

Meeting Notice for Eternal Materials Co., Ltd. 2022 Annual Shareholders' Meeting

- I. The 2022 Annual Meeting of Shareholders shall convene at 9:30 a.m. on June 23, 2022, at No. 22, Changxing Road, Luzhu District, Kaohsiung City (Eternal Arts and Cultural Center at the Company's Lu-Chu Plant).
Registration for the 2022 Annual Meeting of Shareholders will begin at 9:00 a.m. at the same venue. Reasons for calling this Meeting are as follows:
 - (I) Matters to report: 1. 2021 Business Report. 2. Audit Committee's Review Report on the 2021 Financial Statements. 3. The Company's Endorsements/Guarantees Balances as of 2021. 4. 2021 Employees' and Directors' Compensations Distribution Report. 5. The Company's Issuance of Corporate Bonds.
 - (II) Proposals: 1. 2021 Annual Report 2. 2021 Earnings Distribution.
 - (III) Matters for discussion: 1. Amendments to the Articles of Incorporation. 2. Amendments to the Regulations Governing the Acquisition and Disposal of Assets. 3. The Company's Northern biomedical office application for a license to sell medical devices. 4. Conducting cash capital reduction. 5. Spin off the operations of the Electronic Equipment Task Force of the Electronic Materials Business Unit to establish a subsidiary and the relevant proposal. 6. Support the Company's plan of listing the newly established subsidiary, Eternal Precision Mechanics Co., Ltd. the Company will release its shares of Eternal Precision Mechanics Co., Ltd. and abandon its participation in the cash capital increase plan of Eternal Precision Mechanics Co., Ltd.
 - (IV) Election Item: Election of the 19th term of Directors of the Board
 - (V) Other Proposals: Release of the 19th term of Directors of the Board from Non-compete Restrictions
 - (VI) Questions and Motions.
- II. The resolution of the Board of Directors to distribute the 2021 earnings are as follows:
It is proposed to distribute NTD 1,860,419,183 for cash dividends: NTD 1.50 per share allotted in cash. Cash dividends should be rounded to nearest integer. Odd dividends should be transferred to the Employee Welfare Committee. Upon approval of the shareholders' meeting, the Chairman should be authorized to set the date of distribution separately. In the event of issue of new stock due to capital increase, the Company repurchase the stock, treasury shares transfer or other conditions that affects the outstanding shares and the payout ratio of dividends, it is proposed to shareholders' meeting to authorize the Chairman to handle it accordingly.
- III. The company conduct the cash capital reduction as follows:
In order to improve the return rate of shareholders' equity and adjust the capital structure, the Company planned to apply for cash capital reduction to refund shareholders' shares. Every thousand shares will be exchanged for about 950 shares (that is, every thousand shares will be reduced by about 50 shares), and each share will be refunded with about NT\$ 0.5. If the odd lots are less than one share after capital reduction, the shareholders may put together a whole share registration with the Company's stock affairs agency from five days before the date of capital reduction and share exchange to one day before the date of capital transfer suspension. If there is still less than one share after being pieced together or patched together, it will be paid in cash according to the face value (to offset the collection and insurance allocation fee or the non-entity registration fee), and it will be calculated until NT\$ 1 (rounded off). The chairman of the Board is authorized to contact a specific person to subscribe for the shares according to the

face value. In the event of adjustment to the capital reduction ratio and refund amount per share due to changes in share capital and number of shares outstanding, or amendments to laws and regulations, receiving orders from competent authorities, or other changes in the objective environment, it is proposed to the shareholders' meeting to authorize the chairman to deal with it accordingly.

- IV. It is proposed to spin off and transfer the Electric Equipment Task Force, Electronic Materials BU to a newly established subsidiary and its spin-off plan, the review result from the audit committee, and independent expert's report of rationality.
- V. List for the director candidates of the 19th session is as below. Please visit Market Observation Post System (website : <http://mops.twse.com.tw/mops/web/t146sb10>) to find the candidates' education and experience.

No.	Title	Name
1	Director	Kao, Kuo-Lun
2	Director	Kwang Yang Motor Co., Ltd. Representative: Ko, Chun-Ping
3	Director	Yang, Huai-Kun
4	Director	Kao, Kuo-Hsun
5	Director	Chen, Jau-Shiuh
6	Director	Huang, Shun-Ren
7	Director	Chen, Chin-Yuan
8	Director	Liao, Hen-Ning
9	Independent Director	Hung, Lee-Jung
10	Independent Director	Chen, I-Heng
11	Independent Director	Lo, Li-Chun
12	Independent Director	Lu, Gin-Cheng

- VI. To release non-compete restrictions on the 19th directors of the company as follows:
For the 19th director's non-competition restriction according to the first paragraph of Article 209 of the Company Act, according to the second and third provisions, it is proposed to lift the non-competition restriction that the 19th elected director served as the reinvestment company of the Company belongs to the business scope of the Company. The main contents of the request for lifting the non-competition restriction include:

Director Candidate	Companies Concurrently	Post Held
Kwang Yang Motor Co., Ltd. Representative: Ko, Chun-Ping	New E Materials Co., Ltd.	Director

- VII. For a description of the main contents of the motion to convene the Meeting as required by Article 172 of the Company Act and Articles 26-1 and 43-6 of the Securities and Exchange Act,

please visit the Market Observation Post System website (<https://mops.twse.com.tw/>). Click on "Electronic Books/Annual Reports and Annual Meeting Information" or "Basic Information/Company Information/Company Website" to visit the Company's website.

- VIII. According to Article 165 of the Company Act, the book closure date of the Company's stock is from April 25, 2022 to June 23, 2022.
- IX. Each shareholder of the Company is provided with one copy of the Attendance Notice and one copy of the Letter of Entrustment. To attend the Meeting in person, please sign or seal the Attendance Notice and bring it for registration on the day of the Meeting. If shareholders need to entrust a proxy to attend, they shall sign or seal the Letter of Entrustment, and fill in the proxy's name, ID number, and address, which is to be sent back to the Company's agency: Stock Agency Department of President Securities Corporation at least five days before the Meeting. Please kindly attend if you can.
- X. If there are shareholders soliciting the Letter of Entrustment, the Company will upload the summary table of materials solicited by shareholders to the website of Securities and Futures Institute 30 days before the General Shareholders' Meeting/ 15 days before the Extraordinary Shareholders' Meeting. Investors who wish to make an inquiry can do so by entering the inquiry criteria in the "Free Proxy Inquiry System" at <https://free.sfi.org.tw>.
- XI. According to Article 13-1 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, the Company's statistical and verification institution for the Meeting is the Stock Agency Department of President Securities Corporation.
- XII. In this Shareholders' Meeting, voting power may be executed through an electronic form during the period from May 24, 2022, to June 20, 2022. Please log onto the e-voting platform for the Shareholders' Meeting of Taiwan Depository & Clearing Corporation (website: <http://www.stockvote.com.tw>) and follow the relevant instructions for voting. (Website: <https://www.stockvote.com.tw>)
- XIII. No souvenirs will be distributed at this year's shareholders' meeting.

To:

Our Esteemed Shareholders

The Board of Directors of Eternal Materials Co., Ltd.

Attachment I

Eternal Materials Co., Ltd.

Relevant business of the Electrical Equipment Task Force of the Electronic Eaterials Business Unit.

Spin-off Plan

In accordance with the merger and acquisition Law, Company Act and other relevant laws and regulations, to reengineer enterprises, enhance market competitiveness and implement professional division of labor, Eternal Materials Co., Ltd.(hereinafter referred to as the Company) plans to set up a new division of the electronic Materials business unit independently operated by the company's electrical equipment task force (hereinafter referred to as the Electrical Equipment Task Force) business, It was transferred to the newly established Eternal Precision Mechanics Co., Ltd. (hereinafter referred to as Eternal Precision Mechanics). We hope to improve the overall operating performance and market competitiveness of the business department under the condition of independent operation. The terms of the spin-off plan (hereinafter referred to as the spin-off plan) are as follows:

Article 1 Participating in the spin-off of the company :

Divided company: Eternal Materials Co., Ltd.

Newly established company with divided business: Eternal Precision Mechanics Co., Ltd.

Article 2 Articles of New Incorporation

See Attachment I for the Articles of Association of Eternal Precision Mechanics Co., Ltd.

Article 3 Method of spin-off:

In this spin-off case, a new division method is adopted. The company assigns the special case group of electrical equipment task force to Eternal Precision Mechanics, and Eternal Precision Mechanics issues new shares to the company as the consideration for the business value of the transferred and divided business.

Article 4 The scope of business, value of business, assets and liabilities assigned by the divided company:

I. Business scope transferred by division:

- (I) The company's electrical equipment task force and its related businesses.
- (II) Assets and liabilities (including tangible, intangible and other assets and liabilities) of the company's electrical equipment Task Force and its related operations.
- (III) The relevant personnel of the company's electrical equipment task force and the labor retirement reserve allocated for the divided employees.
- (IV) Relevant business contracts of the company's electrical equipment task force (including but not limited to: Sales contracts, loan contracts and other related contracts), legal relations, legal status, licenses, permits and related interests. Where the transfer of a contract is ordered by law or requires the consent of the counterpart of the original contract or other third party in accordance with the provisions of the contract, it shall take effect only with the consent of the counterpart or third party.
- (V) The relevant business intellectual property rights of the electrical materials and equipment task force owned by the company before the base date of the spin-off , including patents, trademarks, technologies and business secrets, and a list of patents and trademarks. The company and Eternal Precision Mechanics Co., Ltd. shall cooperate with each other to handle the right transfer procedures, technology transfer procedures, right maintenance procedures and the provision of relevant materials, documents and procedures of the previously disclosed intellectual property rights, so that the other party can exercise relevant rights; The cost of rights maintenance after the base date of spin-off shall be borne by Eternal Precision Mechanics Co., Ltd. The division of intellectual property rights under this paragraph shall not affect the rights and confidentiality obligations of others authorized before the spin-off .
- (VI) Other assets, liabilities, rights and obligations, rights and interests related to the business of the company's electrical materials and equipment task force, tax incentives, licenses, permits that have been acquired but have not expired or deducted, as well as relevant legal relations, factual relations and status.
The company shall assist and cooperate with Eternal Precision Mechanics Co., Ltd. in handling the relevant transfer procedures of front disclosure.

- II. Relevant business value of split assignment: Calculated by dividing and transferring assets less liabilities, the estimated total value is NT \$550,000,000 (the same below).
- III. Assets transferred by Division: The assets before the split that are expected to be transferred by the split are shown in Attachment II, which is expected to be NT \$ 552,869,308.
- IV. Liabilities transferred by Division: The liabilities before the split are expected to be transferred by the split, as shown in Attachment II, which is expected to be NT & 2,869,308.
- V. The operating value, assets and liabilities of the above-mentioned split and transfer are temporarily evaluated on the basis of the book value of the company's financial statements audited and certified by a CPA on December 31, 2021 (the amount of Investments Accounted for Using the Equity Method shall also deduct the dividend expected to be distributed by the subsidiary), but the actual amount is still based on the book value on the base date of the spin-off .
- VI. The board of directors of the company shall be authorized by the board of shareholders of the company to adjust the assets, liabilities and shareholders' equity transferred in connection with the Division set forth above if necessary.

Article 5 The business value transferred by the divided company to the newly established company and the proportion and calculation basis of the number of shares issued by the divided company in exchange for the newly established company:

- I. Number of issued shares obtained: The operating value of the company's division and transfer of electrical materials and equipment task force is NT \$ 550,000,000. The company exchanged NT \$ 10.57692 per share for 1 common share newly issued by Eternal Precision Mechanics Co., Ltd, with a par value of NT \$ 10 per share. The company exchanged a total of 52,000,000 common shares of Eternal Precision Mechanics Co., Ltd.
- II. Calculation basis: The above-mentioned share exchange ratio is determined by reference to the business value of the company's proposed division and transfer and the letter of intent of the independent expert. See Attachment III for details.

Article 6 Adjustment of the business value, assets and liabilities transferred by the divided

company and the proportion of the number of shares issued by Eternal Precision Mechanics Co., Ltd:

- I. The necessary adjustment items of the assets and liabilities accounts of the split and assigned business value as set forth above on the record date of the spin-off shall be adjusted by the board of directors authorized by the board of shareholders of the company.
- II. The number of new shares issued by Eternal Precision Mechanics Co., Ltd. specified in this split plan is fixed at 52,000,000 shares, which will not be adjusted due to the adjustment of the business value, assets and liabilities transferred by the above split.

Article 7 The total number, type and quantity of shares paid by the newly established company undertaking business:

- I. Eternal Precision Mechanics Co., Ltd shall issue 52,000,000 ordinary shares to the company for the business value borne by the current split.
- II. Eternal Precision Mechanics Co., Ltd. shall complete the establishment registration and issue shares to the company after the base date of the spin-off.
- III. After the completion of this spin-off, the total paid in capital of Eternal Precision Mechanics Co., Ltd. is NT \$ 520,000,000, which is divided into 52,000,000 shares with a par value of NT \$ 10 per share.

Article 8 The total number, type and quantity of shares obtained by the divided company and the provisions on the cash to be issued if less than one share is allotted:

The company has acquired 52,000,000 ordinary shares of Eternal Precision Mechanics Co., Ltd. in connection with this spin-off, and there is no case that it is less than 1 share

Article 9 Summarize the rights, obligations and related matters:

- I. The rights and obligations of the assets and liabilities divided and transferred to Eternal Precision Mechanics Co., Ltd. in this division case shall be generally borne by Eternal Precision Mechanics Co., Ltd. from the record date of division. If relevant transfer procedures are required, the company shall cooperate. The maintenance cost of relevant rights after the base date of spin-off shall be borne by Eternal Precision Mechanics Co., Ltd.

- II. After the split, the Eternal Precision Mechanics Co., Ltd, which has been assigned business, shall be jointly and severally liable to pay off the debts of the company within the scope of capital contribution of its assigned business, except that the debts arising from the split business can be separated from the debts of the company. However, the creditor's claim for joint and several liability for repayment shall be extinguished if it is not exercised within 2 years from the record date of the spin-off.

Article 10 spin-off record date:

The record date of the spin-off was passed by the resolution of the shareholders' meeting of the company and authorized the board of directors to set it.

Article 11 Purchase and cancellation of shares of dissenting shareholders:

If the shareholders of the company express their disagreement on the matters related to the spin-off case or the plan according to law, they shall buy back the shares held by the dissenting shareholders according to law; Therefore, the repurchased shares shall be disposed of in accordance with the law with the permission of the competent authority, and the registration shall be changed.

Article 12 Obligations of creditors to notify and announce and related matters:

- I. After the resolution of the shareholders' meeting of the company is passed, the resolution of the division shall be notified and announced to the creditors of the company, and a period of more than 30 days shall be specified to state that the creditors may raise objections within the period. If a creditor of the company raises an objection within the specified time limit, the company shall pay off the creditor's right or provide equivalent guarantee or deal with it in accordance with the law.
- II. If the debts paid by the company to the dissenting creditors in accordance with the provisions of the preceding paragraph belong to the division originally assigned to Eternal Precision Mechanics Co., Ltd, the board of directors of the company is authorized to adjust the business scope, business value, assets and liabilities specified in Article 4.

Article 13 Employee transfer and retention:

The company divided the relevant employees of its electrical material and equipment

task force and transferred them to Eternal Precision Mechanics Co., Ltd. for further employment. Eternal Precision Mechanics Co., Ltd. also acknowledges the length of service of the retained employees in the company before the base date of spin-off.

Article 14 Project implementation progress, expected completion schedule and overdue handling:

- I. The execution progress of this division and the unfinished matters of this division within the time limit are authorized to be agreed by the board of directors of this company according to the actual situation, or to deal with other necessary matters.
- II. In case of any of the following circumstances, the shareholders' meeting of the Company may agree to authorize the Board of Directors to terminate this spin-off case before the spin-off base date and handle related matters with full authority, but the Board of Directors shall report the following matters on the next shareholders' meeting afterwards: (1) The total amount of shares that all shareholders of the Company who object to this division to buy back is more than 2% of the total issued shares of the Company; (2) The Company failed to obtain the consent of the lending bank or most of the joint lending banks for this spin-off according to the loan contract; (3) The Company failed to obtain approval for continued listing in accordance with Article 53-19 of the Operating Rules of Taiwan Stock Exchange Corporation; Or (4) when the economic situation changes and the resolution of the Board of Directors is that it is inappropriate to carry out this division case.

Article 15 Sharing of taxes and expenses:

- I. Unless otherwise agreed in this split plan, all taxes or expenses arising from the signing or performance of this split shall be borne by the company unless they meet the tax exemption or exemption provisions. If the spin-off is not effective due to the failure to obtain the approval of the shareholders' meeting or the relevant competent authority or other reasons, the lawyers, accountants and relevant expenses incurred shall be borne by the company.
- II. The company and Eternal Precision Mechanics Co., Ltd. shall cooperate with each other to apply the tax incentives related to this case.

Article 16 Other Matters:

- I. If any provision of this spin-off plan conflicts with relevant laws and regulations and is invalid, only the conflicting part is invalid, but other provisions remain valid. As for some provisions that are invalid due to violation of relevant laws and regulations, the shareholders' meeting of the company authorizes the board of directors to negotiate separately within the legal scope in accordance with the provisions of relevant laws and regulations.
- II. If any provision of this division needs to be changed in accordance with the approval of the relevant competent authority, it shall be amended directly in accordance with the contents approved by the relevant competent authority or separately by the board of directors of this corporation in accordance with the approval of the relevant competent authority.
- III. This spin-off shall come into force only after the company submits it to the shareholders' meeting for resolution. However, if the spin-off fails to obtain the approval or permission of the relevant competent authority, this plan will not be effective from the beginning.

Article 17 Applicable Laws:

- I. This division case shall be interpreted in accordance with the laws of the Republic of China. In case of any dispute arising from this spin-off case, the Kaohsiung District Court of Taiwan shall be the competent court.
- II. This spin-off shall be conducted in accordance with the Enterprise Merger and Acquisition Law. If there are other new laws (including but not limited to the Tax Preference Act) that are announced and implemented after the enactment of this division plan and are more favorable, this division shall be handled in accordance with the application of the new law.

Proposed by: Eternal Materials Co., Ltd.

Representative Kao, Kuo-Lun

March 11, 2022

Articles of Incorporation of Eternal Precision Mechanics Co., Ltd.

Chapter 1 General Principles

Article 1 The Company, organized under the Company Act, shall be named 長廣精機股份有限公司 in Mandarin Chinese, and (Eternal Precision Mechanics Co., Ltd. in English).

Article 2 The business to be operated by the Company is as follows:

1. E604010 Mechanical Installation
2. CC01080 Electronics Components Manufacturing
3. CB01990 Other Machinery Manufacturing
4. CE01030 Optical Instrument Manufacturing
5. CB01010 Machinery and Equipment Manufacturing
6. F401010 International Trade Industry
7. I199990 Other Consultancy Services
8. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3 The Company shall have its head office in Kaohsiung City, and may establish branches at home and abroad by resolution of board of directors when necessary.

Article 4 Due to business needs, the company may provide external guarantee.

Article 5 The total amount of the company's reinvestment shall not be subject to the restriction stipulated in Article 13 of the Company Act that the amount of investment shall not exceed 40% of paid-in capital stock.

Chapter 2 Shares

Article 6 The total capital of the company is set at NT \$1 billion (the same below), divided into 100 million shares, each worth NT \$10, to be issued in batches. The board of Directors shall authorize the unissued shares to be issued in batches.

Within the total capital referred to in the preceding paragraph, NT \$ 20 million shall be reserved, divided into two million shares with a par value of NT \$ 10 per share, which shall be used for the exercise of stock options by employees, special

shares with stock options or corporate bonds with stock options, and may be issued in installments in accordance with the resolution of the board of directors.

Article 7 If this corporation issues employee stock option certificates whose subscription price is not restricted by Article 53 of the standards governing the offering and issuance of securities by issuers, or if treasury shares are transferred to employees and transferred to employees at a price lower than the average price actually bought back, they shall be issued only after the shareholders representing more than half of the total number of issued shares of this corporation attend and more than 2/3 of the voting rights of the shareholders present agree.

Article 8 The objects of transfer, subscription and issuance of the company's treasury shares to employees, the objects of transfer of purchased shares, the objects of issuance of employee stock option certificates, the employees who take over shares when issuing new shares and the new shares with restricted employee rights may include the employees of the controlling or subordinate company who meet certain conditions, which shall be determined by the board of directors.

Article 9 The share certificates of the Company shall be in registered form, signed by or affixed with seals by directors representing the company, and then duly authenticated by the competent authority or the issuance registry institution accredited by the competent authority before issuance. This corporation may issue shares in non-physical form, but shall contact the centralized securities depository institution for registration.

Chapter 3 Shareholders' Meeting

Article 10 Shareholders' meetings of the Company are of two types: annual meeting and extraordinary meeting. Annual meetings shall be convened by board of directors once a year within six months after the end of each fiscal year. Extraordinary shareholders' meetings may be called in accordance with applicable laws and regulations whenever necessary.

The convening procedures of the shareholders' meeting of the company shall be handled in accordance with Article 172 of the Company Act. After the company's public offering, the notice of convening the shareholders' meeting may be announced to shareholders holding less than 1000 shares. The reasons for convening a shareholders' meeting shall be specified in the meeting notice. With

the consent of the addressee, the meeting notice may be given in electronic form.

Article 11 When the shareholders' meeting of the company is held, it may be held by video conference or other means announced by the central competent authority.

If a board of shareholders is conducted by means of video Shareholders' meetings, shareholders who participate in the meeting by such means shall be deemed to have attended the meeting in person.

The conditions, operating procedures and other matters to be complied with the preceding two paragraphs after the public offering of this corporation's shares, if otherwise stipulated by the securities authority.

Article 12 When the shareholders' meeting is convened by the board of directors, the chairman shall be the chairman. If the chairman is absent, the chairman shall appoint a director to act as the proxy. If not, the board of directors shall elect a person to act as the proxy. When the meeting is convened by a convener other than the board of directors, the convener shall act as the chairman. If there are more than two conveners, one of them shall be elected from each other.

Article 13 For any shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by using the proxy form issued by the Company and specifying the scope of proxy. The appointment of a proxy from a shareholder shall be handled in accordance with the Company Act and the "rules on the use of power of attorney by public companies to attend shareholders' meetings" promulgated by the competent authority.

Article 14 Each shareholder of the company shall have one vote per share except under article 179 of the Company Act. After the company's shares are registered on the emerging stock exchange or listed on the OTC market, when convening the shareholders' meeting, electronic means shall be listed as one of the ways to exercise voting rights. Shareholders exercising voting rights by electronic means shall be deemed to be present in person, and relevant matters shall be handled in accordance with the provisions of laws and regulations.

Article 15 Unless otherwise provided by applicable laws or regulations, a resolution of the shareholders' meeting shall be adopted with consent of a majority of the votes represented by those in attendance at the meeting, in person or by proxy, and representing a majority of the total issued shares. The shareholders' meeting shall be conducted in accordance with the rules of Procedure for Shareholders'

Meetings

- Article 16** When the board of shareholders elects directors. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates. Those with more voting rights represented by the votes obtained shall be elected as directors.
- Article 17** Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting. The preparation, distribution and preservation of the minutes shall be handled in accordance with Article 183 of the Company Act.
- Article 18** When the company's shareholder is only a legal person shareholder, the functions and powers of the shareholders' meeting of the company shall be exercised by the board of directors, and the provisions of the articles of association on the shareholders' meeting shall not apply.

Chapter 4 Directors and Supervisor

- Article 19** The company has three to seven directors and one to two supervisors for a term of three years, who are elected by the shareholders' meeting from among those with capacity for conduct and may be re elected If the directors' tenure has expired and an election fails to take place, their tenure shall be extended until the newly elected directors assume office.
- Article 20** After the public offering, the company may set up independent directors in the above-mentioned number of directors, the number of independent directors shall not be less than two, and shall not be less than one-fifth of the number of directors, and adopt a candidate nomination system, which shall be selected by the shareholders' meeting from the list of candidates for independent directors. The professional qualifications, shareholding, part-time restrictions, nomination and election methods of independent directors and other matters to be observed shall be handled in accordance with the relevant regulations of the competent securities authority.
- Article 21** After the listing (OTC listing) of the company's shares, a candidate nomination system shall be adopted for the election of directors, and relevant matters shall be handled in accordance with laws and regulations.
- Article 22** When the vacancy of directors reaches one-third of the total number, the board of

directors shall convene a shareholders' meeting for by election according to law, and its term of office shall be limited to the time limit for making up the original term.

Article 23 The board of directors shall be organized by the directors, and shall be attended by more than two-thirds of the directors and approved by more than half of the directors present. One chairman shall be elected from each other to represent the company.

Article 24 The company may set up functional committees under the board of directors, and the establishment and powers of relevant committees shall be in accordance with the measures prescribed by the competent authority.

Article 25 After the public offering, this corporation may set up an audit committee in accordance with the provisions of the securities and exchange law. The audit committee shall be composed of all independent directors and shall not be less than three. Matters relating to the number, term of office, functions and powers, rules of procedure, etc. of the audit committee shall be separately prescribed in accordance with the organizational rules of the audit committee in accordance with the relevant provisions of the regulations on the exercise of functions and powers by the audit committee of public companies.

From the date of establishment of the audit committee, the provisions of the articles of association on supervisors shall cease to apply. The term of office of the elected supervisor shall expire on the date of the establishment of the audit committee of the company.

Article 26 The convening of the board of directors shall specify the reasons and be handled in accordance with Article 204 of the Company Act. After the public offering, the company shall proceed in accordance with the procedures for the meetings of directors of public companies. The meeting of the board of directors shall be convened to all directors by delivery a notice to each director via mail, e-mail, or fax. If we meet the emergency situation, the meeting of the board of directors shall be convened by delivery a notice to each director via mail, e-mail, or fax.

Article 27 The board of directors shall be convened by the chairman of the board of directors and serve as the chairman, except that the votes obtained by the first board of directors of each session represent the directors with the largest number of voting rights. When the chairman asks for leave or is unable to exercise his functions and

powers for some reason, his agent shall be handled in accordance with Article 208 of the Company Act.

Article 28 Matters relating to the resolutions of a board of directors meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each director within 20 days after the conclusion of the meeting. The former meeting minutes may be distributed in electronic form.

Article 29 The company may purchase liability insurance for directors and supervisors with respect to their legal liability for compensation within the scope of their business, and authorize the chairman of the board of directors or the person authorized by him to negotiate the amount and matters of insurance, and report to the board of directors.

Article 30 A director shall attend the board meeting by himself. If the director is unable to attend the meeting for some reason, he may issue a power of attorney to list the authorized scope of the reasons for the meeting and entrust another director to act on his behalf. A proxy under Preceding Paragraph may accept proxy request from one person only. If a board meeting is conducted by means of video conferencing, directors who participate in the meeting by such means shall be deemed to have attended the meeting in person.

Article 31 Except as otherwise stated in the Securities in the Company Act, a resolution on a matter at a board of directors meeting requires the approval of a majority of the directors present at the meeting that shall be attended by a majority of all directors.

Article 32 The remuneration of the directors and supervisors of the company is authorized to be paid by the board of directors according to the degree of participation of the directors and supervisors in the operation of the company, the value of their contributions and the general level of the industry

Chapter 5 Managerial Officer

Article 33 The Company may have managerial personnel. Appointment and discharge and the remuneration of the managerial personnel shall be decided in accordance with Article 29 of the Company Act.

Chapter 6 Accounting

Article 34 The fiscal year of the company is from January 1 to December 31 of the national calendar. At the end of each fiscal year, the board of directors shall submit it to the supervisor for examination and issue a report 30 days before the meeting of the regular meeting of shareholders, prepare various statements such as (1) business report (2) financial statements (3) earnings distribution or appropriation for deficits shall be prepared by the Board of Directors and submitted to the regular shareholders' meeting for ratification.

Article 35 If the company makes profits in the year, it shall allocate not less than 1% (inclusive) as the remuneration of employees, which shall be adopted by the board of directors by a resolution of more than two-thirds of the directors present and approved by more than half of the directors present. The distribution objects include employees of the controlled or subordinate company who meet certain conditions, which shall be determined by the board of directors; The company shall allocate no more than 1% of the above profits as the remuneration of directors and supervisors by resolution of the board of directors. The remuneration of employees and board of supervisors shall be reported to the shareholders' meeting. However, if the company still has accumulated losses, it shall reserve the compensation amount in advance, and then allocate the employee compensation and board compensation in accordance with the proportion of the preceding paragraph.

Article 36 The remuneration of the employees mentioned in the preceding article shall be distributed in stock or cash, while the remuneration of the board of supervisors shall be distributed in cash only.

Article 37 If there is any surplus in the company's annual general final accounts, it shall first pay taxes and make up for the accumulated losses according to law, and then withdraw 10% as the legal reserve. However, when the legal reserve has reached the paid in capital of the company, it may not be withdrawn, and the rest shall be appropriated or converted into special surplus reserve according to law or regulations of the competent authority; If there is still surplus and the undistributed surplus is accumulated at the beginning of the same period, the board of directors shall formulate a surplus distribution proposal and submit it to the shareholders' meeting for resolution to distribute dividends or retain them.

Article 38 The company is in the growth stage, and the dividend policy is distributed in accordance with the principle of stability and balance, taking into account the company's capital expenditure, the needs of operating turnover and the goal of increasing shareholders' investment returns. Therefore, the total amount of shareholders' dividends distributed each year shall not be less than 30% of the total surplus of shareholders' dividends available for distribution. It can be done in the form of stock dividends or cash dividends, but the proportion of cash dividends shall not be less than 10% of the total dividends.

Article 39 After the public issuance of the company's shares, the dividend distribution referred to in the preceding paragraph authorizes the board of directors to present at least two-thirds of the directors and a resolution of more than half of the directors present to distribute all or part of the dividends and bonuses or the statutory surplus reserve or capital reserve specified in paragraph 1 of article 241 of the Company Act in cash and report to the shareholders' meeting. If it is done by issuing new shares, it shall be distributed after being submitted to the shareholders' meeting for resolution in accordance with the provisions of the Company Act.

Chapter 7 Additional Provisions

Article 40 Any matters inadequately provided for herein shall be subject to provisions concerned set forth in the Company Act and relevant laws and regulations.

Article 41 The Company's organizational charter and by-laws shall be enacted by the board of directors.

Article 42 The memorandum was made on June 23, 2022.

Eternal Precision Mechanics Co., Ltd.

Initiator The representative of Eternal Materials Co., Ltd.: Kao,
Kuo-Lun

Eternal Materials Co., Ltd. intends to split and transfer

Relevant business scope of the electrical equipment Task Force of the electronic materials
business unit:

財務報表項目	金額(新臺幣元)
資產	
應收帳款	14,769,875
應收帳款-關係人	841,980
其他應收款-關係人	52,806,709
預付費用	600,000
固定資產	291,667
存貨	6,785,429
採用權益法之投資-Nikko-Materials Co., Ltd.(註)	476,773,648
資產總額	<u>552,869,308</u>
負債	
應付帳款	427,372
應付帳款-關係人	2,339,638
應付費用	102,298
負債總額	<u>2,869,308</u>
資產負債淨額	<u><u>550,000,000</u></u>
(註)依110/12/31會計師查核簽證之財務報表帳面價值新台幣1,634,651,722元，扣除預計盈餘分配金額。	

Eternal Materials Co., Ltd.

Expert opinion on the rationality of spin-off share exchange ratio

Xiang Wei United CPA Firm

Wang, Po-Han, CPA

Membership of CPA. No. 5584, FSC Certificate

Address Room 1, 11th floor, 243 Yixin 1st Rd, Qianzhen District, Kaohsiung
city

Telephone (07) 3383103

Recipient: Eternal Materials Co., Ltd.

Theme: Eternal Materials Co., Ltd (hereinafter referred to as Eternal Materials) plans to split the relevant business (including assets, liabilities and business) of the electrical equipment Task Force of electronic material business unit (hereinafter referred to as electrical equipment task force) (including assets, liabilities and business) to Eternal Precision Mechanics Co., Ltd. (hereinafter referred to as Eternal Precision Mechanics Co., Ltd.), a newly established and 100% owned subsidiary of Eternal company, in order to carry out organizational restructuring and professional division of labor in order to improve competitiveness and business performance, It generally undertakes the relevant business of the electrical material and equipment task force of Eternal company, and Eternal Precision Mechanics Co., Ltd. issues new shares to Eternal company as consideration

Explanation:

(I) Calculation of spin-off share exchange ratio

1. The operating value (including assets and liabilities) of Eternal Precision Mechanics Co., Ltd. to be divided is based on the book value of the related assets and liabilities as shown in the financial statements audited and approved by accountants as at December 31, 2021.
2. The book value of assets and liabilities of Eternal Precision Mechanics Company to be partitioned is NT \$552,869,308 and NT \$2,869,308 respectively. The book value of assets and liabilities of Eternal Precision Mechanics Company to be partitioned as of December 31, 2021 is shown in the table below:

Financial statements items	Amount (NT \$)
<u>Assets</u>	
Accounts receivable	14,769,875

Accounts receivable - related parties	841,980
Other receivables - Related parties	52,806,709
Prepaid expenses	600,000
Fix assets	291,667
Inventories	6,785,429
Investment by equity approach -Nikko-Materials Co., Ltd.	476,773,648
Total Assets (1)	552,869,308
Financial statements items	Amount (NT \$)
<u>Liabilities</u>	
Accounts payable	427,372
Accounts payable - related parties	2,339,638
Expenses payable	102,298
Total Liabilities (2)	2,869,308
Operating Value [(1)-(2)]	550,000,000

Source of Data Provided by Eternal Materials Co., Ltd.

3. In this potential transaction, Eternal Precision Mechanics Co., Ltd. is scheduled to issue a total of 52,000 thousand ordinary shares to Eternal Materials at par value of 10.57692 yuan per share to accept the relevant business of the division and transfer of Eternal Materials.

4. The adjustment items of shareholders' equity transferred by Division include other equity - conversion adjustment - Nikko Materials Co., Ltd. as the credit of NT\$224,695,108, and other equity - conversion adjustment - Eternal Precision Mechanics Co., Ltd. It is a debit of NT\$224,695,108. After the two accounting subjects offset each other, it has no impact on the business value of the split transfer.

(II) The reasonableness description of spin-off share exchange ratio

Through the new division method, Eternal Materials divides the relevant business, assets and liabilities of its electric equipment task force to Eternal Precision Mechanics Co., Ltd., which is 100% owned by it, and Eternal Precision Mechanics Co., Ltd. issues 52,000 ordinary shares to Eternal Materials as consideration. Therefore, the share exchange ratio of the two parties to the division depends on the evaluation of the division value of Eternal Company and the calculation of the issuance par value of Eternal Precision Mechanics Co., Ltd. It is described as follows:

1. The main purpose of this division is the reorganization of Eternal Materials, not the actual transaction, According to the Letter No.128 regulations on accounting treatment involved in company division issued by the accounting research and development foundation of the Republic of China on June 14, 2002, "when an enterprise (the transferring company) transfers its business to another company (the transferee company) and obtains the equity issued by it, if the transferring company and the transferee company are originally affiliated companies, the nature is organizational restructuring, so its accounting treatment should be based on the book value of the original assets (if there is impairment of assets, it shall be based on the amount after the loss is recognized) the net amount after deducting liabilities shall be regarded as the cost of obtaining equity, and the exchange benefits shall not be recognized; The transferee company also takes the book value of the original assets and liabilities transferred to the company (if there is asset impairment, it shall be

based on the amount after the loss is recognized) as the cost of acquiring assets and liabilities, and takes the net amount of both as the basis. The nominal amount is used as the share capital, and the part exceeding the nominal amount is used as the capital reserve. Therefore, it is reasonable for Eternal Materials to transfer its assets and liabilities to Eternal Precision Mechanics Company at book value.

2. In this potential transaction, Eternal Precision Mechanics Co., Ltd. is expected to issue 52,000 thousand new shares at NT \$ 10.57692 per share, with a representative net value of NT \$ 550,000,000, which is equal to the operating value of relevant assets and liabilities divided by Eternal company of NT \$ 550,000,000; Since Eternal Precision Mechanics Co., Ltd. is a 100% owned subsidiary of Eternal company, and the total net value after the transfer is equal to the operating value, the share exchange ratio of this split is reasonable.

(III) Conclusion

To sum up, in this potential transaction, the share exchange ratio of the electric equipment task force of Eternal company in this spin-off is based on the book amount of assets and liabilities to be split in the financial statements of Eternal Materials audited and certified by a CPA on December 31, 2021, and with reference to the explanatory letter of the accounting research and development foundation, Eternal Precision Mechanics company issued 52,000 ordinary shares to Eternal company at NT \$ 10.57692 per share as consideration, The share exchange ratio in this case is reasonable; Moreover, since the transferee company Eternal Precision Mechanics Co., Ltd. is a 100% owned subsidiary of Eternal company, this division has no impact on the shareholders' equity of Eternal Materials.

CPA Wang,Po- Han

February 24, 2022

Independent expert resume description

Name:

Wang, Po-Han, CPA

Education:

Master of Business Administration, National Sun Yat-sen
University

Experience:

Director, Hsiang Wei United Accounting Firm

Chairman, Jui Sheng Financial Consulting Co., Ltd.

Independent director Global Transmission Technology
Co., Ltd.

Independent director Tongtai Machine & Tool Co., Ltd.

Independent director China Ecotek

Supervisor, Chu Shen Energy Co., Ltd.

Director, Chao Wan Consulting Co., Ltd.

Declaration of the independent expert

The accountant is in accordance with the "standards for handling assets acquired or Disposed of by publicly issued companies" and the relevant laws and regulations, and refer to the

The republic of China evaluation Standards bulletin or the professional association of the relevant self-regulation, issued the evaluation opinion, hereby declare as follows:

- I. My opinion and the sources, parameters and information used in the execution of the operation procedure are complete, correct and reasonable, and serve as the basis for issuing this opinion.
 2. Before undertaking this case, I have confirmed that I meet the qualifications of item 1 of Article 5 of the "Standards for Handling assets Acquired or Disposed of by Publicly issued Companies"and have carefully evaluated my professional ability and practical experience in accordance with item 1 of Item 2 of the same provisions.
 3. At the time of the execution of the case, appropriate operational procedures have been properly planned and implemented to form conclusions and write opinions on the basis of them; And the implementation of the procedures, data collection and conclusions, detailed in the case of the working paper.
 4. I and the parties to the transaction in this case are not mutually related or substantially related parties as stipulated in paragraph 2, Paragraph 1 and Paragraph 3 of Article 5 of the "Standards for Handling assets Acquired or Disposed of by Public Offering Companies", and DECLARE that I am not in the following circumstances:
 - (I) I or my spouse are currently employed by the parties to the transaction in this case to do regular work, receive fixed salary or serve as a board member.
 - (II) He/she or his/her spouse has been a member of the board of directors, a manager or a staff member whose position has a significant impact on the case and has been discharged or left office for less than two years.
 - (III) The employer of his/her spouse is a related party to the transaction.

- (IV) The person who has a spouse or second-class relative relationship with the board of supervisors, managers or staff members who have significant influence on the case.
- (V) I or my spouse have a significant investment or share a financial interest with the parties to the transaction

CPA

Wang,Po-Han

Attachment II

Proceedings of the 15th Audit Committee of the 2nd Session of Eternal Materials Co., Ltd.
(Excerpt version)

Time: March 7, 2022 11:00 a.m 00

Place: Room 102, Building A, 578 Jiangong Road, Sanmin District, Kaohsiung

Chairperson: Convener Luo, Li-Chun

Independent Director: Luo Li-Chun, Hung, Lee-Jung, Chen, Yi-Heng

Non-Voting Participants: Deloitte Taiwan CPA Kuo, Li-Yuan, CPA Wang, Chao-Chun, Manager Chen, Jen-Hao, Head of Accounting Department Su, Hui-Fang, Manager of Audit Office Wang, Yun-Chieh, Minister of Finance Liu, Bing-Cheng, Operating Director of Special Materials Institution Pan, Chin-Chen, Minister of Special Materials Division Chen, Kun-Hsiung and Chuang, Ya-Wen

Chapter 1 Announcements: (Omitted)

Chapter 2 Discussions:

Proposal I - VII (omitted)

Proposal VIII It is proposed to spin off and transfer the relevant business of the electric equipment Task Force of the electronic material business unit, and set up a subsidiary and its spin-off plan. (Proposed by Financial Department)

Explanation:

- I. In order to carry out the organizational adjustment, professional division of labor and future operation development of the Company, it is planned to divide the related business (including assets, liabilities and business) of the electric equipment task force of electronic materials business unit (hereinafter referred to as "electric equipment task force") to a newly established subsidiary-Eternal Precision Mechanics Co., Ltd. (hereinafter referred to as "Eternal Precision Mechanics"), so as to improve the competitiveness and operating performance of the Group and further enhance shareholders' rights and interests. The division base date is tentatively set as October 1, 2022, Republic of China. (hereinafter referred to as "this spin-off application").
- II. The Company intends to divide and assign the related business value of the electric equipment task force, which is estimated to be NT\$ 550,000,000 (temporarily based on the book value of the Company's financial statements audited and certified by a certified public accountant on December 31, 2021, in which the amount of the investment account using the equity method still needs to deduct the expected dividend of the subsidiary company, but the actual amount is still based on the book value of the spin-off base date), and exchange NT\$10.57692 per share for 1 newly issued ordinary share of Eternal Precision Mechanics Co., Ltd. That is an exchange for a total of 52,000 thousand shares.
- III. In accordance with the Merger and Acquisition Law, Company Act and other relevant laws and regulations, the Company has made the "Spin-off Plan" (including the articles of association of Eternal Precision Mechanics Co., Ltd., the book value of assets to be divided, the book value of liabilities, and the expert opinions on the reasonableness of the spin-off and stock exchange ratio), as shown in the discussion materials of the Audit Committee for details.

- IV. The Company has appointed Wang, Po-Han, a certified public accountant of Hsiang Wei United Accounting Firm to provide opinions on the rationality of the share conversion ratio of the Company, and report the review results to the Board of Directors of the Company. This division case is an organizational adjustment. After spin-off, the newly established company is a 100% owned subsidiary of the Company, and the original shareholders' rights and interests are not affected. Moreover, Eternal Precision Mechanics Co., Ltd. issued 52,000 thousand new shares at NT\$10.57692 per share, which is about equal to the business value of the transferred related assets and liabilities of NT\$550,000 thousand. Therefore, the share conversion ratio in this division case shall be reasonable.
- V. It is proposed that the shareholders' meeting authorize the Board of Directors to fully handle all matters related to this division case on behalf of the Company.
- VI. When the business scope, amount (including assets, liabilities and business), share conversion ratio (if necessary), other related matters (including but not limited to time schedule and division base date) or unfinished matters of the Company's proposed spin-off of electric equipment task force, matters related to the administrative guidance of the competent authority or the formulation of relevant laws and regulations, or changes due to objective circumstances, it is proposed to request the shareholders' meeting to authorize the Board of Directors to handle them with full authority.
- VII. In case of any of the following circumstances, the shareholders' meeting of the Company may agree to authorize the Board of Directors to terminate this division case before the division benchmark date and handle related matters with full authority, but the Board of Directors shall report the following matters on the next shareholders' meeting afterwards: (1) The total amount of shares that all shareholders of the Company who object to this division to buy back is more than 2% of the total issued shares of the Company; (2) The Company failed to obtain the consent of the borrowing bank or most of the joint lending banks for this division according to the loan contract; (3) The Company failed to obtain approval for continued listing in accordance with Article 53-19 of the Operating Rules of Taiwan Stock Exchange Corporation; Or (4) when the economic situation changes and the resolution of the Board of Directors is that it is inappropriate to carry out this division case.
- VIII. Please deliberate.

Resolution: After being consulted by the chairman, the motion of independent director without objection was passed.

Cause 9 to Cause 14 (omitted)

Chapter 3 Questions and Motions: None

Chapter 4 Adjournment

Chairperson Luo, Li-Chun

Record Liu, Bing-Cheng