04                                      | 0                                     | 0                      | 0                                     | 0                                    | 0     | 0                                     | 0     | 0   | 1,160                                 | 1,160   | 0.04 | 0.04 | 0 |
| Independent Director | Independent Director | Chen, I-Heng  | 1,200                                 | 1,200                  | 0                                     | 0                           | 0                                     | 0                              | 110                                   | 110         | 1,310                                 | 1,310  | 0.05                                  | 0.05                                      | 0                                     | 0                      | 0                                     | 0                                    | 0     | 0                                     | 0     | 0   | 1,310                                 | 1,310   | 0.05 | 0.05 | 0 |
|                      | Independent Director | Hung, Lee-Jung  | 1,200                                 | 1,200                  | 0                                     | 0                           | 0                                     | 0                              | 110                                   | 110         | 1,310                                 | 1,310  | 0.05                                  | 0.05                                      | 0                                     | 0                      | 0                                     | 0                                    | 0     | 0                                     | 0     | 0   | 1,310                                 | 1,310   | 0.05 | 0.05 | 0 |
|                      | Independent Director | Lo, Li-Chun   | 1,200                                 | 1,200                  | 0                                     | 0                           | 0                                     | 0                              | 110                                   | 110         | 1,310                                 | 1,310  | 0.05                                  | 0.05                                      | 0                                     | 0                      | 0                                     | 0                                    | 0     | 0                                     | 0     | 0   | 1,310                                 | 1,310   | 0.05 | 0.05 | 0 |
|                      | Independent Director | Lu, Chun-Cheng  | 700                                   | 700                    | 0                                     | 0                           | 0                                     | 0                              | 70                                    | 70          | 770                                   | 770  | 0.03                                  | 0.03                                      | 0                                     | 0                      | 0                                     | 0                                    | 0     | 0                                     | 0     | 0   | 770                                   | 770   | 0.03 | 0.03 | 0 |

Note 1. Directors, Hsieh, Chin-Kun, Kao, Ying-Chih, Shiao, Tzu-Fei and Yen, Shu-Fen retired after the re-election on June 23, 2022.

Note 2. In addition to the disclosure in the above table, the directors of the Company received remuneration of NT\$8,256 thousand for consulting services provided to all companies in the financial statements for the most recent year.

Note 3. Including expenses for the use of company vehicles. Additionally, compensation paid to the drivers amounted to NT\$1,098 thousand, but not included in this remuneration.

Note 4. The compensation of the Company's independent directors are paid in accordance with the Compensation and Remuneration Guidelines for Directors of the Company, and amounted to NT\$1.2 million per year for each director in 2022, which is payable quarterly.

### Range of Remuneration Paid to Directors

| Range of Remuneration Paid to Each Director                 | Name of Director   |  |  |  |
|---|--|--|--|--|
|   | A+B+C+D  |  | A+B+C+D+E+F+G  |  |
|   | The Company  | All Companies in Financial Statements  | The Company  | All Companies in Financial Statements  |
| Less than NT\$1 million                                     | Lu, Chun-Cheng   | Lu, Chun-Cheng   | Lu, Chun-Cheng   | Lu, Chun-Cheng   |
| NT\$ 1,000,000 (inclusive) to NT\$ 2,000,000 (exclusive)    | Hsieh, Chin-Kun, Shiao, Tzu-Fei, Yen, Shu-Fen, Chen, Jin-Yuan, Liao, Hen-Ning, Kao, Ying-Chih, Chen, Chao-Hsu, Kao, Kuo-Hsun, Huang, Shun-Jen, Hung, Lee-Jung, Lo, Li-Chun, Chen, I-Heng | Hsieh, Chin-Kun, Shiao, Tzu-Fei, Yen, Shu-Fen, Chen, Jin-Yuan, Liao, Hen-Ning, Kao, Ying-Chih, Chen, Chao-Hsu, Kao, Kuo-Hsun, Huang, Shun-Jen, Hung, Lee-Jung, Lo, Li-Chun, Chen, I-Heng | Hsieh, Chin-Kun, Shiao, Tzu-Fei, Yen, Shu-Fen, Chen, Jin-Yuan, Liao, Hen-Ning, Kao, Ying-Chih, Chen, Chao-Hsu, Kao, Kuo-Hsun, Huang, Shun-Jen, Hung, Lee-Jung, Lo, Li-Chun, Chen, I-Heng | Hsieh, Chin-Kun, Shiao, Tzu-Fei, Yen, Shu-Fen, Chen, Jin-Yuan, Liao, Hen-Ning, Kao, Ying-Chih, Chen, Chao-Hsu, Kao, Kuo-Hsun, Huang, Shun-Jen, Hung, Lee-Jung, Lo, Li-Chun, Chen, I-Heng |
| NT\$ 2,000,000 (inclusive) to NT\$ 3,500,000 (exclusive)    | Yang, Huai-Kung, Representative of Kwang Yang Motor Co., Ltd.: Ko, Chun-Ping   | Yang, Huai-Kung, Representative of Kwang Yang Motor Co., Ltd.: Ko, Chun-Ping   | Yang, Huai-Kung, Representative of Kwang Yang Motor Co., Ltd.: Ko, Chun-Ping   | Yang, Huai-Kung, Representative of Kwang Yang Motor Co., Ltd.: Ko, Chun-Ping   |
| NT\$ 3,500,000 (inclusive) to NT\$ 5,000,000 (exclusive)    | Kao, Kuo-Lun   | Kao, Kuo-Lun   |  |  |
| NT\$ 5,000,000 (inclusive) to NT\$ 10,000,000 (exclusive)   |  |  |  |  |
| NT\$ 10,000,000 (inclusive) to NT\$ 15,000,000 (exclusive)  |  |  |  |  |
| NT\$ 15,000,000 (inclusive) to NT\$ 30,000,000 (exclusive)  |  |  | Kao, Kuo-Lun   | Kao, Kuo-Lun   |
| NT\$ 30,000,000 (inclusive) to NT\$ 50,000,000 (exclusive)  |  |  |  |  |
| NT\$ 50,000,000 (inclusive) to NT\$ 100,000,000 (exclusive) |  |  |  |  |
| More than NT\$100 million                                   |  |  |  |  |
| Total   | 16   | 16   | 16   | 16   |

Note: Directors, Hsieh, Chin-Kun, Kao, Ying-Chih, Shiao, Tzu-Fei and Yen, Shu-Fen retired after the re-election on June 23, 2022.

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

Unit: NT\$ Thousand

| Title             | Name                     | Salary (A)  |                                       | Pension (B) |                                       | Bonuses and special allowances (C)<br>(Note 1) |                                       | Employee's remuneration (D)<br>(Note 2) |              |                                       |              | Percentage of the total sums of A, B, C, and D on the net profit after tax (%) |                                       | Compensation Paid to Supervisors from an Invested Company Other than the Company's Subsidiary |
|-------------------|--------------------------|-------------|---------------------------------------|-------------|---------------------------------------|--|---------------------------------------|---|--------------|---------------------------------------|--------------|--|---------------------------------------|---|
|                   |                          | The Company | All Companies in Financial Statements | The Company | All Companies in Financial Statements | The Company                                    | All Companies in Financial Statements | The Company                             |              | All Companies in Financial Statements |              | The Company  | All Companies in Financial Statements |   |
|                   |                          |             |                                       |             |                                       |  |                                       | Cash Amount                             | Stock Amount | Cash Amount                           | Stock Amount |  |                                       |   |
| CEO               | Kao, Kuo-Lun             |             |                                       |             |                                       |  |                                       |   |              |                                       |              |  |                                       |   |
| President and COO | Mao, Hui-Kuan            |             |                                       |             |                                       |  |                                       |   |              |                                       |              |  |                                       |   |
| Vice President    | Liao, Hen-Ning<br>(Note) | 18,131      | 18,131                                | 3,398       | 3,398                                 | 46,947   | 46,947                                | 14,082                                  | 0            | 14,082                                | 0            | 82,558<br>: 3.15   | 82,558<br>: 3.15                      | 0   |
| Vice President    | Hung, Chao-Cheng         |             |                                       |             |                                       |  |                                       |   |              |                                       |              |  |                                       |   |
| Vice President    | Pan, Chin-Cheng          |             |                                       |             |                                       |  |                                       |   |              |                                       |              |  |                                       |   |

Note 1. Including expenses for the use of company vehicles. Additionally, compensation paid to the drivers amounted to NT\$1,098 thousand, but not included in this remuneration.

Note 2. The Company's 2022 earnings to be distributed to employees in 2023 are provisional in nature.

Note 3. Liao, Hen-Ning retired in May 2022.

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



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

| Range of Remuneration Paid to CEO, President, and Vice Presidents | Names CEO, President, Chief Strategy Officer and Vice Presidents |  |
|---|--|--|
|   | The Company  | All Companies in Financial Statements      |
| Less than NT\$1 million   |  |  |
| NT\$1 million (inclusive)~NT\$2 million (exclusive)               |  |  |
| NT\$2 million (inclusive)~NT\$3.5 million (exclusive)             |  |  |
| NT\$3.5 million (inclusive)~NT\$5 million (exclusive)             |  |  |
| NT\$5 million (inclusive)~NT\$10 million (exclusive)              | Hung, Chao-Cheng and Liao, Hen-Ning (Note)                       | Hung, Chao-Cheng and Liao, Hen-Ning (Note) |
| NT\$10 million (inclusive)~NT\$15 million (exclusive)             | Pan, Chin-Cheng  | Pan, Chin-Cheng                            |
| NT\$15 million (inclusive)~NT\$30 million (exclusive)             | Kao, Kuo-Lun, Mao, Hui-Kuan                                      | Kao, Kuo-Lun, Mao, Hui-Kuan                |
| NT\$30 million (inclusive)~NT\$50 million (exclusive)             |  |  |
| NT\$50 million (inclusive)~NT\$100 million (exclusive)            |  |  |
| More than NT\$100 million   |  |  |
| Total   | 5  | 5  |

Note: Liao, Hen-Ning retired in May 2022.

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

December 31, 2022; Unit: NT\$ Thousand

|                    | Title                    | Name                    | Stock Amount | Cash Amount | Total  | Ratio of Total Amount to Net Income After Tax (NIAT) (%) |
|--------------------|--------------------------|-------------------------|--------------|-------------|--------|--|
| Managerial Officer | CEO                      | Kao, Kuo-Lun            | 0            | 24,815      | 24,815 | 0.95   |
|                    | President and COO        | Mao, Hui-Kuan           |              |             |        |  |
|                    | Vice President           | Liao, Hen-Ning (Note)   |              |             |        |  |
|                    | Vice President           | Hung, Chao-Cheng        |              |             |        |  |
|                    | Vice President           | Pan, Chin-Cheng         |              |             |        |  |
|                    | Assistant Vice President | Lin, Chih-Kuo           |              |             |        |  |
|                    | Assistant Vice President | Kao, Chih-Yu            |              |             |        |  |
|                    | Assistant Vice President | Chang, Shih-Fang (Note) |              |             |        |  |
|                    | Assistant Vice President | Huang, Chin-Lung (Note) |              |             |        |  |

|  | Title                    | Name                    | Stock Amount | Cash Amount | Total | Ratio of Total Amount to Net Income After Tax (NIAT) (%) |
|--|--------------------------|-------------------------|--------------|-------------|-------|--|
|  | Assistant Vice President | Su, Wen-Pin             |              |             |       |  |
|  | Assistant Vice President | Yeh, Mao-Jung           |              |             |       |  |
|  | Assistant Vice President | Weng, Chin-Yi           |              |             |       |  |
|  | Assistant Vice President | Chu, Jui-Hsin           |              |             |       |  |
|  | Assistant Vice President | Lin, Chao-Kun           |              |             |       |  |
|  | Assistant Vice President | Chen, Hung-Yi           |              |             |       |  |
|  | Assistant Vice President | Liao, Keng-Chung (Note) |              |             |       |  |
|  | Assistant Vice President | Chang Chi-Kang          |              |             |       |  |
|  | Assistant Vice President | Hsieh, Yen-Fen          |              |             |       |  |
|  | Manager                  | Liu, Bing-Cheng         |              |             |       |  |
|  | Manager                  | Su, Hui-Fang            |              |             |       |  |

Note: Liao, Hen-Ning, Chang, Shih-Fang, Huang, Chin-Lung and Liao, Keng-Chung retired / were discharged respectively in May 2022, May 2022, March 2022, and June 2022.

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

1.

| Target \ Year                          | Ratio of Total Remuneration to NIAT (%) |  |             |  |
|--|---|--|-------------|--|
|  | 2022                                    |  | 2021        |  |
|  | The Company                             | All companies included in the financial statements | The Company | All companies included in the financial statements |
| Directors (Note 1)                     | 0.90                                    | 0.90   | 0.81        | 0.81   |
| President and Vice Presidents (Note 2) | 3.15                                    | 3.15   | 2.73        | 2.73   |

Note 1. Excluding employee remuneration received by directors

Note 2. Regardless of job titles, positions equivalent to the president and vice presidents (such as President, Chief Executive Officer, and Executive Director) shall be disclosed.

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

(1) According to Article 17 of the Company's Articles of Incorporation, if the Company has a profit in the current year, the director's remuneration shall not exceed 1%. The relevant remuneration payment method shall be determined according to Article 14-1 with reference to the industry standard. The Company has also formulated the "Director Remuneration and Compensation Payment Guidelines". The revision of the regulations and the payment of remuneration are subject to the resolutions of the Remuneration Committee and the Board of Directors.

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

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

#### IV. State of Implementation of Corporate Governance:

##### (I) Operations of the Board of Directors

1. A total of 6 (A) meetings of the Board of Directors were held in 2022. The attendance of Directors was as follows:

| Title    | Name  | Times of Attendance in Person (B) | Number of Attendance by Proxy | Rate of Attendance in Person (%) [B/A] (Note) | Note   |
|----------|---|-----------------------------------|-------------------------------|---|--|
| Chairman | Kao, Kuo-Lun  | 6                                 | 0                             | 100   |  |
| Director | Kwang Yang Motor Co., Ltd.<br>Representative: Ko, Chun-Ping | 6                                 | 0                             | 100   |  |
| Director | Yang, Huai-Kung   | 5                                 | 0                             | 83  |  |
| Director | Hsieh, Chin-Kun   | 2                                 | 0                             | 100   | Retired on June 23, 2022 after the re-election of directors; required to attend 2 meetings |
| Director | Kao, Ying-Chih  | 2                                 | 0                             | 100   |  |
| Director | Shiao, Tzu-Fei  | 2                                 | 0                             | 100   |  |
| Director | Yen, Shu-Fen  | 2                                 | 0                             | 100   |  |
| Director | Chen, Chao-Hsu  | 4                                 | 0                             | 100   | Appointed on   |

|                      |                 |   |   |     |  |
|----------------------|-----------------|---|---|-----|--|
| Director             | Kao, Kuo-Hsun   | 4 | 0 | 100 | June 23, 2022<br>after the re-<br>election;<br>required to<br>attend 4<br>meetings                 |
| Director             | Huang, Shun-Jen | 4 | 0 | 100 |  |
| Director             | Chen, Chin-Yuan | 4 | 0 | 100 |  |
| Director             | Liao, Hen-Ning  | 4 | 0 | 100 |  |
| Independent Director | Hung, Lee-Jung  | 6 | 0 | 100 |  |
| Independent Director | Chen, I-Heng    | 6 | 0 | 100 |  |
| Independent Director | Lo, Li-Chun     | 6 | 0 | 100 |  |
| Independent Director | Lu, Chun-Cheng  | 4 | 0 | 100 | Appointed on<br>June 23, 2022<br>after the re-<br>election;<br>required to<br>attend 4<br>meetings |

Note: Actual attendance (appearance) rate (%) shall be calculated using the number of Directors' Meetings convened and actual attendance (appearance) during the term of service.

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

| 2022           | 3/11 | 5/13 | 6/23 | 8/3 | 11/11 | 12/28 |
|----------------|------|------|------|-----|-------|-------|
| Hung, Lee-Jung | V    | V    | V    | V   | V     | V     |
| Lo, Li-Chun    | V    | V    | V    | V   | V     | V     |
| Chen, I-Heng   | V    | V    | V    | V   | V     | V     |
| Lu, Chun-Cheng | N/A  | N/A  | V    | V   | V     | V     |

Note: V Attendance in person

3. Note of attendance:

(1) The actual total attendance rate of the board meeting in 2022 was 98.52%.

(2) The independent directors attended all six meetings of the Board of Directors in 2022 in person.

Other items to be recorded:

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

(I) Items listed in Article 14-3 of the Securities and Exchange Act: The Company has set up an Audit Committee. Please refer to other items that should be recorded in the section "State of Operations of the Audit Committee" below.

(II) In addition to the aforementioned items, other resolutions of the Board of Directors that have been objected or reserved by the independent directors and are documented or stated in writing: None.

II. Avoidance of directors from proposals with interests in 2022:

| Date of Meeting of the Board of Directors | Name of Director | Proposal        | Reason for Interest Avoidance | Participation in Voting      |
|---|------------------|-----------------|-------------------------------|------------------------------|
| 3/11                                      | Kao, Kuo-        | Distribution of | If the content of the         | The Chairman of the Board of |

|      |   |   |   |  |
|------|---|---|---|--|
|      | Lun<br>(Chairman)                                     | profit target<br>overreach<br>performance<br>bonuses to<br>managerial<br>officers, and<br>managerial<br>officer project<br>award plan.                    | resolution is related to the<br>director's self-interest,<br>he/she shall recuse<br>himself/herself from the<br>discussion and vote in<br>accordance with the law.  | Directors shall appoint<br>Director Shiao, Tzu-Fei to<br>preside over this motion by<br>proxy; the acting Chairman<br>consulted all the remaining<br>directors present without any<br>dissenting opinion.                                  |
| 5/13 | Kao, Kuo-<br>Lun<br>(Chairman)                        | The Company<br>remuneration<br>distribution<br>proposal for<br>managerial<br>officers   | If the content of the<br>resolution is related to the<br>interest of Chairman and<br>CEO Kao, Kuo-Lun, he<br>shall recuse<br>himself/herself from the<br>discussion and vote in<br>accordance with the law. | The Chairman of the Board of<br>Directors shall appoint<br>Director Yang, Huai-Kung to<br>preside over this motion by<br>proxy; the acting Chairman<br>consulted all the remaining<br>directors present without any<br>dissenting opinion. |
| 6/23 | Chen, I-<br>Heng                                      | Signed a<br>contract with<br>National Sun<br>Yat-sen<br>University for<br>industry-<br>university<br>cooperation and<br>academic<br>feedback<br>mechanism | If the content of the<br>resolution is related to the<br>director's self-interest,<br>he/she shall recuse<br>himself/herself from the<br>discussion and vote in<br>accordance with the law.                 | The Chairman consulted the<br>remaining directors present<br>without any dissenting<br>opinion.  |
|      | Hung, Lee-<br>Jung<br>Chen, I-<br>Heng<br>Lo, Li-Chun | The appointment<br>of Remuneration<br>Committee<br>members  | If the content of the<br>resolution is related to the<br>director's self-interest,<br>he/she shall recuse<br>himself/herself from the<br>discussion and vote in<br>accordance with the law.                 | The Chairman consulted the<br>remaining directors present<br>without any dissenting<br>opinion.  |
|      | Kao, Kuo-<br>Lun<br>(Chairman)                        | Members of the<br>Corporate<br>Governance and<br>Sustainable<br>Development<br>Committee of<br>the Company  | If the content of the<br>resolution is related to the<br>director's self-interest,<br>he/she shall recuse<br>himself/herself from the<br>discussion and vote in<br>accordance with the law.                 | The Chairman of the Board of<br>Directors shall appoint<br>Director Yang, Huai-Kung to<br>preside over this motion by<br>proxy; the acting Chairman<br>consulted all the remaining<br>directors present without any<br>dissenting opinion. |
| 8/3  | Lu, Chun-<br>Cheng                                    | Appointment of<br>Additional<br>Members of the<br>Salary and<br>Remuneration<br>Committee   | If the content of the<br>resolution is related to the<br>director's self-interest,<br>he/she shall recuse<br>himself/herself from the<br>discussion and vote in<br>accordance with the law.                 | The Chairman consulted the<br>remaining directors present<br>without any dissenting<br>opinion.  |

|       |                            |  |   |   |
|-------|----------------------------|--|---|---|
| 12/28 | Kao, Kuo-Lun<br>(Chairman) | Annual salary adjustment of managerial officers, managerial officers' annual performance bonus and operation performance bonus | If the content of the resolution is related to the director's self-interest, he/she shall recuse himself/herself from the discussion and vote in accordance with the law. | The Chairman of the Board of Directors shall appoint Director Yang, Huai-Kung to preside over this motion by proxy; the acting Chairman consulted all the remaining directors present without any dissenting opinion. |
|-------|----------------------------|--|---|---|

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

(I) Annual self-evaluation

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

| Evaluation cycle | Period of Evaluation  | Scope   | Evaluation methods   | Assessment Content   |
|------------------|-----------------------|---|--|--|
| Annually         | 2022.01.01~2022.12.31 | Evaluation on performance of the Board, individual directors, and functional committees (the Audit Committee and the Remuneration Committee). | Internal board self-evaluation, board member self-evaluation and peer evaluation | Report on internal evaluation results of board performance |

(II) Assessment Category:

| Evaluation Object                                 | Evaluation Items   | Number of Questions | Indicator Score |
|---|--|---------------------|-----------------|
| Board of Directors                                | 1. Degree of engagement in corporate operations<br>2. Improvement of Board of Directors' decision-making.<br>3. Composition and structure of the Board of Directors<br>4. The election of Directors and their continuing education.<br>5. Internal control | 45                  | 99              |
| Directors<br>(Self-evaluation or peer evaluation) | 1. Control over the Company's goals and tasks<br>2. Understanding of director duties and functions<br>3. Degree of engagement in corporate   | 23                  | 99              |

|   |  |    |    |
|---|--|----|----|
|   | <p>operations.</p> <p>4. Management of internal relations and communication</p> <p>5. Directors' professional and continuing education and training</p> <p>6. Internal control</p>   |    |    |
| <p>Functional committees (The Audit Committee and the Remuneration Committee)</p> | <p>1. Degree of engagement in corporate operations.</p> <p>2. Recognition of the duties of functional committees.</p> <p>3. Improvement in the quality of decision making by the functional committees.</p> <p>4. Composition of the functional committee, and election and appointment of committee members.</p> <p>5. Internal control</p> | 24 | 98 |

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

(IV) Improvement plans: The item with low scores in this evaluation result is board performance evaluation: "The members of the Board of Directors have sufficient knowledge of the Company, its management team and the industry in which it operates."

(V) Improvement method:

1. Arranging physical reports or providing written information according to the needs of individual directors.
2. The management team provides relevant industry information from time to time for reference.

IV. Targets for strengthening the functions of the Board of Directors in the current fiscal year and the most recent fiscal year (e.g., establishing an audit committee and enhancing information transparency), and evaluation of target implementation:

(I) Objectives of strengthening the functions of the Board of Directors:

1. We will maintain operational transparency, focus on shareholders' rights, and believe that a sound and efficient Board of Directors is the foundation of corporate governance. Based on this philosophy, the Company has strengthened the functions of the Board of Directors through the establishment of relevant institutional regulations and committees.
  - (1) The Company has established the "Procedural Rules for Board of Directors Meetings of Eternal Materials Co., Ltd." to comply with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" and enter the Board of Directors' attendance on the Market Observation Post System (MOPS). The Board of Directors has also disclosed material resolutions on the Company website.
  - (2) The Company has formed a Remuneration Committee in 2011. It is responsible for assisting the Board of Directors in assessing the remuneration level of directors and managerial officers.
  - (3) The Company established an Audit Committee (comprised of all independent directors) in 2016 to strengthen internal control mechanism and assist the Board of Directors with decision-making process.
  - (4) The Company established the Corporate Governance and Corporate Social Responsibility Committee in 2021, with independent directors as members and the

Chairman of the Board of Directors as the convener and chairman of the meetings. The purpose of the establishment of the committee is to achieve sustainable development and strengthen the implementation of sustainable development, and the newly established committee was renamed "Corporate Governance and Sustainable Development Committee" in March 2022.

2. Each committee will assist the Board of Directors in carrying out its responsibilities and report regularly to the Board on its activities and resolutions.

(II) Implementation: The Company's major proposals (such as investment, acquisition or disposal of assets, loan of funds or endorsements/guarantees) shall be submitted to the Board of Directors for discussion and resolution before implementation, and the major proposals approved by the Board of Directors shall be fully disclosed in the annual report, the Company's website and the Market Observation Post System to provide open and transparent information.

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

1. Members of the Board of Directors

- (1) The Company adopts the candidate nomination system for Directors; the term of each session shall be three years. Unless otherwise required by laws and regulations or the Articles of Incorporation, the election of Directors shall be in compliance with the Company's "Rules Governing the Election of Directors".
- (2) The election of the Directors shall take diversity into consideration, such as basic requirements and values (including gender, age, nationality, culture, etc.), professional knowledge and skills (including professional background, professional skills, and industry experiences).
- (3) In order to achieve the goal of corporate governance, members of board shall possess necessary acknowledge, and skills, and accomplishments. The required competences are as follows:

★ Ability to make sound business judgments.

★ Ability to perform accounting and financial analysis.

★ Ability to manage a business.

★ Ability to handle crisis management.

★ Knowledge of the industry.

★ An international market perspective.

★ Leadership.

★ Decision-making ability.

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

- I. Recommended by Incumbent Directors;
- II. Director candidates recommended by shareholders;
- III. Refer to the results of performance evaluation of the Board of Directors for the nomination of the Directors' re-appointment.

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

2. Succession plan of significant managements

- (1) To meet the group's human resources development needs, the Company has established Personnel Review Committee, which meets on the fourth quarter each year to review senior human resources development of each unit.
- (2) In order to ensure proper development and rotation of management talents, each business unit and critical function review key positions and talent development status during the



first quarter of each year. The Company also ensures succession plan is in place for key management personnel including business unit heads and the department heads of subsidiaries and above.

- (3) For the development of management personnel, besides the basic training for new managers, all section heads are required to pass mid-level management training, and to participate in management seminars led by senior executives.
- (4) In addition to in-house training courses, the Company also encourages mid-level executives to expand their professional fields and combine practical training with practical training. For managerial officers promoted to the manager level, they are required to have cross-functional or overseas assignment training experience to enhance their practical management qualifications and management functional ability.

(II) Operations of the Audit Committee

1. A total of 5 (A) meetings of the Audit Committee were held in 2022. The attendance of independent directors and the operation of the Committee are described below:

| Title                | Name           | Number of Attendance in Person (B) | Number of Attendance by Proxy | Attendance Rate (%) [B/A] (Note 1) | Remark  |
|----------------------|----------------|------------------------------------|-------------------------------|------------------------------------|---|
| Independent Director | Hung, Lee-Jung | 5                                  | 0                             | 100                                | None  |
| Independent Director | Lo, Li-Chun    | 5                                  | 0                             | 100                                | None  |
| Independent Director | Chen, I-Heng   | 5                                  | 0                             | 100                                | None  |
| Independent Director | Lu, Chun-Cheng | 3                                  | 0                             | 100                                | Took the office on June 23, 2022 after the re-election; required to attend 3 meetings |

Note 1. The disclosure above is as of December 31, 2022. The actual attendance rate (%) was calculated based on the number of board meetings held during each director's term and the number of meetings actually attended by that director.

Note 2. For the details on the qualifications of the members of the Audit Committee, please see II. Explanation on the Main Experience (Education) of Directors, Supervisors and Managerial Officers.

Other items to be recorded:

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

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

| Date of Meeting                   | Content of Motion and Follow-up   |
|-----------------------------------|---|
| 2022.03.07<br>The 15th meeting of | 1. Pass the proposal on discussing the 2021 consolidated and standalone financial statements.                     |
|                                   | 2. Pass the proposal on the appointment of CPAs from Q2 2022 to Q1 2023 and the evaluation of their independence. |

|   |  |  |
|---|--|--|
| the 2nd term<br>Audit<br>Committee                  | 3.   | To pass the proposal on approving the Company's 2021 internal control system design and the consent to the implementation effectiveness.   |
|   | 4.   | Pass the 2021 Business Report.   |
|   | 5.   | Pass the proposal on capital decrease in cash of the Company.  |
|   | 6.   | Pass the proposal on the distribution of surplus for 2021.   |
|   | 7.   | Pass the proposal on amendment of certain articles in the "Procedures Governing the Acquisition and Disposal of Assets".   |
|   | 8.   | Pass the proposal on the division and transfer of electronic materials equipment project team department related business and the establishment of subsidiaries and the division plan.   |
|   | 9.   | Pass the proposal that in order to coordinate with the stock listing plan of the Company's new subsidiary "Eternal Precision Mechanics Co., Ltd.", the Company may dilute the shares of the subsidiary in batches and abandon its participation in the cash capital increase plan of Eternal Precision Mechanics Co., Ltd. |
|   | 10.  | Pass the proposal on the issuance of secured ordinary corporate bonds for 2022.  |
|   | 11.  | Pass the proposal on the inter-affiliate loans (non-revolving credit line).  |
|   | 12.  | 12.To pass the proposal on the investment to expand the Phase 2 project of Suzhou material plant.  |
|   | 13.  | 1. Pass the proposal on capital increase in cash of Eternal Electronic (Suzhou) Co., Ltd.  |
|   | 14.  | 1. To pass the proposal on capital decrease of Allnex-Eternal Resins (joint venture).  |
|   |  | Committee Members' Opinion: No objections or reservations.<br>Resolution: Approved by the Chairman upon consultation with all the Independent Directors present.<br>The Company's response to the opinions of the Audit Committee: Approved by all the Directors present.  |
|   | 2022.05.09<br>The 16th<br>meeting of<br>the 2nd<br>term Audit<br>Committee | 1.   |
| 2.  |  | Pass the proposal on the inter-affiliate loans (non-revolving credit line).  |
|   |  | Committee Members' Opinion: No objections or reservations.<br>Resolution: Approved by the Chairman upon consultation with all the Independent Directors present.<br>The Company's response to the opinions of the Audit Committee: Approved by all the Directors present.  |
| 2022.08.02<br>The 1st<br>meeting of<br>the 3rd term | 1.   | To pass the proposal on discussing the consolidated financial report for 2022 Q2.  |
|   | 2.   | Pass the proposal of the Company on the division of electronic materials equipment project team department related business and the establishment of subsidiaries and the division plan.   |

|   |  |
|---|--|
| Audit Committee   | 3. Pass the proposal on canceling the issuance of secured ordinary corporate bonds for 2022.   |
|   | <p>Committee Members' Opinion: No objections or reservations.</p> <p>Resolution: Approved by the Chairman upon consultation with all the Independent Directors present.</p> <p>The Company's response to the opinions of the Audit Committee: Approved by all the Directors present.</p>   |
| 2022.11.07<br>The 2nd meeting of the 3rd term Audit Committee | 1. Pass the proposal on discussing the consolidated financial report for 2022 Q3.  |
|   | 2. To pass the proposal on purchasing land by Eternal Material (Malaysia) Co., Ltd. (the Malaysia Plant hereinafter).  |
|   | 3. To pass the proposal on cash capital increase in subsidiaries, Eternal Nanyang Investment Co.,Ltd. and Eternal Materials (Malaysia) Sdn. Bhd.   |
|   | 4. To pass the proposal on cash capital decrease in subsidiaries Eternal Global (BVI) Co.,Ltd. and Mixville Holdings Inc.  |
|   | 5. To pass the proposal on cash capital decrease in Eternal (Mainland China) Investment Co., Ltd., Eternal International (BVI) Co.,Ltd. and Eternal Holdings Inc.  |
|   | 6. To pass the proposal on the inter-subsiary loans (non-revolving credit line).   |
|   | 7. To pass the proposal on revision of certain provisions of "The Management Rules for Internal Material Information Handling and Insider Trading", "Regulations Governing Procedure for Board of Directors Meetings", "Procedures on Organizing Audit Committee", "Rules Governing the Responsibilities of Independent Directors" and "Method of Nominating Director Candidates". |
|   | 8. Passage of the amendments to the Company's Seal Management Regulation.  |
|   | <p>Committee Members' Opinion: No objections or reservations.</p> <p>Resolution: Approved by the Chairman upon consultation with all the Independent Directors present.</p> <p>The Company's response to the opinions of the Audit Committee: Approved by all the Directors present.</p>   |
| 2022.12.19<br>The 3rd meeting of the 3rd term Audit Committee | 1. Pass the proposal on the investment in establishing the subsidiary, Eternal Precision Mechanics Co., Ltd.   |
|   | 2. Pass the proposal on the annual audit and adjustment of the inter-subsiary loans (revolving credit line).   |
|   | 3. To pass the proposal on the inter-subsiary loans (non-revolving credit line).   |
|   | 4. Passage of the amendments to the "Eternal Materials Co., Ltd. Authorization Regulations"  |
|   | <p>Committee Members' Opinion: No objections or reservations.</p> <p>Resolution: Approved by the Chairman upon consultation with all the Independent Directors present.</p> <p>The Company's response to the opinions of the Audit Committee: Approved by all the Directors present.</p>   |

|  |   |
|--|---|
| 2023.03.09<br>The 4th<br>meeting of<br>the 3rd term<br>Audit<br>Committee  | 1. Pass the proposal on discussing the 2022 consolidated and standalone financial statements.   |
|  | 2. Pass the proposal on changing the CPAs since 2023 Q1.  |
|  | 3. Pass the proposal on the appointment of CPAs from Q2 2023 to Q1 2024 and the evaluation of their independence.   |
|  | 4. To pass the proposal on approving the Company's 2022 internal control system design and the consent to the implementation effectiveness.   |
|  | 5. Pass the proposal on the revision of “Internal Audit Implementation Rules” and “Internal Control System Self-Assessment Criteria”.   |
|  | 6. Pass the 2022 Business Report.   |
|  | 7. Pass the proposal on the distribution of surplus for 2022.   |
|  | 8. Pass the proposal on obtaining land use right and cash capital increase in Eternal Materials (Tongling) Co., Ltd.  |
|  | 9. Pass the proposal on dividing the dry film photoresist related business of the subsidiary Nikko-Materials Co., Ltd. and transferring it to the subsidiary Eternal Materials (Japan) Co., Ltd.  |
|  | 10. Pass the proposal on the inter-affiliate loans (non-revolving credit line).   |
|  | 11. Pass the proposal on the inter-subsidary loans (revolving credit line).   |
|  | 12. Pass the proposal on the equity sale of Chuangxing Fine Chemistry (Shanghai) Co., Ltd.  |
|  | Committee Members' Opinion: No objections or reservations.<br>Resolution: Approved by the Chairman upon consultation with all the Independent Directors present.<br>The Company's response to the opinions of the Audit Committee: Approved by all the Directors present. |
|  | (II) In addition to the aforementioned items, other resolutions passed by two-thirds of all the directors but yet to be approved by the Audit Committee: None.  |
| II. In regards to the recusal of Independent Directors from voting due to conflict of interests, the name of the Independent Directors, the resolutions, reasons for recusal due to conflict of interests and voting results shall be stated: None.  |   |
| III. Communication between the independent directors, chief internal auditor, and CPAs (including the key items, methods, and results of audit of finances and operations)   |   |
| (I) Communication with the internal Audit Manager:   |   |
| 1. In accordance with the law, the Audit Manager submitted the audit report and follow-up reports on a monthly and quarterly basis to the independent directors.   |   |
| 2. The Audit Manager had a meeting with the independent directors at least once a quarter to report and communicate on the implementation of the Company's internal audit and internal control operations, and put forward the execution results of the Company on the suggestions of the independent directors. |   |
| 3. Communication with the internal Audit Manager in 2022:  |   |

| Date  | Attendance of Independent Directors | Communication Content   | Communication Results/Implementation   |
|-------|-------------------------------------|---|--|
| 03.07 | 2/3 attendance                      | The Audit Manager reported the audit results of the procurement and made recommendations for the system.  | The independent directors present had no opinion on the content of report.   |
| 05.09 | All attended                        | The Audit Manager reported on the audit findings and improvements of the production cycle, and answered the independent director's questions.         | The independent directors asked the auditing office to follow up on the related audit deficiencies until improvement is completed; the auditing office has been following up.  |
| 08.02 | 3/4 attendance                      | The Audit Manager reported the results of the cyber security inspections and payroll cycle checks, and answered questions from independent directors. | The independent directors asked the auditing office to follow up on the improvement plan proposed by the inspected unit until the improvement is completed; and the auditing office has conducted the follow-up.       |
| 11.07 | All attended                        | The Audit Manager reported the results of audits on safety and health management, intellectual property management, and formula management.           | The independent directors asked the auditing office to follow up on the improvement plan proposed by the inspected unit and internally review the optimization of formula management and reply in the next discussion. |

(II) Communication with the CPAs:

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

| Date  | Independent Director Attendance | Key Points of Communication  | Suggestions from Independent Directors |
|-------|---------------------------------|--|--|
| 03.07 | All attended                    | 2021 Audit Report by CPAs<br>1. Scope, method and time of audit<br>2. Material accounting estimates, significant risks and major events or transactions<br>3. 3. Notes to Key Audit Matters<br>4. Other matters that should be communicated with the corporate governance unit | No comment                             |

|       |              |  |            |
|-------|--------------|--|------------|
|       |              | 5. Adjustment Catalog<br>6. Recent Updates of Regulations, Orders and Standards - Information Security Issues<br>7. Appendix: Declaration of Independence  |            |
| 12.19 | All attended | Matters communicated with governance unit in 2022<br>1. Group Audit Scope<br>2. Identify significant risks and key audit matters<br>3. Issues of reinvestment loss<br>4. Notes to Audit Quality Indicators (AQIs)<br>5. Independence Statement | No comment |

## 2. Annual work plan

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

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

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

(2) Audit of financial reports

The Company's 2022 business report, earnings distribution proposal, financial statements and consolidated financial statements submitted by the Board of Directors have been reviewed by the Audit Committee, and no irregularities were found.

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

The Audit Committee has assessed the effectiveness of the Company's internal control system policies and procedures (including control measures such as finance, operation, risk management, information security, outsourcing, regulatory compliance, etc.) and audited The Company's audit department and CPAs, as well as management's periodic reports, including risk management and regulatory compliance. The committee also referred to the Internal Control - Integrated Framework which is published by The Committee of Sponsoring Organizations of the Treadway Commission (COSO), and concluded that the Company's risk management and internal control system is effective, the Company has also adopted required control mechanism to supervise and correct the violations.

## 3. Professional qualifications and experience of members of the committee

| Qualifications                      |                       | Professional Qualification and Experience   |
|-------------------------------------|-----------------------|---|
| Identity                            | Name                  |   |
| Convener<br>Independent<br>Director | Hung,<br>Lee-Jung     | Former partner and CPA at Pricewaterhouse Coopers Taiwan, and served as a member of the Audit Committee for more than three years with the acquired professional abilities such as business judgment, accounting and financial analysis, operation and management, crisis management, industry knowledge, international market perspective, leadership, and decision-making ability.                                      |
| Independent<br>Director             | Chen, I-<br>Heng      | He is the professor of human resources at Sun Yat-sen University and has served as an independent director of two other public companies. He has been a member of the audit committee for more than three years and has the professional abilities in business judgment, talent cultivation, management, crisis management, industry knowledge, international market perspective, leadership, and decision-making.        |
| Independent<br>Director             | Lo, Li-<br>Chun       | He has been a visiting associate professor at Nanyang Business College and the CEO of Protrend Management Consulting Co., Ltd. for years, and a member of the Audit Committee for more than three years. He has the professional abilities in business judgment, accounting and financial analysis, management, crisis management, industry knowledge, international market perspective, leadership, and decision making. |
| Independent<br>Director             | Lu,<br>Chun-<br>Cheng | He has over 20 years of experience as a partner in Huili Law Firm, and is also the chairman of the board of directors of Peiran Co., Ltd. and the supervisor of Chunxing Industrial Co., Ltd. He has professional abilities in business judgment, legal ability, management ability, crisis management ability, industry knowledge, international market view, leadership ability, and decision-making ability.           |



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

| Evaluation Item   | State of Operations |    |   | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons                           |
|---|---------------------|----|---|--|
|   | Yes                 | No | Summary   |  |
| I. Does the Company establish and disclose its corporate governance best-practice principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies? | V                   |    | The Company has established the Corporate Governance Best-Practice Principles of Eternal Materials Co., Ltd., the formulation and revision of which have been approved by the Board of Directors, and have been disclosed on the Company website.   | Having been implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies without deviations |
| II. Shareholding structure & shareholders' rights   |                     |    |   | Having been implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies without deviations |
| (I) Has the Company established and implemented internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations?                                | V                   |    | (I) The Company has established the Regulations Governing Shareholder Service, appointed a spokesperson and an acting spokesperson, and entrusted a professional stock transfer agent to handle shareholder-related matters. The Legal Affairs and System Department and the entrusted law firm can provide necessary consulting service and assistance for related legal affairs.  |  |
| (II) Does the Company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?                                       | V                   |    | (II) The Company can obtain the list of major shareholders of the Company and their ultimate controllers, and regularly report the abnormal changes to the directors, managerial officers and major shareholders holding more than 10% of the shares to the Market Observation Post System. In addition, the stock agency shall assist to handle the stock related affairs.   |  |
| (III) Has the Company established and implemented a risk management and firewall system within its affiliates?  | V                   |    | (III) The Company has established the "Related Party Transaction Guidelines" and the "Regulations for Supervision and Management of Subsidiaries" as the reference for business dealings with affiliated companies. In addition, the assets and finances of affiliated companies are independent and controlled by the designated personnel and audited by the parent company to avoid any risk of corporate fraud arising from affiliated companies. |  |
| (IV) Has the Company  | V                   |    | (IV) The Company has established the "Management  |  |

| Evaluation Item   | State of Operations |    |   | Deviations from<br>“the Corporate<br>Governance<br>Best-Practice<br>Principles for<br>TWSE/TPEX<br>Listed<br>Companies” and<br>Reasons    |
|---|---------------------|----|---|---|
|   | Yes                 | No | Summary   |   |
| established internal rules against insiders using undisclosed information to trade in securities?   |                     |    | Rules for Internal Material Information Handling and Insider Trading Prevention" to prohibit insiders from trading in securities using non-public information.  |   |
| <p>III. Composition and responsibilities of the Board of Directors</p> <p>(I) Has the Board formulated diversity policies, specific management objectives and implemented them?</p> | V                   |    | <p>(I)</p> <p>1. The Board of Directors of the Company guides the Company's strategy, supervises the management, and is responsible to the Company and its shareholders. The operation and arrangement of the Company's corporate governance system shall ensure that the Board of Directors exercises its functions and powers in accordance with laws and regulations, the Company's Articles of Incorporation or the resolutions of the shareholders' meeting. The Company has established the "Corporate Governance Best-Practice Principles". In Chapter 3, "Strengthening the Functions of the Board of Directors", a diversity policy is established. The members of the Board of Directors should generally possess the knowledge, skills and qualities necessary to perform their duties. In addition, according to the Regulations Governing the Election of Directors, the directors of the Board are nominated and elected based on the nomination system to ensure the diversity and independence of the directors of the Board.</p> <p>2. Specific management targets:</p> <p>(1) The Board of Directors of the Company also attaches importance to gender equality and shall include at least one female director.</p> <p>(2) The board of directors of the Company focuses on the ability of operational judgment, management and crisis management, and more than 2/3 of the board members should have the ability of related core projects.</p> <p>(3) The percentage of directors who are employees is less than 10% and independent directors have not been re-elected for more than three terms to maintain their independence.</p> <p>3. Status of implementation:</p> <p>(1) Those who are good at leadership, business judgment, management, and crisis</p> | Having been implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies without deviations. |

| Evaluation Item  | State of Operations |    |   | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons                            |
|--|---------------------|----|---|---|
|  | Yes                 | No | Summary   |   |
| (II) Does the Company voluntarily establish other functional committees in addition to the legally-required Remuneration Committee and Audit Committee?                        | V                   |    | <p>management, and have industry knowledge and international market perspective include Kao, Kuo-Lun, Ko, Chun-Ping, Yang, Huai-Kung, Chen, Chao-Hsu, and Kao, Kuo-Hsun, while those with technical expertise include Huang, Shun-Jen, Chen, Chin-Yuan, and Liao, Hen-Ning.</p> <p>(2) Independent directors: Hung, Lee-Jung and Lo, Li-Chun are professionals with expertise in audit, taxation and finance; Chen, I-Heng is a professor specializing in human resources development and management; and Lu, Chun-Cheng is a professional lawyer with legal expertise.</p> <p>(3) Directors with concurrent employee status account for 8.33%; independent directors account for 33.33%; female directors account for 8.33%. None of the 4 Independent Directors have served more than three consecutive terms; 1 directors are aged over 70 years old; 10 are aged between 50 and 70 years old, and 1 aged under 50 years old.</p> <p>(II) In addition to the establishment of the Remuneration Committee and the Audit Committee in October 2011 and June 2016, respectively, the Company also set up the Corporate Governance and Corporate Social Responsibility Committee in November 2021 to practice sustainable development and strengthen the implementation of sustainable development. In March 2022, the Company changed the name of the newly established committee to the Corporate Governance and Sustainable Development Committee and announced it in accordance with relevant regulations.</p> | Having been implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies without deviations. |
| (III) Does the Company formulate the performance evaluation methods for the Board of Directors, conduct performance evaluations annually and regularly, and report the results | V                   |    | <p>(III)</p> <p>1. On May 10, 2019, the Board of Directors of the Company approved the Rules Governing the Performance Evaluation of the Board of Directors, and submitted the evaluation method, scope and results for 2022 to the Board of Directors on March 10, 2023 in accordance with the provisions of the Rules.</p> <p>2. In addition, according to the performance evaluation method, the evaluation shall be conducted by an external professional independent organization or a team of external experts and</p>  | Having been implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies                     |

| Evaluation Item   | State of Operations |        |  | Deviations from<br>“the Corporate<br>Governance<br>Best-Practice<br>Principles for<br>TWSE/TPEX<br>Listed<br>Companies” and<br>Reasons |         |        |   |   |  |  |   |  |  |   |  |   |   |  |   |   |  |   |   |  |  |   |  |   |
|---|---------------------|--------|--|--|---------|--------|---|---|--|--|---|--|--|---|--|---|---|--|---|---|--|---|---|--|--|---|--|---|
|   | Yes                 | No     | Summary  |  |         |        |   |   |  |  |   |  |  |   |  |   |   |  |   |   |  |   |   |  |  |   |  |   |
| <p>of the performance evaluations to the Board of Directors?</p> <p>(IV) Does the Company regularly evaluate the independence of CPAs?</p>  | V                   |        | <p>scholars at least once every three years, and the last external evaluation was conducted in 2021.</p> <p>3. For the evaluation content and results, please refer to (I) Operations of the Board of Directors: III. Cycle, period, scope, method, and content of the self-evaluation (or peer evaluation) of the Board of Directors".</p> <p>(IV)</p> <p>1. The Company performs self-evaluation of the independence of CPAs regularly every year, and submits the evaluation results to the Audit Committee and the Board of Directors for approval.</p> <p>2. The Company evaluates the CPA independence evaluation items and results:</p> <table border="1"> <thead> <tr> <th>Independence Evaluation Item</th> <th>Y<br/>es</th> <th>N<br/>o</th> </tr> </thead> <tbody> <tr> <td>I. Are the CPAs not directors of the Company or its affiliated enterprises?</td> <td>V</td> <td></td> </tr> <tr> <td>II. Are the CPAs not shareholders of the Company or its affiliate?</td> <td>V</td> <td></td> </tr> <tr> <td>III. Are the CPAs not paid at the Company or its affiliates?</td> <td>V</td> <td></td> </tr> <tr> <td>IV. Does the CPA confirm that its joint accounting firm has complied with the standards of mutual independence.</td> <td>V</td> <td></td> </tr> <tr> <td>V. Has the Co-CPA of the joint accounting firm to which the CPAs belong not taken up the position of director or managerial officer of the Company or had a significant influence on the audit case within one year after his retirement?</td> <td>V</td> <td></td> </tr> <tr> <td>VI. Have the CPAs not provided audit services of the Company for seven consecutive years.</td> <td>V</td> <td></td> </tr> <tr> <td>VII. Have the CPAs met the standards of independence set out in the Bulletin on the Code of Ethics for Accountants No. 10.</td> <td>V</td> <td></td> </tr> </tbody> </table> <p>3. The Company has submitted to the Audit Committee on March 9, 2023 and the Board of Directors on March 10, 2023 on the evaluation of the independence of the CPAs, together with the Declaration of Independence provided by the CPAs, which has been considered and approved by the Board of Directors.</p> | Independence Evaluation Item   | Y<br>es | N<br>o | I. Are the CPAs not directors of the Company or its affiliated enterprises? | V |  | II. Are the CPAs not shareholders of the Company or its affiliate? | V |  | III. Are the CPAs not paid at the Company or its affiliates? | V |  | IV. Does the CPA confirm that its joint accounting firm has complied with the standards of mutual independence. | V |  | V. Has the Co-CPA of the joint accounting firm to which the CPAs belong not taken up the position of director or managerial officer of the Company or had a significant influence on the audit case within one year after his retirement? | V |  | VI. Have the CPAs not provided audit services of the Company for seven consecutive years. | V |  | VII. Have the CPAs met the standards of independence set out in the Bulletin on the Code of Ethics for Accountants No. 10. | V |  | <p>without deviations.</p> <p>Having been implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies without deviations.</p> |
| Independence Evaluation Item  | Y<br>es             | N<br>o |  |  |         |        |   |   |  |  |   |  |  |   |  |   |   |  |   |   |  |   |   |  |  |   |  |   |
| I. Are the CPAs not directors of the Company or its affiliated enterprises?   | V                   |        |  |  |         |        |   |   |  |  |   |  |  |   |  |   |   |  |   |   |  |   |   |  |  |   |  |   |
| II. Are the CPAs not shareholders of the Company or its affiliate?  | V                   |        |  |  |         |        |   |   |  |  |   |  |  |   |  |   |   |  |   |   |  |   |   |  |  |   |  |   |
| III. Are the CPAs not paid at the Company or its affiliates?  | V                   |        |  |  |         |        |   |   |  |  |   |  |  |   |  |   |   |  |   |   |  |   |   |  |  |   |  |   |
| IV. Does the CPA confirm that its joint accounting firm has complied with the standards of mutual independence.   | V                   |        |  |  |         |        |   |   |  |  |   |  |  |   |  |   |   |  |   |   |  |   |   |  |  |   |  |   |
| V. Has the Co-CPA of the joint accounting firm to which the CPAs belong not taken up the position of director or managerial officer of the Company or had a significant influence on the audit case within one year after his retirement? | V                   |        |  |  |         |        |   |   |  |  |   |  |  |   |  |   |   |  |   |   |  |   |   |  |  |   |  |   |
| VI. Have the CPAs not provided audit services of the Company for seven consecutive years.   | V                   |        |  |  |         |        |   |   |  |  |   |  |  |   |  |   |   |  |   |   |  |   |   |  |  |   |  |   |
| VII. Have the CPAs met the standards of independence set out in the Bulletin on the Code of Ethics for Accountants No. 10.  | V                   |        |  |  |         |        |   |   |  |  |   |  |  |   |  |   |   |  |   |   |  |   |   |  |  |   |  |   |

| Evaluation Item  | State of Operations |    |  | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons                           |
|--|---------------------|----|--|--|
|  | Yes                 | No | Summary  |  |
|  |                     |    | 4. The Company has submitted the Audit Quality Indicators (AQIs) to the Audit Committee on March 9, 2023 to assess the independence and appropriateness of the CPAs.   |  |
| VIII. Does the Company appoint adequate persons and a chief governance officer to be in charge of corporate governance matters (including but not limited to providing directors and supervisors required information for business execution, assisting directors and supervisors in following laws and regulations, handling matters in relation to the Board meetings and shareholders' meetings and keeping minutes at the Board meetings and shareholders' meetings according to law)? | V                   |    | <p>The Company acquired the approval by the resolution of the Board of Directors on May 10, 2019 to designate Liu, Bing-Cheng, the Financial Manager, as the Chief Corporate Governance Officer of the Company to coordinate corporate governance related affairs with the assistance of the Financial Department. Mr. Lau has more than three years of experience as a Financial Manager in a public offering company. His main duties include related affairs of board meetings and shareholders' meetings, production of meeting minutes for board meetings and shareholders' meetings, assisting Directors in taking office and continuing education, providing data required by Directors to perform their duties, and assisting Directors in legal compliance.</p> <p>I. The performance of duties in 2022 is described as follows:</p> <ol style="list-style-type: none"> <li>1. Assist independent directors and general directors in performing their duties by providing the necessary information and arranging for continuing education for directors: <ol style="list-style-type: none"> <li>(1) Provide relevant rules and decrees required by laws and regulations to members of the Board of Directors upon taking office in the current year.</li> <li>(2) Check and provide company information required by the directors so as to maintain smooth communication and interaction between the Board of Directors and the heads of divisions.</li> <li>(3) Arrange meetings with the head of internal audit or CPAs for Independent Directors who are in need of investigating the Company's financial or business operation, in accordance with the Corporate Governance Best Practice Principles.</li> <li>(4) Assist independent directors and general directors in drawing up annual continuing education plan and making arrangements for courses in accordance with the nature of the industry to which the Company belongs and the experience and background of directors.</li> </ol> </li> </ol> | Having been implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies without deviations |

| Evaluation Item | State of Operations |             |  | Deviations from<br>“the Corporate<br>Governance<br>Best-Practice<br>Principles for<br>TWSE/TPEX<br>Listed<br>Companies” and<br>Reasons |           |             |       |  |  |  |  |  |
|-----------------|---------------------|-------------|--|--|-----------|-------------|-------|--|--|--|--|--|
|                 | Yes                 | No          | Summary  |  |           |             |       |  |  |  |  |  |
|                 |                     |             | <p>2. Assist in matters related to the proceedings of Board of Directors' meetings and shareholders' meetings as well as legal compliance of resolutions:</p> <p>(1) Report the operations of corporate governance at the Company to the Board of Directors, independent directors and the Audit Committee, and confirm whether the convening of shareholders' meetings and board meetings comply with relevant laws and regulations, as well as the Corporate Governance Best Practice Principles.</p> <p>(2) Assist in and remind directors of the regulations to be complied with when performing their duties or officially voting on resolutions by the Board of Directors.</p> <p>(3) Be responsible for checking the release of the major information related to the important resolutions made by the Board of Directors, and ensure the legality and accuracy of the contents of such information, so as to keep the consistency of investor's trading information.</p> <p>3. Draw up the agendas of the Board of Directors and notify directors of the agendas seven (7) days before the meeting, convene meetings and provide meeting information, send out reminders regarding agendas that require recusal of directors and complete the minutes of the Board of Directors' meeting 20 days after the meeting</p> <p>4. Thirty days prior to the announcement of the annual financial statements and fifteen days prior to the announcement of the quarterly financial statements, each director is notified that he/she is prohibited from trading in the Company's shares during such closed period.</p> <p>5. Register the date of the shareholders' meeting in advance according to the law and prepare the meeting notice, handbook, meeting minutes and director by-election within the statutory time limit.</p> <p>II. The total duration of training in 2022 was 12 hours. The course dates/contents are as follows:</p> <table border="1" data-bbox="582 1803 1216 1861"> <thead> <tr> <th>Date</th> <th>Organizer</th> <th>Course Name</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table> | Date   | Organizer | Course Name | Hours |  |  |  |  |  |
| Date            | Organizer           | Course Name | Hours  |  |           |             |       |  |  |  |  |  |
|                 |                     |             |  |  |           |             |       |  |  |  |  |  |

| Evaluation Item   | State of Operations   |  |   |   | Deviations from<br>“the Corporate<br>Governance<br>Best-Practice<br>Principles for<br>TWSE/TPEX<br>Listed<br>Companies” and<br>Reasons |   |              |                  |                        |                                 |           |   |  |  |   |
|---|---|--|---|---|--|---|--------------|------------------|------------------------|---------------------------------|-----------|---|--|--|---|
|   | Yes   | No   | Summary   |   |  |   |              |                  |                        |                                 |           |   |  |  |   |
|   |   |  | 03.17   | Securities & Futures Institute          | Risks and opportunities of climate change and energy policy trends for business operations   | 3 |              |                  |                        |                                 |           |   |  |  |   |
|   |   |  | 03.25   | Securities & Futures Institute          | The latest trend of international carbon tariff and its response   | 3 |              |                  |                        |                                 |           |   |  |  |   |
|   |   |  | 10.05   | Securities & Futures Institute          | 2022 legal compliance briefing for insider stock trading   | 3 |              |                  |                        |                                 |           |   |  |  |   |
|   |   |  | 10.14   | Taiwan Corporate Governance Association | Trends and challenges in information security governance   | 3 |              |                  |                        |                                 |           |   |  |  |   |
| III. Does the Company establish communication channels and a dedicated section on the Company website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner? | V   |  | <p>I. In order to ensure a more complete and comprehensive information disclosure, the Company participated in 4 investor conferences held by securities companies in 2022 to brief the quarterly business performance and company development, and participated in irregular symposiums to maintain a good communication channel with investors.</p> <p>II. The website has set up a "Stakeholders Zone" to identify issues of concern to various stakeholders, and to provide information on dedicated departments for investor relations, customer service, corporate social responsibility, etc. and their contact details to strengthen communication and respond immediately.</p> <p>III. The communication with stakeholders was disclosed on the Company's website immediately, and the communication with stakeholders in 2022 was reported at the Board of Directors' meeting on December 28, 2022.</p> <p>IV. Details are as follows:</p> <table border="1"> <thead> <tr> <th>Stakeholders</th> <th>Issue of concern</th> <th>Communication channels</th> <th>Communication with stakeholders</th> </tr> </thead> <tbody> <tr> <td>Investors</td> <td> <ul style="list-style-type: none"> <li>• Operating Performance</li> <li>• Disclosure of information</li> <li>• Material information</li> <li>• Company website</li> </ul> </td> <td> <ol style="list-style-type: none"> <li>1. Annual: Shareholders meetings, annual reports</li> <li>2. Irregularly: Spokesperson</li> <li>3. As needed: Market</li> </ol> </td> <td> <ol style="list-style-type: none"> <li>1. Financial and business-related information shall be released from time to time in the form of announcements</li> </ol> </td> </tr> </tbody> </table> |   |  |   | Stakeholders | Issue of concern | Communication channels | Communication with stakeholders | Investors | <ul style="list-style-type: none"> <li>• Operating Performance</li> <li>• Disclosure of information</li> <li>• Material information</li> <li>• Company website</li> </ul> | <ol style="list-style-type: none"> <li>1. Annual: Shareholders meetings, annual reports</li> <li>2. Irregularly: Spokesperson</li> <li>3. As needed: Market</li> </ol> | <ol style="list-style-type: none"> <li>1. Financial and business-related information shall be released from time to time in the form of announcements</li> </ol> | <p>Having been implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies without deviations</p> |
| Stakeholders  | Issue of concern  | Communication channels   | Communication with stakeholders   |   |  |   |              |                  |                        |                                 |           |   |  |  |   |
| Investors   | <ul style="list-style-type: none"> <li>• Operating Performance</li> <li>• Disclosure of information</li> <li>• Material information</li> <li>• Company website</li> </ul> | <ol style="list-style-type: none"> <li>1. Annual: Shareholders meetings, annual reports</li> <li>2. Irregularly: Spokesperson</li> <li>3. As needed: Market</li> </ol> | <ol style="list-style-type: none"> <li>1. Financial and business-related information shall be released from time to time in the form of announcements</li> </ol>  |   |  |   |              |                  |                        |                                 |           |   |  |  |   |

| Evaluation Item | State of Operations |    |  |  | Deviations from<br>“the Corporate<br>Governance<br>Best-Practice<br>Principles for<br>TWSE/TPEX<br>Listed<br>Companies” and<br>Reasons  |
|-----------------|---------------------|----|--|--|---|
|                 | Yes                 | No | Summary  |  |   |
|                 |                     |    |  | <p>Observation Post System (MOPS), investor conference</p> <p>4. Immediately: Company website</p>  | <p>or press releases, and audio and video files of corporate meetings and presentations are also available on the Company's website on a quarterly basis.</p> <p>2. Attended 4 corporate presentations held by brokerage firms.</p>   |
|                 |                     |    | <p>Customers</p> <ul style="list-style-type: none"> <li>• Product quality</li> <li>• Delivery schedule</li> <li>• Service</li> <li>• Customer complaint channel</li> </ul> | <p>1. Annual: Customer satisfaction survey</p> <p>2. Irregularly: Visit, email and phone call</p> <p>3. On demand: Technical support</p> | <p>1. In principle, customer satisfaction surveys are conducted at least once a year, covering items such as sales staff services, deliveries, product quality, technical services and customer complaint handling. And the performance management indicator (KPI) target value is set to 4. If the average value of an individual item is lower than the KPI target value of 4, the customer satisfaction improvement table shall be used to start the improvement.</p> <p>2. The information obtained by sales, marketing or designated R&amp;D staff through daily business activities such as customer visits, phone calls and emails is entered into the CRM system to build a</p> |



| Evaluation Item | State of Operations |    |  | Deviations from<br>“the Corporate<br>Governance<br>Best-Practice<br>Principles for<br>TWSE/TPEX<br>Listed<br>Companies” and<br>Reasons  |
|-----------------|---------------------|----|--|---|
|                 | Yes                 | No | Summary  |   |
|                 |                     |    |  | <p>customer/industry database.</p> <p>3. When a sales unit receives a complaint about the company's products or services from a customer by phone, letter or during a visit to the customer, the salesperson shall learn about the situation first, fill out a "customer complaint/customer service handling sheet" and respond to the customer within 24 hours after receiving the complaint, and to avoid the expansion of the abnormal situation, it shall be blocked within 38 hours to prevent the expansion of the incident. In addition, if necessary, we will visit the customer with relevant personnel to learn about the actual situation, review the causes and clarify the responsibility of the problem; and if product quality problems are involved, we will take samples and discuss with the technical unit if necessary.</p> |
|                 |                     |    | <p>Employee</p> <ul style="list-style-type: none"> <li>• Remuneration system</li> <li>• Education and training</li> <li>• Benefit measures</li> <li>• Safety and health</li> </ul> | <p>1. Irregularly: Communication meeting, email, company internal announcement</p> <p>2. Semi-year: Interviews with</p>   |
|                 |                     |    |  | <p>1. Information about salary, benefits, and training will be sent to employees through announcements</p>  |

| Evaluation Item | State of Operations |                         |   | Deviations from<br>“the Corporate<br>Governance<br>Best-Practice<br>Principles for<br>TWSE/TPEX<br>Listed<br>Companies” and<br>Reasons   |
|-----------------|---------------------|-------------------------|---|--|
|                 | Yes                 | No                      | Summary   |  |
|                 |                     |                         | <ul style="list-style-type: none"> <li>• Health promotion</li> </ul>  | <p>department heads</p> <p>3. Quarterly: Employee Benefit Committee, Employee-Employer Meeting and Senior Management Seminar</p> <p>and emails from time to time. Any adjustments or additions to systems and methods could be checked on the system for the latest announcement.</p> <p>2. Quarterly labor-management meetings, executive seminars, and employee welfare committee meetings are held, during which senior management and union representatives shall discuss labor-related issues, including salaries, benefits, safety and health regulations, and health promotion activities.</p> <p>3. Every six months, supervisors are required to conduct performance interviews with their indirect employees, during which they can discuss various employee issues.</p> <p>4. For TOP operation observation, if there are unsafe behaviors that do not meet the specifications, then a safety interview shall be conducted.</p> |
|                 |                     | Suppliers / Contractors | <ul style="list-style-type: none"> <li>• Supplier evaluation</li> <li>• Supplier tier management</li> <li>• Contractor</li> </ul> | <p>1. Irregularly: Emails, phone calls, inviting suppliers for a visit</p> <p>1. Continuing Supplier Code of Conduct, promoting new suppliers to sign</p>  |

| Evaluation Item | State of Operations |    |   | Deviations from<br>“the Corporate<br>Governance<br>Best-Practice<br>Principles for<br>TWSE/TPEX<br>Listed<br>Companies” and<br>Reasons  |
|-----------------|---------------------|----|---|---|
|                 | Yes                 | No | Summary   |   |
|                 |                     |    | <p>construction safety management</p> <p>2. Annually: Contractor meetings</p>   | <p>the Supplier Code of Conduct, and encouraging suppliers to comply with the Supplier Code of Conduct in line with the Company's business philosophy of sustainable development. The signing of this document is one of the considerations when the Company makes purchasing and contracting decisions.</p> <p>2. Contractor construction safety management: Conducting regular meetings with the contractor for agreement organization</p>                              |
|                 |                     |    | <p>Government</p> <ul style="list-style-type: none"> <li>• Legal compliance</li> <li>• Safety and health</li> <li>• Environmental protection</li> <li>• Industry upgrade</li> </ul> | <p>1. On demand: Participate in various regulatory promotion activities, participate in draft revision, visit, official documents, or surveys</p> <p>2. Irregularly: Awards and contests</p> <p>3. Annually: Industrial zone meetings</p>   |
|                 |                     |    |   | <p>1. To check the latest regulatory information and review the compliance with the Company's regulations from time to time, and make suggestions to the relevant units for improvement in case of any discrepancies.</p> <p>2. At the beginning of the promotion of the new law on industrial safety and environmental protection, we will conduct awareness seminars with governmental units to learn about the law. If there is any part that affects the internal</p> |

| Evaluation Item   | State of Operations |    |   |  | Deviations from<br>“the Corporate<br>Governance<br>Best-Practice<br>Principles for<br>TWSE/TPEX<br>Listed<br>Companies” and<br>Reasons  |
|---|---------------------|----|---|--|---|
|   | Yes                 | No | Summary   |  |   |
|   |                     |    |   |  | <p>regulations, the internal regulations shall be adjusted and announced before the law takes effect.</p> <p>3. Participate in various regulatory and advocacy meetings of competent authorities, prepare official documents of government agencies and associations, and conduct customer surveys.</p> <p>4. Participate in awards and contests of government.</p> <p>5. Participate in the Resin Association, Chemical Care Association and Industrial Area Conference.</p> |
|   |                     |    | Community   | <ul style="list-style-type: none"> <li>• Community engagement</li> <li>• Charitable activities</li> </ul> <p>1. Irregularly: Visit, email and phone call</p> | <p>1. Being neighborly</p> <p>2. Supporting the disadvantaged</p> <p>3. Participate in community activities</p>   |
| V. Did the Company entrust a professional stock transfer agent to manage shareholders' meetings and other relevant affairs? | V                   |    | The Company has designated the Shareholding Service Department of President Securities Corporation as the stock transfer agent.               |  | Having been implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies without deviations  |
| VI. Information disclosure<br>(I) Did the Company establish a website to disclose   | V                   |    | (I) The Company has established website and set up an "Investor Zone" and a "Corporate Social Responsibility Zone" to disclose both financial |  | Having been implemented according to the Corporate  |

| Evaluation Item  | State of Operations |    |   | Deviations from<br>“the Corporate<br>Governance<br>Best-Practice<br>Principles for<br>TWSE/TPEX<br>Listed<br>Companies” and<br>Reasons   |
|--|---------------------|----|---|--|
|  | Yes                 | No | Summary   |  |
| <p>information on financial operations and corporate governance?</p> <p>(II) Does the Company have other information disclosure channels (e.g., building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, and making the process of investor conferences available on the corporate website)?</p> <p>(III) Does the Company publicly announce and file the annual financial reports within two months after the close of the given fiscal year and publicly announce and file the first, second, and third quarterly financial reports and the operation of each month ahead of the required deadline?</p> | V                   |    | <p>standings and the status of corporate governance.</p> <p>(II)</p> <ol style="list-style-type: none"> <li>1. The Company has designated personnel to collect and disclose company information, implement the spokesperson system, and made the information on the at least four investor conferences per year available on the Company website.</li> <li>2. The Company has established public information online disclosure system in accordance with the "Guidelines for Online Filing of Public Information by Public Companies" to disclose material information.</li> <li>3. The Company has also set up an English website to expose Chinese information simultaneously on the English website.</li> </ol> <p>(III) The Company filed and disclosed its annual financial reports within 75 days after the end of the fiscal year as required by the Securities and Exchange Act and other relevant laws and regulations. In addition, the financial reports for the 1st, 2nd, and 3rd quarters, as well as the operating status for each month, are published before the specified deadline. Please refer to the Market Observation Post System (MOPS) for further details.</p> | <p>Governance Best Practice Principles for TWSE/TPEX Listed Companies without deviations Having been implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies without deviations</p> <p>No material difference. The disclosure and filing of financial statements are completed in accordance with relevant laws and regulations.</p> |
| VII. Is there any other important information to facilitate a better understanding of  | V                   |    | (I) Employee rights and employee care:<br>The Company offers a variety of "employee benefits", including allowances for childbirth, marriage, and funerals, travel subsidies, group insurance, birthday and festival bonuses, senior  | Having been implemented according to the Corporate Governance  |

| Evaluation Item  | State of Operations |    |  | Deviations from<br>“the Corporate<br>Governance<br>Best-Practice<br>Principles for<br>TWSE/TPEX<br>Listed<br>Companies” and<br>Reasons |
|--|---------------------|----|--|--|
|  | Yes                 | No | Summary  |  |
| the Company’s corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchase of liability insurance for directors and supervisors)? |                     |    | <p>employee reward, regular health examination, year-end bonus, employee cafeteria, shuttle bus service, dormitory, and library access.</p> <p>According to the "Labor Standards Act", the years of service of regular employees before the implementation of the "Labor Pension Act" on July 1, 2005 and the years of service to which the regular employees choose to apply the "Labor Standards Act" after the implementation of the "Labor Pension Act" shall be included in the calculation of the years of service for retirement. In addition, the Company appropriates 10% of total salaries to the designated account at the Bank of Taiwan and reviews the balance every month. If the balance is insufficient to pay the statutory retired employees in the following year, the Company will complete the appropriation by the end of the following March to ensure the rights and interests of the retired employees. Since July 1, 2005, new recruits shall apply to the "Labor Pension Act", which stipulates that the Company shall appropriate 6% of an employee's salary to the employee's account at the Bureau of Labor Insurance every month as the pension. In addition, subsidiaries in Mainland China are required to pay pension insurance every month in accordance with the local government regulations.</p> <p>A labor-management meeting is held on a regular basis to improve communication regarding agreements and maintenance of employee rights and ensure the harmonious labor relations.</p> <p>(II) Investor relations: The Company discloses material information on its finances and business on the company website and MOPS immediately to improve investors' understanding of the Company's directors and business strategies.</p> <p>(III) Supplier relationships: The Company has maintained a good relationship with suppliers and customers to create a business ecosystem of mutual trust.</p> <p>(IV) Stakeholder rights: The Company values stakeholder rights and has disclosed information on its finances, business, and corporate</p> | Best Practice Principles for TWSE/TPEX Listed Companies without deviations   |

| Evaluation Item | State of Operations |       |  | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |             |      |           |             |             |           |              |       |   |  |     |       |   |  |           |               |       |   |  |     |       |   |  |           |                 |       |   |  |     |       |   |  |           |                 |       |   |  |     |       |   |                      |  |
|-----------------|---------------------|-------|--|--|-------------|------|-----------|-------------|-------------|-----------|--------------|-------|---|--|-----|-------|---|--|-----------|---------------|-------|---|--|-----|-------|---|--|-----------|-----------------|-------|---|--|-----|-------|---|--|-----------|-----------------|-------|---|--|-----|-------|---|----------------------|--|
|                 | Yes                 | No    | Summary  |  |             |      |           |             |             |           |              |       |   |  |     |       |   |  |           |               |       |   |  |     |       |   |  |           |                 |       |   |  |     |       |   |  |           |                 |       |   |  |     |       |   |                      |  |
|                 |                     |       | <p>governance on the company website. Stakeholders may express their opinions by phone, E-mail or fax at any time.</p> <p>(V) In 2022, all of the non-initial directors completed the six hours of training per year, and all four initial directors (including one independent director) completed the 12 hours of training in the first year, which were disclosed them on the Market Observation Post System (MOPS) in accordance with the regulations.</p> <p>1. Training of reappointed directors</p> <table border="1"> <thead> <tr> <th>Title</th> <th>Name</th> <th>Date</th> <th>Organizer</th> <th>Course Name</th> <th>Total hours</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Direct or</td> <td rowspan="2">Kao, Kuo-Lun</td> <td>10/14</td> <td>Taiwan Corporate Governance Association</td> <td>Trends and challenges in information security governance</td> <td rowspan="2">6.0</td> </tr> <tr> <td>09/16</td> <td>Taiwan Corporate Governance Association</td> <td>Important duties and responsibilities of directors and supervisors</td> </tr> <tr> <td rowspan="2">Direct or</td> <td rowspan="2">Ko, Chun-Ping</td> <td>10/14</td> <td>Taiwan Corporate Governance Association</td> <td>Trends and challenges in information security governance</td> <td rowspan="2">6.0</td> </tr> <tr> <td>09/16</td> <td>Taiwan Corporate Governance Association</td> <td>Important duties and responsibilities of directors and supervisors</td> </tr> <tr> <td rowspan="2">Direct or</td> <td rowspan="2">Yang, Huai-Kung</td> <td>10/14</td> <td>Taiwan Corporate Governance Association</td> <td>Trends and challenges in information security governance</td> <td rowspan="2">6.0</td> </tr> <tr> <td>09/16</td> <td>Taiwan Corporate Governance Association</td> <td>Important duties and responsibilities of directors and supervisors</td> </tr> <tr> <td rowspan="2">Direct or</td> <td rowspan="2">Huang, Shun-Jen</td> <td>10/14</td> <td>Taiwan Corporate Governance Association</td> <td>Trends and challenges in information security governance</td> <td rowspan="2">6.0</td> </tr> <tr> <td>09/16</td> <td>Taiwan Corporate Governance Association</td> <td>Important duties and</td> </tr> </tbody> </table> | Title  | Name        | Date | Organizer | Course Name | Total hours | Direct or | Kao, Kuo-Lun | 10/14 | Taiwan Corporate Governance Association | Trends and challenges in information security governance | 6.0 | 09/16 | Taiwan Corporate Governance Association | Important duties and responsibilities of directors and supervisors | Direct or | Ko, Chun-Ping | 10/14 | Taiwan Corporate Governance Association | Trends and challenges in information security governance | 6.0 | 09/16 | Taiwan Corporate Governance Association | Important duties and responsibilities of directors and supervisors | Direct or | Yang, Huai-Kung | 10/14 | Taiwan Corporate Governance Association | Trends and challenges in information security governance | 6.0 | 09/16 | Taiwan Corporate Governance Association | Important duties and responsibilities of directors and supervisors | Direct or | Huang, Shun-Jen | 10/14 | Taiwan Corporate Governance Association | Trends and challenges in information security governance | 6.0 | 09/16 | Taiwan Corporate Governance Association | Important duties and |  |
| Title           | Name                | Date  | Organizer  | Course Name  | Total hours |      |           |             |             |           |              |       |   |  |     |       |   |  |           |               |       |   |  |     |       |   |  |           |                 |       |   |  |     |       |   |  |           |                 |       |   |  |     |       |   |                      |  |
| Direct or       | Kao, Kuo-Lun        | 10/14 | Taiwan Corporate Governance Association  | Trends and challenges in information security governance   | 6.0         |      |           |             |             |           |              |       |   |  |     |       |   |  |           |               |       |   |  |     |       |   |  |           |                 |       |   |  |     |       |   |  |           |                 |       |   |  |     |       |   |                      |  |
|                 |                     | 09/16 | Taiwan Corporate Governance Association  | Important duties and responsibilities of directors and supervisors   |             |      |           |             |             |           |              |       |   |  |     |       |   |  |           |               |       |   |  |     |       |   |  |           |                 |       |   |  |     |       |   |  |           |                 |       |   |  |     |       |   |                      |  |
| Direct or       | Ko, Chun-Ping       | 10/14 | Taiwan Corporate Governance Association  | Trends and challenges in information security governance   | 6.0         |      |           |             |             |           |              |       |   |  |     |       |   |  |           |               |       |   |  |     |       |   |  |           |                 |       |   |  |     |       |   |  |           |                 |       |   |  |     |       |   |                      |  |
|                 |                     | 09/16 | Taiwan Corporate Governance Association  | Important duties and responsibilities of directors and supervisors   |             |      |           |             |             |           |              |       |   |  |     |       |   |  |           |               |       |   |  |     |       |   |  |           |                 |       |   |  |     |       |   |  |           |                 |       |   |  |     |       |   |                      |  |
| Direct or       | Yang, Huai-Kung     | 10/14 | Taiwan Corporate Governance Association  | Trends and challenges in information security governance   | 6.0         |      |           |             |             |           |              |       |   |  |     |       |   |  |           |               |       |   |  |     |       |   |  |           |                 |       |   |  |     |       |   |  |           |                 |       |   |  |     |       |   |                      |  |
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| Direct or       | Huang, Shun-Jen     | 10/14 | Taiwan Corporate Governance Association  | Trends and challenges in information security governance   | 6.0         |      |           |             |             |           |              |       |   |  |     |       |   |  |           |               |       |   |  |     |       |   |  |           |                 |       |   |  |     |       |   |  |           |                 |       |   |  |     |       |   |                      |  |
|                 |                     | 09/16 | Taiwan Corporate Governance Association  | Important duties and   |             |      |           |             |             |           |              |       |   |  |     |       |   |  |           |               |       |   |  |     |       |   |  |           |                 |       |   |  |     |       |   |  |           |                 |       |   |  |     |       |   |                      |  |

| Evaluation Item | State of Operations |    |                      |                 |             |   | Deviations from<br>“the Corporate<br>Governance<br>Best-Practice<br>Principles for<br>TWSE/TPEX<br>Listed<br>Companies” and<br>Reasons |     |
|-----------------|---------------------|----|----------------------|-----------------|-------------|---|--|-----|
|                 | Yes                 | No | Summary              |                 |             |   |  |     |
|                 |                     |    |                      |                 | Association | responsibilities of directors and supervisors |  |     |
|                 |                     |    | Direct or            | Chen, Chin-Yuan | 10/14       | Taiwan Corporate Governance Association       | Trends and challenges in information security governance   | 6.0 |
|                 |                     |    |                      |                 | 09/16       | Taiwan Corporate Governance Association       | Important duties and responsibilities of directors and supervisors   |     |
|                 |                     |    | Independent Director | Hung, Lee-Jung  | 10/14       | Taiwan Corporate Governance Association       | Trends and challenges in information security governance   | 9.0 |
|                 |                     |    |                      |                 | 09/16       | Taiwan Corporate Governance Association       | Important duties and responsibilities of directors and supervisors   |     |
|                 |                     |    |                      |                 | 04/22       | Taiwan Institute for Sustainable Energy       | Taishin 30 Sustainable Net Zero Summit Forum - Serious Net Zero  |     |
|                 |                     |    | Independent Director | Lo, Li-Chun     | 10/14       | Taiwan Corporate Governance Association       | Trends and challenges in information security governance   | 6.0 |
|                 |                     |    |                      |                 | 09/16       | Taiwan Corporate Governance Association       | Important duties and responsibilities of directors and supervisors   |     |
|                 |                     |    | Independent Director | Chen, I-Heng    | 10/14       | Taiwan Corporate Governance Association       | Trends and challenges in information security governance   | 6.0 |
|                 |                     |    |                      |                 | 08/05       | Taiwan Corporate Governance Association       | Corporate Governance and Securities Laws and Regulations   |     |



| Evaluation Item | State of Operations |       |   | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |             |      |           |             |             |  |                |       |   |   |      |  |       |   |  |  |       |   |  |  |       |   |  |  |               |       |   |   |      |  |       |   |  |  |       |   |  |  |       |   |  |  |
|-----------------|---------------------|-------|---|--|-------------|------|-----------|-------------|-------------|--|----------------|-------|---|---|------|--|-------|---|--|--|-------|---|--|--|-------|---|--|--|---------------|-------|---|---|------|--|-------|---|--|--|-------|---|--|--|-------|---|--|--|
|                 | Yes                 | No    | Summary   |  |             |      |           |             |             |  |                |       |   |   |      |  |       |   |  |  |       |   |  |  |       |   |  |  |               |       |   |   |      |  |       |   |  |  |       |   |  |  |       |   |  |  |
|                 |                     |       | <p>2. Training of new directors</p> <table border="1"> <thead> <tr> <th>Title</th> <th>Name</th> <th>Date</th> <th>Organizer</th> <th>Course Name</th> <th>Total hours</th> </tr> </thead> <tbody> <tr> <td></td> <td rowspan="4">Chen, Chao-Hsu</td> <td>10/25</td> <td>Taiwan Corporate Governance Association</td> <td>Interpreting Important Corporate Governance Decisions - Focusing on Directors' Responsibilities</td> <td rowspan="4">12.0</td> </tr> <tr> <td></td> <td>10/14</td> <td>Taiwan Corporate Governance Association</td> <td>Trends and challenges in information security governance</td> </tr> <tr> <td></td> <td>09/30</td> <td>Taiwan Corporate Governance Association</td> <td>Variables of International Order and Corporate Governance Response</td> </tr> <tr> <td></td> <td>09/16</td> <td>Taiwan Corporate Governance Association</td> <td>Important duties and responsibilities of directors and supervisors</td> </tr> <tr> <td></td> <td rowspan="4">Kao, Kuo-Hsun</td> <td>10/25</td> <td>Taiwan Corporate Governance Association</td> <td>Interpreting Important Corporate Governance Decisions - Focusing on Directors' Responsibilities</td> <td rowspan="4">12.0</td> </tr> <tr> <td></td> <td>10/14</td> <td>Taiwan Corporate Governance Association</td> <td>Trends and challenges in information security governance</td> </tr> <tr> <td></td> <td>09/30</td> <td>Taiwan Corporate Governance Association</td> <td>Variables of International Order and Corporate Governance Response</td> </tr> <tr> <td></td> <td>09/16</td> <td>Taiwan Corporate Governance Association</td> <td>Important duties and responsibilities of directors and supervisors</td> </tr> </tbody> </table> | Title  | Name        | Date | Organizer | Course Name | Total hours |  | Chen, Chao-Hsu | 10/25 | Taiwan Corporate Governance Association | Interpreting Important Corporate Governance Decisions - Focusing on Directors' Responsibilities | 12.0 |  | 10/14 | Taiwan Corporate Governance Association | Trends and challenges in information security governance |  | 09/30 | Taiwan Corporate Governance Association | Variables of International Order and Corporate Governance Response |  | 09/16 | Taiwan Corporate Governance Association | Important duties and responsibilities of directors and supervisors |  | Kao, Kuo-Hsun | 10/25 | Taiwan Corporate Governance Association | Interpreting Important Corporate Governance Decisions - Focusing on Directors' Responsibilities | 12.0 |  | 10/14 | Taiwan Corporate Governance Association | Trends and challenges in information security governance |  | 09/30 | Taiwan Corporate Governance Association | Variables of International Order and Corporate Governance Response |  | 09/16 | Taiwan Corporate Governance Association | Important duties and responsibilities of directors and supervisors |  |
| Title           | Name                | Date  | Organizer   | Course Name  | Total hours |      |           |             |             |  |                |       |   |   |      |  |       |   |  |  |       |   |  |  |       |   |  |  |               |       |   |   |      |  |       |   |  |  |       |   |  |  |       |   |  |  |
|                 | Chen, Chao-Hsu      | 10/25 | Taiwan Corporate Governance Association   | Interpreting Important Corporate Governance Decisions - Focusing on Directors' Responsibilities                | 12.0        |      |           |             |             |  |                |       |   |   |      |  |       |   |  |  |       |   |  |  |       |   |  |  |               |       |   |   |      |  |       |   |  |  |       |   |  |  |       |   |  |  |
|                 |                     | 10/14 | Taiwan Corporate Governance Association   | Trends and challenges in information security governance   |             |      |           |             |             |  |                |       |   |   |      |  |       |   |  |  |       |   |  |  |       |   |  |  |               |       |   |   |      |  |       |   |  |  |       |   |  |  |       |   |  |  |
|                 |                     | 09/30 | Taiwan Corporate Governance Association   | Variables of International Order and Corporate Governance Response   |             |      |           |             |             |  |                |       |   |   |      |  |       |   |  |  |       |   |  |  |       |   |  |  |               |       |   |   |      |  |       |   |  |  |       |   |  |  |       |   |  |  |
|                 |                     | 09/16 | Taiwan Corporate Governance Association   | Important duties and responsibilities of directors and supervisors   |             |      |           |             |             |  |                |       |   |   |      |  |       |   |  |  |       |   |  |  |       |   |  |  |               |       |   |   |      |  |       |   |  |  |       |   |  |  |       |   |  |  |
|                 | Kao, Kuo-Hsun       | 10/25 | Taiwan Corporate Governance Association   | Interpreting Important Corporate Governance Decisions - Focusing on Directors' Responsibilities                | 12.0        |      |           |             |             |  |                |       |   |   |      |  |       |   |  |  |       |   |  |  |       |   |  |  |               |       |   |   |      |  |       |   |  |  |       |   |  |  |       |   |  |  |
|                 |                     | 10/14 | Taiwan Corporate Governance Association   | Trends and challenges in information security governance   |             |      |           |             |             |  |                |       |   |   |      |  |       |   |  |  |       |   |  |  |       |   |  |  |               |       |   |   |      |  |       |   |  |  |       |   |  |  |       |   |  |  |
|                 |                     | 09/30 | Taiwan Corporate Governance Association   | Variables of International Order and Corporate Governance Response   |             |      |           |             |             |  |                |       |   |   |      |  |       |   |  |  |       |   |  |  |       |   |  |  |               |       |   |   |      |  |       |   |  |  |       |   |  |  |       |   |  |  |
|                 |                     | 09/16 | Taiwan Corporate Governance Association   | Important duties and responsibilities of directors and supervisors   |             |      |           |             |             |  |                |       |   |   |      |  |       |   |  |  |       |   |  |  |       |   |  |  |               |       |   |   |      |  |       |   |  |  |       |   |  |  |       |   |  |  |

| Evaluation Item | State of Operations |    |  |       |  | Deviations from<br>“the Corporate<br>Governance<br>Best-Practice<br>Principles for<br>TWSE/TPEX<br>Listed<br>Companies” and<br>Reasons |      |
|-----------------|---------------------|----|--|-------|--|--|------|
|                 | Yes                 | No | Summary  |       |  |  |      |
|                 |                     |    | Direct<br>or<br><br>Liao,<br>Hen-<br>Ning                    | 10/25 | Taiwan<br>Corporate<br>Governance<br>Association | Interpreting<br>Important<br>Corporate<br>Governance<br>Decisions -<br>Focusing on<br>Directors'<br>Responsibilitie<br>s               | 12.0 |
|                 |                     |    |  | 10/14 | Taiwan<br>Corporate<br>Governance<br>Association | Trends and<br>challenges in<br>information<br>security<br>governance   |      |
|                 |                     |    |  | 09/30 | Taiwan<br>Corporate<br>Governance<br>Association | Variables of<br>International<br>Order and<br>Corporate<br>Governance<br>Response  |      |
|                 |                     |    |  | 09/16 | Taiwan<br>Corporate<br>Governance<br>Association | Important<br>duties and<br>responsibilities<br>of directors<br>and<br>supervisors  |      |
|                 |                     |    | Indepe<br>ndent<br>Direct<br>or<br><br>Lu,<br>Chun-<br>Cheng | 10/25 | Taiwan<br>Corporate<br>Governance<br>Association | Interpreting<br>Important<br>Corporate<br>Governance<br>Decisions -<br>Focusing on<br>Directors'<br>Responsibilitie<br>s               | 15.0 |
|                 |                     |    |  | 10/14 | Taiwan<br>Corporate<br>Governance<br>Association | Trends and<br>challenges in<br>information<br>security<br>governance   |      |
|                 |                     |    |  | 09/16 | Taiwan<br>Corporate<br>Governance<br>Association | Important<br>duties and<br>responsibilities<br>of directors<br>and<br>supervisors  |      |
|                 |                     |    |  | 08/16 | Taiwan<br>Corporate<br>Governance<br>Association | ESG<br>Governance -<br>From<br>Knowing to<br>Doing   |      |
|                 |                     |    |  | 07/15 | Taiwan<br>Corporate<br>Governance<br>Association | What is true?<br>What is false?<br>Crisis<br>Management  |      |

| Evaluation Item | State of Operations |    |  | Deviations from<br>“the Corporate<br>Governance<br>Best-Practice<br>Principles for<br>TWSE/TPEX<br>Listed<br>Companies” and<br>Reasons |  |  |  |                                 |  |  |
|-----------------|---------------------|----|--|--|--|--|--|---------------------------------|--|--|
|                 | Yes                 | No | Summary  |  |  |  |  |                                 |  |  |
|                 |                     |    | <table border="1"> <tr> <td></td> <td></td> <td></td> <td></td> <td>in the Face of<br/>False Reports</td> <td></td> </tr> </table> <p>(VI) Implementation of risk management policies and risk measurement standards: The Company has established rules for risk assessment and measurement in accordance with laws and internal policies.</p> <p>(VII) Implementation of customer policies: The Company has established the Procedures for Handling Customer Complaints to solve customers' problems in a quick and effective manner.</p> <p>(VIII) Purchase of liability insurance for directors and supervisors: The Company has purchased liability insurance for its directors and managerial officers.</p> |  |  |  |  | in the Face of<br>False Reports |  |  |
|                 |                     |    |  | in the Face of<br>False Reports  |  |  |  |                                 |  |  |

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

The progress of improvements recommended based on the results of the 9th (2022) Corporate Governance Evaluation published in April 2023 is detailed below:

(I) Improvements made:

| No. | Indicator  |
|-----|--|
| 1.3 | Have more than half of the directors (including at least one independent director) and the convener of the Audit Committee (or at least one supervisor) of the Company attended the shareholders' meeting in person and disclosed the attendance list in the minutes?  |
|     | <b>Improvement:</b> In the 2022 Annual Shareholders’ Meeting, 8 directors attended in person (total number: 10), including 3 independent directors, and more than 1/2 of the directors attended the meeting. The list of directors who attended was disclosed in the minutes of the 2022 Annual Shareholders’ Meeting. |
| 2.2 | Has the company developed a policy on diversity of Board members and disclosed the specific management objectives and implementation of the diversity policy on the Company’s website and annual report?   |
|     | <b>Improvement:</b> The related information has been disclosed on the Company's website and in the annual report.  |
| 2.7 | Is the number of independent directors at least one-third of the total number of   |

| Evaluation Item  | State of Operations |    |   | Deviations from<br>“the Corporate<br>Governance<br>Best-Practice<br>Principles for<br>TWSE/TPEX<br>Listed<br>Companies” and<br>Reasons |
|--|---------------------|----|---|--|
|  | Yes                 | No | Summary   |  |
|  |                     |    | directors?  |  |
|  |                     |    | <b>Improvement:</b> The Company currently has 12 directors, of which 4 are independent directors, accounting for 1/3 of the total number.   |  |
| 2.24   |                     |    | Has the company established an cyber security risk management framework, developed cyber security policy and specific management plans, invested resources in cyber security management, and disclosed them on the Company's website or annual report?  |  |
|  |                     |    | <b>Improvement:</b> The related information has been disclosed on the Company's website and in the annual report.   |  |
| 4.1  |                     |    | Has the company set up a special (part-time) unit to promote sustainable development, conduct risk assessment on environmental, social or corporate governance issues related to the Company's operation according to the principle of materiality, formulate relevant risk management policies or strategies, and have the Board of Directors supervise the promotion of sustainable development and disclose them on the Company's website and annual report? |  |
|  |                     |    | <b>Improvement:</b> The Company has set up a special unit, the Sustainable Development Committee, to implement and formulate relevant policies.   |  |
| (II) Priorities for improvement: The Company will review the evaluation items to be improved one by one in line with the spirit of corporate governance. |                     |    |   |  |

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

The purpose of the Remuneration Committee is to assist the Board of Directors in evaluating the remuneration paid to directors and managerial officers. A total of 3 meetings were convened in 2022, and all members attended the meetings in person.

(1) Description of professional qualifications and experience of members of the Remuneration Committee:

| Title                         | Name           | Professional Qualification (Note)  | Independence                                     | Number of Other Public Companies where the Individual Concurrently Serves as a Member of the Remuneration Committee |
|-------------------------------|----------------|--|--|---|
| Independent Director Convener | Chen, I-Heng   | He is the professor of human resources at Sun Yat-sen University and has served as an independent director of two public companies. He has been a member of the remuneration committee for more than three years and has the professional abilities in business judgment, accounting and financial analysis, operation management, crisis management, industry knowledge, international market perspective, leadership, and decision-making. | See the notes in the following table for details | 2   |
| Independent Director          | Hung, Lee-Jung | Former partner and CPA at Pricewaterhouse Coopers Taiwan, and served as a member of the Remuneration Committee for more than three years with the acquired professional abilities such as business judgment, accounting and financial analysis, operation and management, crisis management, industry knowledge, international market perspective, leadership, and decision-making ability.  | See the notes in the following table for details | 2   |
| Independent Director          | Lo, Li-Chun    | He has been a visiting associate professor at Nanyang Business College and the CEO of Protrend Management Consulting Co., Ltd. for years, and a member of the Remuneration Committee for more than three years. He has the professional abilities in business judgment, accounting and financial analysis, management, crisis management, industry knowledge, international market perspective, leadership, and decision making.             | See the notes in the following table for details | 0   |

|                      |                |   |  |   |
|----------------------|----------------|---|--|---|
| Independent Director | Lu, Chun-Cheng | He has over 20 years of experience as a partner in Huili Law Firm, and is also the chairman of the board of directors of Peiran Co., Ltd. and the supervisor of Chunxing Industrial Co., Ltd. He has professional abilities in business judgment, legal ability, management ability, crisis management ability, industry knowledge, international market view, leadership ability, and decision-making ability. | See the notes in the following table for details | 0 |
|----------------------|----------------|---|--|---|

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

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

April 30, 2023

| Name           | Independence   |   |       |   |   | Circumstances in Article 30 of the Company Act |
|----------------|--|---|-------|---|---|--|
|                | Whether any of he himself, his spouse, or relative within the second degree of kinship serves as a Director, Supervisor or employee of the Company or its affiliates | Shareholding amount and ratio of he himself, his spouse, or relative within the second degree of kinship (or in the name of others) |       | Whether a director, supervisor or employee of a company having a particular relationship with the Company | Amount of remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years |  |
|                |  | Number of Shares  | Ratio |   |   |  |
| Chen, I-Heng   | No   | 216,447   | 0.01% | No  | 0   | None   |
| Hung, Lee-Jung | No   | 0   | 0     | No  | 0   | None   |
| Lo, Li-Chun    | No   | 0   | 0     | No  | 0   | None   |
| Lu, Chun-Cheng | No   | 1,806   | 0     | No  | 0   | None   |

Operational status of Operations of the Remuneration Committee

1. The Company's Remuneration Committee consists of 4 members.
2. Term of office of the current members: June 23, 2022 to June 22, 2025. The Remuneration Committee convened three (4) meetings (A) in the most recent year. The qualification and attendance of members are as follows:

| Title    | Name           | Number of Attendance in Person (B) | Number of Attendance by Proxy | Percentage of attendance in person (%) (B/A) (Note) | Note   |
|----------|----------------|------------------------------------|-------------------------------|---|--|
| Convener | Hung, Lee-Jung | 4                                  | 0                             | 100%  | None   |
| Member   | Lo, Li-Chun    | 4                                  | 0                             | 100%  | None   |
| Member   | Chen, I-Heng   | 4                                  | 0                             | 100%  | None   |
| Member   | Lu, Chun-Cheng | 1                                  | 0                             | 100%  | Appointed on August 3, 2022; required to attend 1 meeting. |

Note: As disclosed in the table above as of December 31, 2022, the actual attendance rate (%) is calculated based on the number of meetings of the Remuneration Committee and the actual number of attendances during tenure.

Other items to be recorded:

- I. The operation of the Remuneration Committee in 2022, meeting dates, sessions, agenda, resolutions, and how the Company responded to the opinions of the Remuneration Committee:

| Date of Meeting   | Proposal  | Resolution            | Handling of opinions               |
|---|---|-----------------------|------------------------------------|
| 2022.03.07<br>The 10th meeting of the 4th term Remuneration Committee | 1. The proposal on the distribution of remuneration for directors and employees in 2021       | No dissenting opinion | Approved by the Board of Directors |
|   | 2. The proposal on the amendment to the "Remuneration Committee Charter"                      | No dissenting opinion | Approved by the Board of Directors |
|   | 3. Distribution of profit target overreach performance bonuses to managerial officers in 2021 | No dissenting opinion | Approved by the Board of Directors |
|   | 4. the proposal on 2021 managerial officer project award plan                                 | No dissenting opinion | Approved by the Board of Directors |
| 2022.05.09<br>The 11th meeting of the 4th term Remuneration Committee | 1. Deliberation on salaries paid to managerial officers due to job adjustments                | No dissenting opinion | Approved by the Board of Directors |
|   | 2. The Company's 2021 remuneration distribution proposal for managerial officers.             | No dissenting opinion | Approved by the Board of Directors |
| 2022.08.02<br>The 1st meeting   | 1. The proposal on the amendment to the "Remuneration Committee Charter"                      | No dissenting opinion | Approved by the Board of           |

|   |  |                       |                                    |
|---|--|-----------------------|------------------------------------|
| of the 5th term<br>Remuneration<br>Committee  |  |                       | Directors                          |
|   | 2. Proposal on reviewing the remuneration of the new Information Security Officer                      | No dissenting opinion | Approved by the Board of Directors |
|   | 3. Deliberation on salaries paid to managerial officers due to job adjustments                         | No dissenting opinion | Approved by the Board of Directors |
| 2022.12.19<br>The 2nd<br>meeting of the<br>5th term<br>Remuneration<br>Committee  | 1. Annual salary adjustment of managerial officers for 2023  | No dissenting opinion | Approved by the Board of Directors |
|   | 2. Managerial officers' annual performance bonus and operation performance bonus in 2022               | No dissenting opinion | Approved by the Board of Directors |
|   | 3. The proposal on the transfer and remuneration review of important operation managers of the Company | No dissenting opinion | Approved by the Board of Directors |
| <p>II. If the Board of Directors does not adopt or amend the recommendations made by the Audit Committee, the date and session of the Board of Directors' meeting, resolutions, voting results and handling of opinions of the Remuneration Committee by the Company shall be disclosed: None.</p> <p>III. If the members of the Remuneration Committee has any dissenting opinion or qualified opinions on the resolutions of the Remuneration Committee, where such opinions are documented or issued through written statements, the date and session of the meeting of the Remuneration Committee, resolutions, all the members' opinions and handling of these opinions shall be stated: None.</p> |  |                       |                                    |



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

| Promotion Item   | Status of Implementation |    |  | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof                               |
|--|--------------------------|----|--|---|
|  | Yes                      | No | Summary  |   |
| I. Does the Company set up a governance structure to promote sustainable development, and set up a full-time (part-time) unit to promote sustainable development, which is authorized by the board of directors to handle the senior management, and the board of directors supervision? | V                        |    | <pre> graph TD     Board[Board of Directors] --&gt; CGSC[Corporate Governance and Sustainability Committee]     CGSC --&gt; Env[Environment]     CGSC --&gt; Soc[Society]     CGSC --&gt; Gov[Governance]     Env --- EnvList["Business Units, Research &amp; Development, Engineering Technology Dept., Process Technology Dept., Occupational Safety and Environmental Protection Dept., Procurement Dept."]     Soc --- SocList["Administration Dept., Human Resource Dept."]     Gov --- GovList["Finance Dept., Accounting Dept., Audit Office, Legal Dept., Information Management Dept., Business Development, Dept."]     </pre> <p>Unit</p> <ol style="list-style-type: none"> <li>Structure of the Corporate Governance and Sustainable Development Committee of the Company</li> <li>Corporate Governance and Corporate Social Responsibility Committee was established in November 2021 (On March 11, 2022, the Board of Directors resolved to rename it to the "Corporate Governance and Sustainable Development Committee")             <ol style="list-style-type: none"> <li>Current term of office (the 2nd term): June 23, 2022 ~ June 22, 2025</li> </ol> </li> </ol> | Having been implemented according to the Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies without deviations |

| Promotion Item | Status of Implementation |                                    | Summary  | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |   |                                    |                               |                                  |        |          |              |   |   |      |      |        |                |   |   |      |      |        |              |   |   |      |      |        |             |   |   |      |      |        |                |   |   |      |   |        |               |   |   |      |      |        |               |   |   |      |      |  |
|----------------|--------------------------|------------------------------------|--|---|---|------------------------------------|-------------------------------|----------------------------------|--------|----------|--------------|---|---|------|------|--------|----------------|---|---|------|------|--------|--------------|---|---|------|------|--------|-------------|---|---|------|------|--------|----------------|---|---|------|---|--------|---------------|---|---|------|------|--------|---------------|---|---|------|------|--|
|                | Yes                      | No                                 |  |   |   |                                    |                               |                                  |        |          |              |   |   |      |      |        |                |   |   |      |      |        |              |   |   |      |      |        |             |   |   |      |      |        |                |   |   |      |   |        |               |   |   |      |      |        |               |   |   |      |      |  |
|                |                          |                                    | <p>(2) There are 7 members in the current committee, with the Chairman of the Board of Directors as the convener and the other members consisting of 4 independent directors, the President and the Chief Executive Officer. The committee members, each with environmental, social or corporate governance expertise, meet at least once a year to review the risk assessment of environmental, social or corporate governance issues related to the Company's core operations, formulate relevant management policies or strategies, and promote sustainable development in a purposeful, systematic and organized manner.</p> <p>(3) In the current year, the Corporate Governance and Sustainable Development Committee held 3 meetings (A), and the attendance of the members is as follows:</p> <table border="1"> <thead> <tr> <th>Title</th> <th>Name</th> <th>Number of Attendance in Person (B)</th> <th>Number of Attendance by Proxy</th> <th>Attendance Rate (%) [B/A] (Note)</th> <th>Remark</th> </tr> </thead> <tbody> <tr> <td>Convener</td> <td>Kao, Kuo-Lun</td> <td>3</td> <td>0</td> <td>100%</td> <td>None</td> </tr> <tr> <td>Member</td> <td>Hung, Lee-Jung</td> <td>3</td> <td>0</td> <td>100%</td> <td>None</td> </tr> <tr> <td>Member</td> <td>Chen, I-Heng</td> <td>3</td> <td>0</td> <td>100%</td> <td>None</td> </tr> <tr> <td>Member</td> <td>Lo, Li-Chun</td> <td>3</td> <td>0</td> <td>100%</td> <td>None</td> </tr> <tr> <td>Member</td> <td>Lu, Chun-Cheng</td> <td>1</td> <td>0</td> <td>100%</td> <td>Appointed on June 23, 2022; Required to attend 1 meeting.</td> </tr> <tr> <td>Member</td> <td>Mao, Hui-Kuan</td> <td>3</td> <td>0</td> <td>100%</td> <td>None</td> </tr> <tr> <td>Member</td> <td>Chu, Jui-Hsin</td> <td>3</td> <td>0</td> <td>100%</td> <td>None</td> </tr> </tbody> </table> <p>Note: The disclosure in the above is as of December 31, 2022.</p> | Title   | Name  | Number of Attendance in Person (B) | Number of Attendance by Proxy | Attendance Rate (%) [B/A] (Note) | Remark | Convener | Kao, Kuo-Lun | 3 | 0 | 100% | None | Member | Hung, Lee-Jung | 3 | 0 | 100% | None | Member | Chen, I-Heng | 3 | 0 | 100% | None | Member | Lo, Li-Chun | 3 | 0 | 100% | None | Member | Lu, Chun-Cheng | 1 | 0 | 100% | Appointed on June 23, 2022; Required to attend 1 meeting. | Member | Mao, Hui-Kuan | 3 | 0 | 100% | None | Member | Chu, Jui-Hsin | 3 | 0 | 100% | None |  |
| Title          | Name                     | Number of Attendance in Person (B) | Number of Attendance by Proxy  | Attendance Rate (%) [B/A] (Note)  | Remark  |                                    |                               |                                  |        |          |              |   |   |      |      |        |                |   |   |      |      |        |              |   |   |      |      |        |             |   |   |      |      |        |                |   |   |      |   |        |               |   |   |      |      |        |               |   |   |      |      |  |
| Convener       | Kao, Kuo-Lun             | 3                                  | 0  | 100%  | None  |                                    |                               |                                  |        |          |              |   |   |      |      |        |                |   |   |      |      |        |              |   |   |      |      |        |             |   |   |      |      |        |                |   |   |      |   |        |               |   |   |      |      |        |               |   |   |      |      |  |
| Member         | Hung, Lee-Jung           | 3                                  | 0  | 100%  | None  |                                    |                               |                                  |        |          |              |   |   |      |      |        |                |   |   |      |      |        |              |   |   |      |      |        |             |   |   |      |      |        |                |   |   |      |   |        |               |   |   |      |      |        |               |   |   |      |      |  |
| Member         | Chen, I-Heng             | 3                                  | 0  | 100%  | None  |                                    |                               |                                  |        |          |              |   |   |      |      |        |                |   |   |      |      |        |              |   |   |      |      |        |             |   |   |      |      |        |                |   |   |      |   |        |               |   |   |      |      |        |               |   |   |      |      |  |
| Member         | Lo, Li-Chun              | 3                                  | 0  | 100%  | None  |                                    |                               |                                  |        |          |              |   |   |      |      |        |                |   |   |      |      |        |              |   |   |      |      |        |             |   |   |      |      |        |                |   |   |      |   |        |               |   |   |      |      |        |               |   |   |      |      |  |
| Member         | Lu, Chun-Cheng           | 1                                  | 0  | 100%  | Appointed on June 23, 2022; Required to attend 1 meeting. |                                    |                               |                                  |        |          |              |   |   |      |      |        |                |   |   |      |      |        |              |   |   |      |      |        |             |   |   |      |      |        |                |   |   |      |   |        |               |   |   |      |      |        |               |   |   |      |      |  |
| Member         | Mao, Hui-Kuan            | 3                                  | 0  | 100%  | None  |                                    |                               |                                  |        |          |              |   |   |      |      |        |                |   |   |      |      |        |              |   |   |      |      |        |             |   |   |      |      |        |                |   |   |      |   |        |               |   |   |      |      |        |               |   |   |      |      |  |
| Member         | Chu, Jui-Hsin            | 3                                  | 0  | 100%  | None  |                                    |                               |                                  |        |          |              |   |   |      |      |        |                |   |   |      |      |        |              |   |   |      |      |        |             |   |   |      |      |        |                |   |   |      |   |        |               |   |   |      |      |        |               |   |   |      |      |  |

| Promotion Item                                     | Status of Implementation   |                       | Summary  | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |          |            |  |  |                       |  |                       |   |                       |   |   |                       |   |  |                       |  |                       |  |
|--|--|-----------------------|--|---|----------|------------|--|--|-----------------------|--|-----------------------|---|-----------------------|---|---|-----------------------|---|--|-----------------------|--|-----------------------|--|
|  | Yes  | No                    |  |   |          |            |  |  |                       |  |                       |   |                       |   |   |                       |   |  |                       |  |                       |  |
|  |  |                       | <p>3. Supervision by the Board of Directors:</p> <p>(1) Content of the Proposal by the Committee</p> <table border="1"> <thead> <tr> <th>Date of Meeting</th> <th>Proposal</th> <th>Resolution</th> </tr> </thead> <tbody> <tr> <td rowspan="3">2022.03.07<br/>The 1st meeting of the 1st committee</td> <td>1. The proposal to amend the names and some provisions of the "Corporate Social Responsibility Best Practice Principles", the "Corporate Social Responsibility Policy" and the "Organizational Procedures for the Corporate Governance" and "Corporate Social Responsibility Committee of the Company", and change the name of the "Corporate Governance and Corporate Social Responsibility Committee".</td> <td>No dissenting opinion</td> </tr> <tr> <td>2. The amendment to some articles of the "Corporate Governance Regulations".</td> <td>No dissenting opinion</td> </tr> <tr> <td>3. The annual plan and strategic direction for sustainable development in 2022.</td> <td>No dissenting opinion</td> </tr> <tr> <td>2022.08.02<br/>1st meeting of the 2nd term</td> <td>1. Proposal on reviewing the 2021 Sustainable Development Report.</td> <td>No dissenting opinion</td> </tr> <tr> <td rowspan="2">2022.12.19<br/>2nd meeting of the 2nd term</td> <td>1. Communication with stakeholders and identification of significant issues.</td> <td>No dissenting opinion</td> </tr> <tr> <td>2. The annual plan and strategic direction for sustainable development in 2023</td> <td>No dissenting opinion</td> </tr> </tbody> </table> <p>(2) The Board of Directors provides recommendations and reviews the likelihood of achieving strategic objectives and future action plans. With the Board of Directors' approval, the management team shall start specific actions. The Board of Directors shall regularly review the progress of the strategies and urge the operating team to make</p> | Date of Meeting   | Proposal | Resolution | 2022.03.07<br>The 1st meeting of the 1st committee | 1. The proposal to amend the names and some provisions of the "Corporate Social Responsibility Best Practice Principles", the "Corporate Social Responsibility Policy" and the "Organizational Procedures for the Corporate Governance" and "Corporate Social Responsibility Committee of the Company", and change the name of the "Corporate Governance and Corporate Social Responsibility Committee". | No dissenting opinion | 2. The amendment to some articles of the "Corporate Governance Regulations". | No dissenting opinion | 3. The annual plan and strategic direction for sustainable development in 2022. | No dissenting opinion | 2022.08.02<br>1st meeting of the 2nd term | 1. Proposal on reviewing the 2021 Sustainable Development Report. | No dissenting opinion | 2022.12.19<br>2nd meeting of the 2nd term | 1. Communication with stakeholders and identification of significant issues. | No dissenting opinion | 2. The annual plan and strategic direction for sustainable development in 2023 | No dissenting opinion |  |
| Date of Meeting                                    | Proposal   | Resolution            |  |   |          |            |  |  |                       |  |                       |   |                       |   |   |                       |   |  |                       |  |                       |  |
| 2022.03.07<br>The 1st meeting of the 1st committee | 1. The proposal to amend the names and some provisions of the "Corporate Social Responsibility Best Practice Principles", the "Corporate Social Responsibility Policy" and the "Organizational Procedures for the Corporate Governance" and "Corporate Social Responsibility Committee of the Company", and change the name of the "Corporate Governance and Corporate Social Responsibility Committee". | No dissenting opinion |  |   |          |            |  |  |                       |  |                       |   |                       |   |   |                       |   |  |                       |  |                       |  |
|  | 2. The amendment to some articles of the "Corporate Governance Regulations".   | No dissenting opinion |  |   |          |            |  |  |                       |  |                       |   |                       |   |   |                       |   |  |                       |  |                       |  |
|  | 3. The annual plan and strategic direction for sustainable development in 2022.  | No dissenting opinion |  |   |          |            |  |  |                       |  |                       |   |                       |   |   |                       |   |  |                       |  |                       |  |
| 2022.08.02<br>1st meeting of the 2nd term          | 1. Proposal on reviewing the 2021 Sustainable Development Report.  | No dissenting opinion |  |   |          |            |  |  |                       |  |                       |   |                       |   |   |                       |   |  |                       |  |                       |  |
| 2022.12.19<br>2nd meeting of the 2nd term          | 1. Communication with stakeholders and identification of significant issues.   | No dissenting opinion |  |   |          |            |  |  |                       |  |                       |   |                       |   |   |                       |   |  |                       |  |                       |  |
|  | 2. The annual plan and strategic direction for sustainable development in 2023   | No dissenting opinion |  |   |          |            |  |  |                       |  |                       |   |                       |   |   |                       |   |  |                       |  |                       |  |

| Promotion Item  | Status of Implementation      |  |  | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |                 |                         |             |                            |   |                               |  |                  |  |                      |   |           |   |   |
|---|-------------------------------|--|--|---|-----------------|-------------------------|-------------|----------------------------|---|-------------------------------|--|------------------|--|----------------------|---|-----------|---|---|
|   | Yes                           | No   | Summary  |   |                 |                         |             |                            |   |                               |  |                  |  |                      |   |           |   |   |
|   |                               |  | <p>adjustments as necessary.</p> <p>4. Specific promotion plans and implementation results:</p> <p>(1) The Company uses its own profession and resources, and the strength of stakeholders to give back to the society with a corporate culture of law-abiding, trustworthy and virtuous, and at the same time encourages its employees to participate in corporate social responsibility activities with practical actions, hoping to create a better society together.</p> <p>(2) Eternal was selected as a constituent stock of the Taiwan Sustainability Index again in 2022.</p>  |   |                 |                         |             |                            |   |                               |  |                  |  |                      |   |           |   |   |
| II. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the business operations and formulate relevant risk management policies or strategies based on the materiality principle? | V                             |  | <p>Refer to the GRI Standards materiality principles for assessments and policy responses.</p> <table border="1"> <thead> <tr> <th>Structure</th> <th>Evaluation Item</th> <th>Future direction &amp; plan</th> </tr> </thead> <tbody> <tr> <td rowspan="5">Environment</td> <td>Unit consumption of energy</td> <td>Based on the average value of unit energy consumption (process electricity, thermal energy, and total water intake) from 2016 to 2020, we will reduce the unit energy consumption by 1.5% per year from 2021.</td> </tr> <tr> <td>Number of uses per water drop</td> <td>Each drop of water will be used for more than 1.6 times by 2025.</td> </tr> <tr> <td>Carbon intensity</td> <td>(Physical Strength)<br/>Reduce the carbon emissions per unit of product by 1.5%; with 2020 as the base year.<br/>(Economic Strength)<br/>Reduce the carbon emissions per unit of revenue by 3%; with 2020 as the base year.</td> </tr> <tr> <td>Cumulative reduction</td> <td>With 2020 as the base year, the annual carbon reduction will reach 7442tCO<sub>2</sub>e (3%).</td> </tr> <tr> <td>Renewable</td> <td>We will gradually increase the use of renewable energy with</td> </tr> </tbody> </table> | Structure   | Evaluation Item | Future direction & plan | Environment | Unit consumption of energy | Based on the average value of unit energy consumption (process electricity, thermal energy, and total water intake) from 2016 to 2020, we will reduce the unit energy consumption by 1.5% per year from 2021. | Number of uses per water drop | Each drop of water will be used for more than 1.6 times by 2025. | Carbon intensity | (Physical Strength)<br>Reduce the carbon emissions per unit of product by 1.5%; with 2020 as the base year.<br>(Economic Strength)<br>Reduce the carbon emissions per unit of revenue by 3%; with 2020 as the base year. | Cumulative reduction | With 2020 as the base year, the annual carbon reduction will reach 7442tCO <sub>2</sub> e (3%). | Renewable | We will gradually increase the use of renewable energy with | Having been implemented according to the Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies without deviations |
| Structure   | Evaluation Item               | Future direction & plan  |  |   |                 |                         |             |                            |   |                               |  |                  |  |                      |   |           |   |   |
| Environment   | Unit consumption of energy    | Based on the average value of unit energy consumption (process electricity, thermal energy, and total water intake) from 2016 to 2020, we will reduce the unit energy consumption by 1.5% per year from 2021.            |  |   |                 |                         |             |                            |   |                               |  |                  |  |                      |   |           |   |   |
|   | Number of uses per water drop | Each drop of water will be used for more than 1.6 times by 2025.   |  |   |                 |                         |             |                            |   |                               |  |                  |  |                      |   |           |   |   |
|   | Carbon intensity              | (Physical Strength)<br>Reduce the carbon emissions per unit of product by 1.5%; with 2020 as the base year.<br>(Economic Strength)<br>Reduce the carbon emissions per unit of revenue by 3%; with 2020 as the base year. |  |   |                 |                         |             |                            |   |                               |  |                  |  |                      |   |           |   |   |
|   | Cumulative reduction          | With 2020 as the base year, the annual carbon reduction will reach 7442tCO <sub>2</sub> e (3%).  |  |   |                 |                         |             |                            |   |                               |  |                  |  |                      |   |           |   |   |
|   | Renewable                     | We will gradually increase the use of renewable energy with  |  |   |                 |                         |             |                            |   |                               |  |                  |  |                      |   |           |   |   |

| Promotion Item | Status of Implementation                   |  |  | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |          |                        |  |                          |  |  |  |  |  |                      |  |  |                          |  |         |              |   |  |  |  |
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|                | Yes  | No   | Summary  |   |          |                        |  |                          |  |  |  |  |  |                      |  |  |                          |  |         |              |   |  |  |  |
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|                | energies                                   | 2020 as the base year.   |  |   |          |                        |  |                          |  |  |  |  |  |                      |  |  |                          |  |         |              |   |  |  |  |
|                | Product carbon footprint                   | The product carbon footprint survey will be implemented gradually from 2022.   |  |   |          |                        |  |                          |  |  |  |  |  |                      |  |  |                          |  |         |              |   |  |  |  |
|                | Supply chain carbon emissions management   | With 2021 as the base year, the scope 3 emission will be reduced year by year.   |  |   |          |                        |  |                          |  |  |  |  |  |                      |  |  |                          |  |         |              |   |  |  |  |
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|                | GHG Emissions management                   | With 2021 as the base year, the scope 3 emission will be reduced year by year.   |  |   |          |                        |  |                          |  |  |  |  |  |                      |  |  |                          |  |         |              |   |  |  |  |
| Society        | Human rights                               | Implement the "Eternal Human Rights Policy" and the International Human Rights Code, and the International Labour Organization's "Core Treaty on Labor Standards Protection".  |  |   |          |                        |  |                          |  |  |  |  |  |                      |  |  |                          |  |         |              |   |  |  |  |
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| Promotion Item | Status of Implementation |   |   | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |  |  |  |                          |  |  |                |   |            |                        |  |                     |                                       |                         |   |  |
|----------------|--------------------------|---|---|---|--|--|--|--------------------------|--|--|----------------|---|------------|------------------------|--|---------------------|---------------------------------------|-------------------------|---|--|
|                | Yes                      | No  | Summary   |   |  |  |  |                          |  |  |                |   |            |                        |  |                     |                                       |                         |   |  |
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|                | Supplier management      | Promotion of supplier code of conduct   |   |   |  |  |  |                          |  |  |                |   |            |                        |  |                     |                                       |                         |   |  |
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| Promotion Item | Status of Implementation |    | Summary   | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|----------------|--------------------------|----|---|---|
|                | Yes                      | No |   |   |
|                |                          |    | <ul style="list-style-type: none"> <li>Carry out improvement plans for high-risk suppliers</li> </ul>   |   |
|                |                          |    | <p>Customer relations</p> <p>In order to ensure the quality of our products and services, we have established a customer-oriented quality system, and through integrated marketing and strategic management, we aim to gather target resources to meet customer requirements. Eternal is committed to technology development and enhancement. We always believe in "quality, reputation, innovation and service" to develop more excellent products to serve the society and realize the concept of sustainable growth and technology leadership. With a broader international perspective, we are working hard in key markets around the world and aiming to become a world-leading material supplier.</p> |   |
|                |                          |    | <p>Build a safe workplace</p> <p>Establish a risk-controlled environment and operation, provide a work environment free of injuries and accidents, and continuously optimize and effectively implement the occupational safety and health management system.</p>  |   |
|                |                          |    | <p>Build a safety culture and workplace environment</p> <p>Instill the attitude of rejecting uncontrollable risks in employees, and the risk concepts of "only by knowing dangers, can we avoid them" and "prevention first".</p>   |   |
|                |                          |    | <p>Board of Directors' Effectiveness</p> <ul style="list-style-type: none"> <li>Operation of the Board of Directors and Functional Committees</li> <li>Training for Board of Directors</li> <li>Performance Evaluation of the Board of Directors and Functional Committees</li> <li>Independence and Diversity of Board Members</li> </ul>  |   |
|                |                          |    | <p>Information</p> <ul style="list-style-type: none"> <li>Operation of Shareholders' Meeting</li> </ul>   |   |

| Promotion Item  | Status of Implementation   |  |  | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |  |                  |   |  |
|---|--|--|--|---|--|------------------|---|--|
|   | Yes  | No   | Summary  |   |  |                  |   |  |
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| Legal Compliance  | <ul style="list-style-type: none"> <li>Amendments to the Articles of Incorporation</li> <li>Amendments to the Relevant Methods</li> </ul>  |  |  |   |  |                  |   |  |
| <p>III. Environmental Issues</p> <p>(I) Has the Company established a suitable environmental management system based on its industrial characteristics?</p> <p>(II) Does the Company endeavor to utilize all resources more efficiently and use renewable materials that have low impact on the environment?</p> <p>(III) Does the Company assess the potential risks and opportunities</p> | <p>V</p> <p>V</p> <p>V</p>   | <p>(I) The Company has always paid high attention to environmental protection. It has implemented an environmental management system in accordance with ISO14001 international standards. After obtained ISO14001 environmental management system certification in 1999. In 2017, the Company further received ISO14001: 2015 revisited edition of certification, and continued to carry out annual verification through third-party certification organization, with certificate valid until July 22, 2023. In 2022, the inventory and external verification were carried out under the ISO 14064-1:2018 organizational greenhouse gas inventory standard, and the Company will conduct the inventory and verification annually.</p> <p>(II) The Company develops source management measures such as raw material reduction through green production technology, and is committed to the research and development of green products and green energy industry products to design application materials with low energy consumption, low pollution and high efficiency. In addition to source management, it is also actively involved in recycling and economic use of waste as a substantial action to get engaged in environmental greening as an enterprise. In accordance with the regulations of the Bureau of Energy, Ministry of Economic Affairs, the Company has set a target of 1% electricity saving per year based on the total electricity consumption in 2014 and will monitor it.</p> <p>(III) The climate change will bring potential risks and opportunities for the business now and in the future. In 2022, the Company started the TCFD (Climate Related Financial Disclosures)</p> | <p>Having been implemented according to the Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies without deviations</p>   |   |  |                  |   |  |



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|---|--------------------------|----|---|---|
|   | Yes                      | No | Summary   |   |
| <p>of climate change for its current and future operations and undertake response measures with respect to climate change?</p> <p>(IV) Does the Company calculate the amount of greenhouse gas emissions, water consumption, and waste production in the past two years and implement policies to cut down energy and water consumption, carbon and greenhouse gas emissions, and waste production?</p> | V                        |    | <p>expert guidance disclosure program, which could provide an overall assessment and analysis of the risks and opportunities posed by climate change to the Company, as well as measures to address them. The TCFD report is expected to be completed and disclosed in 2023.</p> <p>(IV) Since 2005, the company has been conducting annual inventory of greenhouse gas emissions, and has asked a third-party verification organizations (Bureau Veritas Certification (Taiwan) Co., Ltd.(BV)) to conduct verification each year; implemented ISO 14064-1:2018 Scope 1 to Scope 3 the inventory and third-party verification according to the revision of the ISO 14064-1:2018 greenhouse gas inventory standard in 2021; and regularly conducted the greenhouse gas inventory for the group every year. The 2022 greenhouse gas emissions inventory has been completed.</p> <p>In addition, in accordance with the regulations of the Environmental Protection Administration, three applications for greenhouse gas reduction offset projects (Lu-Chu Plant and Ping-Nan Plant) have been made for the reduction of carbon offset.</p> <p>Statistics, reporting (reporting to the competent authority), and disclosure(such as ESG report) will be completed for water consumption, air pollution discharge, waste sewage discharge, and waste output. The policy implementation results of various energy conservation, carbon reduction and environmental issues will be regularly reviewed and continuously improved in the plants and the Group.</p> <p>On November 5, 2021, the Company established the Corporate Governance and Sustainable Development Committee, which is chaired by the Chairman of the Board of Directors and headed by the President of the Executive Unit, with each unit responsible for the E (environmental), S (social) and G (governance) initiatives, including regular monitoring of all the above environmental management issues.</p> |   |
| <p>IV. Social issues</p> <p>(I) Did the Company establish management policies and procedures following relevant</p>   | V                        |    | <p>(I) The Company is people-oriented, respects professionalism and takes good care of employee welfare, and considers "law-abiding, trustworthy, and moral" as its corporate culture and core values. To declare its determination to abide by international human rights conventions,</p>   | <p>Having been implemented according to the Corporate</p>   |


| Promotion Item   | Status of Implementation |    |   | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|--|--------------------------|----|---|---|
|  | Yes                      | No | Summary   |   |
| (II) Does the Company appropriately reflect the business performances or achievements in the employee remuneration policy (including salary, annual leave and other benefits)? | V                        |    | <p>Eternal Materials Co., Ltd. has stipulated "Eternal Materials Co., Ltd. Human Rights Policy". Other provisions such as hiring, attendance, leave, rewards and punishments also regulate related protection and preventive measures regarding child labor, female labor and forced labor, and avoiding discrimination.</p> <p>In addition to the promotion of the internal control and audit system, Eternal has continued to provide human rights protection training for new and existing employees. In 2022, the total number of training hours for human rights in Taiwan is 239.82, and the average number of trainees is 0.1 hours, and the coverage of employees is 100%.</p> <p>(II)</p> <ol style="list-style-type: none"> <li>To attract and retain the best talents, and reward colleagues for creating performance and long-term contributions, Eternal Materials Co., Ltd. conducts salary surveys every year to measure the market's salary level and overall economic indicators. Appropriate adjustments have been made to the overall salary policy. For example, the annual salary adjustment and the perfect promotion system, etc. Various reward systems have been made to encourage colleagues with superior performance, e.g. research and development bonuses, patent bonuses, business bonuses, production bonuses, performance bonuses, year-end bonuses, annual performance bonuses, employee compensation, and the award of long-term employee bonuses, exemplary employees, etc. These incentives are implemented without preferential treatment or discrimination on gender, age, race, nationality, religion or political stance.</li> <li>Diversity and Equality in the Workplace<br/>We believe in the value of localization and diversity in the workplace, and we continue to develop our business under the premise of mutual tolerance and fair treatment of all employees, with the advantage of local and diverse integration. Due to the characteristics of the manufacturing industry, the proportion of male employees is higher (24% of all employees are female), but there is still a significant proportion of female supervisors (15.4%), and the system of hiring, promotion, performance appraisal, and salary of human resources at Eternal is not affected by gender.</li> </ol> | Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies without deviations                      |

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|------------------------|--|----------------------------|---|---|----------------------------|----------------------------|-----------------------|-------|-------|------------------------|-------|-------|--------------|-------|-------|--------------------|--|-------------------|--|--|
|                        | Yes  | No                         |   |   |                            |                            |                       |       |       |                        |       |       |              |       |       |                    |  |                   |  |  |
|                        |  |                            | <p>The Company has established the "Procedures for Workplace Grievances" to build employee grievance channels and related communication channels for workplace diversity and fair treatment of employees.</p> <table border="1"> <thead> <tr> <th>Employee Category</th> <th>Basic Salary (Female:Male)</th> <th>Remuneration (Female:Male)</th> </tr> </thead> <tbody> <tr> <td>Supervisory positions</td> <td>1:1.0</td> <td>1:1.0</td> </tr> <tr> <td>Professional positions</td> <td>1:1.1</td> <td>1:1.1</td> </tr> <tr> <td>Direct labor</td> <td>1:1.0</td> <td>1:1.0</td> </tr> </tbody> </table> <p>3. In accordance with the Company's Articles of Incorporation, the Company shall contribute 4.5% (inclusive) to 5.5% of the profit, if any, to the employees' remuneration in accordance with the current year's final settlement.</p> <p>4. The Company's benefit system is hereby introduced as follows:</p> <table border="1"> <tbody> <tr> <td>Work-hour Benefits</td> <td>Senior employee travel leave: Reward senior employees for their long-term contribution to the Company by providing them with the required seniority and travel leaves.<br/>Employee travel leave: one day every two years<br/>Special leaves<br/>Baby-sitting leave without pay<br/>Period leave / maternity leave / paternity leave / maternity examination leave / family care leave</td> </tr> <tr> <td>Economic benefits</td> <td>Insurance plans<br/>1. Company: Employee health insurance, employer's liability insurance, group injury insurance on the day of employment<br/>2. Benefit committee: To provide group insurance for employees, including term life insurance and cancer medical insurance; and</td> </tr> </tbody> </table> | Employee Category   | Basic Salary (Female:Male) | Remuneration (Female:Male) | Supervisory positions | 1:1.0 | 1:1.0 | Professional positions | 1:1.1 | 1:1.1 | Direct labor | 1:1.0 | 1:1.0 | Work-hour Benefits | Senior employee travel leave: Reward senior employees for their long-term contribution to the Company by providing them with the required seniority and travel leaves.<br>Employee travel leave: one day every two years<br>Special leaves<br>Baby-sitting leave without pay<br>Period leave / maternity leave / paternity leave / maternity examination leave / family care leave | Economic benefits | Insurance plans<br>1. Company: Employee health insurance, employer's liability insurance, group injury insurance on the day of employment<br>2. Benefit committee: To provide group insurance for employees, including term life insurance and cancer medical insurance; and |  |
| Employee Category      | Basic Salary (Female:Male)   | Remuneration (Female:Male) |   |   |                            |                            |                       |       |       |                        |       |       |              |       |       |                    |  |                   |  |  |
| Supervisory positions  | 1:1.0  | 1:1.0                      |   |   |                            |                            |                       |       |       |                        |       |       |              |       |       |                    |  |                   |  |  |
| Professional positions | 1:1.1  | 1:1.1                      |   |   |                            |                            |                       |       |       |                        |       |       |              |       |       |                    |  |                   |  |  |
| Direct labor           | 1:1.0  | 1:1.0                      |   |   |                            |                            |                       |       |       |                        |       |       |              |       |       |                    |  |                   |  |  |
| Work-hour Benefits     | Senior employee travel leave: Reward senior employees for their long-term contribution to the Company by providing them with the required seniority and travel leaves.<br>Employee travel leave: one day every two years<br>Special leaves<br>Baby-sitting leave without pay<br>Period leave / maternity leave / paternity leave / maternity examination leave / family care leave |                            |   |   |                            |                            |                       |       |       |                        |       |       |              |       |       |                    |  |                   |  |  |
| Economic benefits      | Insurance plans<br>1. Company: Employee health insurance, employer's liability insurance, group injury insurance on the day of employment<br>2. Benefit committee: To provide group insurance for employees, including term life insurance and cancer medical insurance; and   |                            |   |   |                            |                            |                       |       |       |                        |       |       |              |       |       |                    |  |                   |  |  |

| Promotion Item | Status of Implementation |    |  | Summary  | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|----------------|--------------------------|----|--|--|---|
|                | Yes                      | No |  |  |   |
|                |                          |    |  | <p>employees can increase the level of insurance or add coverage for their families according to their needs</p> <p>3. Provide a comprehensive insurance package for expatriate employees: additional travel insurance, and local medical insurance</p> <p>Pension system</p> <p>1. Contribution to the statutory pension account in accordance with the relevant law</p> <p>2. Better than statutory voluntary retirement: "Employees who have served the Company for at least 20 years may apply for voluntary retirement.</p> <p>3. The preferential retirement program allows employees who have completed a certain number of years of service to apply within a certain period of time and will be granted a preferential pension after approval.</p> <p>Senior employee travel subsidy: Reward senior employees for their long-term contribution to the Company by providing them with the travel subsidy.</p> <p>Employees' mutual aid fund: To lead employees to give full play to the spirit of helping each other in times of trouble, the Company has set an employee's funeral mutual aid fund</p> <p>Year-end bonus, and annual performance bonus: To reward employees' contribution to the Company's performance, and no employee stock ownership trust plan is implemented</p> <p>Regular health check</p> <p>Meal subsidy</p> <p>Birthday gift, and bonuses at four festivals</p> <p>Emergency relief and subsidies: The Benefit Committee provides</p> |   |

| Promotion Item   | Status of Implementation |    |   | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof                               |
|--|--------------------------|----|---|---|
|  | Yes                      | No | Summary   |   |
|  |                          |    | <p>funeral subsidies, marriage subsidies, childbirth subsidies, new home completion subsidies, and hospitalization subsidies</p> <p>Scholarship for employees and their children: The Benefit Committee provides scholarships to encourage employees and their children to pursue their studies.</p> <p>Facility benefits</p> <p>Staff restaurant<br/>Staff dormitory<br/>Reading room<br/>Commuting vehicles<br/>Café</p>  |   |
| (III) Does the Company provide a healthy and safe work environment and organize health and safety training for its employees on a regular basis? | V                        |    | <p>(III)</p> <p>1. The Company provides a safe and comfortable workplace for employees to feel at ease and be cared for at work, introducing the international standard ISO45001: 2018 Occupational Safety and Health Management System. The Company passed the third-party verification on August 3, 2020, and the certificate will be valid until August 2, 2023, covering the parent company and Taiwan Lu-Chu Plant, Ta-Fa Plant, Ping-Nan Plant and other production bases. The Company also uses PDCA management structure to build a safe and healthy workplace environment, and makes an annual safety and health education plan for implementation.</p> <p>2. In accordance with the requirements of laws and regulations, the annual health inspection needs are thoroughly implemented, and an analysis report of the inspection results is issued. Factory medical staff follow up and control the abnormal items. The special operations personnel also undergo special health inspections every year. The Company provides complete and compliant safety facilities, regularly conducts working environment monitoring to ensure that workers have a safe working environment; meanwhile, health inspection software is used to statistically analyze the health inspection status of each plant, and provide regular training by factory doctors or specialists on workplace-related disease prevention and government health policies. The Company also promotes various health education knowledge, organizes walking activities for employees, and sets up sports clubs. We continue to promote the concept</p> | Having been implemented according to the Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies without deviations |

| Promotion Item   | Status of Implementation |    |  | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|--|--------------------------|----|--|---|
|  | Yes                      | No | Summary  |   |
| (IV) Does the Company establish effective career development and training plans for its employees? | V                        |    | <p>of health. At the same time, in conjunction with the government's policies in promoting healthiness, in terms of employees working overtime, ergonomics in workplace, and maternal protection upon female staff, the Company has organized relevant plans to prevent cardiovascular diseases and work-related musculoskeletal disorders, as well as strengthened the prevention of mother and child risks. We have also arranged smoke cessation and weight loss activities.</p> <p>3. In 2023, there were four occupational accidents and four injuries, accounting for 0.9% of the total number of employees, including burns on hands from high-temperature containers, cardiovascular disease outbreaks in the brain during business trips, leg injuries from inadvertent lifting and transport, and rollers caught in cleaning operations. The improvement measures are to re-confirm the hazard identification, risk assessment, education and training, and strengthen the related facilities and care for the high-risk groups.</p> <p>(IV) The Company plans different training courses for different personnel (new recruits, general employees, management personnel). For new recruits, the Company sets up "Induction Training", "New Staff Training", "Plant Tour", department OJT, etc.; general staff are divided into sales type, R&amp;D type, manufacturing quality type, etc.; management personnel are divided into grassroots management, middle management and advanced management, high-level management, business management, and the Company provides relevant internal and external training courses every year according to needs. Overseas managers are also provided with relevant training resources and targeted training courses. For the key personnel to be cultivated, the Company sets up separate personal development plans and mentors to complete the training plan.</p> |   |
|  |                          |    | <p>2022 training achievements:</p> <p>1. Number of classes, number of trainees, and man-hours reached a record high. As shown in the table below, in 2022, under the influence of the COVID-19, the company still witnessed increase in the number of classes, the number of trainees, and the number of man-hours through online learning and the appropriate combination of physical and video instructions, reaching record highs for years.</p>  |   |

| Promotion Item                     | Status of Implementation  |  | Summary   | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |         |       |       |       |       |              |         |         |         |         |         |                      |       |        |        |        |        |                   |     |     |     |     |     |                    |       |       |       |       |       |                                    |       |       |       |       |       |                   |                   |                   |                   |   |  |  |
|------------------------------------|---|--|---|---|---------|-------|-------|-------|-------|--------------|---------|---------|---------|---------|---------|----------------------|-------|--------|--------|--------|--------|-------------------|-----|-----|-----|-----|-----|--------------------|-------|-------|-------|-------|-------|------------------------------------|-------|-------|-------|-------|-------|-------------------|-------------------|-------------------|-------------------|---|--|--|
|                                    | Yes   | No   |   |   |         |       |       |       |       |              |         |         |         |         |         |                      |       |        |        |        |        |                   |     |     |     |     |     |                    |       |       |       |       |       |                                    |       |       |       |       |       |                   |                   |                   |                   |   |  |  |
|                                    |   |  |  <table border="1" data-bbox="786 667 1451 783"> <thead> <tr> <th></th> <th>2018Y</th> <th>2019Y</th> <th>2020Y</th> <th>2021Y</th> <th>2022Y</th> </tr> </thead> <tbody> <tr> <td>Training Fee</td> <td>4993735</td> <td>5740655</td> <td>5265656</td> <td>4644901</td> <td>5650689</td> </tr> <tr> <td>Government subsidies</td> <td>88296</td> <td>121630</td> <td>411230</td> <td>453523</td> <td>304181</td> </tr> <tr> <td>Number of courses</td> <td>871</td> <td>814</td> <td>767</td> <td>802</td> <td>896</td> </tr> <tr> <td>Number of trainees</td> <td>13138</td> <td>13191</td> <td>17205</td> <td>22748</td> <td>31697</td> </tr> <tr> <td>Number of trainees* training hours</td> <td>32315</td> <td>33466</td> <td>33016</td> <td>34571</td> <td>36758</td> </tr> </tbody> </table> <p>2. The share of digital learning in man-hours has grown significantly<br/>Through continuous promotion, the percentage of digital learning has increased from 21.7% in 2021 (a new high at that time) to 28.7% in 2022, indicating that digital learning has become one of the main learning methods for employees and has been effective to a certain extent, which is one of the key factors that enabled the Company to exceed 31,000 trainees.</p> <p>3. The HPM training program for mainland subsidiaries, and deepening the effectiveness of supervisory experience development and transmission to mainland subsidiaries.<br/>In 2022, the HPM course was held for the first time in subsidiaries in mainland China, with mid-level supervisors as instructors. Two batches of classes were held together with the parent company, with 47 persons passed the examination, passing the experience of our supervisors.</p> <table border="1" data-bbox="741 1142 1899 1383"> <thead> <tr> <th>Training category</th> <th>2022 achievements</th> <th>Main achievements</th> </tr> </thead> <tbody> <tr> <td>Internal training</td> <td>A total of 146 classes were held, with a total of 17,758 class hours and a total of 6,284</td> <td>           ◎ Management training classes:<br/>           1. Operation of the succession system for senior executives of the Group         </td> </tr> </tbody> </table> |   | 2018Y   | 2019Y | 2020Y | 2021Y | 2022Y | Training Fee | 4993735 | 5740655 | 5265656 | 4644901 | 5650689 | Government subsidies | 88296 | 121630 | 411230 | 453523 | 304181 | Number of courses | 871 | 814 | 767 | 802 | 896 | Number of trainees | 13138 | 13191 | 17205 | 22748 | 31697 | Number of trainees* training hours | 32315 | 33466 | 33016 | 34571 | 36758 | Training category | 2022 achievements | Main achievements | Internal training | A total of 146 classes were held, with a total of 17,758 class hours and a total of 6,284 | ◎ Management training classes:<br>1. Operation of the succession system for senior executives of the Group |  |
|                                    | 2018Y   | 2019Y  | 2020Y   | 2021Y   | 2022Y   |       |       |       |       |              |         |         |         |         |         |                      |       |        |        |        |        |                   |     |     |     |     |     |                    |       |       |       |       |       |                                    |       |       |       |       |       |                   |                   |                   |                   |   |  |  |
| Training Fee                       | 4993735   | 5740655  | 5265656   | 4644901   | 5650689 |       |       |       |       |              |         |         |         |         |         |                      |       |        |        |        |        |                   |     |     |     |     |     |                    |       |       |       |       |       |                                    |       |       |       |       |       |                   |                   |                   |                   |   |  |  |
| Government subsidies               | 88296   | 121630   | 411230  | 453523  | 304181  |       |       |       |       |              |         |         |         |         |         |                      |       |        |        |        |        |                   |     |     |     |     |     |                    |       |       |       |       |       |                                    |       |       |       |       |       |                   |                   |                   |                   |   |  |  |
| Number of courses                  | 871   | 814  | 767   | 802   | 896     |       |       |       |       |              |         |         |         |         |         |                      |       |        |        |        |        |                   |     |     |     |     |     |                    |       |       |       |       |       |                                    |       |       |       |       |       |                   |                   |                   |                   |   |  |  |
| Number of trainees                 | 13138   | 13191  | 17205   | 22748   | 31697   |       |       |       |       |              |         |         |         |         |         |                      |       |        |        |        |        |                   |     |     |     |     |     |                    |       |       |       |       |       |                                    |       |       |       |       |       |                   |                   |                   |                   |   |  |  |
| Number of trainees* training hours | 32315   | 33466  | 33016   | 34571   | 36758   |       |       |       |       |              |         |         |         |         |         |                      |       |        |        |        |        |                   |     |     |     |     |     |                    |       |       |       |       |       |                                    |       |       |       |       |       |                   |                   |                   |                   |   |  |  |
| Training category                  | 2022 achievements   | Main achievements  |   |   |         |       |       |       |       |              |         |         |         |         |         |                      |       |        |        |        |        |                   |     |     |     |     |     |                    |       |       |       |       |       |                                    |       |       |       |       |       |                   |                   |                   |                   |   |  |  |
| Internal training                  | A total of 146 classes were held, with a total of 17,758 class hours and a total of 6,284 | ◎ Management training classes:<br>1. Operation of the succession system for senior executives of the Group |   |   |         |       |       |       |       |              |         |         |         |         |         |                      |       |        |        |        |        |                   |     |     |     |     |     |                    |       |       |       |       |       |                                    |       |       |       |       |       |                   |                   |                   |                   |   |  |  |

| Promotion Item | Status of Implementation |    |  | Summary  | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|----------------|--------------------------|----|--|--|---|
|                | Yes                      | No |  |  |   |
|                |                          |    |  | <p>trainees. The most expenditures were for management training, accounting for 69.42%.</p> <p>→ The Group's succession system classes will be completed on 3/21 and the Group's total reserve ratio is 78%.</p> <p>→ The overall reserve rate of the business departments improved to over 72%.</p> <p>2. Mid-level Supervisor Development and Succession ~ Supervisor Management Skills Training (HPM)</p> <p>→ Two batches were completed (Taiwan/China), and 44 people passed</p> <p>3. Senior Management Seminar</p> <p>→ Liao, Hen-Ning ~ Internationalization Experience Sharing (Online), launched on 2/22</p> <p>→ Chen, Chin-Yuan ~ The Seven Practices of Innovation (Online), launched on 2/22</p> <p>→ Hung, Chao-Cheng ~ Three Things EMBA Taught Me (Physical), started on 3/28 at the parent company with simultaneous video at subsidiaries</p> <p>4. Account Risk Management: Prevention of Bad Debts and Collection Techniques</p> <p>→ For sales/management staff, enhance the concept of account risk management and collection skills.</p> <p>→ A total of 115 persons completed 14 hours of training.</p> |   |



| Promotion Item   | Status of Implementation |    |                           | Summary   | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|--|--------------------------|----|---------------------------|---|---|
|  | Yes                      | No |                           |   |   |
|  |                          |    |                           | <p>◎ R&amp;D Technology ~ Taguchi Engineering Application Training</p> <p>→ Taguchi quality engineering training is provided for technical managers, covering process technology development and product design, to break through bottlenecks in design and manufacturing, and to obtain optimal parameter design and methods to minimize variation.</p> <p>→ Completed a 14-hour course with 22 trainees.</p>  |   |
|  |                          |    | External training         | <p>A total of 665 classes were applied for, with a total of 9,075 class hours and a total of 668 trainees.</p> <p>It is mainly used for 64.13% of industrial and environmental courses, including courses for on-site personnel to obtain legal licenses, hygiene lectures for licensed chefs, and seminars related to environmental safety.</p>  |   |
|  |                          |    | Digital learning platform | <p>At the end of 2022, 85 digital courses were added, with accumulated 24,745 readings, and 9,925 reading hours</p> <p>→ Completed a total of 85 self-made digital courses (40 for the parent company and 45 for subsidiaries in mainland China)</p> <p>→ All the courses have been put online in subsidiaries in mainland China and Malaysia Plant</p> <p>→ Digital teaching materials have been evaluated and purchased, which will be promoted in 2023</p> |   |
| (V) Does the Company follow relevant laws and regulations and international standards, and | V                        |    |                           | (V) To ensure and maintain the health and safety of customers and guarantee the comprehensive service quality of customers, each business department will hold regular production and sales meetings and business/technical meetings regarding product quality, marketing, and product labeling. We have also established customer  |   |

| Promotion Item   | Status of Implementation |    |   | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|--|--------------------------|----|---|---|
|  | Yes                      | No | Summary   |   |
| <p>formulate relevant consumer protection policies and complaint procedures with regard to customer health and safety, customer privacy, marketing and labeling of products and services?</p> <p>(VI) Does the Company formulate and implement supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights?</p> | V                        |    | <p>complaint handling procedures to resolve customer problems quickly and effectively. The Company has also set up a special section for stakeholders on the website. If consumers complain, they can contact the Company at any time by telephone, letter and email.</p> <p>(VI)</p> <ol style="list-style-type: none"> <li>1. For supplier management, there is a "supplier evaluation procedure" for annual evaluation. Suppliers are required to sign a "supplier code of conduct", which includes labor, health and safety, environment, ethics, and integrity. In terms of quality assurance and procurement, the Company also carries out irregular on-site audit on the production, quality management, safety, environment and health issues of existing suppliers. Most of the suppliers are long-term cooperative manufacturers. If the existing suppliers are found to have a major negative impact on issues such as environment, labor conditions, human rights and society, the Group can change the source of supply from the next month (quarter).</li> <li>2. Annual written evaluation of suppliers in the first quarter of each year will be conducted according to the size of annual usage (divided into four levels): over 5000 tons, 1000-5000 tons, 100-1000 tons, and below 100 tons). The raw material suppliers are evaluated based on the representative raw materials (5 items each) selected at each level. <ol style="list-style-type: none"> <li>(1) The evaluation results will be categorized as Grade A: 90 points or more; Grade B: 75-89 points; Grade C: 60-74 points; and Grade D: less than 60 points.</li> <li>(2) Suppliers rated as C are required to make improvements and reduction of</li> </ol> </li> </ol> |   |

| Promotion Item   | Status of Implementation   |    | Summary  | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof  |   |   |  |  |  |   |                                     |  |                          |  |
|--|--|----|--|--|---|---|--|--|--|---|-------------------------------------|--|--------------------------|--|
|  | Yes  | No |  |  |   |   |  |  |  |   |                                     |  |                          |  |
|  |  |    | <p>procurement configuration, while those rated as D will have to suspend procurement and shall not resume procurement unless making improvement.</p> <p>(3) The scoring criteria are shown in the following table:</p> <table border="1"> <tr> <td> <ul style="list-style-type: none"> <li>▪ Quality (50 points):</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>▪ Cost (20 points): Whether the price is competitive.</li> </ul> </td> </tr> <tr> <td>1) Whether there is ISO9001 certificate (10 points)</td> <td> <ul style="list-style-type: none"> <li>▪ Delivery (10 points): Whether the delivery is on time.</li> </ul> </td> </tr> <tr> <td>2) Whether there is an environmental safety and health management system (10 points)</td> <td> <ul style="list-style-type: none"> <li>▪ Service (20 points):</li> </ul> </td> </tr> <tr> <td>3) Whether an inspection form is attached (10 points)</td> <td>1) Company requirements (10 points)</td> </tr> <tr> <td>4) Delivery quality status (20 points)</td> <td>2) CSR score (10 points)</td> </tr> </table> <p>(4) Evaluation results in 2022: Suppliers all perform well, and no supplier is rated C or D.</p> | <ul style="list-style-type: none"> <li>▪ Quality (50 points):</li> </ul>   | <ul style="list-style-type: none"> <li>▪ Cost (20 points): Whether the price is competitive.</li> </ul> | 1) Whether there is ISO9001 certificate (10 points) | <ul style="list-style-type: none"> <li>▪ Delivery (10 points): Whether the delivery is on time.</li> </ul> | 2) Whether there is an environmental safety and health management system (10 points) | <ul style="list-style-type: none"> <li>▪ Service (20 points):</li> </ul> | 3) Whether an inspection form is attached (10 points) | 1) Company requirements (10 points) | 4) Delivery quality status (20 points) | 2) CSR score (10 points) |  |
| <ul style="list-style-type: none"> <li>▪ Quality (50 points):</li> </ul>   | <ul style="list-style-type: none"> <li>▪ Cost (20 points): Whether the price is competitive.</li> </ul>    |    |  |  |   |   |  |  |  |   |                                     |  |                          |  |
| 1) Whether there is ISO9001 certificate (10 points)  | <ul style="list-style-type: none"> <li>▪ Delivery (10 points): Whether the delivery is on time.</li> </ul> |    |  |  |   |   |  |  |  |   |                                     |  |                          |  |
| 2) Whether there is an environmental safety and health management system (10 points)   | <ul style="list-style-type: none"> <li>▪ Service (20 points):</li> </ul>                                   |    |  |  |   |   |  |  |  |   |                                     |  |                          |  |
| 3) Whether an inspection form is attached (10 points)  | 1) Company requirements (10 points)  |    |  |  |   |   |  |  |  |   |                                     |  |                          |  |
| 4) Delivery quality status (20 points)   | 2) CSR score (10 points)   |    |  |  |   |   |  |  |  |   |                                     |  |                          |  |
| V. Does the Company prepare sustainable development report and other reports that disclose non-financial information by following international reporting standards or guidelines? Has the Company received assurance or certification of the aforesaid reports from a | V  |    | <p>Formulate sustainable development report with reference to GRI Standards and AA1000. The CPAs shall perform assurance work of the report and obtain the assurance statement according to the Conviction Standards Bulletin No. 1. Relevant information was disclosed on the Company's website and reported to MOPS as required by law.</p>  | Having been implemented according to the Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed |   |   |  |  |  |   |                                     |  |                          |  |

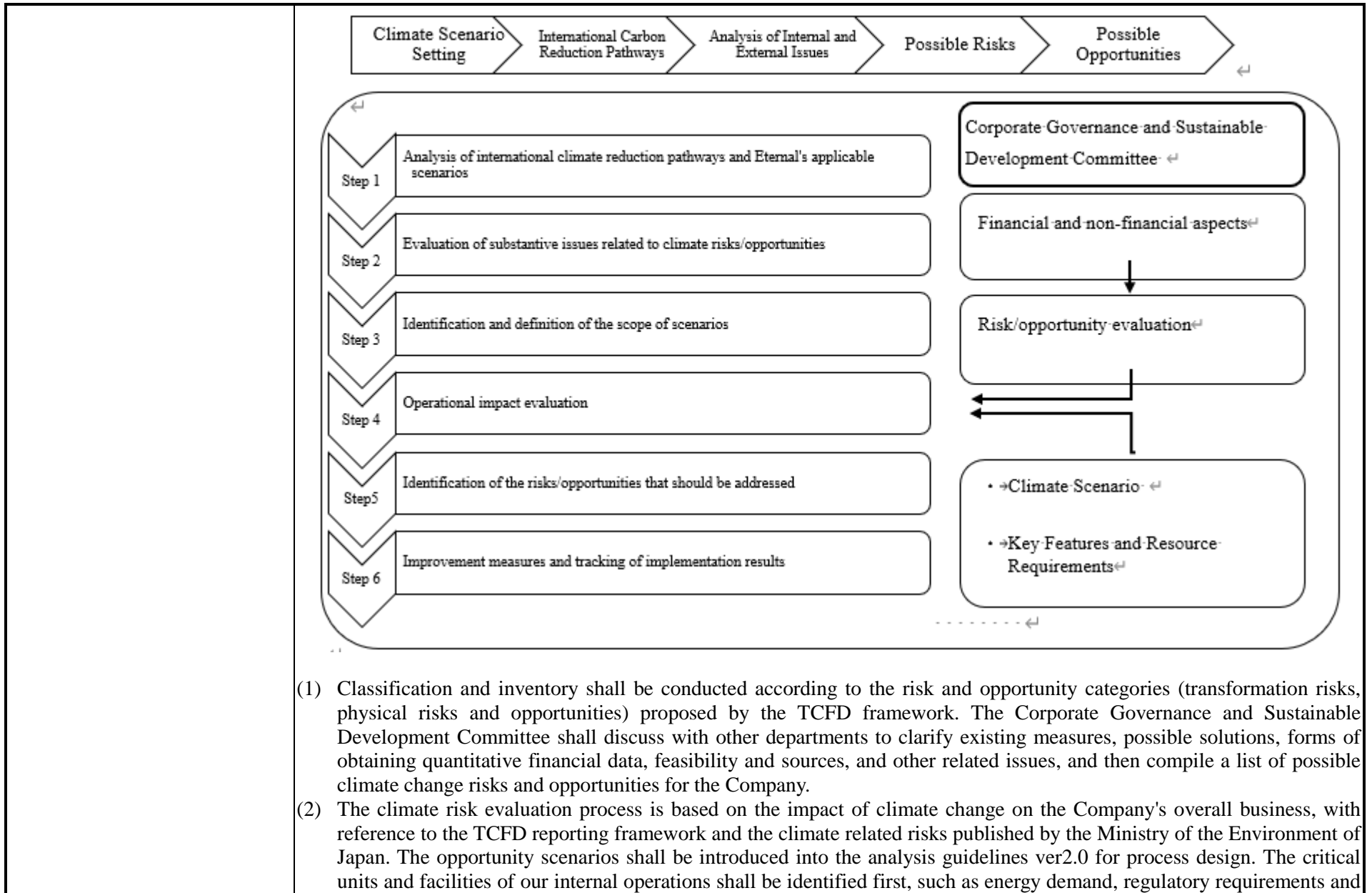
| Promotion Item   | Status of Implementation |    |         | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|--|--------------------------|----|---------|---|
|  | Yes                      | No | Summary |   |
| third party accreditation institution?   |                          |    |         | Companies without deviations  |
| <p>VI. If the Company has established sustainable development best-practice principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," describe the implementation and any deviations from such principles:</p> <ol style="list-style-type: none"> <li>The Company has adopted the Corporate Social Responsibility Best Practice Principles (renamed as the Sustainable Development Best Practice Principles by the resolution of the Board of Directors on March 11, 2022), which serves as the basis for the promotion of corporate governance, the development of sustainable environment, the engagement in promoting social welfare, and strengthening the disclosure of CSR information.</li> <li>Please refer to the above description for operation.</li> <li>There are no deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.</li> </ol> |                          |    |         |   |
| <p>VII. Other important information to help learn about the implementation of sustainable development: For relevant information, please refer to the operation situation and detailed report disclosed by the Company on its website: <a href="https://www.eternal-group.com/WebData/Corporate02">https://www.eternal-group.com/WebData/Corporate02</a>.</p>   |                          |    |         |   |

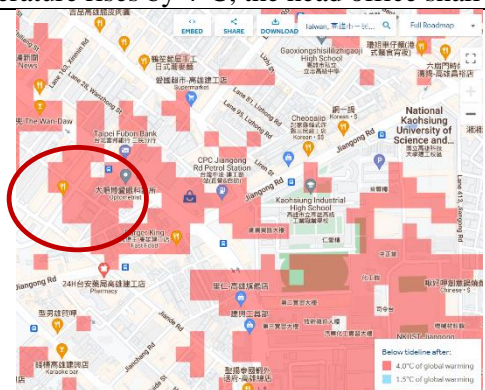

VIII. Climate Information for Listed Companies

1. Implementation of Climate Related Information

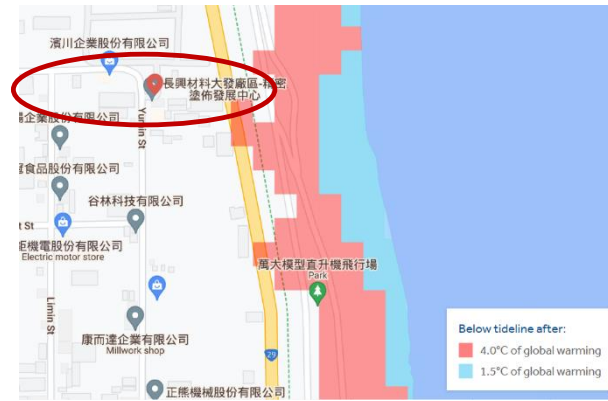
| Item   | Status of Implementation   |
|--|--|
| 1. 1.To describe the Board of Directors' and management's oversight and governance of climate related risks and opportunities. | <p><b>1. Corporate Governance and Sustainable Development Committee</b></p> <p>(1) In order to implement corporate governance and sustainable development, the Company established the "Corporate Governance and Corporate Social Responsibility Committee" on November 5, 2021, as approved by the Board of Directors, and changed its name to "Corporate Governance and Sustainable Development Committee" on March 11, 2022, to assist the Board of Directors in setting sustainable development goals and strategies, identifying sustainable issues that require attention, developing action plans, tracking the effectiveness of implementation of the plans, make improvement plans, and holding at least one meeting per year to ensure oversight and governance effectiveness.</p> <p>(2) The Committee is chaired by the Chairman of the Board of Directors, with the independent directors and the President and Chief Executive Officer serving as members. The President is also the top manager of the executive departments and is</p> |

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|  | <p>responsible for coordinating and managing each department, while each department is responsible for promoting E (environmental), S (social), and G (governance) programs according to their functions, and regularly monitoring the implementation results.</p> <p><b>2. Governance Structure and Oversight</b></p> <p>(1) In addition to the Corporate Governance and Sustainable Development Committee, a Zero Carbon Emission Team has been established to manage all production sites in each region, with the President as the highest-level leader. The team shall review the status of climate change-related issues on a quarterly basis and report directly to the Board of Directors on the results of the implementation of climate change-related targets.</p> <p>(2) In accordance with the "Business Strategy and Risk Assessment Procedures", the Company conducts an annual inventory of the risks associated with climate change on business operations, and the Committee regularly reports to the Board of Directors on the risks and countermeasures of climate change on business operations. In addition, there are "Authorization and Management Regulations - Supplementary and Reduced Budget" with clear approval authority for the management of capital expenditure and capital budget. If the additional amount of capital budget reaches NT\$150 million to NT\$300 million (excluding), it must be reported to the Board of Directors, and if it reaches NT\$300 million (including) or more, it must be approved by the Board of Directors.</p> <p><b>3. Risk and Opportunity Management</b></p> <p>Procedures for identifying and evaluating risks and opportunities</p> |
|--|--|

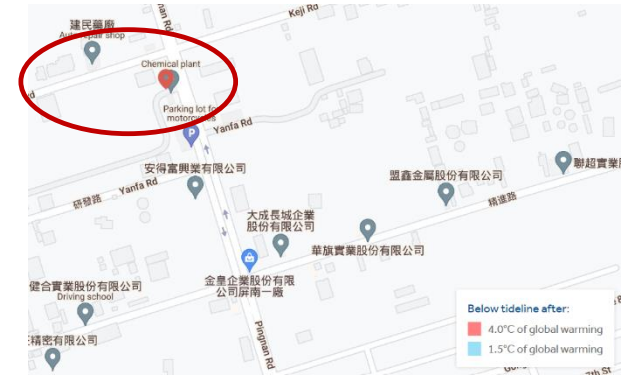


|  |  |
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|  | <p>carbon reduction targets, and an evaluation of their potential impact and degree of influence shall be evaluated.</p> <p><b>4. Procedures for Risk and Opportunity Management</b></p> <p>(1) For the Company's possible climate risk and opportunity, the scale is rated against the impact and the occurrence defined by the Company, considering two factors: the degree of impact on operations and the rate of occurrence of the issue. The impact on the financial position is prioritized in the operational impact score, and the impact on the non-financial aspects is considered only when it is not feasible to quantify the financial information.</p> <p>(2) After completing the evaluation of the impact and occurrence rate, we will further classify the risks and opportunities according to their drop-off levels by referring to the "Risk and Opportunity Grading Matrix Guidelines", identify the risks and opportunities that should be addressed, and formulate implementation strategies.</p> <p><b>5. Integration of Organization-wide Risk management Mechanism</b></p> <p>The Company integrates the identification of risks and opportunities on climate issues with the procedures of the Corporate Governance and Sustainable Development Committee. Once a year, the risk evaluation procedures for internal and external environmental issues shall be used to review and evaluate the relevance and magnitude of each issue to the Company's operational risks from various perspectives. The committee reports annually to the president on the climate risks and opportunities, and the president shall report to the Board of Directors on the related performance to continuously improve and implement various management actions.</p> |
| <p>2. The purpose is to describe how the identified climate risks and opportunities affect the business, strategies, and financial position of the Company (in short-, medium-, and long- term).</p>   | <p><b>1. Physical risk</b></p> <p>(1) The current global sea level is about 20 centimeters higher than that in 1900. According to the IPCC AR6 report, it is estimated that by 2100, the average sea level will rise by another 30 centimeters to 1 meter or even higher due to the influence of atmospheric CO<sub>2</sub> concentration.</p> <p>(2) This year, the Company used the "Surging seas MAPPING CHOICES" software of the Central Climate Research Organization to evaluate the sea level rise. Our main production sites are in Taiwan, mainland China and Malaysia, which are not affected by the sea level rise under the global average temperature rise of 1.5°C. However, if the global average temperature rises by 4°C, the head office shall be permanently concerned about the risk of flooding.</p>  |
| <p>3. The financial impact of extreme weather events and transformational actions is described.</p>  |  <p style="text-align: center;"><b>Head Office</b></p>  |
| <p>4. How the climate risk identification, assessment and management process is integrated into the overall risk management system is described.</p> <p>5. If a scenario analysis is used to evaluate the resilience to climate change risks, the scenarios, parameters,</p> |  <p style="text-align: center;"><b>Lu-Chu Plant</b></p>  |

assumptions, analysis factors and key financial impacts used shall be described.



**Ta-Fa Plant**



**Ping-Nan Plant**

**Possible Influence of Seal Level on Main Sites at 1.5°C**

**2. Transition risk**

In response to the changes in global policies and regulations related to climate change, carbon border taxes, pressure on supply chain emission reduction, increased operational risks and transformation risks brought about by carbon reduction technologies, the Company has initiated risk evaluation, and taken actions to improve energy efficiency and carbon rights deployment to formulate sustainable development strategies to maintain its competitiveness.

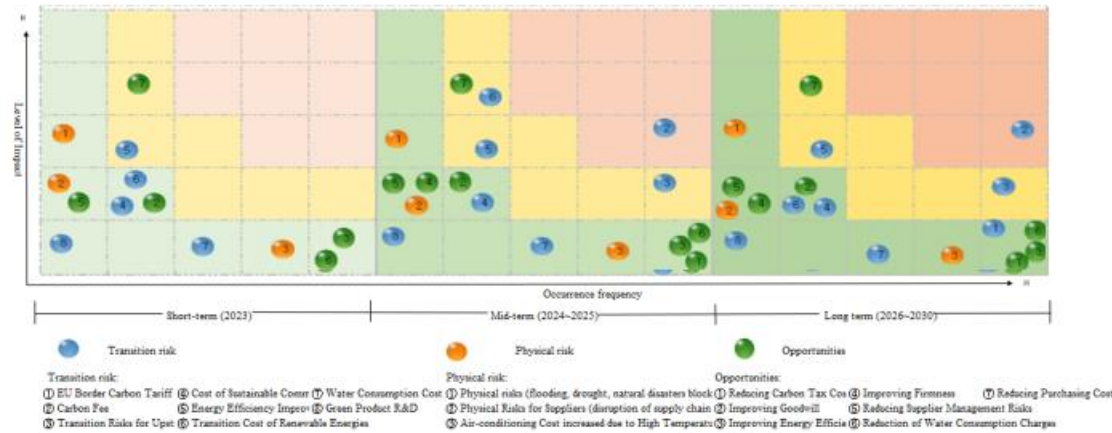
**3. Climate Risks and Financial Impact Evaluation**

The evaluation sets the short-term period at 2023, the medium-term period at 2024~2025, and the long-term period at 2026~2030. With respect to possible climate change risk and opportunity issues, the degree of impact on operations and the probability of occurrence are determined based on existing measures, scenario simulations, and the strength of issue associations, and a matrix of risks and opportunities has been made. The green blocks in the matrix are low risk and opportunity areas; the yellow ones are medium risk and opportunity areas; and the pink and orange ones are high risk and opportunity areas, and the risk and opportunity response strategies are developed based on the points of each issue and the time frame of occurrence.

**(1) Short-, medium- and long-term climate risk matrix**

- A. The impact of extreme weather conditions, such as typhoons, floods, droughts, rainstorms, etc., simulated by the scenarios, on the Company's financial position may include loss of production capacity, increased manufacturing costs, increased risk management costs and reduced demand for products. The overall impact of extreme weather on the manufacturing industry's finances is negative, and risk management measures shall be strengthened to minimize losses to companies caused by extreme weathers.
- B. According to the results of the risk matrix, transformation and physical risks are associated with different risk scenarios and may have short-, medium- and long-term impacts on financial cost.





(2) Short-, medium- and long-term financial impact evaluation

According to the results of the risk matrix, the short-, medium- and long-term financial impacts of the Company are as follows:

Short-term: No highly risky issues.

Medium-term: The high-risk issue is the carbon cost, estimated at NT\$300 per ton.

Long-term: The high-risk issue is the carbon cost, estimated at NT\$300 per ton.

In order to meet the requirement of an average temperature rise of less than 1.5°C, the Company has set up an energy saving and carbon reduction promotion team since 2012 to set the Group's reduction targets, regularly review the efficiency and reduction of electricity, water, heat and carbon emissions on a monthly basis, continue to invest in green product R&D, install solar power generation systems and replace old equipment to improve energy efficiency, and cooperate with relevant government regulations. According to the financial impact evaluation of climate change issues, the short-, medium- and long-term impact of climate risk issues on operating revenue is less than 0.2%. The impact of green product development costs on short-, medium- and long-term operating revenue ranges from 1.49% to 3.87%, accounting for a larger proportion of the cost impact.

6. If there is a transformation plan for managing climate-related risks, the contents of the plan and the indicators and targets used to identify and manage physical and transformation risks shall be described.

**1. Greenhouse Gas Emission Targets**

(1) In line with the international issues and risks related to climate change, energy saving and emission reduction, and in accordance with ISO 50001, which sets the energy baseline and energy performance indicators, our global energy saving and carbon reduction management objectives are as follows:

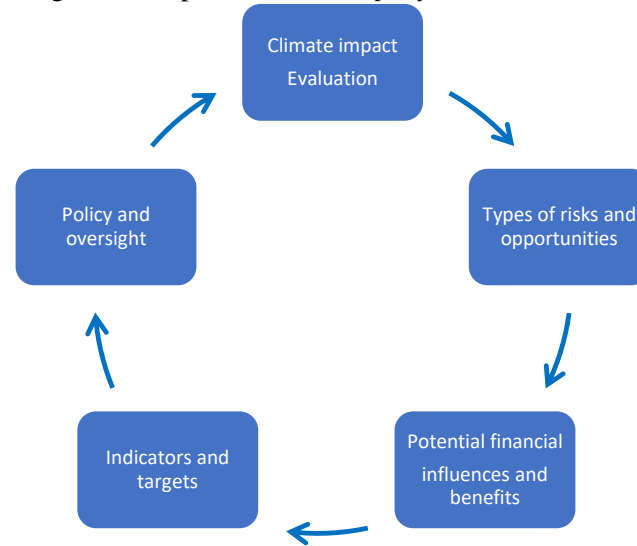
- 1) Energy saving management target: To reduce the unit consumption of various energies by 15% by 2030, using the average value of the unit consumption of various energy sources from 2016 to 2020 as the baseline.
- 2) Carbon reduction management target: To reduce the carbon emissions per unit of product by 1.5% in 2030 compared to 2020.

| <p>7. If internal carbon pricing is used as a planning tool, the basis for pricing should be described.</p>  | <p>3) Renewable energy development target: The Company's global renewable energy fulfillment obligation capacity will reach 10% of the total global electricity consumption in 2020 by 2030.</p>   |                            |          |                 |  |           |      |        |                |                       |                 |         |        |                      |       |        |         |                                    |         |       |         |                                    |        |         |         |   |         |         |           |   |           |         |         |  |   |   |      |                                      |         |         |         |
|--|--|----------------------------|----------|-----------------|--|-----------|------|--------|----------------|-----------------------|-----------------|---------|--------|----------------------|-------|--------|---------|------------------------------------|---------|-------|---------|------------------------------------|--------|---------|---------|---|---------|---------|-----------|---|-----------|---------|---------|--|---|---|------|--------------------------------------|---------|---------|---------|
| <p>8. If a climate-related target is set, the activities covered, the scope of greenhouse gas emissions, the planning period, and the progress of annual achievement shall be described; if carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant targets, the sources and quantities of carbon reduction credits to be offset or the quantity of renewable energy certificates (RECs) shall be described.</p> | <p>(2) The Company has continued to develop its solid process technology research and development and perfect environmental safety and health management system, and has adopted various ways to comprehensively promote energy saving and carbon reduction measures in factories, enhance energy efficiency, and strengthen energy and greenhouse gas management in order to fulfill its corporate social responsibility and reduce the impact from global environmental and climate change.</p> <div style="text-align: center;"> <p><b>Greenhouse Gas Emissions of the Company</b></p> <p>Unit: tCO<sub>2</sub>e</p> <table border="1" style="margin: auto;"> <thead> <tr> <th>Year</th> <th colspan="4">2022</th> </tr> <tr> <th>Area</th> <th>Taiwan</th> <th>Mainland China</th> <th>Malaysia</th> <th>Total emissions</th> </tr> </thead> <tbody> <tr> <td>Scope 1</td> <td>27,949</td> <td>48,268</td> <td>7,437</td> <td>83,654</td> </tr> <tr> <td>Scope 2</td> <td>35,540</td> <td>121,097</td> <td>4,839</td> <td>161,475</td> </tr> <tr> <td>Total emissions</td> <td>63,489</td> <td>169,365</td> <td>12,275</td> <td>245,129</td> </tr> <tr> <td>Scope 3</td> <td>359,626</td> <td>1,237,747</td> <td>140,931</td> <td>1,738,304</td> </tr> </tbody> </table> </div>  | Year                       | 2022     |                 |  |           | Area | Taiwan | Mainland China | Malaysia              | Total emissions | Scope 1 | 27,949 | 48,268               | 7,437 | 83,654 | Scope 2 | 35,540                             | 121,097 | 4,839 | 161,475 | Total emissions                    | 63,489 | 169,365 | 12,275  | 245,129   | Scope 3 | 359,626 | 1,237,747 | 140,931                                       | 1,738,304 |         |         |  |   |   |      |                                      |         |         |         |
| Year   | 2022   |                            |          |                 |  |           |      |        |                |                       |                 |         |        |                      |       |        |         |                                    |         |       |         |                                    |        |         |         |   |         |         |           |   |           |         |         |  |   |   |      |                                      |         |         |         |
| Area   | Taiwan   | Mainland China             | Malaysia | Total emissions |  |           |      |        |                |                       |                 |         |        |                      |       |        |         |                                    |         |       |         |                                    |        |         |         |   |         |         |           |   |           |         |         |  |   |   |      |                                      |         |         |         |
| Scope 1  | 27,949   | 48,268                     | 7,437    | 83,654          |  |           |      |        |                |                       |                 |         |        |                      |       |        |         |                                    |         |       |         |                                    |        |         |         |   |         |         |           |   |           |         |         |  |   |   |      |                                      |         |         |         |
| Scope 2  | 35,540   | 121,097                    | 4,839    | 161,475         |  |           |      |        |                |                       |                 |         |        |                      |       |        |         |                                    |         |       |         |                                    |        |         |         |   |         |         |           |   |           |         |         |  |   |   |      |                                      |         |         |         |
| Total emissions  | 63,489   | 169,365                    | 12,275   | 245,129         |  |           |      |        |                |                       |                 |         |        |                      |       |        |         |                                    |         |       |         |                                    |        |         |         |   |         |         |           |   |           |         |         |  |   |   |      |                                      |         |         |         |
| Scope 3  | 359,626  | 1,237,747                  | 140,931  | 1,738,304       |  |           |      |        |                |                       |                 |         |        |                      |       |        |         |                                    |         |       |         |                                    |        |         |         |   |         |         |           |   |           |         |         |  |   |   |      |                                      |         |         |         |
|  | <p><b>2. Indicators for Climate-Related Risks and Opportunities</b></p> <p>In order to reduce the impact of climate change on our operations, in addition to energy saving and greenhouse gas targets, we have set various energy saving and carbon reduction management targets for electricity, heat, water intake, drainage, and renewable energies. We will also review the achievement status annually and further develop improvement plans.</p> <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th colspan="4">Climate-Related Indicators</th> </tr> <tr> <th>Indicator</th> <th>2020</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Power saving rate (%)</td> <td>0.23%</td> <td>0.55%</td> <td>1.42%</td> </tr> <tr> <td>Heat saving rate (%)</td> <td>0.32%</td> <td>5.15%</td> <td>2.03%</td> </tr> <tr> <td>Renewable energy construction (kW)</td> <td>0</td> <td>15</td> <td>15</td> </tr> <tr> <td>Renewable energy consumption (kWH)</td> <td>0</td> <td>17,305</td> <td>621,465</td> </tr> <tr> <td>Energy intensity of electronic materials (MJ/m<sup>2</sup>)</td> <td>0.85</td> <td>0.81</td> <td>0.79</td> </tr> <tr> <td>Energy intensity of resin materials (MJ/ton.)</td> <td>3456.59</td> <td>3369.14</td> <td>3782.71</td> </tr> <tr> <td>Energy intensity of biomedical materials (MJ/dose)</td> <td>-</td> <td>-</td> <td>1.54</td> </tr> <tr> <td>Water taking amount (Million liters)</td> <td>1114.59</td> <td>1227.72</td> <td>1073.67</td> </tr> </tbody> </table> | Climate-Related Indicators |          |                 |  | Indicator | 2020 | 2021   | 2022           | Power saving rate (%) | 0.23%           | 0.55%   | 1.42%  | Heat saving rate (%) | 0.32% | 5.15%  | 2.03%   | Renewable energy construction (kW) | 0       | 15    | 15      | Renewable energy consumption (kWH) | 0      | 17,305  | 621,465 | Energy intensity of electronic materials (MJ/m <sup>2</sup> ) | 0.85    | 0.81    | 0.79      | Energy intensity of resin materials (MJ/ton.) | 3456.59   | 3369.14 | 3782.71 | Energy intensity of biomedical materials (MJ/dose) | - | - | 1.54 | Water taking amount (Million liters) | 1114.59 | 1227.72 | 1073.67 |
| Climate-Related Indicators   |  |                            |          |                 |  |           |      |        |                |                       |                 |         |        |                      |       |        |         |                                    |         |       |         |                                    |        |         |         |   |         |         |           |   |           |         |         |  |   |   |      |                                      |         |         |         |
| Indicator  | 2020   | 2021                       | 2022     |                 |  |           |      |        |                |                       |                 |         |        |                      |       |        |         |                                    |         |       |         |                                    |        |         |         |   |         |         |           |   |           |         |         |  |   |   |      |                                      |         |         |         |
| Power saving rate (%)  | 0.23%  | 0.55%                      | 1.42%    |                 |  |           |      |        |                |                       |                 |         |        |                      |       |        |         |                                    |         |       |         |                                    |        |         |         |   |         |         |           |   |           |         |         |  |   |   |      |                                      |         |         |         |
| Heat saving rate (%)   | 0.32%  | 5.15%                      | 2.03%    |                 |  |           |      |        |                |                       |                 |         |        |                      |       |        |         |                                    |         |       |         |                                    |        |         |         |   |         |         |           |   |           |         |         |  |   |   |      |                                      |         |         |         |
| Renewable energy construction (kW)   | 0  | 15                         | 15       |                 |  |           |      |        |                |                       |                 |         |        |                      |       |        |         |                                    |         |       |         |                                    |        |         |         |   |         |         |           |   |           |         |         |  |   |   |      |                                      |         |         |         |
| Renewable energy consumption (kWH)   | 0  | 17,305                     | 621,465  |                 |  |           |      |        |                |                       |                 |         |        |                      |       |        |         |                                    |         |       |         |                                    |        |         |         |   |         |         |           |   |           |         |         |  |   |   |      |                                      |         |         |         |
| Energy intensity of electronic materials (MJ/m <sup>2</sup> )  | 0.85   | 0.81                       | 0.79     |                 |  |           |      |        |                |                       |                 |         |        |                      |       |        |         |                                    |         |       |         |                                    |        |         |         |   |         |         |           |   |           |         |         |  |   |   |      |                                      |         |         |         |
| Energy intensity of resin materials (MJ/ton.)  | 3456.59  | 3369.14                    | 3782.71  |                 |  |           |      |        |                |                       |                 |         |        |                      |       |        |         |                                    |         |       |         |                                    |        |         |         |   |         |         |           |   |           |         |         |  |   |   |      |                                      |         |         |         |
| Energy intensity of biomedical materials (MJ/dose)   | -  | -                          | 1.54     |                 |  |           |      |        |                |                       |                 |         |        |                      |       |        |         |                                    |         |       |         |                                    |        |         |         |   |         |         |           |   |           |         |         |  |   |   |      |                                      |         |         |         |
| Water taking amount (Million liters)   | 1114.59  | 1227.72                    | 1073.67  |                 |  |           |      |        |                |                       |                 |         |        |                      |       |        |         |                                    |         |       |         |                                    |        |         |         |   |         |         |           |   |           |         |         |  |   |   |      |                                      |         |         |         |

|                               |      |      |      |
|-------------------------------|------|------|------|
| Number of uses per water drop | 1.02 | 1.30 | 1.48 |
| Business waste reuse rate (%) | 47.6 | 49.9 | 47.6 |

**3. Tragets and Countermeasures**

Based on the results of climate scenario simulations, the Company identifies risks and opportunities and their financial impacts or benefits, sets greenhouse gas emission and energy saving and carbon reduction targets for each period and the corresponding countermeasures, and regularly monitors the effectiveness in achieving the targets in accordance with the corporate governance structure to mitigate the impact on the Company.



**4. Internal carbon pricing: 2023 plan in development.**

9. Greenhouse gas inventory and confirmation

1-1 Greenhouse gas inventory and confirmation

|   |   |
|---|---|
| <p>Basic information of the Company</p> <p><input checked="" type="checkbox"/> Companies with the capital of over NT\$10 billion, in steel industry and cement industry</p> <p><input type="checkbox"/> Companies with the capital of NT\$5 billion to NT\$10 billion</p> <p><input type="checkbox"/> Companies with the capital of less than NT\$5 billion</p> | <p>According to the Sustainable Development Pathway for listed companies, at least the following should be disclosed</p> <p><input checked="" type="checkbox"/> Parent company individual inventory <input type="checkbox"/> Consolidated financial report subsidiary inventory</p> <p><input type="checkbox"/> Parent company individual confirmation <input type="checkbox"/> Consolidated financial report subsidiary confirmation</p> |
|---|---|

| 2022 | Total emissions (metric tons of CO <sub>2</sub> e) | Intensity (metric tons CO <sub>2</sub> e/NT\$ million) | Confirmation organization | Notes to confirmation |
|------|--|--|---------------------------|-----------------------|
|------|--|--|---------------------------|-----------------------|

|   |                |         |       |     |   |
|---|----------------|---------|-------|-----|---|
| Scope 1   |                |         |       | N/A | The greenhouse gas emissions listed on the left are the results of the annual independent inventory of the Company's Taiwan plant since 2005 and other regional plants since their completion. The Taiwan plant performs third-party verification and confirmation under ISO 14064-1 every year in accordance with the relevant laws and regulations. |
| Parent company  | Lu-Chu Plant   | 15,108  | 1.756 |     |   |
|   | Ta-Fa Plant    | 5,127   | 2.566 |     |   |
|   | Ping-Nan Plant | 7,714   | 1.408 |     |   |
| Scope 2   |                |         |       | N/A |   |
| Parent company  | Lu-Chu Plant   | 18,937  | 2.201 |     |   |
|   | Ta-Fa Plant    | 8,053   | 4.030 |     |   |
|   | Ping-Nan Plant | 8,550   | 1.561 |     |   |
| Scope 3   |                |         |       | N/A |   |
| Parent company  | Lu-Chu Plant   | 177,486 | -     |     |   |
|   | Ta-Fa Plant    | 29,608  | -     |     |   |
|   | Ping-Nan Plant | 152,532 | -     |     |   |
| Note: In 2023, only an inventory was carried out, but no confirmation organization was appointed. |                |         |       |     |   |

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

State of Performance of Ethical Corporate Management

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

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

|   |          |  |  |   |
|---|----------|--|--|---|
| <p>training related to ethical corporate management?</p>  |          |  | <p>virtues (public virtues, morality, and characters)", the Company promotes the concept of ethical corporate management for employees through written and course promotion.</p> <ol style="list-style-type: none"> <li>1. Written promotion: The personnel will provide education promotion when handling new recruit orientation training, and the remaining employees will undergo internal training through the Company's internal announcement information or publications every year.</li> <li>2. Promotion course: Physical and digital courses are provided on the concept of corporate governance internal control and legal compliance guidance (including anti-corruption, integrity management and internal transactions, etc.), totaling 162 persons (1,325 minutes).</li> <li>3. We require all suppliers to sign a supplier code of conduct as part of the business philosophy, and the supply chain is seen as an important extension of their value chain. In order to ensure the safety of the working environment of the supply chain, to protect the respect and dignity of employees, to protect the environment and to comply with ethics, in addition to requiring suppliers to fully comply with the laws and regulations of the countries/regions in which they operate, the Supplier Code of Conduct has been established to encourage suppliers to comply with in all aspects of their business practices.</li> </ol> |   |
| <p>III. Implementation of the Company's whistleblowing system<br/>(I) Does the Company establish both a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party?</p> | <p>V</p> |  | <p>(I) The Company has established the "Ethical Corporate Management Principles of Eternal Materials Co., Ltd." to regulate the relevant whistle-blowing system, established a reporting channel, and assigned appropriate personnel to investigate the reported party.</p>  | <p>Having been implemented according to the "Ethical Corporate Management Best Practice Principles" for TWSE/TPEx Listed Companies without deviations</p> |

|  |                   |  |   |
|--|-------------------|--|---|
| <p>(II) Does the Company establish the standard operating procedures for investigating reported misconduct, follow-up measures to be taken after the investigation, and related confidentiality mechanisms?</p> <p>(III) Does the Company provide protection for whistle-blowers against receiving improper treatment?</p> | <p>V</p> <p>V</p> | <p>(II) The implementation and management measures for the "whistle-blowing system" have been formulated and announced by the Company.</p> <p>(III)</p> <ol style="list-style-type: none"> <li>1. The Company has clearly adopted measures to protect whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing, assigned dedicated personnel or unit to investigate the reports, and kept the identity of the whistle-blower and content of the report confidential.</li> <li>2. After each quarter, the contents of the whistle-blowing mailbox, a summary of the whistle-blowing and acceptance situation shall be sent to each independent director.</li> </ol> |   |
| <p>IV. Enhancing disclosure of information</p> <p>Does the Company disclose the ethical corporate management policies and the results of its implementation on the Company website and MOPS?</p>   | <p>V</p>          | <p>The Company's website (<a href="https://www.eternal-group.com/WebData/Director02">https://www.eternal-group.com/WebData/Director02</a>) discloses the Company's integrity management philosophy. The Company maintains a smooth communication channel at all times, fully utilizes the spokesperson mechanism, and upholds the principle of good faith to immediately disclose public information at MOPS to protect the rights of investors and stakeholders. In addition, the Company discloses in the annual report on the implementation of integrity management and adoption measures.</p>   | <p>Having been implemented according to the "Ethical Corporate Management Best Practice Principles" for TWSE/TPEX Listed Companies without deviations</p> |
| <p>V. If the Company has established the Ethical Corporate Management Principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", please specify the differences between the Principles and actual implementation: None.</p>   |                   |  |   |
| <p>VI. Other significant information that helps to understand the implementation of ethical corporate management (e.g. amendments to the Ethical Corporate Management Principles): Disclosed in the Company website and MOPS.</p>  |                   |  |   |

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

Having been disclosed on the Company website. To inquire, please refer to [www.eternal-group.com](http://www.eternal-group.com).

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

Considering actual operational needs, the Company has formulated the "Procedures for



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

(IX) Implementation of the Internal Control System

1. Statement of Internal Control  
Eternal Materials Co., Ltd.

Statement of Internal Control

Date: March 10, 2023

The internal control system of the Company in 2022, based on the results of self-assessment, is hereby stated as follows:

- I. The Company is fully aware that establishing, operating, and maintaining an internal control system is the responsibility of its Board of Directors and management. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including income, performance, and asset safety) and reporting are reliable, timely, and transparent, as well as to ensure compliance with relevant regulations and laws.
- II. Any internal control system has its inherent limitations. However perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishing the three goals mentioned above. Furthermore, the effectiveness of an internal control system may be affected by changes in environment or circumstances. Nevertheless, a self-monitoring mechanism has been built within the Company's internal control system. Therefore, whenever a deficiency or defect is identified, the Company will immediately take initiatives and action to correct it.
- III. The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring of processes. Each element further contains several items. Please refer to the Regulations for details.
- IV. The Company has evaluated the design and operating effectiveness of the internal control system according to the Regulations.
- V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2022, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.
- VI. This statement will become a major part of the Company's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement has been approved by the Board of Directors of the Company on March 10, 2023. Among the 12 Directors present, 0 of them disagreed. The rest all agreed to the contents of this statement.

Eternal Materials Co., Ltd.

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

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

2. Where a CPA Has Been Hired to Carry Out a Special Audit of the Internal Control System, the CPA Audit Report shall Be Disclosed: None.

- (X) Penalties imposed on the Company and its internal staff, penalties imposed on its internal staff by the Company for violation of internal control regulations, major deficiencies and status of improvements made in the most recent fiscal year up to the publication date of this annual report:
- (XI) Key resolutions adopted by the Shareholders' Meeting and the Board of Directors in the most recent fiscal year up to the publication date of this annual report

1. 2022 Annual Meeting of Shareholders

| Proposal     | Material Resolution  | Status of Implementation   |
|--------------|--|--|
| Proposal I   | Recognition of 2021 final statements.  | Implemented as proposed.   |
| Proposal II  | To acknowledge 2021 earnings distribution  | The distribution of cash dividend of NT\$1.5 per share was completed on August 26, 2022. Implemented as proposed.  |
| Proposal III | Pass the proposal on the amendments to the Articles of Incorporation.  | The resolution was passed, and the Company conducted relevant operations in accordance with the amended Articles of Incorporation, and disclosed them publicly on the Company's external website.                                    |
| Proposal IV  | Pass the proposal on amendment of certain articles in the "Procedures Governing the Acquisition and Disposal of Assets".   | The resolution was passed, and the Company conducted relevant process procedures in accordance with the amended Articles of Incorporation, and disclosed them publicly on the Company's external website.                            |
| Proposal V   | Pass the proposal on the application for the license of selling medical equipment by the Company's Biomedical Branch Office.   | The resolution was passed, and the sales license was obtained in August 2022.  |
| Proposal VI  | Pass the proposal on capital decrease in cash of the Company.  | The capital reduction was approved by the Ministry of Economic Affairs on August 17, 2022, the registration of the change was completed on October 11, 2022, and the capital reduction was completed with the listing of new shares. |
| Proposal VII | Pass the proposal on the spin off and transfer of electronic materials equipment project team department related business and the establishment of subsidiaries and the spin off plan. | The resolution was passed, and the Eternal Precision Mechanics Co., Ltd. was established according to the Jing Shou Shang Zi No. 11101198630 approval by the Ministry of Economic Affairs on October 21, 2022.                       |

|                  |   |   |
|------------------|---|---|
| Proposal<br>VIII | <p>Pass the proposal that in order to coordinate with the stock listing plan of the Company's new subsidiary "Eternal Precision Mechanics Co., Ltd.", the Company may dilute the shares of the subsidiary in batches and abandon its participation in the cash capital increase plan of Eternal Precision Mechanics Co., Ltd.</p> | <p>The resolution was passed, and the implementation is continuing according to the schedule.</p> |
|------------------|---|---|

## 2. Board of Directors

| Date       | Resolution   |
|------------|--|
| 2022.03.11 | <p>Case 1. Pass the proposal on discussing the 2021 consolidated and standalone financial statements.</p> <p>Case 2. Pass the proposal on the appointment of CPAs from Q2 2022 to Q1 2023 and the evaluation of their independence.</p> <p>Case 3. Pass the 2021 Business Report.</p> <p>Case 4. Approve the issuance of the 2021 Statement on Internal Control System.</p> <p>Case 5. Pass the proposal on capital decrease in cash of the Company.</p> <p>Case 6. Pass the proposal on the distribution of surplus for 2021.</p> <p>Case 7. Pass the proposal on the distribution of remuneration for directors and employees in 2021.</p> <p>Case 8. Pass the proposal on amendment of certain articles in the "Procedures Governing the Acquisition and Disposal of Assets".</p> <p>Case 9. Pass the proposal on the application for the license of selling medical equipment by the Company's Biomedical Branch Office.</p> <p>Case 10. Pass the proposal on the election of directors of the 19th Board of Directors of the Company.</p> <p>Case 11. Pass the proposal on the candidate list of directors (including independent directors) nominated by the Board of Directors.</p> <p>Case 12. Pass the proposal for the Company to lift the non-competition restrictions for the 19th term of directors of the Company.</p> <p>Case 13. Pass the proposal on the spin off and transfer of electronic materials equipment project team department related business and the establishment of subsidiaries and the spin off plan.</p> <p>Case 14. Pass the proposal that in order to coordinate with the stock listing plan of the Company's new subsidiary "Eternal Precision Mechanics Co., Ltd.", the Company may dilute the shares of the subsidiary in batches and abandon its participation in the cash capital increase plan of Eternal Precision Mechanics Co., Ltd.</p> <p>Case 15. Pass the convention of the 2022 shareholders' meeting.</p> <p>Case 16. Pass the proposal on the issuance of secured ordinary corporate bonds for 2022.</p> <p>Case 17. Pass the proposal on the inter-affiliate loans (non-revolving credit line).</p> <p>Case 18. Pass the proposal on the investment to expand the Phase 2 project of Suzhou material plant.</p> <p>Case 19. Pass the proposal on capital increase in cash of Eternal Electronic (Suzhou) Co., Ltd.</p> |

|            |   |
|------------|---|
|            | <p>Case 20. Pass the proposal on capital decrease of Allnex-Eternal Resins (joint venture).</p> <p>Case 21. : Pass the proposal to amend the names and some provisions of the "Corporate Social Responsibility Best Practice Principles", the "Corporate Social Responsibility Policy" and the "Organizational Procedures for the Corporate Governance" and "Corporate Social Responsibility Committee of the Company", and change the name of the "Corporate Governance and Corporate Social Responsibility Committee".</p> <p>Case 22. Approve the amendment to some articles of the "Corporate Governance Regulations"</p> <p>Case 23. Pass the annual plan and strategic direction for sustainable development in 2022.</p> <p>Case 24. Pass the proposal on the retirement / discharge of the Company's managerial officer Liao, Hung-Ning.</p> <p>Case 25. Pass the proposal on the transfer of important operation managers of the Company.</p> <p>Case 26. Pass the proposal on the amendment to the "Remuneration Committee Charter"</p> <p>Case 27. Pass the proposal on the distribution of profit target overreach performance bonuses to managerial officers in 2021.</p> <p>Case 28. Pass the proposal on 2021 managerial officer project award plan.</p> |
| 2022.05.13 | <p>Case 1. To pass the proposal on discussing the consolidated financial report for 2022 Q1</p> <p>Case 2. Pass the proposal on the inter-affiliate loans (non-revolving credit line)</p> <p>Case 3. Pass the deliberation on salaries paid to managerial officers due to job adjustments</p> <p>Case 4. Pass the proposal on the distribution of employee remuneration for managerial officers in 2021</p>   |
| 2022.06.23 | <p>Case 1. Election of 19th Chairman of the Board of Directors.</p> <p>Case 2. Pass the proposal on signing a contract with National Sun Yat-sen University for industry-university cooperation and academic feedback mechanism.</p> <p>Case 3. Pass the appointment of 5th Audit Committee members</p> <p>Case 4. Pass the proposal on appointing the members of the 2nd Corporate Governance and Sustainable Development Committee of the Company.</p>  |
| 2022.08.03 | <p>Case 1. Pass the revised 2022 group business plan.</p> <p>Case 2. Pass the mid-2022 revised cash flow plan.</p> <p>Case 3. To pass the proposal on discussing the consolidated financial report for 2022 Q2.</p> <p>Case 4. Pass the proposal on the division and transfer of electronic materials equipment project team department related business and the establishment of subsidiaries and the division plan.</p> <p>Case 5. Pass the proposal on canceling the issuance of secured ordinary corporate bonds for 2022.</p> <p>Case 6. Pass the establishment of the Company's capital reduction and share swap operation plan.</p> <p>Case 7. Pass the proposal on reviewing the 2021 Sustainable Development Report.</p> <p>Case 8. Pass the proposal on the amendment to the "Remuneration Committee Charter"</p> <p>Case 9. Pass the proposal on increasing the members of the 5th Salary and Remuneration Committee.</p> <p>Case 10. Pass the proposal on appointing the Information Security Officer and</p>   |

|            |  |
|------------|--|
|            | <p>reviewing his/her remuneration.</p> <p>Case 11. Pass the deliberation on salaries paid to managerial officers due to job adjustments.</p>   |
| 2022.11.11 | <p>Case 1. Pass the proposal on discussing the consolidated financial report for 2022 Q3.</p> <p>Case 2. Pass the proposal on obtaining the land use right by Eternal Material (Malaysia) Co., Ltd. (the Malaysia Plant hereinafter).</p> <p>Case 3. Pass the proposal on cash capital increase in subsidiaries, Eternal Nanyang Investment.. and Eternal Materials (Malaysia) Sdn. Bhd.</p> <p>Case 4. Pass the proposal on cash capital decrease in Eternal Global (BVI) Co., Ltd. and Mixville Holdings Inc.</p> <p>Case 5. Pass the proposal on cash capital decrease in Eternal (Mainland China) Investment Co., Ltd., Eternal International (BVI) Co., Ltd. and Eternal Holdings Inc.</p> <p>Case 6. Pass the proposal on the inter-subsidary loans (non-revolving credit line).</p> <p>Case 7. To pass the proposal on revision of certain provisions of "The Management Rules for Internal Material Information Handling and Insider Trading", "Regulations Governing Procedure for Board of Directors Meetings", "Procedures on Organizing Audit Committee", "Rules Governing the Responsibilities of Independent Directors" and "Method of Nominating Director Candidates".</p> <p>Case 8. Passage of the amendments to the Company's Seal Management Regulation.</p>  |
| 2022.12.28 | <p>Case 1. Pass the 2023 group (merger) business plan.</p> <p>Case 2. Pass the 2023 cash flow plan.</p> <p>Case 3. Pass the 2023 audit plan.</p> <p>Case 4. Pass the proposal that in order to meet the needs of correspondent banks, loan procedures and capital dispatch, request the Board of Directors to authorize the Chairman to approve the account opening, account closing, depositing and borrowing, including application for or renewal of relevant quotas with financial institutions in 2023,</p> <p>Case 5. Pass the proposal on the investment in establishing the subsidiary, Eternal Precision Mechanics Co., Ltd.</p> <p>Case 6. Pass the proposal on the annual audit and adjustment of the inter-subsidary loans (revolving credit line).</p> <p>Case 7. To pass the proposal on the inter-subsidary loans (non-revolving credit line).</p> <p>Case 8. Passage of the amendments to the "Eternal Materials Co., Ltd. Authorization Regulations"</p> <p>Case 9. Pass the annual plan and strategic direction for sustainable development in 2023.</p> <p>Case 10. Pass the proposal on 2023 salary adjustment of managerial officers.</p> <p>Case 11. Pass the proposal on the managerial officers' annual performance bonus and operation performance bonus in 2022.</p> <p>Case 12. Pass the proposal on the transfer and remuneration review of important operation managers of the Company.</p> |
| 2023.03.10 | <p>Case 1. Pass the proposal on discussing the 2022 consolidated and standalone financial statements.</p> <p>Case 2. Pass the proposal on changing the CPAs since 2023 Q1.</p> <p>Case 3. Pass the proposal on the appointment of CPAs from Q2 2023 to Q1 2024 and the evaluation of their independence.</p> <p>Case 4. Approve the issuance of the 2022 Statement on Internal Control System.</p> <p>Case 5. Pass the proposal on the revision of "Internal Audit Implementation Rules"</p>   |

|          |   |
|----------|---|
|          | and “Internal Control System Self-Assessment Criteria”.   |
| Case 6.  | Pass the 2022 Business Report.  |
| Case 7.  | Pass the proposal on the distribution of surplus for 2022.  |
| Case 8.  | Pass the proposal on the distribution of remuneration for directors and employees in 2022.  |
| Case 9.  | Pass the convention of the 2023 shareholders' meeting.  |
| Case 10. | Pass the proposal on obtaining land use right and cash capital increase in Eternal Materials (Tongling) Co., Ltd.   |
| Case 11. | Pass the proposal on dividing the dry film photoresist related business of the subsidiary Nikko-Materials Co., Ltd. and transferring it to the subsidiary Eternal Materials (Japan) Co., Ltd. |
| Case 12. | Pass the proposal on the inter-affiliate loans (non-revolving credit line).   |
| Case 13. | Pass the proposal on the inter-subsiary loans (revolving credit line).  |
| Case 14. | Pass the proposal on 2022 managerial officer project award plan.  |

(XII) Where, during the Most Recent Year up to the Date of Publication of the Annual Report, a Director or Supervisor Has Expressed a Dissenting Opinion, Recorded or Prepared in Writing, with Respect to a Material Resolution Passed by the Board of Directors, the Principal Content Shall Be Disclosed: None.

(XIII) Summary of the resignation and dismissal of the Company's Chairman, President, Accounting Manager, Finance Manager, Head of Internal Audit and Head of Research and Development in the most recent fiscal year up to the publication date of this annual report: None.

#### V. Information on CPA Professional Fees:

(I) When Non-audit Fees Paid to the CPA, to the Accounting Firm of the CPA, and to Any Affiliated Company of Such Accounting Firm Are One Quarter or More of the Audit Fees Paid, the Amounts of Both Audit and Non-audit Fees as Well as Details of Non-audit Services Shall Be Disclosed:

Unit: NT\$ Thousand

| Accounting Firm   | Name of CPA     | Period of Audit       | Audit Fees | Non-audit Fees | Total  | Note  |
|-------------------|-----------------|-----------------------|------------|----------------|--------|---|
| Deloitte & Touche | Wang, Chao-Chun | 2022.01.01~2022.12.31 | 8,710      | 1,870          | 10,580 | Non-audit fees are mainly for-profit business income tax and service fees for certified and project review and consultation |
|                   | Kuo, Li-Yuan    | 2022.01.01~2022.12.31 |            |                |        |   |

Note: Where the Company replaces the CPA or accounting firm, the audit periods of the former and successor CPA or firm shall be specified separately. The reason for the replacement shall be provided in the note accordingly. The Company will disclose the information on audit and non-audit fees paid in the order in which they were paid. Non-audit fees should be accompanied by a note describing the services provided.

(II) Change in the Accounting Firm with the Audit Fees Paid for the Year of Such Change Lower than Those for the Previous Year: None.

(III) Audit Fees Paid for the Current Year Lower than Those for the Previous Year by 10% or More: None.

## VI. Information on Replacement of CPAs:

(I) Replacement of CPA within the most recent two years or any subsequent interim period:

### 1. Regarding the former CPAs:

|   |  |                                     |                                    |
|---|--|-------------------------------------|------------------------------------|
| Change date   | Passed by the Board of Directors on March 10, 2023   |                                     |                                    |
| Reason for change and explanation   | According to Article 29 of the Corporate Governance Best Practice Principles for Listed and OTC Companies, as the seven-year term of service by Auditor Guo Liyuan, who provided audit services to our company, is about to expire, the CPAs were changed to Auditor Wang, Chao-Chun, and Auditor Stephone Hsu from the first quarter of 2023. |                                     |                                    |
| Indicate whether the appointment is terminated or not accepted by the appointor or accountant                         | <del>Contracting Party</del><br>Condition  | CPA                                 | Appointor                          |
|   | Proactive termination of appointment   | -                                   | -                                  |
|   | No longer accept the (continued) appointment   | -                                   | -                                  |
| No audit report opinion issued within the last two years other than the 2022 qualified opinion and the reasons for it | None.  |                                     |                                    |
| Any disagreement with the issuer  | Yes  | -                                   | Accounting principles or practices |
|   |  | -                                   | Disclosure of financial statements |
|   |  | -                                   | Audit scope and steps              |
|   |  | -                                   | Others                             |
|   | None   | <input checked="" type="checkbox"/> |                                    |
|   | Note   |                                     |                                    |
| Other disclosures (To be disclosed according to Items 1-4 to Items 1-7, Subparagraph 6, Article 10 of the Guidelines) | None.  |                                     |                                    |

### 2. Regarding the successor CPAs:

|   |                                   |
|---|-----------------------------------|
| Name of CPA Firm  | Deloitte & Touche                 |
| Name of CPAs  | Wang, Chao-Chun, and Stephone Hsu |
| Date of appointment   | March 10, 2023                    |
| Matters and results of consultation on the accounting treatment or principles for specific transactions and on the possible issuance of financial statements prior to the appointment | None                              |
| Written opinion of the successor CPAs on matters on which the predecessor CPAs disagreed  | None                              |

3. Response by the Former CPA by Mail to the Disclosure under Items 1 and 2-3, Subparagraph 6, Article 10 of the Regulations: N/A.



VII. Chairman, President, or any Managerial Officer in Charge of Finance or Accounting Matters Having Held a Position at the Accounting Firm of Its CPA or at an Affiliated Company of Such Accounting Firm in the Most Recent Year: None.

VIII. Transfer of Equity Interests and/or Pledge of or Change in Equity Interests by a Director, Supervisor, Managerial Officer, or Shareholder with a Stake of More than 10%:

(I) Transfer of equity interests:

| Title                | Name                          | 2022                                     |                                    | As of April 30, 2023            |                                    |
|----------------------|-------------------------------|--|------------------------------------|---------------------------------|------------------------------------|
|                      |                               | Change in Number of Shares Held (Note 1) | Change in Number of Shares Pledged | Change in Number of Shares Held | Change in Number of Shares Pledged |
| Chairman and CEO     | Kao, Kuo-Lun                  | (2,700,293)                              | 7,050,000                          | -                               | -                                  |
| Director             | Kwang Yang Motor Co., Ltd.    | (6,200,000)                              | (1,499,999)                        | -                               | -                                  |
|                      | Representative: Ko, Chun-Ping | -  | -                                  | -                               | -                                  |
|                      | Yang, Huai-Kung               | (978,795)                                | -                                  | (200,000)                       | -                                  |
|                      | Kao, Ying-Chih (Note 2)       | (700,000)                                | -                                  | -                               | -                                  |
|                      | Hsieh, Chin-Kun (Note 2)      | -  | -                                  | -                               | -                                  |
|                      | Shiao, Tzu-Fei (Note 2)       | -  | -                                  | -                               | -                                  |
|                      | Yen, Shu-Fen (Note 2)         | -  | -                                  | -                               | -                                  |
|                      | Chen, Chao-Hsu                | (63,059)                                 | -                                  | -                               | -                                  |
|                      | Kao, Kuo-Hsun                 | (75,138)                                 | -                                  | 860,000                         | -                                  |
|                      | Huang, Shun-Jen               | (41,985)                                 | -                                  | -                               | -                                  |
|                      | Chen, Chin-Yuan               | (12,727)                                 | -                                  | -                               | -                                  |
|                      | Liao, Hen-Ning                | (12,670)                                 | -                                  | -                               | -                                  |
| Independent Director | Hung, Lee-Jung                | -  | -                                  | -                               | -                                  |
|                      | Lo, Li-Chun                   | -  | -                                  | -                               | -                                  |
|                      | Chen, I-Heng                  | (7,289)                                  | -                                  | -                               | -                                  |
|                      | Lu, Chun-Cheng                | (49)                                     | -                                  | -                               | -                                  |
| President and COO    | Mao, Hui-Kuan                 | (10,867)                                 | -                                  | -                               | -                                  |
| Vice President       | Liao, Hen-Ning                | (12,670)                                 | -                                  | -                               | -                                  |
|                      | Hung, Chao-Cheng              | (12,953)                                 | -                                  | -                               | -                                  |
|                      | Pan, Chin-Cheng               | (11,953)                                 | -                                  | -                               | -                                  |
|                      | Lin, Chih-Kuo                 | (29,956)                                 | -                                  | -                               | -                                  |

| Title                        | Name                      | 2022                                     |                                    | As of April 30, 2023            |                                    |
|------------------------------|---------------------------|--|------------------------------------|---------------------------------|------------------------------------|
|                              |                           | Change in Number of Shares Held (Note 1) | Change in Number of Shares Pledged | Change in Number of Shares Held | Change in Number of Shares Pledged |
| Assistant Vice President     | Chang, Shih-Fang (Note 3) | -  | -                                  | -                               | -                                  |
|                              | Kao, Chih-Yu              | (3,173)                                  | -                                  | -                               | -                                  |
|                              | Huang, Chin-Lung (Note 3) | -  | -                                  | -                               | -                                  |
|                              | Su, Wen-Pin               | (2,670)                                  | -                                  | -                               | -                                  |
|                              | Yeh, Mao-Jung             | (2)                                      | -                                  | -                               | -                                  |
|                              | Weng, Chin-Yi             | (486)                                    | -                                  | -                               | -                                  |
|                              | Chu, Jui-Hsin             | (5,518)                                  | -                                  | -                               | -                                  |
|                              | Chen, Hung-Yi             | (2,173)                                  | -                                  | -                               | -                                  |
|                              | Lin, Chao-Kun             | (1,492)                                  | -                                  | -                               | -                                  |
|                              | Liao, Keng-Chung (Note 3) | -  | -                                  | -                               | -                                  |
|                              | Chang Chi-Kang            | (15)                                     | -                                  | -                               | -                                  |
|                              | Hsieh, Yen-Fen            | (3,919)                                  | -                                  | -                               | -                                  |
| Financial Manager            | Liu, Bing-Cheng           | 41,500                                   | -                                  | -                               | -                                  |
| Accounting Manager           | Su, Hui-Fang              | -  | -                                  | -                               | -                                  |
| Corporate Governance Officer | Liu, Bing-Cheng           | 41,500                                   | -                                  | -                               | -                                  |

Note 1. In 2022, the shareholders' meeting resolved to reduce the cash capital.

Note 2. Hsieh, Chin-Kun, Kao, Ying-Chih, Shiao, Tzu-Fei and Yen, Shu-Fen retired after the re-election on June 23, 2022, and their shareholdings were disclosed as of the month of their retirement/discharge.

Note 3. Chang, Shih-Fang, Huang, Chin-Lung and Liao, Keng-Chung retired/were discharged respectively on May 2022, March 2022 and June 2022, and their shareholdings were disclosed as of the month of their retirement/discharge.

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

As of April 30, 2023

| Name            | Reason for Transfer of Equity Interests | Date of Transaction | Counterparty    | Relationship between the Counterparty and the Company, Directors, Supervisors, and Shareholders with 10% of Shares or More | Number of Shares | Transaction Price |
|-----------------|---|---------------------|-----------------|--|------------------|-------------------|
| Yang, Huai-Kung | Bestowal                                | 2022.01.06          | Yang, Chin-Ying | Father and daughter  | 100,000          | N/A               |
| Yang, Huai-Kung | Bestowal                                | 2022.01.06          | Yang, Chin-Ning | Father and daughter  | 100,000          | N/A               |
| Kao, Ying-Chih  | Bestowal                                | 2022.05.04          | Kao, Kuo-Hsun   | Father and son   | 700,000          | N/A               |
| Yang, Huai-Kung | Bestowal                                | 2023.02.01          | Yang, Chin-Ying | Father and daughter  | 100,000          | N/A               |
| Yang, Huai-Kung | Bestowal                                | 2023.02.01          | Yang, Chin-Ning | Father and daughter  | 100,000          | N/A               |

## (III) Information on Related Parties of Pledge of Equity Interests: None.

IX. Information on Relationship if among Top 10 Shareholders Any One Is a Related Party or a Relative within the Second Degree of Kinship of Another:

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

Unit: Thousand shares, %

| Name                                   | Shares held in person |                    | Shares held by spouse and children of minor age |                    | Total shareholding by nominees |                    | Information on relationship if among top 10 shareholders any one is a related party or a relative within the second degree of kinship of another |                               | Note |
|--|-----------------------|--------------------|---|--------------------|--------------------------------|--------------------|--|-------------------------------|------|
|  | Number of Shares      | Shareholding Ratio | Number of Shares                                | Shareholding Ratio | Number of Shares               | Shareholding Ratio | Name   | Relationship                  |      |
| Kwang Yang Motor Co., Ltd.             | 117,800               | 9.99               | 0   | 0.00               | 0                              | 0.00               | Kwang Hsing Industrial Co., Ltd.   | Parent company and subsidiary | None |
| Representative: Ko, Sheng-Feng         | 0                     | 0.00               | 0   | 0.00               | 0                              | 0.00               | None   | None                          | None |
| Kao, Ying-Shih                         | 74,596                | 6.33               | 0   | 0.00               | 0                              | 0.00               | Kao, Kuo-Lun<br>Kao, Ying-Chih   | Father and son<br>Brothers    | None |
| Kao, Kuo-Lun                           | 51,306                | 4.35               | 5,445   | 0.46               | 0                              | 0.00               | Kao, Ying-Shih   | Father and son                | None |
| Kwang Hsing Industrial Co., Ltd.       | 45,600                | 3.87               | 0   | 0.00               | 0                              | 0.00               | Kwang Yang Motor Co., Ltd.   | Parent company and subsidiary | None |
| Representative: Ko, Chun-Ping          | 0                     | 0.00               | 10  | 0.00               | 0                              | 0.00               | None   | None                          | None |
| Taiwan Cooperative Bank Co., Ltd.      | 21,855                | 1.85               | 0   | 0.00               | 0                              | 0.00               | None   | None                          | None |
| Representative: Lei, Chung-Ta          | 0                     | 0.00               | 0   | 0.00               | 0                              | 0.00               | None   | None                          | None |
| Fubon Life Insurance Co., Ltd.         | 20,661                | 1.75               | 0   | 0.00               | 0                              | 0.00               | None   | None                          | None |
| Representative: Tsai Ming-Hsing.       | 0                     | 0.00               | 0   | 0.00               | 0                              | 0.00               | None   | None                          | None |
| Standard Chartered Trust (Jersey) Ltd. | 19,302                | 1.63               | 0   | 0.00               | 0                              | 0.00               | None   | None                          | None |
| Hua-Yang Industrial Co., Ltd.          | 19,281                | 1.63               | 0   | 0.00               | 0                              | 0.00               | None   | None                          | None |

| Name  | Shares held in person |                    | Shares held by spouse and children of minor age |                    | Total shareholding by nominees |                    | Information on relationship if among top 10 shareholders any one is a related party or a relative within the second degree of kinship of another |              | Note |
|---|-----------------------|--------------------|---|--------------------|--------------------------------|--------------------|--|--------------|------|
|   | Number of Shares      | Shareholding Ratio | Number of Shares                                | Shareholding Ratio | Number of Shares               | Shareholding Ratio | Name   | Relationship | None |
| Representative:<br>Lee, Shang-Heng  | 6                     | 0.00               | 11  | 0.00               | 0                              | 0.00               | None   | None         | None |
| Kao, Ying-Chih  | 16,764                | 1.42               | 986   | 0.08               | 5,965                          | 0.51               | Kao, Ying-Shih   | Brothers     | None |
| Citibank (Taiwan) Trust Company Limited, custodian for the investment fund of the Central Bank of Norway. | 16,300                | 1.38               | 0   | 0.00               | 0                              | 0.00               | None   | None         | None |

X. Total Number of Shares held by the Company, Its Directors, Supervisors, Managerial Officers, and Businesses either Directly or Indirectly Controlled by the Company as a Result of Investment, and the Ratio of Consolidated Shares Held :

Ratio of Consolidated Shares Held

December 31, 2022; Unit: Shares, %

| Investee companies (Note 1)             | Investment of the Company |                         | Investment of Directors, Supervisors, Managerial Officers, and Directly or Indirectly Controlled Businesses |                         | Total Ownership  |                         |
|---|---------------------------|-------------------------|---|-------------------------|------------------|-------------------------|
|   | Number of Shares          | Shareholding Percentage | Number of Shares  | Shareholding Percentage | Number of Shares | Shareholding Percentage |
| Eternal Holdings Inc.                   | 200,108,859               | 100.00                  | 0   | 0                       | 200,108,859      | 100.00                  |
| Eternal Global (BVI) Co., Ltd.          | 16,357,914                | 100.00                  | 0   | 0                       | 16,357,914       | 100.00                  |
| Mixville Holdings Inc.                  | 26,630,000                | 100.00                  | 0   | 0                       | 26,630,000       | 100.00                  |
| Advanced PET FILM Investment Co., Ltd.  | 270                       | 20.00                   | 0   | 0                       | 270              | 20.00                   |
| Daxin Materials Corporation             | 23,423,812                | 22.80                   | 299,373   | 0.29                    | 23,723,185       | 23.09                   |
| New E Materials Co., Ltd.               | 6,907,585                 | 62.80                   | 1,200,000   | 10.91                   | 8,107,585        | 73.71                   |
| Covestro Eternal Resins (Far East) Ltd. | 3,660,000                 | 40.00                   | 0   | 0                       | 3,660,000        | 40.00                   |

|  |            |        |        |       |            |        |
|--|------------|--------|--------|-------|------------|--------|
| Eternal Precision Mechanics Co., Ltd.            | 52,000,000 | 100.00 | 0      | 0     | 52,000,000 | 100.00 |
| Eternal Electronic Material (Thailand) Co., Ltd. | 937,500    | 75.00  | 0      | 0     | 937,500    | 75.00  |
| Eternal Materials (Japan) Co., Ltd.              | 4,000      | 100.00 | 0      | 0     | 4,000      | 100.00 |
| Elga Europe S.r.l.                               | Note 2     | 72.68  | Note 2 | 22.32 | Note 2     | 95.00  |

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

Note 2. Not applicable as stocks were not issued.

## Chapter 4. Capital Raising Activities

### I. Capital and Shares

#### (I) Source of Capital:

##### 1. Type of share capital

April 30, 2023; Unit: Thousand shares

| Type of Shares | Authorized Capital |                 |           | Note |
|----------------|--------------------|-----------------|-----------|------|
|                | Outstanding Shares | Unissued Shares | Total     |      |
| Common Stock   | 1,178,266 (listed) | 621,734         | 1,800,000 | None |

## 2. Capital formation

April 30, 2023; Unit: NT\$ Thousand , thousand shares

| Year/Month | Issue Price | Authorized Capital |           | Paid-in Capital  |           | Note   |  |                                       |
|------------|-------------|--------------------|-----------|------------------|-----------|--|--|---------------------------------------|
|            |             | Number of Shares   | Amount    | Number of Shares | Amount    | Source of Capital  | Issued for Consideration Other than Cash | Others                                |
| 1964.12    | NT\$100     | 8                  | 800       | 8                | 800       | Establishment  | None                                     | --                                    |
| 1966.01    | NT\$100     | 40                 | 4,000     | 40               | 4,000     | Capitalization of cash, 3,200  | None                                     | --                                    |
| 1968.01    | NT\$100     | 100                | 10,000    | 100              | 10,000    | Capitalization of cash, 6,000  | None                                     | --                                    |
| 1972.01    | NT\$100     | 160                | 16,000    | 160              | 16,000    | Capitalization of cash, 6,000  | None                                     | --                                    |
| 1972.11    | NT\$100     | 360                | 36,000    | 360              | 36,000    | Capitalization of cash, 20,000                                       | None                                     | --                                    |
| 1973.11    | NT\$100     | 700                | 70,000    | 700              | 70,000    | Capitalization of cash, 34,000                                       | None                                     | --                                    |
| 1975.09    | NT\$100     | 770                | 77,000    | 770              | 77,000    | Capitalization of cash, 7,000  | None                                     | --                                    |
| 1976.09    | NT\$100     | 800                | 80,000    | 800              | 80,000    | Capitalization of cash, 3,000  | None                                     | --                                    |
| 1978.08    | NT\$100     | 1,000              | 100,000   | 1,000            | 100,000   | Capitalization of cash, 20,000                                       | None                                     | --                                    |
| 1979.11    | NT\$100     | 1,500              | 150,000   | 1,500            | 150,000   | Capitalization of surplus, 25,000; capitalization of cash, 25,000;   | None                                     | --                                    |
| 1985.11    | NT\$10      | 20,000             | 200,000   | 20,000           | 200,000   | Capitalization of cash, 50,000                                       | None                                     | --                                    |
| 1987.01    | NT\$10      | 30,000             | 300,000   | 30,000           | 300,000   | Capitalization of cash, 100,000                                      | None                                     | --                                    |
| 1988.07    | NT\$10      | 45,500             | 455,000   | 45,500           | 455,000   | Capitalization of cash, 155,000                                      | None                                     | 07/21/1988 (77) T.C.Z. (Y.) No. 08700 |
| 1990.08    | NT\$10      | 60,000             | 600,000   | 60,000           | 600,000   | Capitalization of surplus, 145,000                                   | None                                     | 08/03/1990 (79) T.C.Z. (Y.) No. 31539 |
| 1992.07    | NT\$10      | 72,000             | 720,000   | 72,000           | 720,000   | Capitalization of surplus, 120,000                                   | None                                     | 06/03/1992 (81) T.C.Z. (Y.) No. 01142 |
| 1993.07    | NT\$10      | 90,942             | 909,419   | 90,942           | 909,419   | Capitalization of surplus, 189,419                                   | None                                     | 06/22/1993 (82) T.C.Z. (Y.) No. 01524 |
| 1994.07    | NT\$40      | 131,677            | 1,316,774 | 131,677          | 1,316,774 | Capitalization of surplus, 227,355; capitalization of cash, 180,000; | None                                     | 06/27/1994 (83) T.C.Z. (Y.) No. 27511 |
| 1995.07    | NT\$10      | 164,597            | 1,645,967 | 164,597          | 1,645,967 | Capitalization of surplus, 197,516; capital reserve, 131,677         | None                                     | 06/08/1995 (84) T.C.Z. (Y.) No. 33684 |



| Year/Month | Issue Price | Authorized Capital |            | Paid-in Capital  |            | Note  |  |                                       |
|------------|-------------|--------------------|------------|------------------|------------|---|--|---------------------------------------|
|            |             | Number of Shares   | Amount     | Number of Shares | Amount     | Source of Capital   | Issued for Consideration Other than Cash | Others                                |
| 1996.07    | NT\$10      | 197,516            | 1,975,161  | 197,516          | 1,975,161  | Capitalization of surplus, 164,597; capital reserve, 164,597                        | None                                     | 06/25/1996 (85) T.C.Z. (Y) No. 38778  |
| 1997.07    | NT\$10      | 300,000            | 3,000,000  | 257,633          | 2,576,329  | Capitalization of surplus, 434,535; capital reserve, 158,013; employee bonus 8,620  | None                                     | 06/12/1997 (86) T.C.Z. (Y) No. 46433  |
| 1998.06    | NT\$10      | 400,000            | 4,000,000  | 336,103          | 3,361,025  | Capitalization of surplus, 566,793; capital reserve, 206,106; employee bonus 11,797 | None                                     | 05/06/1998 (87) T.C.Z. (Y) No. 38173  |
| 1999.06    | NT\$10      | 500,000            | 5,000,000  | 404,352          | 4,043,517  | Capitalization of surplus, 571,374; capital reserve, 100,831; employee bonus 10,287 | None                                     | 05/18/1999 (88) T.C.Z. (Y) No. 46053  |
| 1999.10    | NT\$35      | 500,000            | 5,000,000  | 407,352          | 4,073,517  | Capitalization of cash, 30,000  | None                                     | 10/13/1999 (88) T.C.Z. (Y) No. 88150  |
| 2000.05    | NT\$35      | 500,000            | 5,000,000  | 418,782          | 4,187,817  | Capitalization of cash, 114,300   | None                                     | 05/12/2000 (89) T.C.Z. (Y) No. 42830  |
| 2000.07    | NT\$10      | 600,000            | 6,000,000  | 501,877          | 5,018,766  | Capitalization of surplus, 766,229; capital reserve, 16,245; employee bonus 48,475  | None                                     | 05/20/2000 (89) T.C.Z. (Y) No. 44222  |
| 2001.05    | NT\$10      | 650,000            | 6,500,000  | 554,175          | 5,541,752  | Capitalization of surplus, 401,501; capital reserve, 100,375; employee bonus 21,110 | None                                     | 05/24/2001 (90) T.C.Z. (Y) No. 132348 |
| 2002.05    | NT\$10      | 650,000            | 6,500,000  | 583,667          | 5,836,668  | Capitalization of surplus, 277,088; employee bonus 17,828                           | None                                     | 05/21/2002 (91) T.C.Z. (Y) No. 127586 |
| 2003.07    | NT\$10      | 753,000            | 7,530,000  | 642,034          | 6,420,335  | Capitalization of surplus, 583,667  | None                                     | 07/06/2005, J.G.Z.Z. No. 0940127266   |
| 2006.06    | NT\$10      | 850,000            | 8,500,000  | 711,451          | 7,114,512  | Capitalization of surplus, 642,034; employee bonus 52,143                           | None                                     | 06/23/2006, J.G.Z.Z. No. 0950126034   |
| 2007.07    | NT\$10      | 950,000            | 9,500,000  | 803,547          | 8,035,468  | Capitalization of surplus, 853,741; employee bonus 67,215                           | None                                     | 06/06/2007, J.G.Z.Z. No. 0960028997   |
| 2008.08    | NT\$10      | 1,200,000          | 12,000,000 | 891,221          | 8,912,212  | Capitalization of surplus, 803,547; employee bonus 73,197                           | None                                     | 07/24/2008, J.G.Z.Z. No. 0970037454   |
| 2009.07    | NT\$10      | 1,200,000          | 12,000,000 | 900,133          | 9,001,334  | Capitalization of surplus, 89,122   | None                                     | 06/23/2009, J.G.Z.Z. No. 0980031147   |
| 2010.09    | NT\$10      | 1,200,000          | 12,000,000 | 945,140          | 9,451,401  | Capitalization of surplus, 450,067  | None                                     | 07/21/2010, J.G.Z.Z. No. 0990037977   |
| 2011.08    | NT\$10      | 1,200,000          | 12,000,000 | 992,397          | 9,923,971  | Capitalization of surplus, 472,570  | None                                     | 06/22/2011, J.G.Z.Z. No. 000028589    |
| 2014.08    | NT\$10      | 1,200,000          | 12,000,000 | 1,022,169        | 10,221,690 | Capitalization of surplus, 297,719  | None                                     | 07/02/2014, J.G.Z.Z. No. 030025006    |
| 2016.08    | NT\$10      | 1,200,000          | 12,000,000 | 1,103,943        | 11,039,425 | Capitalization of surplus, 817,735  | None                                     | 08/19/2016, J.S.S.Z. No. 10501207920  |
| 2017.08    | NT\$10      | 1,200,000          | 12,000,000 | 1,159,140        | 11,591,397 | Capitalization of surplus, 551,972  | None                                     | 08/21/2017, J.S.S.Z. No. 10601118100  |
| 2018.08    | NT\$10      | 1,800,000          | 18,000,000 | 1,240,280        | 12,402,795 | Capitalization of surplus, 811,398  | None                                     | 08/16/2018, J.S.S.Z. No. 10701099770  |
| 2022.08    | NT\$ 10     | 1,800,000          | 18,000,000 | 1,178,266        | 11,782,655 | Cash capital decrease, 620,140  | None                                     | 08/17/2022, J.S.S.Z. No. 11101156920  |

3. Information on Offering and Issuance of Securities by the Shelf Registration System: None.

(II) Shareholder Structure:

April 30, 2023; Unit: Thousand Shares, %

| Shareholder Structure<br>Quantity | Government Agencies | Financial Institutions | Other Institutions | Individuals | Foreign Institutions and Individuals | Total     |
|-----------------------------------|---------------------|------------------------|--------------------|-------------|--------------------------------------|-----------|
| Number of Persons                 | 0                   | 14                     | 204                | 53,486      | 258                                  | 53,962    |
| Number of Shares Held             | 0                   | 57,959                 | 280,816            | 655,635     | 183,856                              | 1,178,266 |
| Shareholding Percentage           | 0                   | 4.92                   | 23.83              | 55.65       | 15.60                                | 100.00    |

(III) Distribution of Equity Ownership:

1. Common Stock:

April 30, 2023; The denomination of each share is NT\$10, %

| Class of Shareholding | Number of Shareholders | Number of Shares Held | Shareholding Percentage |
|-----------------------|------------------------|-----------------------|-------------------------|
| 1 to 999              | 18,148                 | 10,169,410            | 0.86                    |
| 1,000 to 5,000        | 24,340                 | 58,516,077            | 4.97                    |
| 5,001 to 10,000       | 5,571                  | 42,571,790            | 3.61                    |
| 10,001 to 15,000      | 1,904                  | 23,572,482            | 2.00                    |
| 15,001 to 20,000      | 1,098                  | 19,649,183            | 1.67                    |
| 20,001 to 30,000      | 945                    | 23,695,953            | 2.01                    |
| 30,001 to 40,000      | 467                    | 16,404,421            | 1.39                    |
| 40,001 to 50,000      | 311                    | 14,133,241            | 1.20                    |
| 50,001 to 100,000     | 508                    | 35,499,957            | 3.01                    |
| 100,001 to 200,000    | 296                    | 41,351,505            | 3.51                    |
| 200,001 to 400,000    | 151                    | 42,251,648            | 3.59                    |
| 400,001 to 600,000    | 53                     | 26,036,043            | 2.21                    |
| 600,001 to 800,000    | 30                     | 20,565,285            | 1.75                    |
| 800,001 to 1,000,000  | 24                     | 21,273,425            | 1.81                    |
| 1,000,001 or Above    | 116                    | 782,575,063           | 66.41                   |
| Total                 | 53,962                 | 1,178,265,483         | 100.00                  |

2. Preferred Shares: None.

(IV) List of Major Shareholders: Shareholders with 5% Shareholding or More or the Name of Top 10 Shareholders, the Number of Shares Held and Shareholding Percentage:

April 30, 2023; Unit: Shares, %

| Name of Major Shareholder   | Shares | Number of Shares Held | Shareholding Percentage |
|---|--------|-----------------------|-------------------------|
| Kwang Yang Motor Co., Ltd.  |        | 117,800,000           | 9.99                    |
| Kao, Ying-Shih  |        | 74,596,152            | 6.33                    |
| Kao, Kuo-Lun  |        | 51,305,563            | 4.35                    |
| Kwang Hsing Industrial Co., Ltd.  |        | 45,600,000            | 3.87                    |
| Taiwan Cooperative Bank Co., Ltd.   |        | 21,854,750            | 1.85                    |
| Fubon Life Insurance Co., Ltd.  |        | 20,660,576            | 1.75                    |
| Standard Chartered Trust (Jersey) Ltd.  |        | 19,301,729            | 1.63                    |
| Hua-Yang Industrial Co., Ltd.   |        | 19,281,000            | 1.63                    |
| Kao, Ying-Chih  |        | 16,763,982            | 1.42                    |
| Citibank (Taiwan) Trust Company Limited, custodian for the investment fund of the Central Bank of Norway. |        | 16,300,297            | 1.38                    |

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

| Item                            |  | Year  | 2021      | 2022      | Current fiscal year up to March 31, 2023 (Note 8) |
|---------------------------------|--|---|-----------|-----------|---|
|                                 |  |   |           |           |   |
| Market price per share (Note 1) | Highest  | Before retrospective adjustment                   | 47.10     | 43.15     | 33.15   |
|                                 |  | After retrospective adjustment                    | 47.10     | 43.15     | -   |
|                                 | Lowest   | Before retrospective adjustment                   | 32.70     | 29.30     | 31.00   |
|                                 |  | After retrospective adjustment                    | 32.70     | 29.30     | -   |
|                                 | Average  | Before retrospective adjustment                   | 37.65     | 34.13     | 32.19   |
|                                 |  | After retrospective adjustment                    | 37.65     | 34.13     | -   |
| Net worth per share (Note 2)    | Before distribution                                    |   | 19.54     | 21.01     | 20.04   |
|                                 | After distribution                                     |   | 19.54     | 21.01     | -   |
| Earnings per share              | Weighted average number of shares (in thousand shares) |   | 1,240,280 | 1,178,266 | 1,178,266   |
|                                 | Earnings per share (Note 3)                            | Before retrospective adjustment                   | 2.86      | 2.15      | 0.12  |
|                                 |  | After retrospective adjustment                    | 2.85      | 2.15      | -   |
| Dividends per share             | Cash dividends   |   | 1.5       | 1.2       | -   |
|                                 | Stock dividends  | Stock dividends appropriated from earnings        | 0         | 0         | -   |
|                                 |  | Stock dividends appropriated from capital reserve | 0         | 0         | -   |
|                                 | Accumulated unpaid dividends (Note 4)                  |   | 0         | 0         | -   |
| Return on investment            | Price-to-earnings ratio (Note 5)                       |   | 13.16     | 15.87     | -   |
|                                 | Price-to-dividend ratio (Note 6)                       |   | 25.10     | 28.44     | -   |
|                                 | Cash dividend yield (Note 7)                           |   | 3.98      | 3.52      | -   |

\* If there is a capital increase from earnings or capital reserve, the market price and cash dividends adjusted based on the number of shares issued shall be disclosed.

- Note 1. List the highest and lowest market price of common shares for each fiscal year and calculate the average market price for each fiscal year based on trading value and volume in each fiscal year.
- Note 2. Please fill these rows based on the number of shares that have been issued at the end of the fiscal year and the distribution plan approved at the Board Meeting or Shareholders' Meeting in the subsequent fiscal year.
- Note 3. If there was any retroactive adjustment required due to stock dividends, earnings per share before and after such adjustment shall be listed.
- Note 4. If there was any condition regarding the issuance of equity securities stating that undistributed dividends for the current fiscal year has to be accumulated till the year when a profit is recorded, the Company shall separately disclose cumulative undistributed dividends as of the current fiscal year.
- Note 5. Price/earnings ratio = Average closing price per share for the current fiscal year/earnings per share.
- Note 6. Price/dividend ratio = Average closing price per share for the current fiscal year/cash dividend per share.
- Note 7. Cash dividend yield = Cash dividends per share/Average closing price per share for the year.
- Note 8. The net worth per share and earnings per share up to the quarter nearest to the date of publication of the Annual Report that has been audited by the CPAs shall be filled in; the remaining fields shall be filled with the annual data up to the date of publication of the Annual Report.
- Note 9. On March 10, 2023, the Board of Directors resolved to distribute the 2022 cash dividends and reported to the shareholders' meeting.

(VI) Dividend policy and its implementation:

1. Dividend policy stipulated in the Articles of Incorporation:

Based on the principle of sustainable development and continuous growth, the Company expects to have a major expansion plan in the future. The dividends distributed to shareholders for the year shall not be less than 30% of the balance to be distributed for the year. Cash dividends shall not be less than 10% of the total dividends distributed for the year.

2. Distribution of Dividends Proposed in the Shareholders' Meeting:

(1) 2022 surplus distribution in accordance with Article 18 of the Articles of Incorporation.

(2) The earnings after tax in 2022 was NT\$2,617,591,810. After deducting items other than net income after tax, the 10% legal reserve and the special reserve reversed in accordance with the law, the distributable earnings attributable to 2022 amounted to NT\$2,722,091,599, plus the undistributed earnings of NT\$4,803,331,342 at the beginning of 2022, totaling NT\$7,525,422,941 available for distribution to shareholders, and NT\$1,413,918,580 is set aside for distribution to shareholders as cash dividends of NT\$1.20 per share. The base date for dividend distribution is April 4, 2023 and the distribution date is April 27, 2023.

3. Any Expected Material Changes in the Dividend Policy: None.

(VII) Effect of Any Stock Dividends Distribution Proposed in the Shareholders' Meeting on Business Performance and Earnings Per Share: N/A.

(In accordance with the Regulations Governing the Publication of Financial Forecasts of Public Companies, the Company is free of available financial forecast information for the year 2022.)

(VIII) Compensation for employees, directors, and supervisors

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

If the Company reports a profit in a year, 4.5%~5.5% of which shall be set aside as compensation for employees, and 1% of which shall be set aside as compensation for directors and supervisors. However, if the Company has accumulated losses, the amount for offsetting the losses shall be reserved first.

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

2. Basis for Estimating the Amount of Remuneration Paid to Employees, Directors, and Supervisors, for Calculating the Number of Shares to Be Distributed as Employee Remuneration, and the Accounting Treatment of Any Discrepancy between the Actual Distributed Amount and the Estimated Figure for the Current Period: The discrepancy shall be treated in accordance with the changes in accounting estimates and recognized in the following year's profit or loss.

3. Distribution of Remuneration Approved by the Board of Directors:

(1) Remuneration for employees and directors shall be distributed in the form of cash or shares:

1) Distributed remuneration to allotted employees in cash: NT\$127,083,049,

- decreased by NT\$2,916,951 from the estimated amount of NT\$130,000,000;
- 2) Distributed remuneration to directors in cash: NT\$18,356,441, increased by NT\$106,441 from the estimated amount of NT\$18,250,000;
  - 3) Differences shall be treated as the profit or loss of the next year according to the changes in accounting estimates.
- (2) The ratio of “amount of remuneration distributed to employees in the form of stock” to the sum of “net income after tax (NIAT) specified in the standalone financial statements and total remuneration paid to employees”: The amount of stock dividends distributed to employees was NT\$0.
4. Actual distribution of remuneration to employees and directors and supervisors for the previous year:
    - (1) Employee cash remuneration totaled NT\$176,559,255; directors' remuneration totaled NT\$25,503,004.
    - (2) Where there is any discrepancy between the actual amount and the recognized amount of remuneration to employees, directors, and supervisors, the amount, cause, and treatment of such a discrepancy shall be stated:
 

The estimated amount of employees' remuneration was NT\$177,500,000, and the actual allotment was NT\$940,745, which is less than the estimated amount; the estimated amount of directors' and supervisors' remuneration was NT\$24,890,000, and the actual allotment was NT\$613,004, which more than the estimated amount.
    - (3) Differences shall be treated as the profit or loss of the next year according to the changes in accounting estimates.

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

## II. Issuance of Corporate Bonds:

| Type of Corporate Bonds           | Issuance of first secured corporate bonds for 2019   | Issuance of first secured corporate bonds for 2021   |
|-----------------------------------|--|--|
| Date of issuance (placement)      | November 6, 2019 to November 6, 2024   | August 27, 2021 to August 27, 2026   |
| Par Value                         | NT\$10,000 thousand  | NT\$10,000 thousand  |
| Place of issuance and transaction | Republic of China  | Republic of China  |
| Issue Price                       | Issue at par value   | Issue at par value   |
| Total interests                   | NT\$3 billion  | NT\$2.5 billion  |
| Interest rate                     | 0.82% per annum  | 0.58% per annum  |
| Maturity                          | 5 years  | 5 years  |
| Guarantor                         | The corporate bonds are provided by Bank of Taiwan Co., Ltd., Yushan Commercial Bank Co., Ltd., Changhua Commercial Bank Co., Ltd., and Shanghai Commercial Savings Bank Co., Ltd. as the joint guarantee bank in accordance with the joint appointment guarantee contract signed and the performance of the corporate bond guarantee obligations Guarantee. | Bank of Taiwan Co., Ltd., E.SUN Commercial Bank, Ltd., Changhua Commercial Bank Co., Ltd., Hua Nan Commercial Bank Co., Ltd., Taiwan Cooperative Bank Co., Ltd., Mega International Commercial Bank Co., Ltd., Bank SinoPac Company Limited, Shanghai Commercial & Savings Bank, Ltd. and Yuanta Commercial Bank Company Limited act as joint guarantee banks to provide |

| Type of Corporate Bonds  | Issuance of first secured corporate bonds for 2019   | Issuance of first secured corporate bonds for 2021   |
|--|--|--|
|  |  | guarantee in accordance with the signed joint appointment guarantee contract and the corporate bond performance guarantee obligation contract. |
| Trustee  | Trust Division, Bank SinoPac   | CTBC Bank Co., Ltd.  |
| Underwriter  | E.Sun Commercial Bank, Ltd. as the lead underwriter  | E.Sun Commercial Bank, Ltd. as the lead underwriter  |
| Certified Lawyer   | Meridian Attorneys-at-Law  | Yufeng Law Firm  |
| CPA  | Deloitte & Touche  | Deloitte & Touche  |
| Repayment method   | One-time repayment at maturity   | One-time repayment at maturity   |
| Outstanding principle  | NT\$3 billion  | NT\$2.5 billion  |
| Provision of prepayment and early redemption   | None   | None   |
| Terms of Clearance   |  |  |
| Restrictions   | None   | None   |
| Name of Credit Rating Agency, Rating Date and the Results of Corporate Bond Ratings  | N/A  | N/A  |
| Other rights   | Dollar amount of common shares already converted (swapped or warranted) and global depository receipts or other negotiable securities as of the publication date of this annual report | None   |
|  | Issuance and conversion (swap or subscription) methods   | None   |
| Possible dilution of equity or impact to shareholders' equity caused by regulations on the issuance and conversion, swap or subscription to stocks | None   | None   |
| Name of commissioned custodian of exchangeable underlying  | None   | None   |

III. Preferred Shares: None.

IV. Global Depository Receipts: None.

V. Employee Stock Option Plan and Employee Restricted Stock: None.

VI. New Shares Issuance in Connection with Mergers or Acquisitions: None.

VII. Financing Plans and Implementation: None.

## Chapter 5. Overview of Business Operations

### I. Description of Business

#### (I) Scope of Business

##### 1. Description of business:

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

##### 2. 2022 revenue composition by key products:

| Product Name         | Percentage (%) |
|----------------------|----------------|
| Synthetic resins     | 49             |
| Electronic materials | 27             |
| Specialty materials  | 23             |
| Others               | 1              |

##### 3. Products and Services:

- (1) General resin
- (2) Coating resin
- (3) Polyester resin
- (4) Copper Clad Laminate
- (5) Dry film photoresist
- (6) Specialty chemicals
- (7) Packaging materials
- (8) Structural adhesive materials
- (9) Composite materials
- (10) Panel materials for solar modules
- (11) Biomedical testing materials
- (12) Vacuum film laminator



#### 4. New Products and Services Planned for Development:

- (1) High frequency, high speed and high thermal conductivity electronic materials: Development of high frequency solvent type LCP resin and LCP film, and development and evaluation of non-silicone system thermal conductivity paste
- (2) Semiconductor packaging materials: 3D-IC/SIP high-end packaging and bottom filling materials and silicone packaging materials.
- (3) High performance thermoplastic compounds: High-performance thermoplastic engineering plastics for aerospace, telecommunications, medical and 3D printing.
- (4) Lithium battery materials: Silicon negative bonding agent, silicon carbon material, solid electrolytes.
- (5) Low carbon materials: recycled PET as raw material, laboratory conditions, economically efficient purification conditions and quality control conditions for the synthesis of BHET.
- (6) Biomaterials: biodegradable plastic microspheres, bio-based coatings, binders.
- (7) Biomedical testing materials: key biomedical raw materials development/core technology development/fast screening products.
- (8) Next-generation display materials: Establishment of microfluidic instrument to synthesize calcium titanite quantum dot materials.
- (9) Hydrogen energy industry materials: proton-conducting film materials and packaging silicone, hydrogen storage tank composite materials.

#### (II) Industry Overview and Business Development Plans

##### 1. Current Status and Development of the Industry

###### (1) Synthetic resins

###### A. General resin and coating resin

###### 1) General resin

With the gradual recovery of the global economy, the rise of the red supply chain in mainland China has led to more intense competition. To expand the market share of existing products, the Company enhances after-sales and technical service in addition to real-time price adjustments with the market trends. In terms of investment in the new industries, currently PSA products have extended to protective films and tapes used in high-end electronic products, optical panel protection PU PSA, PUR/PUD adhesive with special POLYOL and Special application adhesives. In the new industry, we have developed adhesives for acrylic and moisture-curing PU, polymer polyester adhesives for the solar industry, and adhesives for aluminum plastic film for lithium batteries in response to the trend of environmental protection.

###### 2) Coating resin

The inventory level of downstream manufacturers was generally low at the beginning of 2022 due to COVID-19, and when the market demand recovered, there was an overdraw by customers. Fluorocarbon resin, a niche product, was in high demand in the solar industry in 2022, resulting in higher shipments and profitability. The outbreak of COVID-

19 in mainland China in the second quarter caused a significant contraction in demand for all product lines, and the situation continued until the end of 2022. The problem of lack of ships and containers in shipping is gradually easing, and freight rates are gradually falling, driving up the export orders. In 2022, the overall revenue increased slightly. The long-term coating market still returned to its basic development route. On basis of the maintenance of the existing market, the Company not only followed the footsteps of the existing customers, but also maintained the procurement of raw materials and the supply from nearby production bases to reduce costs and improve services, and conducted maneuvers on product prices that meet market expectations to adjust the model and stabilize the Company's market share. In addition, the Company also actively cooperated with new strategic partners, strengthened and deepened cooperative relationships, expanded new cooperative projects and new applications for existing products, developed new products and explored new sectors.

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

In terms of investment in the new industries, the Company plans to add a fluorocarbon resin production line based on demand assessment in response to the growing demand for solar energy and anti-corrosion industries, and market trends; in response to the trend of environmental protection, the coating industry begins to develop towards green energy, water-based, high-solids, powder products, and has achieved breakthroughs and growth; in response to industry trends, the Company pays close attention to the development of anti-corrosion technologies in the wind power generation and solar energy industries, develops solutions for harsh environments, and continues to pay attention to changes in product design and industrial applications on issues related to biomass raw materials, circular economy, energy conservation and carbon reduction.

#### B. Unsaturated polyester resin

In 2022, under the influence of the COVID-19, China's city closure, Russia-Ukraine war and other factors, global inflation was serious, especially in Europe and the United States due to the impact of inflation on their purchasing power, demand dropped significantly, which in turn affected Eternal sales plans; as the tariff war between the United States and China continued, resulting in the impact of China's export industry, some manufacturers have begun to leave China to find other production bases.

Artificial marble industry in China witnessed the difficulty in export products to the U.S. market, and the shifting Southeast Asia to set up factories, especially to Vietnam and Malaysia, but due to the U.S. measures to check the production sites, Malaysia's marble factory production is affected, and the demand dropped significantly. Although Eternal has the advantage of local production, but we can only sit and wait for orders without demands. However, with the arrival of 2023, the land laundering checks have come to an end and the subsequent demand is gradually increasing. In addition, under China's policy of reducing value-added tax and increasing tax rebates to stimulate the economy, some Chinese counterparts began to export low-priced products to interfere with the Southeast Asian market. With the advantage of supplying products in the vicinity of the Malaysian factory, Eternal remains competitive for business opportunities. Therefore, the establishment of the Malaysian plant is conducive to the advantages of the Company's unsaturated polyester production and sales in different regions, the development of infrastructure in emerging markets, the control requirements of organic volatile substances (VOCs) in developed countries, and the need to develop lightweight composite materials are the main factor for the Company to continue to develop green products and maintain its market share.

(2) Electronic materials

A. Photoresist materials

Photoresist dry film is a key material for Image transfer during the production process of printed circuit boards (PCB). In recent years, the product structure of the electronic industry is becoming more connected to HDI and high-density fine lines. This is in response to demand for light, thin and high-performance portable products, such as smart phones. Thus, the role of photoresist dry film becomes more important in image transfer of fine circuits. In addition, due to the increasing demand for product precision during the HDI manufacturing process, the application of LDI photoresist dry film will continue to increase in the future. In 2022, the printed circuit board industry faced the ups and downs like an elevator. In the first and second quarters, the high growth rate of 2021 continued, but the printed circuit board industry took a sharp turn for the worse due to the outbreak of the Russian-Ukrainian war, the resulting high global inflation, the decline in consumer power and the high inventory of the electronics industry. Although the impact of COVID-19 has gradually receded, it is still difficult to predict the overall recovery time. Prismark has also revised its growth forecast for 2022 to 1% from 4.8% and a pessimistic -4% for 2023. Despite this, there are still bright applications in the industry, such as automotive electronics, 5G, and high-speed computing. With government policies, industry trends and consumer demand, Prismark remains optimistic about long-term performance. The PCB industry is expected to grow at a compound annual growth rate of 3.14% by 2027, with the main growth drivers coming from electric vehicles, 5G applications, high-speed computing, and artificial intelligence-related applications.

B. Copper Clad Laminate

Copper-clad laminate is primarily used in consumer electronics. Overall

copper foil substrate output declined by 13.4% in 2022 compared to 2021 due to low consumer electronics demand caused by inflation. Coupled with the war and geopolitical factors, various industrial raw materials welcomed a wave of price increases, of which Copper copper foil/resin/glass fabric, the three major upstream raw materials for laminates, saw prices rise to varying degrees. The rising raw material costs along with strong demand have caused the downstream copper-clad board industry to follow suit. Kingboard and Sytech, two industry-leaders, have raised their prices a number of times upon shipments to downstream PCB clients. According to Prismark's market research report, despite the short-term unfavorable factors, the compounded growth rate of CEM-1/CEM-3 for composite epoxy copper foil substrates is still optimistic at 4.7% by 2025. Phenolic paper-based copper foil substrate FR-1 is also expected to grow at an optimistic rate of 2.5% by 2025.

#### C. Vacuum film laminator

Vacuum film laminator is mainly used in the process of IC substrate industry, and the high-end special processes of PCB/FPC/other industries also need vacuum lamination technology. In recent years, the demand for chips related to 5G and automotive applications has increased significantly. In addition to the active expansion of production capacity by existing IC substrate manufacturers to meet the needs of end customer orders, other new investors have also been attracted to enter the IC substrate manufacturing industry. In the second half of 2023, the economy will turn around and major manufacturers' original expansion plans will become more conservative, but the long-term market performance is still potential.

### (3) Specialty materials

#### A. Specialty Materials

Featuring the fast curing speed, energy conservation, eco-friendliness, high performance and high-speed automated production, ultraviolet curing (UV) products have a wide range of applications covering woods, inks, daily chemical products, 3C electronic products, automobiles, and 3D printing. With the emphasis on the 5e (production efficiency, replacement of traditional industries, economic considerations, energy saving and environmental protection) in the world and the background of China's energy control and environmental custody control, UV light curing will be applied to more industrial transformation and the replacement of traditional high pollution process. Although the global inflation, China's epidemic control and geopolitical energy issues brought about by the global growth momentum of light curing in 2022 has been reduced. However, with significant energy saving and high efficiency advantages, the demand for UV curing materials continues to be positive in line with the global trend of carbon reduction and China's dual carbon target.

#### B. Special Coatings

It is estimated that the global UV coating market will grow at an annual rate of over 5%, with Asia leading the global growth. The Special Material Business Division of Eternal has invested heavily in the development of high-value UV coating applications (new materials, new technologies, new products and new markets), with market deployment covering headlight coating, 3D printing, molding glue, UV hardening coating, UV adhesive,

light-guide film, UV solvent-free spray paint, and putty paint, moving the Company's product lines toward high value-add and technology differentiation.

C. Organic Silicone Materials

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

2. Links between the Upstream, Midstream, and Downstream Segments of the Industry Supply Chain

(1) Synthetic resins

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

|                     |   |
|---------------------|---|
| Upstream Industry   | <ul style="list-style-type: none"> <li>Styrene, acrylic acid (propylene), phthalic anhydride, adipic acid, and xylene, etc.</li> <li>Major manufacturers: Formosa Plastics Group, TSMC, Formosa Chemicals &amp; Fibre Corporation and China Petroleum &amp; Chemical Corporation</li> </ul>   |
| Midstream Industry  | <ul style="list-style-type: none"> <li>Acrylic resin, polyester resin, fluorocarbon resin, alkyd resin, epoxy resin, PU resin, phenolic resin, and unsaturated polyester resin</li> <li>Major manufacturers: Eternal Materials, Qualipoly Chemical, Nan Ya, Enchuan Chemical, and Yong Shun Chemical, etc.</li> </ul>   |
| Downstream Industry | <ul style="list-style-type: none"> <li>Adhesives, construction coatings, industrial coating, automotive paint, wood paint, artificial stones, buttons, copper clad laminates, electronic tapes, and cosmetic products</li> <li>Major manufacturers: 3M, Avery Dennison, Yung Chi Paint &amp; Varnish MFG. Co., Ltd., San Fang Chemical Industry Co., Ltd., Nippon Paint, Liangchi, Siwei, AU Optronics Corporation, Bostik, etc.</li> </ul> |

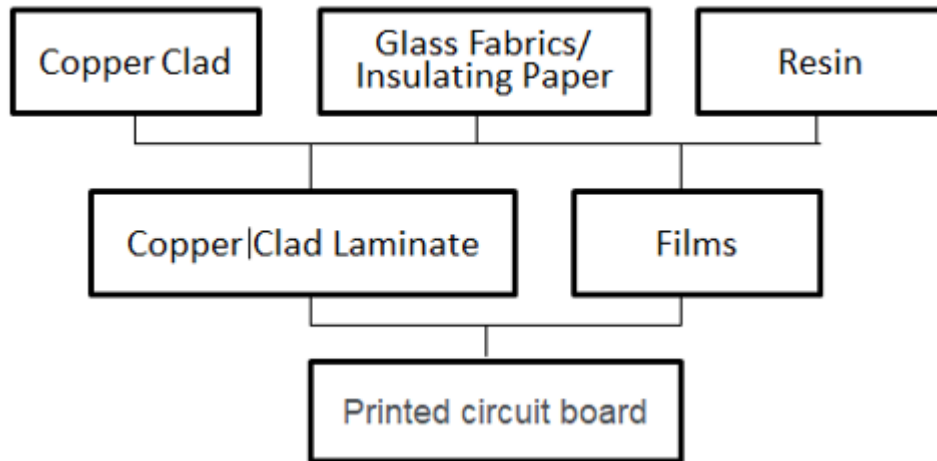
(2) Electronic materials

A. Photoresist materials

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

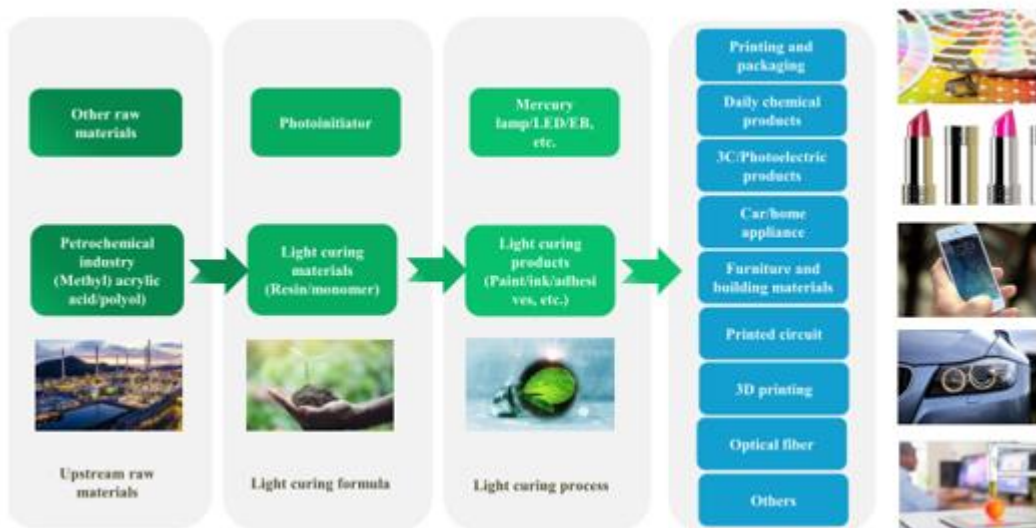
The downstream industries of dry film photoresists include rigid and flexible PCBs and packaging substrates etc.

B. Copper Clad Laminate



(3) Specialty materials

A. Special materials and coatings



B. Organic Silicone Materials

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

3. Product Development Trends

(1) Synthetic resins

A. General resin and coating resin

1) General resin

PSA products have expanded to protective films and tapes for high-end electronic products, PU PSA for optical panel protection, special POLYOL for PUR/PUD adhesives, moisture-curing adhesives for acrylic and PU in response to the trend of environmental protection, polymer polyester adhesives for the solar industry, adhesives for

aluminum plastic films for lithium batteries, and PUD adhesives for functional textile materials.

2) Coating resin

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

B. Unsaturated polyester resin

1) Constructable, automation-prone resin:

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

2) High-solids, low-VOC resin:

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

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

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

4) Development of high value-added products:

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

(2) Electronic materials

A. Photoresist materials

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

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

applications will continue to grow in the next five years.

- 2) Smart phones and some NoteBooks: As the smart phone market drives the rapid development of HDI/AnyLayer process, as well as the rising demand for notebooks due to pandemic driven home economics and video conferencing, there is a growing demand for high-resolution dry film photoresists. In addition to high-resolution dry film photoresists, LDI-specific dry film with low exposure and high throughput will be the focus of future development.
- 3) Semi-conductor package substrate: In the early days, Japanese process technology dominated the packaging substrate process. As a result, direct and indirect materials used in the process were also imported from Japan. In recent years, with the continuous efforts made by Taiwan's packaging and IC substrate manufacturers, most of the processes today are directly developed by Taiwanese companies. High-resolution dry film photoresists for ball grid array packages, wafer-sized packages, and ABF flip-chip substrate will also be the focus of future development.
- 4) Other dry film photoresists for special uses: such as dry film used in electroplating or special dry and wet etching processes, and FanOutWLCSP, thick film for special processes.

#### B. Copper Clad Laminate

In recent years, the PCB industry is expected to be a high-growth product in the future with a wide range of applications, high technical threshold, high unit price and high gross margin, driven by the further amplification of the application needs of stay-at-home economy, 5G communications, high-efficiency computing, automotive electronics and other applications. The Company has begun developing high-frequency and high-speed substrate material products for 5G to tap into high-end copper-clad laminate market. Green product CEM-1 is another feature product with both cost and quality advantages to meet the growing trend of environmental protection.

#### C. Vacuum film laminator

Under the existing IC board market advantages, a new generation of vacuum film laminator has been developed to adapt to the need in the high-end product process of substrates. At this stage, the industry is also cooperating with customers in the semiconductor and LED industries to actively develop the application of advanced process technology to meet the equipment needs of the high-end semiconductor market.

#### (3) Specialty materials

Featuring high-solids (100%), fast hardening (in seconds), and solvent contamination-free, UV light curing coatings have the advantages of environment friendly, energy conservation, and efficient production. The growth rate of UV light curing coatings remains about 5% in the global market. The average growth rate of UV light curing coatings in emerging markets, such as India and Southeast Asia, is more than 10%, making them the main regions for sustainable development and expansion in the future. As the world's major market for LED lighting and LCDs, China is growing at a rate of more than 5-8% per year with the strong demand for diffusing agents, in addition to the new



demand from 5G industry, driving the continued growth of PSQ microspheres. The global market demand slowed down in 2022 due to global inflation, epidemic control in China and geopolitical conflicts, and the demand in mainland China is expected to grow in 2023, while the demand in Europe and the US is basically the same as last year. The overall UV-curable raw materials will still maintain a situation of oversupply in the long run.

#### 4. Competition

##### (1) Synthetic resins

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

The major competitors and their main products are as follows:

|                                |  |
|--------------------------------|--|
| Eternal                        | General resin, coating resin, unsaturated polyester resin, photoresist, vacuum laminating equipment, copper-clad laminate, UV light curing materials, epoxy resin packaging materials, and liquid compound molding materials |
| Qualipoly Chemical Corporation | UV light curing materials, unsaturated polyester resin, coating resin, PU resin, and casting resin   |
| UNIEXPV                        | Coating resin, leather resin, adhesive, hardener, polyol resin, ink resin, water-based PU resin, and anti-static resin   |
| Daily Polymer                  | Coating resin, alkyd resin, textile resin, unsaturated polyester resin, and LCD materials  |
| Young Shun                     | Unsaturated polyester resin, polyester polyol resin, and FRP product   |
| Lidye Chemical                 | PU polymer resin, polymer emulsion (synthetic leather, insulation foam, textiles use), polymer resin for ink, and polymer resin for coating (automobile, 3C product, and special construction)                               |
| Quick Stick                    | Adhesive tape, double-sided tape adhesive, self-adhesive label glue, glue for protection laminating tape, advertising stickers, and self-adhesive glue for shoes   |
| Asia Titan                     | Electronic tape, conductive glue, thermal adhesive, temperature-sensitive glue, optoelectronic glue, acetate cloth tape, flame-retardant glue, and anti-static adhesive  |
| BASF                           | Coating resin, acrylic resin, and unsaturated polyester resin  |
| ALLNEX                         | Coating resin, acrylic resin, and amino resin  |
| Sumei Chemical                 | Water/oil-based pressure-sensitive adhesive, vinyl acetate coating, and curing hot-melt pressure-sensitive adhesive  |
| Covestro Taiwan                | Polyurethane material and system, thermoplastic polyurethane, polycarbonate and polycarbonate blends, coating, adhesive and medical polymer, textile coating, elastomers, and cosmetic materials                             |
| Dow                            | Special polymer, adhesive, coating, water-based flooring and   |

|           |   |
|-----------|---|
| Chemical  | protection coating, and personal care products  |
| Cathay    | Epoxy hardener, esterified epoxy resin, modified alkyd resin, water-based resin, unsaturated polyester resin, medium oil alkyd resin, urea and melamine formaldehyde resin, solid epoxy resin, rosin ester resin, and thermoplastic acrylic resin |
| Chanshieh | Acrylic ester, waterborne PU ester, saturated polyester ester, vinyl acetate ester, hot melt adhesive   |
| Coating   | Polyester polyol resin, PU synthetic resin, waterborne PU, TPU, moisture reactive polyurethane hot melt adhesive  |

(2) Electronic materials

A. Photoresist materials

Analysis of main products/sales territories/applications of the world's major dry film photoresist supplier:

| Item | Supplier                | Main Sales Territory   | Major Product   | Application   |
|------|-------------------------|--|---|---|
| 1    | Eternal                 | Taiwan, mainland China, Southeast Asia, Japan, Europe, and North America | Dry film photoresist for etching, electroplating, MSAP, SAP, selective plating, HDI, and bumping thick film | Rigid PCB, HDI, FPC, RFPCB, IC substrate, and packaging |
| 2    | Showa Denko             | Taiwan, mainland China, Southeast Asia, and Japan                        | Dry film photoresist for etching, electroplating, MSAP, SAP, and HDI  | Rigid PCB, HDI, FPC, and IC substrate                   |
| 3    | Asahi Kasei Corporation | Taiwan, mainland China, Southeast Asia, and Japan                        | Dry film photoresist for etching, electroplating, SAP, and HDI  | Rigid PCB and IC substrate                              |
| 4    | DuPont                  | North America  | Electroplating and selective-based dry film photoresist   | RPCB, HDI, FPC  |
| 5    | Others                  | Mainland China   | Etching-based dry film photoresist  | RigidPCB  |

B. Copper Clad Laminate

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

### (3) Specialty materials

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

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

### (III) Technology and R&D Overview

#### 1. Research and development expenses

In 2022, the expenditures on research and development amounted to NT\$1.648 billion.

As of March 31, 2023, the expenditures on research and development have reached NT\$361 million.

#### 2. Research and development results in 2022

- (1) Water-based polyurethane for shoe ink
- (2) Lightweight/heavyweight vinyl marine filler for composite materials
- (3) Silicone gel for cosmetics
- (4) Water-based light anti-corrosion resins
- (5) Light-curing silicon release agent for electronic and labeling applications
- (6) Polyurethane pressure-sensitive adhesive for protective films
- (7) LF series silicon encapsulants for Mini LED applications
- (8) Water-soluble polyester for baking paint
- (9) Light curing materials for functional printing ink
- (10) Rapid detection reagent for COVID-19 antigen and antibody
- (11) Low carbon footprint button resin
- (12) Offshore wind turbine hood FRP resin
- (13) Low odor styrene-free sheet metal filler resin for cars

### (IV) Long-term and Short-term Development

#### 1. Long-term Business Development Plans

- (1) Synthetic resins
  - A. General resin and coating resin

- 1) Increasing R&D manpower and developing high value-added products.
  - 2) Increase marketing manpower to handle market trends and product development.
  - 3) New industries such as solar industry, lithium battery industry, and functional textile industry are being developed and planned.
  - 4) Cooperating with international major coating manufacturers to secure the Company's position as the key supplier and strategic partner in Asia.
  - 5) Integrating polymer synthesis technology, introducing application verification technology, strengthening the development of new process technologies, exploring new material applications, and developing new product lines.
- B. Unsaturated polyester resin
- 1) Developing chemical materials required for the production of FRP composites.
  - 2) Developing high-end resin for carbon fiber reinforced plastics (CFRP) and derivative heterogeneous composite.
  - 3) Supplying raw materials required for composites industry as a world-class manufacturer and supplier in Asia.
- (2) Electronic materials
- A. Photoresist materials
- 1) Integrated global R&D, production, & sales in order to optimize production capacity, output and sales for new products.
  - 2) Have a firm grasp of market trend in anticipation of the future needs of strategic clients in order to develop next-generation products/brand-new products ahead of the market.
  - 3) Continue to improve precision coatings production capability and to expand global precision coating OEM market.
- B. Copper Clad Laminate
- 1) Comprehensive control over changes in raw material market with a view to raw materials supply stability.
  - 2) Gradually plan to expand production capacity and increase product size to meet customer needs
  - 3) Actively develop high-end products to solidify future growth.
- C. Vacuum film laminator
- 1) Adopt key core technologies, expand the related process equipment design and development, committed to become the PCB and substrate key process equipment manufacturer.
  - 2) Continuously expand the sales of vacuum film laminator in sealed loading board/passive components/flexible printed circuit board/semiconductor market.
  - 3) Develop next generation products/new products to meet customer needs.

### (3) Specialty materials

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

## 2. Short-term Business Development Plans

### (1) Synthetic resins

#### A. General resin and coating resin

- 1) Strengthening the development of Southeast Asian and South Asian markets in response to the advantages of production as a result of the construction of a new plant in Malaysia, and expand to countries with tariff advantages.
- 2) Adjusting market prices in line with the changes in raw materials and exchange rates and expanding the market in Japan. Promote high-end new products in Japan.
- 3) Strengthen the development and sales of water-based, low-VOC and low-odor products, high-solids fluorocarbon.

#### B. Unsaturated polyester resin

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

### (2) Electronic materials

#### A. Photoresist materials

- 1) Increase market share in niche markets (such as DF, DFSM, and PIC/PSPI for LDI, ENIG, HDI, FPC, IC substrate, and WLP processes).
- 2) Strengthening the production and sales in Mainland China in response to the trend of market growth.
- 3) Actively expand Southeast Asian market (such as Thailand, Vietnam and Malaysia) and India.
- 4) Controlling the source of key materials to keep the cost of materials under control.

#### B. Copper Clad Laminate

- 1) Continue to cultivate Southeast Asian market (such as Thailand,

Vietnam) and India.

- 2) Increase market penetration among home appliance brands in mainland China
- 3) Seek new applications.
- 4) Obtain certification from major international electronic companies

C. Vacuum film laminator

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

(3) Specialty materials

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

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

## II. Analysis of Market and Production and Marketing Situation

### (I) Market Analysis

#### 1. Sales regions for major products:

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

Unit: NT\$ Thousand

| Sales Territory | 2021       |     | 2022       |     |
|-----------------|------------|-----|------------|-----|
|                 | Amount     | %   | Amount     | %   |
| Taiwan          | 6,082,548  | 12  | 5,969,038  | 12  |
| Mainland China  | 31,266,877 | 62  | 28,920,450 | 59  |
| Other areas     | 13,121,972 | 26  | 14,124,612 | 29  |
| Total           | 50,471,397 | 100 | 49,014,100 | 100 |

## 2. Main Competitors and Market Share

Main competitors of the Company include DOW, Miki Kougyou Zairyuu Co., Ltd., Nan Ya, Qualipoly Chemical Corporation, Sartomer, Allnex, Asahi Kasei Corporation, Kingboard Holdings Limited (KB), and DuPont.

The Company's global market share is as follows:

| Business Line                               | Market Share |
|---|--------------|
| Synthetic resins                            | 2.00%        |
| Specialty materials                         | 15.88%       |
| Electronic materials (dry film photoresist) | 25.41%       |

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

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

### (1) Synthetic resins:

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

### (2) Electronic materials:

Dry film photoresist, related chemicals and vacuum film laminator: The demand for PCBs increases as portable electronics, information, home appliance, communications, and automotive electronics industries continue to grow every year. Global manufacturing base has been shifted to Greater China region and Asia. In particular, Taiwan and China has become the largest production base for electronic circuit boards (PCB) globally. Key competitors are Asahi, Showa Denko, and Dupont, etc. The Company has a complete presence in this area and is the leading manufacturer of related applications.

### (3) Specialty materials:

Featuring high-solids (100%), fast hardening (in seconds), and solvent contamination-free, UV light curing coatings have advantages of environmental protection, energy conservation, and efficient production. The growth rate of UV light curing coatings remains at 5%. The average growth rate of UV light curing coatings in emerging markets, such as Brazil, Russia, India and Southeast Asia, is more than 10%, making them the main regions for sustainable development

and expansion in the future. As the world's major market for LED lighting and LCDs, mainland China is growing at a rate of more than 10% per year with the strong demand for diffusing agents, in addition to the new demand from 5G industry, driving the continued growth of PSQ microspheres. Light curing organosilicon release agent products have the characteristics of environmental protection, high efficiency, energy saving, market growth rate of about 8-10%, and has a good development potential in the replacement of part of the traditional heat setting release agent. On the supply side, the high growth of UV light curing coatings has attracted competitors to expand production capacity. In response to an increasingly competitive environment, the Company has been committed to increasing the proportion of sales of high value-added products, reducing the production costs, not only to reinforce its existing competitive advantage, but also to deploy new industries and applications to secure its long-term competitive advantages and market presence.

4. Advantages and disadvantages of the development prospects and countermeasures

(1) Favorable factors:

- A. The Company has a full range of products covering upstream, midstream, and downstream industries. In addition to integrating key technology, the Company has been strengthening R&D and marketing to facilitate transformation and distribute the negative effect of a single industry's downturn.
- B. The Company has established complete production facilities and well-functioning operating systems in Taiwan and mainland China. With cost advantages and well-established management goodwill, the Company seeks to enhance its market deployment in mainland China and Asia. In addition, we will strengthen our regional expansion in the ASEAN region, taking the Malaysia Plant as the core of our operations and radiating to the Southeast and South Asia markets, gradually improving our market layout in the Asia-Pacific region, demonstrating Eternal's determination to cultivate Greater China and expand into the Asia Pacific region.
- C. In the face of the slowdown of COVID-19, the war between Russia and the Ukraine, the competition between the U.S. and China, and the global inflation, the Company is adjusting its global layout, regionalizing its short chain supply, and improving its industrial chain, and has made strategic alliances with well-known international companies to complete regional and global cooperation. The Company has also established production bases in line with the needs of key accounts and markets to strengthen the strategic cooperation.
- D. The China market, which accounts for a relatively high revenue share, is expected to gradually increase in market due to the gradual release of the epidemic control in China. The Company will actively strive for market success after the release of the epidemic control with a complete production capacity and sales layout.
- E. Our strategy focuses on providing customers with high cost-performance products and comprehensive technical services, accelerating the development of new products and process technology in existing industries, and at the same time, in response to the needs of new industries, we will launch forward-looking new products and strengthen the development of



international emerging markets to increase our competitiveness and market share, thereby generating revenue and profits.

- F. The scale of business continues to grow, along with the market leadership. The quality of products remains competitive; the capacity for research and development of new products has been constantly strengthened. With the integration and development of core technologies, the Company plans to tap into high value-added products, such as key materials and equipment for mainstream industries.
- G. The Company continues to accelerate the establishment of the ERP Core Network and Smart Plant by upstream material integration, strategic investments, and mergers and acquisitions. Along with long-term human resources development strategy, the Company aims to achieve its vision of rooting deeply in Taiwan, expanding footprints in Asia, and embracing the world.

(2) Unfavorable factors:

- A. Drastic changes in raw materials and shipments can affect the Company's operations and profitability. As a result, the Company has integrated raw materials and sourced from international major suppliers to strengthen its bargaining power. In terms of sales, the Company controls changes in the prices of raw materials at any time and adjusts the sales strategy in a timely manner.
- B. Some downstream customers relocating to mainland China and Southeast Asia have switched to local suppliers to shorten supply chain; others have relocated overseas to be close to their customers due to high tariffs and convenience of customer service. The Company has deployed its Malaysia Plant in the early stage to avoid the associated risks.
- C. The VAT rate of the manufacturing industry in mainland China has dropped from 16% to 13%, increasing export rebate; due to an economic slowdown in mainland China, regional competition may increase.
- D. The RCEP has taken shape, leading to higher tariffs for exports from Taiwan factories. In addition to flexibly adjusting factory shipments to avoid tariff increases, we are actively strengthening our R&D and manufacturing capabilities to enhance our overall cost competitiveness.

(II) Production Procedures of Main Products

1. Usage:

- (1) Coating resin: Various water-based and oil-based resin applications in construction coatings, wood coating, PU coating, coiled steel and package coating, automotive refinish coating, and solar power materials.
- (2) General purpose resin: Water-based and oil-based adhesive, trademark and process protection oil glue, film lamination and adhesive, water-based polyurethane, glass fiber sizing agent, structural adhesive, rigid foam, TPU, shoe adhesive, fixing agent, paper varnishing/film agent, floor wax resin, printing and dyeing resin, and cosmetics.
- (3) Unsaturated polyester resin: Using hand lamination, spraying, vacuum infusion, winding, pultrusion, molding and other processes, applied to chemical resistance, corrosion resistance, fire protection and other products-lighting board, storage

tank, yacht, fishing boat, wind turbine cabinet cover, transportation vehicle (rail, passenger vehicles, automobiles); and general industrial products - buttons, artificial marble, injection-molded arts, furniture coating bases, topcoats, car repairs, etc.

- (4) Acrylic monomer & acrylic oligomer: Paper varnish, wood bottom/topcoat, plastic spray finish, plastic vacuum plating/topcoat, CD protective varnish, optical coating, printing inks, digital printing inks, photoresist or anti-solder green paint for PCB, optical film coating, special optical adhesives, UV pressure-sensitive adhesives, resin synthetic crosslinkers, UV water-based coating.
- (5) Special coating: UV printing coating, vacuum plating and sputtering primers, headlight coating, film coating, UV pigmented coating, thermoset tinted coating, UV metal coating, light-curing adhesives, light-curing profiles, UV high specific gravity adhesives.
- (6) Organic silicone materials: Light-diffusing agent, cosmetic grade organic silicone microsphere, modified organic silicone products, UV silicon release agent, display LED packaging adhesive, and liquid silicone rubber.
- (7) Copper-clad laminate: Applied to PCBs for high-end home appliances, such as calculator, telephone, LCD TV, and remote control, keyboard, mouse, digital multi-purpose optical disc drive, LED and traditional lighting power supply board, and other electrical appliances.
- (8) Photoresist materials: Photoresist for image transfer process of printed circuit boards, text ink and dry film anti-humidity photoresist.
- (9) vacuum film laminator: Vacuum film laminator for IC packaging carrier board, flexible circuit board FPC, NCF, LED and other related processes.

## 2. Manufacturing processes:

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

### (III) Supply Status of Main Materials

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

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

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

Unit: NT\$ Thousand

| Item | 2021            |            |   |                              | 2021            |            |   |                              | 2023 Q1         |           |  |                              |
|------|-----------------|------------|---|------------------------------|-----------------|------------|---|------------------------------|-----------------|-----------|--|------------------------------|
|      | Name            | Amount     | Percentage of Total Procurement in the Year | Relationship with the Issuer | Name            | Amount     | Percentage of Total Procurement in the Year | Relationship with the Issuer | Name            | Amount    | Percentage of Total Procurement in the First Quarter of the Year | Relationship with the Issuer |
| 1    | Supplier B      | 2,710,348  | 8%  | None                         | Supplier A      | 1,975,007  | 7%  | None                         | Supplier A      | 36,069    | 6%   | None                         |
|      | Others          | 32,006,248 | 92%   | None                         | Others          | 25,640,291 | 93%   | None                         | Others          | 5,062,612 | 94%  | None                         |
|      | Net procurement | 34,716,596 | 100%  | -                            | Net procurement | 27,615,298 | 100%  | -                            | Net procurement | 5,413,681 | 100%   | -                            |

## 2. List of Major Customers Accounting for 10% or More of Total Sales Amount in the Most Recent Two Years: None.

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

Unit: NT\$ Thousand

| Major Product                            | Year | 2021                |                   |                  | 2022                |                   |                  |
|--|------|---------------------|-------------------|------------------|---------------------|-------------------|------------------|
|  |      | Production Capacity | Production Volume | Production Value | Production Capacity | Production Volume | Production Value |
| Synthetic Resins (ton)                   |      | 701,998             | 480,314           | 23,383,598       | 727,803             | 395,694           | 20,793,867       |
| Electronic materials (KFT <sup>2</sup> ) |      | 5,935,595           | 4,879,580         | 8,292,959        | 5,526,325           | 3,746,873         | 6,906,343        |
| Electronic Materials (others)            |      | -                   | -                 | 1,283,497        | -                   | -                 | 1,529,008        |
| Specialty materials (tons)               |      | 100,111             | 76,525            | 8,333,782        | 116,129             | 70,739            | 8,020,745        |
| Others (others)                          |      | -                   | -                 | -                | -                   | -                 | -                |
| Total                                    |      |                     |                   | 41,293,836       |                     |                   | 37,249,963       |

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

Unit: NT\$ Thousand

| Primary commodity                        | Year | 2021           |           |           |            | 2022           |           |           |            |
|--|------|----------------|-----------|-----------|------------|----------------|-----------|-----------|------------|
|  |      | Domestic Sales |           | Export    |            | Domestic Sales |           | Export    |            |
|  |      | Volume         | Value     | Volume    | Value      | Volume         | Value     | Volume    | Value      |
| Synthetic Resins (ton)                   |      | 50,478         | 2,904,267 | 396,334   | 21,834,088 | 44,101         | 2,734,496 | 357,527   | 21,351,512 |
| Electronic materials (KFT <sup>2</sup> ) |      | 572,102        | 1,234,831 | 4,243,829 | 10,435,929 | 386,983        | 941,261   | 3,347,907 | 8,737,316  |
| Electronic Materials (others)            |      | -              | 997,182   | -         | 1,862,746  | -              | 1,244,106 | -         | 2,386,228  |
| Specialty materials (tons)               |      | 5,525          | 882,919   | 65,978    | 9,970,236  | 5,331          | 917,440   | 61,705    | 10,310,425 |
| Others (others)                          |      | -              | 63,349    | -         | 285,850    | -              | 131,735   | -         | 259,581    |
| Total                                    |      |                | 6,082,548 |           |            |                | 5,969,038 |           | 43,045,062 |

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

### III. Number of Employees Employed

| Year                            |                             | 2021   | 2022   | As of March 31, 2023 |
|---------------------------------|-----------------------------|--------|--------|----------------------|
| Number of employees<br>(Note)   | Direct labor                | 1,264  | 1,197  | 1,214                |
|                                 | Indirect labor              | 3,696  | 3,701  | 3,703                |
|                                 | Total                       | 4,960  | 4,898  | 4,917                |
| Average Age                     |                             | 37.42  | 38.19  | 38.04                |
| Average Year of Services        |                             | 12.12  | 12.46  | 12.59                |
| Distribution Ratio of Education | PhD in Management           | 1.93%  | 1.88%  | 1.81%                |
|                                 | Master                      | 13.37% | 13.50% | 13.44%               |
|                                 | Bachelor (University)       | 35.10% | 35.91% | 36.06%               |
|                                 | Bachelor (Junior College)   | 16.07% | 15.90% | 15.48%               |
|                                 | Senior High School or Below | 33.53% | 32.81% | 33.21%               |

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

### IV. Disbursements for Environmental Protection

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

| Date   | Punishment file number  | Violation of provisions                                     | Violation contents  | Punishment contents | Plant          |
|--------|---|---|---|---------------------|----------------|
| 2022.1 | (S.S.C.) Y.J.F. (2021) No. 794                                    | Regulations on Safety Administration of Hazardous Chemicals | Dangerous chemicals are stored on the container platform, but not in a dedicated warehouse  | Fine of RMB53,750   | Changshu Plant |
| 2022.3 | (J) Y.J.F. (2022) No. -3-001                                      | Regulations on Safety Administration of Hazardous Chemicals | Chemical safety labeling does not meet the requirements of national standards   | Fine of RMB20,000   | Tianjin Plant  |
| 2022.5 | K18387-9  | Environmental Quality Act                                   | The waste does not comply with storage regulations.   | Fine of MY7,000     | Malaysia Plant |
| 2022.5 | (S.S.C.) Y.J.F. (2022) No. 124,<br>(S.S.C.) Y.J.F. (2022) No. 125 | Safety Production Act                                       | Production and operation units did not sign a safety production management agreement with the contractors for the relevant provisions | Fine of RMB42,000   | Changshu Plant |

| Date    | Punishment file number         | Violation of provisions                                     | Violation contents   | Punishment contents | Plant           |
|---------|--------------------------------|---|--|---------------------|-----------------|
| 2022.5  | (Z.) Y.J.F. [2022] No. 15      | Safety Production Act                                       | System interlock circuit test records are not signed by personnel qualified to operate chemical automation control instrumentation | Fine of RMB50,000   | Guangdong Plant |
| 2022.8  | J.B.H.F.Z [2021] No.128        | Air Pollution Control Act                                   | Emission concentration of non-total methane hydrocarbons from TO and RTO systems exceeded the standard                             | Fine of RMB100,000  | Tianjin Plant   |
| 2022.10 | (S.S.C.) Y.J.F. (2022) No. 565 | Regulations on Safety Administration of Hazardous Chemicals | Hazardous chemicals are piled in open spaces   | Fine of RMB53,750   | Changshu Plant  |
| 2022.11 | S.H.H.F.Z [2022] 81 No.328     | Air Pollution Control Act                                   | VOC concentration exceeds industrial pollutant emission standards  | Fine of RMB29,000   | Changshu Plant  |
| 2022.12 | J.B.H.F.Z [2022] No.69         | Air Pollution Control Act                                   | No EIA approval document is provided for exhaust vents   | Fine of RMB30,000   | Tianjin Plant   |

(II) Future response strategies and potential expenditure:

In compliance with the government's environmental regulations and self-regulation requirements, safety and environmental expenditures include the operation and maintenance of pollution prevention equipment, waste treatment, environmental monitoring and training. The Company will budget for new purchase and replacement of equipment to the extent feasible technologically. In 2023, the Company plans to invest NT\$ 287,138 thousand in facility improvement to reduce pollution emissions, to increase energy efficiency, and to enhance production safety measures.

## V. Labor Relations

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

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

According to the "Labor Standards Act", the years of service of regular employees before the implementation of the "Labor Pension Act" on July 1, 2005 and the years of service to which the regular employees choose to apply the "Labor Standards Act" after the implementation of the "Labor Pension Act" shall be included in the calculation of the years of service for retirement. In addition, the Company appropriates 10% of total salaries to the designated account at the Bank of Taiwan and reviews the balance every month. If the balance is insufficient to pay the statutory retired employees in the following

year, the Company will complete the appropriation by the end of the following March to ensure the rights and interests of the retired employees. Since July 1, 2005, new recruits shall apply to the "Labor Pension Act", which stipulates that the Company shall appropriate 6% of an employee's salary to the employee's account at the Bureau of Labor Insurance every month as the pension. In addition, subsidiaries in Mainland China are required to pay pension insurance every month in accordance with the local government regulations.

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

1. Managerial officers' participation in corporate governance training in 2022 is detailed below:

| Title                    | Name             | Date of Training | Organizer                             | Course Name  | Training Hour |
|--------------------------|------------------|------------------|---------------------------------------|--|---------------|
| President                | Mao, Hui-Kuan    | 08.30            | Information Management Department     | Information Security Promotion (Supervisor): Industrial Control Security and Information Security Developments | 2.0           |
| Vice President           | Liao, Hen-Ning   | 01.13            | Development Department                | Data Analysis Thinking of CRM Customer Data  | 4.0           |
| Vice President           | Hung, Chao-Cheng | 08.30            | Information Management Department     | Information Security Promotion (Supervisor): Industrial Control Security and Information Security Developments | 2.0           |
| Vice President           | Pan, Chin-Cheng  | 02.25            | Human Resources Management Department | Internationalization Experience Sharing  | 1.0           |
| Vice President           | Pan, Chin-Cheng  | 08.30            | Information Management Department     | Information Security Promotion (Supervisor): Industrial Control Security and Information Security Developments | 2.0           |
| Assistant Vice President | Lin, Chih-Kuo    | 01.21            | Process Technology Department         | Introduction to Product Carbon Footprint   | 3.0           |
| Assistant Vice President | Lin, Chih-Kuo    | 08.30            | Information Management Department     | Information Security Promotion (Supervisor): Industrial Control Security and Information Security Developments | 2.0           |
| Assistant Vice President | Kao, Chih-Yu     | 01.21            | Research institute                    | New Generation - Light Conversion Materials  | 2.0           |
| Assistant Vice President | Kao, Chih-Yu     | 11.18            | Research institute                    | Application of Polyimide in the Electronics Industry   | 2.0           |
| Assistant Vice President | Kao, Chih-Yu     | 08.30            | Information Management Department     | Information Security Promotion (Supervisor): Industrial Control Security and Information Security Developments | 2.0           |
| Assistant Vice President | Su, Wen-Pin      | 03.28            | Human Resources Management Department | Eternal Career Journal-Three Things the EMBA Taught Me   | 1.0           |
| Assistant Vice President | Su, Wen-Pin      | 08.30            | Information Management Department     | Information Security Promotion (Supervisor): Industrial Control Security and Information Security Developments | 2.0           |
| Assistant Vice President | Yeh, Mao-Jung    | 03.28            | Human Resources Management Department | Eternal Career Journal-Three Things the EMBA Taught Me   | 1.0           |

| Title                    | Name             | Date of Training | Organizer                             | Course Name  | Training Hour |
|--------------------------|------------------|------------------|---------------------------------------|--|---------------|
| Assistant Vice President | Yeh, Mao-Jung    | 06.24            | Research institute                    | New generation solid state battery materials for electric vehicles, energy storage and carbon reduction        | 3.0           |
| Assistant Vice President | Yeh, Mao-Jung    | 08.30            | Information Management Department     | Information Security Promotion (Supervisor): Industrial Control Security and Information Security Developments | 2.0           |
| Assistant Vice President | Yeh, Mao-Jung    | 11.18            | Research institute                    | Application of Polyimide in the Electronics Industry   | 2.0           |
| Assistant Vice President | Weng, Chin-Yi    | 03.28            | Human Resources Management Department | Eternal Career Journal-Three Things the EMBA Taught Me   | 1.0           |
| Assistant Vice President | Weng, Chin-Yi    | 01.21            | Research institute                    | New Generation - Light Conversion Materials  | 2.0           |
| Assistant Vice President | Weng, Chin-Yi    | 06.24            | Research institute                    | New generation solid state battery materials for electric vehicles, energy storage and carbon reduction        | 3.0           |
| Assistant Vice President | Weng, Chin-Yi    | 08.30            | Information Management Department     | Information Security Promotion (Supervisor): Industrial Control Security and Information Security Developments | 2.0           |
| Assistant Vice President | Chu, Jui-Hsin    | 03.28            | Human Resources Management Department | Eternal Career Journal-Three Things the EMBA Taught Me   | 1.0           |
| Assistant Vice President | Chu, Jui-Hsin    | 08.30            | Information Management Department     | Information Security Promotion (Supervisor): Industrial Control Security and Information Security Developments | 2.0           |
| Assistant Vice President | Lin, Chao-Kun    | 08.30            | Information Management Department     | Information Security Promotion (Supervisor): Industrial Control Security and Information Security Developments | 2.0           |
| Assistant Vice President | Chen, Hung-Yi    | 08.30            | Information Management Department     | Information Security Promotion (Supervisor): Industrial Control Security and Information Security Developments | 2.0           |
| Assistant Vice President | Liao, Keng-Chung | 03.28            | Human Resources Management Department | Eternal Career Journal-Three Things the EMBA Taught Me   | 1.0           |
| Assistant Vice President | Chang Chi-Kang   | 01.21            | Research institute                    | New Generation - Light Conversion Materials  | 2.0           |
| Assistant Vice President | Chang Chi-Kang   | 06.24            | Research institute                    | New generation solid state battery materials for electric vehicles, energy storage and carbon reduction        | 3.0           |
| Assistant Vice President | Chang Chi-Kang   | 08.30            | Information Management Department     | Information Security Promotion (Supervisor): Industrial Control Security and Information Security Developments | 2.0           |
| Assistant Vice President | Hsieh, Yen-Fen   | 03.28            | Human Resources Management Department | Eternal Career Journal-Three Things the EMBA Taught Me   | 1.0           |
| Assistant Vice President | Hsieh, Yen-Fen   | 08.30            | Information Management Department     | Information Security Promotion (Supervisor): Industrial Control Security and Information Security Developments | 2.0           |
| Accounting Manager       | Su, Hui-Fang     | 03.28            | Human Resources                       | Eternal Career Journal-Three Things the EMBA Taught Me   | 1.0           |

| Title              | Name         | Date of Training | Organizer                                      | Course Name  | Training Hour |
|--------------------|--------------|------------------|--|--|---------------|
|                    |              |                  | Management Department                          |  |               |
| Accounting Manager | Su, Hui-Fang | 08.30            | Information Management Department              | Information Security Promotion (Supervisor): Industrial Control Security and Information Security Developments | 2.0           |
| Accounting Manager | Su, Hui-Fang | 03.24 - 08.11    | Accounting Research and Development Foundation | Continuing Education for Accounting Officers   | 12.0          |

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

## 2. Employee education and training:

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

2022 Group training expenses are listed below:

Unit: NT\$

| Plant                          | Training Expense | Percentage (%) |
|--------------------------------|------------------|----------------|
| Head Office                    | 5,650,689        | 46             |
| Subsidiaries in mainland China | 6,172,928        | 50             |
| Subsidiaries in other regions  | 438,253          | 4              |
| Total                          | 12,261,870       | 100            |

## 3. In 2022, persons in charge of financial information transparency obtained the following certificates designated by the regulators:

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



4. Code of Conduct or Code of Ethics:

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

(1) "Ethical Corporate Management Principles of Eternal Materials Co., Ltd.":

To develop a sound structure of business operations and fulfill the corporate culture of compliance, trust, and integrity.

(2) "Corporate Governance Best-Practice Principles of Eternal Materials Co., Ltd.":

To develop a sound corporate governance system that ensures the rights and interests of shareholders, enhances the functions of the Board of Directors, and fulfills corporate social responsibility.

(3) "The Management Rules for Internal Material Information Handling and Insider Trading":

To develop an internal material information handling and disclosure system that prevents the improper leak or use of information and ensures the consistence and correctness of information disclosure.

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

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

(5) "Personal Information Protection Regulations":

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

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

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

(7) "Procedures for Workplace Grievances":

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

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

To direct the rewards and punishments for employees' conduct.

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

## VI. Information Security Management

- (I) Describe the cyber security risk management framework, the cyber security policy, the specific management plan and the resources invested in the cyber security management, etc.
  1. Cyber security risk management framework:
    - (1) The Company has appointed an information security officer, established an information security office, and assigned an information security manager and personnel (see the company organization chart).
    - (2) The Information Security Office is responsible for the planning and promotion of the Group's information security system, technical evaluation, education and training, supervision and auditing to strengthen information security risk control.
    - (3) Cyber security management task: The Information Security Office is responsible for promoting cyber security management to implement cyber security management control measures.
  2. Cyber Security Policy:
    - (1) To improve employee awareness, prevent data leakage, and implement daily maintenance to ensure the confidentiality, integrity, availability, and compliance of the core system management business.
  3. Specific management plan
    - (1) The Information Security Office shall organize regular information security risk assessments, set priorities based on the magnitude of the risk impact and the cost required to reduce the risk, adopt the Plan-Do-Check-Act (PDCA) approach to structure multi-layer information security defense, and establish information security key performance indicators.
    - (2) By joining the Joint Security Organization, we can obtain external information sharing and information security incident assistance channels in a timely manner.
      - A. Taiwan Information Security Officers Consortium (CISO)
      - B. Taiwan Computer Emergency Response Team / Coordination Center (TWCERT/CC)
      - C. Science Park Information Sharing and Analysis Center (SPISAC)
  4. Resources invested in the cyber security management
    - (1) Regular server and PC-related vulnerability patching is performed to reduce the risk of equipment exposure.
    - (2) Vulnerability scanning and penetration testing
      - A. We conduct annual vulnerability scanning and penetration testing of the Group's network equipment, applications and products.
    - (3) Annual cyber security education training, and anti phishing drills
      - A. The Group conducts education and training on cyber security, educates employees on the identification of phishing emails, conducts phishing drills, and analyzes the results of the drills to develop improvement measures to continuously raise the awareness of all employees on information security.

B. Every year, senior management will receive cyber security education training to integrate the awareness of information security into daily management.

(II) List the losses suffered due to major cyber security incidents in the most recent fiscal year up to the publication date of the annual report, and the possible impact and countermeasures. If the amount cannot be reasonably estimated, facts of which estimation cannot be made shall be explained: For the latest year and up to the date of publication of the annual report, the Eternal Group had no material information security incidents and no financial loss or operational impact caused by information security incidents.

## VII. Important Contracts

| Nature of Contract   | Contracting Party                                      | Commencement Date and Expiration Date | Major Content   | Restrictions |
|----------------------|--|---------------------------------------|---|--------------|
| Supply Contract      | Formosa Chemicals & Fibre Corporation                  | 2023.01.01-2023.12.31                 | Raw material supply   | None         |
|                      | Kunshan Juchuan Chemical Co., Ltd. (Note 1)            | 2023.02.01-2024.01.31                 |   | None         |
|                      | Wanhua Petrochemical (Yantai) Co., Ltd. (Note 2)       | 2023.01.01-2023.12.31                 |   | None         |
|                      | Roehm (Shanghai) Co., Ltd. (Note 2)                    | 2023.01.01-2023.12.31                 |   | None         |
|                      | Formosa Industries (Ningbo) Co., Ltd. (Note 3)         | 2023.01.01-2023.12.31                 |   | None         |
|                      | Sinochem Petrochemical Distribution Co., Ltd. (Note 4) | 2023.02.01-2023.12.31                 |   | None         |
|                      | UPC Technology Corporation (Note 5)                    | 2023.02.01-2023.07.31                 |   | None         |
| Joint Loan Agreement | E.SUN Commercial Bank and the Syndicates               | 2018.07.11-2023.05.16                 | Repayment of loans to financial institutions and replenishment of working capital<br>Replenishment of working capital | None         |
|                      | Bank of Taiwan and the Syndicates                      | 2019.11.16-2024.11.06                 | Corporate bond guarantee  | None         |
|                      | Taipei Fubon Bank and the Syndicates (Note 6)          | 2020.11.25-2025.11.25                 | Ensure sufficient mid-term operating capital and to increase equity investment in subsidiaries for debt reduction.    | None         |
|                      | E.SUN Commercial Bank and the Syndicates               | 2021.08.27-2026.08.27                 | Repayment of loans to financial institutions and replenishment of working capital<br>Replenishment of working capital | None         |
| Loan Contract        | Syndicate banks, including First Commercial Bank       | 2017.10.02-2025.11.23                 | Repayment of loans to financial   | None         |

| Nature of Contract | Contracting Party | Commencement Date and Expiration Date | Major Content   | Restrictions |
|--------------------|-------------------|---------------------------------------|---|--------------|
|                    |                   |                                       | institutions and replenishment of working capital<br>Replenishment of working capital |              |

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

Note 2. Signed by the subsidiaries Eternal Chemical (China) Co., Ltd., Eternal Material (Guangdong) Co., Ltd., Eternal Special Material (Suzhou) Co., Ltd., and Eternal Special Material (Zhuhai) Co., Ltd. with the other contracting party.

Note 3. Signed by the subsidiaries Eternal Chemical (China) Co., Ltd., Eternal Materials (Zhuhai) Co., Ltd., Eternal Material (Guangdong) Co., Ltd. and Eternal Special Material (Suzhou) Co., Ltd. with the other contracting party.

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

Note 5. Signed by the subsidiary Eternal Chemical (China) Co., Ltd., Eternal Material (Guangdong) Co., Ltd., Eternal Synthetic Resins (Changshu) Co., Ltd., and Eternal Chemical (Chengdu) Co., Ltd. with the other contracting party.

Note 6. Signed by Eternal Nanyang Investment Co., Ltd. with the other contracting party.

## VIII. Work Environment and Personal Safety Protection Measures

### (I) Specific measures for safety and health management

#### 1. Formulate safety and health policies

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

#### 2. Regular review of EHS management system

##### (1) ISO 45001: 2018 Occupational Safety and Health Management System

Original verification date: January 7, 2009

Certificate validity period: August 2, 2023

##### (2) CNS 45001: 2018 Taiwan Occupational Safety and Health Management System

Original verification date: January 7, 2009

Certificate validity period: August 2, 2023

##### (3) ISO 14001:2015 Environmental Management System

Original verification date: July 23, 1999

Certificate validity period: July 22, 2023

##### (4) ISO 5001:2011 Energy Management System

Original verification date: November 21, 2017

Certificate validity period: November 20, 2023

#### 3. Risk Assessment and Countermeasures

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

#### 4. Incident Reduction

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

#### 5. Monitoring of Operating Environment

According to the Regulation Governing the Implementation of Environmental Monitoring, the Company has entrusted qualified environmental monitoring

institutions to test for chemical and physical factors in the work environment and the compliance. Any abnormalities found in the test will be corrected to protect the health of employees.

6. Health Care and Management

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

(II) Work Safety Control Measures

1. According to the safety and health regulations and the results of hazard identification and risk assessment, the Company implements work permits and special controls over hot work, limited space operation, pipe flanges or disassembly and blind sealing, power outage (electrical isolation) and hot line work, overhead operations, hoisting operations, excavation, and waterjet cutting.
2. Before daily operations, the Company organizes a toolbox talk to remind employees of hazards; safety and health supervisors are also appointed to oversee and ensure the work safety during construction.
3. Hazardous equipment is regularly examined according to the regulations. Operators are required to obtain professional licenses and attend retraining on a regular basis. The Company conducts risk assessment of Class A hazardous workplaces every five years to ensure the work safety.
4. The Company investigates into injuries, non-injury accidents, and false alarms and takes corrective measures to eliminate the hazards caused by humans and working environments; in addition, the Company conducts the ad hoc inspections of equipment and operations and makes corrective plans to avoid injuries.
5. To avoid musculoskeletal injuries caused by long-term work on-site and improve productivity at the same time, the Company makes improvement plans for operations and equipment based on the analysis of ergonomics.
6. To ensure the production safety in the work environment, the Company has designated the explosion-proof areas, controlled the use and installation of electrical equipment, and evaluated the process safety; in addition, corrective action is taken against unacceptable risks.
7. In addition to external audits, the Industrial Safety & Environmental Protection Department organizes safety and health audits of the environment, equipment, and operations on a regular basis to ensure the compliance with operating procedures and work safety.

## Chapter 6. Overview of Financial Status

### I. Condensed Balance Sheets and Statements of Comprehensive Income for the Most Recent Five Years

#### (I) Condensed Balance Sheet - Consolidated

Unit: NT\$ Thousand

| Item \ Year (Note 1)                                       | Financial Information for the Most Recent Five Years |                   |                   |                   |                   | Financial Information for the Year as of March 31, 2023 |            |
|--|--|-------------------|-------------------|-------------------|-------------------|---|------------|
|  | 2018   | 2019              | 2020              | 2021              | 2022 (Note 2)     |   |            |
| <b>CURRENT ASSETS</b>                                      | 30,666,571   | 30,227,516        | 32,621,948        | 37,041,238        | 35,181,624        | 33,478,419  |            |
| Property, plant and equipment                              | 18,792,384   | 17,435,546        | 16,623,050        | 16,369,000        | 17,472,950        | 17,656,111  |            |
| Intangible assets  | 385,279  | 343,782           | 282,235           | 261,442           | 248,830           | 244,381   |            |
| Other assets   | 4,516,045  | 5,789,885         | 6,661,392         | 6,864,009         | 6,551,872         | 6,663,519   |            |
| <b>Total assets</b>  | <b>54,360,279</b>                                    | <b>53,796,729</b> | <b>56,188,625</b> | <b>60,535,689</b> | <b>59,455,276</b> | <b>58,042,430</b>                                       |            |
| Current liabilities  | Before distribution                                  | 14,482,801        | 15,828,650        | 15,513,121        | 19,523,383        | 17,114,420  | 17,935,509 |
|  | After distribution                                   | 15,599,053        | 17,565,041        | 17,373,540        | 21,383,802        | 18,528,339  |            |
| <b>Non-Current Liabilities</b>                             |  | 18,252,309        | 16,048,344        | 17,437,202        | 16,345,449        | 17,269,516  | 16,181,114 |
| Total liabilities  | Before distribution                                  | 32,735,110        | 31,876,994        | 32,950,323        | 35,868,832        | 34,383,936  | 34,116,623 |
|  | After distribution                                   | 33,851,362        | 33,613,385        | 34,810,742        | 37,729,251        | 35,797,855  |            |
| <b>Equity attributable to owners of the parent company</b> |  | 21,003,079        | 21,415,337        | 22,834,497        | 24,239,108        | 24,760,404  | 23,615,358 |
| Share capital  |  | 12,402,795        | 12,402,795        | 12,402,795        | 12,402,795        | 11,782,655  | 11,782,655 |
| Capital reserve  |  | 356,046           | 356,046           | 368,946           | 368,946           | 368,946   | 371,719    |
| Retained earnings  | Before distribution                                  | 8,755,131         | 10,099,185        | 10,845,276        | 12,649,186        | 13,586,404  | 12,309,202 |
|  | After distribution                                   | 7,638,879         | 8,362,794         | 8,984,857         | 10,788,767        | 12,172,485  |            |
| Other equity   |  | (510,893)         | (1,442,689)       | (782,520)         | (1,181,819)       | (977,601)   | (848,218)  |
| Treasury stock   |  | 0                 | 0                 | 0                 | 0                 | 0   | 0          |
| Non-controlling interests                                  |  | 622,090           | 504,398           | 403,805           | 427,749           | 310,936   | 310,449    |
| Total equity   | Before distribution                                  | 21,625,169        | 21,919,735        | 23,238,302        | 24,666,857        | 25,071,340  | 23,925,807 |
|  | After distribution                                   | 20,508,917        | 20,183,344        | 21,377,883        | 22,806,438        | 23,657,421  |            |

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

Note 2. On March 10, 2023, the Board of Directors resolved to distribute the 2022 cash dividends and reported to the shareholders' meeting.

## (II) Condensed Statement of Composite Income - Consolidated

Unit: NT\$ Thousand

| Item \ Year (Note)  | Financial Information for the Most Recent Five Years |            |            |            |            | Financial Information for the Year as of March 31, 2023 |
|---|--|------------|------------|------------|------------|---|
|   | 2018   | 2019       | 2020       | 2021       | 2022       |   |
| Operating revenue   | 43,300,155   | 40,363,238 | 38,370,366 | 50,471,397 | 49,014,100 | 9,575,492   |
| Operating gross profit  | 7,279,839  | 7,856,953  | 8,885,888  | 10,694,148 | 10,162,785 | 1,709,855   |
| Operating profit or loss  | 1,813,005  | 2,335,050  | 3,138,926  | 4,095,041  | 3,276,845  | 244,092   |
| Non-operating income and expenses   | 50,966   | 578,881    | 5,583      | 336,818    | 238,072    | (17,526)  |
| Net profit before tax   | 1,863,971  | 2,913,931  | 3,144,509  | 4,431,859  | 3,514,917  | 226,566   |
| Net income from continuing operation                                      | 1,492,323  | 2,428,081  | 2,493,217  | 3,485,710  | 2,619,481  | 133,647   |
| Loss from discontinued departments  | 0  | 0          | 0          | 0          | 0          | 0   |
| Net profit (loss)   | 1,492,323  | 2,428,081  | 2,493,217  | 3,485,710  | 2,619,481  | 133,647   |
| Other comprehensive income (loss) in this period (net income after tax)   | (600,017)  | (945,873)  | 593,951    | (289,282)  | 374,596    | 131,966   |
| Total comprehensive income  | 892,306  | 1,482,208  | 3,087,168  | 3,196,428  | 2,994,077  | 265,613   |
| Net profit attributable to owners of the parent company                   | 1,550,515  | 2,466,356  | 2,543,496  | 3,549,268  | 2,617,592  | 136,717   |
| Net profit attributable to non-controlling interests                      | (58,192)   | (38,275)   | (50,279)   | (63,558)   | 1,889      | (3,070)   |
| Total composite gains/losses attributable to owners of the parent company | 952,243  | 1,531,715  | 3,139,446  | 3,268,236  | 2,998,649  | 266,100   |
| Total composite gains/losses attributable to non-controlling interests    | (59,937)   | (49,507)   | (52,278)   | (71,808)   | (4,572)    | (487)   |
| Earnings per share (NT\$)   | 1.25   | 1.99       | 2.05       | 2.86       | 2.15       | 0.12  |

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

## (III) Condensed balance sheet - parent company only

Unit: NT\$ Thousand

| Item \ Year (Note 1)                                | Financial Information for the Most Recent Five Years |                   |                   |                   |                   |            |
|---|--|-------------------|-------------------|-------------------|-------------------|------------|
|   | 2018   | 2019              | 2020              | 2021              | 2022              |            |
| <b>CURRENT ASSETS</b>                               | 7,847,541  | 7,114,450         | 7,146,604         | 9,390,592         | 8,419,155         |            |
| Property, plant and equipment                       | 6,034,560  | 6,184,393         | 6,145,448         | 6,300,703         | 6,897,112         |            |
| Intangible assets                                   | 89,365   | 88,005            | 229,525           | 219,426           | 207,149           |            |
| Other assets  | 29,612,160   | 29,569,146        | 30,636,180        | 31,926,169        | 32,297,176        |            |
| <b>Total assets</b>                                 | <b>43,583,626</b>                                    | <b>42,955,994</b> | <b>44,157,757</b> | <b>47,836,890</b> | <b>47,820,592</b> |            |
| Current liabilities                                 | Before distribution                                  | 7,720,218         | 7,006,246         | 5,989,894         | 8,873,535         | 8,922,658  |
|   | After distribution                                   | 8,836,470         | 8,742,637         | 7,850,313         | 10,733,954        | 10,336,577 |
| <b>Non-Current Liabilities</b>                      | <b>14,860,329</b>                                    | <b>14,534,411</b> | <b>15,333,366</b> | <b>14,724,247</b> | <b>14,137,530</b> |            |
| Total liabilities                                   | Before distribution                                  | 22,580,547        | 21,540,657        | 21,323,260        | 23,597,782        | 23,060,188 |
|   | After distribution                                   | 23,696,799        | 23,277,048        | 23,183,679        | 25,458,201        | 24,474,107 |
| Equity attributable to owners of the parent company | N/A  | N/A               | N/A               | N/A               | N/A               |            |
| Share capital                                       | 12,402,795   | 12,402,795        | 12,402,795        | 12,402,795        | 11,782,655        |            |
| Capital reserve                                     | 356,046  | 356,046           | 368,946           | 368,946           | 368,946           |            |
| Retained earnings                                   | Before distribution                                  | 8,755,131         | 10,099,185        | 10,845,276        | 12,649,186        | 13,586,404 |
|   | After distribution                                   | 7,638,879         | 8,362,794         | 8,984,857         | 10,788,767        | 12,172,485 |
| Other equity  | (510,893)  | (1,442,689)       | (782,520)         | (1,181,819)       | (977,601)         |            |
| Treasury stock                                      | 0  | 0                 | 0                 | 0                 | 0                 |            |
| Non-controlling interests                           | N/A  | N/A               | N/A               | N/A               | N/A               |            |
| Total equity  | Before distribution                                  | 21,003,079        | 21,415,337        | 22,834,497        | 24,239,108        | 24,760,404 |
|   | After distribution                                   | 19,886,827        | 19,678,946        | 20,974,078        | 22,378,689        | 23,346,485 |

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

Note 2. On March 10, 2023, the Board of Directors resolved to distribute the 2022 cash dividends and reported to the shareholders' meeting.



## (IV) Condensed Statement of Composite Income - Parent Company Only

Unit: NT\$ Thousand

| Item  | Year (Note) | Financial Information for the Most Recent Five Years |            |            |            |            |
|---|-------------|--|------------|------------|------------|------------|
|   |             | 2018   | 2019       | 2020       | 2021       | 2022       |
| Operating revenue   |             | 16,113,899   | 14,804,018 | 13,011,068 | 16,562,728 | 16,211,752 |
| Operating gross profit  |             | 2,296,895  | 2,639,659  | 2,594,915  | 2,926,007  | 3,192,531  |
| Operating profit or loss  |             | (158,239)  | 144,187    | (66,112)   | (197,623)  | (7,515)    |
| Non-operating income and expenses   |             | 1,670,309  | 2,411,301  | 2,666,196  | 3,918,772  | 2,683,333  |
| Net profit before tax   |             | 1,512,070  | 2,555,488  | 2,600,084  | 3,721,149  | 2,675,818  |
| Net income from continuing operation                                      |             | 1,550,515  | 2,466,356  | 2,543,496  | 3,549,268  | 2,617,592  |
| Loss from discontinued departments  |             | 0  | 0          | 0          | 0          | 0          |
| Net profit (loss)   |             | 1,550,515  | 2,466,356  | 2,543,496  | 3,549,268  | 2,617,592  |
| Other comprehensive income for the period, net of income tax              |             | (598,272)  | (934,641)  | 595,950    | (281,032)  | 381,057    |
| Total comprehensive income  |             | 952,243  | 1,531,715  | 3,139,446  | 3,268,236  | 2,998,649  |
| Net profit attributable to owners of the parent company                   |             | N/A  | N/A        | N/A        | N/A        | N/A        |
| Net profit attributable to non-controlling interests                      |             | N/A  | N/A        | N/A        | N/A        | N/A        |
| Total composite gains/losses attributable to owners of the parent company |             | N/A  | N/A        | N/A        | N/A        | N/A        |
| Total composite gains/losses attributable to non-controlling interests    |             | N/A  | N/A        | N/A        | N/A        | N/A        |
| Earnings per share (NT\$)   |             | 1.25   | 1.99       | 2.05       | 2.86       | 2.15       |

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

## (V) Names of CPAs and their audit opinions

| Year | Accounting Firm   | Name of CPA                     | Opinion  |
|------|-------------------|---------------------------------|--|
| 2018 | Deloitte & Touche | Kuo, Li-Yuan and Kung, Chun-Chi | Unqualified opinion plus audit report on other matters |
| 2019 | Deloitte & Touche | Kuo, Li-Yuan and Kung, Chun-Chi | Unqualified opinion plus audit report on other matters |
| 2020 | Deloitte & Touche | Wang, Chao-Chun, Kuo, Li-Yuan   | Unqualified opinion plus audit report on other matters |
| 2021 | Deloitte & Touche | Wang, Chao-Chun, Kuo, Li-Yuan   | Unqualified opinion plus audit report on other matters |
| 2022 | Deloitte & Touche | Wang, Chao-Chun, Kuo, Li-Yuan   | Unqualified opinion plus audit report on other matters |

## II. Financial Analysis for the Most Recent Five Years

### (I) Financial Analysis - Consolidated

| Items for Analysis      |   | Year | Financial Analysis for the Most Recent Five Years |      |      |      |      | As of March 31, 2023 |
|-------------------------|---|------|---|------|------|------|------|----------------------|
|                         |   |      | 2018  | 2019 | 2020 | 2021 | 2022 |                      |
| Financial Structure (%) | Debt-asset ratio  |      | 60  | 59   | 59   | 59   | 58   | 59                   |
|                         | Ratio of long-term capital to property, plant and equipment |      | 212   | 218  | 245  | 251  | 242  | 227                  |
| Solvency (%)            | Current ratio   |      | 212   | 191  | 210  | 190  | 206  | 187                  |
|                         | Quick ratio   |      | 151   | 140  | 157  | 131  | 145  | 128                  |
|                         | Interest coverage ratio                                     |      | 4   | 7    | 9    | 16   | 11   | 3                    |
| Operating Ability       | Receivables turnover rate (times)                           |      | 2.9   | 2.6  | 2.3  | 2.6  | 2.6  | 2.3                  |
|                         | Average collection days                                     |      | 128   | 139  | 159  | 138  | 141  | 157                  |
|                         | Inventory turnover rate (times)                             |      | 4.5   | 4.2  | 3.9  | 4.3  | 3.7  | 3.2                  |
|                         | Payables turnover rate (times)                              |      | 11  | 8    | 6    | 6    | 6    | 6                    |
|                         | Average days for sale                                       |      | 81  | 86   | 93   | 85   | 98   | 155                  |
|                         | Property, plant and equipment turnover rate (times)         |      | 2   | 2    | 2    | 3    | 3    | 2                    |
|                         | Total asset turnover rate (times)                           |      | 1   | 1    | 1    | 1    | 1    | 1                    |
| Profitability           | Return on total assets (%)                                  |      | 4   | 5    | 5    | 6    | 5    | 1                    |
|                         | Return on equity (%)  |      | 7   | 11   | 11   | 15   | 11   | 2                    |
|                         | Ratio of net profit before tax to paid-in capital (%)       |      | 15  | 23   | 25   | 36   | 30   | 8                    |
|                         | Net profit margin (%)                                       |      | 3   | 6    | 6    | 7    | 5    | 1                    |
|                         | Earnings per share (NT\$)                                   |      | 1.25  | 1.99 | 2.05 | 2.86 | 2.15 | 0.12                 |
| Cash flow               | Cash flow ratio (%)   |      | 20  | 31   | 27   | 4    | 38   | 12                   |
|                         | Cash flow adequacy ratio (%)                                |      | 58  | 67   | 66   | 53   | 88   | 95                   |
|                         | Cash reinvestment ratio (%)                                 |      | 4   | 7    | 4    | -2   | 7    | 3                    |
| Leverage                | Operating leverage  |      | 3   | 3    | 2    | 2    | 2    | 6                    |
|                         | Financial leverage  |      | 1   | 1    | 1    | 1    | 1    | 2                    |

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

1. Reasons for changes in the most recent two years
  - (1) Interest coverage multiple: The interest coverage multiple decreased due to the decrease in pre-tax net income and the increase in interest expense as a result of interest rate increase.
  - (2) Profitability: Net profit after tax decreased due to the decline in sales volume.
  - (3) Cash flow: The increase in net cash flow from operating activities was mainly due to the increase in the collection of operating-related receivables during the year.
2. Reasons for changes in the first quarter of 2023 and 2022:
  - (1) Interest coverage ratio: The decrease in pre-tax net profit and the impact of rising interest rates resulted in an increase in interest expenses, leading to a decrease in the interest coverage ratio.
  - (2) Real estate, plant, and equipment turnover ratio: Primarily due to a decrease in sales volume, resulting in a decrease in operating revenue.
  - (3) Profitability: The decrease in sales volume led to a decrease in post-tax net profit.
  - (4) Cash flow: Mainly calculated as net cash flow from operating activities for a single quarter.
  - (5) Leverage ratio: Primarily due to a decrease in operating profit.

## (II) Financial Analysis - Parent Company Only

| Items for Analysis      |   | Year | Financial Analysis for the Most Recent Five Years |        |        |        |        |
|-------------------------|---|------|---|--------|--------|--------|--------|
|                         |   |      | 2018  | 2019   | 2020   | 2021   | 2022   |
| Financial Structure (%) | Debt-asset ratio  |      | 52  | 50     | 48     | 49     | 48     |
|                         | Ratio of long-term capital to property, plant and equipment |      | 594   | 581    | 621    | 618    | 564    |
| Solvency (%)            | Current ratio   |      | 102   | 102    | 119    | 106    | 94     |
|                         | Quick ratio   |      | 63  | 65     | 75     | 59     | 56     |
|                         | Interest coverage ratio                                     |      | 6   | 11     | 14     | 23     | 13     |
| Operating Ability       | Receivables turnover rate (times)                           |      | 3.9   | 3.9    | 3.7    | 4.2    | 4.1    |
|                         | Average collection days                                     |      | 93  | 94     | 100    | 86     | 90     |
|                         | Inventory turnover rate (times)                             |      | 4.5   | 4.4    | 4.0    | 4.0    | 3.4    |
|                         | Payables turnover rate (times)                              |      | 9.5   | 9.4    | 8.6    | 9.1    | 9.9    |
|                         | Average days for sale                                       |      | 81  | 83     | 92     | 92     | 107    |
|                         | Property, plant and equipment turnover rate (times)         |      | 3   | 2      | 2      | 3      | 2      |
|                         | Total asset turnover rate (times)                           |      | 0.4   | 0.3    | 0.3    | 0.4    | 0.3    |
| Profitability           | Return on total assets (%)                                  |      | 4   | 6      | 6      | 8      | 6      |
|                         | Return on equity (%)  |      | 7   | 12     | 11     | 15     | 11     |
|                         | Ratio of net profit before tax to paid-in capital (%)       |      | 12  | 21     | 21     | 30     | 23     |
|                         | Net profit margin (%)                                       |      | 10  | 17     | 20     | 21     | 16     |
|                         | Earnings per share (NT\$)                                   |      | 1.25  | 1.99   | 2.05   | 2.86   | 2.15   |
| Cash flow               | Cash flow ratio (%)   |      | 24  | 25     | 37     | 4      | 40     |
|                         | Cash flow adequacy ratio (%)                                |      | 64  | 70     | 72     | 51     | 74     |
|                         | Cash reinvestment ratio (%)                                 |      | 3   | 1      | 1      | -3     | 3      |
| Leverage                | Operating leverage  |      | Note 1  | 16     | Note 1 | Note 1 | Note 1 |
|                         | Financial leverage  |      | Note 1  | Note 2 | Note 1 | Note 1 | Note 1 |

Note 1. It is not calculated due to the net operating loss for the year.

Note 2. It is not calculated since the amount of the annual net operating profit is negative after deducting interest expense.

Analysis of financial ratio difference for the last two years (Analysis is not be required if such changes are within 20%)

1. Interest coverage multiple: The decrease in interest coverage multiple is mainly due to the decrease in the share of profit or loss of subsidiaries and affiliates and the decrease in net income before income tax due to interest rate increase.
2. Profitability: Mainly due to the decrease in the profit / loss of the subsidiary in which the principal system recognized the equity method, which increased the related profitability index.
3. Cash flow: The increase in net cash flow from operating activities was mainly due to the decrease in working capital requirements.

## Formula

### 1. Financial Structure

- (1) Liabilities to Assets Ratio = Total Liabilities / Total Assets.
- (2) Ratio of long-term capital to property, plant and equipment = (Total equity + Non-current liabilities) / Net worth of property, plant and equipment.

### 2. Solvency

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

### 3. Operating Ability

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

### 4. Profitability

- (1) Return on assets = [Net income + Interest expenses × (1-Tax rate)] / Average total assets.
- (2) Return on equity = profit and loss after tax/average total equity.
- (3) Profit margin = Net income / Net sales.
- (4) Earnings per share = (net gain or loss attributable to owners of the parent company - preferred stock dividend) / weighted average number of shares outstanding.

### 5. Cash flow

- (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities.
- (2) Net cash flow adequacy ratio = net cash flow rising from operating activities in the most recent five years / (capital expenditure + inventory increase + cash dividend) in the most recent five years.
- (3) Cash re-investment ratio = (net cash flows from operating activities - cash dividend) / (gross property, plant and equipment + long-term investment + other non-current assets + working capital).

### 6. Leverage:

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

### III. Audit Committee's Review Report for the Most Recent Year's Financial Statements

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

#### Audit Committee's Review Report

Approved

The Company's 2022 business report, earnings distribution, financial statements and consolidated financial statements submitted by the Board of Directors have been reviewed by the Audit Committee, and no irregularities have been found. The review report is hereby presented in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely,

2023 Shareholders' General Meeting

Eternal Materials Co., Ltd.

Convener of the Audit Committee:

March 10, 2023

#### IV. Financial Statement for the Most Recent Year

##### **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The entities that are required to be included in the consolidated financial statements of affiliates under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2022 are all the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the consolidated financial statements of affiliates has been disclosed in the consolidated financial statements of Eternal Materials Co., Ltd. and its subsidiaries. Consequently, Eternal Materials Co., Ltd. and its subsidiaries did not prepare a separate set of combined financial statements of affiliates.

Very truly yours,

Eternal Materials Co., Ltd.

By

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Kao, Kuo-Lun  
Chairman

March 10, 2023

## **INDEPENDENT AUDITORS' REPORT**

Eternal Materials Co., Ltd.

### **Opinion**

We have audited the accompanying consolidated financial statements of Eternal Materials Co., Ltd. (the "Company") and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, based on our audits and the reports of other auditors (refer to the Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2022 and 2021, and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company and its subsidiaries' consolidated financial statements for the year ended December 31, 2022 is described as follows:

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

### 1. Description

The percentage of sales of the high performance materials department of Eternal Materials Co., Ltd and its subsidiaries increased due to the economic upturn. Therefore, we identified the occurrence of revenue from the high performance materials department as a key audit matter.

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

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

### **Other Matter**

The financial statements of some subsidiaries and associates were audited by other auditors. Therefore, our opinion on the amounts included in the accompanying financial statements was based on the financial statements audited by other auditors. Total assets from the subsidiary amounted to NT\$2,586,727 thousand, representing 4% of the Company and its subsidiaries' total assets as of December 31, 2021; and the operating revenue amounted to NT\$2,789,997 thousand, representing 6% of the Company and its subsidiaries' total operating revenue for the year ended December 31, 2021. Such investments accounted for using the equity method amounted to NT\$672,942 thousand and NT\$849,578 thousand, both representing 1% of the Company and its subsidiaries' total assets as of December 31, 2022 and 2021, respectively; and the share of the profit of these associates amounted to NT\$97,155 thousand and NT\$233,368 thousand, representing 3% and 7% of the Company and its subsidiaries' total comprehensive income for the years ended December 31, 2022 and 2021, respectively.

We have also audited the standalone financial statements of the Company as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion with other matter paragraph.

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

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

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

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



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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 10, 2023

Notice to Readers

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

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

## Eternal Materials Co., Ltd. and Subsidiaries

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

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

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

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

## Eternal Materials Co., Ltd. and Subsidiaries

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

|  | For the Year Ended December 31 |            |                   |            |
|--|--------------------------------|------------|-------------------|------------|
|  | 2022                           |            | 2021              |            |
|  | Amount                         | %          | Amount            | %          |
| OPERATING REVENUE (Notes 23 and 31)                            | \$ 49,014,100                  | 100        | \$ 50,471,397     | 100        |
| OPERATING COSTS (Notes 9, 24 and 31)                           | <u>38,851,315</u>              | <u>79</u>  | <u>39,777,249</u> | <u>79</u>  |
| GROSS PROFIT   | <u>10,162,785</u>              | <u>21</u>  | <u>10,694,148</u> | <u>21</u>  |
| OPERATING EXPENSES (Notes 8, 24 and 31)                        |                                |            |                   |            |
| Selling and marketing expenses                                 | 3,022,867                      | 6          | 2,956,111         | 6          |
| General and administrative expenses                            | 2,187,867                      | 5          | 2,122,880         | 4          |
| Research and development expenses                              | 1,647,930                      | 3          | 1,526,595         | 3          |
| Expected credit loss (gain)                                    | <u>27,276</u>                  | <u>-</u>   | <u>(6,479)</u>    | <u>-</u>   |
| Total operating expenses                                       | <u>6,885,940</u>               | <u>14</u>  | <u>6,599,107</u>  | <u>13</u>  |
| PROFIT FROM OPERATIONS   | <u>3,276,845</u>               | <u>7</u>   | <u>4,095,041</u>  | <u>8</u>   |
| NON-OPERATING INCOME AND EXPENSES                              |                                |            |                   |            |
| Interest income (Note 24)                                      | 105,782                        | -          | 97,049            | -          |
| Other income (Notes 24 and 31)                                 | 363,473                        | 1          | 283,647           | 1          |
| Other gains and losses (Notes 7, 10, 15, 18 and 24)            | (45,156)                       | -          | (168,556)         | -          |
| Net loss on disposal of financial assets at amortized cost     | (10,699)                       | -          | -                 | -          |
| Finance costs (Note 24)  | (358,983)                      | (1)        | (291,812)         | (1)        |
| Share of the profit of associates and joint ventures (Note 14) | <u>183,655</u>                 | <u>-</u>   | <u>416,490</u>    | <u>1</u>   |
| Total non-operating income and expenses                        | <u>238,072</u>                 | <u>-</u>   | <u>336,818</u>    | <u>1</u>   |
| PROFIT BEFORE INCOME TAX                                       | 3,514,917                      | 7          | 4,431,859         | 9          |
| INCOME TAX EXPENSE (Notes 4 and 25)                            | <u>(895,436)</u>               | <u>(2)</u> | <u>(946,149)</u>  | <u>(2)</u> |
| NET PROFIT FOR THE YEAR  | <u>2,619,481</u>               | <u>5</u>   | <u>3,485,710</u>  | <u>7</u>   |

(Continued)

## Eternal Materials Co., Ltd. and Subsidiaries

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

|   | For the Year Ended December 31 |          |                     |            |
|---|--------------------------------|----------|---------------------|------------|
|   | 2022                           |          | 2021                |            |
|   | Amount                         | %        | Amount              | %          |
| OTHER COMPREHENSIVE INCOME (LOSS)<br>(Notes 14, 21, 22 and 25)  |                                |          |                     |            |
| Items that will not be reclassified subsequently to profit or loss:   |                                |          |                     |            |
| Remeasurement of defined benefit plans  | \$ 215,516                     | -        | \$ 54,804           | -          |
| Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income | (236,069)                      | -        | 105,061             | -          |
| Remeasurement of defined benefit plans of associates and joint ventures accounted for using the equity method     | 4,645                          | -        | (1,852)             | -          |
| Income tax relating to items that will not be reclassified subsequently to profit or loss                         | (49,872)                       | -        | 21,977              | -          |
| Items that may be reclassified subsequently to profit or loss:  |                                |          |                     |            |
| Exchange differences on translation of the financial statement of foreign operations                              | 399,619                        | 1        | (454,706)           | (1)        |
| Share of the other comprehensive income (loss) of associates and joint ventures                                   | <u>40,757</u>                  | <u>-</u> | <u>(14,566)</u>     | <u>-</u>   |
| Other comprehensive income (loss) for the year, net of income tax   | <u>374,596</u>                 | <u>1</u> | <u>(289,282)</u>    | <u>(1)</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR   | <u>\$ 2,994,077</u>            | <u>6</u> | <u>\$ 3,196,428</u> | <u>6</u>   |
| NET PROFIT (LOSS) ATTRIBUTABLE TO:  |                                |          |                     |            |
| Owners of the Company   | \$ 2,617,592                   |          | \$ 3,549,268        |            |
| Non-controlling interests   | <u>1,889</u>                   |          | <u>(63,558)</u>     |            |
|   | <u>\$ 2,619,481</u>            |          | <u>\$ 3,485,710</u> |            |
| TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:  |                                |          |                     |            |
| Owners of the Company   | \$ 2,998,649                   |          | \$ 3,268,236        |            |
| Non-controlling interests   | <u>(4,572)</u>                 |          | <u>(71,808)</u>     |            |
|   | <u>\$ 2,994,077</u>            |          | <u>\$ 3,196,428</u> |            |
| EARNINGS PER SHARE (Note 26)  |                                |          |                     |            |
| Basic   | \$ 2.15                        |          | \$ 2.86             |            |
| Diluted   | 2.15                           |          | 2.85                |            |

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

(Concluded)

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

## Eternal Materials Co., Ltd. and Subsidiaries

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

|  | Equity Attributable to Owners of the Company |                 |                   |                 |                         |  | Other Equity   |                    | Total         | Non-controlling Interests | Total Equity  |
|--|--|-----------------|-------------------|-----------------|-------------------------|--|--|--------------------|---------------|---------------------------|---------------|
|  | Ordinary Shares                              | Capital Surplus | Retained Earnings |                 |                         | Exchange Differences on Translating Foreign Operations | Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income | Total Other Equity |               |                           |               |
|  |  |                 | Legal Reserve     | Special Reserve | Unappropriated Earnings |  |  |                    |               |                           |               |
| BALANCE AT JANUARY 1, 2022   | \$ 12,402,795                                | \$ 368,946      | \$ 4,437,120      | \$ 781,875      | \$ 7,430,191            | \$ (1,781,848)   | \$ 600,029   | \$ (1,181,819)     | \$ 24,239,108 | \$ 427,749                | \$ 24,666,857 |
| Appropriation of the 2021 earnings (Note 22)   | -  | -               | 366,497           | -               | (366,497)               | -  | -  | -                  | -             | -                         | -             |
| Legal reserve appropriated   | -  | -               | 366,497           | -               | (366,497)               | -  | -  | -                  | -             | -                         | -             |
| Special reserve appropriated   | -  | -               | -                 | 399,944         | (399,944)               | -  | -  | -                  | -             | -                         | -             |
| Cash dividends - NT\$1.5 per share   | -  | -               | -                 | -               | (1,860,419)             | -  | -  | -                  | (1,860,419)   | -                         | (1,860,419)   |
| Net profit (loss) for the year ended December 31, 2022   | -  | -               | 366,497           | 399,944         | (2,626,860)             | -  | -  | -                  | (1,860,419)   | -                         | (1,860,419)   |
| Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax                        | -  | -               | -                 | -               | 2,617,592               | -  | -  | -                  | 2,617,592     | 1,889                     | 2,619,481     |
| Total comprehensive income (loss) for the year ended December 31, 2022   | -  | -               | -                 | -               | 176,839                 | 446,837  | (242,619)  | 204,218            | 381,057       | (6,461)                   | 374,596       |
| Capital reduction by cash (Note 22)  | (620,140)                                    | -               | -                 | -               | -                       | -  | -  | -                  | (620,140)     | -                         | (620,140)     |
| Disposal of subsidiaries (Note 27)   | -  | -               | -                 | -               | -                       | -  | -  | -                  | -             | (127,529)                 | (127,529)     |
| Changes in non-controlling interests   | -  | -               | -                 | -               | -                       | -  | -  | -                  | -             | 15,288                    | 15,288        |
| Disposal of investments in equity instruments at fair value through other comprehensive income (Note 25)         | -  | -               | -                 | -               | 3,206                   | -  | -  | -                  | 3,206         | -                         | 3,206         |
| BALANCE AT DECEMBER 31, 2022   | \$ 11,782,655                                | \$ 368,946      | \$ 4,803,617      | \$ 1,181,819    | \$ 7,600,968            | \$ (1,335,011)   | \$ 357,410   | \$ (977,601)       | \$ 24,760,404 | \$ 310,936                | \$ 25,071,340 |
| BALANCE AT JANUARY 1, 2021   | \$ 12,402,795                                | \$ 368,946      | \$ 4,188,871      | \$ 1,442,690    | \$ 5,213,715            | \$ (1,320,826)   | \$ 538,306   | \$ (782,520)       | \$ 22,834,497 | \$ 403,805                | \$ 23,238,302 |
| Appropriation of the 2020 earnings (Note 22)   | -  | -               | 248,249           | -               | (248,249)               | -  | -  | -                  | -             | -                         | -             |
| Legal reserve appropriated   | -  | -               | 248,249           | -               | (248,249)               | -  | -  | -                  | -             | -                         | -             |
| Reversal of special reserve  | -  | -               | -                 | (660,170)       | 660,170                 | -  | -  | -                  | -             | -                         | -             |
| Cash dividends - NT\$1.5 per share   | -  | -               | -                 | -               | (1,860,419)             | -  | -  | -                  | (1,860,419)   | -                         | (1,860,419)   |
| Net profit (loss) for the year ended December 31, 2021   | -  | -               | 248,249           | (660,170)       | (1,448,498)             | -  | -  | -                  | (1,860,419)   | -                         | (1,860,419)   |
| Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax                        | -  | -               | -                 | -               | 3,549,268               | -  | -  | -                  | 3,549,268     | (63,558)                  | 3,485,710     |
| Total comprehensive income (loss) for the year ended December 31, 2021   | -  | -               | -                 | -               | 42,638                  | (461,022)  | 137,352  | (323,670)          | (281,032)     | (8,250)                   | (289,282)     |
| Changes in non-controlling interests   | -  | -               | -                 | -               | -                       | -  | -  | -                  | -             | 95,752                    | 95,752        |
| Disposal of investments in equity instruments at fair value through other comprehensive income (Notes 22 and 25) | -  | -               | -                 | -               | 72,423                  | -  | (75,629)   | (75,629)           | (3,206)       | -                         | (3,206)       |
| Others (Note 22)   | -  | -               | -                 | (645)           | 645                     | -  | -  | -                  | -             | -                         | -             |
| BALANCE AT DECEMBER 31, 2021   | \$ 12,402,795                                | \$ 368,946      | \$ 4,437,120      | \$ 781,875      | \$ 7,430,191            | \$ (1,781,848)   | \$ 600,029   | \$ (1,181,819)     | \$ 24,239,108 | \$ 427,749                | \$ 24,666,857 |

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

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

## Eternal Materials Co., Ltd. and Subsidiaries

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

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

(Continued)

## Eternal Materials Co., Ltd. and Subsidiaries

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

|  | <b>For the Year Ended December 31</b> |                     |
|--|---------------------------------------|---------------------|
|  | <b>2022</b>                           | <b>2021</b>         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                                       |                     |
| Proceeds from disposal of financial assets at fair value through other comprehensive income          | \$ -                                  | \$ 84,697           |
| Proceeds from capital reduction of financial assets at fair value through other comprehensive income | 1,238                                 | -                   |
| Purchase of financial assets at fair value through profit or loss                                    | (1,028,602)                           | (1,507,103)         |
| Proceeds from disposal of financial assets at fair value through profit of loss                      | 1,033,240                             | 1,511,193           |
| Proceeds from capital reduction of investments accounted for using the equity method                 | 123,909                               | -                   |
| Proceeds from disposal of non-current assets held for sale   | 29,242                                | -                   |
| Payments for property, plant and equipment   | (2,782,784)                           | (2,048,942)         |
| Proceeds from disposal of property, plant and equipment  | 6,031                                 | 56,184              |
| Decrease in other receivables from related parties   | -                                     | 1,856               |
| Payments for intangible assets   | (20,482)                              | (9,100)             |
| Decrease in long-term lease receivables  | 25,988                                | 27,561              |
| Increase in other financial assets   | (1,021,410)                           | (134,641)           |
| Increase in other non-current assets   | (9,183)                               | (206,689)           |
| Net cash used in investing activities  | <u>(3,642,813)</u>                    | <u>(2,224,984)</u>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                                       |                     |
| Increase in short-term borrowings  | 654,870                               | 240,145             |
| Proceeds from issuance of bonds  | -                                     | 2,500,000           |
| Proceeds from long-term borrowings   | 8,534,451                             | 9,145,811           |
| Repayments of long-term borrowings   | (8,508,282)                           | (10,142,675)        |
| Decrease in guarantee deposits received  | (961)                                 | (11,294)            |
| Repayment of the principal portion of lease liabilities  | (89,511)                              | (123,411)           |
| Dividends paid   | (1,860,419)                           | (1,860,419)         |
| Capital reduction by cash  | (620,140)                             | -                   |
| Change in non-controlling interests  | 3,128                                 | 95,752              |
| Net cash used in financing activities  | <u>(1,886,864)</u>                    | <u>(156,091)</u>    |
| <b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>                                 | <u>109,619</u>                        | <u>(187,319)</u>    |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>  | 1,161,299                             | (1,818,827)         |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>  | <u>4,289,467</u>                      | <u>6,108,294</u>    |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>  | <u>\$ 5,450,766</u>                   | <u>\$ 4,289,467</u> |

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

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

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

(Concluded)

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



# Eternal Materials Co., Ltd. and Subsidiaries

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

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### 1. GENERAL INFORMATION

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

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

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors and authorized for issue on March 10, 2023.

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

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

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

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

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

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

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

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

As of the date the consolidated financial statements were authorized for issue, the Company and its subsidiaries have assessed that the application of other standards and interpretations will not have a material impact on the Company and its subsidiaries' financial position and financial performance.

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

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

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

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

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

c. Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

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

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

d. Basis of consolidation

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

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

When the Company and its subsidiaries lose control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the

former subsidiary at their carrying amounts at the date when control is lost. The Company and its subsidiaries account for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company and its subsidiaries had directly disposed of the related assets or liabilities.

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

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

e. Business combinations

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

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

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

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

f. Foreign currencies

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

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

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

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

For the purpose of presenting the consolidated financial statements, the functional currencies of the foreign operations (including subsidiaries, associates and joint ventures in other countries or those that use currencies that are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates

prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

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

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

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

g. Inventories

Inventories consist of raw materials, supplies, finished goods, work in progress and inventory in transit. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at specific identification of cost and weighted-average cost by the nature and use of inventories, respectively.

h. Investments in associates and joint ventures

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

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

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

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

When the Company and its subsidiaries subscribe for additional new shares of an associate and joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company and its subsidiaries' proportionate interest in the associate and joint venture. The Company and its subsidiaries record such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - share of changes in

equities of the associates and joint ventures and investments accounted for using the equity method. If the Company and its subsidiaries' ownership interest is reduced due to non-subscription of the new shares of the associate and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be a deduction to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is deducted from retained earnings.

When the Company and its subsidiaries' share of losses of an associate and joint venture equal or exceed their interest in that associate and joint venture (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company and its subsidiaries' net investment in the associate and joint venture), the Company and its subsidiaries discontinue recognizing their share of further losses. Additional losses and liabilities are recognized only to the extent that the Company and its subsidiaries have incurred legal obligations, or constructive obligations, or made payments on behalf of that associate and joint venture.

When impairment loss is evaluated, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment has subsequently increased.

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

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

i. Property, plant, and equipment

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

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

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

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

j. Investment properties

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

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

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

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

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

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

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

k. Goodwill

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

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

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized on goodwill is not reversed in subsequent periods.

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

l. Intangible assets

1) Intangible assets acquired separately

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

2) Intangible assets acquired in a business combination

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

3) Derecognition of intangible assets

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

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

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

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

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

n. Non-current assets held for sale

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

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



When a sale plan would result in a loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale, regardless of whether the Company and its subsidiaries will retain a non-controlling interest in that subsidiary after the sale.

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

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

o. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The dividends and net gain or loss are recognized in profit or loss. Fair value is determined in the manner described in Note 30.

ii Financial assets at amortized cost

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

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

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

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

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

iii Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

c) Derecognition of financial assets

The Company and its subsidiaries derecognize a financial asset only when the contractual rights to the cash flows from the asset expire, or when they transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Company and its subsidiaries neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, the Company and its subsidiaries recognize their retained interest in the asset and any associated liability for amounts they may have to pay. If the Company and its subsidiaries retain substantially all the risks and rewards of ownership of a transferred financial asset, the Company and its subsidiaries continue to recognize the financial asset and also recognize the proceeds received in borrowings and accounts payable.

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

2) Financial liabilities

a) Subsequent measurement

The Company and its subsidiaries measure all financial liabilities at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

p. Revenue recognition

The Company and its subsidiaries identify contracts with customers, allocate the transaction price to the performance obligations and recognize revenue when performance obligations are satisfied.

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

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

q. Leasing

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

1) The Company and its subsidiaries as lessor

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

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

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

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

2) The Company and its subsidiaries as lessee

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

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

Right-of-use assets are presented on a separate line in the consolidated balance sheets, except for those that meet the definition of investment properties. For the recognition and measurement of right-of-use assets that meet the definition of investment properties, refer to the accounting policies for investment properties.

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

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

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

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

r. Borrowing costs

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

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

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

s. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (current service cost and past service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur or when the plan amendment or curtailment occurs. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period

in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

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

t. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

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

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

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

### Key Sources of Estimation and Assumption Uncertainty

a. Income taxes

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

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

b. Estimated impairment of accounts receivable

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

c. Write-down of inventories

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

d. Recognition and measurement of defined benefit plans

The resulting defined benefit costs under the defined benefit pension plans and the net defined benefit liabilities (assets) are calculated using the projected unit credit method. Actuarial assumptions comprise the discount rates, rates of employee turnover, future salary increases rate, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have an impact on the amount of expenses and liabilities.

## 6. CASH AND CASH EQUIVALENTS

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

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

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

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

## 8. NOTES, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

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

(Continued)



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

a. Notes receivable and accounts receivable

The notes and accounts receivable of the Company and its subsidiaries are measured at amortized cost. For the related credit management policies, refer to Note 30.

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

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

December 31, 2022

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

December 31, 2021

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

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

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

b. Other receivables

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

## 9. INVENTORIES

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

The cost of inventories recognized as operating costs for the years ended December 31, 2022 and 2021 was \$38,756,231 thousand and \$39,716,823 thousand, respectively, including write-down of inventories of \$88,519 thousand and \$139,870 thousand, respectively.

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

In August 2021, the board of directors of the Company resolved to dispose of the entire equity interest held by its subsidiary Eternal (China) Investment Co., Ltd., in another subsidiary Eternal Sun A. (Suzhou) Co., Ltd. after all its loans from related parties have been repaid. The aforementioned repayment of loans was completed in December 2021, and the assets and liabilities attributable to the subsidiary disposed of were reclassified as disposal groups held for sale and presented separately in the consolidated balance sheets. The subsidiary completed the disposal procedure in February 2022 (refer to Note 27). As of December 31, 2021, the major classes of assets and liabilities of the disposal groups held for sale were as follows:

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

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

## 11. OTHER FINANCIAL ASSETS - CURRENT

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

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

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

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

## 13. SUBSIDIARIES

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

| Investor    | Investee   | Main Businesses  | Percentage of Ownership (%) |                   | Additional Remarks |
|-------------|--|--|-----------------------------|-------------------|--------------------|
|             |  |  | December 31, 2022           | December 31, 2021 |                    |
| The Company | Eternal Holdings Inc.                            | International investment   | 100                         | 100               |                    |
|             | Eternal Global (BVI) Co., Ltd.                   | International investment   | 100                         | 100               |                    |
|             | Mixville Holdings Inc.                           | International investment   | 100                         | 100               |                    |
|             | CHOU-KOU Materials Co., Ltd.                     | Selling, trading and providing services of resins material, electronic material and other related products | 100                         | 100               |                    |
|             | Nikko-Materials Co., Ltd. (NM)                   | Manufacturing and selling of dry film photoresist and vacuum laminator                                     | -                           | 100               | 2)                 |
|             | Eternal Electronic Material (Thailand) Co., Ltd. | Trading services, cutting and selling of dry film photoresist  | 75                          | 75                |                    |

(Continued)

| Investor                              | Investee  | Main Businesses  | Percentage of Ownership (%) |                   | Additional Remarks       |
|---------------------------------------|---|--|-----------------------------|-------------------|--------------------------|
|                                       |   |  | December 31, 2022           | December 31, 2021 |                          |
|                                       | New E Materials Co., Ltd.                                   | Researching, developing, manufacturing and selling of photoelectric, semiconductor process related electronic chemical materials and equipment spare parts   | 62.80                       | 62.80             |                          |
|                                       | Eternal Precision Mechanics Co., Ltd.                       | Manufacturing and selling of vacuum laminator  | 100                         | -                 | 2)                       |
|                                       | Elga Europe S.r.l.  | Manufacturing, selling, distribution and processing of electronic chemical products  | 72.68                       | 72.68             |                          |
| Eternal Global (BVI) Co., Ltd.        | Eternal Chemical (China) Co., Ltd.                          | Manufacturing and selling of resins material and processing products   | 100                         | 100               |                          |
| Eternal Holdings Inc.                 | Eternal International (BVI) Co., Ltd.                       | International investment   | 100                         | 100               |                          |
|                                       | E-Chem Corp.  | International investment   | 100                         | 100               |                          |
|                                       | Eternal Nanyang Investment Co., Ltd.                        | International investment   | 90                          | 90                |                          |
|                                       | PT Eternal Materials Indonesia                              | Trading of chemical products   | 67                          | 67                |                          |
| Eternal International (BVI) Co., Ltd. | Eternal Technology Corporation                              | Manufacturing and selling of photoresist   | 100                         | 100               |                          |
|                                       | Eternal (China) Investment Co., Ltd.                        | Managing, investing consulting services, researching, leasing, manufacturing and selling of resins material and photoelectric chemical materials   | 100                         | 100               |                          |
| E-Chem Corp.                          | Eternal Specialty Materials (Zhuhai) Co., Ltd.              | Manufacturing and selling of acrylic resin and methacrylic acid  | 90                          | 90                |                          |
| Eternal Nanyang Investment Co., Ltd.  | Eternal Materials (Malaysia) Sdn. Bhd.                      | Manufacturing, selling, trading and providing services of resins material related products   | 100                         | 100               |                          |
| Mixville Holdings Inc.                | High Expectation Limited                                    | International investment   | 100                         | 100               |                          |
| High Expectation Limited              | Eternal Materials (Guangdong) Co., Ltd.                     | Manufacturing and selling of adhesives, resins material and processing of products   | 100                         | 100               |                          |
| Eternal (China) Investment Co., Ltd.  | Eternal Optical Material (Suzhou) Co., Ltd.                 | Manufacturing and selling of optical films, and leasing business   | 100                         | 100               |                          |
|                                       | Eternal Photoelectric Material Industry (Yingkou) Co., Ltd. | Researching, developing and manufacturing of photoresist dry film, liquid photo imaginable solder masks and printed circuit board related materials  | 100                         | 100               |                          |
|                                       | Eternal Synthetic Resins (Changshu) Co., Ltd.               | Manufacturing and selling of unsaturated polyester resin   | 100                         | 100               |                          |
|                                       | Eternal Chemical (Chengdu) Co., Ltd.                        | Researching, manufacturing and selling of resins material  | 100                         | 100               |                          |
|                                       | Eternal Electronic (Suzhou) Co., Ltd.                       | Researching, developing, and manufacturing of dry film photoresist and dry film solder mask which used in electronic materials, researching resin materials and selling, providing after sales service of self-produced products | 100                         | 100               |                          |
|                                       | Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.    | Researching, developing, manufacturing and selling of electronic high-tech chemical and related products   | 100                         | 100               |                          |
|                                       | Eternal Sun A. (Suzhou) Co., Ltd.                           | Researching, developing, and manufacturing of optical protective film which used in display, and selling, providing after sales service of self-produced products  | -                           | 60                | 1), Notes 10 and Notes27 |
|                                       | Eternal Chemical (Tianjin) Co., Ltd.                        | Manufacturing and selling of adhesives, resins material and processing products  | 100                         | 100               |                          |
|                                       | Eternal Specialty Materials (Suzhou) Co., Ltd.              | Researching and developing chemical products, and selling, providing technical services of self-produced products  | 100                         | 100               |                          |
|                                       | Elga Europe S.r.l.  | Manufacturing, selling, distribution and processing of electronic chemical products  | 22.32                       | 22.32             |                          |
|                                       | Eternal Material Industry (Tongling) Co., Ltd.              | Manufacturing, selling, trading and providing technical services of products related to resins material  | 100                         | 100               |                          |
| Eternal Precision Mechanics Co., Ltd. | Nikko Mechanics Co., Ltd. (NM)                              | Manufacturing and selling of dry film photoresist and vacuum laminator   | 100                         | -                 | 2)                       |

(Concluded)

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

- 2) The organizational restructuring was approved by the shareholders in their meeting in June 2022, and the Company spun off the related business (including assets, liabilities, and business value) of the Electric Equipment Department of Electronic Materials BU and its subsidiary NM to its wholly-owned subsidiary, Eternal Precision Mechanics Co., Ltd.. The spin-off base date was October 1, 2022.
- b. The Company and its subsidiaries did not have any subsidiary with material non-controlling interests.

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

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

- a. Investments accounted for using the equity method

Investments in associates

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

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

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

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

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

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

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

|   | <u>December 31</u>                    |                    |
|---|---------------------------------------|--------------------|
|   | <u>2022</u>                           | <u>2021</u>        |
| Associates that are not individually material                                   | \$ (40,424)                           | \$ (26,711)        |
| Information about associates that are not individually material was as follows: |                                       |                    |
|   | <u>For the Year Ended December 31</u> |                    |
|   | <u>2022</u>                           | <u>2021</u>        |
| The Company and its subsidiaries' share of                                      |                                       |                    |
| Net loss for the year   | \$ (13,369)                           | \$ (12,687)        |
| Other comprehensive income (loss) for the year                                  | <u>(344)</u>                          | <u>71</u>          |
| Total comprehensive loss for the year   | <u>\$ (13,713)</u>                    | <u>\$ (12,616)</u> |

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

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

## 15. PROPERTY, PLANT AND EQUIPMENT

### For the Year Ended December 31, 2022

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

## For the Year Ended December 31, 2021

|   | Land         | Buildings     | Machinery and Equipment | Storage Equipment | Examination Equipment | Other Equipment | Construction in Progress and Equipment to be Inspected | Total         |
|---|--------------|---------------|-------------------------|-------------------|-----------------------|-----------------|--|---------------|
| Carrying amount at January 1, 2021              | \$ 2,680,444 | \$ 5,362,540  | \$ 6,273,237            | \$ 656,418        | \$ 541,695            | \$ 358,188      | \$ 750,528   | \$ 16,623,050 |
| <u>Cost</u>                                     |              |               |                         |                   |                       |                 |  |               |
| Balance at January 1, 2021                      | \$ 2,680,444 | \$ 11,323,614 | \$ 21,620,157           | \$ 1,559,720      | \$ 1,644,996          | \$ 902,637      | \$ 750,528   | \$ 40,482,096 |
| Additions                                       | 41,200       | 407,075       | 1,046,490               | 59,995            | 119,326               | 65,070          | 319,179  | 2,058,335     |
| Disposals                                       | (4,249)      | (38,154)      | (164,976)               | (26,878)          | (48,703)              | (15,861)        | -  | (298,821)     |
| Transferred from investment properties          | -            | 11,114        | -                       | -                 | -                     | -               | -  | 11,114        |
| Transferred to non-current assets held for sale | -            | (121,110)     | (275,115)               | (25,474)          | (4,570)               | (176)           | (1,375)  | (427,820)     |
| Effect of foreign currency exchange difference  | (20,411)     | (117,735)     | (206,911)               | (10,812)          | (5,269)               | (18,895)        | (4,359)  | (384,392)     |
| Balance at December 31, 2021                    | \$ 2,696,984 | \$ 11,464,804 | \$ 22,019,645           | \$ 1,556,551      | \$ 1,705,780          | \$ 932,775      | \$ 1,063,973   | \$ 41,440,512 |
| <u>Accumulated depreciation and impairment</u>  |              |               |                         |                   |                       |                 |  |               |
| Balance at January 1, 2021                      | \$ -         | \$ 5,961,074  | \$ 15,346,920           | \$ 903,302        | \$ 1,103,301          | \$ 544,449      | \$ -   | \$ 23,859,046 |
| Depreciation                                    | -            | 538,993       | 1,123,042               | 73,103            | 123,377               | 80,705          | -  | 1,939,220     |
| Disposals                                       | -            | (34,327)      | (150,778)               | (24,886)          | (45,561)              | (12,835)        | -  | (268,387)     |
| Transferred from investment properties          | -            | 713           | -                       | -                 | -                     | -               | -  | 713           |
| Transferred to non-current assets held for sale | -            | (61,027)      | (155,810)               | (14,046)          | (2,965)               | (142)           | -  | (233,990)     |
| Effect of foreign currency exchange difference  | -            | (54,872)      | (156,866)               | 3,554             | (3,042)               | (13,864)        | -  | (225,090)     |
| Balance at December 31, 2021                    | \$ -         | \$ 6,350,554  | \$ 16,006,508           | \$ 941,027        | \$ 1,175,110          | \$ 598,313      | \$ -   | \$ 25,071,512 |
| Carrying amount at December 31, 2021            | \$ 2,696,984 | \$ 5,114,250  | \$ 6,013,137            | \$ 615,524        | \$ 530,670            | \$ 334,462      | \$ 1,063,973   | \$ 16,369,000 |

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

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

Refer to Note 32 for the amounts of property, plant and equipment pledged by the Company and its subsidiaries as collateral for bank borrowings.

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

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

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

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

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

b. Lease liabilities

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

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

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

c. Material leasing activities and terms

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

d. Other lease information

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



## 17. INVESTMENT PROPERTIES

For the Year Ended December 31, 2022

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

For the Year Ended December 31, 2021

|  | <b>Land</b>      | <b>Buildings</b>    | <b>Right-of-use<br/>Assets</b> | <b>Total</b>        |
|--|------------------|---------------------|--------------------------------|---------------------|
| Carrying amount at January 1, 2021               | <u>\$ 59,827</u> | <u>\$ 1,227,604</u> | <u>\$ 69,390</u>               | <u>\$ 1,356,821</u> |
| <u>Cost</u>                                      |                  |                     |                                |                     |
| Balance at January 1, 2021                       | \$ 59,827        | \$ 1,407,484        | \$ 73,714                      | \$ 1,541,025        |
| Additions  | 355              | 34,174              | -                              | 34,529              |
| Transferred to property, plant and equipment     | -                | (11,114)            | -                              | (11,114)            |
| Transferred to right-of-use assets               | -                | -                   | (847)                          | (847)               |
| Effects of foreign currency exchange differences | <u>(5,542)</u>   | <u>(16,582)</u>     | <u>(508)</u>                   | <u>(22,632)</u>     |
| Balance at December 31, 2021                     | <u>\$ 54,640</u> | <u>\$ 1,413,962</u> | <u>\$ 72,359</u>               | <u>\$ 1,540,961</u> |

(Continued)

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

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

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

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

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

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

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

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

Operating income and expenses directly related to investment properties

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

**18. INTANGIBLE ASSETS**

For the Year Ended December 31, 2022

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

For the Year Ended December 31, 2021

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

(Continued)

|  | Goodwill         | Expertise         | Customer Relationships | Computer Software | Others           | Total             |
|--|------------------|-------------------|------------------------|-------------------|------------------|-------------------|
| Transferred to non-current assets held for sale  | \$ -             | \$ -              | \$ -                   | \$ -              | \$ (1,192)       | \$ (1,192)        |
| Effects of foreign currency exchange differences | -                | -                 | -                      | -                 | (35,227)         | (35,227)          |
| Balance at December 31, 2021                     | <u>\$ 37,000</u> | <u>\$ 127,513</u> | <u>\$ 104,038</u>      | <u>\$ 30,849</u>  | <u>\$ 80,097</u> | <u>\$ 379,497</u> |
| Carrying amount at December 31, 2021             | <u>\$ 33,853</u> | <u>\$ -</u>       | <u>\$ -</u>            | <u>\$ 216,119</u> | <u>\$ 11,470</u> | <u>\$ 261,442</u> |

(Concluded)

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

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

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

## 19. FINANCE LEASE RECEIVABLES

The lease period of the Company and its subsidiaries' lease contracts for both renovation works and machinery and equipment is ten-year, and the implicit interest rate range of the leases is 4.84%-6.23%. The Company and its subsidiaries entered into a lease agreement with an associate Allnex - Eternal Resins (Guangdong) Co., Ltd. for the leasing out of machinery and equipment for ten years, and the implicit interest rate in the lease was 6.23%. This agreement was deemed as a sales agreement. The gain on disposal will be deferred and subsequently recognized as profit over the lease term. The balance of finance lease receivables generated from the aforementioned transactions was \$19,282 thousand and \$28,442 thousand as of December 31, 2022 and 2021, respectively.

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

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

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

## 20. BORROWINGS

### a. Short-term borrowings

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

### b. Long-term borrowings

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

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

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

c. Facility agreements and financial covenants

- 1) During the period of the credit facility agreements, the Company and its subsidiaries made agreements with the creditors that the current ratio, liability ratio, interest coverage ratio and net tangible assets of the consolidated financial statements will be maintained within a certain specified ratio or amount and reviewed at least once a year. If the Company or its subsidiaries breach these clauses, the bank and syndicated banks can cancel the credit line or declare that part or all of the loan together with accrued interest is immediately due. The Company was in compliance with the syndicated credit facility agreements based on its consolidated financial statements for the years ended December 31, 2022 and 2021.

- 2) As of December 31, 2022, the Company and its subsidiaries utilized the credits under signed facility agreements of the following banks.

| Bank                                     | Currency | Credit line |
|--|----------|-------------|
| Bank SinoPac Co., Ltd.                   | NTD      | \$ 600,000  |
| HSBC Bank (Taiwan) Limited               | NTD      | 900,000     |
| CTBC Bank Co., Ltd.                      | NTD      | 300,000     |
| Far Eastern International Bank Co., Ltd. | NTD      | 800,000     |

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

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

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

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

d. Bonds payable

|  | <u>December 31</u>  |                     |
|--|---------------------|---------------------|
|  | <u>2022</u>         | <u>2021</u>         |
| 5 year secured bonds - issued at par value   |                     |                     |
| Issued in November 2019; interest at 0.82%; principal repayable at maturity and interest payable annually    | \$ 3,000,000        | \$ 3,000,000        |
| Less: Issuance cost  | <u>(2,240)</u>      | <u>(3,439)</u>      |
|  | <u>2,997,760</u>    | <u>2,996,561</u>    |
| 5 year secured bonds - issued at par value   |                     |                     |
| Issued in August 2021; interest rate at 0.58%; principal repayable at maturity and interest payable annually | 2,500,000           | 2,500,000           |
| Less: Issuance cost  | <u>(3,839)</u>      | <u>(4,878)</u>      |
|  | <u>2,496,161</u>    | <u>2,495,122</u>    |
|  | <u>\$ 5,493,921</u> | <u>\$ 5,491,683</u> |

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

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

## 21. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

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

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

### b. Defined benefit plans

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

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

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

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

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

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

(Continued)



|   | <b>Present Value<br/>of the Defined<br/>Benefit<br/>Obligation</b> | <b>Fair Value of<br/>the Plan Assets</b> | <b>Net Defined<br/>Benefit<br/>Liabilities</b> |
|---|--|--|--|
| Service cost  |  |  |  |
| Current service cost  | \$ 29,948  | \$ -                                     | \$ 29,948                                      |
| Past service cost   | 56,825   | -  | 56,825   |
| Interest expense (income)   | <u>12,559</u>  | <u>(7,384)</u>                           | <u>5,175</u>                                   |
| Recognized in profit or loss  | <u>99,332</u>  | <u>(7,384)</u>                           | <u>91,948</u>                                  |
| Remeasurement   |  |  |  |
| Return on plan assets (excluding amounts<br>included in net interest) | -  | (92,739)                                 | (92,739)                                       |
| Actuarial gain - changes in financial<br>assumptions                  | (135,000)  | -  | (135,000)                                      |
| Actuarial loss - experience adjustments                               | <u>12,223</u>  | <u>-</u>                                 | <u>12,223</u>                                  |
| Recognized in other comprehensive income                              | <u>(122,777)</u>   | <u>(92,739)</u>                          | <u>(215,516)</u>                               |
| Contributions from the employer                                       | -  | (107,994)                                | (107,994)                                      |
| Benefits paid   | <u>(213,660)</u>   | <u>197,056</u>                           | <u>(16,604)</u>                                |
|   | <u>(213,660)</u>   | <u>89,062</u>                            | <u>(124,598)</u>                               |
| Exchange differences  | <u>(2,084)</u>   | <u>-</u>                                 | <u>(2,084)</u>                                 |
| Balance at December 31, 2022  | <u>\$ 1,847,531</u>  | <u>\$ (1,241,808)</u>                    | <u>\$ 605,723</u>                              |
| Balance at January 1, 2021  | <u>\$ 2,197,946</u>  | <u>\$ (1,154,628)</u>                    | <u>\$ 1,043,318</u>                            |
| Service cost  |  |  |  |
| Current service cost  | 44,008   | -  | 44,008   |
| Interest expense (income)   | <u>6,833</u>   | <u>(3,464)</u>                           | <u>3,369</u>                                   |
| Recognized in profit or loss  | <u>50,841</u>  | <u>(3,464)</u>                           | <u>47,377</u>                                  |
| Remeasurement   |  |  |  |
| Return on plan assets (excluding amounts<br>included in net interest) | -  | (17,593)                                 | (17,593)                                       |
| Actuarial loss - changes in population<br>assumptions                 | 2,073  | -  | 2,073  |
| Actuarial gain - changes in financial<br>assumptions                  | (61,300)   | -  | (61,300)                                       |
| Actuarial loss - experience adjustments                               | <u>22,016</u>  | <u>-</u>                                 | <u>22,016</u>                                  |
| Recognized in other comprehensive income                              | <u>(37,211)</u>  | <u>(17,593)</u>                          | <u>(54,804)</u>                                |
| Contributions from the employer                                       | -  | (116,835)                                | (116,835)                                      |
| Benefits paid   | <u>(117,497)</u>   | <u>61,773</u>                            | <u>(55,724)</u>                                |
|   | <u>(117,497)</u>   | <u>(55,062)</u>                          | <u>(172,559)</u>                               |
| Exchange differences  | <u>(7,359)</u>   | <u>-</u>                                 | <u>(7,359)</u>                                 |
| Balance at December 31, 2021  | <u>\$ 2,086,720</u>  | <u>\$ (1,230,747)</u>                    | <u>\$ 855,973</u><br>(Concluded)               |

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

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

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

1) Investment risk

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

2) Interest risk

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

3) Salary risk

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

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

|                                      | <b>December 31</b>   |  |
|--------------------------------------|--|--|
|                                      | <b>2022</b>  | <b>2021</b>  |
| Discount rate (%)                    | 1.10-1.40  | 0.60-0.70  |
| Expected rate of salary increase (%) | 0.00-3.00  | 0.00-3.00  |
| Mortality rate (%)                   | Population was based on the 6th Taiwan Standard Ordinary Experience Mortality Table/85% of National Life Table | Population was based on the 6th Taiwan Standard Ordinary Experience Mortality Table/85% of National Life Table |
| Resignation rate (%)                 | 0.00-23.00   | 0.00-23.00   |
| Early retirement rate (%)            | 0.10-99.00   | 0.10-99.00   |

If possible reasonable change in each of the significant actuarial assumptions will occur and all other

assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

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

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

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

## 22. EQUITY

### a. Share capital

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

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

### b. Capital surplus

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

(Continued)

|   | <b>December 31</b> |                   |
|---|--------------------|-------------------|
|   | <b>2022</b>        | <b>2021</b>       |
| Treasury share transactions   | \$ 19,642          | \$ 19,642         |
| Difference between the consideration received or paid and the carrying amount of the subsidiaries during actual disposal or acquisition | <u>12,872</u>      | <u>12,872</u>     |
|   | <u>341,531</u>     | <u>341,531</u>    |
| May be used to offset deficit only  |                    |                   |
| Share of change in equities of associates or joint ventures   | 27,357             | 27,357            |
| Others  | <u>58</u>          | <u>58</u>         |
|   | <u>27,415</u>      | <u>27,415</u>     |
|   | <u>\$ 368,946</u>  | <u>\$ 368,946</u> |

(Concluded)

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

c. Retained earnings and dividend policy

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

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

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

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

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

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

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

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

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

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

d. Other equity items

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

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

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

2) Unrealized gains and losses on financial assets at FVTOCI

|  | <b>For the Year Ended December 31</b> |             |
|--|---------------------------------------|-------------|
|  | <b>2022</b>                           | <b>2021</b> |
| Balance at beginning of the year                 | \$ 600,029                            | \$ 538,306  |
| Recognized for the year                          |                                       |             |
| Unrealized gains and losses - equity instruments | (242,619)                             | 137,352     |

(Continued)

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

e. Non-controlling interests

|   | <b>For the Year Ended December 31</b> |                   |
|---|---------------------------------------|-------------------|
|   | <b>2022</b>                           | <b>2021</b>       |
| Balance at beginning of the year  | \$ 427,749                            | \$ 403,805        |
| Share of net gain (loss) for the year   | 1,889                                 | (63,558)          |
| Other comprehensive income or loss during the year  |                                       |                   |
| Exchange differences on translation of the financial statements of foreign operations   | (6,461)                               | (8,250)           |
| Dividends distributed by subsidiaries   | (18,152)                              | (37,311)          |
| Increase in non-controlling interests due to the establishment of a new subsidiary and the increase in equity interest of existing subsidiary in proportion to ownership percentage | 33,440                                | 133,063           |
| Disposal of subsidiaries (Note 27)  | <u>(127,529)</u>                      | <u>_____ -</u>    |
| Balance at end of the year  | <u>\$ 310,936</u>                     | <u>\$ 427,749</u> |

## 23. REVENUE

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

### Contract balances

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

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

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

as follows:

|   | <b>For the Year Ended December 31</b> |                     |
|---|---------------------------------------|---------------------|
|   | <b>2022</b>                           | <b>2021</b>         |
| From the balance of contract liabilities at the beginning of the year |                                       |                     |
| Sale of goods   | <u>\$ 179,991</u>                     | <u>\$ 131,385</u>   |
| <b>24. PROFIT BEFORE INCOME TAX</b>                                   |                                       |                     |
| a. Interest income  |                                       |                     |
|   | <b>For the Year Ended December 31</b> |                     |
|   | <b>2022</b>                           | <b>2021</b>         |
| Interest on bank deposits   | \$ 89,257                             | \$ 76,482           |
| Others  | <u>16,525</u>                         | <u>20,567</u>       |
|   | <u>\$ 105,782</u>                     | <u>\$ 97,049</u>    |
| b. Other income   |                                       |                     |
|   | <b>For the Year Ended December 31</b> |                     |
|   | <b>2022</b>                           | <b>2021</b>         |
| Dividend income   | \$ 120,032                            | \$ 53,409           |
| Others  | <u>243,441</u>                        | <u>230,238</u>      |
|   | <u>\$ 363,473</u>                     | <u>\$ 283,647</u>   |
| c. Other gains and losses   |                                       |                     |
|   | <b>For the Year Ended December 31</b> |                     |
|   | <b>2022</b>                           | <b>2021</b>         |
| Gain on disposal of investments                                       | \$ -                                  | \$ 2,905            |
| Gain (loss) on disposal of property, plant and equipment              | (18,875)                              | 60,279              |
| Gain (loss) on financial assets                                       |                                       |                     |
| Financial assets at FVTPL   | (846)                                 | 14,252              |
| Impairment loss (recognized) reversed on non-financial assets         |                                       |                     |
| Non-current assets held for sale                                      | 8,759                                 | (58,692)            |
| Finance fees  | (51,755)                              | (41,010)            |
| Net foreign exchange gains and losses                                 | 81,165                                | (73,129)            |
| Others  | <u>(63,604)</u>                       | <u>(73,161)</u>     |
|   | <u>\$ (45,156)</u>                    | <u>\$ (168,556)</u> |

d. Finance costs

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

Information about capitalized interest was as follows:

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

e. Depreciation and amortization

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

f. Employee benefits

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

(Continued)



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

(Concluded)

g. Compensation of employees and remuneration of directors

The Company distributed the compensation of employees and remuneration of directors at rates of 4.5% (inclusive)-5.5% and no higher than 1%, respectively, of pre-tax profit prior to the deduction of the compensation of employees and remuneration of directors. The accrual amounts recognized in the financial statements and amounts approved by the Company's board of directors for the year ended December 31, 2022 are as follows:

|                           | <b>Accrual<br/>Amounts<br/>Recognized in<br/>the Financial<br/>Statements</b> | <b>Amounts<br/>Approved by<br/>the Company's<br/>Board of<br/>Directors</b> |
|---------------------------|---|---|
| Compensation of employees | \$ <u>130,000</u>   | \$ <u>127,083</u>   |
| Remuneration of directors | \$ <u>18,250</u>  | \$ <u>18,356</u>  |

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

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

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

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

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

## 25. INCOME TAX

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

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

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

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

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

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

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

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

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

d. Current tax assets and liabilities

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

e. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2022

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

For the Year Ended December 31, 2021

|                                 | Balance at<br>Beginning of<br>the Year | Recognized in<br>Profit or Loss | Recognized in<br>Other<br>Comprehensive<br>Income | Exchange<br>Differences | Balance at End<br>of the Year |
|---------------------------------|--|---------------------------------|---|-------------------------|-------------------------------|
| <u>Deferred tax assets</u>      |  |                                 |   |                         |                               |
| Temporary differences           |  |                                 |   |                         |                               |
| Defined benefit plan            | \$ 175,175                             | \$ (27,157)                     | \$ (9,780)  | \$ (23)                 | \$ 138,215                    |
| Loss carryforwards              | 64,116                                 | (81)                            | -   | (6,557)                 | 57,478                        |
| Others                          | <u>158,098</u>                         | <u>(10,834)</u>                 | <u>32,984</u>                                     | <u>(7,368)</u>          | <u>172,880</u>                |
|                                 | <u>\$ 397,389</u>                      | <u>\$ (38,072)</u>              | <u>\$ 23,204</u>                                  | <u>\$ (13,948)</u>      | <u>\$ 368,573</u>             |
| <u>Deferred tax liabilities</u> |  |                                 |   |                         |                               |
| Temporary differences           |  |                                 |   |                         |                               |
| Investment income               | \$ (1,996,010)                         | \$ 85,953                       | \$ (365)  | \$ -                    | \$ (1,910,422)                |
| Gains on land revaluation       | (640,717)                              | -                               | -   | -                       | (640,717)                     |
| Others                          | <u>(5,171)</u>                         | <u>7,011</u>                    | <u>(862)</u>                                      | <u>(978)</u>            | <u>-</u>                      |
|                                 | <u>\$ (2,641,898)</u>                  | <u>\$ 92,964</u>                | <u>\$ (1,227)</u>                                 | <u>\$ (978)</u>         | <u>\$ (2,551,139)</u>         |

f. Income tax assessment

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

**26. EARNINGS PER SHARE**

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

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

Net Profit for the year

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

Number of ordinary shares

Unit: Thousand Shares

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

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

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

## 27. DISPOSAL OF SUBSIDIARIES

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

### a. Consideration received

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

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

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

c. Gain on disposal of subsidiaries

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

d. Net cash inflow on disposals of subsidiaries

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

## 28. CASH FLOW INFORMATION

a. Information on investment activities

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

b. Changes in major liabilities arising from financing activities

For the year ended December 31, 2022

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

For the year ended December 31, 2021

|                       | January 1, 2021 | Cash Flows | Non-cash Changes         |               | December 31, 2021 |
|-----------------------|-----------------|------------|--------------------------|---------------|-------------------|
|                       |                 |            | Exchange Rate Adjustment | Issuance Cost |                   |
| Short-term borrowings | \$ 4,403,929    | \$ 240,145 | \$ (56,072)              | \$ -          | \$ 4,588,002      |
| Long-term borrowings  | 12,401,292      | (996,864)  | (64,878)                 | -             | 11,339,550        |
| Bonds payable         | 2,995,374       | 2,500,000  | -                        | (3,691)       | 5,491,683         |

## 29. CAPITAL MANAGEMENT

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

## 30. FINANCIAL INSTRUMENTS

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

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

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

#### 1) Fair value hierarchy

|                                      | Level 1    | Level 2 | Level 3    | Total      |
|--------------------------------------|------------|---------|------------|------------|
| <u>December 31, 2022</u>             |            |         |            |            |
| Financial instruments at FVTPL       |            |         |            |            |
| Mutual funds                         | \$ -       | \$ -    | \$ 9,402   | \$ 9,402   |
| Financial instruments at FVTOCI      |            |         |            |            |
| Equity instruments                   |            |         |            |            |
| Domestic and foreign listed shares   | \$ 522,190 | \$ -    | \$ -       | \$ 522,190 |
| Domestic and foreign unlisted shares | \$ -       | \$ -    | \$ 300,457 | \$ 300,457 |
| <u>December 31, 2021</u>             |            |         |            |            |
| Financial instruments at FVTPL       |            |         |            |            |
| Mutual funds                         | \$ -       | \$ -    | \$ 14,968  | \$ 14,968  |

(Continued)

|                                      | Level 1    | Level 2  | Level 3    | Total       |
|--------------------------------------|------------|----------|------------|-------------|
| Financial instruments at FVTOCI      |            |          |            |             |
| Equity instruments                   |            |          |            |             |
| Domestic and foreign listed shares   | \$ 789,124 | \$ _____ | \$ _____   | \$ 789,124  |
| Domestic and foreign unlisted shares | \$ _____   | \$ _____ | \$ 244,219 | \$ 244,219  |
|                                      |            |          |            | (Concluded) |

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

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

For the Year Ended December 31, 2022

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

For the Year Ended December 31, 2021

| Financial assets  | <u>Mutual Funds</u><br>Financial Assets<br>at FVTPL | <u>Stocks</u><br>Financial Assets<br>at FVTOCI | Total       |
|---|---|--|-------------|
| Balance at beginning of the year                                  | \$ 21,301   | \$ 373,457                                     | \$ 394,758  |
| Recognized in profit or loss (recorded as other gains and losses) | 1,172   | -  | 1,172       |
| Recognized in other comprehensive income                          | -   | (125,911)                                      | (125,911)   |
| Disposal  | (7,107)   | -  | (7,107)     |
|   |   |  | (Continued) |



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

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

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

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

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

c. Categories of financial instruments

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

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

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

d. Financial risk management objectives and policies

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

1) Market risk

a) Foreign currency risk

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

For the carrying amounts of the Company and its subsidiaries' significant non-functional currency denominated monetary assets and liabilities (including those eliminated on consolidation) at the balance sheet date, refer to Note 35.

Sensitivity analysis

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

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

b) Interest rate risk

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

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

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

If interest rates had been 1% higher and all other variables were held constant, the Company and its subsidiaries' financial liabilities would have increased cash outflows by \$155,475 thousand and \$125,026 thousand for the years ended December 31, 2022 and 2021.

c) Other price risk

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

2) Credit risk

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

3) Liquidity risk

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

## December 31, 2022

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

## December 31, 2021

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

### e. Transfers of financial assets

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

As of December 31, 2022 and 2021, the carrying amount of the accounts receivable that have been transferred but have not been derecognized amounted to \$2,103,197 thousand and \$3,403,826 thousand, respectively, and the carrying amount of the related borrowings and accounts payable were \$2,101,935 thousand and \$3,402,510 thousand, respectively.

## 31. TRANSACTIONS WITH RELATED PARTIES

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

### a. Related party names and relationships

| <b>Related Party Name</b>                    | <b>Relationship</b> |
|--|---------------------|
| Allnex-Eternal Resins Corporation Limited    | Associate           |
| Allnex-Eternal Resins (Guangdong) Co., Ltd.  | Associate           |
| Eterkon Semiconductor Materials Co., Ltd.    | Associate           |
| Daxin Materials Corporation                  | Associate           |
| Showa Denko New Material (Zhuhai) Co., Ltd.  | Associate           |
| ESCO Specialty Coatings (Shanghai) Co., Ltd. | Associate           |

(Continued)

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

b. Operating revenue

| Account Item                | Related Party Category   | <u>For the Year Ended December 31</u> |                   |
|-----------------------------|--------------------------|---------------------------------------|-------------------|
|                             |                          | 2022                                  | 2021              |
| Revenue from sales of goods | Associates               | \$ 695,128                            | \$ 706,525        |
|                             | Key management personnel | 4,183                                 | -                 |
|                             | Other related party      | <u>102</u>                            | <u>-</u>          |
|                             |                          | <u>\$ 699,413</u>                     | <u>\$ 706,525</u> |

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

c. Purchase of goods

| Related Party Category | <u>For the Year Ended December 31</u> |                 |
|------------------------|---------------------------------------|-----------------|
|                        | 2022                                  | 2021            |
| Associates             | \$ 4,006                              | \$ 1,087        |
| Other related parties  | <u>2,796</u>                          | <u>2,027</u>    |
|                        | <u>\$ 6,802</u>                       | <u>\$ 3,114</u> |

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

d. Other income

| Related Party Category/Name                 | <u>For the Year Ended December 31</u> |                  |
|---|---------------------------------------|------------------|
|   | 2022                                  | 2021             |
| Associates                                  |                                       |                  |
| Allnex-Eternal Resins (Guangdong) Co., Ltd. | \$ 35,880                             | \$ 34,387        |
| Others                                      | 11,697                                | 5,977            |
| Key management personnel                    | <u>-</u>                              | <u>9</u>         |
|   | <u>\$ 47,577</u>                      | <u>\$ 40,373</u> |

Inclusive of rental income, service fees and so on.

e. Acquisition of property, plant and equipment

| <b>Related Party Category/Name</b> | <b>Purchase Price</b>                 |                  |
|------------------------------------|---------------------------------------|------------------|
|                                    | <b>For the Year Ended December 31</b> |                  |
|                                    | <b>2022</b>                           | <b>2021</b>      |
| Other related party                |                                       |                  |
| Kao, Ying-Shih                     | \$ <u>          -</u>                 | \$ <u>38,100</u> |

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

f. Receivables from related parties

| <b>Account Item</b>           | <b>Related Party Category</b> | <b>December 31</b> |                   |
|-------------------------------|-------------------------------|--------------------|-------------------|
|                               |                               | <b>2022</b>        | <b>2021</b>       |
| Notes and accounts receivable | Associates                    | \$ <u>232,518</u>  | \$ <u>321,270</u> |

The receivables arose mainly from sales transactions; the receivables were not guaranteed, pledged and do not bear interest. For the years ended December 31, 2022 and 2021, the balance of loss allowance of accounts receivable from related parties is \$149 thousand and \$399 thousand, respectively.

g. Payables to related parties

| <b>Account Item</b> | <b>Related Party Category</b> | <b>December 31</b> |               |
|---------------------|-------------------------------|--------------------|---------------|
|                     |                               | <b>2022</b>        | <b>2021</b>   |
| Accounts payable    | Associates                    | \$ <u>858</u>      | \$ <u>284</u> |

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

h. Loans to related parties

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

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

i. Dividends receivable

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

j. Remuneration of key management personnel

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

**32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY**

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

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

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

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

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

None.

**35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES**

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

|  | <b>Foreign<br/>Currency<br/>(In Thousands)</b> | <b>Exchange Rate</b> |           | <b>Carrying<br/>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<br>the equity method |  |                      |           |                            |
| USD  | 943,900  | 30.7100              | (USD:NTD) | 28,987,162                 |
| RMB  | 6,070,811                                      | 0.1436               | (RMB:USD) | 26,768,876                 |
| JPY  | 5,309,281                                      | 0.2324               | (JPY:NTD) | 1,233,877                  |
| MYR  | 257,590  | 0.2265               | (MYR:USD) | 1,791,753                  |
| THB  | 147,700  | 0.8941               | (THB:NTD) | 132,059                    |
| Financial liabilities                                |  |                      |           |                            |
| Monetary items                                       |  |                      |           |                            |
| USD  | 53,743   | 30.7100              | (USD:NTD) | 1,650,448                  |
| USD  | 17,703   | 6.9646               | (USD:RMB) | 543,659                    |
| USD  | 12,298   | 4.4150               | (USD:MYR) | 377,672                    |
| JPY  | 1,322,849                                      | 0.2324               | (JPY:NTD) | 307,430                    |
| <u>December 31, 2021</u>                             |  |                      |           |                            |
| Financial assets                                     |  |                      |           |                            |
| Monetary items                                       |  |                      |           |                            |
| USD  | 102,572  | 27.6800              | (USD:NTD) | 2,839,193                  |
| USD  | 26,590   | 6.3686               | (USD:RMB) | 736,011                    |
| USD  | 14,522   | 4.1930               | (USD:MYR) | 401,969                    |
| RMB  | 101,088  | 4.3463               | (RMB:NTD) | 439,361                    |
| JPY  | 972,232  | 0.2405               | (JPY:NTD) | 233,822                    |
| THB  | 165,353  | 0.8347               | (THB:NTD) | 138,020                    |
| Non-monetary items                                   |  |                      |           |                            |
| Investments accounted for using<br>the equity method |  |                      |           |                            |
| USD  | 989,925  | 27.6800              | (USD:NTD) | 27,401,132                 |
| RMB  | 5,936,727                                      | 0.1570               | (RMB:USD) | 25,802,915                 |
| JPY  | 9,150,437                                      | 0.2405               | (JPY:NTD) | 2,200,680                  |
| MYR  | 233,112  | 0.2385               | (MYR:USD) | 1,538,886                  |
| THB  | 162,402  | 0.8347               | (THB:NTD) | 135,557                    |
| Financial liabilities                                |  |                      |           |                            |
| Monetary items                                       |  |                      |           |                            |
| USD  | 85,713   | 27.6800              | (USD:NTD) | 2,372,536                  |
| USD  | 20,207   | 6.3686               | (USD:RMB) | 559,330                    |
| USD  | 12,560   | 4.1930               | (USD:MYR) | 347,661                    |
| JPY  | 798,073  | 0.2405               | (JPY:NTD) | 191,937                    |

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



### 36. ADDITIONAL DISCLOSURES

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

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

### 37. SEGMENT INFORMATION

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

- Resins Materials

Mainly operating variety of industrial resins materials.

- Electronic Materials

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

- High Performance Materials

Mainly operating UV - light curing raw material.

- Others

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

#### a. Segment revenues and operating results

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

|   | Resins<br>Materials  | Electronic<br>Materials | High<br>Performance<br>Materials | Others              | Adjustment<br>and<br>Elimination | Total                |
|---|----------------------|-------------------------|----------------------------------|---------------------|----------------------------------|----------------------|
| <u>For the year ended December 31, 2022</u> |                      |                         |                                  |                     |                                  |                      |
| Revenues from external customers            |                      |                         |                                  |                     |                                  |                      |
| Revenue from the sale of goods              | \$ 24,086,008        | \$ 13,288,430           | \$ 11,227,865                    | \$ 136,260          | \$ -                             | \$ 48,738,563        |
| Revenue from the rental service             | -                    | 20,481                  | -                                | 255,056             | -                                | 275,537              |
| Inter-segment revenues                      | <u>2,919,568</u>     | <u>3,048,009</u>        | <u>1,864,631</u>                 | <u>2,663</u>        | <u>(7,834,871)</u>               | <u>-</u>             |
| Total revenue                               | <u>\$ 27,005,576</u> | <u>\$ 16,356,920</u>    | <u>\$ 13,092,496</u>             | <u>\$ 393,979</u>   | <u>\$ (7,834,871)</u>            | <u>\$ 49,014,100</u> |
| Segment operating profit (loss)             | <u>\$ 454,526</u>    | <u>\$ 1,335,747</u>     | <u>\$ 1,923,913</u>              | <u>\$ (437,341)</u> | <u>\$ -</u>                      | <u>\$ 3,276,845</u>  |
| <u>For the year ended December 31, 2021</u> |                      |                         |                                  |                     |                                  |                      |
| Revenues from external customers            |                      |                         |                                  |                     |                                  |                      |
| Revenue from the sale of goods              | \$ 24,738,355        | \$ 14,530,688           | \$ 10,853,155                    | \$ 73,708           | \$ -                             | \$ 50,195,906        |
| Revenue from the rental service             | -                    | -                       | -                                | 275,491             | -                                | 275,491              |
| Inter-segment revenues                      | <u>2,913,096</u>     | <u>5,212,602</u>        | <u>1,935,052</u>                 | <u>3,092</u>        | <u>(10,063,842)</u>              | <u>-</u>             |
| Total revenue                               | <u>\$ 27,651,451</u> | <u>\$ 19,743,290</u>    | <u>\$ 12,788,207</u>             | <u>\$ 352,291</u>   | <u>\$ (10,063,842)</u>           | <u>\$ 50,471,397</u> |
| Segment operating profit (loss)             | <u>\$ 416,431</u>    | <u>\$ 2,164,104</u>     | <u>\$ 1,977,432</u>              | <u>\$ (462,926)</u> | <u>\$ -</u>                      | <u>\$ 4,095,041</u>  |

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

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

Non-current assets excluded those classified as financial assets and deferred tax assets.

- c. Information about major customers

No revenue from any individual customer exceeded 10% of the Company and its subsidiaries' total revenue for the years ended December 31, 2022 and 2021.

Eternal Materials Co., Ltd. and Subsidiaries

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

(Continued)

| No.<br>(Note 1) | Lender   | Borrower                                     | Financial Statement Account            | Related Party | Maximum Balance for the Period<br>(Note 2) | Ending Balance<br>(Note 3) | Actual Amount Drawn | Interest Rate (%) | Nature of Financing<br>(Note 4) | Transaction Amount | Reason for Financing | Allowance for Bad Debt | Collateral |       | Financing Limits for Each Borrowing Company | Financing Company's Total Financing Limit | Note   |
|-----------------|--|--|--|---------------|--|----------------------------|---------------------|-------------------|---------------------------------|--------------------|----------------------|------------------------|------------|-------|---|---|--------|
|                 |  |  |  |               |  |                            |                     |                   |                                 |                    |                      |                        | Item       | Value |   |   |        |
| 5               | Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. | ESCO Specialty Coatings (Shanghai) Co., Ltd. | Other receivables from related parties | Y             | \$ 164,584                                 | \$ -                       | \$ -                | -                 | 2                               | \$ -               | Operating needs      | \$ -                   | -          | \$ -  | \$ 1,732,972                                | \$ 1,732,972                              | Note 7 |
| 6               | Eternal Specialty Materials (Suzhou) Co., Ltd.           | Eternal Chemical (China) Co., Ltd.           | Other receivables from related parties | Y             | 220,472                                    | 220,472                    | -                   | -                 | 2                               | -                  | Operating needs      | -                      | -          | -     | 3,980,466                                   | 3,980,466                                 | Note 6 |

(Concluded)

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

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

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

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

Note 4: Nature of financing is as follows:

- Business relationship.
- Short-term financing

Note 5: According to the Company's Operation Procedures for Lending Funds to Others, the Company's total financing limits and the financing limit for each borrowing company shall not exceed 40% and 5% of the net worth of the Company's financial statement of December 31, 2022, respectively.

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

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

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

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

**ENDORSEMENTS/GUARANTEES PROVIDED**

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

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

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

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

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 financial statements for the year ended December 31, 2022.

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

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

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

## Eternal Materials Co., Ltd. and Subsidiaries

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

DECEMBER 31, 2022

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

| Holding Company Name        | Type and Name of Marketable Securities                   | Relationship with the Holding Company | Financial Statement Account   | December 31, 2022 |                 |                             |            | Note |
|-----------------------------|--|---------------------------------------|---|-------------------|-----------------|-----------------------------|------------|------|
|                             |  |                                       |   | Shares/Units      | Carrying Amount | Percentage of Ownership (%) | Fair Value |      |
| Eternal Materials Co., Ltd. | President Securities Corp. (stock)                       | -                                     | Financial assets at fair value through other comprehensive income - non-current | 33,366,767        | \$ 522,190      | 2.29                        | \$ 522,190 |      |
|                             | TBG Diagnostics Limited (stock)                          | -                                     | Financial assets at fair value through other comprehensive income - non-current | 40,200,000        | 56,599          | 18.48                       | 56,599     |      |
|                             | Universal Venture Capital Investment Corp. (stock)       | -                                     | Financial assets at fair value through other comprehensive income - non-current | 5,000,000         | 45,497          | 4.15                        | 45,497     |      |
|                             | Der Yang Biotechnology Venture Capital Co., Ltd. (stock) | -                                     | Financial assets at fair value through other comprehensive income - non-current | 230,096           | 2,770           | 11.11                       | 2,770      |      |
|                             | Hwa Nan Venture Capital Co., Ltd. (stock)                | -                                     | Financial assets at fair value through other comprehensive income - non-current | 57,438            | -               | 10.60                       | -          |      |
| Mixville Holdings Inc.      | Grace THW Holding Limited (stock)                        | -                                     | Financial assets at fair value through other comprehensive income - non-current | 1,900,000         | 195,591         | Note                        | 195,591    |      |
|                             | Pacven Walden Ventures V, L.P. (mutual fund)             | -                                     | Financial assets at fair value through profit or loss - non-current             | -                 | 9,402           | Note                        | 9,402      |      |

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

## Eternal Materials Co., Ltd. and Subsidiaries

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Company Name                          | Type and Name of Marketable Securities         | Financial Statement Account                       | Counterparty                          | Relationship | Beginning Balance |            | Acquisition (Note 1) |            | Disposal     |         |                | Ending Balance (Note 2) |              |            |
|---------------------------------------|--|---|---------------------------------------|--------------|-------------------|------------|----------------------|------------|--------------|---------|----------------|-------------------------|--------------|------------|
|                                       |  |   |                                       |              | Shares/Units      | Amount     | Shares/Units         | Amount     | Shares/Units | Amount  | Carrying Value | Gain/Loss on Disposal   | Shares/Units | Amount     |
| Eteranl (China) Investment Co., Ltd.  | Eternal Material Industry (Tongling) Co., Ltd. | Investments accounted for using the equity method | Note 3                                | Subsidiary   | Note 4            | \$ 435,274 | Note 4               | \$ 439,300 | -            | \$ -    | \$ -           | \$ -                    | Note 4       | \$ 863,511 |
| Eteranl (China) Investment Co., Ltd.  | Eternal Electronic (Suzhou) Co., Ltd.          | Investments accounted for using the equity method | Note 3                                | Subsidiary   | Note 4            | 1,729,220  | Note 4               | 436,900    | -            | -       | -              | -                       | Note 4       | 2,145,218  |
| Eternal Holdings Inc.                 | Eternal Nanyang Investment Co., Ltd.           | Investments accounted for using the equity method | Note 3                                | Subsidiary   | 18,450,000        | 367,251    | 9,900,000            | 300,960    | -            | -       | -              | -                       | 28,350,000   | 444,197    |
| Eternal Nanyang Investment Co., Ltd.  | Eternal Materials (Malaysia) Sdn. Bhd.         | Investments accounted for using the equity method | Note 3                                | Subsidiary   | 347,324,000       | 1,538,886  | 48,598,000           | 334,400    | -            | -       | -              | -                       | 395,922,000  | 1,791,753  |
| Eternal Materials Co., Ltd.           | Eternal Precision Mechanics Co., Ltd.          | Investments accounted for using the equity method | Note 5                                | Subsidiary   | -                 | -          | 52,000,000           | 550,000    | -            | -       | -              | -                       | 52,000,000   | 826,296    |
| Eternal Materials Co., Ltd.           | Nikko-Materials Co., Ltd.                      | Investments accounted for using the equity method | Eternal Precision Mechanics Co., Ltd. | Subsidiary   | 11,520            | 1,634,652  | -                    | -          | (11,520)     | 300,150 | (300,150)      | Note 5                  | -            | -          |
| Eternal Precision Mechanics Co., Ltd. | Nikko-Materials Co., Ltd.                      | Investments accounted for using the equity method | Eternal Materials Co., Ltd.           | Subsidiary   | -                 | -          | 11,520               | 300,150    | -            | -       | -              | -                       | 11,520       | 660,041    |

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

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

Note 3: The Company had capital increase.

Note 4: No share was issued.

Note 5: Reorganization.



Eternal Materials Co., Ltd. and Subsidiaries

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

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

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

## Eternal Materials Co., Ltd. and Subsidiaries

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

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

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

(Continued)

| Company name                       | Related Party                                    | Relationship            | Transaction Details      |            |            |               | Abnormal Transaction |              | Notes/Accounts Receivable (Payable) |            | Note |
|------------------------------------|--|-------------------------|--------------------------|------------|------------|---------------|----------------------|--------------|-------------------------------------|------------|------|
|                                    |  |                         | Purchases/Sales (Note 2) | Amount     | % to Total | Payment Terms | Unit Price           | Payment Term | Ending Balance                      | % to Total |      |
| Nikko-Materials Co., Ltd.          | Eternal Electronic Material (Thailand) Co., Ltd. | Sister company          | Sales                    | \$ 128,633 | 3          | Note 1        | \$ -                 | -            | \$ 205                              | -          |      |
|                                    | Eternal Materials Co., Ltd.                      | Ultimate parent company | Sales                    | 109,349    | 3          | Note 1        | -                    | -            | 23,521                              | 2          |      |
| Eternal Chemical (China) Co., Ltd. | Allnex-Eternal Resins (Guangdong) Co., Ltd.      | Associate               | Sales                    | 170,494    | 3          | Note 1        | -                    | -            | 84,644                              | 3          |      |

(Concluded)

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

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

Note 3: Amounts were eliminated from the consolidated financial statements, except for investment accounted for using the equity method.

## Eternal Materials Co., Ltd. and Subsidiaries

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

DECEMBER 31, 2022

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

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

Note 1: Other receivables.

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

## Eternal Materials Co., Ltd. and Subsidiaries

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

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

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

(Continued)

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

(Concluded)

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

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

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

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

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

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

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

## Eternal Materials Co., Ltd. and Subsidiaries

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

| Investor Company                      | Investee Company                                      | Location               | Main Businesses and Products   | Original Investment Amount |                   | Balance as of December 31, 2022 |                             |                 | Net Income (Loss) of the Investee | Investment Gain (Loss) | Note          |
|---------------------------------------|---|------------------------|--|----------------------------|-------------------|---------------------------------|-----------------------------|-----------------|-----------------------------------|------------------------|---------------|
|                                       |   |                        |  | December 31, 2022          | December 31, 2021 | Number of Shares                | Percentage of Ownership (%) | Carrying Amount |                                   |                        |               |
| Eternal Materials Co., Ltd.           | Eternal Holdings Inc.                                 | Samoa                  | International investment   | \$ 6,135,961               | \$ 6,259,870      | 200,108,859                     | 100.00                      | \$ 20,293,015   | \$ 987,289                        | \$ 978,500             |               |
| Eternal Materials Co., Ltd.           | Eternal Global (BVI) Co., Ltd.                        | British Virgin Islands | International investment   | 703,144                    | 717,527           | 16,357,914                      | 100.00                      | 4,990,787       | 267,819                           | 266,001                |               |
| Eternal Materials Co., Ltd.           | Mixville Holdings Inc.                                | British Virgin Islands | International investment   | 899,392                    | 989,582           | 26,630,000                      | 100.00                      | 3,703,360       | 103,855                           | 103,603                |               |
| Eternal Materials Co., Ltd.           | Advanced PETFILM Investment Co., Ltd.                 | Japan                  | International investment   | 788,630                    | 788,630           | 270                             | 20.00                       | 488,355         | (23,719)                          | (655)                  |               |
| Eternal Materials Co., Ltd.           | Daxin Materials Corporation                           | Taiwan                 | Manufacturing and selling of chemical, resins materials and electronic materials   | 191,052                    | 191,052           | 23,423,812                      | 22.80                       | 672,942         | 426,120                           | 97,155                 |               |
| Eternal Materials Co., Ltd.           | New E Materials Co., Ltd.                             | Taiwan                 | Researching, developing, manufacturing and selling of photoelectric, semiconductor process related electronic chemical materials and equipment spare parts | 82,322                     | 82,322            | 6,907,585                       | 62.80                       | 31,682          | (5,477)                           | (3,440)                |               |
| Eternal Materials Co., Ltd.           | Covestro Eternal Resins (Far East) Ltd.               | Taiwan                 | Manufacturing and selling of powder coating resin  | 36,400                     | 36,400            | 3,660,000                       | 40.00                       | 103,688         | 64,394                            | 25,758                 |               |
| Eternal Materials Co., Ltd.           | Eternal Precision Mechanics Co., Ltd.                 | Taiwan                 | Manufacturing and selling of vacuum laminator  | 550,000                    | -                 | 52,000,000                      | 100.00                      | 826,296         | 255,805                           | 242,493                | Note 2        |
| Eternal Materials Co., Ltd.           | Eternal Electronic Material (Thailand) Co., Ltd.      | Thailand               | Trading services, cutting and selling of dry film photoresist  | 90,919                     | 90,919            | 937,500                         | 75.00                       | 132,059         | 17,245                            | 12,498                 |               |
| Eternal Materials Co., Ltd.           | CHOU-KOU Materials Co., Ltd.                          | Japan                  | Selling, trading and providing services of resins material, electronic material and other related products   | 60,431                     | 60,431            | 4,000                           | 100.00                      | 85,481          | 6,186                             | 4,034                  |               |
| Eternal Materials Co., Ltd.           | Nikko-Materials Co., Ltd.                             | Japan                  | Manufacturing and selling of dry film photoresist and vacuum laminator   | -                          | 257,657           | -                               | -                           | -               | 882,552                           | 556,574                | Note 2        |
| Eternal Materials Co., Ltd.           | Elga Europe S.r.l.                                    | Italy                  | Manufacturing, selling, distribution and processing of electronic chemical products  | 287,169                    | 287,169           | -                               | 72.68                       | (3,556)         | (16,488)                          | (11,984)               |               |
| Eternal Precision Mechanics Co., Ltd. | Nikko-Materials Co., Ltd.                             | Japan                  | Manufacturing and selling of dry film photoresist and vacuum laminator   | 300,150                    | -                 | 11,520                          | 100.00                      | 660,041         | 882,552                           | -                      | Notes 1 and 2 |
| Eternal Holdings Inc.                 | Eternal International (BVI) Co., Ltd.                 | British Virgin Islands | International investment   | 5,739,033                  | 5,739,033         | 183,793,592                     | 100.00                      | 15,137,021      | 669,803                           | -                      | Note 1        |
| Eternal Holdings Inc.                 | E-Chem Corp.  | Samoa                  | International investment   | 165,608                    | 165,608           | 4,990,000                       | 100.00                      | 3,011,196       | 530,708                           | -                      | Note 1        |
| Eternal Holdings Inc.                 | Eternal Nanyang Investment Co., Ltd.                  | Samoa                  | International investment   | 841,453                    | 540,493           | 28,350,000                      | 90.00                       | 444,197         | (201,095)                         | -                      | Note 1        |
| Eternal Holdings Inc.                 | PT Eternal Materials Indonesia                        | Indonesia              | Trading of chemical products   | 13,360                     | 13,360            | 670                             | 67.00                       | 16,072          | 2,744                             | -                      | Note 1        |
| Eternal Holdings Inc.                 | Allnex-Eternal Resins Corporation Limited             | Hong Kong              | Trading and international investment   | 50,385                     | 174,293           | 1,176,000                       | 49.00                       | 383,479         | 126,580                           | -                      | Note 1        |
| Eternal Holdings Inc.                 | Polymer Instrumentation and Consulting Services, Ltd. | United States          | Plastic products manufacturing   | 121,913                    | 121,913           | 4,694,296                       | 30.00                       | -               | -                                 | -                      | Note 1        |
| Eternal International (BVI) Co., Ltd. | Eternal Technology Corporation                        | United States          | Manufacturing and selling of photoresist   | 600,693                    | 600,693           | 2,333                           | 100.00                      | (202,742)       | (80,633)                          | -                      | Note 1        |
| Mixville Holdings Inc.                | High Expectation Limited                              | Cayman Islands         | International investment   | 871,519                    | 871,519           | 26,005,000                      | 100.00                      | 3,510,866       | 53,751                            | -                      | Note 1        |
| Eternal (China) Investment Co., Ltd.  | Elga Europe S.r.l.                                    | Italy                  | Manufacturing, selling, distribution and processing of electronic chemical products  | 58,610                     | 58,610            | -                               | 22.32                       | (752)           | (16,488)                          | -                      | Note 1        |
| Eternal Nanyang Investment Co., Ltd.  | Eternal Materials (Malaysia) Sdn. Bhd.                | Malaysia               | Manufacturing, selling, trading and providing services of resins material related products   | 2,082,818                  | 1,748,418         | 395,922,000                     | 100.00                      | 1,791,753       | (158,105)                         | -                      | Note 1        |

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

Note 2: Reorganization.

## Eternal Materials Co., Ltd. and Subsidiaries

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

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

| Investee Company  | Main Businesses and Products  | Total Amount of Paid-in Capital | Method of Investment (Note 1) | Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2022 | Investment Flows |        | Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2022 | Net Income (Loss) of the Investee | % of Ownership of Direct or Indirect Investment | Investment Gain (Loss) | Carrying Amount as of December 31, 2022 | Accumulated Repatriation of Investment Income as of December 31, 2022 | Note          |
|---|---|---------------------------------|-------------------------------|--|------------------|--------|--|-----------------------------------|---|------------------------|---|---|---------------|
|   |   |                                 |                               |  | Outward          | Inward |  |                                   |   |                        |   |   |               |
| Eternal Chemical (China) Co., Ltd.                          | Manufacturing and selling of resins material and processing products  | \$ 755,651                      | 2                             | \$ 625,549   | \$ -             | \$ -   | \$ 625,549   | \$ 274,730                        | 100.00  | \$ 274,730             | \$ 4,639,073                            | \$ 1,509,802  | Note 2        |
| Covestro Eternal Resins (Kunshan) Co., Ltd.                 | Manufacturing and selling of powder coating resin   | 183,470                         | 2                             | 91,735   | -                | -      | 91,735   | (11,563)                          | 50.00   | (5,782)                | 315,124                                 | 544,920   | Note 2        |
| Eternal Optical Material (Suzhou) Co., Ltd.                 | Manufacturing and selling of optical films, and leasing business  | 1,563,967                       | 2                             | -  | -                | -      | -  | (21,775)                          | 100.00  | (21,775)               | 191,058                                 | -   | Note 2        |
| Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.    | Researching, developing, manufacturing and selling of electronic high-tech chemical and related products  | 2,256,739                       | 2                             | 444,685  | -                | -      | 444,685  | 374,815                           | 100.00  | 374,815                | 4,332,431                               | 983,767   | Note 2        |
| Eternal Photoelectric Material Industry (Yingkou) Co., Ltd. | Researching, developing and manufacturing of photoresist dry film, liquid photo imagable solder masks and printed circuit board related materials   | 469,402                         | 2                             | -  | -                | -      | -  | 10,519                            | 100.00  | 10,519                 | 171,378                                 | -   | Note 2        |
| Eterkon Semiconductor Materials Co., Ltd.                   | Manufacturing and selling of epoxy molding compounds which are used in electronic parts and related products  | 524,337                         | 2                             | 456,427  | -                | -      | 456,427  | 31,435                            | 40.00   | 15,912                 | 267,481                                 | -   | Note 2        |
| Eternal Synthetic Resins (Changshu) Co., Ltd.               | Manufacturing and selling of unsaturated polyester resin  | 726,426                         | 2                             | 279,811  | -                | -      | 279,811  | (15,751)                          | 100.00  | (15,751)               | 186,019                                 | -   | Note 2        |
| Eternal Chemical (Tianjin) Co., Ltd.                        | Manufacturing and selling of adhesives, resins material and processing products   | 1,008,004                       | 2                             | 599,320  | -                | -      | 599,320  | 40,149                            | 100.00  | 40,149                 | 937,396                                 | -   | Note 2        |
| Eternal Specialty Materials (Zhuhai) Co., Ltd.              | Manufacturing and selling of acrylic resin and methacrylic acid   | 611,011                         | 2                             | 243,540  | -                | -      | 243,540  | 550,225                           | 90.00   | 530,550                | 2,997,505                               | 950,086   | Note 2        |
| ESCO Specialty Coatings (Shanghai) Co., Ltd.                | Researching, manufacturing and selling of processing electronic high-tech chemical, high performance coating, material and products   | 403,180                         | 2                             | 196,680  | -                | -      | 196,680  | (29,286)                          | 40.00   | (13,369)               | (40,424)                                | -   | Note 2        |
| Eternal Materials (Guangdong) Co., Ltd.                     | Manufacturing and selling of adhesives, resins material and processing products   | 1,297,259                       | 2                             | 868,175  | -                | -      | 868,175  | 53,984                            | 100.00  | 53,984                 | 3,508,985                               | 1,885,420   | Note 2        |
| Eternal (China) Investment Co., Ltd.                        | Managing, investing consulting services, researching, leasing, manufacturing and selling of resins material and photoelectric chemicals materials   | 7,557,603                       | 2                             | 4,264,844  | -                | -      | 4,264,844  | 750,029                           | 100.00  | 750,029                | 15,308,189                              | -   | Notes 2 and 3 |
| Eternal Chemical (Chengdu) Co., Ltd.                        | Researching, manufacturing and selling of resins material   | 450,351                         | 2                             | -  | -                | -      | -  | (174,475)                         | 100.00  | (174,475)              | (703,359)                               | -   | Note 2        |
| Eternal Electronic (Suzhou) Co., Ltd.                       | Researching, developing, and manufacturing of dry film photoresist and dry film solder masks which are used in electronic materials, researching resin materials and selling, providing after sales service of self-produced products | 1,929,180                       | 2                             | -  | -                | -      | -  | (50,220)                          | 100.00  | (50,220)               | 2,145,218                               | -   | Note 2        |

(Continued)



| Investee Company                               | Main Businesses and Products   | Total Amount of Paid-in Capital | Method of Investment (Note 1) | Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2022 | Investment Flows |        | Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2022 | Net Income (Loss) of the Investee | % of Ownership of Direct or Indirect Investment | Investment Gain (Loss) | Carrying Amount as of December 31, 2022 | Accumulated Repatriation of Investment Income as of December 31, 2022 | Note              |
|--|--|---------------------------------|-------------------------------|--|------------------|--------|--|-----------------------------------|---|------------------------|---|---|-------------------|
|  |  |                                 |                               |  | Outward          | Inward |  |                                   |   |                        |   |   |                   |
| Eternal Sun A. (Suzhou) Co., Ltd.              | Researching, developing, and manufacturing of optical protective film which is used in display, and selling, providing after sales service of self-produced products | \$ 1,067,649                    | 2                             | \$ -   | \$ -             | \$ -   | \$ -   | \$ (8,836)                        | -   | \$ (5,302)             | \$ -                                    | \$ -  | Notes 2, 6 and 27 |
| Eternal Specialty Materials (Suzhou) Co., Ltd. | Researching and developing chemical products, and selling, providing technical services of self-produced products  | 1,199,225                       | 2                             | -  | -                | -      | -  | 446,600                           | 100.00  | 446,600                | 1,990,233                               | -   | Note 2            |
| Showa Denko New Material (Zhuhai) Co., Ltd.    | Manufacturing and selling of functional resins, resins composite material and providing technical services   | 366,881                         | 2                             | -  | -                | -      | -  | 6,016                             | 30.00   | 1,210                  | 91,967                                  | -   | Note 2            |
| Eternal Material Industry (Tongling) Co., Ltd. | Manufacturing and selling resins material products and providing technical services  | 869,200                         | 2                             | -  | -                | -      | -  | (19,058)                          | 100.00  | (19,058)               | 863,511                                 | -   | Note 2            |

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

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

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

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

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

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

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

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

(Concluded)

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

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

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

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

## V. Standalone Financial Statements for the Most Recent Year, Audited by CPA **INDEPENDENT AUDITORS' REPORT**

Eternal Materials Co., Ltd.

### **Opinion**

We have audited the accompanying standalone financial statements of Eternal Materials Co., Ltd. (the “Company”), which comprise the standalone balance sheets as of December 31, 2022 and 2021, and the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the standalone financial statements, including a summary of significant accounting policies. (collectively referred to as the “financial statements”).

In our opinion, based on our audits and the reports of other auditors (refer to the Other Matter paragraph) the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Company as of December 31, 2022 and 2021, and its standalone financial performance and its standalone cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company's standalone financial statements for the year ended December 31, 2022 is described as follows:

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

### 1. Description

The percentage of sales of the high performance materials department of Eternal Materials Co., Ltd increased due to the economic upturn. Therefore, we identified the occurrence of revenue from the high performance materials department as a key audit matter.

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

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

### **Other Matter**

The financial statements of some subsidiaries and associates were audited by other auditors. Therefore, our opinion on the amounts included in the accompanying financial statements was based on the financial statements audited by other auditors. Such investments accounted for using the equity method amounted to NT\$672,942 thousand and NT\$2,484,230 thousand, representing 1% and 5% of the Company's total assets as of December 31, 2022 and 2021, respectively; and the share of the profit of the subsidiaries and associates amounted to NT\$97,155 thousand and NT\$955,437 thousand, representing 3% and 29% of the Company's total comprehensive income for the years ended December 31, 2022 and 2021, respectively.

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be

expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 10, 2023

Notice to Readers

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

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

## Eternal Materials Co., Ltd.

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

| ASSETS  | December 31, 2022    |            | December 31, 2021    |            |
|---|----------------------|------------|----------------------|------------|
|   | Amount               | %          | Amount               | %          |
| <b>CURRENT ASSETS</b>   |                      |            |                      |            |
| Cash and cash equivalents (Notes 4 and 6)   | \$ 331,652           | 1          | \$ 204,815           | -          |
| Notes receivable, net (Notes 4 and 7)   | 275,956              | 1          | 378,823              | 1          |
| Accounts receivable, net (Notes 4, 5 and 7)   | 2,447,154            | 5          | 2,923,374            | 6          |
| Accounts receivable from related parties, net (Notes 4, 5, 7 and 25)                            | 877,655              | 2          | 910,494              | 2          |
| Other receivables (Notes 7 and 25)  | 881,366              | 2          | 640,375              | 1          |
| Inventories (Notes 4, 5 and 8)  | 3,350,642            | 7          | 4,094,531            | 9          |
| Other current assets - others (Notes 20 and 26)   | 254,730              | -          | 238,180              | 1          |
| Total current assets  | 8,419,155            | 18         | 9,390,592            | 20         |
| <b>NON-CURRENT ASSETS</b>   |                      |            |                      |            |
| Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9) | 627,056              | 2          | 861,780              | 2          |
| Investments accounted for using the equity method (Notes 4 and 10)                              | 31,324,109           | 66         | 30,630,571           | 64         |
| Property, plant and equipment (Notes 4 and 11)  | 6,897,112            | 14         | 6,300,703            | 13         |
| Right-of-use assets (Notes 4 and 12)  | 65,686               | -          | 108,588              | -          |
| Investment properties (Notes 4 and 13)  | 50,674               | -          | 51,358               | -          |
| Intangible assets (Notes 4 and 14)  | 207,149              | -          | 219,426              | -          |
| Deferred tax assets (Notes 4, 5 and 20)   | 177,352              | -          | 237,989              | 1          |
| Other non-current assets - others (Note 26)   | 52,299               | -          | 35,883               | -          |
| Total non-current assets  | 39,401,437           | 82         | 38,446,298           | 80         |
| <b>TOTAL</b>  | <b>\$ 47,820,592</b> | <b>100</b> | <b>\$ 47,836,890</b> | <b>100</b> |
| <b>LIABILITIES AND EQUITY</b>   |                      |            |                      |            |
| <b>CURRENT LIABILITIES</b>  |                      |            |                      |            |
| Short-term borrowings (Notes 4, 15 and 25)  | \$ 3,465,564         | 7          | \$ 2,179,370         | 5          |
| Notes payable   | 533                  | -          | 29                   | -          |
| Accounts payable (Note 25)  | 1,044,917            | 3          | 1,584,989            | 3          |
| Other payables - others (Note 16)   | 976,382              | 2          | 936,960              | 2          |
| Current tax liabilities (Note 20)   | 377,530              | 1          | 243,453              | -          |
| Lease liabilities - current (Notes 4 and 12)  | 19,592               | -          | 29,751               | -          |
| Current portion of long-term borrowings (Notes 4 and 15)  | 2,994,000            | 6          | 3,844,000            | 8          |
| Other current liabilities - others (Note 18)  | 44,140               | -          | 54,983               | -          |
| Total current liabilities   | 8,922,658            | 19         | 8,873,535            | 18         |
| <b>NON-CURRENT LIABILITIES</b>  |                      |            |                      |            |
| Bonds payable (Notes 4 and 15)  | 5,493,921            | 11         | 5,491,683            | 12         |
| Long-term borrowings (Notes 4 and 15)   | 5,840,000            | 12         | 5,812,084            | 12         |
| Deferred tax liabilities (Notes 4, 5 and 20)  | 2,217,429            | 5          | 2,551,139            | 5          |
| Lease liabilities - non-current (Notes 4 and 12)  | 43,726               | -          | 79,774               | -          |
| Other non-current liabilities (Notes 5 and 16)  | 542,454              | 1          | 789,567              | 2          |
| Total non-current liabilities   | 14,137,530           | 29         | 14,724,247           | 31         |
| Total liabilities   | 23,060,188           | 48         | 23,597,782           | 49         |
| <b>EQUITY (Note 17)</b>   |                      |            |                      |            |
| Ordinary shares   | 11,782,655           | 25         | 12,402,795           | 26         |
| Capital surplus   | 368,946              | 1          | 368,946              | 1          |
| Retained earnings   |                      |            |                      |            |
| Legal reserve   | 4,803,617            | 10         | 4,437,120            | 9          |
| Special reserve   | 1,181,819            | 2          | 781,875              | 2          |
| Unappropriated earnings   | 7,600,968            | 16         | 7,430,191            | 15         |
| Total retained earnings   | 13,586,404           | 28         | 12,649,186           | 26         |
|   |                      | (2)        |                      | (2)        |
| Other equity  | (977,601)            | )          | (1,181,819)          | )          |
| Total equity  | 24,760,404           | 52         | 24,239,108           | 51         |
| <b>TOTAL</b>  | <b>\$ 47,820,592</b> | <b>100</b> | <b>\$ 47,836,890</b> | <b>100</b> |

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

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

## Eternal Materials Co., Ltd.

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

|  | For the Year Ended December 31 |           |                   |            |
|--|--------------------------------|-----------|-------------------|------------|
|  | 2022                           |           | 2021              |            |
|  | Amount                         | %         | Amount            | %          |
| OPERATING REVENUE (Notes 4, 18 and 25)                                   | \$ 16,211,752                  | 100       | \$ 16,562,728     | 100        |
| OPERATING COSTS (Notes 8, 16, 19 and 25)                                 | <u>13,019,221</u>              | <u>80</u> | <u>13,636,721</u> | <u>82</u>  |
| GROSS PROFIT   | <u>3,192,531</u>               | <u>20</u> | <u>2,926,007</u>  | <u>18</u>  |
| OPERATING EXPENSES (Notes 7, 16 and 19)                                  |                                |           |                   |            |
| Selling and marketing expenses   | 1,133,800                      | 7         | 1,162,837         | 7          |
| General and administrative expenses                                      | 850,933                        | 5         | 802,248           | 5          |
| Research and development expenses  | 1,216,762                      | 8         | 1,153,539         | 7          |
| Expected credit loss (gain)  | <u>(1,449)</u>                 | <u>-</u>  | <u>5,006</u>      | <u>-</u>   |
| Total operating expenses   | <u>3,200,046</u>               | <u>20</u> | <u>3,123,630</u>  | <u>19</u>  |
| LOSS FROM OPERATIONS   | <u>(7,515)</u>                 | <u>-</u>  | <u>(197,623)</u>  | <u>(1)</u> |
| NON-OPERATING INCOME AND EXPENSES  |                                |           |                   |            |
| Interest income  | 7,268                          | -         | 154               | -          |
| Other income (Notes 19 and 25)   | 613,893                        | 3         | 638,196           | 3          |
| Other gains and losses (Note 19)   | 7,665                          | -         | (22,538)          | -          |
| Finance costs (Notes 4, 19 and 25)                                       | (216,030)                      | (1)       | (169,460)         | (1)        |
| Share of profit of subsidiaries, associates and joint ventures (Note 10) | <u>2,270,537</u>               | <u>14</u> | <u>3,472,420</u>  | <u>21</u>  |
| Total non-operating income and expenses                                  | <u>2,683,333</u>               | <u>16</u> | <u>3,918,772</u>  | <u>23</u>  |
| PROFIT BEFORE INCOME TAX   | 2,675,818                      | 16        | 3,721,149         | 22         |
| INCOME TAX EXPENSE (Notes 4 and 20)                                      | <u>(58,226)</u>                | <u>-</u>  | <u>(171,881)</u>  | <u>(1)</u> |
| NET PROFIT FOR THE YEAR  | <u>2,617,592</u>               | <u>16</u> | <u>3,549,268</u>  | <u>21</u>  |

(Continued)



## Eternal Materials Co., Ltd.

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

|  | For the Year Ended December 31 |           |                     |            |
|--|--------------------------------|-----------|---------------------|------------|
|  | 2022                           |           | 2021                |            |
|  | Amount                         | %         | Amount              | %          |
| OTHER COMPREHENSIVE INCOME (LOSS)  |                                |           |                     |            |
| (Notes 16, 17 and 20)  |                                |           |                     |            |
| Items that will not be reclassified subsequently to profit or loss:  |                                |           |                     |            |
| Remeasurement of defined benefit plans   | \$ 214,688                     | 1         | \$ 57,254           | -          |
| Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income  | (233,486)                      | (1)       | 81,955              | 1          |
| Remeasurement of defined benefit plans of subsidiaries, associates and joint ventures accounted for using the equity method  | 5,089                          | -         | (3,493)             | -          |
| Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method | (2,583)                        | -         | 23,106              | -          |
| Income tax relating to items that will not be reclassified subsequently to profit or loss  | (49,488)                       | -         | 21,168              | -          |
| Items that may be reclassified subsequently to profit or loss:   |                                |           |                     |            |
| Exchange differences on translation of the financial statements of foreign operations  | 406,080                        | 2         | (446,456)           | (2)        |
| Share of other comprehensive income (loss) of associates and joint ventures  | <u>40,757</u>                  | <u>-</u>  | <u>(14,566)</u>     | <u>-</u>   |
| Other comprehensive income (loss) for the year, net of income tax  | <u>381,057</u>                 | <u>2</u>  | <u>(281,032)</u>    | <u>(1)</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR  | <u>\$ 2,998,649</u>            | <u>18</u> | <u>\$ 3,268,236</u> | <u>20</u>  |
| EARNINGS PER SHARE (Note 21)   |                                |           |                     |            |
| Basic  | \$ 2.15                        |           | \$ 2.86             |            |
| Diluted  | 2.15                           |           | 2.85                |            |

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

(Concluded)

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

## Eternal Materials Co., Ltd.

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

|  | Ordinary Shares | Capital Surplus | Retained Earnings |                 |                         | Exchange Differences on Translation of the Financial Statements of Foreign Operations | Other Equity   |                    | Total Equity  |
|--|-----------------|-----------------|-------------------|-----------------|-------------------------|---|--|--------------------|---------------|
|  |                 |                 | Legal Reserve     | Special Reserve | Unappropriated Earnings |   | Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income | Total Other Equity |               |
| BALANCE AT JANUARY 1, 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 |
| Appropriation of the 2021 earnings (Note 17)   |                 |                 |                   |                 |                         |   |  |                    |               |
| 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)   |
|  | -               | -               | 366,497           | 399,944         | (2,626,860)             | -   | -  | -                  | (1,860,419)   |
| Net profit for the year ended December 31, 2022  | -               | -               | -                 | -               | 2,617,592               | -   | -  | -                  | 2,617,592     |
| Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax                        | -               | -               | -                 | -               | 176,839                 | 446,837   | (242,619)  | 204,218            | 381,057       |
| Total comprehensive income (loss) for the year ended December 31, 2022   | -               | -               | -                 | -               | 2,794,431               | 446,837   | (242,619)  | 204,218            | 2,998,649     |
| Capital reduction by cash (Note 17)  | (620,140)       | -               | -                 | -               | -                       | -   | -  | -                  | (620,140)     |
| Disposal of investments in equity instruments at fair value through other comprehensive income (Note 20)         | -               | -               | -                 | -               | 3,206                   | -   | -  | -                  | 3,206         |
| BALANCE AT DECEMBER 31, 2022   | \$ 11,782,655   | \$ 368,946      | \$ 4,803,617      | \$ 1,181,819    | \$ 7,600,968            | \$ (1,335,011)  | \$ 357,410   | \$ (977,601)       | \$ 24,760,404 |
| BALANCE AT JANUARY 1, 2021   | \$ 12,402,795   | \$ 368,946      | \$ 4,188,871      | \$ 1,442,690    | \$ 5,213,715            | \$ (1,320,826)  | \$ 538,306   | \$ (782,520)       | \$ 22,834,497 |
| Appropriation of the 2020 earnings (Note 17)   |                 |                 |                   |                 |                         |   |  |                    |               |
| Legal reserve appropriated   | -               | -               | 248,249           | -               | (248,249)               | -   | -  | -                  | -             |
| Reversal of special reserve  | -               | -               | -                 | (660,170)       | 660,170                 | -   | -  | -                  | -             |
| Cash dividends - NT\$1.5 per share   | -               | -               | -                 | -               | (1,860,419)             | -   | -  | -                  | (1,860,419)   |
|  | -               | -               | 248,249           | (660,170)       | (1,448,498)             | -   | -  | -                  | (1,860,419)   |
| Net profit for the year ended December 31, 2021  | -               | -               | -                 | -               | 3,549,268               | -   | -  | -                  | 3,549,268     |
| Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax                        | -               | -               | -                 | -               | 42,638                  | (461,022)   | 137,352  | (323,670)          | (281,032)     |
| Total comprehensive income (loss) for the year ended December 31, 2021   | -               | -               | -                 | -               | 3,591,906               | (461,022)   | 137,352  | (323,670)          | 3,268,236     |
| Disposal of investments in equity instruments at fair value through other comprehensive income (Notes 17 and 20) | -               | -               | -                 | -               | 72,423                  | -   | (75,629)   | (75,629)           | (3,206)       |
| Others (Note 17)   | -               | -               | -                 | (645)           | 645                     | -   | -  | -                  | -             |
| BALANCE AT DECEMBER 31, 2021   | \$ 12,402,795   | \$ 368,946      | \$ 4,437,120      | \$ 781,875      | \$ 7,430,191            | \$ (1,781,848)  | \$ 600,029   | \$ (1,181,819)     | \$ 24,239,108 |

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

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

## Eternal Materials Co., Ltd.

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

|  | <b>For the Year Ended December 31</b> |                |
|--|---------------------------------------|----------------|
|  | <b>2022</b>                           | <b>2021</b>    |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                        |                                       |                |
| Profit before income tax   | \$ 2,675,818                          | \$ 3,721,149   |
| Adjustments for:   |                                       |                |
| Depreciation expense   | 662,697                               | 698,916        |
| Amortization expense   | 17,603                                | 17,888         |
| Expected credit loss (gain)  | (1,449)                               | 5,006          |
| Finance costs  | 216,030                               | 169,460        |
| Interest income  | (7,268)                               | (154)          |
| Dividend income  | (63,281)                              | (48,125)       |
| Share of the profit of subsidiaries, associates and joint ventures | (2,270,537)                           | (3,472,420)    |
| Loss (gain) on disposal of property, plant and equipment           | 2,684                                 | (72,412)       |
| Impairment loss recognized on non-financial assets                 | 50,188                                | 89,843         |
| Others   | (3,870)                               | (385)          |
| Changes in operating assets and liabilities                        |                                       |                |
| Notes receivable   | 102,867                               | (92,748)       |
| Accounts receivable  | 459,926                               | (733,632)      |
| Accounts receivable from related parties                           | 30,461                                | 43,455         |
| Other receivables  | 41,060                                | (91,241)       |
| Inventories  | 659,531                               | (1,554,688)    |
| Other current assets   | 4,970                                 | (37,921)       |
| Notes payable  | 504                                   | 7              |
| Accounts payable   | (512,614)                             | 197,585        |
| Other payables   | (103,337)                             | 113,824        |
| Other current liabilities  | 26,569                                | 24,901         |
| Other non-current liabilities                                      | (32,726)                              | (149,670)      |
| Cash generated from (used in) operations                           | 1,955,826                             | (1,171,362)    |
| Interest received  | 7,255                                 | 154            |
| Dividends received   | 2,057,540                             | 1,874,998      |
| Interest paid  | (211,439)                             | (175,075)      |
| Income taxes paid  | (268,377)                             | (197,013)      |
| Net cash generated from operating activities                       | <u>3,540,805</u>                      | <u>331,702</u> |

(Continued)

## Eternal Materials Co., Ltd.

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

|  | <b>For the Year Ended December 31</b> |                          |
|--|---------------------------------------|--------------------------|
|  | <b>2022</b>                           | <b>2021</b>              |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                                       |                          |
| Proceeds from disposal of financial assets at fair value through other comprehensive income          | \$ -                                  | \$ 84,697                |
| Proceeds from capital reduction of financial assets at fair value through other comprehensive income | 1,238                                 | -                        |
| Payment for property, plant and equipment  | (1,097,466)                           | (867,215)                |
| Proceeds from disposal of property, plant and equipment  | 1,119                                 | 46,641                   |
| Increase in other receivables from related parties   | (307,100)                             | -                        |
| Payment for intangible assets  | (6,083)                               | (7,789)                  |
| Increase in other financial assets   | (15,000)                              | -                        |
| Increase in other non-current assets   | (16,489)                              | (100)                    |
| Net cash used in establishing a subsidiary by spin-off   | <u>(159,395)</u>                      | <u>-</u>                 |
| Net cash used in investing activities  | <u>(1,599,176)</u>                    | <u>(743,766)</u>         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                                       |                          |
| Increase in short-term borrowings  | 1,286,194                             | 439,050                  |
| Proceeds from issuance of bonds  | -                                     | 2,500,000                |
| Proceeds from long-term borrowings   | 6,960,000                             | 9,113,705                |
| Repayments of long-term borrowings   | (7,784,000)                           | (9,873,089)              |
| Increase (decrease) in guarantee deposits received   | 300                                   | (2,500)                  |
| Repayment of the principal portion of lease liabilities  | (25,209)                              | (29,511)                 |
| Dividends paid   | (1,860,419)                           | (1,860,419)              |
| Capital reduction by cash  | (620,140)                             | -                        |
| Proceeds from capital reduction of subsidiaries accounted for using the equity method                | <u>228,482</u>                        | <u>-</u>                 |
| Net cash generated from (used in) financing activities   | <u>(1,814,792)</u>                    | <u>287,236</u>           |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>  | <b>126,837</b>                        | <b>(124,828)</b>         |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>  | <u><b>204,815</b></u>                 | <u><b>329,643</b></u>    |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>  | <u><b>\$ 331,652</b></u>              | <u><b>\$ 204,815</b></u> |

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

(Concluded)

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

# Eternal Materials Co., Ltd.

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

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### 1. GENERAL INFORMATION

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

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

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

The standalone financial statements were approved by the Company's board of directors and authorized for issue on March 10, 2023.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- a. Statement of compliance

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

- b. Basis of preparation

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

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

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

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

c. Classification of current and noncurrent assets and liabilities

Current assets include:

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

Current liabilities include:

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

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

d. Business combinations

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

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

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

e. Foreign currencies

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

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

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

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

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

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

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

f. Inventories

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

g. Investments in subsidiaries

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

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

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



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

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

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

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

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

#### h. Investments in associates

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

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

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

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

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - share of changes in equities of associates and investments accounted for using the equity method. If the Company's ownership interest is reduced due to subscription of the new shares of associate at a percentage different from its existing ownership percentage, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to

profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be a deduction to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is deducted from retained earnings.

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

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

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

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

i. Property, plant, and equipment

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

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

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

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

j. Investment properties

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

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

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

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

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

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

k. Intangible assets

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

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

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

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

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

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

m. Non-current assets held for sale

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

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

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

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

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

n. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i Financial assets at amortized cost

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

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

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

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

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

ii Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

c) Derecognition of financial assets

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

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and any associated liability for amounts it may have to pay. If the Company retains

substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes the proceeds received in accounts payable or related borrowings.

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

## 2) Financial liabilities

### a) Subsequent measurement

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

### b) Derecognition of financial liabilities

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

## o. Revenue recognition

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

### 1) Revenue from the sale of goods

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

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

### 2) Revenue from the rendering of services

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

## p. Leases

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

## 1) The Company as lessor

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

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

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

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

## 2) The Company as lessee

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

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

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

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in

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

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

q. Borrowing costs

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

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

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

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

s. Taxation

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



1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

t. Spin-off

The Company spun off its assets, liabilities and business to a subsidiary and obtained its issued equity. The acquisition cost is the net of assets less liabilities from the Company spun-off, and no exchange gain was recognized.

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

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

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

### Key Sources of Estimation and Assumption Uncertainty

#### a. Income taxes

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

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

#### b. Estimated impairment of accounts receivable

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

#### c. Write-down of inventories

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

#### d. Recognition and measurement of defined benefit plans

The resulting defined benefit costs under the defined benefit pension plans and the net defined benefit liabilities (assets) are calculated using the projected unit credit method. Actuarial assumptions comprise the discount rates, rates of employee turnover, future salary increases rate, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of expenses and liabilities.

## 6. CASH AND CASH EQUIVALENTS

|                                       | <u>December 31</u> |                   |
|---------------------------------------|--------------------|-------------------|
|                                       | <u>2022</u>        | <u>2021</u>       |
| Cash on hand                          | \$ 3,633           | \$ 3,574          |
| Checking accounts and demand deposits | <u>328,019</u>     | <u>201,241</u>    |
|                                       | <u>\$ 331,652</u>  | <u>\$ 204,815</u> |

## 7. NOTES, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

|  | <u>December 31</u>  |                     |
|--|---------------------|---------------------|
|  | <u>2022</u>         | <u>2021</u>         |
| Notes receivable                         | <u>\$ 275,956</u>   | <u>\$ 378,823</u>   |
| Accounts receivable                      | \$ 2,526,649        | \$ 3,009,226        |
| Less: Allowance for loss                 | <u>(79,495)</u>     | <u>(85,852)</u>     |
|  | <u>\$ 2,447,154</u> | <u>\$ 2,923,374</u> |
| Accounts receivable from related parties | \$ 877,659          | \$ 910,531          |
| Less: Allowance for loss                 | <u>(4)</u>          | <u>(37)</u>         |
|  | <u>\$ 877,655</u>   | <u>\$ 910,494</u>   |
| Other receivables                        | \$ 911,166          | \$ 670,175          |
| Less: Allowance for loss                 | <u>(29,800)</u>     | <u>(29,800)</u>     |
|  | <u>\$ 881,366</u>   | <u>\$ 640,375</u>   |

### a. Notes receivable and accounts receivable

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

The loss allowance for the Company's accounts receivable is recognized by using lifetime expected credit 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's provision matrix:

### December 31, 2022

|                               | <b>Not Past Due</b> | <b>0 to 30 Days</b> | <b>31 to 90 Days</b> | <b>91 to 180 Days</b> | <b>Over 180 Days</b> | <b>Total</b>        |
|-------------------------------|---------------------|---------------------|----------------------|-----------------------|----------------------|---------------------|
| Gross carrying amount         | \$ 3,233,976        | \$ 230,212          | \$ 114,744           | \$ 24,800             | \$ 76,532            | \$ 3,680,264        |
| Loss allowance (lifetime ECL) | <u>(430)</u>        | <u>(478)</u>        | <u>(1,241)</u>       | <u>(885)</u>          | <u>(76,465)</u>      | <u>(79,499)</u>     |
| Amortized cost                | <u>\$ 3,233,546</u> | <u>\$ 229,734</u>   | <u>\$ 113,503</u>    | <u>\$ 23,915</u>      | <u>\$ 67</u>         | <u>\$ 3,600,765</u> |

December 31, 2021

|                               | Not Past Due        | 0 to 30 Days      | 31 to 90 Days    | 91 to 180 Days  | Over 180 Days   | Total               |
|-------------------------------|---------------------|-------------------|------------------|-----------------|-----------------|---------------------|
| Gross carrying amount         | \$ 3,931,217        | \$ 217,236        | \$ 66,610        | \$ 8,139        | \$ 75,378       | \$ 4,298,580        |
| Loss allowance (lifetime ECL) | <u>(2,698)</u>      | <u>(2,526)</u>    | <u>(3,800)</u>   | <u>(1,487)</u>  | <u>(75,378)</u> | <u>(85,889)</u>     |
| Amortized cost                | <u>\$ 3,928,519</u> | <u>\$ 214,710</u> | <u>\$ 62,810</u> | <u>\$ 6,652</u> | <u>\$ -</u>     | <u>\$ 4,212,691</u> |

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

|                                  | <u>For the Year Ended December 31</u> |                  |
|----------------------------------|---------------------------------------|------------------|
|                                  | <u>2022</u>                           | <u>2021</u>      |
| Balance at beginning of the year | \$ 85,889                             | \$ 97,725        |
| Reversed in the current year     | (1,449)                               | (9,649)          |
| Written off in the current year  | (4,929)                               | (2,187)          |
| Spin-off                         | <u>(12)</u>                           | <u>-</u>         |
| Balance at end of the year       | <u>\$ 79,499</u>                      | <u>\$ 85,889</u> |

b. Other receivables

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

**8. INVENTORIES**

|                      | <u>December 31</u>  |                     |
|----------------------|---------------------|---------------------|
|                      | <u>2022</u>         | <u>2021</u>         |
| Raw materials        | \$ 1,577,411        | \$ 1,833,949        |
| Supplies             | 42,960              | 43,370              |
| Finished goods       | 1,638,795           | 2,085,699           |
| Inventory in transit | <u>91,476</u>       | <u>131,513</u>      |
|                      | <u>\$ 3,350,642</u> | <u>\$ 4,094,531</u> |

The cost of inventories recognized as operating costs for the years ended December 31, 2022 and 2021 was \$13,019,221 thousand and \$13,636,721 thousand, respectively, including write-down of inventories of \$50,188 thousand and \$89,843 thousand, respectively.

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

|                            | <u>December 31</u> |             |
|----------------------------|--------------------|-------------|
|                            | <u>2022</u>        | <u>2021</u> |
| Domestic investments       |                    |             |
| Listed shares              |                    |             |
| President Securities Corp. | \$ 522,190         | \$ 789,124  |

(Continued)

|  | <b>December 31</b> |                   |
|--|--------------------|-------------------|
|  | <b>2022</b>        | <b>2021</b>       |
| Unlisted shares                                  |                    |                   |
| Universal Venture Capital Investment Corp.       | \$ 45,497          | \$ 44,483         |
| Der Yang Biotechnology Venture Capital Co., Ltd. | <u>2,770</u>       | <u>4,323</u>      |
|  | <u>570,457</u>     | <u>837,930</u>    |
| Foreign investments                              |                    |                   |
| Unlisted shares                                  |                    |                   |
| TBG Diagnostics Limited                          | <u>56,599</u>      | <u>23,850</u>     |
|  | <u>\$ 627,056</u>  | <u>\$ 861,780</u> |
|  |                    | (Concluded)       |

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

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

|                             | <b>December 31</b>   |                      |
|-----------------------------|----------------------|----------------------|
|                             | <b>2022</b>          | <b>2021</b>          |
| Investments in subsidiaries | \$ 30,059,124        | \$ 29,298,789        |
| Investments in associates   | <u>1,264,985</u>     | <u>1,331,782</u>     |
|                             | <u>\$ 31,324,109</u> | <u>\$ 30,630,571</u> |

##### a. Investments in subsidiaries

|  | <b>December 31</b>   |                   |                      |                   |
|--|----------------------|-------------------|----------------------|-------------------|
|  | <b>2022</b>          |                   | <b>2021</b>          |                   |
|  | <b>Amount</b>        | <b>Percentage</b> | <b>Amount</b>        | <b>Percentage</b> |
| Eternal Holdings Inc.                            | \$ 20,293,015        | 100               | \$ 19,118,841        | 100               |
| Eternal Global (BVI) Co., Ltd.                   | 4,990,787            | 100               | 4,673,760            | 100               |
| Mixville Holdings Inc.                           | 3,703,360            | 100               | 3,608,531            | 100               |
| New E Materials Co., Ltd.                        | 31,682               | 62.80             | 35,122               | 62.80             |
| Eternal Precision Mechanics Co., Ltd.            | 826,296              | 100<br>(Note)     | -                    | -                 |
| Eternal Electronic Material (Thailand) Co., Ltd. | 132,059              | 75                | 135,557              | 75                |
| CHOU-KOU Materials Co., Ltd.                     | 85,481               | 100               | 83,824               | 100               |
| Nikko-Materials Co., Ltd. (NM)                   | -                    | -                 | 1,634,652            | 100               |
|  |                      | (Note)            |                      |                   |
| Elga Europe S.r.l.                               | <u>(3,556)</u>       | 72.68             | <u>8,502</u>         | 72.68             |
|  | <u>\$ 30,059,124</u> |                   | <u>\$ 29,298,789</u> |                   |

Note: 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., to enhance shareholder's equity and future operation development since specialization will improve the operating performance. The spin-off base date was October 1, 2022. The carrying amounts of the Company's spin-off net assets was 550,000 thousand, and the relevant transaction was completed in October 2022. The details of the spin-off assets and liabilities were as follows:

|   | <b>Amount</b>     |
|---|-------------------|
| <b>Current Assets</b>                             |                   |
| Cash and cash equivalents                         | \$ 159,395        |
| Accounts receivable, net                          | 17,711            |
| Accounts receivable from related parties, net     | 2,410             |
| Other receivables                                 | 80,277            |
| Inventories                                       | 34,170            |
| Other current assets - others                     | 17,660            |
| <b>Non-current Assets</b>                         |                   |
| Investments accounted for using the equity method | 300,150           |
| Property, plant and equipment                     | 2,998             |
| Intangible assets                                 | 757               |
| Deferred tax assets                               | 693               |
| Other non-current assets - others                 | 74                |
| <b>Current Liabilities</b>                        |                   |
| Accounts payable                                  | (27,458)          |
| Other payables - others                           | (1,424)           |
| Other current liabilities - others                | <u>(37,413)</u>   |
| <b>Spin-off Net Assets</b>                        | <u>\$ 550,000</u> |

b. Investments in associates

|   | <b>December 31</b>  |                     |
|---|---------------------|---------------------|
|   | <b>2022</b>         | <b>2021</b>         |
| Associates that are not individually material | <u>\$ 1,264,985</u> | <u>\$ 1,331,782</u> |

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

|   | <b>For the Year Ended December 31</b> |                   |
|---|---------------------------------------|-------------------|
|   | <b>2022</b>                           | <b>2021</b>       |
| The Company's share of                  |                                       |                   |
| Net profit for the year                 | \$ 122,258                            | \$ 284,305        |
| Other comprehensive income for the year | <u>11,451</u>                         | <u>(3,903)</u>    |
| Total comprehensive income for the year | <u>\$ 133,709</u>                     | <u>\$ 280,402</u> |

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

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

Refer to Statement 6 for the changes in investments accounted for using the equity method. Refer to Table 9 for the main businesses and countries of incorporation of the associates.

## 11. PROPERTY, PLANT AND EQUIPMENT

### For the Year Ended December 31, 2022

|                                      | Land                | Buildings           | Machinery and<br>Equipment | Storage<br>Equipment | Examination<br>Equipment | Other<br>Equipment | Construction in<br>Progress and<br>Equipment to be<br>Inspected | Total                |
|--------------------------------------|---------------------|---------------------|----------------------------|----------------------|--------------------------|--------------------|---|----------------------|
| Carrying amount at January 1, 2022   | <u>\$ 2,516,584</u> | <u>\$ 914,334</u>   | <u>\$ 1,873,960</u>        | <u>\$ 165,822</u>    | <u>\$ 373,106</u>        | <u>\$ 40,619</u>   | <u>\$ 416,278</u>   | <u>\$ 6,300,703</u>  |
| Cost                                 |                     |                     |                            |                      |                          |                    |   |                      |
| Balance at January 1, 2022           | \$ 2,516,584        | \$ 3,675,736        | \$ 9,776,083               | \$ 692,193           | \$ 1,256,181             | \$ 162,025         | \$ 416,278  | \$ 18,495,080        |
| Additions                            | -                   | 111,968             | 335,470                    | 26,345               | 93,519                   | 16,337             | 658,957   | 1,242,596            |
| Disposals                            | -                   | (12,356)            | (77,683)                   | (15,717)             | (31,474)                 | (3,489)            | -   | (140,719)            |
| Spin-off                             | -                   | -                   | (765)                      | -                    | -                        | -                  | (2,263)   | (3,028)              |
| Balance at December 31, 2022         | <u>\$ 2,516,584</u> | <u>\$ 3,775,348</u> | <u>\$ 10,033,105</u>       | <u>\$ 702,821</u>    | <u>\$ 1,318,226</u>      | <u>\$ 174,873</u>  | <u>\$ 1,072,972</u>   | <u>\$ 19,593,929</u> |
| Accumulated depreciation             |                     |                     |                            |                      |                          |                    |   |                      |
| Balance at January 1, 2022           | \$ -                | \$ 2,761,402        | \$ 7,902,123               | \$ 526,371           | \$ 883,075               | \$ 121,406         | \$ -  | \$ 12,194,377        |
| Depreciation                         | -                   | 141,583             | 374,962                    | 21,276               | 84,310                   | 15,491             | -   | 637,622              |
| Disposals                            | -                   | (10,277)            | (74,757)                   | (15,571)             | (31,184)                 | (3,363)            | -   | (135,152)            |
| Spin-off                             | -                   | -                   | (30)                       | -                    | -                        | -                  | -   | (30)                 |
| Balance at December 31, 2022         | <u>\$ -</u>         | <u>\$ 2,892,708</u> | <u>\$ 8,202,298</u>        | <u>\$ 532,076</u>    | <u>\$ 936,201</u>        | <u>\$ 133,534</u>  | <u>\$ -</u>   | <u>\$ 12,696,817</u> |
| Carrying amount at December 31, 2022 | <u>\$ 2,516,584</u> | <u>\$ 882,640</u>   | <u>\$ 1,830,807</u>        | <u>\$ 170,745</u>    | <u>\$ 382,025</u>        | <u>\$ 41,339</u>   | <u>\$ 1,072,972</u>   | <u>\$ 6,897,112</u>  |

### For the Year Ended December 31, 2021

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

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

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

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

## 12. LEASE ARRANGEMENTS

### a. Right-of-use assets

|   | <b>December 31</b>                    |                   |
|---|---------------------------------------|-------------------|
|   | <b>2022</b>                           | <b>2021</b>       |
| Carrying amounts                            |                                       |                   |
| Land  | \$ 10,262                             | \$ 10,517         |
| Buildings                                   | 32,835                                | 74,502            |
| Storage equipment                           | 7,797                                 | 3,453             |
| Other equipment                             | <u>14,792</u>                         | <u>20,116</u>     |
|   | <u>\$ 65,686</u>                      | <u>\$ 108,588</u> |
|   | <b>For the Year Ended December 31</b> |                   |
|   | <b>2022</b>                           | <b>2021</b>       |
| Additions to right-of-use assets            | <u>\$ 24,779</u>                      | <u>\$ 32,042</u>  |
| Depreciation charge for right-of-use assets |                                       |                   |
| Land  | \$ 491                                | \$ 487            |
| Buildings                                   | 15,607                                | 21,508            |
| Storage equipment                           | 1,756                                 | 581               |
| Other equipment                             | <u>6,537</u>                          | <u>7,208</u>      |
|   | <u>\$ 24,391</u>                      | <u>\$ 29,784</u>  |

### b. Lease liabilities

|                  | <b>December 31</b> |                  |
|------------------|--------------------|------------------|
|                  | <b>2022</b>        | <b>2021</b>      |
| Carrying amounts |                    |                  |
| Current          | <u>\$ 19,592</u>   | <u>\$ 29,751</u> |
| Non-current      | <u>\$ 43,726</u>   | <u>\$ 79,774</u> |

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

|                   | <b>December 31</b> |             |
|-------------------|--------------------|-------------|
|                   | <b>2022</b>        | <b>2021</b> |
| Land              | 1.72-2.29          | 1.72-2.29   |
| Buildings         | 0.63-4.60          | 0.63-3.64   |
| Storage equipment | 1.63-1.79          | 1.63-1.67   |
| Other equipment   | 0.63-4.60          | 0.60-1.79   |



c. Other lease information

|  | <b>For the Year Ended December 31</b> |                  |
|--|---------------------------------------|------------------|
|  | <b>2022</b>                           | <b>2021</b>      |
| Expenses relating to short-term and low-value asset leases                                       | <u>\$ 36,763</u>                      | <u>\$ 15,981</u> |
| Total cash outflow for all leases arrangements (including short-term and low-value asset leases) | <u>\$ 63,356</u>                      | <u>\$ 47,330</u> |

**13. INVESTMENT PROPERTIES**

For the Year Ended December 31, 2022

|  | <b>Land</b>      | <b>Buildings</b> | <b>Total</b>     |
|--|------------------|------------------|------------------|
| Carrying amount at January 1, 2022               | <u>\$ 17,412</u> | <u>\$ 33,946</u> | <u>\$ 51,358</u> |
| <u>Cost</u>                                      |                  |                  |                  |
| Balance at January 1, 2022 and December 31, 2022 | <u>\$ 17,412</u> | <u>\$ 34,174</u> | <u>\$ 51,586</u> |
| <u>Accumulated depreciation and impairment</u>   |                  |                  |                  |
| Balance at January 1, 2022                       | \$ -             | \$ 228           | \$ 228           |
| Depreciation                                     | <u>-</u>         | <u>684</u>       | <u>684</u>       |
| Balance at December 31, 2022                     | <u>\$ -</u>      | <u>\$ 912</u>    | <u>\$ 912</u>    |
| Carrying amount at December 31, 2022             | <u>\$ 17,412</u> | <u>\$ 33,262</u> | <u>\$ 50,674</u> |

For the Year Ended December 31, 2021

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

The investment properties were leased for terms of 5 years.

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

|                | <b>December 31</b> |             |
|----------------|--------------------|-------------|
|                | <b>2022</b>        | <b>2021</b> |
| Year 1         | \$ 1,714           | \$ -        |
| Year 2         | 1,800              | -           |
| Year 3         | 1,914              | -           |
| Year 4         | 1,943              | -           |
| Year 5         | 486                | -           |
| Year 6 onwards | <u>-</u>           | <u>-</u>    |
|                | <u>\$ 7,857</u>    | <u>\$ -</u> |

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

|            | <b>December 31</b> |                   |
|------------|--------------------|-------------------|
|            | <b>2022</b>        | <b>2021</b>       |
| Fair value | <u>\$ 122,656</u>  | <u>\$ 125,815</u> |

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

Buildings 50 years

Operating income and expenses directly related to investment properties

|  | <b>For the Year Ended December 31</b> |               |
|--|---------------------------------------|---------------|
|  | <b>2022</b>                           | <b>2021</b>   |
| Rental income  | <u>\$ 1,002</u>                       | <u>\$ -</u>   |
| Operating expenses directly related to investment properties | <u>\$ 684</u>                         | <u>\$ 228</u> |

#### 14. INTANGIBLE ASSETS

For the Year Ended December 31, 2022

|                                    | <b>Computer<br/>Software</b> | <b>Other<br/>Intangible<br/>Assets</b> | <b>Total</b>      |
|------------------------------------|------------------------------|--|-------------------|
| Carrying amount at January 1, 2022 | <u>\$ 216,119</u>            | <u>\$ 3,307</u>                        | <u>\$ 219,426</u> |
| <u>Cost</u>                        |                              |  |                   |
| Balance at January 1, 2022         | \$ 246,968                   | \$ 16,818                              | \$ 263,786        |
| Additions                          | 6,070                        | 13                                     | 6,083             |

(Continued)

|  | <b>Computer<br/>Software</b> | <b>Other<br/>Intangible<br/>Assets</b> | <b>Total</b>                     |
|--|------------------------------|--|----------------------------------|
| Spin-off                                       | \$ (1,146)                   | \$ -                                   | \$ (1,146)                       |
| Balance at December 31, 2022                   | <u>\$ 251,892</u>            | <u>\$ 16,831</u>                       | <u>\$ 268,723</u>                |
| <u>Accumulated amortization and impairment</u> |                              |  |                                  |
| Balance at January 1, 2022                     | \$ 30,849                    | \$ 13,511                              | \$ 44,360                        |
| Amortization expense                           | 16,104                       | 1,499                                  | 17,603                           |
| Spin-off                                       | <u>(389)</u>                 | <u>-</u>                               | <u>(389)</u>                     |
| Balance at December 31, 2022                   | <u>\$ 46,564</u>             | <u>\$ 15,010</u>                       | <u>\$ 61,574</u>                 |
| Carrying amount at December 31, 2022           | <u>\$ 205,328</u>            | <u>\$ 1,821</u>                        | <u>\$ 207,149</u><br>(Concluded) |

For the Year Ended December 31, 2021

|  | <b>Computer<br/>Software</b> | <b>Other<br/>Intangible<br/>Assets</b> | <b>Total</b>      |
|--|------------------------------|--|-------------------|
| Carrying amount at January 1, 2021             | <u>\$ 223,655</u>            | <u>\$ 5,870</u>                        | <u>\$ 229,525</u> |
| <u>Cost</u>                                    |                              |  |                   |
| Balance at January 1, 2021                     | \$ 239,226                   | \$ 18,157                              | \$ 257,383        |
| Additions                                      | 7,742                        | 47                                     | 7,789             |
| Disposals                                      | <u>-</u>                     | <u>(1,386)</u>                         | <u>(1,386)</u>    |
| Balance at December 31, 2021                   | <u>\$ 246,968</u>            | <u>\$ 16,818</u>                       | <u>\$ 263,786</u> |
| <u>Accumulated amortization and impairment</u> |                              |  |                   |
| Balance at January 1, 2021                     | \$ 15,571                    | \$ 12,287                              | \$ 27,858         |
| Amortization expense                           | 15,278                       | 2,610                                  | 17,888            |
| Disposals                                      | <u>-</u>                     | <u>(1,386)</u>                         | <u>(1,386)</u>    |
| Balance at December 31, 2021                   | <u>\$ 30,849</u>             | <u>\$ 13,511</u>                       | <u>\$ 44,360</u>  |
| Carrying amount at December 31, 2021           | <u>\$ 216,119</u>            | <u>\$ 3,307</u>                        | <u>\$ 219,426</u> |

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

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

## 15. BORROWINGS

### a. Short-term borrowings

| Type of Borrowings                   | Interest Rate<br>Range (%) | Amount              |
|--------------------------------------|----------------------------|---------------------|
| December 31, 2022                    |                            |                     |
| Unsecured loans                      | 0.58-5.29                  | \$ 2,482,844        |
| Loans from related parties (Note 25) | 5.40-5.45                  | <u>982,720</u>      |
|                                      |                            | <u>\$ 3,465,564</u> |
| December 31, 2021                    |                            |                     |
| Unsecured loans                      | 0.58-0.85                  | \$ 1,681,130        |
| Loans from related parties (Note 25) | 0.85                       | <u>498,240</u>      |
|                                      |                            | <u>\$ 2,179,370</u> |

### b. Long-term borrowings

| Type of Borrowings                                | Agreement Period and<br>Interest Payable<br>Schedule                                    | Interest Rate<br>Range (%) | Amount              |
|---|---|----------------------------|---------------------|
| December 31, 2022                                 |   |                            |                     |
| Unsecured loans                                   | From October 2, 2017 to<br>November 23, 2025.<br>Interest is paid based<br>on schedule. | 1.51-1.90                  | \$ 8,834,000        |
| Less: Current portion of long-<br>term borrowings |   |                            | <u>(2,994,000)</u>  |
|   |   |                            | <u>\$ 5,840,000</u> |

| Type of Borrowings                          | Agreement Period and<br>Interest Payable<br>Schedule   | Interest Rate<br>Range (%) | Amount         |
|---|--|----------------------------|----------------|
| December 31, 2021                           |  |                            |                |
| Unsecured loans                             | From September 11,<br>2017 to September 29,<br>2024. Interest is paid<br>based on schedule.  | 0.61-1.79                  | \$ 8,808,000   |
| Long-term bills payable<br>Commercial paper | Revolving credit, the<br>period of the<br>agreement is five<br>years. Maturity date is<br>October 2027. Only<br>banking surcharge and<br>interests have to be<br>paid before the<br>maturity date. | 1.13                       | <u>850,000</u> |

(Continued)

| <b>Type of Borrowings</b>                     | <b>Agreement Period and<br/>Interest Payable<br/>Schedule</b> | <b>Interest Rate<br/>Range (%)</b> | <b>Amount</b>       |
|---|---|------------------------------------|---------------------|
| Less: Unamortized discounts                   |   |                                    | \$ <u>(1,916)</u>   |
|   |   |                                    | <u>848,084</u>      |
|   |   |                                    | 9,656,084           |
| Less: Current portion of long-term borrowings |   |                                    | <u>(3,844,000)</u>  |
|   |   |                                    | <u>\$ 5,812,084</u> |
|   |   |                                    | (Concluded)         |

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

c. Facility agreements and financial covenants

- 1) During the period of the credit facility agreements, the Company and its subsidiaries made agreements with the creditors that the current ratio, liability ratio, interest coverage ratio and net tangible assets of the consolidated financial statements will be maintained within a certain specified ratio or amount and reviewed at least once a year. If the Company breaches these clauses, the bank and syndicated banks can cancel the credit line or declare that part or all of the loan together with accrued interest is immediately due. The Company was in compliance with the syndicated credit facility agreements based on its consolidated financial statements for the years ended December 31, 2022 and 2021.
- 2) As of December 31, 2022, the Company utilized the credits under signed facility agreements of the following banks.

| <b>Bank</b>                              | <b>Currency</b> | <b>Credit line</b> |
|--|-----------------|--------------------|
| Bank SinoPac Co., Ltd.                   | NTD             | \$ 600,000         |
| HSBC Bank (Taiwan) Limited               | NTD             | 900,000            |
| CTBC Bank Co., Ltd.                      | NTD             | 300,000            |
| Far Eastern International Bank Co., Ltd. | NTD             | 800,000            |

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

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

d. Bonds payable

|  | <u>December 31</u>  |                     |
|--|---------------------|---------------------|
|  | <u>2022</u>         | <u>2021</u>         |
| 5 year secured bonds - issued at par value   |                     |                     |
| Issued in November 2019; interest rate at 0.82%; principal repayable at maturity and interest payable annually | \$ 3,000,000        | \$ 3,000,000        |
| Less: Issuance cost  | <u>(2,240)</u>      | <u>(3,439)</u>      |
|  | <u>2,997,760</u>    | <u>2,996,561</u>    |
| 5 year secured bonds - issued at par value   |                     |                     |
| Issued in August 2021; interest rate at 0.58%; principal repayable at maturity and interest payable annually   | 2,500,000           | 2,500,000           |
| Less: Issuance cost  | <u>(3,839)</u>      | <u>(4,878)</u>      |
|  | <u>2,496,161</u>    | <u>2,495,122</u>    |
|  | <u>\$ 5,493,921</u> | <u>\$ 5,491,683</u> |

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

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

## 16. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

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

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

|   | <b>December 31</b> |                    |
|---|--------------------|--------------------|
|   | <b>2022</b>        | <b>2021</b>        |
| Present value of defined benefit obligation             | \$ 1,788,879       | \$ 2,025,317       |
| Fair value of plan assets                               | <u>(1,241,808)</u> | <u>(1,230,747)</u> |
| Net defined benefit liabilities                         | <u>\$ 547,071</u>  | <u>\$ 794,570</u>  |
| Current (recorded as other payables - others)           | \$ 4,918           | \$ 5,003           |
| Non-current (recorded as other non-current liabilities) | <u>542,153</u>     | <u>789,567</u>     |
|   | <u>\$ 547,071</u>  | <u>\$ 794,570</u>  |

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

|   | <b>Present Value<br/>of the Defined<br/>Benefit<br/>Obligation</b> | <b>Fair Value of<br/>the Plan Assets</b> | <b>Net Defined<br/>Benefit<br/>Liabilities</b> |
|---|--|--|--|
| Balance at January 1, 2022  | <u>\$ 2,025,317</u>  | <u>\$ (1,230,747)</u>                    | <u>\$ 794,570</u>                              |
| Service cost  |  |  |  |
| Current service cost  | 27,327   | -  | 27,327   |
| Past service cost   | 56,825   | -  | 56,825   |
| Interest expense (income)   | <u>12,152</u>  | <u>(7,384)</u>                           | <u>4,768</u>                                   |
| Recognized in profit or loss  | <u>96,304</u>  | <u>(7,384)</u>                           | <u>88,920</u>                                  |
| Remeasurement   |  |  |  |
| Return on plan assets (excluding amounts<br>included in net interest) | -  | (92,739)                                 | (92,739)                                       |
| Actuarial gain - changes in financial<br>assumptions                  | (134,172)  | -  | (134,172)                                      |
| Actuarial loss - experience adjustments                               | <u>12,223</u>  | <u>-</u>                                 | <u>12,223</u>                                  |
| Recognized in other comprehensive income                              | <u>(121,949)</u>   | <u>(92,739)</u>                          | <u>(214,688)</u>                               |
| Contributions from the employer                                       | -  | (107,994)                                | (107,994)                                      |
| Benefits paid   | <u>(210,793)</u>   | <u>197,056</u>                           | <u>(13,737)</u>                                |
|   | <u>(210,793)</u>   | <u>89,062</u>                            | <u>(121,731)</u>                               |
| Balance at December 31, 2022  | <u>\$ 1,788,879</u>  | <u>\$ (1,241,808)</u>                    | <u>\$ 547,071</u>                              |
| Balance at January 1, 2021  | <u>\$ 2,142,559</u>  | <u>\$ (1,154,628)</u>                    | <u>\$ 987,931</u>                              |
| Service cost  |  |  |  |
| Current service cost  | 30,826   | -  | 30,826   |
| Interest expense (income)   | <u>6,428</u>   | <u>(3,464)</u>                           | <u>2,964</u>                                   |
| Recognized in profit or loss  | <u>37,254</u>  | <u>(3,464)</u>                           | <u>33,790</u>                                  |
| Remeasurement   |  |  |  |
| Return on plan assets (excluding amounts<br>included in net interest) | -  | (17,593)                                 | (17,593)                                       |
| Actuarial loss - changes in population<br>assumptions                 | 2,073  | -  | 2,073  |

(Continued)

|   | <b>Present Value<br/>of the Defined<br/>Benefit<br/>Obligation</b> | <b>Fair Value of<br/>the Plan Assets</b> | <b>Net Defined<br/>Benefit<br/>Liabilities</b> |
|---|--|--|--|
| Actuarial gain - changes in financial assumptions | \$ (63,750)  | \$ -                                     | \$ (63,750)                                    |
| Actuarial loss - experience adjustments           | <u>22,016</u>  | <u>-</u>                                 | <u>22,016</u>                                  |
| Recognized in other comprehensive income          | <u>(39,661)</u>  | <u>(17,593)</u>                          | <u>(57,254)</u>                                |
| Contributions from the employer                   | -  | (116,835)                                | (116,835)                                      |
| Benefits paid                                     | <u>(114,835)</u>   | <u>61,773</u>                            | <u>(53,062)</u>                                |
|   | <u>(114,835)</u>   | <u>(55,062)</u>                          | <u>(169,897)</u>                               |
| Balance at December 31, 2021                      | <u>\$ 2,025,317</u>  | <u>\$ (1,230,747)</u>                    | <u>\$ 794,570</u><br>(Concluded)               |

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

|                    | <b><u>For the Year Ended December 31</u></b> |                  |
|--------------------|--|------------------|
|                    | <b>2022</b>                                  | <b>2021</b>      |
| Operating costs    | \$ 39,320                                    | \$ 16,243        |
| Operating expenses | <u>49,600</u>                                | <u>17,547</u>    |
|                    | <u>\$ 88,920</u>                             | <u>\$ 33,790</u> |

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

1) Investment risk

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

2) Interest risk

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

3) Salary risk

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

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



|                                      | <b>December 31</b>  |   |
|--------------------------------------|---|---|
|                                      | <b>2022</b>   | <b>2021</b>   |
| Discount rate (%)                    | 1.40  | 0.60  |
| Expected rate of salary increase (%) | 3.00  | 3.00  |
| Mortality rate (%)                   | Population was based on the 6th Taiwan Standard Ordinary Experience Mortality Table | Population was based on the 6th Taiwan Standard Ordinary Experience Mortality Table |
| Resignation rate (%)                 | 0.00-23.00  | 0.00-23.00  |
| Early retirement rate (%)            | 0.10-99.00  | 0.10-99.00  |

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

|                                  | <b>December 31</b> |                    |
|----------------------------------|--------------------|--------------------|
|                                  | <b>2022</b>        | <b>2021</b>        |
| Discount rate                    |                    |                    |
| 0.25% increase                   | <u>\$ (39,120)</u> | <u>\$ (48,117)</u> |
| 0.25% decrease                   | <u>\$ 40,418</u>   | <u>\$ 49,819</u>   |
| Expected rate of salary increase |                    |                    |
| 0.25% increase                   | <u>\$ 35,318</u>   | <u>\$ 43,559</u>   |
| 0.25% decrease                   | <u>\$ (34,419)</u> | <u>\$ (42,376)</u> |

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

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

## 17. EQUITY

### a. Share capital

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

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

b. Capital surplus

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

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

c. Retained earnings and dividend policy

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

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

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

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

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

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

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

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

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

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

d. Other equity items

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

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

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

2) Unrealized gains and losses on financial assets at FVTOCI

|   | <b><u>For the Year Ended December 31</u></b> |                   |
|---|--|-------------------|
|   | <b>2022</b>                                  | <b>2021</b>       |
| Balance at beginning of the year  | \$ <u>600,029</u>                            | \$ <u>538,306</u> |
| Recognized for the year   |  |                   |
| Unrealized gains and losses - equity instruments  | (240,036)                                    | 114,246           |
| Share of associates accounted for using the equity method   | <u>(2,583)</u>                               | <u>23,106</u>     |
| Other comprehensive income recognized for the year  | <u>(242,619)</u>                             | <u>137,352</u>    |
| Reclassification adjustment   |  |                   |
| Cumulative unrealized gains and losses of equity instruments transferred to retained earnings due to disposal | <u>-</u>                                     | <u>(75,629)</u>   |
| Balance at end of the year  | \$ <u>357,410</u>                            | \$ <u>600,029</u> |

**18. REVENUE**

|                                       | <b><u>For the Year Ended December 31</u></b> |                      |
|---------------------------------------|--|----------------------|
|                                       | <b>2022</b>                                  | <b>2021</b>          |
| Revenue from contracts with customers |  |                      |
| Revenue from the sale of goods        | \$ <u>16,211,752</u>                         | \$ <u>16,562,728</u> |

a. Contract balances

|   | <b>December 31,<br/>2022</b> | <b>December 31,<br/>2021</b> | <b>January 1,<br/>2021</b> |
|---|------------------------------|------------------------------|----------------------------|
| Notes and accounts receivable   | \$ <u>3,600,765</u>          | \$ <u>4,212,691</u>          | \$ <u>3,420,117</u>        |
| Contract liabilities (recorded as other current liabilities - others) |                              |                              |                            |
| Sale of goods   | \$ <u>20,458</u>             | \$ <u>38,961</u>             | \$ <u>18,406</u>           |

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

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

|   | <b><u>For the Year Ended December 31</u></b> |                  |
|---|--|------------------|
|   | <b>2022</b>                                  | <b>2021</b>      |
| From the balance of contract liabilities at the beginning of the year |  |                  |
| Sale of goods   | \$ <u>38,710</u>                             | \$ <u>18,016</u> |

b. Disaggregation of revenue

|                                      | Reportable Segments |                         |                                  |            | Total         |
|--------------------------------------|---------------------|-------------------------|----------------------------------|------------|---------------|
|                                      | Resins<br>Materials | Electronic<br>Materials | High<br>Performance<br>Materials | Others     |               |
| For the year ended December 31, 2022 |                     |                         |                                  |            |               |
| Type of revenue                      |                     |                         |                                  |            |               |
| Sale of goods                        | \$ 8,306,915        | \$ 3,949,661            | \$ 3,818,917                     | \$ 136,259 | \$ 16,211,752 |
| For the year ended December 31, 2021 |                     |                         |                                  |            |               |
| Type of revenue                      |                     |                         |                                  |            |               |
| Sale of goods                        | \$ 8,515,629        | \$ 4,488,651            | \$ 3,497,723                     | \$ 60,725  | \$ 16,562,728 |

**19. PROFIT BEFORE INCOME TAX**

a. Other income

|                  | For the Year Ended December 31 |                   |
|------------------|--------------------------------|-------------------|
|                  | 2022                           | 2021              |
| Dividend income  | \$ 63,281                      | \$ 48,125         |
| Others (Note 25) | <u>550,612</u>                 | <u>590,071</u>    |
|                  | <u>\$ 613,893</u>              | <u>\$ 638,196</u> |

b. Other gains and losses

|  | For the Year Ended December 31 |                    |
|--|--------------------------------|--------------------|
|  | 2022                           | 2021               |
| Gain (loss) on disposal of property, plant and equipment | \$ (2,684)                     | \$ 72,412          |
| Net foreign exchange gains and losses                    | 52,386                         | (58,087)           |
| Finance fees   | (41,927)                       | (32,029)           |
| Others   | <u>(110)</u>                   | <u>(4,834)</u>     |
|  | <u>\$ 7,665</u>                | <u>\$ (22,538)</u> |

c. Finance costs

|   | For the Year Ended December 31 |                   |
|---|--------------------------------|-------------------|
|   | 2022                           | 2021              |
| Interest expense  |                                |                   |
| Interest on loans                                       | \$ 227,274                     | \$ 173,170        |
| Interest on lease liabilities                           | 1,384                          | 1,838             |
| Less: Amounts included in the cost of qualifying assets | <u>(12,628)</u>                | <u>(5,548)</u>    |
|   | <u>\$ 216,030</u>              | <u>\$ 169,460</u> |

Information about capitalized interest was as follows:

|  | <b>For the Year Ended December 31</b> |                     |
|--|---------------------------------------|---------------------|
|  | <b>2022</b>                           | <b>2021</b>         |
| Capitalized interest amount              | <u>\$ 12,628</u>                      | <u>\$ 5,548</u>     |
| Capitalization rates (%)                 | 0.94-1.64                             | 0.94-1.16           |
| <br>d. Depreciation and amortization     |                                       |                     |
|  | <b>For the Year Ended December 31</b> |                     |
|  | <b>2022</b>                           | <b>2021</b>         |
| Property, plant and equipment            | \$ 637,622                            | \$ 668,904          |
| Investment properties                    | 684                                   | 228                 |
| Right-of-use assets                      | 24,391                                | 29,784              |
| Intangible assets                        | <u>17,603</u>                         | <u>17,888</u>       |
|  | <u>\$ 680,300</u>                     | <u>\$ 716,804</u>   |
| <br>Analysis of depreciation by function |                                       |                     |
| Operating costs                          | \$ 450,488                            | \$ 482,068          |
| Operating expenses                       | <u>212,209</u>                        | <u>216,848</u>      |
|  | <u>\$ 662,697</u>                     | <u>\$ 698,916</u>   |
| <br>Analysis of amortization by function |                                       |                     |
| Operating costs                          | \$ 311                                | \$ 35               |
| Operating expenses                       | <u>17,292</u>                         | <u>17,853</u>       |
|  | <u>\$ 17,603</u>                      | <u>\$ 17,888</u>    |
| <br>e. Employee benefits                 |                                       |                     |
|  | <b>For the Year Ended December 31</b> |                     |
|  | <b>2022</b>                           | <b>2021</b>         |
| <br>Short-term employee benefits         |                                       |                     |
| Salaries                                 | \$ 2,135,174                          | \$ 2,177,918        |
| Labor and health insurance               | 188,132                               | 171,977             |
| Others                                   | <u>131,811</u>                        | <u>130,101</u>      |
|  | <u>2,455,117</u>                      | <u>2,479,996</u>    |
| <br>Post-employment benefits             |                                       |                     |
| Defined contribution plans               | 67,563                                | 64,440              |
| Defined benefit plans (Note 16)          | <u>88,920</u>                         | <u>33,790</u>       |
|  | <u>156,483</u>                        | <u>98,230</u>       |
|  | <u>\$ 2,611,600</u>                   | <u>\$ 2,578,226</u> |
| <br>Analysis by function                 |                                       |                     |
| Operating costs                          | \$ 1,055,917                          | \$ 1,085,985        |
| Operating expenses                       | <u>1,555,683</u>                      | <u>1,492,241</u>    |
|  | <u>\$ 2,611,600</u>                   | <u>\$ 2,578,226</u> |



f. Compensation of employees and remuneration of directors

The Company distributed the compensation of employees and remuneration of directors at rates of 4.5% (inclusive)-5.5% and no higher than 1%, respectively, of pre-tax profit prior to the deduction of the compensation of employees and remuneration of directors. The accrual amounts recognized in the financial statements and amounts approved by the Company's board of directors for the year ended December 31, 2022 are as follows:

|                           | <b>Accrual<br/>Amounts<br/>Recognized in<br/>the Financial<br/>Statements</b> | <b>Amounts<br/>Approved by<br/>the Company's<br/>Board of<br/>Directors</b> |
|---------------------------|---|---|
| Compensation of employees | <u>\$ 130,000</u>   | <u>\$ 127,083</u>   |
| Remuneration of directors | <u>\$ 18,250</u>  | <u>\$ 18,356</u>  |

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

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

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

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

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



## 20. INCOME TAX

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

|                                | <b>For the Year Ended December 31</b> |                   |
|--------------------------------|---------------------------------------|-------------------|
|                                | <b>2022</b>                           | <b>2021</b>       |
| Current tax                    |                                       |                   |
| In respect of the current year | \$ 377,530                            | \$ 240,249        |
| Adjustment for prior years     | <u>3,950</u>                          | <u>7,461</u>      |
|                                | <u>381,480</u>                        | <u>247,710</u>    |
| Deferred tax                   |                                       |                   |
| In respect of the current year | <u>(323,254)</u>                      | <u>(75,829)</u>   |
|                                | <u>\$ 58,226</u>                      | <u>\$ 171,881</u> |

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

|   | <b>For the Year Ended December 31</b> |                     |
|---|---------------------------------------|---------------------|
|   | <b>2022</b>                           | <b>2021</b>         |
| Profit before income tax                            | <u>\$ 2,675,818</u>                   | <u>\$ 3,721,149</u> |
| Income tax expense calculated at the statutory rate | \$ 535,164                            | \$ 744,230          |
| Effect from items adjusted by regulation            | (436,327)                             | (494,224)           |
| Income tax on unappropriated earnings               | 20,439                                | 17,377              |
| Investment credits                                  | (65,000)                              | (102,963)           |
| Adjustment for prior years                          | <u>3,950</u>                          | <u>7,461</u>        |
|   | <u>\$ 58,226</u>                      | <u>\$ 171,881</u>   |

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

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

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

|   | <b>For the Year Ended December 31</b> |                    |
|---|---------------------------------------|--------------------|
|   | <b>2022</b>                           | <b>2021</b>        |
| Deferred tax  |                                       |                    |
| Recognized for the year   |                                       |                    |
| Remeasurement of defined benefit plans  | \$ 42,938                             | \$ 11,451          |
| Remeasurement of defined benefit plans of subsidiaries, associates and joint ventures accounted for using the equity method | -                                     | (328)              |
| Unrealized gains and losses on financial assets at fair value through other comprehensive income                            | <u>6,550</u>                          | <u>(32,291)</u>    |
|   | <u>\$ 49,488</u>                      | <u>\$ (21,168)</u> |

d. Current tax assets and liabilities

|  | <u>December 31</u> |                   |
|--|--------------------|-------------------|
|  | <u>2022</u>        | <u>2021</u>       |
| Current tax assets   |                    |                   |
| Prepaid income tax (recorded as other current assets - others) | \$ <u>180,880</u>  | \$ <u>156,700</u> |
| Current tax liabilities  |                    |                   |
| Income tax payable   | \$ <u>377,530</u>  | \$ <u>243,453</u> |

e. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2022

|                                      | Balance at<br>Beginning<br>of the Year | Recognized in<br>Profit or Loss | Recognized in<br>Other<br>Comprehensive<br>Income | Spin-Off        | Balance at End<br>of the Year |
|--------------------------------------|--|---------------------------------|---|-----------------|-------------------------------|
| <u>Deferred tax assets</u>           |  |                                 |   |                 |                               |
| Temporary differences                |  |                                 |   |                 |                               |
| Defined benefit plan                 | \$ 136,567                             | \$ (6,545)                      | \$ (42,938)                                       | \$ -            | \$ 87,084                     |
| Others                               | <u>101,422</u>                         | <u>(3,911)</u>                  | <u>(6,550)</u>                                    | <u>(693)</u>    | <u>90,268</u>                 |
|                                      | <u>\$ 237,989</u>                      | <u>\$ (10,456)</u>              | <u>\$ (49,488)</u>                                | <u>\$ (693)</u> | <u>\$ 177,352</u>             |
| <u>Deferred tax liabilities</u>      |  |                                 |   |                 |                               |
| Temporary differences                |  |                                 |   |                 |                               |
| Investment income                    | \$ (1,910,422)                         | \$ 337,595                      | \$ -  | \$ -            | \$ (1,572,827)                |
| Gains on land revaluation            | (640,717)                              | -                               | -   | -               | (640,717)                     |
| Unrealized gains on foreign exchange | <u>-</u>                               | <u>(3,885)</u>                  | <u>-</u>  | <u>-</u>        | <u>(3,885)</u>                |
|                                      | <u>\$ (2,551,139)</u>                  | <u>\$ 333,710</u>               | <u>\$ -</u>                                       | <u>\$ -</u>     | <u>\$ (2,217,429)</u>         |

For the Year Ended December 31, 2021

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

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f. Income tax assessment

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

## 21. EARNINGS PER SHARE

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

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

|                         | <b><u>For the Year Ended December 31</u></b> |                     |
|-------------------------|--|---------------------|
|                         | <b>2022</b>                                  | <b>2021</b>         |
| Net profit for the year | <u>\$ 2,617,592</u>                          | <u>\$ 3,549,268</u> |

Number of ordinary shares

Unit: Thousand Shares

|  | <b><u>For the Year Ended December 31</u></b> |                  |
|--|--|------------------|
|  | <b>2022</b>                                  | <b>2021</b>      |
| Weighted average number of ordinary shares used in the computation of basic earnings per share   | 1,214,964                                    | 1,240,280        |
| Effect of potentially dilutive ordinary shares   |  |                  |
| Compensation of employee   | <u>5,068</u>                                 | <u>5,189</u>     |
| Weighted average number of ordinary shares used in the computation of diluted earnings per share | <u>1,220,032</u>                             | <u>1,245,469</u> |

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

## 22. CASH FLOW INFORMATION

|   | <b><u>For the Year Ended December 31</u></b> |                   |
|---|--|-------------------|
|   | <b>2022</b>                                  | <b>2021</b>       |
| Acquisition of property, plant and equipment  | \$ 1,242,596                                 | \$ 832,917        |
| Decrease (increase) in payables for equipment | <u>(132,502)</u>                             | <u>39,846</u>     |
| Capitalized interest                          | 1,110,094                                    | 872,763           |
|   | <u>(12,628)</u>                              | <u>(5,548)</u>    |
| Cash paid                                     | <u>\$ 1,097,466</u>                          | <u>\$ 867,215</u> |

## 23. CAPITAL MANAGEMENT

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

## 24. FINANCIAL INSTRUMENTS

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

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

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

#### 1) Fair value hierarchy

|                                      | Level 1    | Level 2 | Level 3    | Total      |
|--------------------------------------|------------|---------|------------|------------|
| <hr/>                                |            |         |            |            |
| December 31, 2022                    |            |         |            |            |
| Financial instruments at FVTOCI      |            |         |            |            |
| Equity instruments                   |            |         |            |            |
| Domestic and foreign listed shares   | \$ 522,190 | \$ -    | \$ -       | \$ 522,190 |
| Domestic and foreign unlisted shares | \$ -       | \$ -    | \$ 104,866 | \$ 104,866 |
| <hr/>                                |            |         |            |            |
| December 31, 2021                    |            |         |            |            |
| Financial instruments at FVTOCI      |            |         |            |            |
| Equity instruments                   |            |         |            |            |
| Domestic and foreign listed shares   | \$ 789,124 | \$ -    | \$ -       | \$ 789,124 |
| Domestic and foreign unlisted shares | \$ -       | \$ -    | \$ 72,656  | \$ 72,656  |

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

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

For the Year ended December 31, 2022

| Financial assets                         | <u>Stocks</u><br><u>Financial Assets</u><br><u>at FVTOCI</u> |
|--|--|
| Balance at beginning of the year         | \$ 72,656  |
| Recognized in other comprehensive income | 33,448   |
| Disposal                                 | <u>(1,238)</u>   |
| Balance at end of the year               | <u>\$ 104,866</u>  |

For the Year ended December 31, 2021

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

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

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

c. Categories of financial instruments

|  | <u>December 31</u> |              |
|--|--------------------|--------------|
|  | <u>2022</u>        | <u>2021</u>  |
| <u>Financial assets</u>  |                    |              |
| Financial assets at amortized cost (Note 1)  | \$ 4,858,887       | \$ 5,089,088 |
| Financial assets at fair value through other comprehensive income - equity instruments | 627,056            | 861,780      |
| <u>Financial liabilities</u>   |                    |              |
| Financial liabilities at amortized cost (Note 2)                                       | 19,815,617         | 19,849,115   |

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

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

d. Financial risk management objectives and policies

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

1) Market risk

a) Foreign currency risk

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

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

Sensitivity analysis

The following table details the sensitivity to a 1% change in the functional currency against the relevant foreign currencies.

|   | <u>Impact on Profit or Loss</u> |           |
|---|---------------------------------|-----------|
|   | 2022                            | 2021      |
| <u>Foreign Currencies:Functional Currency</u> |                                 |           |
| Financial assets                              |                                 |           |
| Monetary items                                |                                 |           |
| USD:NTD                                       | \$ 28,319                       | \$ 28,390 |
| RMB:NTD                                       | 4,076                           | 4,394     |
| JPY:NTD                                       | 2,228                           | 2,338     |
| THB:NTD                                       | 783                             | 1,380     |
| Financial liabilities                         |                                 |           |
| Monetary items                                |                                 |           |
| USD:NTD                                       | 16,368                          | 23,725    |
| JPY:NTD                                       | 2,351                           | 1,919     |

b) Interest rate risk

The borrowings of the Company with fixed interest rates were not exposed to cash flow risk. The borrowings with floating interest rates were exposed to cash flow risk as effective interest rates change.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rate risks at the balance sheet dates were as follows:

|                               | <b>December 31</b> |             |
|-------------------------------|--------------------|-------------|
|                               | <b>2022</b>        | <b>2021</b> |
| Fair value interest rate risk |                    |             |
| Financial assets              | \$ 30,000          | \$ 15,000   |
| Financial liabilities         | 6,907,239          | 9,026,208   |
| Cash flow interest rate risk  |                    |             |
| Financial assets              | 159,111            | 138,530     |
| Financial liabilities         | 10,949,564         | 8,410,454   |

If interest rates had been 1% higher and all other variables were held constant, the Company's financial liabilities would have increased cash outflows by \$109,496 thousand and \$84,105 thousand for the years ended December 31, 2022 and 2021.

c) Other price risk

The Company was exposed to equity price risk through their investments in equity securities. If equity prices had been 1% higher/lower, other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by \$5,222 thousand and \$7,891 thousand, respectively, as a result of the changes in the fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk of financial loss to the Company arising from default by clients or counterparties of financial instruments on the contract obligations. According to the Company's policy, each operating entity in the Company is responsible for managing and analyzing the credit risk of each of their new clients before standard payment and delivery terms and conditions are offered. The credit quality of the customers is assessed through internal risk control procedures by taking into account their financial position, past experience and other factors, and the Company engages in credit enhancement by covering specific outstanding trade receivables by collateral. While the Company has procedures to monitor and limit exposure to credit risk on accounts receivable, there can be no assurance that such procedures will effectively limit credit risk and avoid losses. This risk is heightened during periods when economic conditions worsen.

3) Liquidity risk

The Company manages its liquidity risk by maintaining adequate cash and cash equivalents, bank borrowings, and so on. The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments, including principal and interest.



## December 31, 2022

|   | <b>Less Than 1<br/>Year</b> | <b>1-2 Years</b>    | <b>2-3 Years</b>    | <b>3-5 Years</b>    | <b>Over 5 Years</b> | <b>Total</b>         |
|---|-----------------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| Non-derivative financial liabilities                |                             |                     |                     |                     |                     |                      |
|   | \$                          |                     |                     |                     |                     |                      |
| Short-term borrowings                               | - \$ 3,537,224              | \$ -                | \$ -                | \$ -                | \$ -                | \$ 3,537,224         |
| Notes payable                                       | - 533                       | -                   | -                   | -                   | -                   | 533                  |
| Accounts payable                                    | - 1,044,917                 | -                   | -                   | -                   | -                   | 1,044,917            |
| Other payables                                      | - 976,382                   | -                   | -                   | -                   | -                   | 976,382              |
| Lease liabilities                                   | 20,536                      | 17,764              | 12,788              | 9,370               | 6,100               | 66,558               |
| Long-term borrowings<br>(including current portion) | 5,779,436                   | 499,929             | 2,729,239           | -                   | -                   | 9,008,604            |
| Financial guarantee liabilities                     | 1,958,721                   | -                   | 1,228,400           | -                   | -                   | 3,187,121            |
| Bonds payable                                       | <u>39,100</u>               | <u>3,035,326</u>    | <u>14,500</u>       | <u>2,509,495</u>    | <u>-</u>            | <u>5,598,421</u>     |
|   | <u>\$ 13,356,849</u>        | <u>\$ 3,553,019</u> | <u>\$ 3,984,927</u> | <u>\$ 2,518,865</u> | <u>\$ 6,100</u>     | <u>\$ 23,419,760</u> |

## December 31, 2021

|   | <b>Less Than 1<br/>Year</b> | <b>1-2 Years</b>    | <b>2-3 Years</b>    | <b>3-5 Years</b>    | <b>Over 5 Years</b> | <b>Total</b>         |
|---|-----------------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| Non-derivative financial liabilities                |                             |                     |                     |                     |                     |                      |
|   | \$                          |                     |                     | \$                  |                     |                      |
| Short-term borrowings                               | - \$ 2,186,516              | \$ -                | \$ -                | \$ -                | \$ -                | \$ 2,186,516         |
| Notes payable                                       | - 29                        | -                   | -                   | -                   | -                   | 29                   |
| Accounts payable                                    | - 1,584,989                 | -                   | -                   | -                   | -                   | 1,584,989            |
| Other payables                                      | - 936,960                   | -                   | -                   | -                   | -                   | 936,960              |
| Lease liabilities                                   | 31,661                      | 27,719              | 23,105              | 21,159              | 6,101               | 109,745              |
| Long-term borrowings<br>(including current portion) | 6,445,449                   | 3,017,512           | 301,842             | -                   | -                   | 9,764,803            |
| Financial guarantee liabilities                     | 1,990,602                   | -                   | -                   | 1,107,200           | -                   | 3,097,802            |
| Bonds payable                                       | <u>39,100</u>               | <u>39,100</u>       | <u>3,035,326</u>    | <u>2,523,995</u>    | <u>-</u>            | <u>5,637,521</u>     |
|   | <u>\$ 13,215,306</u>        | <u>\$ 3,084,331</u> | <u>\$ 3,360,273</u> | <u>\$ 3,652,354</u> | <u>\$ 6,101</u>     | <u>\$ 23,318,365</u> |

The amounts included above for financial guarantee liabilities were the maximum amounts the Company could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the balance sheet date, the Company considers that it is unlikely to pay the amount under the arrangement.

As of December 31, 2022, the Company's current liabilities exceeded its current assets by \$503,503 thousand. After the Company's management assessment, sufficient cash flows and credit lines were still available to cover operating activities.

## 25. TRANSACTIONS WITH RELATED PARTIES

### a. Related party names and relationships

| <b>Related Party Name</b>                                       | <b>Relationship</b> |
|---|---------------------|
| Eternal Chemical (China) Co., Ltd.                              | Subsidiary          |
| Eternal Materials (Guangdong) Co., Ltd.                         | Subsidiary          |
| Eternal Synthetic Resins (Changshu) Co., Ltd.                   | Subsidiary          |
| Eternal Chemical (Tianjin) Co., Ltd.                            | Subsidiary          |
| Eternal Electronic Material (Guangzhou) Co., Ltd. (Note)        | Subsidiary          |
| Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. (Note) | Subsidiary          |
| Eternal Electronic (Suzhou) Co., Ltd.                           | Subsidiary          |
| Eternal Specialty Materials (Zhuhai) Co., Ltd.                  | Subsidiary          |
| Eternal Specialty Materials (Suzhou) Co., Ltd.                  | Subsidiary          |
| Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.     | Subsidiary          |
| Eternal (China) Investment Co., Ltd.                            | Subsidiary          |
| CHOU-KOU Materials Co., Ltd.                                    | Subsidiary          |
| New E Materials Co., Ltd.                                       | Subsidiary          |

(Continued)

| <u>Related Party Name</u>                        | <u>Relationship</u>   |
|--|---|
| Eternal Precision Mechanics Co., Ltd.            | Subsidiary  |
| Eternal Materials (Malaysia) Sdn. Bhd.           | Subsidiary  |
| Eternal Technology Corporation                   | Subsidiary  |
| Eternal Electronic Material (Thailand) Co., Ltd. | Subsidiary  |
| Nikko-Materials Co., Ltd.                        | Subsidiary  |
| Elga Europe S.r.l.                               | Subsidiary  |
| Eternal Holdings Inc.                            | Subsidiary  |
| Eternal Nanyang Investment Co., Ltd.             | Subsidiary  |
| PT Eternal Materials Indonesia                   | Subsidiary  |
| Allnex-Eternal Resins Corporation Limited        | Associate   |
| Daxin Materials Corporation                      | Associate   |
| Covestro Eternal Resins (Far East) Ltd.          | Associate   |
| Polymics Ltd.                                    | Associate   |
| Mitsubishi Polyester Film Suzhou Co., Ltd.       | Other related party   |
| The Orchard Coporation of Taiwan Ltd.            | The company whose chairman is second-degree relative of the chairman of the Company |
| Kwang Yang Motor Co., Ltd.                       | Key management personnel  |
| Kao, Ying-Shih                                   | First-degree relative of the chairman of the Company                                |

(Concluded)

Note: Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. merged with Eternal Electronic Material (Guangzhou) Co., Ltd. in the fourth quarter of 2021.

b. Operating revenue

| <u>Account Item</u>         | <u>Related Party Category</u> | <u>For the Year Ended December 31</u> |                     |
|-----------------------------|-------------------------------|---------------------------------------|---------------------|
|                             |                               | <u>2022</u>                           | <u>2021</u>         |
| Revenue from sales of goods | Subsidiaries                  | \$ 3,185,290                          | \$ 3,467,812        |
|                             | Associates                    | 96,139                                | 132,944             |
|                             | Key management personnel      | 4,183                                 | -                   |
|                             | Other related parties         | <u>102</u>                            | <u>-</u>            |
|                             |                               |                                       | <u>\$ 3,285,714</u> |

Sales to related parties were made at prices similar to that of general transactions. The collection terms are 60-150 days from the end of the month.

c. Purchase of goods

| <u>Related Party Category</u> | <u>For the Year Ended December 31</u> |                   |
|-------------------------------|---------------------------------------|-------------------|
|                               | <u>2022</u>                           | <u>2021</u>       |
| Subsidiaries                  | \$ 829,173                            | \$ 750,975        |
| Associates                    | 1,513                                 | 1,087             |
| Other related parties         | <u>2,796</u>                          | <u>2,027</u>      |
|                               | <u>\$ 833,482</u>                     | <u>\$ 754,089</u> |

Purchases from related parties were made at prices similar to that of general transactions. The payment terms are 30-120 days from the date after the goods are received.

d. Other income

| Related Party Category/Name             | For the Year Ended December 31 |                   |
|---|--------------------------------|-------------------|
|   | 2022                           | 2021              |
| Subsidiaries                            |                                |                   |
| Eternal (China) Investment Co., Ltd.    | \$ 117,685                     | \$ 111,176        |
| Eternal Materials (Guangdong) Co., Ltd. | 47,767                         | 70,515            |
| Others                                  | 329,561                        | 343,105           |
| Associates                              | 5,163                          | 4,964             |
| Key management personnel                | <u>-</u>                       | <u>9</u>          |
|   | <u>\$ 500,176</u>              | <u>\$ 529,769</u> |

Inclusive of service fee, trademark license fee, technology license fee and endorsement/guarantee fee and so on.

e. Acquisition of property, plant and equipment

| Related Party Category/Name | Purchase price                 |                  |
|-----------------------------|--------------------------------|------------------|
|                             | For the Year Ended December 31 |                  |
|                             | 2022                           | 2021             |
| Other related party         |                                |                  |
| Kao, Ying-Shih              | \$ <u>-</u>                    | \$ <u>38,100</u> |

The Company purchased the land near Luzhu Factory from the related party for the purpose of operation and expansion.

f. Receivables from related parties

| Account Item        | Related Party Category/Name                              | December 31       |                   |
|---------------------|--|-------------------|-------------------|
|                     |  | 2022              | 2021              |
| Accounts receivable | Subsidiaries   |                   |                   |
|                     | CHOU-KOU Materials Co., Ltd.                             | \$ 138,751        | \$ 89,566         |
|                     | Eternal Chemical (China) Co., Ltd.                       | 116,819           | 93,302            |
|                     | Eternal Specialty Materials (Zhuhai) Co., Ltd.           | 111,071           | 143,519           |
|                     | Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. | 96,629            | 77,739            |
|                     | Eternal (China) Investment Co., Ltd.                     | 71,953            | 95,666            |
|                     | Eternal Electronic Material (Thailand) Co., Ltd.         | 70,707            | 128,144           |
|                     | Others   | 250,608           | 250,288           |
|                     | Associates   | <u>21,117</u>     | <u>32,270</u>     |
|                     |  | <u>\$ 877,655</u> | <u>\$ 910,494</u> |

The receivables arose mainly from sales transactions; the receivables were not guaranteed, pledged and do not bear interest. For the years ended December 31, 2022 and 2021, the balance of loss allowance of accounts receivable from related parties is \$4 thousand and \$37 thousand, respectively.

| Account Item      | Related Party Category/Name             | December 31       |                   |
|-------------------|---|-------------------|-------------------|
|                   |   | 2022              | 2021              |
| Other receivables | Subsidiaries                            |                   |                   |
|                   | Eternal (China) Investment Co., Ltd.    | \$ 117,971        | \$ 111,934        |
|                   | Eternal Materials (Guangdong) Co., Ltd. | 47,844            | 70,973            |
|                   | Others                                  | 271,646           | 346,654           |
|                   | Associates                              | 10                | 5                 |
|                   | Key management personnel                | -                 | 9                 |
|                   |   | <u>\$ 437,471</u> | <u>\$ 529,575</u> |

For the years ended December 31, 2022 and 2021, the balance of loss allowance of other receivables was \$29,800 thousand.

g. Payables to related parties

| Account Item     | Related Party Category | December 31      |                   |
|------------------|------------------------|------------------|-------------------|
|                  |                        | 2022             | 2021              |
| Accounts payable | Subsidiaries           | \$ 41,056        | \$ 159,845        |
|                  | Associates             | -                | 284               |
|                  |                        | <u>\$ 41,056</u> | <u>\$ 160,129</u> |

The payables arose mainly from purchase transactions; the payables were not guaranteed and did not bear interest.

h. Loans to related parties

| Account Item      | Related Party Category         | December 31       |             |
|-------------------|--------------------------------|-------------------|-------------|
|                   |                                | 2022              | 2021        |
| Other receivables | Associates                     |                   |             |
|                   | Eternal Technology Corporation | <u>\$ 307,100</u> | <u>\$ -</u> |

The Company provided loans to related parties at rates comparable to market interest rates.

i. Dividends receivable

The dividends receivable of Covestro Eternal Resins (Far East) Ltd. is \$53,452 thousand.

j. Loans from related parties

| Account Item          | Related Party Category/Name           | December 31                    |            |
|-----------------------|---------------------------------------|--------------------------------|------------|
|                       |                                       | 2022                           | 2021       |
| Short-term borrowings | Subsidiaries<br>Eternal Holdings Inc. | \$ 982,720                     | \$ 498,240 |
| Account Item          | Related Party Category/Name           | For the Year Ended December 31 |            |
|                       |                                       | 2022                           | 2021       |
| Interest expense      | Subsidiaries<br>Eternal Holdings Inc. | \$ 17,756                      | \$ 94      |

The Company borrowed loans from related parties at rates comparable to market interest rates.

k. Endorsements/guarantees provided

As of December 31, 2022 and 2021, guarantees provided by the Company to the related parties for investment compliance were as follows:

| Related Party Category/Name            | December 31         |                   |
|--|---------------------|-------------------|
|  | 2022                | 2021              |
| Subsidiaries                           |                     |                   |
| Eternal Materials (Malaysia) Sdn. Bhd. |                     |                   |
| Amount endorsed                        | \$ 2,543,157        | \$ 2,156,492      |
| Amount utilized                        | (1,430,588)         | (1,310,314)       |
|  | <u>\$ 1,112,569</u> | <u>\$ 846,178</u> |
| Eternal Holdings Inc.                  |                     |                   |
| Amount endorsed                        | \$ 540,496          | \$ 487,168        |
| Amount utilized                        | -                   | -                 |
|  | <u>\$ 540,496</u>   | <u>\$ 487,168</u> |
| Eternal Nanyang Investment Co., Ltd.   |                     |                   |
| Amount endorsed                        | \$ 1,535,500        | \$ 1,384,000      |
| Amount utilized                        | (1,305,175)         | (1,134,880)       |
|  | <u>\$ 230,325</u>   | <u>\$ 249,120</u> |
| Others                                 |                     |                   |
| Amount endorsed                        | \$ 490,962          | \$ 831,127        |
| Amount utilized                        | (451,358)           | (652,608)         |
|  | <u>\$ 39,604</u>    | <u>\$ 178,519</u> |

1. Remuneration of key management personnel

|                              | <b>For the Year Ended December 31</b> |                   |
|------------------------------|---------------------------------------|-------------------|
|                              | <b>2022</b>                           | <b>2021</b>       |
| Short-term employee benefits | \$ 116,845                            | \$ 150,954        |
| Post-employment benefits     | <u>5,372</u>                          | <u>479</u>        |
|                              | <u>\$ 122,217</u>                     | <u>\$ 151,433</u> |

**26. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY**

The Company's assets pledged as customs guarantee were as follows:

|  | <b>December 31</b> |                  |
|--|--------------------|------------------|
|  | <b>2022</b>        | <b>2021</b>      |
| Other financial assets - current and non-current (recorded as other current assets - others and other non-current assets - others) |                    |                  |
| Time deposit certificates  | <u>\$ 30,000</u>   | <u>\$ 15,000</u> |

**27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS**

- a. The Company has issued but unused letters of credit with an aggregate amount of \$36,112 thousand as of December 31, 2022.
- b. The Company has contracts that were not yet incurred to purchase property, plant and equipment and intangible assets of \$647,222 thousand at December 31, 2022.

**28. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

None.

**29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES**

The following information was aggregated by the foreign currencies other than functional currency of the Company and the exchange rates between the foreign currencies and the functional currency were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

|                          | <b>Foreign<br/>Currency<br/>(In Thousands)</b> | <b>Exchange Rate</b> |           | <b>Carrying<br/>Amount</b> |
|--------------------------|--|----------------------|-----------|----------------------------|
| <u>December 31, 2022</u> |  |                      |           |                            |
| Financial assets         |  |                      |           |                            |
| Monetary items           |  |                      |           |                            |
| USD                      | \$ 92,213                                      | 30.7100              | (USD:NTD) | \$ 2,831,861               |
| RMB                      | 92,435   | 4.4094               | (RMB:NTD) | 407,587                    |
| JPY                      | 958,853  | 0.2324               | (JPY:NTD) | 222,837                    |

(Continued)

|   | <b>Foreign<br/>Currency<br/>(In Thousands)</b> | <b>Exchange Rate</b> |           | <b>Carrying<br/>Amount</b> |
|---|--|----------------------|-----------|----------------------------|
| Non-monetary items                                |  |                      |           |                            |
| Investments accounted for using the equity method |  |                      |           |                            |
| USD   | \$ 943,900                                     | 30.7100              | (USD:NTD) | \$ 28,987,162              |
| JPY   | 2,469,174                                      | 0.2324               | (JPY:NTD) | 573,836                    |
| THB   | 147,700  | 0.8941               | (THB:NTD) | 132,059                    |
| Financial liabilities                             |  |                      |           |                            |
| Monetary items                                    |  |                      |           |                            |
| USD   | 53,299   | 30.7100              | (USD:NTD) | 1,636,812                  |
| JPY   | 1,011,735                                      | 0.2324               | (JPY:NTD) | 235,127                    |
| <hr/> December 31, 2021 <hr/>                     |  |                      |           |                            |
| Financial assets                                  |  |                      |           |                            |
| Monetary items                                    |  |                      |           |                            |
| USD   | 102,564  | 27.6800              | (USD:NTD) | 2,838,983                  |
| RMB   | 101,088  | 4.3463               | (RMB:NTD) | 439,361                    |
| JPY   | 972,960  | 0.2405               | (JPY:NTD) | 233,756                    |
| THB   | 165,353  | 0.8347               | (THB:NTD) | 138,020                    |
| Non-monetary items                                |  |                      |           |                            |
| Investments accounted for using the equity method |  |                      |           |                            |
| USD   | 989,925  | 27.6800              | (USD:NTD) | 27,401,132                 |
| JPY   | 9,150,437                                      | 0.2405               | (JPY:NTD) | 2,200,680                  |
| THB   | 162,402  | 0.8347               | (THB:NTD) | 135,557                    |
| Financial liabilities                             |  |                      |           |                            |
| Monetary items                                    |  |                      |           |                            |
| USD   | 85,713   | 27.6800              | (USD:NTD) | 2,372,536                  |
| JPY   | 798,073  | 0.2405               | (JPY:NTD) | 191,937                    |
| (Concluded)                                       |  |                      |           |                            |

The total realized and unrealized foreign exchange gains and losses were a gain of \$52,386 thousand and a loss of \$58,087 thousand for the years ended December 31, 2022 and 2021, respectively. It is impractical to disclose net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currency.

### 30. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (Table 3)
- 4) Marketable securities acquired or disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital: (Table 4)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital:



(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: (Refer to Note 7 of the consolidated financial statement)
  - 10) Others: The business relationship between the parent company and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions (Table 8)
  - 11) Information on investees (Table 9)
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment gain or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 10)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period (Table 6)
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Table 6)
    - c) The amount of property transactions and the amount of the resultant gains or losses: None
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes (Table 2)
    - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds (Table 1)
    - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services (Table 8)
- c. Information of major shareholders: list of the shareholders with ownership of 5 percent or greater, showing the names, the number of shares and percentage of ownership held by each shareholder (Table 11)

### **31. SEGMENT INFORMATION**

Disclosure of the segment information in standalone financial statements is waived.

**TABLE 1**

**Eternal Materials Co., Ltd. and Subsidiaries**

**FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| No.<br>(Note 1) | Lender   | Borrower  | Financial Statement Account                | Related Party | Maximum Balance for the Period<br>(Note 2) | Ending Balance<br>(Note 3) | Actual Amount Drawn | Interest Rate (%) | Nature of Financing<br>(Note 4) | Transaction Amount | Reason for Financing | Allowance for Bad Debt | Collateral |       | Financing Limits for Each Borrowing Company | Financing Company's Total Financing Limit | Note   |
|-----------------|--|---|--|---------------|--|----------------------------|---------------------|-------------------|---------------------------------|--------------------|----------------------|------------------------|------------|-------|---|---|--------|
|                 |  |   |  |               |  |                            |                     |                   |                                 |                    |                      |                        | Item       | Value |   |   |        |
| 0               | Eternal Materials Co., Ltd.                              | Eternal Technology Corporation                              | Other receivables from related parties     | Y             | \$ 614,200                                 | \$ 614,200                 | \$ 307,100          | 5.450             | 2                               | \$ -               | Operating needs      | \$ -                   | -          | \$ -  | \$ 1,238,020                                | \$ 9,904,162                              | Note 5 |
| 1               | Eternal Chemical (China) Co., Ltd.                       | Eternal Chemical (Tianjin) Co., Ltd.                        | Other receivables from related parties     | Y             | 992,013                                    | 881,888                    | 345,597             | 3.100-3.852       | 2                               | -                  | Operating needs      | -                      | -          | -     | 9,278,145                                   | 9,278,145                                 | Note 6 |
| 1               | Eternal Chemical (China) Co., Ltd.                       | Eternal Synthetic Resins (Changshu) Co., Ltd.               | Other receivables from related parties     | Y             | 811,647                                    | 793,699                    | 352,358             | 3.100-3.852       | 2                               | -                  | Operating needs      | -                      | -          | -     | 9,278,145                                   | 9,278,145                                 | Note 6 |
| 1               | Eternal Chemical (China) Co., Ltd.                       | Eternal Materials (Guangdong) Co., Ltd.                     | Other receivables from related parties     | Y             | 176,378                                    | 176,378                    | -                   | -                 | 2                               | -                  | Operating needs      | -                      | -          | -     | 9,278,145                                   | 9,278,145                                 | Note 6 |
| 1               | Eternal Chemical (China) Co., Ltd.                       | Eternal Specialty Materials (Suzhou) Co., Ltd.              | Other receivables from related parties     | Y             | 450,915                                    | 440,944                    | -                   | -                 | 2                               | -                  | Operating needs      | -                      | -          | -     | 9,278,145                                   | 9,278,145                                 | Note 6 |
| 1               | Eternal Chemical (China) Co., Ltd.                       | Eternal Chemical (Chengdu) Co., Ltd.                        | Other receivables from related parties     | Y             | 1,763,776                                  | 1,763,776                  | 648,476             | 3.100-3.852       | 2                               | -                  | Operating needs      | -                      | -          | -     | 9,278,145                                   | 9,278,145                                 | Note 6 |
| 1               | Eternal Chemical (China) Co., Ltd.                       | Eterkon Semiconductor Materials Co., Ltd.                   | Other receivables from related parties     | Y             | 216,439                                    | 105,827                    | 105,827             | 3.700             | 2                               | -                  | Operating needs      | -                      | -          | -     | 1,855,629                                   | 1,855,629                                 | Note 7 |
| 1               | Eternal Chemical (China) Co., Ltd.                       | Eternal Chemical Investment Co., Ltd.                       | Other receivables from related parties     | Y             | 901,830                                    | 881,888                    | 65,845              | 3.100             | 2                               | -                  | Operating needs      | -                      | -          | -     | 9,278,145                                   | 9,278,145                                 | Note 6 |
| 1               | Eternal Chemical (China) Co., Ltd.                       | Eternal Electronic (Suzhou) Co., Ltd.                       | Other receivables from related parties     | Y             | 661,416                                    | 661,416                    | 3,578               | 3.100-3.330       | 2                               | -                  | Operating needs      | -                      | -          | -     | 9,278,145                                   | 9,278,145                                 | Note 6 |
| 1               | Eternal Chemical (China) Co., Ltd.                       | Eternal Photoelectric Material Industry (Yingkou) Co., Ltd. | Other receivables from related parties     | Y             | 132,283                                    | 132,283                    | -                   | -                 | 2                               | -                  | Operating needs      | -                      | -          | -     | 9,278,145                                   | 9,278,145                                 | Note 6 |
| 1               | Eternal Chemical (China) Co., Ltd.                       | Eternal Optical Material (Suzhou) Co., Ltd.                 | Other receivables from related parties     | Y             | 88,189                                     | 88,189                     | -                   | -                 | 2                               | -                  | Operating needs      | -                      | -          | -     | 9,278,145                                   | 9,278,145                                 | Note 6 |
| 2               | Eternal Materials (Guangdong) Co., Ltd.                  | Eternal Chemical (China) Co., Ltd.                          | Other receivables from related parties     | Y             | 440,944                                    | 440,944                    | -                   | -                 | 2                               | -                  | Operating needs      | -                      | -          | -     | 7,017,970                                   | 7,017,970                                 | Note 6 |
| 2               | Eternal Materials (Guangdong) Co., Ltd.                  | Eternal (China) Investment Co., Ltd.                        | Other receivables from related parties     | Y             | 657,915                                    | -                          | -                   | -                 | 2                               | -                  | Operating needs      | -                      | -          | -     | 7,017,970                                   | 7,017,970                                 | Note 6 |
| 2               | Eternal Materials (Guangdong) Co., Ltd.                  | Eternal Electronic (Suzhou) Co., Ltd.                       | Other receivables from related parties     | Y             | 87,722                                     | -                          | -                   | -                 | 2                               | -                  | Operating needs      | -                      | -          | -     | 7,017,970                                   | 7,017,970                                 | Note 6 |
| 2               | Eternal Materials (Guangdong) Co., Ltd.                  | Eternal Optical Material (Suzhou) Co., Ltd.                 | Other receivables from related parties     | Y             | 438,610                                    | -                          | -                   | -                 | 2                               | -                  | Operating needs      | -                      | -          | -     | 7,017,970                                   | 7,017,970                                 | Note 6 |
| 2               | Eternal Materials (Guangdong) Co., Ltd.                  | Eternal Photoelectric Material Industry (Yingkou) Co., Ltd. | Other receivables from related parties     | Y             | 153,514                                    | -                          | -                   | -                 | 2                               | -                  | Operating needs      | -                      | -          | -     | 7,017,970                                   | 7,017,970                                 | Note 6 |
| 3               | Eternal Holdings Inc.                                    | Eternal Technology Corporation                              | Other receivables from related parties     | Y             | 463,350                                    | 460,650                    | 276,390             | 5.520-5.700       | 2                               | -                  | Operating needs      | -                      | -          | -     | 40,891,654                                  | 40,891,654                                | Note 6 |
| 3               | Eternal Holdings Inc.                                    | Eternal Materials Co., Ltd.                                 | Other receivables from related parties     | Y             | 1,544,500                                  | 982,720                    | 982,720             | 5.400-5.450       | 2                               | -                  | Operating needs      | -                      | -          | -     | 40,891,654                                  | 40,891,654                                | Note 6 |
| 4               | Eternal (China) Investment Co., Ltd.                     | Eternal Chemical (China) Co., Ltd.                          | Other receivables from related parties     | Y             | 901,830                                    | 881,888                    | -                   | -                 | 2                               | -                  | Operating needs      | -                      | -          | -     | 30,616,378                                  | 30,616,378                                | Note 6 |
| 4               | Eternal (China) Investment Co., Ltd.                     | Eternal Chemical (Chengdu) Co., Ltd.                        | Other receivables from related parties     | Y             | 1,938,935                                  | 1,278,738                  | 1,014,171           | 3.330             | 2                               | -                  | Operating needs      | -                      | -          | -     | 30,616,378                                  | 30,616,378                                | Note 6 |
| 4               | Eternal (China) Investment Co., Ltd.                     | Eternal Chemical (Tianjin) Co., Ltd.                        | Other receivables from related parties     | Y             | 1,062,790                                  | 529,133                    | 529,133             | 3.330             | 2                               | -                  | Operating needs      | -                      | -          | -     | 30,616,378                                  | 30,616,378                                | Note 6 |
| 4               | Eternal (China) Investment Co., Ltd.                     | Eternal Synthetic Resins (Changshu) Co., Ltd.               | Other receivables from related parties     | Y             | 721,464                                    | 352,755                    | 352,755             | 3.330             | 2                               | -                  | Operating needs      | -                      | -          | -     | 30,616,378                                  | 30,616,378                                | Note 6 |
| 4               | Eternal (China) Investment Co., Ltd.                     | Eternal Materials (Guangdong) Co., Ltd.                     | Other receivables from related parties     | Y             | 131,583                                    | -                          | -                   | -                 | 2                               | -                  | Operating needs      | -                      | -          | -     | 30,616,378                                  | 30,616,378                                | Note 6 |
| 4               | Eternal (China) Investment Co., Ltd.                     | Eternal Electronic (Suzhou) Co., Ltd.                       | Long-term receivables from related parties | Y             | 901,830                                    | 440,944                    | 440,944             | 3.330             | 2                               | -                  | Operating needs      | -                      | -          | -     | 30,616,378                                  | 30,616,378                                | Note 6 |
| 4               | Eternal (China) Investment Co., Ltd.                     | ESCO Specialty Coatings (Shanghai) Co., Ltd.                | Other receivables from related parties     | Y             | 163,840                                    | 160,945                    | 160,945             | 4.250             | 2                               | -                  | Operating needs      | -                      | -          | -     | 6,123,276                                   | 6,123,276                                 | Note 7 |
| 5               | Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. | Eternal Chemical (China) Co., Ltd.                          | Other receivables from related parties     | Y             | 1,102,360                                  | 1,102,360                  | 293,481             | 2.850-3.199       | 2                               | -                  | Operating needs      | -                      | -          | -     | 8,664,861                                   | 8,664,861                                 | Note 6 |

(Continued)

| No.<br>(Note 1) | Lender   | Borrower                                     | Financial Statement Account            | Related Party | Maximum Balance for the Period<br>(Note 2) | Ending Balance<br>(Note 3) | Actual Amount Drawn | Interest Rate (%) | Nature of Financing<br>(Note 4) | Transaction Amount | Reason for Financing | Allowance for Bad Debt | Collateral |       | Financing Limits for Each Borrowing Company | Financing Company's Total Financing Limit | Note   |
|-----------------|--|--|--|---------------|--|----------------------------|---------------------|-------------------|---------------------------------|--------------------|----------------------|------------------------|------------|-------|---|---|--------|
|                 |  |  |  |               |  |                            |                     |                   |                                 |                    |                      |                        | Item       | Value |   |   |        |
| 5               | Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. | ESCO Specialty Coatings (Shanghai) Co., Ltd. | Other receivables from related parties | Y             | \$ 164,584                                 | \$ -                       | \$ -                | -                 | 2                               | \$ -               | Operating needs      | \$ -                   | -          | \$ -  | \$ 1,732,972                                | \$ 1,732,972                              | Note 7 |
| 6               | Eternal Specialty Materials (Suzhou) Co., Ltd.           | Eternal Chemical (China) Co., Ltd.           | Other receivables from related parties | Y             | 220,472                                    | 220,472                    | -                   | -                 | 2                               | -                  | Operating needs      | -                      | -          | -     | 3,980,466                                   | 3,980,466                                 | Note 6 |

(Concluded)

Note 1: The representation of the numbers are as follows:

- No. 0 represents the issuer.
- Investees are numbered in order from No. 1.

Note 2: The maximum balance for the period had been approved by the board of directors, and translated into NTD using the exchange rate at the balance sheet date.

Note 3: The ending balance for the period had been approved by the board of directors, and translated into NTD using the exchange rate at the balance sheet date.

Note 4: Nature of financing is as follows:

- Business relationship.
- Short-term financing

Note 5: According to the Company's Operation Procedures for Lending Funds to Others, the Company's total financing limits and the financing limit for each borrowing company shall not exceed 40% and 5% of the net worth of the Company's financial statement of December 31, 2022, respectively.

Note 6: According to the financing company's Operation Procedures for Lending Funds to Others, either the financing limit for each borrowing company or the financing company's total financing limits shall not exceed 200% of the net worth of the financing company as of December 31, 2022, and it should be translated into NTD using the exchange rate at the balance sheet date.

Note 7: According to the financing company's Operation Procedures for Lending Funds to Others, either the financing limit for each borrowing company or the financing company's total financing limits shall not exceed 40% of the net worth of the financing company as of December 31, 2022, and it should be translated into NTD using the exchange rate at the balance sheet date.

## Eternal Materials Co., Ltd. and Subsidiaries

## ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| No.<br>(Note 1) | Endorser/Guarantor          | Endorsee/Guarantee                        |                          | Limits on<br>Endorsements<br>/Guarantees Given<br>on Behalf of Each<br>Party | Maximum Amount<br>Endorsements<br>/Guarantees<br>During the Period<br>(Note 4) | Outstanding<br>Endorsements<br>/Guarantees the<br>End of the Period<br>(Note 5) | Actual Amount<br>Drawn | Amount<br>Endorsements<br>/Guarantees by<br>Collaterals | Ratio of<br>Accumulated<br>Endorsements<br>/Guarantees to Net<br>Equity per Latest<br>Financial<br>Statements (%) | Maximum<br>Endorsements<br>/Guarantees<br>Amount Allowable | Endorsements<br>/Guarantees Given<br>by Parent on<br>Behalf of<br>Subsidiaries | Endorsements<br>/Guarantees by<br>Subsidiaries on<br>Behalf of Parent | Endorsements<br>/Guarantees Given<br>on Behalf of<br>Companies in<br>Mainland China | Note          |
|-----------------|-----------------------------|---|--------------------------|--|--|---|------------------------|---|---|--|--|---|---|---------------|
|                 |                             | Name                                      | Relationship<br>(Note 2) |  |  |   |                        |   |   |  |  |   |   |               |
| 0               | Eternal Materials Co., Ltd. | Eternal Holdings Inc.                     | 2                        | \$ 24,760,404  | \$ 566,984   | \$ 540,496  | \$ -                   | \$ -  | 2.18  | \$ 24,760,404  | Y  | N   | N   | Notes 3 and 6 |
| 0               | Eternal Materials Co., Ltd. | Eternal Technology Corporation            | 2                        | 24,760,404   | 294,750  | -   | -                      | -   | -   | 24,760,404   | Y  | N   | N   | Notes 3 and 6 |
| 0               | Eternal Materials Co., Ltd. | Nikko-Materials Co., Ltd.                 | 2                        | 24,760,404   | 85,120   | -   | -                      | -   | -   | 24,760,404   | Y  | N   | N   | Notes 3 and 6 |
| 0               | Eternal Materials Co., Ltd. | Eternal Materials (Malaysia) Sdn.<br>Bhd. | 2                        | 24,760,404   | 2,663,919  | 2,543,157   | 1,430,588              | -   | 10.27   | 24,760,404   | Y  | N   | N   | Notes 3 and 6 |
| 0               | Eternal Materials Co., Ltd. | Elga Europe S.r.l.                        | 2                        | 24,760,404   | 490,962  | 490,962   | 451,358                | -   | 1.98  | 24,760,404   | Y  | N   | N   | Notes 3 and 6 |
| 0               | Eternal Materials Co., Ltd. | Eternal Nanyang Investment Co.,<br>Ltd.   | 2                        | 24,760,404   | 1,610,750  | 1,535,500   | 1,305,175              | -   | 6.20  | 24,760,404   | Y  | N   | N   | Notes 3 and 6 |

Note 1: The representation of the numbers are as follows:

- No. 0 represents the issuer.
- Investees are numbered in order from No. 1.

Note 2: Relationships between the endorser/guarantor and the party being endorsed/guaranteed are as follows:

- Have a business relationship.
- The company owns directly or indirectly more than 50% of the voting shares of the company.
- Total ownership of more than 50% of the investee, either directly by the Company and/or indirectly by the Company's subsidiaries.
- Subsidiaries in which the Company owns directly or indirectly more than 90% of the voting shares.
- Companies where the Company is required to provide guarantees or endorsements for the construction project based on the construction contract.
- Companies where the shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership due to a joint venture.
- According to the Consumer Protection Act, companies that are required to provide guarantees and endorsements for joint and several liabilities if involved in the business of pre-sale of real estate.

Note 3: In accordance with the parent company's "Procedures for Provision of Endorsements and Guarantees", limit on endorsement/guarantee given on behalf of each party is 100% of the parent company's net worth based on the financial statements for the year ended December 31, 2022.

Note 4: Maximum amount endorsed/guaranteed during the period is approved by the board of directors, and translated into NTD using the exchange rate at the balance sheet date.

Note 5: Outstanding endorsements/guarantees at the end of the period are approved by the board of directors, and translated into NTD using the exchange rate at the balance sheet date.

Note 6: In accordance with the parent company's "Procedures for Provision of Endorsements and Guarantees", maximum endorsement/guarantee amount allowable is 100% of the parent company's net worth based on the financial statements for the year ended December 31, 2022.

**Eternal Materials Co., Ltd. and Subsidiaries**

**MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)**

**DECEMBER 31, 2022**

**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Holding Company Name        | Type and Name of Marketable Securities                   | Relationship with the Holding Company | Financial Statement Account   | December 31, 2022 |                 |                             |            | Note |
|-----------------------------|--|---------------------------------------|---|-------------------|-----------------|-----------------------------|------------|------|
|                             |  |                                       |   | Shares/Units      | Carrying Amount | Percentage of Ownership (%) | Fair Value |      |
| Eternal Materials Co., Ltd. | President Securities Corp. (stock)                       | -                                     | Financial assets at fair value through other comprehensive income - non-current | 33,366,767        | \$ 522,190      | 2.29                        | \$ 522,190 |      |
|                             | TBG Diagnostics Limited (stock)                          | -                                     | Financial assets at fair value through other comprehensive income - non-current | 40,200,000        | 56,599          | 18.48                       | 56,599     |      |
|                             | Universal Venture Capital Investment Corp. (stock)       | -                                     | Financial assets at fair value through other comprehensive income - non-current | 5,000,000         | 45,497          | 4.15                        | 45,497     |      |
|                             | Der Yang Biotechnology Venture Capital Co., Ltd. (stock) | -                                     | Financial assets at fair value through other comprehensive income - non-current | 230,096           | 2,770           | 11.11                       | 2,770      |      |
|                             | Hwa Nan Venture Capital Co., Ltd. (stock)                | -                                     | Financial assets at fair value through other comprehensive income - non-current | 57,438            | -               | 10.60                       | -          |      |
| Mixville Holdings Inc.      | Grace THW Holding Limited (stock)                        | -                                     | Financial assets at fair value through other comprehensive income - non-current | 1,900,000         | 195,591         | Note                        | 195,591    |      |
|                             | Pacven Walden Ventures V, L.P. (mutual fund)             | -                                     | Financial assets at fair value through profit or loss - non-current             | -                 | 9,402           | Note                        | 9,402      |      |

Note: The percentage of ownership is less than 1%.

**Eternal Materials Co., Ltd. and Subsidiaries**

**MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2022**  
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Company Name                          | Type and Name of Marketable Securities         | Financial Statement Account                       | Counterparty                          | Relationship | Beginning Balance |            | Acquisition (Note 1) |            | Disposal     |         |                | Ending Balance (Note 2) |              |            |
|---------------------------------------|--|---|---------------------------------------|--------------|-------------------|------------|----------------------|------------|--------------|---------|----------------|-------------------------|--------------|------------|
|                                       |  |   |                                       |              | Shares/Units      | Amount     | Shares/Units         | Amount     | Shares/Units | Amount  | Carrying Value | Gain/Loss on Disposal   | Shares/Units | Amount     |
| Eteranl (China) Investment Co., Ltd.  | Eternal Material Industry (Tongling) Co., Ltd. | Investments accounted for using the equity method | Note 3                                | Subsidiary   | Note 4            | \$ 435,274 | Note 4               | \$ 439,300 | -            | \$ -    | \$ -           | \$ -                    | Note 4       | \$ 863,511 |
| Eteranl (China) Investment Co., Ltd.  | Eternal Electronic (Suzhou) Co., Ltd.          | Investments accounted for using the equity method | Note 3                                | Subsidiary   | Note 4            | 1,729,220  | Note 4               | 436,900    | -            | -       | -              | -                       | Note 4       | 2,145,218  |
| Eternal Holdings Inc.                 | Eternal Nanyang Investment Co., Ltd.           | Investments accounted for using the equity method | Note 3                                | Subsidiary   | 18,450,000        | 367,251    | 9,900,000            | 300,960    | -            | -       | -              | -                       | 28,350,000   | 444,197    |
| Eternal Nanyang Investment Co., Ltd.  | Eternal Materials (Malaysia) Sdn. Bhd.         | Investments accounted for using the equity method | Note 3                                | Subsidiary   | 347,324,000       | 1,538,886  | 48,598,000           | 334,400    | -            | -       | -              | -                       | 395,922,000  | 1,791,753  |
| Eternal Materials Co., Ltd.           | Eternal Precision Mechanics Co., Ltd.          | Investments accounted for using the equity method | Note 5                                | Subsidiary   | -                 | -          | 52,000,000           | 550,000    | -            | -       | -              | -                       | 52,000,000   | 826,296    |
| Eternal Materials Co., Ltd.           | Nikko-Materials Co., Ltd.                      | Investments accounted for using the equity method | Eternal Precision Mechanics Co., Ltd. | Subsidiary   | 11,520            | 1,634,652  | -                    | -          | (11,520)     | 300,150 | (300,150)      | Note 5                  | -            | -          |
| Eternal Precision Mechanics Co., Ltd. | Nikko-Materials Co., Ltd.                      | Investments accounted for using the equity method | Eternal Materials Co., Ltd.           | Subsidiary   | -                 | -          | 11,520               | 300,150    | -            | -       | -              | -                       | 11,520       | 660,041    |

Note 1: The acquisition was issuance of shares for cash or reorganization, and the amounts were translated into NTD using the exchange rate at the reference date.

Note 2: The ending balance included the increased investment amount, reorganization, share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method and exchange differences on translation of the financial statements of foreign operations.

Note 3: The Company had capital increase.

Note 4: No share was issued.

Note 5: Reorganization.

**Eternal Materials Co., Ltd. and Subsidiaries**

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2022**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Buyer                                  | Property  | Event Date        | Transaction Amount | Payment Status                       | Counterparty                        | Relationship       | Information on Previous Title Transfer If Counterparty Is A Related Party |              |                  |        | Pricing Reference  | Purpose of Acquisition | Other Terms |
|--|---|-------------------|--------------------|--------------------------------------|-------------------------------------|--------------------|---|--------------|------------------|--------|--|------------------------|-------------|
|  |   |                   |                    |                                      |                                     |                    | Property Owner  | Relationship | Transaction Date | Amount |  |                        |             |
| Eternal Electronic (Suzhou) Co., Ltd.  | Engaging the non-related party to build the R&D building on own land. | April 19, 2022    | \$ 576,810         | Payment in accordance with the terms | Zhongdi Construction Group Co., Ltd | Non- related party | -   | -            | -                | \$ -   | Price negotiation in accordance with the terms   | Self-use               | None        |
| Eternal Materials (Malaysia) Sdn. Bhd. | Right-of-use land   | November 11, 2022 | 324,180            | Payment in accordance with the terms | PTS HARTA SDN. BHD.                 | Non- related party | -   | -            | -                | -      | Evaluated by the professional appraisal institutions and executed by the internal level of authority | Self-use               | None        |

## Eternal Materials Co., Ltd. and Subsidiaries

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Company name   | Related Party  | Relationship                       | Transaction Details      |            |            |               | Abnormal Transaction |              | Notes/Accounts Receivable (Payable) |            | Note |
|--|--|------------------------------------|--------------------------|------------|------------|---------------|----------------------|--------------|-------------------------------------|------------|------|
|  |  |                                    | Purchases/Sales (Note 2) | Amount     | % to Total | Payment Terms | Unit Price           | Payment Term | Ending Balance                      | % to Total |      |
| Eternal Materials Co., Ltd.                              | Eternal Specialty Materials (Zhuhai) Co., Ltd.           | Subsidiary                         | Sales                    | \$ 651,094 | 4          | Note 1        | \$ -                 | -            | \$ 111,071                          | 3          |      |
|  | Eternal Materials (Guangdong) Co., Ltd.                  | Subsidiary                         | Sales                    | 251,561    | 2          | Note 1        | -                    | -            | 38,649                              | 1          |      |
|  | Nikko-Materials Co., Ltd.                                | Subsidiary                         | Sales                    | 255,734    | 2          | Note 1        | -                    | -            | 46,253                              | 1          |      |
|  | Eternal Electronic Material (Thailand) Co., Ltd.         | Subsidiary                         | Sales                    | 246,754    | 2          | Note 1        | -                    | -            | 70,707                              | 2          |      |
|  | CHOU-KOU Materials Co., Ltd.                             | Subsidiary                         | Sales                    | 400,952    | 2          | Note 1        | -                    | -            | 138,751                             | 4          |      |
|  | Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. | Subsidiary                         | Sales                    | 320,649    | 2          | Note 1        | -                    | -            | 96,629                              | 3          |      |
|  | Eternal (China) Investment Co., Ltd.                     | Subsidiary                         | Sales                    | 382,043    | 2          | Note 1        | -                    | -            | 71,953                              | 2          |      |
|  | Eternal Chemical (China) Co., Ltd.                       | Subsidiary                         | Sales                    | 264,942    | 2          | Note 1        | -                    | -            | 116,819                             | 3          |      |
|  | Eternal Technology Corporation                           | Subsidiary                         | Sales                    | 111,043    | 1          | Note 1        | -                    | -            | 33,429                              | 1          |      |
|  | Eternal Chemical (Tianjin) Co., Ltd.                     | Eternal Chemical (China) Co., Ltd. | Sister company           | Sales      | 407,527    | 16            | Note 1               | -            | -                                   | 80,142     | 6    |
| Eternal Materials (Guangdong) Co., Ltd.                  | Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. | Sister company                     | Sales                    | 508,039    | 10         | Note 1        | -                    | -            | 88,263                              | 4          |      |
|  | Eternal Chemical (China) Co., Ltd.                       | Sister company                     | Sales                    | 289,690    | 6          | Note 1        | -                    | -            | 54,783                              | 3          |      |
|  | Allnex-Eternal Resins (Guangdong) Co., Ltd.              | Associate                          | Sales                    | 409,452    | 8          | Note 1        | -                    | -            | 116,029                             | 5          |      |
| Eternal Specialty Materials (Suzhou) Co., Ltd.           | Eternal Materials Co., Ltd.                              | Ultimate parent company            | Sales                    | 286,969    | 8          | Note 1        | -                    | -            | 4,989                               | -          |      |
|  | Eternal Electronic (Suzhou) Co., Ltd.                    | Sister company                     | Sales                    | 234,497    | 7          | Note 1        | -                    | -            | 89,700                              | 9          |      |
| Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. | Eternal Electronic (Suzhou) Co., Ltd.                    | Sister company                     | Sales                    | 588,279    | 15         | Note 1        | -                    | -            | 285,728                             | 14         |      |
|  | Eternal Electronic Material (Thailand) Co., Ltd.         | Sister company                     | Sales                    | 102,138    | 3          | Note 1        | -                    | -            | 17,527                              | 1          |      |
| Eternal Specialty Materials (Zhuhai) Co., Ltd.           | Eternal Materials Co., Ltd.                              | Ultimate parent company            | Sales                    | 297,040    | 5          | Note 1        | -                    | -            | 16,078                              | 1          |      |
|  | Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. | Sister company                     | Sales                    | 144,190    | 3          | Note 1        | -                    | -            | 43,631                              | 3          |      |

(Continued)



| Company name                       | Related Party                                    | Relationship            | Transaction Details      |            |            |               | Abnormal Transaction |              | Notes/Accounts Receivable (Payable) |            | Note |
|------------------------------------|--|-------------------------|--------------------------|------------|------------|---------------|----------------------|--------------|-------------------------------------|------------|------|
|                                    |  |                         | Purchases/Sales (Note 2) | Amount     | % to Total | Payment Terms | Unit Price           | Payment Term | Ending Balance                      | % to Total |      |
| Nikko-Materials Co., Ltd.          | Eternal Electronic Material (Thailand) Co., Ltd. | Sister company          | Sales                    | \$ 128,633 | 3          | Note 1        | \$ -                 | -            | \$ 205                              | -          |      |
|                                    | Eternal Materials Co., Ltd.                      | Ultimate parent company | Sales                    | 109,349    | 3          | Note 1        | -                    | -            | 23,521                              | 2          |      |
| Eternal Chemical (China) Co., Ltd. | Allnex-Eternal Resins (Guangdong) Co., Ltd.      | Associate               | Sales                    | 170,494    | 3          | Note 1        | -                    | -            | 84,644                              | 3          |      |

(Concluded)

Note 1: The terms are similar to that of non-related party transactions.

Note 2: For transactions between related parties, only one side of the transaction was disclosed.

## Eternal Materials Co., Ltd. and Subsidiaries

## RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Company Name  | Related Party                                     | Relationship   | Ending Balance | Turnover Rate | Overdue  |                        | Amounts Received<br>in Subsequent<br>Period | Allowance for<br>Doubtful Accounts | Note |
|---|---|----------------|----------------|---------------|----------|------------------------|---|------------------------------------|------|
|   |   |                |                |               | Amount   | Actions Taken          |   |                                    |      |
| Eternal Materials Co., Ltd.                                 | CHOU-KOU Materials Co., Ltd.                      | Subsidiary     | \$ 138,751     | 3.49          | \$ 4,977 | Collected subsequently | \$ 34,852                                   | \$ -                               | Note |
|   | Eternal Specialty Materials<br>(Zhuhai) Co., Ltd. | Subsidiary     | 111,071        | 5.11          | -        | -                      | 50,496                                      | -                                  |      |
|   | Eternal Chemical (China) Co.,<br>Ltd.             | Subsidiary     | 116,819        | 2.52          | -        | -                      | 26,816                                      | -                                  |      |
|   | Eternal (China) Investment Co.,<br>Ltd.           | Subsidiary     | 117,685        | -             | -        | -                      | -   | -                                  |      |
| Eternal Photo Electronic Materials<br>(Guangzhou) Co., Ltd. | Eternal Electronic (Suzhou) Co.,<br>Ltd.          | Sister company | 285,728        | 1.83          | 101,933  | Collected subsequently | 59,984                                      | -                                  |      |
| Eternal Precision Mechanics Co.,<br>Ltd.                    | Nikko-Materials Co., Ltd.                         | Subsidiary     | 101,462        | 1.24          | -        | -                      | -   | -                                  |      |
| Eternal Materials (Guangdong)<br>Co., Ltd.                  | Allnex-Eternal Resins<br>(Guangdong) Co., Ltd.    | Associate      | 116,029        | 3.43          | 15,656   | Collected subsequently | 32,737                                      | 128                                |      |

Note : Other receivables.

## Eternal Materials Co., Ltd. and Subsidiaries

INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| No.<br>(Note 1) | Company Name   | Counterparty   | Relationship<br>(Note 2) | Transactions Details                               |            |        | % to Total<br>Revenues or<br>Assets |
|-----------------|--|--|--------------------------|--|------------|--------|-------------------------------------|
|                 |  |  |                          | Financial Statement Item<br>(Note 5)               | Amount     | Terms  |                                     |
| 0               | Eternal Materials Co., Ltd.                              | Eternal Specialty Materials (Zhuhai) Co., Ltd.           | 1                        | Revenue from sales of goods                        | \$ 651,094 | Note 3 | 1.33                                |
| 0               | Eternal Materials Co., Ltd.                              | Eternal Materials (Guangdong) Co., Ltd.                  | 1                        | Revenue from sales of goods                        | 251,561    | Note 3 | 0.51                                |
| 0               | Eternal Materials Co., Ltd.                              | Nikko-Materials Co., Ltd.                                | 1                        | Revenue from sales of goods                        | 255,734    | Note 3 | 0.52                                |
| 0               | Eternal Materials Co., Ltd.                              | Eternal Electronic Material (Thailand) Co., Ltd.         | 1                        | Revenue from sales of goods                        | 246,754    | Note 3 | 0.50                                |
| 0               | Eternal Materials Co., Ltd.                              | CHOU-KOU Materials Co., Ltd.                             | 1                        | Revenue from sales of goods                        | 400,952    | Note 3 | 0.82                                |
| 0               | Eternal Materials Co., Ltd.                              | Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. | 1                        | Revenue from sales of goods                        | 320,649    | Note 3 | 0.65                                |
| 0               | Eternal Materials Co., Ltd.                              | Eternal (China) Investment Co., Ltd.                     | 1                        | Revenue from sales of goods                        | 382,043    | Note 3 | 0.78                                |
| 0               | Eternal Materials Co., Ltd.                              | Eternal Chemical (China) Co., Ltd.                       | 1                        | Revenue from sales of goods                        | 264,942    | Note 3 | 0.54                                |
| 0               | Eternal Materials Co., Ltd.                              | Eternal Technology Corporation                           | 1                        | Revenue from sales of goods                        | 111,043    | Note 3 | 0.23                                |
| 0               | Eternal Materials Co., Ltd.                              | Eternal (China) Investment Co., Ltd.                     | 1                        | Other income                                       | 117,685    | Note 3 | 0.24                                |
| 0               | Eternal Materials Co., Ltd.                              | CHOU-KOU Materials Co., Ltd.                             | 1                        | Notes and accounts receivable from related parties | 138,751    | Note 3 | 0.23                                |
| 0               | Eternal Materials Co., Ltd.                              | Eternal Specialty Materials (Zhuhai) Co., Ltd.           | 1                        | Notes and accounts receivable from related parties | 111,071    | Note 3 | 0.19                                |
| 0               | Eternal Materials Co., Ltd.                              | Eternal Chemical (China) Co., Ltd.                       | 1                        | Notes and accounts receivable from related parties | 116,819    | Note 3 | 0.20                                |
| 0               | Eternal Materials Co., Ltd.                              | Eternal (China) Investment Co., Ltd.                     | 1                        | Other receivables from related parties             | 117,685    | Note 3 | 0.20                                |
| 0               | Eternal Materials Co., Ltd.                              | Eternal Technology Corporation                           | 1                        | Other receivables from related parties             | 307,100    | Note 4 | 0.52                                |
| 1               | Eternal Holdings Inc.                                    | Eternal Technology Corporation                           | 1                        | Other receivables from related parties             | 276,390    | Note 4 | 0.46                                |
| 1               | Eternal Holdings Inc.                                    | Eternal Materials Co., Ltd.                              | 2                        | Other receivables from related parties             | 982,720    | Note 4 | 1.65                                |
| 2               | Eternal (China) Investment Co., Ltd.                     | Eternal Chemical (Chengdu) Co., Ltd.                     | 1                        | Other receivables from related parties             | 1,014,171  | Note 4 | 1.71                                |
| 2               | Eternal (China) Investment Co., Ltd.                     | Eternal Chemical (Tianjin) Co., Ltd.                     | 1                        | Other receivables from related parties             | 529,133    | Note 4 | 0.89                                |
| 2               | Eternal (China) Investment Co., Ltd.                     | Eternal Synthetic Resins (Changshu) Co., Ltd.            | 1                        | Other receivables from related parties             | 352,755    | Note 4 | 0.59                                |
| 2               | Eternal (China) Investment Co., Ltd.                     | Eternal Electronic (Suzhou) Co., Ltd.                    | 1                        | Other receivables from related parties             | 440,944    | Note 4 | 0.74                                |
| 3               | Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. | Eternal Electronic (Suzhou) Co., Ltd.                    | 3                        | Revenue from sales of goods                        | 588,279    | Note 3 | 1.20                                |
| 3               | Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. | Eternal Electronic Material (Thailand) Co., Ltd.         | 3                        | Revenue from sales of goods                        | 102,138    | Note 3 | 0.21                                |
| 3               | Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. | Eternal Electronic (Suzhou) Co., Ltd.                    | 3                        | Notes and accounts receivable from related parties | 285,728    | Note 3 | 0.48                                |

(Continued)

| No.<br>(Note 1) | Company Name   | Counterparty   | Relationship<br>(Note 2) | Transactions Details                               |            |        |                                     |
|-----------------|--|--|--------------------------|--|------------|--------|-------------------------------------|
|                 |  |  |                          | Financial Statement Item<br>(Note 5)               | Amount     | Terms  | % to Total<br>Revenues or<br>Assets |
| 3               | Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. | Eternal Chemical (China) Co., Ltd.                       | 3                        | Other receivables from related parties             | \$ 293,481 | Note 4 | 0.49                                |
| 4               | Eternal Chemical (China) Co., Ltd.                       | Eternal Chemical (Tianjin) Co., Ltd.                     | 3                        | Other receivables from related parties             | 345,597    | Note 4 | 0.58                                |
| 4               | Eternal Chemical (China) Co., Ltd.                       | Eternal Synthetic Resins (Changshu) Co., Ltd.            | 3                        | Other receivables from related parties             | 352,358    | Note 4 | 0.59                                |
| 4               | Eternal Chemical (China) Co., Ltd.                       | Eternal Chemical (Chengdu) Co., Ltd.                     | 3                        | Other receivables from related parties             | 648,476    | Note 4 | 1.09                                |
| 5               | Eternal Materials (Guangdong) Co., Ltd.                  | Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. | 3                        | Revenue from sales of goods                        | 508,039    | Note 3 | 1.04                                |
| 5               | Eternal Materials (Guangdong) Co., Ltd.                  | Eternal Chemical (China) Co., Ltd.                       | 3                        | Revenue from sales of goods                        | 289,690    | Note 3 | 0.59                                |
| 6               | Eternal Specialty Materials (Suzhou) Co., Ltd.           | Eternal Materials Co., Ltd.                              | 2                        | Revenue from sales of goods                        | 286,969    | Note 3 | 0.59                                |
| 6               | Eternal Specialty Materials (Suzhou) Co., Ltd.           | Eternal Electronic (Suzhou) Co., Ltd.                    | 3                        | Revenue from sales of goods                        | 234,497    | Note 3 | 0.48                                |
| 7               | Eternal Specialty Materials (Zhuhai) Co., Ltd.           | Eternal Materials Co., Ltd.                              | 2                        | Revenue from sales of goods                        | 297,040    | Note 3 | 0.61                                |
| 7               | Eternal Specialty Materials (Zhuhai) Co., Ltd.           | Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. | 3                        | Revenue from sales of goods                        | 144,190    | Note 3 | 0.29                                |
| 8               | Eternal Chemical (Tianjin) Co., Ltd.                     | Eternal Chemical (China) Co., Ltd.                       | 3                        | Revenue from sales of goods                        | 407,527    | Note 3 | 0.83                                |
| 9               | Nikko-Materials Co., Ltd                                 | Eternal Electronic Material (Thailand) Co., Ltd.         | 3                        | Revenue from sales of goods                        | 128,633    | Note 3 | 0.26                                |
| 9               | Nikko-Materials Co., Ltd                                 | Eternal Materials Co., Ltd.                              | 2                        | Revenue from sales of goods                        | 109,349    | Note 3 | 0.22                                |
| 10              | Eternal Precision Mechanics Co., Ltd.                    | Nikko-Materials Co., Ltd.                                | 1                        | Notes and accounts receivable from related parties | 101,462    | Note 3 | 0.17                                |

(Concluded)

Note 1: The transaction information of the Company and its subsidiaries is numbered in column "No.". The representation of the numbers are as follows:

1. No. 0 represents the Company.
2. Subsidiaries are numbered in order from No. 1.

Note 2: The relationships among the parties to the transaction are as follows:

1. The parent company to subsidiary.
2. The subsidiary to the parent company.
3. The subsidiary to another subsidiary.

Note 3: The terms are similar to non-related party transactions.

Note 4: In accordance with the Operational Procedures for Lending Funds to Others.

Note 5: For transactions between related parties, only one side of the transaction was disclosed.

## Eternal Materials Co., Ltd. and Subsidiaries

INFORMATION ON INVESTEEES (EXCLUDING INVESTMENTS IN MAINLAND CHINA)  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Investor Company                      | Investee Company                                      | Location               | Main Businesses and Products   | Original Investment Amount |                   | Balance as of December 31, 2022 |                             |                 | Net Income (Loss) of the Investee | Investment Gain (Loss) | Note          |
|---------------------------------------|---|------------------------|--|----------------------------|-------------------|---------------------------------|-----------------------------|-----------------|-----------------------------------|------------------------|---------------|
|                                       |   |                        |  | December 31, 2022          | December 31, 2021 | Number of Shares                | Percentage of Ownership (%) | Carrying Amount |                                   |                        |               |
| Eternal Materials Co., Ltd.           | Eternal Holdings Inc.                                 | Samoa                  | International investment   | \$ 6,135,961               | \$ 6,259,870      | 200,108,859                     | 100.00                      | \$ 20,293,015   | \$ 987,289                        | \$ 978,500             |               |
| Eternal Materials Co., Ltd.           | Eternal Global (BVI) Co., Ltd.                        | British Virgin Islands | International investment   | 703,144                    | 717,527           | 16,357,914                      | 100.00                      | 4,990,787       | 267,819                           | 266,001                |               |
| Eternal Materials Co., Ltd.           | Mixville Holdings Inc.                                | British Virgin Islands | International investment   | 899,392                    | 989,582           | 26,630,000                      | 100.00                      | 3,703,360       | 103,855                           | 103,603                |               |
| Eternal Materials Co., Ltd.           | Advanced PETFILM Investment Co., Ltd.                 | Japan                  | International investment   | 788,630                    | 788,630           | 270                             | 20.00                       | 488,355         | (23,719)                          | (655)                  |               |
| Eternal Materials Co., Ltd.           | Daxin Materials Corporation                           | Taiwan                 | Manufacturing and selling of chemical, resins materials and electronic materials   | 191,052                    | 191,052           | 23,423,812                      | 22.80                       | 672,942         | 426,120                           | 97,155                 |               |
| Eternal Materials Co., Ltd.           | New E Materials Co., Ltd.                             | Taiwan                 | Researching, developing, manufacturing and selling of photoelectric, semiconductor process related electronic chemical materials and equipment spare parts | 82,322                     | 82,322            | 6,907,585                       | 62.80                       | 31,682          | (5,477)                           | (3,440)                |               |
| Eternal Materials Co., Ltd.           | Covestro Eternal Resins (Far East) Ltd.               | Taiwan                 | Manufacturing and selling of powder coating resin  | 36,400                     | 36,400            | 3,660,000                       | 40.00                       | 103,688         | 64,394                            | 25,758                 |               |
| Eternal Materials Co., Ltd.           | Eternal Precision Mechanics Co., Ltd.                 | Taiwan                 | Manufacturing and selling of vacuum laminator  | 550,000                    | -                 | 52,000,000                      | 100.00                      | 826,296         | 255,805                           | 242,493                | Note 2        |
| Eternal Materials Co., Ltd.           | Eternal Electronic Material (Thailand) Co., Ltd.      | Thailand               | Trading services, cutting and selling of dry film photoresist  | 90,919                     | 90,919            | 937,500                         | 75.00                       | 132,059         | 17,245                            | 12,498                 |               |
| Eternal Materials Co., Ltd.           | CHOU-KOU Materials Co., Ltd.                          | Japan                  | Selling, trading and providing services of resins material, electronic material and other related products   | 60,431                     | 60,431            | 4,000                           | 100.00                      | 85,481          | 6,186                             | 4,034                  |               |
| Eternal Materials Co., Ltd.           | Nikko-Materials Co., Ltd.                             | Japan                  | Manufacturing and selling of dry film photoresist and vacuum laminator   | -                          | 257,657           | -                               | -                           | -               | 882,552                           | 556,574                | Note 2        |
| Eternal Materials Co., Ltd.           | Elga Europe S.r.l.                                    | Italy                  | Manufacturing, selling, distribution and processing of electronic chemical products  | 287,169                    | 287,169           | -                               | 72.68                       | (3,556)         | (16,488)                          | (11,984)               |               |
| Eternal Precision Mechanics Co., Ltd. | Nikko-Materials Co., Ltd.                             | Japan                  | Manufacturing and selling of dry film photoresist and vacuum laminator   | 300,150                    | -                 | 11,520                          | 100.00                      | 660,041         | 882,552                           | -                      | Notes 1 and 2 |
| Eternal Holdings Inc.                 | Eternal International (BVI) Co., Ltd.                 | British Virgin Islands | International investment   | 5,739,033                  | 5,739,033         | 183,793,592                     | 100.00                      | 15,137,021      | 669,803                           | -                      | Note 1        |
| Eternal Holdings Inc.                 | E-Chem Corp.  | Samoa                  | International investment   | 165,608                    | 165,608           | 4,990,000                       | 100.00                      | 3,011,196       | 530,708                           | -                      | Note 1        |
| Eternal Holdings Inc.                 | Eternal Nanyang Investment Co., Ltd.                  | Samoa                  | International investment   | 841,453                    | 540,493           | 28,350,000                      | 90.00                       | 444,197         | (201,095)                         | -                      | Note 1        |
| Eternal Holdings Inc.                 | PT Eternal Materials Indonesia                        | Indonesia              | Trading of chemical products   | 13,360                     | 13,360            | 670                             | 67.00                       | 16,072          | 2,744                             | -                      | Note 1        |
| Eternal Holdings Inc.                 | Allnex-Eternal Resins Corporation Limited             | Hong Kong              | Trading and international investment   | 50,385                     | 174,293           | 1,176,000                       | 49.00                       | 383,479         | 126,580                           | -                      | Note 1        |
| Eternal Holdings Inc.                 | Polymer Instrumentation and Consulting Services, Ltd. | United States          | Plastic products manufacturing   | 121,913                    | 121,913           | 4,694,296                       | 30.00                       | -               | -                                 | -                      | Note 1        |
| Eternal International (BVI) Co., Ltd. | Eternal Technology Corporation                        | United States          | Manufacturing and selling of photoresist   | 600,693                    | 600,693           | 2,333                           | 100.00                      | (202,742)       | (80,633)                          | -                      | Note 1        |
| Mixville Holdings Inc.                | High Expectation Limited                              | Cayman Islands         | International investment   | 871,519                    | 871,519           | 26,005,000                      | 100.00                      | 3,510,866       | 53,751                            | -                      | Note 1        |
| Eternal (China) Investment Co., Ltd.  | Elga Europe S.r.l.                                    | Italy                  | Manufacturing, selling, distribution and processing of electronic chemical products  | 58,610                     | 58,610            | -                               | 22.32                       | (752)           | (16,488)                          | -                      | Note 1        |
| Eternal Nanyang Investment Co., Ltd.  | Eternal Materials (Malaysia) Sdn. Bhd.                | Malaysia               | Manufacturing, selling, trading and providing services of resins material related products   | 2,082,818                  | 1,748,418         | 395,922,000                     | 100.00                      | 1,791,753       | (158,105)                         | -                      | Note 1        |

Note 1: It had been consolidated into the net income (loss) of investees recognized by the Company using the equity method, and also considered into the calculation of the Company's investment income or loss.

Note 2: Reorganization.

## Eternal Materials Co., Ltd. and Subsidiaries

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Investee Company  | Main Businesses and Products  | Total Amount of Paid-in Capital | Method of Investment (Note 1) | Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2022 | Investment Flows |        | Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2022 | Net Income (Loss) of the Investee | % of Ownership of Direct or Indirect Investment | Investment Gain (Loss) | Carrying Amount as of December 31, 2022 | Accumulated Repatriation of Investment Income as of December 31, 2022 | Note          |
|---|---|---------------------------------|-------------------------------|--|------------------|--------|--|-----------------------------------|---|------------------------|---|---|---------------|
|   |   |                                 |                               |  | Outward          | Inward |  |                                   |   |                        |   |   |               |
| Eternal Chemical (China) Co., Ltd.                          | Manufacturing and selling of resins material and processing products  | \$ 755,651                      | 2                             | \$ 625,549   | \$ -             | \$ -   | \$ 625,549   | \$ 274,730                        | 100.00  | \$ 274,730             | \$ 4,639,073                            | \$ 1,509,802  | Note 2        |
| Covestro Eternal Resins (Kunshan) Co., Ltd.                 | Manufacturing and selling of powder coating resin   | 183,470                         | 2                             | 91,735   | -                | -      | 91,735   | (11,563)                          | 50.00   | (5,782)                | 315,124                                 | 544,920   | Note 2        |
| Eternal Optical Material (Suzhou) Co., Ltd.                 | Manufacturing and selling of optical films, and leasing business  | 1,563,967                       | 2                             | -  | -                | -      | -  | (21,775)                          | 100.00  | (21,775)               | 191,058                                 | -   | Note 2        |
| Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.    | Researching, developing, manufacturing and selling of electronic high-tech chemical and related products  | 2,256,739                       | 2                             | 444,685  | -                | -      | 444,685  | 374,815                           | 100.00  | 374,815                | 4,332,431                               | 983,767   | Note 2        |
| Eternal Photoelectric Material Industry (Yingkou) Co., Ltd. | Researching, developing and manufacturing of photoresist dry film, liquid photo imaginal solder masks and printed circuit board related materials   | 469,402                         | 2                             | -  | -                | -      | -  | 10,519                            | 100.00  | 10,519                 | 171,378                                 | -   | Note 2        |
| Eterkon Semiconductor Materials Co., Ltd.                   | Manufacturing and selling of epoxy molding compounds which are used in electronic parts and related products  | 524,337                         | 2                             | 456,427  | -                | -      | 456,427  | 31,435                            | 40.00   | 15,912                 | 267,481                                 | -   | Note 2        |
| Eternal Synthetic Resins (Changshu) Co., Ltd.               | Manufacturing and selling of unsaturated polyester resin  | 726,426                         | 2                             | 279,811  | -                | -      | 279,811  | (15,751)                          | 100.00  | (15,751)               | 186,019                                 | -   | Note 2        |
| Eternal Chemical (Tianjin) Co., Ltd.                        | Manufacturing and selling of adhesives, resins material and processing products   | 1,008,004                       | 2                             | 599,320  | -                | -      | 599,320  | 40,149                            | 100.00  | 40,149                 | 937,396                                 | -   | Note 2        |
| Eternal Specialty Materials (Zhuhai) Co., Ltd.              | Manufacturing and selling of acrylic resin and methacrylic acid   | 611,011                         | 2                             | 243,540  | -                | -      | 243,540  | 550,225                           | 90.00   | 530,550                | 2,997,505                               | 950,086   | Note 2        |
| ESCO Specialty Coatings (Shanghai) Co., Ltd.                | Researching, manufacturing and selling of processing electronic high-tech chemical, high performance coating, material and products   | 403,180                         | 2                             | 196,680  | -                | -      | 196,680  | (29,286)                          | 40.00   | (13,369)               | (40,424)                                | -   | Note 2        |
| Eternal Materials (Guangdong) Co., Ltd.                     | Manufacturing and selling of adhesives, resins material and processing products   | 1,297,259                       | 2                             | 868,175  | -                | -      | 868,175  | 53,984                            | 100.00  | 53,984                 | 3,508,985                               | 1,885,420   | Note 2        |
| Eternal (China) Investment Co., Ltd.                        | Managing, investing consulting services, researching, leasing, manufacturing and selling of resins material and photoelectric chemicals materials   | 7,557,603                       | 2                             | 4,264,844  | -                | -      | 4,264,844  | 750,029                           | 100.00  | 750,029                | 15,308,189                              | -   | Notes 2 and 3 |
| Eternal Chemical (Chengdu) Co., Ltd.                        | Researching, manufacturing and selling of resins material   | 450,351                         | 2                             | -  | -                | -      | -  | (174,475)                         | 100.00  | (174,475)              | (703,359)                               | -   | Note 2        |
| Eternal Electronic (Suzhou) Co., Ltd.                       | Researching, developing, and manufacturing of dry film photoresist and dry film solder masks which are used in electronic materials, researching resin materials and selling, providing after sales service of self-produced products | 1,929,180                       | 2                             | -  | -                | -      | -  | (50,220)                          | 100.00  | (50,220)               | 2,145,218                               | -   | Note 2        |

(Continued)

| Investee Company                               | Main Businesses and Products   | Total Amount of Paid-in Capital | Method of Investment (Note 1) | Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2022 | Investment Flows |        | Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2022 | Net Income (Loss) of the Investee | % of Ownership of Direct or Indirect Investment | Investment Gain (Loss) | Carrying Amount as of December 31, 2022 | Accumulated Repatriation of Investment Income as of December 31, 2022 | Note  |
|--|--|---------------------------------|-------------------------------|--|------------------|--------|--|-----------------------------------|---|------------------------|---|---|---|
|  |  |                                 |                               |  | Outward          | Inward |  |                                   |   |                        |   |   |   |
| Eternal Sun A. (Suzhou) Co., Ltd.              | Researching, developing, and manufacturing of optical protective film which is used in display, and selling, providing after sales service of self-produced products | \$ 1,067,649                    | 2                             | \$ -   | \$ -             | \$ -   | \$ -   | \$ (8,836)                        | -   | \$ (5,302)             | \$ -                                    | \$ -  | Notes 2, 6 and 27 of the consolidated financial statement |
| Eternal Specialty Materials (Suzhou) Co., Ltd. | Researching and developing chemical products, and selling, providing technical services of self-produced products  | 1,199,225                       | 2                             | -  | -                | -      | -  | 446,600                           | 100.00  | 446,600                | 1,990,233                               | -   | Note 2  |
| Showa Denko New Material (Zhuhai) Co., Ltd.    | Manufacturing and selling of functional resins, resins composite material and providing technical services   | 366,881                         | 2                             | -  | -                | -      | -  | 6,016                             | 30.00   | 1,210                  | 91,967                                  | -   | Note 2  |
| Eternal Material Industry (Tongling) Co., Ltd. | Manufacturing and selling resins material products and providing technical services  | 869,200                         | 2                             | -  | -                | -      | -  | (19,058)                          | 100.00  | (19,058)               | 863,511                                 | -   | Note 2  |

| Investor Company            | Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022 (Note 4) | Investment Amount Authorized by the Investment Commission, MOEA (Note 4) | Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 5) |
|-----------------------------|---|--|---|
| Eternal Materials Co., Ltd. | \$ 8,076,918  | \$ 26,984,353  | \$ -  |

Note 1: Investment methods are classified into the following three categories:

1. Direct investment in a company in mainland China.
2. Investing through companies in a third region (Eternal Holdings Inc., Eternal Global (BVI) Co., Ltd. and Mixville Holdings Inc.).
3. Others.

Note 2: The investment gains and losses were recognized from the financial statements audited by the parent company's CPA in the ROC in accordance with SAS No. 600 "Special Considerations - Audits of Group Financial Statements".

Note 3: The investment gains and losses of Eternal (China) Investment Co., Ltd. included the income (loss) of the invested company.

Note 4: The amounts were translated into NTD using the exchange rate of application date.

Note 5: According to the "Regulation Governing the Approval of Investment or Technical Cooperation in Mainland China", which was modified on August 29, 2008, the Company obtained the approval of the operational headquarters from the Industrial Development Bureau of Ministry of Economic Affairs; hence, there is no need to set an upper limit for the investment amount.

Note 6: The disposal was resolved by the board of directors in August 2021, and completed in February 2022.

(Concluded)

**TABLE 11****Eternal Materials Co., Ltd.****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2022**

| Name of the Major Shareholder | Shares                 |                         |
|-------------------------------|------------------------|-------------------------|
|                               | Number of Shares Owned | Percentage of Ownership |
| Kwang Yang Motor Co., Ltd.    | 117,800,000            | 9.99                    |
| Kao, Ying-Shih                | 74,596,152             | 6.33                    |

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current year. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, refer to Market Observation Post System.



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**STATEMENT 1**

**Eternal Materials Co., Ltd.**

**STATEMENT OF CASH AND CASH EQUIVALENTS**

**DECEMBER 31, 2022**

**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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| <b>Item</b>   | <b>Description</b>                                  | <b>Amount</b>     |
|---------------|---|-------------------|
| Cash on hands |   | \$ 3,633          |
| Cash in banks | Checking accounts                                   | 168,908           |
|               | NTD demand deposits                                 | 39,364            |
|               | USD demand deposits<br>(USD3,677thousand @30.71)    | 112,917           |
|               | JPY demand deposits (JPY29,397<br>thousand @0.2324) | 6,827             |
|               | RMB demand deposits (RMB1<br>thousand @4.4094)      | 3                 |
|               |   | <u>\$ 331,652</u> |

**STATEMENT 2****Eternal Materials Co., Ltd.****STATEMENT OF ACCOUNTS RECEIVABLE, NET****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

| <b>Client Name</b>   | <b>Description</b> | <b>Amount</b>       | <b>Remark</b> |
|--|--------------------|---------------------|---------------|
| Non-related parties  |                    |                     |               |
| Regent Electron (Suzhou)<br>Co., Ltd.                          | Sales of goods     | \$ 241,695          |               |
| Others (Note)  |                    | <u>2,284,954</u>    |               |
|  |                    | 2,526,649           |               |
| Less: Allowance for loss                                       |                    | <u>(79,495)</u>     |               |
|  |                    | <u>\$ 2,447,154</u> |               |
| Related parties  |                    |                     |               |
| CHOU-KOU Materials Co.,<br>Ltd.                                | Sales of goods     | \$ 138,751          |               |
| Eternal Chemical (China)<br>Co., Ltd.                          | Sales of goods     | 116,819             |               |
| Eternal Specialty Materials<br>(Zhuhai) Co., Ltd.              | Sales of goods     | 111,071             |               |
| Eternal Photo Electronic<br>Materials (Guangzhou)<br>Co., Ltd. | Sales of goods     | 96,629              |               |
| Eternal (China) Investment<br>Co., Ltd.                        | Sales of goods     | 71,953              |               |
| Eternal Electronic Material<br>(Thailand) Co., Ltd             | Sales of goods     | 70,707              |               |
| Nikko-Materials Co., Ltd.                                      | Sales of goods     | 46,253              |               |
| Elga Europe S.r.l.   | Sales of goods     | 46,040              |               |
| Eternal Electronic (Suzhou)<br>Co., Ltd.                       | Sales of goods     | 43,892              |               |
| Others (Note)  |                    | <u>135,544</u>      |               |
|  |                    | 877,659             |               |
| Less: Allowance for loss                                       |                    | <u>(4)</u>          |               |
|  |                    | <u>\$ 877,655</u>   |               |

Note: The amount of individual client included in others does not exceed 5% of the account balance.

**STATEMENT 3**

**Eternal Materials Co., Ltd.**

**STATEMENT OF OTHER RECEIVABLES  
DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

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| <b>Item</b>                             | <b>Description</b> | <b>Amount</b>     |
|---|--------------------|-------------------|
| Receivable for loans to related parties |                    | \$ 307,100        |
| Receivable for trademark license fee    |                    | 270,438           |
| Receivable for service fee              |                    | 136,291           |
| Receivable for business tax             |                    | 70,778            |
| Receivable for dividends                |                    | 53,452            |
| Others (Note)                           |                    | <u>73,107</u>     |
|   |                    | 911,166           |
| Less: Allowance for loss                |                    | <u>(29,800)</u>   |
|   |                    | <u>\$ 881,366</u> |

Note: The amount of individual item included in others does not exceed 5% of the account balance.

**STATEMENT 4**

**Eternal Materials Co., Ltd.**

**STATEMENT OF INVENTORIES**

**DECEMBER 31, 2022**

**(In Thousands of New Taiwan Dollars)**

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| Item                 | Description | Amount              |                      | Remark |
|----------------------|-------------|---------------------|----------------------|--------|
|                      |             | Cost                | Net Realizable Value |        |
| Raw materials        |             | \$ 1,577,411        | \$ 2,441,223         | Note   |
| Supplies             |             | 42,960              | 42,960               | Note   |
| Finished goods       |             | 1,638,795           | 2,050,079            | Note   |
| Inventory in transit |             | <u>91,476</u>       | <u>91,476</u>        | Note   |
|                      |             | <u>\$ 3,350,642</u> | <u>\$ 4,625,738</u>  |        |

Note: Refer to Note 4 (6) for the method used in determining the net realizable value.

## Eternal Materials Co., Ltd.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT  
 FOR THE YEAR ENDED DECEMBER 31, 2022  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Name   | Beginning of the Year |                     | Additions        |                  | Decrease         |                     | End of the Year  |                     | Guarantee or Pledge | Remark |
|--|-----------------------|---------------------|------------------|------------------|------------------|---------------------|------------------|---------------------|---------------------|--------|
|  | Number of Shares      | Fair Value (Note 1) | Number of Shares | Amount           | Number of Shares | Amount              | Number of Shares | Fair Value (Note 1) |                     |        |
| Domestic listed shares                           |                       |                     |                  |                  |                  |                     |                  |                     |                     |        |
| President Securities Corp.                       | 33,366,767            | \$ 789,124          | -                | \$ -             | -                | \$ (266,934)        | 33,366,767       | \$ 522,190          | No                  | Note 2 |
| Domestic unlisted shares                         |                       |                     |                  |                  |                  |                     |                  |                     |                     |        |
| Universal Venture Capital Investment Corp.       | 5,000,000             | 44,483              | -                | 1,014            | -                | -                   | 5,000,000        | 45,497              | No                  | Note 2 |
| Der Yang Biotechnology Venture Capital Co., Ltd. | 353,994               | 4,323               | -                | -                | (123,898)        | (1,553)             | 230,096          | 2,770               | No                  | Note 2 |
| Hwa Nan Venture Capital Co., Ltd.                | 57,438                | -                   | -                | -                | -                | -                   | 57,438           | -                   | No                  |        |
| Foreign unlisted shares                          |                       |                     |                  |                  |                  |                     |                  |                     |                     |        |
| TBG Diagnostics Limited                          | 40,200,000            | <u>23,850</u>       | -                | <u>32,749</u>    | -                | <u>-</u>            | 40,200,000       | <u>56,599</u>       | No                  | Note 2 |
|  |                       | <u>\$ 861,780</u>   |                  | <u>\$ 33,763</u> |                  | <u>\$ (268,487)</u> |                  | <u>\$ 627,056</u>   |                     |        |

Note 1: Fair value is determined by the evaluation approach shown in Note 24.

Note 2: The changes for the year are due to valuation adjustment and capital reduction.

## Eternal Materials Co., Ltd.

**STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2022**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Name   | Balance at Beginning of the Year |                      | Additions (Note 1)              |                   | Decrease (Note 2)               |                        | Investment Gain (Loss) | Other Adjustments (Note 3) | Balance at End of the Year      |        |                      | Market Value or Net Assets Value |                      | Guarantee or Pledge | Remark |
|--|----------------------------------|----------------------|---------------------------------|-------------------|---------------------------------|------------------------|------------------------|----------------------------|---------------------------------|--------|----------------------|----------------------------------|----------------------|---------------------|--------|
|  | Number of Shares (In Thousands)  | Amount               | Number of Shares (In Thousands) | Amount            | Number of Shares (In Thousands) | Amount                 |                        |                            | Number of Shares (In Thousands) | %      | Amount               | Unit price (NT\$)                | Total Amount         |                     |        |
| Eternal Holdings Inc.                            | 204,274                          | \$ 19,118,841        | -                               | \$ -              | (4,165 )                        | \$ (123,909 )          | \$ 978,500             | \$ 319,583                 | \$ 200,109                      | 100.00 | \$ 20,293,015        | \$ 102                           | \$ 20,445,827        | No                  |        |
| Eternal Global (BVI) Co., Ltd.                   | 16,821                           | 4,673,760            | -                               | -                 | (463 )                          | (17,626 )              | 266,001                | 68,652                     | 16,358                          | 100.00 | 4,990,787            | 306                              | 5,008,682            | No                  |        |
| Mixville Holdings Inc.                           | 29,530                           | 3,608,531            | -                               | -                 | (2,900 )                        | (90,190 )              | 103,603                | 81,416                     | 26,630                          | 100.00 | 3,703,360            | 140                              | 3,723,680            | No                  |        |
| Advanced PETFILM Investment Co., Ltd.            | -                                | 482,204              | -                               | -                 | -                               | -                      | (655 )                 | 6,806                      | -                               | 20.00  | 488,355              | 1,715,581                        | 463,207              | No                  | Note 4 |
| Daxin Materials Corporation                      | 23,424                           | 699,933              | -                               | -                 | -                               | (124,146 )             | 97,155                 | -                          | 23,424                          | 22.80  | 672,942              | 65                               | 1,522,548            | No                  |        |
| New E Materials Co., Ltd.                        | 6,908                            | 35,122               | -                               | -                 | -                               | -                      | (3,440 )               | -                          | 6,908                           | 62.80  | 31,682               | 5                                | 31,682               | No                  |        |
| Covestro Eternal Resins (Far East) Ltd.          | 3,660                            | 149,645              | -                               | -                 | -                               | (76,360 )              | 25,758                 | 4,645                      | 3,660                           | 40.00  | 103,688              | 28                               | 103,688              | No                  |        |
| Eternal Precision Mechanics Co., Ltd.            | -                                | -                    | 52,000                          | 550,000           | -                               | -                      | 242,493                | 33,803                     | 52,000                          | 100.00 | 826,296              | 16                               | 839,608              | No                  |        |
| Eternal Electronic Material (Thailand) Co., Ltd. | 938                              | 135,557              | -                               | -                 | -                               | (25,842 )              | 12,498                 | 9,846                      | 938                             | 75.00  | 132,059              | 149                              | 139,675              | No                  |        |
| CHOU-KOU Materials Co., Ltd.                     | 4                                | 83,824               | -                               | -                 | -                               | -                      | 4,034                  | (2,377 )                   | 4                               | 100.00 | 85,481               | 22,068                           | 88,273               | No                  |        |
| Nikko-Materials Co., Ltd.                        | 12                               | 1,634,652            | -                               | -                 | (12 )                           | (2,118,270 )           | 556,574                | (72,956 )                  | -                               | -      | -                    | -                                | -                    | No                  |        |
| Elga Europe S.r.l.                               | -                                | 8,502                | -                               | -                 | -                               | -                      | (11,984 )              | (74 )                      | -                               | 72.68  | (3,556 )             | -                                | (3,556 )             | No                  | Note 5 |
|  |                                  | <u>\$ 30,630,571</u> |                                 | <u>\$ 550,000</u> |                                 | <u>\$ (2,576,343 )</u> | <u>\$ 2,270,537</u>    | <u>\$ 449,344</u>          |                                 |        | <u>\$ 31,324,109</u> |                                  | <u>\$ 32,363,314</u> |                     |        |

Note 1: Reorganization.

Note 2: Capital reduction, cash dividends and reorganization.

Note 3: Other adjustments:

- 1) Exchange differences on translation of the financial statements of foreign operations that are recognized using the equity method.
- 2) Recognized remeasurement of defined benefit plans of investments accounted for using the equity method.
- 3) Recognized unrealized gains and losses on financial assets at FVTOCI of investments accounted for using the equity method.

Note 4: Less than a thousand shares.

Note 5: No shares issued; not applicable.

**Eternal Materials Co., Ltd.**

**STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

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| <b>Item</b>       | <b>Balance at<br/>Beginning of<br/>the Year</b> | <b>Additions<br/>(Note)</b> | <b>Decrease</b>    | <b>Balance at<br/>End of the<br/>Year</b> | <b>Remark</b> |
|-------------------|---|-----------------------------|--------------------|---|---------------|
| Land              | \$ 11,887                                       | \$ 236                      | \$ -               | \$ 12,123                                 |               |
| Buildings         | 100,361   | 14,216                      | (62,771)           | 51,806                                    |               |
| Storage equipment | 4,102   | 6,100                       | -                  | 10,202                                    |               |
| Other equipment   | <u>31,840</u>                                   | <u>4,227</u>                | <u>(7,657)</u>     | <u>28,410</u>                             |               |
|                   | <u>\$ 148,190</u>                               | <u>\$ 24,779</u>            | <u>\$ (70,428)</u> | <u>\$ 102,541</u>                         |               |

Note: Including lease modification.



**Eternal Materials Co., Ltd.****STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

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| <b>Item</b>       | <b>Balance at<br/>Beginning of<br/>the Year</b> | <b>Additions</b> | <b>Decrease</b>   | <b>Balance at<br/>End of the<br/>Year</b> | <b>Remark</b> |
|-------------------|---|------------------|-------------------|---|---------------|
| Land              | \$ 1,370  | \$ 491           | \$ -              | \$ 1,861                                  |               |
| Buildings         | 25,859  | 15,607           | (22,495)          | 18,971                                    |               |
| Storage equipment | 649   | 1,756            | -                 | 2,405                                     |               |
| Other equipment   | <u>11,724</u>                                   | <u>6,537</u>     | <u>(4,643)</u>    | <u>13,618</u>                             |               |
|                   | <u>\$ 39,602</u>                                | <u>\$ 24,391</u> | <u>\$(27,138)</u> | <u>\$ 36,855</u>                          |               |

**STATEMENT 9**

**Eternal Materials Co., Ltd.**

**STATEMENT OF ACCOUNTS PAYABLE**

**DECEMBER 31, 2022**

**(In Thousands of New Taiwan Dollars)**

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| <b>Vendor Name</b>                    | <b>Description</b> | <b>Amount</b>       | <b>Remark</b> |
|---------------------------------------|--------------------|---------------------|---------------|
| Chang Chun Plastics Co., Ltd.         | Purchase of goods  | \$ 145,486          |               |
| Nan Ya Plastics Corporation           | Purchase of goods  | 86,205              |               |
| Chang Chun Petrochemical<br>Co., Ltd. | Purchase of goods  | 69,515              |               |
| Formosa Plastics Corporation          | Purchase of goods  | 58,260              |               |
| Others (Note)                         |                    | <u>685,451</u>      |               |
|                                       |                    | <u>\$ 1,044,917</u> |               |

Note: The amount of individual vendor in others does not exceed 5% of the account balance.

**Eternal Materials Co., Ltd.****STATEMENT OF OTHER PAYABLES - OTHERS****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

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| <b>Item</b>                  | <b>Description</b> | <b>Amount</b>     |
|------------------------------|--------------------|-------------------|
| Payable for equipment        |                    | \$ 290,219        |
| Bonus                        |                    | 140,861           |
| Compensation of<br>employees |                    | 130,000           |
| Commission                   |                    | 50,468            |
| Others (Note)                |                    | <u>364,834</u>    |
|                              |                    | <u>\$ 976,382</u> |

Note: The amount of individual item in others does not exceed 5% of the account balance.

## Eternal Materials Co., Ltd.

## STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Type  | Balance at<br>End of Year | Contract Period       | Range of<br>Interest Rates (%) | Loan Commitments | Collateral |
|---|---------------------------|-----------------------|--------------------------------|------------------|------------|
| Unsecured loans                                 |                           |                       |                                |                  |            |
| HSBC Bank (Taiwan) Limited                      | \$ 380,000                | 2022.10.11-2023.05.29 | 1.58-1.59                      | NT\$ 600,000     | None       |
| The Shanghai Commercial and Savings Bank, Ltd.  | 334,260                   | 2022.10.13-2023.07.05 | 1.50-4.81                      | US\$ 35,000      | None       |
| Taipei Fubon Commercial Bank Co., Ltd.          | 134,792                   | 2022.10.21-2023.04.14 | 0.60-0.80                      | NT\$ 500,000     | None       |
| Taipei Fubon Commercial Bank Co., Ltd.          | 307,100                   | 2022.10.03-2023.04.12 | 5.24-5.29                      | US\$ 15,000      | None       |
| CTBC Bank Co., Ltd.                             | 150,000                   | 2022.10.11-2023.02.10 | 1.65                           | NT\$ 300,000     | None       |
| The Export-Import Bank of the Republic of China | 300,000                   | 2022.01.12-2023.12.29 | 1.45-1.63                      | NT\$ 300,000     | None       |
| Mizuho Bank, Ltd.                               | 76,692                    | 2022.10.07-2023.02.07 | 0.58                           | NT\$ 1,000,000   | None       |
| Yuanta Commercial Bank Co., Ltd.                | 300,000                   | 2022.11.22-2023.01.19 | 1.36                           | NT\$ 300,000     | None       |
| Mega International Commercial Bank Co., Ltd.    | 500,000                   | 2022.12.16-2023.01.16 | 1.65                           | NT\$ 1,000,000   | None       |
| Loans from related parties                      |                           |                       |                                |                  |            |
| Eternal Holdings Inc.                           | <u>982,720</u>            | 2022.11.16-2023.12.05 | 5.40-5.45                      | US\$ 32,000      | None       |
|   | <u>\$ 3,465,564</u>       |                       |                                |                  |            |

**Eternal Materials Co., Ltd.**

**STATEMENT OF OTHER NON-CURRENT LIABILITIES**

**DECEMBER 31, 2022**

**(In Thousands of New Taiwan Dollars)**

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| <b>Item</b>                     | <b>Description</b> | <b>Amount</b>     |
|---------------------------------|--------------------|-------------------|
| Net defined benefit liabilities |                    | \$ 542,153        |
| Others (Note)                   |                    | <u>301</u>        |
|                                 |                    | <u>\$ 542,454</u> |

Note: The amount of individual item in others does not exceed 5% of the account balance.

## Eternal Materials Co., Ltd.

## STATEMENT OF LONG-TERM BORROWINGS

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Creditors  | Description                                | Loan Amount         | Agreement Period | Interest Rate Range (%) | Pledge or Guarantee | Remark |
|--|--|---------------------|------------------|-------------------------|---------------------|--------|
| Unsecured loans  |  |                     |                  |                         |                     |        |
| First commercial bank  | Bullet repayment, non-revolving credit     | \$ 900,000          | 2020.08-2025.11  | 1.70-1.78               | No                  |        |
| Syndicated credit facility with eight banks led by E.SUN Commercial Bank, Ltd. | Repay in installment, non-revolving credit | 1,350,000           | 2018.07-2023.05  | 1.79                    | No                  |        |
| HSBC Bank (Taiwan) Limited   | Repay in installment, non-revolving credit | 600,000             | 2020.08-2025.08  | 1.90                    | No                  |        |
| HSBC Bank (Taiwan) Limited   | Bullet repayment, revolving credit         | 270,000             | 2022.12-2023.12  | 1.58                    | No                  |        |
| Mizuho bank, Ltd.  | Bullet repayment, revolving credit         | 1,120,000           | 2022.10-2023.05  | 1.55-1.75               | No                  |        |
| Mega International Commercial Bank Co., Ltd.                                   | Bullet repayment, non-revolving credit     | 800,000             | 2022.09-2025.09  | 1.73                    | No                  |        |
| Bank of Taiwan   | Repay in installment, non-revolving credit | 1,000,000           | 2022.08-2025.08  | 1.61                    | No                  |        |
| Taiwan Business Bank, Ltd.   | Bullet repayment, non-revolving credit     | 300,000             | 2021.05-2024.05  | 1.73                    | No                  |        |
| Far Eastern International Bank   | Bullet repayment, non-revolving credit     | 150,000             | 2021.09-2024.09  | 1.63                    | No                  |        |
| Far Eastern International Bank   | Bullet repayment, revolving credit         | 500,000             | 2022.12-2023.02  | 1.85                    | No                  |        |
| The Export-Import Bank of the Republic of China                                | Repay in installment, non-revolving credit | 144,000             | 2017.10-2023.10  | 1.85                    | No                  |        |
| Bank SinoPac Co., Ltd.   | Repay in installment, non-revolving credit | 500,000             | 2022.12-2023.01  | 1.82                    | No                  |        |
| Chang Hwa Commercial Bank, Ltd.  | Bullet repayment, non-revolving credit     | 300,000             | 2020.08-2023.08  | 1.58                    | No                  |        |
| Chang Hwa Commercial Bank, Ltd.  | Bullet repayment, revolving credit         | 100,000             | 2020.08-2023.08  | 1.58                    | No                  |        |
| Hua Nan Commercial Bank, Ltd.  | Bullet repayment, revolving credit         | 500,000             | 2020.08-2023.08  | 1.51                    | No                  |        |
| CTBC Bank Co., Ltd.  | Bullet repayment, revolving credit         | 300,000             | 2022.11-2023.02  | 1.60                    | No                  |        |
|  |  | 8,834,000           |                  |                         |                     |        |
| Less: Current portion of long-term borrowings                                  |  | (2,994,000)         |                  |                         |                     |        |
|  |  | <u>\$ 5,840,000</u> |                  |                         |                     |        |

## Eternal Materials Co., Ltd.

## STATEMENT OF BONDS PAYABLE

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Bond Name            | Trustee                   | Issuance Date   | Interest Payment<br>Date and<br>Repayment Method                       | Annual<br>Rate | Amount                 |                |                               |                   |                     | Collateral |
|----------------------|---------------------------|-----------------|--|----------------|------------------------|----------------|-------------------------------|-------------------|---------------------|------------|
|                      |                           |                 |  |                | Total Amount<br>Issued | Repayment Paid | Balance at End<br>of the Year | Issuance Costs    | Carrying Value      |            |
| 5-year secured bonds | Bank SinoPac Co.,<br>Ltd. | 2019.11-2024.11 | Principal repayable at<br>maturity and<br>interest payable<br>annually | 0.82           | \$ 3,000,000           | \$ -           | \$ 3,000,000                  | \$ (2,240)        | \$ 2,997,760        | Note 15    |
| 5-year secured bonds | CTBC Bank Co.,<br>Ltd.    | 2021.08-2026.08 | Principal repayable at<br>maturity and<br>interest payable<br>annually | 0.58           | 2,500,000              | -              | 2,500,000                     | (3,839)           | 2,496,161           | Note 15    |
|                      |                           |                 |  |                | <u>\$ 5,500,000</u>    | <u>\$ -</u>    | <u>\$ 5,500,000</u>           | <u>\$ (6,079)</u> | <u>\$ 5,493,921</u> |            |

## Eternal Materials Co., Ltd.

STATEMENT OF LEASE LIABILITIES  
 DECEMBER 31, 2022  
 (In Thousands of New Taiwan Dollars)

| Item                                       | Description | Lease Term      | Discount Rate | Balance at End of the Year | Remark |
|--|-------------|-----------------|---------------|----------------------------|--------|
| Land                                       |             | 2017.01-2044.06 | 1.72-2.29     | \$ 6,376                   |        |
| Buildings                                  |             | 2020.05-2027.05 | 0.63-4.60     | 34,177                     |        |
| Storage equipment                          |             | 2020.09-2027.07 | 1.63-1.79     | 7,864                      |        |
| Other equipment                            |             | 2019.09-2027.07 | 0.63-4.60     | <u>14,901</u>              |        |
|  |             |                 |               | 63,318                     |        |
| Less: Current portion of lease liabilities |             |                 |               | <u>(19,592)</u>            |        |
|  |             |                 |               | <u>\$ 43,726</u>           |        |



**STATEMENT 16**

**Eternal Materials Co., Ltd.**

**STATEMENT OF OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

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| <b>Item</b>                | <b>Quantity</b>  | <b>Amount</b>        | <b>Remark</b> |
|----------------------------|--|----------------------|---------------|
| Resins materials           | 114 thousand tons                                      | \$ 8,306,915         |               |
| Electronic materials       | 903,866 thousand<br>square feet and 3<br>thousand tons | 3,949,661            |               |
| High performance materials | 15 thousand tons                                       | 3,818,917            |               |
| Others                     |  | <u>136,259</u>       |               |
|                            |  | <u>\$ 16,211,752</u> |               |

## Eternal Materials Co., Ltd.

**STATEMENT OF OPERATING COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(In Thousands of New Taiwan Dollars)

| Item   | Amount               |
|--|----------------------|
| Balance of raw materials and materials in transit, beginning of the year | \$ 1,979,625         |
| Add: Raw materials purchased   | 8,667,759            |
| Transferred from finished goods to manufacturing                         | 16,000,558           |
| Less: Raw materials sold   | (221,585)            |
| Others   | (84,068)             |
| Effect from spin-off - raw materials                                     | (28,966)             |
| Balance of raw materials and materials in transit, end of the year       | <u>(1,678,135)</u>   |
| Raw materials used   | <u>24,635,188</u>    |
| Balance of supplies, beginning of the year                               | 43,370               |
| Add: Supplies purchased  | 543,099              |
| Less: Supplies sold  | (7,673)              |
| Others   | (103,664)            |
| Balance of supplies, end of the year                                     | <u>(42,960)</u>      |
| Supplies used  | <u>432,172</u>       |
| Raw materials and supplies used  | 25,067,360           |
| Direct labor   | 311,406              |
| Manufacturing expenses   | <u>1,480,576</u>     |
| Manufacturing cost   | 26,859,342           |
| Balance of finished goods, beginning of the year                         | 2,139,884            |
| Add: Finished goods purchased  | 1,081,591            |
| Less: Transferred to manufacturing                                       | (16,000,558)         |
| Others   | (159,984)            |
| Effect from spin-off - finished goods                                    | (5,274)              |
| Balance of finished goods, end of the year                               | <u>(1,687,115)</u>   |
| Operating costs - finished goods   | 12,227,886           |
| Operating costs - raw materials  | 221,585              |
| Operating costs - supplies   | 7,673                |
| Operating costs - others   | <u>562,077</u>       |
| Operating costs  | <u>\$ 13,019,221</u> |

**Eternal Materials Co., Ltd.**

**STATEMENT OF SELLING AND MARKETING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

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| <b>Item</b>      | <b>Description</b> | <b>Amount</b>       | <b>Remark</b> |
|------------------|--------------------|---------------------|---------------|
| Shipping expense |                    | \$ 675,163          |               |
| Payroll expense  |                    | 198,127             |               |
| Others (Note)    |                    | <u>260,510</u>      |               |
|                  |                    | <u>\$ 1,133,800</u> |               |

Note: The amount of individual item in others does not exceed 5% of the account balance.

**STATEMENT 19**

**Eternal Materials Co., Ltd.**

**STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

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| <b>Item</b>          | <b>Description</b> | <b>Amount</b>     | <b>Remark</b> |
|----------------------|--------------------|-------------------|---------------|
| Salaries             |                    | \$ 466,047        |               |
| Depreciation expense |                    | 43,428            |               |
| Others (Note)        |                    | <u>341,458</u>    |               |
|                      |                    | <u>\$ 850,933</u> |               |

Note: The amount of individual item in others does not exceed 5% of the account balance.

**Eternal Materials Co., Ltd.**

**STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

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| <b>Item</b>          | <b>Description</b> | <b>Amount</b>       | <b>Remark</b> |
|----------------------|--------------------|---------------------|---------------|
| Salaries             |                    | \$ 602,083          |               |
| Depreciation expense |                    | 161,392             |               |
| Laboratory fees      |                    | 116,638             |               |
| Others (Note)        |                    | <u>336,649</u>      |               |
|                      |                    | <u>\$ 1,216,762</u> |               |

Note: The amount of individual item in others does not exceed 5% of the account balance.

## Eternal Materials Co., Ltd.

**STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION BY  
FUNCTION FOR THE YEAR  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

| Function<br>Nature         | For the Year Ended December 31, 2022 |                                     |           |
|----------------------------|--------------------------------------|-------------------------------------|-----------|
|                            | Classified as<br>Operating Costs     | Classified as<br>Operating Expenses | Total     |
| Employee benefit expense   |                                      |                                     |           |
| Salaries                   | 844,904                              | 1,266,257                           | 2,111,161 |
| Labor and health insurance | 84,765                               | 103,367                             | 188,132   |
| Pension                    | 67,894                               | 88,589                              | 156,483   |
| Remuneration of directors  | -                                    | 24,013                              | 24,013    |
| Others                     | 58,354                               | 73,457                              | 131,811   |
| Depreciation               | 450,488                              | 212,209                             | 662,697   |
| Amortization               | 311                                  | 17,292                              | 17,603    |

| Function<br>Nature         | For the Year Ended December 31, 2021 |                                     |           |
|----------------------------|--------------------------------------|-------------------------------------|-----------|
|                            | Classified as<br>Operating Costs     | Classified as<br>Operating Expenses | Total     |
| Employee benefit expense   |                                      |                                     |           |
| Salaries                   | 907,088                              | 1,242,030                           | 2,149,118 |
| Labor and health insurance | 79,244                               | 92,733                              | 171,977   |
| Pension                    | 43,371                               | 54,859                              | 98,230    |
| Remuneration of directors  | -                                    | 28,800                              | 28,800    |
| Others                     | 56,282                               | 73,819                              | 130,101   |
| Depreciation               | 482,068                              | 216,848                             | 698,916   |
| Amortization               | 35                                   | 17,853                              | 17,888    |

Note 1: For the years ended December 31, 2022 and 2021, the Company had 2,129 and 2,109 employees, respectively, and there were 10 and 9 non-employee directors, respectively.

Note 2: The following information is disclosed since the Company's shares are listed on the Taiwan Stock Exchange (TWSE):

- 1) Average employee benefit expense for the year ended December 31, 2022 was \$1,221 thousand (calculated as total employee benefit expense net of total remuneration of directors for the year divided by number of employees net of number of non-employee directors for the year). Average employee benefit expense for the year ended December 31, 2021 was \$1,214 thousand (calculated as total employee benefit expense net of total remuneration of directors for the previous year divided by the number of employees net of number of non-employee directors for the previous year).
- 2) Average salaries for the year ended December 31, 2022 was \$996 thousand (calculated as total salaries for the year divided by number of employees net of number of non-employee directors for the year). Average salaries for the year ended December 31, 2021 was \$1,023 thousand (calculated as total salaries for the previous year divided by number of employees net of number of non-employee directors for the previous year).

(Continued)

- 3) Adjustment of average salaries was -2.64% (calculated as average salaries for the year net of average salaries for the previous year divided by average salaries for the previous year).
- 4) The Company has no supervisors.
- 5) The Company conducts salary surveys every year to measure the market's salary level and overall economic indicators and makes appropriate adjustments to its overall salary policy. In addition to the annual salary adjustments and a comprehensive promotion system, various reward systems are in place to encourage colleagues with superior performance. According to the Company's Articles of Incorporation, if the Company makes a profit in the current year, 4.5% (inclusive) to 5.5% of the profit shall be appropriated as compensation of employees.

According to the Company's Articles of Incorporation, the remuneration of directors is based on the extent of their participation in the Company's operations and the value of their contributions, and approved with reference to industry standards. If the Company makes a profit in the current year, the remuneration of directors shall be no more than 1% of the profit. Remuneration of independent directors is paid quarterly according to the Company's "Directors' Remuneration and Remuneration Standards".

The annual compensation package of managers includes salary, bonus and employees' compensation from the distribution of earnings. Compensation is determined by reference to industry standards, taking into consideration the Company's operating performance, individual performance and future risks. The compensation of managers is also subject to review by the compensation committee and approval of the board of directors in accordance with the law.

(Concluded)

## VI. Effect of Financial Difficulties the Company and Its Affiliated Companies Have on the Company's Financial Position

### Chapter 7. Review and Analysis of the Company's Financial Position and Financial Performance, and Listing of Risks

#### I. Financial Position

Unit: NT\$ Thousand

| Item \ Year                   | 2021        | 2022       | Amount of Increase (Decrease) | Percentage of Change |
|-------------------------------|-------------|------------|-------------------------------|----------------------|
| CURRENT ASSETS                | 37,041,238  | 35,181,624 | (1,859,614)                   | -5.02%               |
| Property, plant and equipment | 16,369,000  | 17,472,950 | 1,103,950                     | 6.74%                |
| Intangible assets             | 261,442     | 248,830    | (12,612)                      | -4.82%               |
| Other assets                  | 6,864,009   | 6,551,872  | (312,137)                     | -4.55%               |
| Total assets                  | 60,535,689  | 59,455,276 | (1,080,413)                   | -1.78%               |
| Current liabilities           | 19,523,383  | 17,114,420 | (2,408,963)                   | -12.34%              |
| Non-Current Liabilities       | 16,345,449  | 17,269,516 | 924,067                       | 5.65%                |
| Total liabilities             | 35,868,832  | 34,383,936 | (1,484,896)                   | -4.14%               |
| Share capital                 | 12,402,795  | 11,782,655 | (620,140)                     | -5.00%               |
| Capital reserve               | 368,946     | 368,946    | 0                             | 0.00%                |
| Retained earnings             | 12,649,186  | 13,586,404 | 937,218                       | 7.41%                |
| Other equity                  | (1,181,819) | (977,601)  | 204,218                       | 17.28%               |
| Non-controlling interests     | 427,749     | 310,936    | (116,813)                     | -27.31%              |
| Total equity                  | 24,666,857  | 25,071,340 | 404,483                       | 1.64%                |

Analysis on increase or decrease of more than 20%:

1. Non-controlling interest: The decrease in non-controlling interest was mainly due to the disposal of subsidiaries.

#### II. Financial Performance

Unit: NT\$ Thousand

| Item \ Year                       | Amount in 2021 | Amount in 2022 | Amount of Increase (Decrease) | Percentage of Change |
|-----------------------------------|----------------|----------------|-------------------------------|----------------------|
| Operating revenue                 | 50,471,397     | 49,014,100     | (1,457,297)                   | -2.89%               |
| Operating gross profit            | 10,694,148     | 10,162,785     | (531,363)                     | -4.97%               |
| Operating profit                  | 4,095,041      | 3,276,845      | (818,196)                     | -19.98%              |
| Non-operating income and expenses | 336,818        | 238,072        | (98,746)                      | -29.32%              |
| Net profit before tax             | 4,431,859      | 3,514,917      | (916,942)                     | -20.69%              |



- (I) Analysis on increase or decrease of more than 20%:
1. Non-operating income and expenses: The decrease was mainly due to the decrease in income and expenses of affiliates recognized under the equity method.
  2. Net income before income tax: The decrease in net income before income tax was mainly due to the decline in sales volume and the decrease in profit or loss of affiliates recognized under the equity method.
- (II) Reasons for changes in major business, existing or expected material changes in business strategies, market situation, economic environment or other internal or external factors and their possible effect on the Company's future finances and operations, and measures to be taken in response: N/A.
- (III) Estimated sales volume and the basis for the coming year and major factors in its continuous growth or decline: The Company's 2023 business plan to achieve stable revenue and profitable growth in the medium and long term. The management team will actively achieve the operational goals and work together to enhance corporate value.

### III. Cash flow

(I) Analysis of changes in cash flow in the most recent year

| Item \ Year              | 2021 | 2022 | Increase (Decrease) (%) |
|--------------------------|------|------|-------------------------|
| Cash flow ratio          | 4%   | 38%  | 850%                    |
| Cash flow adequacy ratio | 53%  | 88%  | 66%                     |
| Cash reinvestment ratio  | -2%  | 7%   | -450%                   |

Analysis of changes in the percentage of increase or decrease: The increase in net cash flow from operating activities was mainly due to the increase in the collection of operating-related receivables during the year.

(II) Cash liquidity analysis for the coming year

Unit: NT\$ Thousand

| Cash Balance, Beginning of Year (1) | Expected Annual Net Cash Flow from Operating Activities (2) | Expected annual cash outflow for the year (3) | Expected cash surplus (deficit) | Expected Corrective Measures for Illiquidity |                 |
|-------------------------------------|---|---|---------------------------------|--|-----------------|
|                                     |   |   | (1)+(2)-(3)                     | Investment Plans                             | Financial Plans |
| 5,450,766                           | 4,078,635   | 4,964,768                                     | 4,564,633                       | -  | -               |

1. Analysis of cash flow changes:
  - (1) Operating activities: Operating revenue is expected to continue to grow and a stable profitability will be maintained.
  - (2) Investment activities: Capacity expansion is expected to continue.
  - (3) Financing activities: Cash dividend is expected to be paid.
2. Remedial measures and liquidity analysis of expected cash insufficiency: N/A.

#### IV. Effect of Major Capital Expenditures on Financial Operations for the Most Recent Year

##### (I) The use and funding sources of major capital expenditures

Unit: NT\$ Thousand

| Plan Item                     | Actual or expected source of funding | Total capital required (2022 and 2021) | Actual use of funds |           |
|-------------------------------|--------------------------------------|--|---------------------|-----------|
|                               |                                      |  | 2022                | 2021      |
| Land, building, and equipment | Private capital                      | 4,831,726                              | 2,782,784           | 2,048,942 |

##### (II) Expected potential benefits

These capital expenditures can meet the Company's operational growth needs, enhance core technologies, create product added value, and enhance the Company's overall industrial competitiveness.

#### V. Reinvestment Policy for the Most Recent Year, Main Reasons for Profits/Losses Generated Thereby, Improvement Plans, and Investment Plans for the Coming Year:

(I) Reinvestment Policy in the Most Recent Year: Based on our core technology, we are developing diversified products such as electronic and specialty materials, and expanding into emerging markets such as ASEAN and India, aiming to stay close to the market and adjust our production and sales policies in a timely manner to provide customized technical services and products.

(II) The main reasons for profitable reinvestment: On a consolidated basis, the equity transfer profit for the year is NT\$183,655 thousand, mainly due to the economic scale and competitive products of the invested company.

(III) Investment plan for the coming year: The company develops investment plans based on long-term strategic objectives to gain an advantageous position in the highly competitive global market.

#### VI. Risk Analysis and Evaluation

##### (I) Effect on the Profit (Loss) of Interest and Exchange Rate Fluctuations and Changes in the Inflation Rate, and Response Measures to Be Taken in the Future

1. The impact of interest rate changes of the most recent year on the Company's profit / loss and future measures:

Unit: NT\$ Thousand

| Item  | 2022       |
|---|------------|
| Net interest income (expense)                                   | (253,201)  |
| Operating revenue   | 49,014,100 |
| Net profit before tax   | 3,514,917  |
| Ratio of net interest income (expense) to operating revenue     | (0.52%)    |
| Ratio of net interest income (expense) to net income before tax | (7.20%)    |

Effect: Net interest in 2022 was NT\$(253,201) thousand, accounting for (0.52%) and (7.20%) of operating revenue and net profit before tax, respectively. Where the borrowings in 2022 are debts with fixed interest rates, there is no cash flow risk of interest rate changes; for debts with floating interest rates, changes in market interest rates will cause the effective interest rate to change accordingly, which will cause fluctuations in future cash flows, and leading to the fluctuation of market interest rates. An increase of 1% in market interest rate will increase the cash outflow in 2022 by NT\$ 155,475 thousand.

Countermeasures: Regularly assess market interest rates, maintain long-term and stable relations with financial institutions to obtain the most favorable borrowing rates, and flexibly use different financing instruments to raise low-interest funds.

2. The impact of exchange rate fluctuations on the Company's profit / loss and future measures:

Unit: NT\$ Thousand

| Item   | 2022       |
|--|------------|
| Net amount of foreign exchange gain or loss                | 81,165     |
| Operating revenue  | 49,014,100 |
| Net profit before tax                                      | 3,514,917  |
| Ratio of conversion profit / loss to operating income      | 0.17%      |
| Ratio of conversion profit / loss on net profit before tax | 2.31%      |

The net conversion profit /loss in 2022 was NT\$81,165 thousand, accounting for 0.17% and 2.31% of operating income and net profit before tax for the year respectively. As export sales account for a large proportion of the Company's revenue, changes in the exchange rate between New Taiwan Dollar and US dollar may have a significant impact on the Company's profit / loss. Therefore, we always pay attention to exchange rate fluctuations in the international market and continue to implement the following measures:

- (1) The financial department maintains close contact with the foreign exchange department of the financial institution, and fully grasps the international exchange rate trend as a reference for daily foreign exchange settlement and foreign exchange hedging.
  - (2) Use foreign currency assets to offset liabilities to reduce exchange rate risks and play a natural hedging effect.
  - (3) For the net position after natural hedging, take hedging measures such as increasing foreign currency financing positions or buying and selling forward foreign exchange.
  - (4) The business unit formulates appropriate foreign currency quotations for commodities based on the forecast of the exchange rate by the financial department.
- (II) Policy Regarding High-risk Investments, Highly Leveraged Investments, Loans to Other Parties, Endorsements/Guarantees, and Derivatives Transactions, Main Reasons for the Profit (Loss) Generated Thereby, and Response Measures to Be Taken in the Future:

The Company does not engage in high-risk, high-leverage investments; for capital lending to others, endorsement guarantees and derivatives transactions, the Company has formulated complete internal control procedures, and all operations in 2022 and up to now have been handled in accordance with relevant regulations.

(III) Future Research & Development Projects and Corresponding Budget:

Unit: NT\$ Thousand

| Future R&D plans   | Expected R&D investment |
|--|-------------------------|
| High frequency, high speed and high thermal conductivity materials | 75,301                  |
| Semiconductor packaging materials                                  | 58,511                  |
| High-performance thermoplastic composites                          | 37,271                  |
| Lithium battery and energy storage materials                       | 24,210                  |
| Biomaterials, low carbon materials                                 | 11,519                  |
| Biomedical testing materials                                       | 22,307                  |
| Next generation display materials                                  | 40,474                  |
| Materials for the hydrogen industry                                | 4,840                   |

Key factors influencing the success of future R&D:

1. Master the material development trend of mainstream industry.
2. Break through the technical bottleneck of formula and process, improve customer satisfaction with high-quality materials.
3. Customized technical ability and response speed.
4. Technology and price advantages over competitors.

(IV) Impact of changes of the important domestic and foreign policies and laws on the Company's finance and business, and countermeasures:

The Company has been always paying close attention to important domestic and foreign policies, political and economic environment changes. Relevant legal changes, legal affairs, accounting and other relevant professional units always pay close attention to the changes and timely provide evaluation, suggestions and plan measures, in order to comply with laws and reduce the impact on the Company's financial business. The Company has had no policy or legal change affecting its financial position in 2022 or up to the publication date of annual report.

(V) Impact of technological and industrial changes (including cyber security risks) on the Company's finance and business and corresponding measures:

The Company is committed to the research and innovation of deep cultivation technology, and invests a lot of resources in research and development every year. In line with industrial pulse and technological changes, the Company develops new materials and products to realize the sustainable operation and growth of the enterprise. In addition, it also continuously strengthens quality improvement and professional technical services for traditional products, so as to maintain existing customers and expand new markets. Please refer to "Operational Highlights - VI. Cyber Security Management" for details.

(VI) Effect of Changes in the Corporate Image on the Company's Crisis Management, and Response Measures: The Company strives to uphold the business philosophy of being law-abiding, trustworthy, honest, and responsible for the environment, with an aim to

build a corporate image that is pragmatic, beneficial to society, and fulfills its corporate social responsibility.

- (VII) Expected Benefits and Possible Risks Associated with Mergers and Acquisitions, and Response Measures: The Company did not engage in any major mergers and acquisitions in 2022.
- (VIII) Expected Benefits and Possible Risks Associated with Plant Expansion, and Response Measures: The Company assessed the investment benefits based on the market prospects, needs, and core technologies, capabilities, and costs of capital. The Company also reviewed market and industry changes at any time to reduce possible risks.
- (IX) Risks Associated with Consolidation of Purchasing or Sales Operations, and Response Measures: Raw materials used by the Company could be sourced from many suppliers in the market, and sales were not concentrated on few major customers; therefore, the risk of consolidation of purchasing or sales operations was small.
- (X) Effect on and Risk to the Company in the Event a Major Quantity of Shares Belonging to a Director, Supervisor, or Shareholder Holding Greater than a 10% Stake Has Been Transferred or Has Otherwise Changed Hands, and Response Measures: None in 2022 and as of the publication date of the annual report, and therefore there was no impact on the Company's operations.
- (XI) Effect on and Risk to Company Associated with Changes in Management Rights, and Response Measures: The equity of the directors of the Company is stable. There was no change in management rights in 2022.
- (XII) For any litigious or non-litigious matters, the Company and its directors, supervisors, presidents, person with actual responsibility in the Company, and major shareholders holding more than 10 percent of the Company's shares, shall be disclosed. If there has been any substantial impact upon shareholders' equity or prices for the Company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the Company that has been finalized or has remained pending, the report shall disclose the facts in dispute, amount in dispute, commencement date, main parties involved, and current status of the case as of the publication date of this annual report: None.
- (XIII) Other significant risks and response measures:  
Risks and impacts of information security on the Company and the countermeasures:
  1. Operating procedures for entity and environmental safety management
  2. Operational procedures for continuous operation management
  3. Information asset management procedures
  4. Risk assessment management procedures
  5. Procedures for personnel safety management and education and training
  6. Communication and operation management procedures
  7. Supplier and project management procedures
  8. Safety incident notification and handling procedures
  9. System development and maintenance procedures
  10. Access control management procedures

VII. Other Important Matters: None.

## Chapter 8. Special Items to Be Included

### I. Information on Affiliated Companies

- (I) Consolidated Business Report: Please refer to pages 162-246.
- (II) Consolidated Financial Statements: Please refer to pages 355-366.
- (III) Affiliation Report: None.

### II. Private Placement of Securities: None.

### III. Holding or Disposal of Shares in the Company by Subsidiaries: None.

### IV. Other Matters Requiring Additional Description: None.

## Chapter 9. Any of the Situations Listed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act which Might Materially Affect Shareholders' Equity or Price of the Company's Securities: None.



## (II) Basic Information of Affiliates

Unit: NT\$ Thousand

| Name of Affiliate                                     | Date of Incorporation | Address  | Paid-in Capital | Major Lines of Business or Products   |
|---|-----------------------|--|-----------------|---|
| Eternal Materials Co., Ltd. (Note 1)                  | 1964.12.03            | No. 578, Jiagong Road, Sanmin District, Kaohsiung City   | 11,782,655      | R&D, manufacturing, processing and sales of various industrial synthetic resins, epoxy resins, acrylates, methacrylates, coatings, packaging materials, printed circuit substrates, film materials, photoresist materials, electronic chemical materials, composite materials and biomedical testing reagents, and general import and export trade. |
| Eternal Holdings Inc.                                 | 2002.11.15            | Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa.                  | 6,135,961       | Investment in other regions.  |
| Eternal Global (BVI) Co., Ltd.                        | 1995.06.15            | Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG 1110, British Virgin Islands. | 703,144         | Investment in other regions.  |
| Mixville Holdings Inc.                                | 1999.08.11            | OMC Chambers, Wickhams Cay1, Road Town, Tortola, British Virgin Islands.                               | 899,392         | Investment in other regions.  |
| New E Materials Co., Ltd.                             | 2009.10.22            | No. 22, Changxing Road, Luzhu District, Kaohsiung City   | 110,000         | Engaged in the research, development, manufacturing and sales of electronic chemical materials and equipment components related to photoelectric and semiconductor processes.   |
| Eternal Electronic Material (Thailand) Co., Ltd.(註 2) | 1997.01.30            | 335/8 Moo 9 Bangna-Trad Rd. Km 19, Tambol Bangchalong, Amphur Bangplee, Samutprakarn 10540.            | 121,225         | Import and export trade and dry film photoresist cutting, marketing.  |
| Eternal Materials (Japan) Co., Ltd.                   | 1996.01.17            | 507 Concurred Yokohama, 3-1 Kinkocho, Kanagawa-Ku Yokohama-Shi, Kanagawa, Japan                        | 60,431          | Sales, trade and service of resin, electronic materials and related commodities.  |
| Nikko-Materials Co., Ltd.( Note 2)                    | 1997.09.30            | 507 Concurred Yokohama, 3-1 Kinkocho, Kanagawa-Ku Yokohama-Shi, Kanagawa, Japan                        | 125,176         | Manufacturing and sales of dry film photoresist and vacuum molding machine.   |
| Elga Europe S.r.l.( Note 2)                           | 1973.05.24            | Via della Merlata,8 20014 Nerviano MILANO.   | 95,441          | Production, sales, distribution and processing of electronic chemical products.   |
| Eternal International (BVI) Co., Ltd.                 | 1994.10.14            | Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG 1110, British Virgin Islands. | 5,739,033       | Investment in other regions.  |
| E-Chem Corp.  | 2003.01.03            | Vistra Corporate Services Centre, Ground Floor NPF   | 165,608         | Investment in other regions.  |



| Name of Affiliate  | Date of Incorporation | Address   | Paid-in Capital | Major Lines of Business or Products   |
|--|-----------------------|---|-----------------|---|
|  |                       | Building,<br>Beach Road, Apia, Samoa.   |                 |   |
| Eternal Nanyang Investment Co., Ltd.                                 | 2020.04.17            | Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa.   | 934,948         | Investment in other regions.  |
| PT Eternal Materials Indonesia                                       | 2020.11.18            | The St. Moritz Office Tower Unit 1101,Jalan Puri Indah Boulevard Blok U1, Jakarta Barat 11610, Indonesia                      | 19,941          | Import and export trading of chemical products.   |
| Eternal Technology Corporation(Note 2)                               | 1998.12.09            | 1800 Touchstone Road Colonial Heights, VA 23834 U.S.A   | 600,693         | Production and sales of photoresist.  |
| High Expectation Limited   | 1999.08.02            | Vistra (Cayman) Limited, P.O. Box 31119,Grand Pavilion, Hibiscus Way,802 West Bay Road, Grand Cayman,KY1-1205 Cayman Islands. | 871,519         | Investment in other regions.  |
| Eternal Materials (Malaysia) Sdn. Bhd. (Note 2)                      | 2015.01.30            | PTD 5044, Jalan Rumbia 2, Tanjung Langsung Industrial Estate, Mukim Sungai Tiram, 81700 Pasir Gudang Johor, Malaysia.         | 2,954,427       | Manufacture, sale, trade and service of synthetic resin related commodities.  |
| Eternal Chemical (China) Co., Ltd. (Note 2)                          | 1995.10.31            | No. 566, Qingyang North Road, Zhoushi Town, Kunshan City, Jiangsu Province, China   | 755,651         | Production and sales of synthetic resin and processing products.  |
| Eternal Optical Material (Suzhou) Co., Ltd. (Note 2)                 | 2005.12.23            | No. 111, Songshan Road, SND, Suzhou City, Jiangsu Province, China   | 1,563,967       | The production, sales and leasing of optical films.   |
| Eternal Electronic Material (Guangzhou) Co., Ltd. (Note 2)           | 2006.12.28            | No. 8, Ruihe Road, Science City, New and High Technology Industrial Development Zone, Guangzhou, Guangdong, China             | 2,256,739       | Research, development, production of electronic high-tech chemicals and related products, sales of the Company's products.  |
| Eternal Photoelectric Material Industry (Yingkou) Co., Ltd. (Note 2) | 2007.09.28            | No.102, Xinhai Street, Coastal Industrial Base, Yingkou, Liaoning, China.   | 469,402         | Research, development and production of photoresist dry film, liquid photosensitive solder resistance agent and printed circuit board industry related auxiliary materials. |
| Eternal Synthetic Resins (Changshu) Co., Ltd. (Note 2)               | 2006.05.24            | No. 15, Xinggang Road, Yanjiang Industrial Zone, Changshu Economic Development Zone, Jiangsu Province, China                  | 726,426         | Production and sales of unsaturated polyester resin related business.   |
| Eternal Chemical (Tianjin) Co., Ltd. (Note 2)                        | 2009.08.26            | No. 652, Jinyuan Road, Dagang Petrochemical Industrial Park, Binhai New Area, Tianjin, China                                  | 1,008,004       | Production and sales of self-produced adhesive, synthetic resin and their processing products.  |
| Eternal Specialty Materials (Zhuhai)                                 | 2003.04.23            | No.307, Shihua 9th Road, Gaolan Port Economic Zone,   | 611,011         | Production and sales of acrylic acid ester and other methyl   |

| Name of Affiliate                                      | Date of Incorporation | Address   | Paid-in Capital | Major Lines of Business or Products  |
|--|-----------------------|---|-----------------|--|
| Co., Ltd. (Note 2)                                     |                       | Zhuhai City, Guangdong Province, China  |                 | acrylic acid ester.  |
| Eternal Materials (Guangdong) Co., Ltd. (Note 2)       | 2000.01.21            | No. 9523, Zhuhai Road, Nanshui Town, Zhuhai, Guangdong, China   | 1,297,259       | Production and sales of self-produced adhesive, synthetic resin and their processing products.   |
| Eternal (China) Investment Co., Ltd.                   | 2011.03.17            | Room 1401, Floor 14, Building A, No.1397, Yishan Rd., Xuhui Dist., Shanghai, China  | 7,557,603       | Business management, investment advisory services, research and development, leasing, production and marketing of resin and photoelectric chemical materials   |
| Eternal Chemical (Chengdu) Co., Ltd. (Note 2)          | 2011.11.01            | No. 15, Yangheng 4th Road, New Energy and New Material Industry Functional Zone, Tianfu New District, Qionglai City, Chengdu, Sichuan Province, China | 450,351         | Research and development, production and sales of synthetic resins.  |
| Eternal Electronic (Suzhou) Co., Ltd. (Note 2)         | 2013.08.29            | No.2, Huaqiao Road, Xushuguan Town, SND, Suzhou, Jiangsu, China   | 1,929,180       | R&D and production of dry film photoresistance, anti-welding dry film electronic special materials, R&D of resin materials, sales of self-produced products and provision of relevant after-sale technical services. |
| Eternal Specialty Chemical (Suzhou) Co., Ltd. (Note 2) | 2014.03.11            | Tower 2, No. 15, Xinggang Road, Changshu Economic and Technological Development Zone, Jiangsu Province, China   | 1,199,225       | R&D of chemical products, sales of self-produced products, and provision of technical services.  |
| Eternal Materials (Tongling) Co., Ltd. (Note 2)        | 2021.05.28            | Intersection of Wanjiang Avenue and Yizhou Road, East Economic and Technological Development Zone, Tongling City, Anhui Province, China               | 869,200         | Manufacturing, sales and technical services of synthetic resin related products.   |
| Eternal Precision Mechanics Co., Ltd. (Note 2)         | 2022.10.21            | No. 30, Yumin Street, Daliao District, Kaohsiung City   | 520,000         | Manufacturing and sales of vacuum molding machine.   |

Note 1. The Company has Lu-Chu Plant (establishment time: 1973; address: No.22, Changxing Rd., Luzhu Dist., Kaohsiung City; main products: resin products, specialty material products and electronic material products); Da-Fa Plant (establishment time: 1990; address: No. 30, Yumin Street, Daliao District, Kaohsiung City (Dafa Industrial Park) ; main products: electronic material products); and Ping-Nan Plant (establishment time: 1994; address: No. 23, Pingnan Road, Fangliao Township, Pingtung County (Pingnan

Industrial Park); main products: resin products).

Note 2. The company has a local plant here, and the name, date of establishment, address of the plant and the main items of production are the same as the name, date of establishment, address and the main items of business or production of the company.

## (V) Information on Directors (Including Independent Directors), Supervisors, and Presidents of Affiliates.

Unit: NT\$ thousand; share; %

| Name of Affiliate              | Title                | Name or Representative   | Shareholding (Note 2) (Note 3) |                         |
|--------------------------------|----------------------|--|--------------------------------|-------------------------|
|                                | (Note 1)             |  | Number of Shares               | Shareholding Percentage |
| Eternal Materials Co., Ltd.    | Chairman             | Kao, Kuo-Lun   | 51,036                         | 4.35                    |
|                                | Director             | Ko, Chun-Ping<br>(Representative of Kwang Yang Motor Co., Ltd.)                                | 117,800                        | 9.99                    |
|                                | Director             | Yang, Huai-Kung  | 14,597                         | 1.24                    |
|                                | Director             | Chen, Chao-Hsu   | 1,198                          | 0.10                    |
|                                | Director             | Kao, Kuo-Hsun  | 2,288                          | 0.19                    |
|                                | Director             | Huang, Shun-Jen  | 798                            | 0.07                    |
|                                | Director             | Chen, Chin-Yuan  | 242                            | 0.02                    |
|                                | Director             | Liao, Hen-Ning   | 241                            | 0.02                    |
|                                | Independent Director | Chen, I-Heng   | 138                            | 0.01                    |
|                                | Independent Director | Hung, Lee-Jung   | -                              | -                       |
|                                | Independent Director | Lo, Li-Chun  | -                              | -                       |
|                                | Independent Director | Lu, Chun-Cheng   | 1                              | -                       |
|                                | President            | Mao, Hui-Kuan  | -                              | -                       |
| Eternal Holdings Inc.          | Director             | Kao, Kuo-Lun<br>(Representative of Eternal Materials Co., Ltd.)                                | 200,108,859 shares             | 100.00%                 |
| Eternal Global (BVI) Co., Ltd. | Director             | Kao, Kuo-Lun<br>(Representative of Eternal Materials Co., Ltd.)                                | 16,357,914 shares              | 100.00%                 |
| Mixville Holdings Inc.         | Director             | Kao, Kuo-Lun<br>(Representative of Eternal Materials Co., Ltd.)                                | 26,630,000 shares              | 100.00%                 |
| New E Materials Co., Ltd.      | Chairman             | Yeh, Mao-Jung<br>(Representative of Eternal Materials Co., Ltd.)                               | 6,907,585 shares               | 62.80%                  |
|                                | Director             | Weng, Chin-Yi, Tai, Ming-Te, Chu, Wen-Chung<br>(Representative of Eternal Materials Co., Ltd.) |                                |                         |

| Name of Affiliate                     | Title  | Name or Representative   | Shareholding (Note 2) (Note 3)  |                         |        |
|---------------------------------------|--|--|---|-------------------------|--------|
|                                       | (Note 1)   |  | Number of Shares  | Shareholding Percentage |        |
|                                       | Director   | Wen, Ching-Chang   | 801,200 shares  | 7.28%                   |        |
|                                       | Director   | Ko, Chun-Ping<br>(Representative of Kwang Yang Motor Co., Ltd.)  | 1,100,000 shares  | 10.00%                  |        |
|                                       | Supervisor                                       | Su, Hui-Fang and Cheng, Hsien-He   | -   | -                       |        |
|                                       | President  | Yeh, Mao-Jung  | -   | -                       |        |
|                                       | Eternal Electronic Material (Thailand) Co., Ltd. | Chairman   | Hung, Chao-Cheng<br>(Representative of Eternal Materials Co., Ltd.)                 | 937,500 shares          | 75.00% |
|                                       |  | Director   | Kuo, Shih-Pin and Hsieh, Yen-Fen<br>(Representative of Eternal Materials Co., Ltd.) |                         |        |
| Director                              |  | Tsai, Shu-Chun and Cheng, Tsang-Chao   | 312,500 shares  | 25.00%                  |        |
| President                             |  | Cheng, Yu-Wen  | -   | -                       |        |
| Eternal Materials (Japan) Co., Ltd.   | Director   | Cheng, Chuan-Neng, Li, Chyuan-Neng, Tai, Ming-Te, and Kimura<br>Katsumi<br>(Representative of Eternal Materials Co., Ltd.)                 | 4,000 shares  | 100.00%                 |        |
|                                       | Supervisor                                       | Su, Hui-Fang   | -   | -                       |        |
|                                       | President  | Cheng, Chuan-Neng  | -   | -                       |        |
| Nikko-Materials Co., Ltd.             | Director   | Hung, Chao-Cheng, Kazutoshi Iwata, Hsieh, Yen-Fen, Kimura<br>Katsumi, Cheng, Chuan-Neng<br>(Representative of Eternal Materials Co., Ltd.) | 11,520 shares   | 100.00%                 |        |
|                                       | Supervisor                                       | Su, Hui-Fang   | -   | -                       |        |
|                                       | President  | Cheng, Chuan-Neng  | -   | -                       |        |
| Elga Europe S.r.l.                    | Chairman   | Hung, Chao-Cheng<br>(Representative of Eternal Materials Co., Ltd.)  | \$345,779   | 95.00%                  |        |
|                                       | Director   | Hsieh, Yen-Fen<br>(Representative of Eternal Materials Co., Ltd.)  |   |                         |        |
|                                       | Director   | Giorgio Favini   | \$18,199  | 5.00%                   |        |
| Eternal International (BVI) Co., Ltd. | Director   | Kao, Kuo-Lun<br>(Representative of Eternal Holdings Inc.)  | 183,793,592 shares  | 100.00%                 |        |
| E-Chem Corp.                          | Director   | Kao, Kuo-Lun<br>(Representative of Eternal Holdings Inc.)  | 4,990,000 shares  | 100.00%                 |        |

| Name of Affiliate                           | Title      | Name or Representative  | Shareholding (Note 2) (Note 3) |                         |
|---|------------|---|--------------------------------|-------------------------|
|   | (Note 1)   |   | Number of Shares               | Shareholding Percentage |
| Eternal Nanyang Investment Co., Ltd.        | Director   | Kao, Kuo-Lun<br>(Representative of Eternal Holdings Inc.)   | 28,350,000 shares              | 90.00%                  |
|   | Director   | Chi, Hua-Han<br>(Representative of Tong Seng Holdings Pte. Ltd.)  | 3,150,000 shares               | 10.00%                  |
| PT Eternal Materials Indonesia              | Chairman   | Bill Darwis   | 330 shares                     | 33.00%                  |
|   | Director   | Tien, Chih-Hsiung, Chou, Po-Tsun, Tai, Ming-Te, Chi, Hua-Han<br>(Representative of Eternal Holdings Inc.) | 670 shares                     | 67.00%                  |
|   | Supervisor | Liu, Bing-Cheng   | -                              | -                       |
|   | President  | Huang, Chang-Chin   | -                              | -                       |
| Eternal Technology Corporation              | Chairman   | Hung, Chao-Cheng<br>(Representative of Eternal International (BVI) Co., Ltd.)                             | 2,333 shares                   | 100.00%                 |
|   | Director   | Hsieh, Yen-Fen<br>(Representative of Eternal International (BVI) Co., Ltd.)                               |                                |                         |
|   | President  | Yang, Chin-Hao  | -                              | -                       |
| High Expectation Limited                    | Director   | Kao, Kuo-Lun<br>(Representative of Mixville Holdings Inc.)  | 26,005,000 shares              | 100.00%                 |
| Eternal Materials(Malaysia) Sdn. Bhd.       | Chairman   | Chen, Hung-Yi<br>(Representative of Eternal Nanyang Investment Co., Ltd.)                                 | 395,922,000 shares             | 100.00%                 |
|   | Director   | Li, Chyuan-Neng, Lin, Chao-Kun<br>(Representative of Eternal Nanyang Investment Co., Ltd.)                |                                |                         |
|   | Director   | Chi, Hua-Han<br>(Representative of Eternal Nanyang Investment Co., Ltd.)                                  |                                |                         |
|   | President  | Tien, Chih-Hsiung   | -                              | -                       |
| Eternal Chemical (China) Co., Ltd.          | Chairman   | Chen, Hung-Yi<br>(Representative of Eternal Global (BVI) Co., Ltd.)                                       | \$755,651                      | 100.00%                 |
|   | Director   | Lin, Chao-Kun and Lin, Chen-Yi<br>(Representative of Eternal Global (BVI) Co., Ltd.)                      |                                |                         |
|   | Supervisor | Su, Hui-Fang  | -                              | -                       |
|   | President  | Li, Chih-Chiang   | -                              | -                       |
| Eternal Optical Material (Suzhou) Co., Ltd. | Chairman   | Hung, Chao-Cheng<br>(Representative of Aurora (China) Investment Co., Ltd.)                               | \$1,563,967                    | 100.00%                 |

| Name of Affiliate   | Title      | Name or Representative   | Shareholding (Note 2) (Note 3) |                         |   |
|---|------------|--|--------------------------------|-------------------------|---|
|   | (Note 1)   |  | Number of Shares               | Shareholding Percentage |   |
|   | Director   | Hsieh, Yen-Fen and Lin, Yu-Wei<br>(Representative of Aurora (China) Investment Co., Ltd.)      |                                |                         |   |
|   | Supervisor | Su, Hui-Fang   | -                              | -                       |   |
|   | President  | Zhang, Zong- Ming  | -                              | -                       |   |
|   | Chairman   | Hung, Chao-Cheng<br>(Representative of Aurora (China) Investment Co., Ltd.)                    | \$2,256,739                    | 100.00%                 |   |
|   | Director   | Hsieh, Yen-Fen and Liao, Keng-Chung<br>(Representative of Aurora (China) Investment Co., Ltd.) |                                |                         |   |
|   | Supervisor | Su, Hui-Fang   | -                              | -                       |   |
|   | President  | Kuo, Chia-Hsing  | -                              | -                       |   |
| Eternal Electronic Material (Guangzhou) Co., Ltd.           | Chairman   | Hung, Chao-Cheng<br>(Representative of Aurora (China) Investment Co., Ltd.)                    | \$469,402                      | 100%                    |   |
|   | Director   | Hsieh, Yen-Fen and Lin, Yu-Wei<br>(Representative of Aurora (China) Investment Co., Ltd.)      |                                |                         |   |
|   | Supervisor | Su, Hui-Fang   | -                              | -                       |   |
|   | President  | Li, Chi-Sheng  | -                              | -                       |   |
| Eternal Photoelectric Material Industry (Yingkou) Co., Ltd. | Chairman   | Chen, Hung-Yi<br>(Representative of Aurora (China) Investment Co., Ltd.)                       | \$726,426                      | 100%                    |   |
|   | Director   | Liu, Chia-Hsing and Li, Chyuan-Neng<br>(Representative of Aurora (China) Investment Co., Ltd.) |                                |                         |   |
|   | Supervisor | Su, Hui-Fang   | -                              | -                       |   |
|   | President  | Chen, Chun-Ku  | -                              | -                       |   |
| Eternal Synthetic Resins (Changshu) Co., Ltd.               | Chairman   | Chen, Hung-Yi<br>(Representative of Aurora (China) Investment Co., Ltd.)                       | \$1,008,004                    | 100.00%                 |   |
|   | Director   | Lin, Chao-Kun and Lin, Chen-Yi<br>(Representative of Aurora (China) Investment Co., Ltd.)      |                                |                         |   |
|   | Supervisor | Su, Hui-Fang   | -                              | -                       |   |
|   | President  | Li, Chih-Chiang  | -                              | -                       |   |
| Eternal Chemical (Tianjin) Co., Ltd.                        | Chairman   | Pan, Chin-Cheng<br>(Representative of E-Chem Corp.)  | \$549,910                      | 90.00%                  |   |
|   | Director   | Chen, Kun-Hsiung, Lin, Ching-Yao and Wang, Hong-Yu<br>(Representative of E-Chem Corp.)         |                                |                         |   |
|   |            | Supervisor   | Su, Hui-Fang                   | -                       | - |
|   |            | President  | Li, Chih-Chiang                | -                       | - |
| Eternal Specialty Materials (Zhuhai) Co., Ltd.              | Chairman   | Pan, Chin-Cheng<br>(Representative of E-Chem Corp.)  | \$549,910                      | 90.00%                  |   |
|   | Director   | Chen, Kun-Hsiung, Lin, Ching-Yao and Wang, Hong-Yu<br>(Representative of E-Chem Corp.)         |                                |                         |   |

| Name of Affiliate                             | Title           | Name or Representative   | Shareholding (Note 2) (Note 3) |                         |
|---|-----------------|--|--------------------------------|-------------------------|
|   | (Note 1)        |  | Number of Shares               | Shareholding Percentage |
|   | Director        | HENRY PÄCKERT<br>(Representative of Cognis B.V.)   | \$61,101                       | 10.00%                  |
|   | Supervisor      | Su, Hui-Fang   | -                              | -                       |
|   | President       | Shiu, Zhan-Zhong   | -                              | -                       |
|   | Chairman        | Chen, Hung-Yi<br>(Representative of High Expectation Limited)                                | \$1,297,259                    | 100.00%                 |
|   | Director        | Lin, Chao-Kun and Lin, Chen-Yi<br>(Representative of High Expectation Limited)               |                                |                         |
| Supervisor                                    | Su, Hui-Fang    | -  | -                              |                         |
| President                                     | Hsu, Chin-Cheng | -  | -                              |                         |
| Eternal Materials (Guangdong) Co., Ltd.       | Chairman        | Chen, Hung-Yi<br>(Representative of High Expectation Limited)                                | \$1,297,259                    | 100.00%                 |
|   | Director        | Lin, Chao-Kun and Lin, Chen-Yi<br>(Representative of High Expectation Limited)               |                                |                         |
|   | Supervisor      | Su, Hui-Fang   | -                              | -                       |
|   | President       | Hsu, Chin-Cheng  | -                              | -                       |
| Eternal (China) Investment Co., Ltd.          | Chairman        | Kao, Kuo-Lun<br>(Representative of Eternal International (BVI) Co., Ltd.)                    | \$7,557,603                    | 100.00%                 |
|   | Director        | Mao, Hui-Kuan and Chu, Jui-Hsin<br>(Representative of Eternal International (BVI) Co., Ltd.) |                                |                         |
|   | Supervisor      | Su, Hui-Fang and Liu, Bing-Cheng   | -                              | -                       |
|   | President       | Hung, Chao-Cheng   | -                              | -                       |
| Eternal Chemical (Chengdu) Co., Ltd.          | Chairman        | Chen, Hung-Yi<br>(Representative of Aurora (China) Investment Co., Ltd.)                     | \$450,351                      | 100.00%                 |
|   | Director        | Lin, Chao-Kun and Lin, Chen-Yi<br>(Representative of Aurora (China) Investment Co., Ltd.)    |                                |                         |
|   | Supervisor      | Su, Hui-Fang   | -                              | -                       |
|   | President       | Tung, Shih-Kang  | -                              | -                       |
| Eternal Electronic (Suzhou) Co., Ltd.         | Chairman        | Hung, Chao-Cheng<br>(Representative of Aurora (China) Investment Co., Ltd.)                  | \$1,929,180                    | 100.00%                 |
|   | Director        | Hsieh, Yen-Fen and Lin, Yu-Wei<br>(Representative of Aurora (China) Investment Co., Ltd.)    |                                |                         |
|   | Supervisor      | Su, Hui-Fang   | -                              | -                       |
|   | President       | Zhang, Zong- Ming  | -                              | -                       |
| Eternal Specialty Chemical (Suzhou) Co., Ltd. | Chairman        | Pan, Chin-Cheng<br>(Representative of Aurora (China) Investment Co., Ltd.)                   | \$1,199,225                    | 100.00%                 |
|   | Director        | Wang, Hung-Yu and Li, Hong-Tao<br>(Representative of Aurora (China) Investment Co., Ltd.)    |                                |                         |

| Name of Affiliate                      | Title      | Name or Representative   | Shareholding (Note 2) (Note 3) |                         |
|--|------------|--|--------------------------------|-------------------------|
|  | (Note 1)   |  | Number of Shares               | Shareholding Percentage |
|  | Supervisor | Su, Hui-Fang   | -                              | -                       |
|  | President  | Li, Hong-Tao   | -                              | -                       |
| Eternal Materials (Tongling) Co., Ltd. | Chairman   | Chen, Hung-Yi<br>(Representative of Aurora (China) Investment Co., Ltd.)   | \$869,200                      | 100.00%                 |
|  | Director   | Lin, Chao-Kun and Li, Chyuan-Neng<br>(Representative of Aurora (China) Investment Co., Ltd.)                     |                                |                         |
|  | Supervisor | Su, Hui-Fang   | -                              | -                       |
|  | President  | Lin Hsueh-Chuan  | -                              | -                       |
| Eternal Precision Mechanics Co., Ltd.  | Chairman   | Kao, Kuo-Lun<br>(Representative of Eternal Materials Co., Ltd.)  | 52,000,000 shares              | 100.00%                 |
|  | Director   | Mao, Hui-Kuan, Chu, Jui-Hsin, Hsieh, Yen-Fen, Kazutoshi Iwata<br>(Representative of Eternal Materials Co., Ltd.) |                                |                         |
|  | Supervisor | Su, Hui-Fang and Liu, Bing-Cheng   | -                              | -                       |
|  | President  | Hsieh, Yen-Fen   | -                              | -                       |

Note 1. If the affiliate is a foreign company, list the personnel holding key positions.

Note 2. If the investee company issues shares, fill in the number of shares and shareholding ratio, and for others, fill in the amount and proportion of contribution.

Note 3. If the affiliate is a foreign company, the amount of contribution is dominated in New Taiwan Dollar (NT\$) based on the historical exchange rates.



## II. Operational Highlights of Affiliates - Financial Position and Operating Results of Each Affiliate:

December 31, 2022; Unit: NT\$ Thousand

| Name of Affiliate                                  | Capital<br>(Note 1) | Total Assets<br>(Note 2) | Total liabilities<br>(Note 2) | Net worth  | Operating revenue<br>(Note 2) | Operating profit<br>(Note 2) | Current Profit or Loss<br>(Note 2) | Earnings per share (NT\$) |
|--|---------------------|--------------------------|-------------------------------|------------|-------------------------------|------------------------------|------------------------------------|---------------------------|
| Eternal Materials Co., Ltd.                        | 11,782,655          | 47,820,592               | 23,060,188                    | 24,760,404 | 16,211,752                    | (7,515)                      | 2,617,592                          | 2.15                      |
| Eternal Holdings Inc.                              | 6,135,961           | 20,448,529               | 2,702                         | 20,445,827 | 0                             | (2,700)                      | 987,289                            | 5                         |
| Eternal Global (BVI) Co., Ltd.                     | 703,144             | 5,008,682                | 0                             | 5,008,682  | 0                             | (87)                         | 267,819                            | 16                        |
| Mixville Holdings Inc.                             | 899,392             | 3,723,680                | 0                             | 3,723,680  | 0                             | (94)                         | 103,855                            | 4                         |
| New E Materials Co., Ltd.                          | 110,000             | 50,440                   | 0                             | 50,440     | 0                             | (5,083)                      | (5,477)                            | (0.5)                     |
| Eternal Electronic Material<br>(Thailand) Co.,Ltd. | 121,225             | 303,792                  | 117,559                       | 186,233    | 556,981                       | 23,981                       | 17,245                             | 14                        |
| Eternal Materials (Japan) Co., Ltd.                | 60,431              | 309,304                  | 221,031                       | 88,273     | 557,623                       | (564)                        | 6,186                              | 1,547                     |
| Nikko-Materials Co.,Ltd.                           | 125,176             | 3,203,856                | 2,543,814                     | 660,042    | 4,033,937                     | 1,299,594                    | 882,552                            | 76,610                    |
| Elga Europe S.r.l.                                 | 95,441              | 673,406                  | 677,940                       | (4,534)    | 583,654                       | (2,957)                      | (16,488)                           | 0                         |
| Eternal International (BVI) Co.,<br>Ltd.           | 5,739,033           | 15,137,021               | 0                             | 15,137,021 | 0                             | (85)                         | 669,803                            | 4                         |
| E-Chem Corp.                                       | 165,608             | 3,011,196                | 0                             | 3,011,196  | 0                             | (31)                         | 530,708                            | 106                       |
| Eternal Nanyang Investment Co.,<br>Ltd.            | 934,948             | 1,806,622                | 1,313,070                     | 493,552    | 0                             | (7,585)                      | (201,095)                          | (6)                       |
| PT Eternal Materials Indonesia                     | 19,941              | 76,479                   | 52,491                        | 23,988     | 119,733                       | 805                          | 2,744                              | 2,744                     |
| Eternal Technology Corporation                     | 600,693             | 429,395                  | 632,137                       | (202,742)  | 237,322                       | (66,113)                     | (80,633)                           | (34,562)                  |
| High Expectation Limited                           | 871,519             | 3,510,866                | 0                             | 3,510,866  | 0                             | (232)                        | 53,751                             | 2                         |
| Eternal Materials (Malaysia) Sdn.<br>Bhd.          | 2,954,427           | 3,498,981                | 1,707,228                     | 1,791,753  | 2,740,043                     | (121,133)                    | (158,105)                          | (0.4)                     |
| Eternal Chemical (China) Co., Ltd.                 | 755,651             | 6,118,499                | 1,479,426                     | 4,639,073  | 4,926,766                     | 242,331                      | 274,730                            | -                         |
| Eternal Optical Material (Suzhou)<br>Co., Ltd.     | 1,563,967           | 196,482                  | 5,424                         | 191,058    | 24,450                        | (21,555)                     | (21,775)                           | -                         |

| Name of Affiliate   | Capital<br>(Note 1) | Total Assets<br>(Note 2) | Total liabilities<br>(Note 2) | Net worth  | Operating revenue<br>(Note 2) | Operating profit<br>(Note 2) | Current Profit or Loss<br>(Note 2) | Earnings per share (NT\$) |
|---|---------------------|--------------------------|-------------------------------|------------|-------------------------------|------------------------------|------------------------------------|---------------------------|
| Eternal Electronic Material (Guangzhou) Co., Ltd.           | 2,256,739           | 5,164,725                | 832,295                       | 4,332,430  | 3,891,753                     | 339,046                      | 374,814                            | -                         |
| Eternal Photoelectric Material Industry (Yingkou) Co., Ltd. | 469,402             | 224,548                  | 53,170                        | 171,378    | 172,707                       | 8,992                        | 10,519                             | -                         |
| Eternal Synthetic Resins (Changshu) Co., Ltd.               | 726,426             | 1,667,810                | 1,481,792                     | 186,018    | 1,883,185                     | 13,344                       | (15,751)                           | -                         |
| Eternal Chemical (Tianjin) Co., Ltd.                        | 1,008,004           | 2,702,299                | 1,764,903                     | 937,396    | 2,525,286                     | 61,681                       | 40,149                             | -                         |
| Eternal Specialty Materials (Zhuhai) Co., Ltd.              | 611,011             | 4,264,268                | 1,078,187                     | 3,186,081  | 5,697,375                     | 569,084                      | 550,225                            | -                         |
| Eternal Materials (Guangdong) Co., Ltd.                     | 1,297,259           | 4,576,238                | 1,067,253                     | 3,508,985  | 5,149,860                     | 25,165                       | 53,984                             | -                         |
| Eternal (China) Investment Co., Ltd.                        | 7,557,603           | 15,686,167               | 377,978                       | 15,308,189 | 1,137,833                     | 52,786                       | 750,029                            | -                         |
| Eternal Chemical (Chengdu) Co., Ltd.                        | 450,351             | 1,209,647                | 1,913,006                     | (703,359)  | 871,959                       | (116,283)                    | (174,475)                          | -                         |
| Eternal Electronic (Suzhou) Co., Ltd.                       | 1,929,180           | 3,427,377                | 1,282,158                     | 2,145,219  | 1,944,622                     | (49,091)                     | (50,220)                           | -                         |
| Eternal Specialty Chemical (Suzhou) Co., Ltd.               | 1,199,225           | 2,713,331                | 723,098                       | 1,990,233  | 3,417,617                     | 501,092                      | 446,600                            | -                         |
| Eternal Materials (Tongling) Co., Ltd.                      | 869,200             | 867,852                  | 4,341                         | 863,511    | 0                             | (24,919)                     | (19,058)                           | -                         |
| Eternal Precision Mechanics Co., Ltd.                       | 520,000             | 1,048,921                | 209,313                       | 839,608    | 38,350                        | (8,463)                      | 255,805                            | 4.9                       |

Note 1. If the affiliate is a foreign company, the capital amount is dominated in New Taiwan Dollar (NT\$) based on the historical exchange rates.

Note 2. If the affiliate is a foreign company, the total value of its assets and liabilities is dominated in NEW Taiwan Dollar (NT\$) based on the exchange rate at the reporting date; its operating revenue, operating income, current profit or loss and earnings per share are dominated in New Taiwan Dollar based on the average exchange rate for each month of the year.

**Eternal Materials Co., Ltd.**

**Chairman: Kao, Kuo-Lun**