

Eternal Materials Co., Ltd.

2023 Annual Report

Printed on May 10, 2024

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

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Acting Spokesperson: Chu, Jui-Hsin Title: Chief Administrative Officer
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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

Looking back to 2023, owing to the impact of high interest rates and soaring inflation following the lifting of COVID-19 prevention measures, not only was the global economy hit by sluggish demand and active destocking across industries, but its development was also impacted by wars and other geopolitical events. In the face of numerous challenges, the Company's management team remained prudent and cautious while proactively responding to various uncertainties in the external environment.

With inflation slowing and the interest rate hike cycle nearing its end as we usher in the new year, major international forecasting agencies anticipated a recovery in the global commodities trade. However, as an array of uncertainties, such as ongoing political interference, fluctuating raw material prices, and developments in the U.S.-China trade war, persist, the Company will remain committed to risk management while bolstering corporate resilience and optimizing supply chains so as to cope with market risks. With the successive launch of new consumer electronics products driven by the utilization of emerging technologies, the Company will focus on industries with great potential, such as 5G, semiconductors, electric vehicles, green energy, and energy storage, to meet customer needs. As far as market presence is concerned, the Company has adopted a dual supply chain approach in order to expand our presence in the global market. Aside from strengthening our foothold in the Greater China market and increasing sales of niche products on an ongoing basis, the Company has also deepened relationships with customers in the Americas and Europe through local services while building up our supply and service capabilities in emerging markets such as the ASEAN region and India, so as to bolster market penetration.

Placing an emphasis on sustainable development, the Company devotes ourselves to not only enhancing production efficiency and quality control through the development of green and sustainable products, but also integrating a circular economy to minimize resource wastage. With a commitment to a sound and sustainable business philosophy, the Company continues to focus on ESG issues in hopes of maximizing benefits for shareholders, employees, and society.

The operating results in 2023 are reported as follows:

I. 2023 Operating Results

(I) Implementation results of the business plan

In 2023, the Company's consolidated revenue was NT\$42.5 billion, a 13% decrease from 2022; in terms of operating performance, net profit before tax was NT\$2.182 billion, a 38% decrease from 2022; furthermore, net profit after tax attributable to owners of the parent company was NT\$1.504 billion, while earnings per share (EPS) was NT\$1.28.

(II) Financial position and profitability analysis

1. Financial revenues and expenditures: Unit: NT\$ thousands

Item	Amount in 2023
Operating revenue	42,451,576
Operating gross profit	8,147,266
Operating profit	1,914,767
Non-operating income and expenses	267,707
Net profit before tax	2,182,474
Net profit for the year	1,492,096
Other comprehensive income for the year, net of tax	(473,848)
Total comprehensive income for the year	1,018,248
Net profit attributable to owners of the parent company	1,503,687
Net profit attributable to non-controlling interests	(11,591)
Total comprehensive income attributable to owners of the parent company	1,041,939
Total comprehensive income attributable to non-controlling interests	(23,691)
Earnings per share (NT\$)	1.28

Note: As the Company did not disclose financial forecasts for 2023, the relevant information for implementation of the budget in 2023 was unavailable.

2. Profitability analysis: Unit: %

Item	Percentage
Return on assets (ROA)	3
Return on equity (ROE)	6
Ratio of net profit before tax to paid-in capital	19
Profit margin	4
Earnings per share (NT\$)	1.28

(III) Research and development status

1. Research and development (R&D) achievements in 2023:

- (1) Moisture-permeable and waterproof functional films
- (2) Polyaspartic ester
- (3) Polyurethane pressure-sensitive adhesive for protective films
- (4) FEVE fluorocarbon dispersion
- (5) Silicone gel for cosmetics
- (6) Light-curing silicon release agent for electronic and labeling applications
- (7) Polyurethane pressure-sensitive adhesive for protective films in polarizing plates
- (8) Light-curing acrylic pressure-sensitive adhesive

- (9) Light-curing conformal coating for new energy vehicles
 - (10) LF series silicon encapsulants for Mini LED applications
 - (11) Light curing materials for functional printing ink
 - (12) A&AB three-in-one rapid test kit for COVID-19 and influenza/NS1 antigen rapid test kit for dengue fever/infectious disease rapid test kit for pets
 - (13) Low carbon footprint button resin
 - (14) Offshore wind turbine hood FRP resin
 - (15) Light-curing resin for non-excavation pipe repair
 - (16) Photopolymeric overlay film with vacuum lamination machine for flexible board applications
 - (17) Release film for packaging process
2. As regards future research directions, the Company will conduct planning of key materials and establish new core technologies as listed below in line with the development direction of 5G, semiconductors, electric vehicles, in vitro testing, and green materials:
- (1) Gaining a solid foothold in new core technologies:
 - A. High-frequency low-Dk/Df material design technology
 - B. Thermally conductive TIM materials
 - C. Aqueous dispersion technology
 - D. Mixed chain processing technology for thermoplastic materials
 - E. Material analysis technology
 - F. RAFT block copolymer technology
 - G. Dual-curing adhesive synthesis and application technology
 - (2) Planning the development of new 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. Recombinant human collagen materials
 - F. Next generation display materials
 - G. Application of biomass materials
 - H. High-performance pressure-sensitive adhesive materials
 - I. New energy vehicle adhesive materials
 - J. New generation solar materials

II. A Summary of the Business Plan for 2024

(I) Expected sales volume

The Company's annual business plan for 2024 aims to stabilize revenue and profit growth in the medium and long term. The Company's management team will actively achieve our operational goals and work together to enhance corporate value.

(II) Management objectives and production and sales strategies

1. The Company's R&D direction of new products will focus on potential industries such as 5G, electric vehicles, semiconductors, green energy, energy storage, etc., while using our R&D capabilities to quickly respond to customer needs and speed up product launch.
2. The dual supply chain is already well established on the global trade map. In addition to strengthening our foothold in the Greater China market on an ongoing basis, the Company is also expanding our market presence in response to industry trends and stabilizing our fundamentals while increasing sales of niche products. At the same time, we should also keep abreast of policy trends concerning Taiwan's strategic industries in our primary markets, actively engage in the development of related materials or seize development opportunities through strategic cooperation, and shorten the time to enter the market. In the American and Europe, the Company will continue to deepen our relationships with customers in these markets through local services to achieve incremental growth.
3. Following our expansion into emerging markets such as the ASEAN region and India, we will increase regional sales by leveraging the advantages of our manufacturing facilities across Malaysia and Thailand in terms of local production capacity, tariffs, and transportation costs. Furthermore, the Company will keep abreast of the expansion paths taken by Taiwanese and Chinese manufacturers in the ASEAN region and South Asia while establishing supply and service capabilities in the local area simultaneously to enhance market penetration. At the same time, we are also bolstering our business and product development capabilities in Asia through strategic partnerships with major international manufacturers.

III. In light of the evolving global trade landscape, regionalized supply chains, industry trends, and market competition, the Company will enhance our operational management capabilities, integrate internal and external resources, consolidate its current markets, and proactively expand into emerging regions. With a well-defined strategic direction, extensive research and development capabilities, and a robust sales network, we are poised to successfully navigate these challenges. At the same time, in response to global trends such as ESG, net-zero emission, and carbon reduction, we are deploying key materials to maintain our competitive advantage for long-term development.

We wish you and your family

good health and peace

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 an initial capital of NT\$800,000.
- 1965 Kaohsiung Plant was completed and began to produce resin products.
- 1973 Lu-Chu Plant was completed and relocated.
- 1988 The Company and DSM from the Netherlands 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 DSM Resins B.V. from the Netherlands 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.

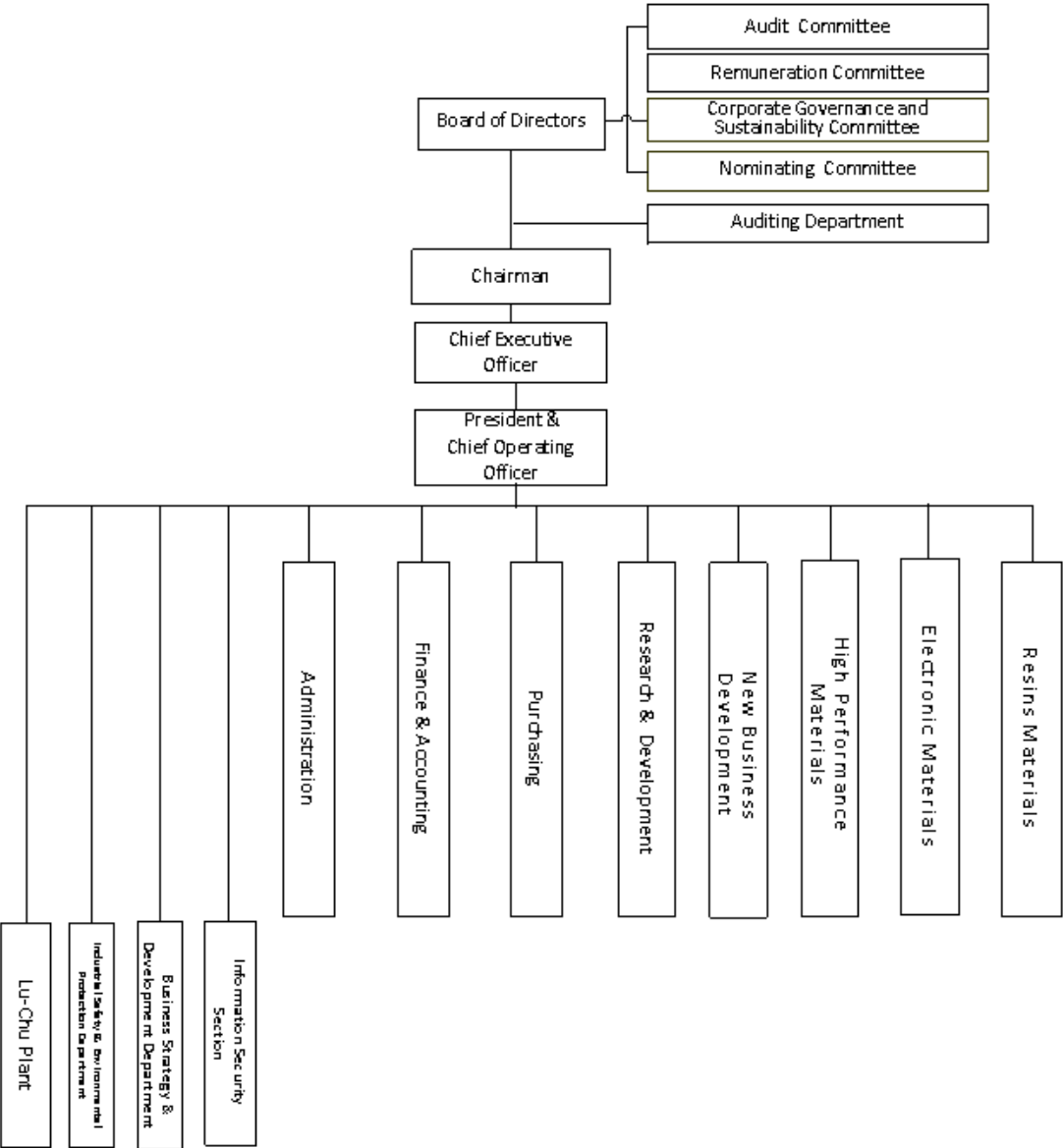
- 2004 Eternal Photosensitive Liquid Materials (Kunshan) Co., Ltd. was established in Jiangsu, China.
- 2004 Cognis B.V. from the Netherlands invested and acquired a 10% stake in Eternal Specialty Chemical (Zhuhai) Co., Ltd.
- 2006 Eternal Optical Material (Suzhou) Co., Ltd. was established in Jiangsu, 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 a 75% stake 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 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 a 100% stake in Nichigo-Morton Co., Ltd. in Japan.
- 2013 Eternal invested and acquired a 35% stake in 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 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 a 18.48% stake 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 to establish PT. Eternal Materials Indonesia with a 67% stake. The Company established Eternal Material Industry (Tongling) Co., Ltd. In Anhui, China.
- 2022 The Company established Eternal Precision Mechanics Co., Ltd. in Kaohsiung.
- 2023 The Company established Eternal Materials India Private Limited in India.
- 2023 The Company established Eternal Precision Mechanics (Guangzhou) Co., Ltd. in Guangdong Province, China.

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, business management, and other units as well as the performance auditing.

Business Strategy Planning	Responsible for industry development strategy and integration, strategic market analysis and planning, assessment and planning for the establishment of new industry opportunities, planning for the expansion of business locations, management of the Group's industry marketing committee, and management of the Group's marketing activities.
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.
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, Eternal Museum's 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 Sectopm	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 27, 2024; Unit: thousand shares, %

Title	Nationality /Country of Origin	Name	Gender	Date Elected	Term (Years)	Date First Elected (Note 1)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education)	Other Position Concurrently Held at the Company and Other Companies (Note 2)	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remark
			Age				Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Title	Name	Relationship	
Chairman	Republic of China	Kao, Kuo-Lun	Male	2022.06.23	3 years	1992.07.15	54,006	4.35	51,106	4.34	5,354	0.45	0	0	Master of Business Administration, University of Southern California Former President of the Company	Chief Executive Officer (CEO) of the Company Convener of the Corporate Governance and Sustainable Development Committee of the Company	None	None	None	(Note 3 and 5)
			68																	
Director	Republic of China	Kwang Yang Motor Co., 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: Ko, Chun-Pin	Male				0	0	0	0	0	0	0	0	0	0	0	0	Master of Management Science, Tamkang University	(Note 4)
Director	Republic of China	Yang, Huai-Kung	Male	2022.06.23	3 years	1972.05.14	15,576	1.26	14,397	1.22	0	0	0	0	Bachelor of Accounting, Soochow University Former Vice President of the Company	None	None	None	None	-
			85																	
Director	Republic of China	Chen, Chao-Hsu	Male	2022.06.23	3 years	2022.06.23	1,241	0.10	1,198	0.10	1,131	0.09	2,090	0.18	Attending Physician, Department of Dermatology, National Taiwan University Hospital Director, Division of Skin Care and Surgery, Department of Dermatology, NTU Secretary General, Taiwan Society for Investigative Dermatology Director, Taiwanese Society for Dermatological and Aesthetic Surgery Executive Director, Laser and Photonics Medicine Society of Taiwan	Department of Dermatology, National Taiwan University Hospital Part-time Attending Physician	None	None	None	-
			67																	
Director	Republic of China	Kao, Kuo-Hsun	Male	2022.06.23	3 years	2022.06.23	803	0.06	2,288	0.19	0	0	0	0	Chairman, Initial Life Corporation	Director, Cheng Fu International Investment Co., Ltd.	None	None	None	-
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Title	Nationality /Country of Origin	Name	Gender	Date Elected	Term (Years)	Date First Elected (Note 1)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education)	Other Position Concurrently Held at the Company and Other Companies (Note 2)	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remark
			Age				Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Title	Name	Relationship	
Director	Republic of China	Huang, Shun-Jen	Male	2022.06.23	3 years	2022.06.23	830	0.07	798	0.07	422	0.04	0	0	Master of Chemistry, National Tsing Hua University Vice President of the Company CTO of the Company	None	None	None	None	-
			70																	
Director	Republic of China	Chen, Chin-Yuan	Male	2022.06.23	3 years	2022.06.23	255	0.02	242	0.02	0	0	0	0	Bachelor of Chemical Engineering, National Taiwan University Vice President of the Company CTO of the Company, Operation director of the business unit	Consultant of the Company	None	None	None	-
			68																	
Director	Republic of China	Liao, Heng-Ning	Male	2022.06.23	3 years	2022.06.23	253	0.02	241	0.02	0	0	0	0	Bachelor of Chemical Engineering, National Taiwan University Vice President of the Company Procurement Manager of the Company Operation director of the business unit	Consultant of the Company	None	None	None	-
			66																	
Independent Director	Republic of China	Hung, Li-Jung	Female	2022.06.23	3 years	2016.06.15	0	0	0	0	0	0	0	0	Bachelor of Accountancy, National Cheng Kung University Former partner and CPA at Pricewaterhouse Coopers Taiwan	Convener of the Company's Audit Committee Member of the Company's Remuneration Committee, Corporate Governance, and Nomination Committee Independent Director, Advanced International Multitech Co., Ltd. Independent Director, Kuen Ling Machinery Refrigerating Co., Ltd.	None	None	None	-
			61																	

Title	Nationality /Country of Origin	Name	Gender	Date Elected	Term (Years)	Date First Elected (Note 1)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education)	Other Position Concurrently Held at the Company and Other Companies (Note 2)	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remark
			Age				Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Title	Name	Relationship	
Independent Director	Republic of China	Chen, I-Heng	Male	2022.06.23	3 years	2016.06.15	146	0.01	138	0.01	78	0	0	0	New York University PhD in Human Resources Management and Organization Development	Convener of the Company's Remuneration Committee Member of the Company's Audit Committee, Corporate Governance and Sustainable Development Committee, and Nomination Committee Contract Professor, Institute of Human Resource Management, National Sun Yat-sen University; Chairman, Taiwan Arts Management and Education Association; Chairman, Kaohsiung City International Exchange Association; Director, Kaohsiung City Net Zero Institute Independent Director, Kham Inc. Independent Director, Tigerair Taiwan Independent Director, Kuei Tien Cultural & Creative Entertainment Co., Ltd.	None	None	None	-
			66																	
Independent Director	Republic of China	Lo, Li-Chun	Male	2022.06.23	3 years	2019.06.26	0	0	0	0	0	0	0	0	PhD in Management, Hong Kong Polytechnic University Former Visiting Associate Professor, Nanyang Business School Former CEO of Protrend Global Financial Information Co., Ltd.	Member of the Company's Audit Committee, Remuneration Committee, Corporate Governance and Sustainable Development Committee, and Nomination Committee CEO, Protrend Management Consulting Co., Ltd.	None	None	None	-
			57																	

Title	Nationality /Country of Origin	Name	Gender	Date Elected	Term (Years)	Date First Elected (Note 1)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education)	Other Position Concurrently Held at the Company and Other Companies (Note 2)	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remark
			Age				Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Title	Name	Relationship	
Independent Director	Republic of China	Lu, Chun-Cheng	Male	2022.06.23	3 years	2022.06.23	1	0	1	0	1	0	0	0	Master of Law, National Chengchi University Attorney, Patent Agent, Tai E International Patent & Law Office Attorney, Taiwan International Patent & Law Office Partner Attorney, L&L International Law Firm	Convener of the Company's Nomination Committee Member of the Company's Audit Committee, Remuneration Committee, and Corporate Governance and Sustainable Development Committee Partner Attorney, Huili Law Office Supervisor, BEV International Food Corp. and Spring Star Industrial Co., Ltd.	None	None	None	-
			65																	

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

Director Chen, I-Heng served as an 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" section on pages 378 - 382 of the Annual Report.

Note 4: Director Ko, Chun-Pin: 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 Shareholders of Institutional Shareholders

April 27, 2024

Institutional Shareholder	Major Shareholder of Institutional Shareholder	Shareholding Percentage (%)
Kwang Yang Motor Co., Ltd.	TrustWin 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 shareholders

April 27, 2024

Institutional Shareholder	Major Shareholder of Institutional Shareholder	Shareholding Percentage (%)
TrustWin 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.	0.005
	Cyclical Investment Corporation	62.095
	Min Fong Investment Corporation	19.05
	Hsin Ching Investment Corporation	18.83
Hongguang Investment Co., Ltd.	Ko Wang, Shu-Yuan	20.00
	Ko, Hung-Ming	20.00
	Ko, Sheng-Feng	20.00
	Ko, Yu-Feng	20.00
	Ko, Kwang-Feng	20.00
Kuang Chou Investment Co., Ltd.	Hsin Tung Investment Co., Ltd.	8.25
	Hsien Yu Li Investment Co., Ltd.	7.70
	Ho Wei Investment Co., Ltd.	5.23
	Teng Bin Investment Co., Ltd.	4.38
	Ching Chang Investment Co., Ltd.	4.38
	Chia Chun Investment Co., Ltd.	4.28
	Ching Ta 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
	Other 65 shareholders	52.73
Daming Investment Co., Ltd.	Hung Sheng Investment Co., Ltd.	19.35
	Ko, Chia-Hung	12.50
	Ko, Chia-Cheng	12.50
	Cheng Chun Investment Co., Ltd.	8.77
	Other 29 shareholders	46.88
Kwang Hsing Industrial Co., Ltd.	Kwang Yang Motor Co., Ltd.	100.00

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

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 Materials 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. Furthermore, with a view to perfecting the functions of the Company's Board of Directors and strengthening its management mechanism, the Company formulated the Nomination Committee Charter in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and established the Nomination Committee to nominate and elect members of the Board of Directors. Specifically, board members are nominated and elected based on the nomination system as stipulated in the Regulations Governing the Election of Directors to ensure the diversity and independence of board members.

(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 two-third 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 the Company adopts the candidate nomination system. After the qualification examination, the list of candidates is selected and appointed by the Board of Shareholders for a term of three years.

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

Directors Kao, Kuo-Lun, Ko, Chun-Pin, 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, Heng-Ning have professional background in science and technology; independent director Hung, Li-Jung and Lo, Li-Chun are specialists proficient in auditing, taxation, and financial management; 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.

	Basic composition		Experience and the following professional qualifications	No
--	-------------------	--	--	----

Diversified Core Competences	Name	Nationality	Employee Status	Gender	Major Education	Age			Seniority of Independent Director			Diversified Core Competences							Professional Qualification	
						Under 50 years old	50 to 70 years old	Above 70 years old	Below 3 years	3 to 9 years	More than 9 years	Leadership	Operational judgment	Business management	Crisis management	Industrial knowledge	Decision-making ability based on international market perspective	Instructor or Higher in a Department of Commerce, Law, Finance, Accounting, or Any Other Business-related Academic Department in a Public or Private College or University	Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Any Other Professional or Technical Specialist Having Passed a National Examination and Been Awarded a Certificate in a Profession Necessary for the Business Operations of the Company	
Director	Kao, Kuo-Lun	Republic of China	V	Male	Master of Business Administration, University of Southern California	V	-	-	-	-	-	V	V	V	V	V	V	-	-	V
	Ko, Chun-Pin	Republic of China	-	Male	Master of Management Science, Tamkang University	V	-	-	-	-	-	V	V	V	V	V	V	-	-	V
	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	Bachelor of Medicine, National Taiwan University	V	-	-	-	-	-	V	-	V	V	V	V	-	V Physician	V
	Kao, Kuo-Hsun	Republic of China	-	Male	Master of Business Administration, City University of Seattle, U.S.A.	V	-	-	-	-	-	V	V	V	V	V	V	-	-	V
	Huang, Shun-Jen	Republic of China	-	Male	Master of Chemistry, 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, Heng-Ning	Republic of China	-	Male	Bachelor of Chemical Engineering, National Taiwan University	V	-	-	-	-	-	V	V	V	V	V	V	-	-	V
Independent Director	Hung, Li-Jung	Republic of China	-	Female	Bachelor of Accountancy, National Cheng Kung University	V	-	-	8	-	-	V	V	V	V	V	V	-	V CPA	V
	Chen, I-Heng	Republic of China	-	Male	PhD in Human Resources Management and Organization Development, New York University	V	-	-	7	-	-	V	V	V	V	V	V	V	-	V
	Lo, Li-Chun	Republic of China	-	Male	PhD in Management, Hong Kong Polytechnic University	V	-	-	5	-	-	V	V	V	V	V	V	V	-	V
	Lu, Chun-Cheng	Republic of China	-	Male	Master of Law, National Chengchi University	V	-	2	-	-	-	V	V	V	V	V	V	-	V Lawyer	V

(2) Independence of independent directors:

April 27, 2024

Diversified Core Competences Name	Independence Status					Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
	Whether any of he himself, his spouse, or relative within the second degree of kinship serves as a Director, Supervisor or employee of the Company or its affiliates	Shareholding amount and ratio of he himself, his spouse, or relative within the second degree of kinship (or in the name of others)		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	Percentage			
Chen, I-Heng	No	216,447	0.01%	No	0	3
Hung, Li-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 27, 2024; Unit: thousand shares, %

Title	Nationality	Name	Gender	Date Elected	Shareholding		Shares Held by Spouse and Minor Children		Shareholding by Nominees		Experience (Education)	Other Position Concurrently Held at Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Remark
					Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Title	Name	Relationship	
CEO	Republic of China	Kao, Kuo-Lun	Male	2013.06.20	51,106	4.34	5,354	0.45	0	0	Master of Business Administration, University of Southern California	(Note 1 and 2)	—	—	—	Note 11
President and COO	Republic of China	Mao, Hui-Kuan	Male	2019.06.26	206	0.02	0	0	0	0	Master of Chemical Engineering, National Taiwan University	(Note 2)	—	—	—	None
Vice President	Republic of China	Hung, Chao-Cheng	Male	2021.07.01	246	0.02	0	0	0	0	Bachelor of Chemical Engineering, National Taiwan University	(Note 2)	—	—	—	None
Vice President	Republic of China	Pan, Chin-Cheng	Male	2021.07.01	227	0.02	105	0.01	0	0	Master of Chemistry, National Cheng Kung University	(Note 2 and 4)	Vice President	Chu, Jui-Hsin	Spouse	None
Vice President	Republic of China	Yeh, Mao-Jung (Note 3)	Male	2019.01.01	0	0	0	0	0	0	Master of Chemical Engineering, National Tsing Hua University	(Note 2)	—	—	—	None
Vice President	Republic of China	Chu, Jui-Hsin (Note 3)	Female	2020.01.01	105	0.01	227	0.02	0	0	Master of Business Administration, National Sun Yat-sen University	(Note 2)	Vice President	Pan, Chin-Cheng	Spouse	None
Vice President	Republic of China	Chen, Hung-Yi (Note 3)	Male	2020.01.01	41	0	28	0	0	0	Master of Chemical Engineering, Chung Yuan Christian University	(Note 2 and 5)	—	—	—	None
Assistant Vice President	Republic of China	Lin, Chih-Kuo (Note 3)	Male	1999.07.01	569	0.05	0	0	0	0	PhD in Human Resources Management, National Sun Yat-sen University	None	—	—	—	None
Assistant Vice President	Republic of China	Kao, Chih-Yu	Male	2010.01.01	60	0	10	0	0	0	PhD in Chemical Engineering, National Taiwan University	(Note 6)	—	—	—	None
Assistant Vice President	Republic of China	Su, Wen-Pin (Note 3)	Male	2015.01.01	51	0	13	0	0	0	Master of Industrial Engineering, Taiwan Institute of Technology	None	—	—	—	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	Lin, Chao-Kun	Male	2020.01.01	28	0	33	0	0	0	Master of Chemistry, National Sun Yat-sen University	(Note 5)	—	—	—	None
Assistant Vice President	Republic of China	Chang, Chi-Kang	Male	2021.01.01	0	0	0	0	0	0	Ph.D. in Chemistry, National Sun Yat-Sen University	None	—	—	—	None

Title	Nationality	Name	Gender	Date Elected	Shareholding		Shares Held by Spouse and Minor Children		Shareholding by Nominees		Experience (Education)	Other Position Concurrently Held at Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Remark
					Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Title	Name	Relationship	
Assistant Vice President	Republic of China	Hsieh, Yen-Fen	Male	2021.01.01	74	0	0	0	0	0	Master of Business Administration., National Chi Nan University	(Note 2 and 7)	—	—	—	None
Assistant Vice President	Republic of China	Wang, Hung-Yu (Note 3)	Male	2024.01.01	0	0	83	0	0	0	PhD in Chemical Engineering, National Cheng Kung University	(Note 2)				
Assistant Vice President and Financial Manager and Corporate Governance Officer	Republic of China	Liu, Bing-Cheng (Note 3)	Male	2018.12.01 2019.05.10	67	0	0	0	0	0	Master of Finance, National Taiwan University Master of Information Technology, Loughborough University	(Note 2 and 8)	—	—	—	None
Assistant Vice President and Accounting Manager	Republic of China	Su, Hui-Fang (Note 3)	Female	2014.07.01	0	0	0	0	0	0	Master of Accounting, National Cheng Kung University Master of Business Administration, National Sun Yat-sen University	(Note 2 and 9)	—	—	—	None

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

Note 2: Position(s) held in other Companies: Please refer to the "Information on Directors, Supervisors, and Presidents of Affiliated Companies" section on pages 378 - 382 of the Annual Report.

Note 3: Lin, Chih-Kuo and Su, Wen-Pin retired in June 2023. Yeh, Mao-Jung, Chu, Jui-Hsin, and Chen, Hung-Yi were promoted to the position of Vice President on January 1, 2024. Wang, Hung-Yu, Liu, Bing-Cheng, and Su, Hui-Fang were promoted to the position of Assistant Vice President on January 1, 2024.

Note 4: Pan, Chin-Cheng - Director of Eternal Electronic Materials (Kunshan) and Director of Daxin Materials Corporation.

Note 5: 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 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: Hsieh, Yen-Fen - Supervisor of Advanced PETFILM Investment Co., Ltd.

Note 8: Liu, Bing-Cheng - Director of Allnex-Eternal Resins Corporation Ltd., Director of TBG Diagnostics Limited, and Independent Director of Alfot Technologies Co., Ltd.

Note 9: Su, Hui-Fang - Supervisor of DSM Resins (Far East) Co., Ltd., DSM Resins (Kunshan) Co., Ltd., Allnex-Eternal Resins (Guangdong) Co., Ltd., Eternal Electronic Materials (Kunshan) Co., Ltd., and Resonac New Material (Zhuhai) Co. Ltd.

Note 10: 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\$ thousands

Title		Name	Remuneration of Directors								Percentage of the sum of A, B, C, and D on net profit after tax (%)		Remuneration Paid to Concurrent Employees								Percentage of the sum of A, B, C, D, E, F, and G on net profit after tax		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company				
			Remuneration (A)		Retirement Pension (B)		Director's Remuneration (C)		Allowances (D)				Salary, Bonus, and Allowance (E)		Retirement Pension (F)		Employee Remuneration (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	The Company			All Companies in Financial Statements		The Company	All Companies in Financial Statements
																					Cash Amount	Stock Amount		Cash Amount	Stock Amount		
Director	Chairman	Kao, Kuo-Lun	0	0	0	0	2,557	2,557	60	60	2,617 0.17	2,617 0.17	18,640	18,640	0	0	2,523	0	2,523	0	23,780 1.58	23,780 1.58	0				
	Director	Yang, Huai-Kung	0	0	0	0	1,279	1,279	60	60	1,339 0.09	1,339 0.09	0	0	0	0	0	0	0	0	1,339 0.09	1,339 0.09	0				
	Director	Chen, Chin-Yuan (Note 1)	0	0	0	0	1,279	1,279	60	60	1,339 0.09	1,339 0.09	0	0	0	0	0	0	0	0	1,339 0.09	1,339 0.09	0				
	Director	Liao, Heng-Ning (Note 1)	0	0	0	0	1,279	1,279	60	60	1,339 0.09	1,339 0.09	0	0	0	0	0	0	0	0	1,339 0.09	1,339 0.09	0				
	Director	Chen, Chao-Hsu	0	0	0	0	1,279	1,279	60	60	1,339 0.09	1,339 0.09	0	0	0	0	0	0	0	0	1,339 0.09	1,339 0.09	0				
	Director	Kao, Kuo-Hsun	0	0	0	0	1,279	1,279	40	40	1,319 0.09	1,319 0.09	0	0	0	0	0	0	0	0	1,319 0.09	1,319 0.09	0				
	Director	Huang, Shun-Jen	0	0	0	0	1,279	1,279	60	60	1,339 0.09	1,339 0.09	0	0	0	0	0	0	0	0	1,339 0.09	1,339 0.09	0				
	Director	Representative of Kwang Yang Motor Co., Ltd.: Ko, Chun-Pin	0	0	0	0	1,279	1,279	60	60	1,339 0.09	1,339 0.09	0	0	0	0	0	0	0	0	1,339 0.09	1,339 0.09	0				
Independent Director	Independent Director	Chen, I-Heng	1,200	1,200	0	0	0	0	120	120	1,320 0.09	1,320 0.09	0	0	0	0	0	0	0	0	1,320 0.09	1,320 0.09	0				
	Independent Director	Hung, Li-Jung	1,200	1,200	0	0	0	0	120	120	1,320 0.09	1,320 0.09	0	0	0	0	0	0	0	0	1,320 0.09	1,320 0.09	0				
	Independent Director	Lo, Li-Chun	1,200	1,200	0	0	0	0	110	110	1,310 0.09	1,310 0.09	0	0	0	0	0	0	0	0	1,310 0.09	1,310 0.09	0				
	Independent Director	Lu, Chun-Cheng	1,200	1,200	0	0	0	0	120	120	1,320 0.09	1,320 0.09	0	0	0	0	0	0	0	0	1,320 0.09	1,320 0.09	0				
Note 1:	In addition to the disclosure in the above table, the directors of the Company received remuneration of NT\$4,464 thousand for consulting services provided to all companies in the financial statements for the most recent year.																										
Note 2:	Including expenses for the use of company vehicles. Additionally, compensation paid to the drivers amounted to NT\$1,106 thousand, but not included in this remuneration.																										
Note 3:	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 2023, 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				
NT\$1 million (inclusive) to NT\$2 million (exclusive)	Chen, Chin-Yuan; Liao, Heng-Ning; Yang, Huai-Kun; Chen, Chao-Hsu; Kao, Kuo-Hsun; Huang, Shun-Jen; Hung, Li-Jung; Lo, Li-Chun; Chen, I-Heng; Lu, Chun-Cheng; Kwang Yang Motor Co., Ltd.; and Ko, Chun-Pin	Chen, Chin-Yuan; Liao, Heng-Ning; Yang, Huai-Kun; Chen, Chao-Hsu; Kao, Kuo-Hsun; Huang, Shun-Jen; Hung, Li-Jung; Lo, Li-Chun; Chen, I-Heng; Lu, Chun-Cheng; Kwang Yang Motor Co., Ltd.; and Ko, Chun-Pin	Chen, Chin-Yuan; Liao, Heng-Ning; Yang, Huai-Kun; Chen, Chao-Hsu; Kao, Kuo-Hsun; Huang, Shun-Jen; Hung, Li-Jung; Lo, Li-Chun; Chen, I-Heng; Lu, Chun-Cheng; Kwang Yang Motor Co., Ltd.; and Ko, Chun-Pin	Chen, Chin-Yuan; Liao, Heng-Ning; Yang, Huai-Kun; Chen, Chao-Hsu; Kao, Kuo-Hsun; Huang, Shun-Jen; Hung, Li-Jung; Lo, Li-Chun; Chen, I-Heng; Lu, Chun-Cheng; Kwang Yang Motor Co., Ltd.; and Ko, Chun-Pin
NT\$2 million (inclusive) to NT\$3.5 million (exclusive)	Kao, Kuo-Lun	Kao, Kuo-Lun	-	-
NT\$3.5 million (inclusive) to NT\$5 million (exclusive)	-	-	-	-
NT\$5 million (inclusive) to NT\$10 million (exclusive)	-	-	-	-
NT\$10 million (inclusive) to NT\$15 million (exclusive)	-	-	-	-
NT\$15 million (inclusive) to NT\$30 million (exclusive)	-	-	Kao, Kuo-Lun	Kao, Kuo-Lun
NT\$30 million (inclusive) to NT\$50 million (exclusive)	-	-	-	-
NT\$50 million (inclusive) to NT\$100 million (exclusive)	-	-	-	-
More than NT\$100 million	-	-	-	-
Total	12	12	12	12

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

December 31, 2023; Unit: NT\$ thousands

Title	Name	Salary (A)		Retirement Pension (B)		Bonuses and special allowances (C) (Note 1)		Employee Remuneration (D) (Note 2)				Percentage of the sum of A, B, C, and D on 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	16,406	16,406	927	927	33,714	33,714	7,947	0	7,947	0	58,994; 3.92	58,994; 3.92	0
President and COO	Mao, Hui-Kuan													
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\$1,106 thousand, but not included in this remuneration.

Note 2: The Company's 2023 earnings to be distributed to employees in 2024 are provisional in nature.

* 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 of CEO, President, Chief Strategy Officer and Vice Presidents	
	The Company	All Companies in Financial Statements
Less than NT\$1 million	-	-
NT\$1 million (inclusive) to NT\$2 million (exclusive)	-	-
NT\$2 million (inclusive) to NT\$3.5 million (exclusive)	-	-
NT\$3.5 million (inclusive) to NT\$5 million (exclusive)	-	-
NT\$5 million (inclusive) to NT\$10 million (exclusive)	Hung, Chao-Cheng	Hung, Chao-Cheng
NT\$10 million (inclusive) to NT\$15 million (exclusive)	Pan, Chin-Cheng	Pan, Chin-Cheng
NT\$15 million (inclusive) to NT\$30 million (exclusive)	Kao, Kuo-Lun and Mao, Hui-Kuan	Kao, Kuo-Lun and Mao, Hui-Kuan
NT\$30 million (inclusive) to NT\$50 million (exclusive)	-	-
NT\$50 million (inclusive) to NT\$100 million (exclusive)	-	-
More than NT\$100 million	-	-
Total	4	4

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

December 31, 2023; Unit: NT\$ thousands

	Title	Name	Stock Amount	Cash Amount	Total	Ratio of Total Amount to Net Income After Tax (NIAT) (%)
Managerial Officers	CEO	Kao, Kuo-Lun	0	13,652	13,652	0.91
	President and COO	Mao, Hui-Kuan				
	Vice President	Hung, Chao-Cheng				
	Vice President	Pan, Chin-Cheng				
	Assistant Vice President	Yeh, Mao-Jung (Note 1)				
	Assistant Vice President	Chu, Jui-Hsin (Note 1)				
	Assistant Vice President	Chen, Hung-Yi (Note 1)				
	Assistant Vice President	Lin, Chih-Kuo (Note 2)				
	Assistant Vice President	Kao, Chih-Yu				
	Assistant Vice President	Su, Wen-Pin (Note 2)				
	Assistant Vice President	Weng, Chin-Yi				
	Assistant Vice President	Lin, Chao-Kun				
	Assistant Vice President	Chang, Chi-Kang				
	Assistant Vice President	Hsieh, Yen-Fen				
	Manager	Liu, Bing-Cheng (Note 1)				
	Manager	Su, Hui-Fang (Note 1)				

Note 1: On January 1, 2024, Yeh, Mao-Jung, Chu, Jui-Hsin, and Chen, Hung-Yi were promoted to the position of Vice President, whereas Liu, Bing-Cheng and Su, Hui-Fang were promoted to the position of Assistant Vice President.

Note 2: Lin, Chih-Kuo and Su, Wen-Pin retired in June 2023.

- (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 (%)			
	2023		2022	
	The Company	All Companies in Financial Statements	The Company	All Companies in Financial Statements
Directors (Note 1)	1.15	1.15	0.90	0.90
President and Vice Presidents (Note 2)	3.92	3.92	3.15	3.15

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. Policies, Standards, and Structure for Remuneration Payment :

(1) Article 17 of the Company's Articles of Association stipulates that if there is a profit for the year, the directors' remuneration shall not exceed one percent of the profit. According to the provisions of the Company's Remuneration Committee Charter, the payment of directors' remuneration is handled in accordance with the internally established "Guidelines for the Payment of Directors' Remuneration and Compensation" with the following principles:

A. General directors' remuneration is based on their level of participation in the company's operations, with performance indicators such as contributions to sustainable development, suggestions for green product innovation, low-carbon manufacturing transformation, financial accounting expertise, and other operational suggestions. The evaluation also takes into account professional skills and responsibilities.

B. Since all independent directors concurrently serve on the audit committee, remuneration committee, and other functional committees, according to the provisions of each committee's charter, they participate in relevant meetings for discussions and decision-making. Their responsibilities are significant and their status requires independence. Their remuneration is not directly affected by the annual profits but is maintained at a certain fixed level.

C. All directors receive transportation allowances based on their actual attendance at board meetings.

(2) The annual remuneration for the company's General Manager, Deputy General Manager, and other managerial personnel includes salaries, bonuses, and employee compensation from profit distribution. The remuneration is determined by referencing industry standards and in accordance with the company's salary management policies, which specify various work allowances and bonuses to acknowledge and reward employees' efforts. These bonuses are based on the company's annual operating performance, financial status, business operations, and individual job performance. Additionally, if the company is profitable for the year, employee compensation is allocated according to the company's Articles of Association.

The company follows the "Performance Management Guidelines" to conduct performance evaluations, which serve as a reference for awarding bonuses to managerial personnel. The performance evaluation criteria for managers include :

Financial Indicators: Based on the company's profit and loss statement, each business unit's contribution to the company's profit is assessed, taking into account the managers' target achievement rates.

Non-Financial Indicators: These include the implementation of core competencies and operational management capabilities, participation in sustainable operations, and the achievement of annual energy-saving and carbon reduction targets. These non-financial indicators are linked to variable rewards and bonuses, calculating the remuneration based on

operational performance.

The remuneration system is reviewed periodically to reflect the actual operating conditions and relevant legal requirements.

- (3) The company's remuneration package, as defined by the Remuneration Committee Charter, includes cash compensation, stock options, profit-sharing, retirement benefits or severance payments, various allowances, and other substantial incentive measures. The scope of these remuneration components aligns with the standards for disclosure of directors', supervisors', and managerial personnel's compensation in the annual report of publicly listed companies.

3.Procedures for Establishing Remuneration:

- (1) To regularly evaluate the remuneration of directors and managerial personnel, the assessment is conducted based on the results of performance evaluations executed under the company's "Board Performance Evaluation Guidelines" and the "Performance Management Guidelines" applicable to managers and employees. These evaluations are linked to the company's operational performance indicators and submitted for board deliberation. To fully reflect the achievement of operational performance indicators, the performance measurement criteria for the Chairman are based on the annual operational indicators related to operations, governance, and financial results. The evaluation scope includes various indicators such as pre-tax net profit, customer satisfaction, and corporate governance assessment. For the General Manager, the evaluation scope encompasses primary job responsibilities related to operational safety management, supervision of financial plan execution, revenue management, and oversight of sustainable operational management policies.
- (2) The relevance of remuneration assessments for directors and managerial personnel, as well as the reasonableness of their compensation, are subject to regular evaluation and review by the Remuneration Committee and the Board of Directors each year. In addition to considering individual performance achievement rates and contributions to the company, evaluations take into account the overall operational performance of the company, future industry risks and development trends, and periodic reviews of the remuneration system in light of actual operational conditions and relevant legal requirements. Furthermore, considering the current trends in corporate governance, reasonable compensation is provided to strike a balance between sustainable business operations and risk management. The actual amount of remuneration disbursed to directors and managerial personnel annually is determined by the Board of Directors after review by the Remuneration Committee.

4.The association with operational performance and future risks:

- (1)The review of the company's remuneration policy, related payment standards, and systems is primarily based on the overall operational performance of the company. Payment standards are determined based on the achievement rates of performance and contributions, aiming to enhance the overall organizational team efficiency of the Board of Directors and managerial personnel. Additionally, industry salary standards are referenced to ensure that the remuneration of the company's management is competitive within the industry, thus retaining outstanding management talent
- (2)The performance goals of the company's managerial personnel are integrated with governance and risk management to ensure that potential risks within their scope of responsibility are managed and prevented. Ratings are awarded based on actual performance, linking the relevant job performance of each manager with the company's compensation policy. Major decisions made by the company's management are balanced by considering various risk factors, and the performance of these decisions reflects in the company's profitability, thereby correlating the remuneration of the management with the effectiveness of risk management.

IV. Implementation of Corporate Governance:

(I) Operations of the Board of Directors

1. A total of 6 Board of Directors' meetings (A) were held in 2023. The attendance of Directors was as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Actual Attendance Rate (%) [B/A] (Note)	Remark
Chairman	Kao, Kuo-Lun	6	0	100	None
Director	Kwang Yang Motor Co., Ltd. Representative: Ko, Chun-Pin	6	0	100	None
Director	Yang, Huai-Kung	6	0	100	None
Director	Chen, Chao-Hsu	6	0	100	None
Director	Kao, Kuo-Hsun	4	2	67	None
Director	Huang, Shun-Jen	6	0	100	None
Director	Chen, Chin-Yuan	6	0	100	None
Director	Liao, Heng-Ning	6	0	100	None
Independent Director	Hung, Li-Jung	6	0	100	None
Independent Director	Chen, I-Heng	6	0	100	None
Independent Director	Lo, Li-Chun	5	1	83	None
Independent Director	Lu, Chun-Cheng	6	0	100	None

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:

2023	3/10	5/11	6/30	8/11	11/10	12/21
Hung, Li-Jung	V	V	V	V	V	V
Chen, I-Heng	V	V	V	V	V	V
Lo, Li-Chun	V	V	V	V	V	◎
Lu, Chun-Cheng	V	V	V	V	V	V

Note: V: Attendance in person; ◎: Attendance by proxy

3. Description on attendance status:

- (1) The actual attendance rate in board meetings throughout 2023 was 96%.
- (2) In each of the six board meetings held in 2023, three or more independent directors attendance the board meeting in person to fulfill their supervisory functions during their term.

Other items to be noted:

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 2023:

Date of Meeting of the Board of Directors	Name of Director	Proposal	Reason for Interest Avoidance	Participation in Voting
5/11	Kao, Kuo-Lun (Chairman)	The Company's 2022 remuneration distribution proposal for managerial officers.	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.
11/10	Kao, Kuo-Lun (Chairman)	List of directors, managerial officers, and general employees eligible for stock subscription in the issuance of employee stock options by subsidiary Eternal Precision Mechanics Co., Ltd.	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.
	Kao, Kuo-Lun (Chairman)	List of directors, managerial officers, and general employees eligible for stock subscription in the issuance of new shares for cash capital increase by subsidiary Eternal Precision Mechanics Co., Ltd.	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.

12/21	Kao, Kuo-Lun (Chairman)	Managerial officers' annual performance bonus and operation performance bonus in 2023	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.
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III. Cycle, period, scope, method, and content of self-evaluation (or peer evaluation) for 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	Evaluation Period	Scope	Evaluation Methods	Evaluation Content
Once a year	2023.01.01 ~ 2023.12.31	Performance evaluation for the Board of Directors, individual directors, and functional committees (i.e., 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) Evaluation areas and results:

Board of Directors		Functional committees		
Board of Directors	Individual directors	Audit Committee	Remuneration Committee	Corporate Governance and Sustainable Development Committee
97 points	97 points	93 points	93 points	93 points

◎ The average score for each of the 45 indicators in the performance evaluation for the Board of Directors ranged from 99 to 100 points (out of 100 points).

Evaluation Item	Average Score
I. Level of participation in company operations	97
II. Improvement of Board of Directors' decision-making	97
III. Composition and structure of the Board of Directors	99
IV. Election of directors and their continuing education	97
V. Internal control	96

- ◎ The average score for each of the 23 indicators in the self-evaluation for individual directors ranged from 98 to 100 points (out of 100 points).

Evaluation Item	Average Score
A. Mastery of the Company's goals and tasks	95
B. Understanding of director's duties and responsibilities	97
C. Level of participation in company operations	97
D. Management of internal relations and communication	98
E. Directors' professional and continuing education	97
F. Internal control	98

- ◎ The average score for each of the 26 indicators in the performance evaluation for functional committees, including the Audit Committee, the Remuneration Committee, and the Corporate Governance and Sustainable Development Committee is listed as follows:

Evaluation Item	Audit Committee	Remuneration Committee	Corporate Governance and Sustainable Development Committee
I. Level of participation in company operations	95	95	95
II. Understanding of the duties and responsibilities of the functional committee	94	94	94
III. Improvement of the quality of decision making by the functional committee	92	92	92
IV. Composition of the functional committee, and election and appointment of committee members	94	94	94
V. Internal control	93	93	93

(III) Evaluation results: The overall operation of the Board of Directors, individual directors, and functional committees is effective and meets the requirements of corporate governance.

(IV) Improvement plans:

- The items with low scores in the results of the performance evaluation for the Board of Directors were:
 - "Board members have sufficient knowledge of the Company, its management team and the industry to which the Company belongs."
 - "The directors are able to evaluate and monitor the Company's risks and potential risks, as well as discuss the implementation and tracking status of the internal control system."
 - "The frequency of convening Board of Directors' meetings is appropriate (where a rating of 3 medium is given if at least six meetings are held each year)."
- The items with low scores in the results of the performance evaluation for functional committees were:

"The information provided by the Company to the function committee is complete, timely

and of a certain level of quality that enables the functional committee to fulfill its duties and responsibilities."

(V) Improvement method:

1. The management team will provide relevant industry information on a regular basis, and arrange for in-person reporting or prepare written information as requested by individual directors and functional committees.
2. In addition to complying with the minimum number of meetings per year as required by law, the Board of Directors will exercise flexibility in arranging meetings according to business needs, so as to ensure that the frequency of meetings meets the appropriate requirements and meet the needs of the Board of Directors for effective execution of its duties and responsibilities.
3. In order to provide support for members of the functional committees when performing their duties and responsibilities, a complete check of proposal-related matters is provided before a meeting is convened, or the relevant responsible unit will be asked to offer necessary consultation to ensure the completeness, timeliness, and quality of information, so that members of the functional committees are able to fulfill their duties and responsibilities smoothly.

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.

- (5) In 2023, the Company established the Nomination Committee, whose members in the current term are all independent directors. The main purpose of this committee is to assist the Board of Directors in developing and managing a set of fair and transparent procedures for the purpose of formulating human resources strategies for directors, supervisors, and top executives.

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

(II) Implementation status: 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. Composition of the Board of Directors and Senior Management Succession Plan and Operations:

(I) Members of the Board of Directors

1. The Company adopts a nomination system for directors, where each term of office lasts for three years. The Nomination Committee not only provides the criteria for the diversity of backgrounds, including expertise, skills, experience, and gender, as well as independence required of individual board members based on the size of the Company and the nature of the Company's business, but also conducts planning and offers recommendations while identifying, reviewing, and nominating candidates for the election of directors accordingly. Furthermore, the Company adopts the candidate nomination system in accordance with the Regulations Governing the Election of Directors to ensure the diversity and independence of board members.
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.	★ Knowledge of the industry.
★ Ability to perform accounting and financial analysis.	★ An international market perspective.
★ Ability to manage a business.	★ Leadership.
★ Ability to handle crisis management.	★ Decision-making ability.

In an effort to bolster directors' performance in exercising their duties and responsibilities, the Company's Nomination Committee regularly reviews directors' continuing education plan

according to changes in the Company's internal and external environment and development needs, as well as arranges education and training courses on an annual basis accordingly to enhance directors' expertise.

(II) Succession plan of significant managements

1. To meet the group's human resources development needs, the Company has established Personnel Review Committee, which meets on the fourth quarter each year to review senior human resources development of each unit.
2. In order to ensure proper development and rotation of management talents, each business unit and critical function review key positions and talent development status during the first quarter of each year. The Company also ensures succession plan is in place for key management personnel including business unit heads and the department heads of subsidiaries and above.
3. For the development of management personnel, besides the basic training for new managers, all section heads are required to pass mid-level management training, and to participate in management seminars led by senior executives.
4. In addition to in-house training courses, the Company also encourages mid-level executives to expand their professional fields and combine practical training with practical training. For managerial officers promoted to the manager level, they are required to have cross-functional or overseas assignment training experience to enhance their practical management qualifications and management functional ability.

(II) Operations of the Audit Committee

1. A total of 6 Audit Committee meetings (A) were held in 2023. The attendance of independent directors and the operation of the committee are detailed below:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Actual Attendance Rate (%) [B/A] (Note 1)	Remark
Independent Director	Hung, Li-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	5	0	100	None

Note 1: Actual attendance rate (%), which is disclosed in the table above as of December 31, 2023, is calculated based on the number of Audit Committee meetings held during the term of office and the number of meetings attended in person.

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 noted:

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
2023.03.09 4th meeting of the 3rd Audit Committee	1. Pass the proposal on discussing the 2022 consolidated and standalone financial statements.
	2. Pass the proposal on changing the CPAs since Q1 2023.
	3. Pass the proposal on the appointment of CPAs from Q2 2023 to Q1 2024 and the evaluation of their independence.
	4. 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 the Internal Audit Implementation Rules and the Internal Control System Self-Assessment Criteria.
	6. Approve 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 Material Industry (Tongling) Co., Ltd.
	9. Pass the proposal on dividing the dry film photoresist related business of subsidiary Nikko-Materials Co., Ltd. and transferring it to subsidiary CHOU-KOU Materials Co., Ltd.
	10. Pass the proposal on inter-affiliate loans (non-revolving credit line).
	11. Pass the proposal on inter-subsidiary 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. Resolution: Approved by the Chairman upon consultation with all the Independent Directors present. The Company's response to the opinions of the Audit Committee: Approved by all the Directors present.
2023.05.08 5th meeting of the 3rd Audit Committee	1. Pass the proposal on discussing the consolidated financial statements for Q1 2023
	2. Pass the proposal on rules for pre-approval of non-assurance services provided by CPAs.
	3. Pass the proposal on providing endorsements/guarantees for banks to secure credit facilities for subsidiaries.
	4. Pass the proposal on the sale of shares in Eternal Optical Material (Suzhou) Co., Ltd.
	Committee members' opinion: No objections or reservations. Resolution: Approved by the Chairman upon consultation with all the Independent Directors present. The Company's response to the opinions of the Audit Committee: Approved by all the Directors present.

2023.06.29 6th meeting of the 3rd Audit Committee	1. Pass the proposal on changing investment in the 4th and 5th gluing production lines of Eternal Electronic (Suzhou) Co., Ltd.
	2. Pass the proposal on ownership restructuring and capital increase by Eternal Technology Corporation.
	3. Pass the proposal on capital increase by Eternal Chemical Industry (Chengdu) Co., Ltd.
	4. Pass the proposal on cash capital reduction by Eternal (China) Investment Co., Ltd. and Eternal International (BVI) Co., Ltd.
	5. Pass the proposal on cash capital reduction by Allnex-Eternal Resins Co., Ltd.
	6. Pass the proposal on the acquisition of shares held by Nikko-Materials Co., Ltd. in CHOU-KOU Materials Co., Ltd.
	7. Pass the proposal on the provisions of endorsements/guarantees for banks by Eternal (China) Investment Co., Ltd. to secure credit facilities for subsidiaries.
	Committee members' opinion: No objections or reservations. Resolution: Approved by the Chairman upon consultation with all the Independent Directors present. The Company's response to the opinions of the Audit Committee: Approved by all the Directors present.
2023.08.07 7th meeting of the 3rd Audit Committee	1. Pass the consolidated financial statements for Q2 2023.
	2. Pass the proposal on amendments to the audit plan of subsidiaries for 2023.
	3. Pass the proposal on the loaning of funds (non-revolving credit line) by Eternal Holdings Inc.
	4. Pass the proposal on providing endorsement/guarantee for the loan facility of Eternal Nanyang Investment Co., Ltd.
	Committee members' opinion: No objections or reservations. Resolution: Approved by the Chairman upon consultation with all the Independent Directors present. The Company's response to the opinions of the Audit Committee: Approved by all the Directors present.
2023.11.07 8th meeting of the 3rd Audit Committee	1. Pass the proposal on the consolidated financial statements for 2023 Q3.
	2. Pass the proposal on the first cash capital increase through issuance of new shares in 2023 by subsidiary Eternal Precision Mechanics Co., Ltd.
	3. Pass the proposal on withdrawing the Company's participation in the first cash capital increase in 2023 by subsidiary Eternal Precision Mechanics Co., Ltd.
	4. Pass the proposal on the first issuance of employee stock options totaling 1,490,000 shares in 2023 by subsidiary Eternal Precision Mechanics Co., Ltd.
	5. Pass the proposal on the list of directors, managerial officers, and general employees eligible for stock subscription in the issuance of employee stock options by subsidiary Eternal Precision Mechanics Co., Ltd.
	6. Pass the proposal on the list of directors, managerial officers, and general employees eligible for stock subscription in the issuance of new shares for cash capital increase by subsidiary Eternal Precision Mechanics Co., Ltd.
	Committee members' opinion: No objections or reservations. Resolution: Approved by the Chairman upon consultation with all the Independent Directors present. The Company's response to the opinions of the Audit Committee: Approved by all the Directors present.
2023.12.18 9th meeting of the 3rd	1. Pass the proposal on inter-subsidary loans (revolving credit line).
	2. Pass the proposal on inter-subsidary loans (non-revolving credit line).
	Committee members' opinion: No objections or reservations. Resolution: Approved by the Chairman upon consultation with all the Independent

Audit Committee	Directors present. The Company’s response to the opinions of the Audit Committee: Approved by all the Directors present.		
2024.03.07 10th meeting of the 3rd Audit Committee	1.	Pass the proposal on the consolidated and parent company only financial statements for 2023.	
	2.	Pass the proposal on evaluating the independence and suitability of CPA firm and appointing CPA firm for 2024.	
	3.	Pass the proposal on approving the Company's 2023 internal control system design and its implementation effectiveness.	
	4.	Pass the 2023 Business Report.	
	5.	Pass the proposal on the distribution of surplus for 2023.	
	6.	Pass the proposal on the additional budget for factory construction by Eternal Material Industry (Tongling) Co., Ltd.	
	7.	Pass the proposal on cash capital increase by Eternal Electronic Material (Thailand) Co., Ltd.	
	8.	Pass the proposal on capital reduction and offsetting of losses by subsidiary New E Materials Co., Ltd.	
	9.	Pass the Company's proposal on appointing E.SUN Commercial Bank and Taipei Fubon Commercial Bank to organize a syndicated loan totaling NT\$5.1 billion aimed at repaying debts owed to financial institutions and strengthening medium-term working capital.	
	10.	Pass the proposal on inter-affiliate loans (non-revolving credit line).	
Committee members' opinion: No objections or reservations. Resolution: Approved by the Chairman upon consultation with all the Independent Directors present. The Company’s response to the opinions of the Audit Committee: Approved by all the Directors present.			
(II) In addition to the 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 2023:			
Date	Attendance of	Communication Content	Communication Results/Implementation Status

	Independent Directors		
03.09	Attended by all independent directors	The Audit Manager reported the audit results concerning organization planning and process design at the Mainland China Operations Center. In addition, the Audit Manager responded to the improvement and tracking status of fire drills by the Industrial Safety & Environmental Protection Department and the review results concerning the management of product manufacturing cards as reported in the previous meeting.	The independent directors requested that the President assign appropriate personnel to propose solutions concerning the management of product manufacturing cards and set a specific deadline for improvement. The Audit Manager has discussed and communicated the issues with the President and the management unit, and is expected to provide an explanation to the independent directors at the upcoming meeting.
05.08	Attended by all independent directors	The Audit Manager reported the mode of operation for the implementation of product carbon footprint and the establishment of the Group's management system. In addition, the Audit Manager also responded to the improvement plan concerning the management of product manufacturing cards.	The independent directors had no objections to the content of this report.
08.07	Attended by three-fourth of all independent directors	The Audit Manager reported the audit results concerning product control operations and R&D management operations. In addition, the Audit Manager responded to questions raised by the independent directors in the last meeting during the meeting.	The independent directors had no objections to the content of this report.
11.07	Attended by all independent directors	The Audit Manager reported the audit results concerning R&D projects and proposed improvement plans system-wise. In addition, the Audit Manager responded to questions raised by the independent directors in the last meeting during the meeting.	The independent directors had no objections to the content of this report.

(II) Communication with the CPAs:

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

Date	Independent Director Attendance	Key Points of Communication	Suggestions from Independent Directors
03.09	Attended by all independent directors	2022 Audit Report by CPAs 1. Scope, method and time of audit 2. Material accounting estimates, significant risks and major events or transactions (1) Explanation on key audit matters (2) Other matters that should be communicated with the corporate governance unit 3. Adjustment entries 4. Other discussion items 5. Pre-approval of non-Assurance services by the governance unit 6. Appendix: Independence Statement	No opinion
12.19	Attended by all independent directors	1. The Group's scope of audit 2. Identification of significant risks and key audit matters 3. Impairment issues in investees 4. IFRS Sustainability Disclosure Standards 5. Quality Management System at Deloitte Taiwan 6. Transparency report 7. Briefing on audit quality indicators (AQI) 8. Briefing on the KY case	No opinion

2. Annual work plan

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

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

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

(2) Audit of financial reports

The Company's 2023 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

<div>Qualifications</div> <div>Identity Name</div>	Professional Qualifications and Experience
<div>Convener and Independent Director</div> <div>Hung, Li-Jung</div>	She is a former partner and CPA at Pricewaterhouse Coopers Taiwan, and has 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.
<div>Independent Director</div> <div>Chen, I-Heng</div>	He is the professor of human resources at National Sun Yat-sen University and has served as an independent director of three 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.
<div>Independent Director</div> <div>Lo, Li-Chun</div>	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.
<div>Independent Director</div> <div>Lu, Chun-Cheng</div>	He has over 20 years of experience as a partner in Huili Law Firm, and is also the supervisor of BEV International Food Corp. and Spring Star 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 Corresponding Reasons

Evaluation Item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding 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.	Implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies without deviations
II. Shareholding structure & shareholders' rights				
(I) Has the Company established and implemented internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations?	V		(I) The Company has established the Regulations Governing Shareholder Service, appointed a spokesperson and an acting spokesperson, and entrusted a professional stock transfer agent to handle shareholder-related matters. The Legal Affairs and System Department and the entrusted law firm can provide necessary consulting service and assistance for related legal affairs.	Implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies without deviations
(II) Does the Company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	V		(II) The Company can obtain the list of major shareholders of the Company and their ultimate controllers, and regularly report the abnormal changes to the directors, managerial officers and major shareholders holding more than 10% of the shares to the Market Observation Post System. In addition, the stock agency shall assist to handle the stock related affairs.	Implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies without deviations
(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.	Implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies without deviations

Evaluation Item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Corresponding Reasons
	Yes	No	Summary	
(IV) Has the Company established internal rules against insiders using undisclosed information to trade in securities?	V		(IV) The Company has established the "Management Rules for Internal Material Information Handling and Insider Trading Prevention" to prohibit insiders from trading in securities using non-public information.	Implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies without deviations
III. Composition and responsibilities of the Board of Directors (I) Has the Board of Directors formulated diversity policies and specific management objectives, and implemented them?	V		(I) 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. Furthermore, with a view to perfecting the functions of the Company's Board of Directors and strengthening its management mechanism, the Company formulated the Nomination Committee Charter in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and established the Nomination Committee to nominate and elect members of the Board of Directors. Specifically, board members are nominated and elected based on the nomination system as stipulated in the Regulations Governing the Election of Directors to ensure the diversity and independence of board members.	Implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies without deviations

Evaluation Item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Corresponding Reasons
	Yes	No	Summary	
			<p>2. Specific management objectives:</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 management, and have industry knowledge and international market perspective include Kao, Kuo-Lun, Ko, Chun-Pin, Yang, Huai-Kung, Chen, Chao-Hsu, and Kao, Kuo-Hsun, while those with technical expertise include Huang, Shun-Jen, Chen, Chin-Yuan, and Liao, Heng-Ning.</p> <p>(2) Independent directors: Hung, Li-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 four independent directors have served more than three consecutive terms. Age-wise, one director is over 70 years old; 10 directors are between 50 and 70 years old, and one director is under 50 years old.</p>	

Evaluation Item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Corresponding Reasons
	Yes	No	Summary	
(II) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and Audit Committee as required by law?	V		(II) Aside from establishing the Remuneration Committee and the Audit Committee in October 2011 and June 2016, respectively, to execute their respective rights and responsibilities: 1. The Company established the Corporate Governance and Corporate Social Responsibility Committee in November 2021, with the aim of realizing the goal of sustainable development and bolstering the rollout and implementation of sustainable development. However, this committee was renamed "Corporate Governance and Sustainable Development Committee" in March 2022, which was announced in accordance with the relevant laws and regulations. 2. The Company established the Nomination Committee on November 10, 2023 for the purpose of enhancing the functions of the Board of Directors across the Company and strengthening its management mechanism to ensure the diversity and independence of board members.	Implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies without deviations
(III) Does the Company formulate the rules and methods for performance evaluation for the Board of Directors, conduct performance evaluation annually and regularly, and report the results of performance evaluation to the Board of Directors?	V		(III) 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 2023 to the Board of Directors on March 8, 2024 in accordance with the provisions of the Rules. 2. In addition, according to the Rules Governing the Performance Evaluation of the Board of Directors, performance evaluation shall be conducted by an external professional independent organization or a team of external experts and scholars at least once every three years, and the last external evaluation was conducted in 2021. On March 7, 2024, the Nomination Committee was briefed on the triennial external evaluation to be carried out in 2024, which is expected to commence in August 2024. 3. For more information on the evaluation content and results, please refer to (I) Operations of the Board of Directors: III. Cycle, period, scope, method, and content of self-evaluation (or peer evaluation) for the Board of Directors.	Implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies without deviations

Evaluation Item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Corresponding Reasons																											
	Yes	No	Summary																												
(IV)Does the Company regularly evaluate the independence of CPAs?	V		<div> <div>(IV)</div> <div> <div>1. The Company performs evaluation of the independence and suitability of CPAs regularly (at least once a year), and submits the evaluation results to the Audit Committee and the Board of Directors for approval.</div> <div>2. The items and results in the Company's evaluation of the independence and suitability of CPAs are listed as follows:</div> <table> <tr> <th>Evaluation Item</th> <th>Yes</th> <th>No</th> </tr> <tr> <td>1. Do the CPA and his/her spouse and minor children not serve as directors of the Group?</td> <td>V</td> <td></td> </tr> <tr> <td>2. Do the CPA and his/her spouse and minor children not serve as shareholders of the Group?</td> <td>V</td> <td></td> </tr> <tr> <td>3. Do the CPA and his/her spouse and minor children not receive salary or have a lending relationship with the Group?</td> <td>V</td> <td></td> </tr> <tr> <td>4. Do the CPA and his/her spouse confirm that the accounting firms they serve have complied with the independence requirements?</td> <td>V</td> <td></td> </tr> <tr> <td>5. Do other CPAs who worked for the same accounting firm as the CPA and his/her spouse not serve as a director or manager of the Company or hold a position that has a significant influence on audit cases within two years after leaving the accounting firm?</td> <td>V</td> <td></td> </tr> <tr> <td>6. Have the CPA not provided audit services of the Company for seven consecutive years?</td> <td>V</td> <td></td> </tr> <tr> <td>7. Has the audit service team complied with the independence requirements stipulated in Bulletin No. 10 of the Norm of Professional Ethics for Certified Public Accountant of the Republic of China , and provided the independence statement?</td> <td>V</td> <td></td> </tr> <tr> <td>8. Has the CPA obtained information on audit quality indicators (AQIs) provided by the accounting firm and evaluated the audit quality of the</td> <td>V</td> <td></td> </tr> </table> </div> </div>	Evaluation Item	Yes	No	1. Do the CPA and his/her spouse and minor children not serve as directors of the Group?	V		2. Do the CPA and his/her spouse and minor children not serve as shareholders of the Group?	V		3. Do the CPA and his/her spouse and minor children not receive salary or have a lending relationship with the Group?	V		4. Do the CPA and his/her spouse confirm that the accounting firms they serve have complied with the independence requirements?	V		5. Do other CPAs who worked for the same accounting firm as the CPA and his/her spouse not serve as a director or manager of the Company or hold a position that has a significant influence on audit cases within two years after leaving the accounting firm?	V		6. Have the CPA not provided audit services of the Company for seven consecutive years?	V		7. Has the audit service team complied with the independence requirements stipulated in Bulletin No. 10 of the Norm of Professional Ethics for Certified Public Accountant of the Republic of China , and provided the independence statement?	V		8. Has the CPA obtained information on audit quality indicators (AQIs) provided by the accounting firm and evaluated the audit quality of the	V		Implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies without deviations
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Evaluation Item	Operation Status					Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Corresponding Reasons
	Yes	No	Summary			
			<div>accounting firm and the audit team based on the "Guidelines for Audit Committees on Interpretation of Audit Quality Indicators (AQIs)" issued by the competent authority?</div> <div>9. After reviewing the information provided by the accounting firm on audit quality indicators (AQIs), is there no significant difference in the overall audit quality compared to its peers across five dimensions (i.e., professionalism, quality control, independence, supervision, and innovation capabilities)?</div> <div>V</div> <div>3. The Company has submitted an assessment of the independence and suitability of the CPAs and obtained an "Independence Statement" and an audit quality indicators (AQIs) report provided by the CPAs, which were approved by the Audit Committee on March 7, 2024 and the Board of Directors on March 8, 2024.</div>			
IV. Does the Company appoint adequate persons and a chief governance officer to be in charge of corporate governance matters (including but not limited to providing directors and supervisors required information for business execution, assisting directors and supervisors in following laws and regulations, handling matters in relation to the Board meetings and shareholders' meetings and keeping minutes at the Board meetings and shareholders' meetings according to law)?	V		<div>The Company acquired the approval by the resolution of the Board of Directors on May 10, 2019 to designate Liu, Bing-Cheng, the Chief Financial Officer, as the Chief Corporate Governance Officer of the Company to coordinate corporate governance related affairs with the assistance of the Financial Department. Liu, Bing-Cheng has more than three years of experience as Chief Financial Officer at a public 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.</div> <div>I. The performance of related duties in 2023 is described as follows:</div> <div>1. Assist independent directors and general directors in performing their duties by providing the necessary information and arranging for continuing education for directors:</div> <div>(1) Provide relevant rules and decrees required</div>			Implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies without deviations

Evaluation Item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Corresponding Reasons
	Yes	No	Summary	
			<p>by laws and regulations to members of the Board of Directors upon taking office in the current year.</p> <p>(2) Check and provide company information required by the directors so as to maintain smooth communication and interaction between the Board of Directors and the heads of divisions.</p> <p>(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.</p> <p>(4) Assist independent directors and general directors in drawing up annual continuing education plan and making arrangements for courses in accordance with the nature of the industry to which the Company belongs and the experience and background of directors.</p> <p>2. Assist in matters related to the proceedings of Board of Directors' meetings and shareholders' meetings as well as legal compliance of resolutions:</p> <p>(1) Report the operations of corporate governance at the Company to the Board of Directors, independent directors and the Audit Committee, and confirm whether the convening of shareholders' meetings and board meetings comply with relevant laws and regulations, as well as the Corporate Governance Best Practice Principles.</p> <p>(2) Assist in and remind directors of the regulations to be complied with when performing their duties or officially voting on resolutions by the Board of Directors.</p> <p>(3) 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 days before the meeting, convene meetings and provide meeting information, send out reminders regarding agendas that require</p>	

Evaluation Item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Corresponding Reasons																				
	Yes	No	Summary																					
			<p>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 2023 was 15 hours. The dates/contents of related training courses are as listed as follows:</p> <table><tr><th>Date</th><th>Organizer</th><th>Course Name</th><th>Hours</th></tr><tr><td>03/16</td><td>Securities and Futures Institute</td><td>[2030/2025 Green Industrial Revolution] - Advanced Seminar on Practices for Directors and Supervisors (including Independence Directors) and Chief Corporate Governance Officers</td><td>3</td></tr><tr><td>07/04</td><td>Taiwan Stock Exchange (TWSE)</td><td>2023 Cathay Sustainable Finance and Climate Change Summit</td><td>6</td></tr><tr><td>08/24</td><td>Taiwan Corporate Governance Association</td><td>Analysis of Cases Received by the Securities and Futures Investors Protection Center in Recent Years and Civil Liability of Directors and Supervisors</td><td>3</td></tr><tr><td>09/05</td><td>Taiwan Corporate Governance Association</td><td>Climate Change and TCFD</td><td>3</td></tr></table>	Date	Organizer	Course Name	Hours	03/16	Securities and Futures Institute	[2030/2025 Green Industrial Revolution] - Advanced Seminar on Practices for Directors and Supervisors (including Independence Directors) and Chief Corporate Governance Officers	3	07/04	Taiwan Stock Exchange (TWSE)	2023 Cathay Sustainable Finance and Climate Change Summit	6	08/24	Taiwan Corporate Governance Association	Analysis of Cases Received by the Securities and Futures Investors Protection Center in Recent Years and Civil Liability of Directors and Supervisors	3	09/05	Taiwan Corporate Governance Association	Climate Change and TCFD	3	
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Evaluation Item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding Reasons
	Yes	No	Summary	
V. Does the Company establish communication channels and a dedicated section on the Company website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner?	V		<p>I. Our company, to ensure comprehensive information disclosure, participated in four investor conferences organized by securities corporations on March, May, August, and November of 2023. These investor conferences aimed to explain the operational performance and company development for each quarter. Moreover, we disclosed the complete audiovisual links of the meetings held in March and August on the official website and the Public Information Observation Station. We also engage in seminars irregularly to maintain effective communication channels with investors.</p> <p>II. The website has set up a "Stakeholders" section 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 2023 was reported at the Board of Directors' meeting on December 21, 2023.</p>	Implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies without deviations

Evaluation Item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Corresponding Reasons			
	Yes	No	Summary				
			IV. Details are as follows:				
			Stakeholders	Issue of Concern		Communication Channels	Communication with Stakeholders
			Investors	<ul style="list-style-type: none">● Business performance● Information disclosure● Major announcements● Company website		1. Annual: Shareholders meetings and annual reports 2. Aperiodic: Spokespersons 3. As needed: Market Observation Post System (MOPS), investor conference 4. Immediate: Company website	1. The Company not only publishes financial and business-related information from time to time in the form of announcements or press releases, but also discloses audio and video files of investor conferences and presentations on the Company's website on a quarterly basis. 2. The Company attended four investor conferences held by brokerage firms.
				Customers		<ul style="list-style-type: none">● Product quality● Delivery schedule● Service● Customer complaint channel	1. Annual: Customer satisfaction survey 2. Aperiodic: Visit, email and phone call 3. As needed: Technical support

Evaluation Item	Operation Status					Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Corresponding Reasons
	Yes	No	Summary			
						<p>or designated R&D staff through daily business activities such as customer visits, phone calls and emails is entered into the CRM system to build a 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>
			Employees	<ul style="list-style-type: none">• Compensation system• Education and training	<p>1. Aperiodic: Communication meetings, email, and</p> <p>1. Information about salary, benefits, and training will be</p>	

Evaluation Item	Operation Status					Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Corresponding Reasons	
	Yes	No	Summary				
				<ul style="list-style-type: none">Welfare measuresSafety and healthHealth promotion	company internal announcements 2. Semiannual: Interviews with department heads 3. Quarterly: Employee Welfare Committee meetings, labor-management meetings, and senior executive forums	sent to employees through announcements and emails from time to time. Any adjustments or additions to systems and methods could be checked on the system for the latest announcement. 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. 3. Every six months, supervisors are required to conduct performance interviews with their indirect employees, during which they can discuss various employee issues. 4. For observations of TOP operations, if there are unsafe behaviors that do not meet the specifications, then a safety interview shall be conducted.	
			Suppliers/ Contractors	<ul style="list-style-type: none">Supplier evaluationSupplier tier managementConstruction safety management	1. Aperiodic: Email, phone calls, inviting suppliers for a visit 2. Annual:	1. The Company continues to promote the signing of the Supplier Code of Conduct among new suppliers,	

Evaluation Item	Operation Status						Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Corresponding Reasons
	Yes	No	Summary				
				for contractors	Contractor meetings	with a view to encouraging suppliers to comply with our supplier code of conduct so that they adhere to our business philosophy in regards to corporate sustainability. The signing of this document is one of the considerations in the Company's purchasing and contracting decisions. 2. Construction safety management for contractors: The Company conducts consultative organization meetings with contractors on a regular basis.	
VI. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company has designated the Shareholding Service Department of President Securities Corporation as our stock transfer agent.				Implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies without deviations
VII. Information disclosure (I) Did the Company establish a website to disclose information on financial operations and corporate governance?	V		(I) The Company has built a website and set up the "Investor Relations" and "Corporate Social Responsibility" sections on the website to disclose information on the Company's financial operations and corporate governance.				Implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies without deviations
(II) Does the Company have other information disclosure channels (e.g., building an English website, appointing designated people to handle information collection	V		(II) 1. The Company has appointed dedicated personnel in charge of collecting and disclosing company information while implementing the spokesperson system. In addition, information on investor conferences, which are to be held four times each year, has been made available				Implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies without deviations

Evaluation Item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Corresponding Reasons
	Yes	No	Summary	
<p>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>on the Company's website.</p> <p>2. The Company has established an online public information filing system in accordance with the "Guidelines for Online Filing of Public Information by Public Companies" to disclose various types of information and major announcements.</p> <p>3. The Company has also set up an English website to expose Chinese information simultaneously on the English website.</p> <p>(III) The Company filed and disclosed our annual financial statements 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 more details.</p>	No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. The disclosure and filing of financial statements are completed in accordance with relevant laws and regulations.
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchase of liability insurance for directors and	V		<p>(I) Employee rights and employee care: 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</p>	Implemented according to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies without deviations

Evaluation Item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Corresponding Reasons															
	Yes	No	Summary																
supervisors)?			<p>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>Labor-management meetings are held on a regular basis to improve communication regarding agreements and maintenance of employee rights and ensure harmonious labor relations.</p> <p>(II) Investor relations: The Company discloses material information on our finances and business on our website and MOPS immediately to ensure that investors fully understand the Company's development directions and strategic moves.</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 governance on the company website. Stakeholders may express their opinions by phone, E-mail or fax at any time.</p> <p>(V) In 2023, each directors has met the requirement that at least six hours of training has to be completed each year. This piece of information has been disclosed on MOPS in accordance with the law. The status of continuing education among directors is detailed as follows:</p> <table><tr><th>Title</th><th>Name</th><th>Date of Training</th><th>Organizer</th><th>Course Name</th><th>Total Hours</th></tr><tr><td rowspan="2">Director</td><td rowspan="2">Kao, Kuo-Lun</td><td>09/05</td><td>Taiwan Corporate Governance Association</td><td>Climate Change and TCFD</td><td rowspan="2">6</td></tr><tr><td>08/24</td><td>Taiwan Corporate Governance Association</td><td>Analysis of Cases Received by the Securities and Futures Investors Protection Center in Recent Years</td></tr></table>	Title	Name	Date of Training	Organizer	Course Name	Total Hours	Director	Kao, Kuo-Lun	09/05	Taiwan Corporate Governance Association	Climate Change and TCFD	6	08/24	Taiwan Corporate Governance Association	Analysis of Cases Received by the Securities and Futures Investors Protection Center in Recent Years	
Title	Name	Date of Training	Organizer	Course Name	Total Hours														
Director	Kao, Kuo-Lun	09/05	Taiwan Corporate Governance Association	Climate Change and TCFD	6														
		08/24	Taiwan Corporate Governance Association	Analysis of Cases Received by the Securities and Futures Investors Protection Center in Recent Years															

Evaluation Item	Operation Status						Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding Reasons		
	Yes	No	Summary						
							and Civil Liability of Directors and Supervisors		
			Director	Ko, Chun-Pin	09/05	Taiwan Corporate Governance Association	Climate Change and TCFD	6	
					08/24	Taiwan Corporate Governance Association	Analysis of Cases Received by the Securities and Futures Investors Protection Center in Recent Years and Civil Liability of Directors and Supervisors		
			Director	Yang, Huai-Kung	09/05	Taiwan Corporate Governance Association	Climate Change and TCFD	6	
					08/24	Taiwan Corporate Governance Association	Analysis of Cases Received by the Securities and Futures Investors Protection Center in Recent Years and Civil Liability of Directors and Supervisors		
			Director	Chen, Chao-Hsu	09/05	Taiwan Corporate Governance Association	Climate Change and TCFD	6	
					08/24	Taiwan Corporate Governance Association	Analysis of Cases Received by the Securities and Futures Investors Protection Center in Recent Years and Civil Liability of Directors and Supervisors		
			Director	Kao, Kuo-Hsun	09/05	Taiwan Corporate Governance Association	Climate Change and TCFD	6	
					08/24	Taiwan Corporate Governance Association	Analysis of Cases Received by the Securities and Futures Investors Protection Center in Recent Years and Civil Liability of Directors and Supervisors		
			Director	Huang, Shun-Jen	09/05	Taiwan Corporate Governance Association	Climate Change and TCFD	6	
					05/26	Environmental Protection Administration	Co-creating Sustainability through Green Chemistry		

Evaluation Item	Operation Status						Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Corresponding Reasons	
	Yes	No	Summary					
			Director	Chen, Chin-Yuan	09/05	Taiwan Corporate Governance Association	Climate Change and TCFD	6
					05/26	Environmental Protection Administration	Co-creating Sustainability through Green Chemistry	
			Director	Liao, Heng-Ning	11/29	Securities and Futures Institute	2023 Briefing on Legal Compliance in Insider Equity Trading	6
					09/05	Taiwan Corporate Governance Association	Climate Change and TCFD	
					09/05	Taiwan Corporate Governance Association	Climate Change and TCFD	6
					08/24	Taiwan Corporate Governance Association	Analysis of Cases Received by the Securities and Futures Investors Protection Center in Recent Years and Civil Liability of Directors and Supervisors	
			Independent Director	Chen, I-Heng	08/24	Taiwan Corporate Governance Association	Analysis of Cases Received by the Securities and Futures Investors Protection Center in Recent Years and Civil Liability of Directors and Supervisors	6
					05/05	Taiwan Corporate Governance Association	How Businesses Prevent Corruption - Case Analysis	
			Independent Director	Lo, Li-Chun	10/27	Taiwan Corporate Governance Association	Family Charter and Family Office	6
					09/05	Taiwan Corporate Governance Association	Climate Change and TCFD	
			Independent Director	Lu, Chun-Cheng	09/05	Taiwan Corporate Governance Association	Climate Change and TCFD	9
					08/25	Taiwan Corporate Governance Association	Corporate Financial Statement Fraud and Related Case Studies	
					08/24	Taiwan Corporate Governance Association	Analysis of Cases Received by the Securities and Futures Investors	

Evaluation Item	Operation Status						Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Corresponding Reasons	
	Yes	No	Summary					
						Protection Center in Recent Years and Civil Liability of Directors and Supervisors		
			(VI) Implementation of risk management policies and risk measurement standards: The Company has established rules for risk assessment and measurement in accordance with the relevant laws and regulations as well as internal policies. (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. (VIII)Purchase of liability insurance for directors and supervisors: The Company has purchased liability insurance for its directors and managerial officers.					

IX. 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 10th (2023) Corporate Governance Evaluation published in April 2024 is detailed below:

(I) Improvements made:

No.	Indicator
1.1	Does the company report on director remuneration, including the remuneration policy, individual remuneration details, and amounts at the shareholder's annual meeting? Improvement: The report has been presented at the 2023 Annual General Meeting of Shareholders and disclosed in the agenda booklet.
3.13	Does the company voluntarily disclose individual remuneration for directors and supervisors in its annual report? Improvement: It has been disclosed in the company's annual report.

(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 responsibilities, and operation 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 four meetings were convened in 2023, where all the committee members attended the meetings in person.

1. Information on the professional qualifications and experience of members of the Remuneration Committee:

Qualifications Identity Name		Professional Qualification (Note)	Independence Status	Number of Other Public Companies where the Individual Concurrently Serves as a Member of the Remuneration Committee
Independent Director and Convener	Chen, I-Heng	He is the professor of human resources at National Sun Yat-sen University and has served as an independent director of three other public companies. He has been a member of the Remuneration Committee for more than three years and has professional abilities in business judgment, accounting and financial analysis, management, crisis management, industry knowledge, international market perspective, leadership, and decision-making.	Refer to the notes in the following table for more details	3
Independent Director	Hung, Li-Jung	She is a former partner and CPA at Pricewaterhouse Coopers Taiwan, and has 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.	Refer to the notes in the following table for more 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.	Refer to the notes in the following table for more details	0

Identity	Qualifications	Professional Qualification (Note)	Independence Status	Number of Other Public Companies where the Individual Concurrently Serves as a Member of the Remuneration Committee
	Name			
Independent Director	Lu, Chun-Cheng	He has over 20 years of experience as a partner in Huili Law Firm, and is also the supervisor of BEV International Food Corp. and Spring Star 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.	Refer to the notes in the following table for more details	0

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

2. Information on the independence of members of the Remuneration Committee:

April 27, 2024

11/27/2024

Name	Independence Status					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	Percentage			
Chen, I-Heng	No	216,447	0.01%	No	0	None
Hung, Li-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

Information on the operation of the Remuneration Committee

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

Title	Name	Attendance in Person (B)	Attendance by Proxy	Actual Attendance Rate (%) [B/A] (Note)	Remark
Convener	Hung, Li-Jung	4	0	100%	None
Committee Member	Lo, Li-Chun	4	0	100%	
Committee Member	Chen, I-Heng	4	0	100%	
Committee Member	Lu, Chun-Cheng	4	0	100%	

Note: Actual attendance rate (%), which is disclosed in the table above as of December 31, 2023, is calculated based on the number of Remuneration Committee meetings held during the term of office and the number of meetings attended in person.

Other items to be noted:

- I. Operation of the Remuneration Committee in 2023, including meeting dates, sessions, agenda, and resolutions of the Remuneration Committee, as well as the Company's actions in response to the opinions of the Remuneration Committee:

Date of Meeting	Proposal	Resolution of the Remuneration Committee	The Company's Actions in Response to the Opinions of the Remuneration Committee
2023.03.09 3rd Meeting of the 5th Remuneration Committee	1. Distribution of remuneration for directors and employees in 2022	Passed without dissenting opinion	Approved by the Board of Directors
	2. Project approval incentives for managerial officers in 2022	Passed without dissenting opinion	Approved by the Board of Directors
2023.05.08 4th Meeting of the 5th Remuneration Committee	1. Amendment to the "Employee Remuneration Distribution Standards"	Passed without dissenting opinion	Approved by the Board of Directors
	2. Distribution of employee remuneration for managerial officers in 2022	Passed without dissenting opinion	Approved by the Board of Directors
2023.11.07 5th Meeting of the 5th Remuneration Committee	1. List of directors and managerial officers eligible for stock subscription in the issuance of employee stock options by subsidiary Eternal Precision Mechanics Co., Ltd.	Passed without dissenting opinion	Approved by the Board of Directors
	2. List of directors and managerial officers eligible for stock subscription in the issuance of new shares for cash capital increase by subsidiary Eternal Precision Mechanics Co., Ltd.	Passed without dissenting opinion	Approved by the Board of Directors
2023.12.18 6th Meeting of the 5th Remuneration Committee	1. Annual performance bonus and operation performance bonus for managerial officers in 2023	Passed without dissenting opinion	Approved by the Board of Directors

- 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.
- III. If 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.

(IV) Composition, duties and responsibilities, and operation of the Nomination Committee:

With a view to perfecting the functions of the Company's Board of Directors and strengthening its management mechanism, the Company formulated the Nomination Committee Charter in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and established the Nomination Committee, which is authorized by the Board of Directors to perform the following duties and responsibilities with due diligence and good faith, and to submit its recommendations to the Board of Directors for discussion:

1. Formulate the criteria for the diversity of backgrounds, including expertise, skills, experience, and gender, as well as independence required of individual board members, as well as identify, review, and nominate candidates according to the criteria.
2. Construct and develop the organizational structure of the Board of Directors and functional committees, conduct performance evaluation for the Board of Directors, functional committees, and individual board members, as well as assess the independence of independent directors.
3. Formulate and regularly review continuing education programs and succession plan for directors.

(1) Information on the professional qualifications and experience of members of the Nomination Committee:

Qualifications Identity Name		Professional Qualification (Note)	Independence Status
Independent Director and Convener	Lu, Chun-Cheng	He has over 20 years of experience as a partner in Huili Law Firm, and is also the supervisor of BEV International Food Corp. and Spring Star 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.	Refer to the notes in the following table for more details

Qualifications Identity \ Name		Professional Qualification (Note)	Independence Status
Independent Director	Hung, Li-Jung	She is a former partner and CPA at Pricewaterhouse Coopers Taiwan, and has 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.	Refer to the notes in the following table for more details
Independent Director	Chen, I-Heng	He is the professor of human resources at National Sun Yat-sen University and has served as an independent director of three other public companies. He has been a member of the Remuneration Committee for more than three years and has professional abilities in business judgment, accounting and financial analysis, management, crisis management, industry knowledge, international market perspective, leadership, and decision-making.	Refer to the notes in the following table for more details
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.	Refer to the notes in the following table for more details

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

(2) Information on the independence of members of the Nomination Committee:

April 27, 2024

April 27, 2024

Name	Independence Status				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	Percentage			
Lu, Chun-Cheng	No	1,806	0	No	0	None
Hung, Li-Jung	No	0	0	No	0	None
Chen, I-Heng	No	216,447	0.01%	No	0	None
Lo, Li-Chun	No	0	0	No	0	None

(3) Information on the operation of the Nomination Committee

A. The Nomination was established on November 10, 2023 and is currently in its first term. Current term: November 10, 2023 to June 22, 2025.

B. The Company's Nomination Committee consists of four members, all of whom are independent directors.

Title	Name	Attendance in Person (B)	Attendance by Proxy	Actual Attendance Rate (%) (B/A) (Note)	Remark
Convener	Hung, Li-Jung	1	0	100%	None
Committee Member	Lo, Li-Chun	1	0	100%	
Committee Member	Chen, I-Heng	1	0	100%	
Committee Member	Lu, Chun-Cheng	1	0	100%	

Note: Actual attendance rate (%), which is disclosed in the table above as of March 31, 2024, is calculated based on the number of Nomination Committee meetings held during the term of office and the number of meetings attended in person.

Other items to be noted:

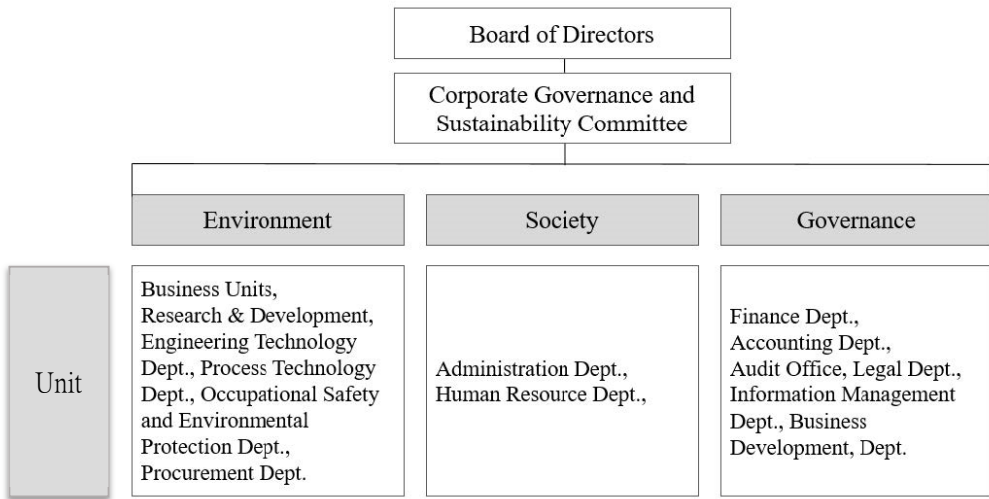
I. Operation of the Nomination Committee in 2024, including meeting dates, sessions, agenda, and resolutions of the Nomination Committee, as well as the Company's actions in response to the opinions of the Nomination Committee:

Date of Meeting	Proposal	Resolution of the Nomination Committee	The Company's response to the opinions of the Nomination Committee:
2024.03.07 1st Meeting of the 1st Nomination Committee	1. Performance evaluation for the Board of Directors in 2023	Passed without dissenting opinion	Approved by the Board of Directors
	2. Continuing education plan for directors	Passed without dissenting opinion	Approved by the Board of Directors

II. If the Board of Directors rejects or amends the suggestions of the Nomination Committee, the date and session of the board meeting, contents of the proposal, and resolution of the Board of Directors as well as the Company's response to the opinions of the Nomination Committee shall be stated: None.

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

(V) Implementation Status of the Promotion of Sustainable Development and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding Reasons

Promotion Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding Reasons
	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		<p>1. Structure of the Corporate Governance and Sustainable Development Committee</p>  <pre> graph TD A[Board of Directors] --> B[Corporate Governance and Sustainability Committee] B --> C[Environment] B --> D[Society] B --> E[Governance] C --> C1["Business Units, Research & Development, Engineering Technology Dept., Process Technology Dept., Occupational Safety and Environmental Protection Dept., Procurement Dept."] D --> D1["Administration Dept., Human Resource Dept."] E --> E1["Finance Dept., Accounting Dept., Audit Office, Legal Dept., Information Management Dept., Business Development, Dept."] </pre> <p>Unit</p> <p>2. The Corporate Governance and Corporate Social Responsibility Committee was established in November 2021 (where the Board of Directors passed a resolution to change its name to "Corporate Governance and Sustainable Development Committee" on March 11, 2022).</p> <p>(1) Current term of office (2nd term): June 23, 2022 to June 22, 2025</p> <p>(2) The current committee consists of seven members, where the Chairman serves as the convener while the remaining members include four independent</p>	Implemented according to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies without deviations

Promotion Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding Reasons																																																
	Yes	No	Summary																																																	
			<p>directors, the President, and the CEO. Members of the committee possess professional expertise in the environmental, social or corporate governance dimensions. The committee convenes at least once a year, with the aim of reviewing risk assessments with regards to environmental, social or corporate governance issues, formulating relevant management policies or strategies, as well as promoting sustainable development in a purposeful, systematic, and organized manner.</p> <p>(3) The Corporate Governance and Sustainable Development Committee convened a total of three meetings in the most recent year. The attendance of the committee members is detailed as follows:</p> <table> <tr> <th>Title</th> <th>Name</th> <th>Attendance in Person (B)</th> <th>Attendance by Proxy</th> <th>Actual Attendance Rate (%) (B/A) (Note)</th> <th>Remark</th> </tr> <tr> <td>Convener</td> <td>Kao, Kuo-Lun</td> <td>2</td> <td>1</td> <td>67%</td> <td>None</td> </tr> <tr> <td>Committee Member</td> <td>Hung, Li-Jung</td> <td>3</td> <td>0</td> <td>100%</td> <td>None</td> </tr> <tr> <td>Committee Member</td> <td>Chen, I-Heng</td> <td>3</td> <td>0</td> <td>100%</td> <td>None</td> </tr> <tr> <td>Committee Member</td> <td>Lo, Li-Chun</td> <td>3</td> <td>0</td> <td>100%</td> <td>None</td> </tr> <tr> <td>Committee Member</td> <td>Lu, Chun-Cheng</td> <td>3</td> <td>0</td> <td>100%</td> <td>None</td> </tr> <tr> <td>Committee Member</td> <td>Mao, Hui-Kuan</td> <td>3</td> <td>0</td> <td>100%</td> <td>None</td> </tr> <tr> <td>Committee Member</td> <td>Chu, Jui-Hsin</td> <td>3</td> <td>0</td> <td>100%</td> <td>None</td> </tr> </table>	Title	Name	Attendance in Person (B)	Attendance by Proxy	Actual Attendance Rate (%) (B/A) (Note)	Remark	Convener	Kao, Kuo-Lun	2	1	67%	None	Committee Member	Hung, Li-Jung	3	0	100%	None	Committee Member	Chen, I-Heng	3	0	100%	None	Committee Member	Lo, Li-Chun	3	0	100%	None	Committee Member	Lu, Chun-Cheng	3	0	100%	None	Committee Member	Mao, Hui-Kuan	3	0	100%	None	Committee Member	Chu, Jui-Hsin	3	0	100%	None	
Title	Name	Attendance in Person (B)	Attendance by Proxy	Actual Attendance Rate (%) (B/A) (Note)	Remark																																															
Convener	Kao, Kuo-Lun	2	1	67%	None																																															
Committee Member	Hung, Li-Jung	3	0	100%	None																																															
Committee Member	Chen, I-Heng	3	0	100%	None																																															
Committee Member	Lo, Li-Chun	3	0	100%	None																																															
Committee Member	Lu, Chun-Cheng	3	0	100%	None																																															
Committee Member	Mao, Hui-Kuan	3	0	100%	None																																															
Committee Member	Chu, Jui-Hsin	3	0	100%	None																																															

Promotion Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding Reasons																			
	Yes	No	Summary																				
			<p>Note: Actual attendance rate is disclosed in the table above as of December 31, 2023.</p> <p>3. Supervision by the Board of Directors:</p> <p>(1) Content of proposals raised by the committee</p> <table><tr><th>Date of Meeting</th><th>Proposal</th><th>Resolution</th><th>Supervision by the Board of Directors:</th></tr><tr><td>2023.03.24 3rd meeting of the 2nd Corporate Governance and Sustainable Development Committee</td><td>There were no items for discussion in this meeting as a supplementary report on key sustainable development issues in 2023 were presented during this meeting.</td><td>N/A</td><td>N/A</td></tr><tr><td>2023.08.07 4th meeting of the 2nd Corporate Governance and Sustainable Development Committee</td><td>Review of the 2022 Sustainability Report and TCFD Report</td><td>Passed without dissenting opinion</td><td>2023.08.11 Approved by the Board of Directors upon discussion</td></tr><tr><td rowspan="2">2023.12.18 5th meeting of the 2nd Corporate Governance and Sustainable Development Committee</td><td>1. Communication with stakeholders and identification of significant issues.</td><td>Passed without dissenting opinion</td><td>2023.12.21 Reported to the Board of Directors</td></tr><tr><td>2. Sustainable development plan and strategic directions for 2024</td><td>Passed without dissenting opinion</td><td>2023.12.21 Approved by the Board of Directors upon discussion</td></tr></table> <p>(2) The Board of Directors provides recommendations and reviews the likelihood of achieving strategic objectives and future action plans. The management team will</p>	Date of Meeting	Proposal	Resolution	Supervision by the Board of Directors:	2023.03.24 3rd meeting of the 2nd Corporate Governance and Sustainable Development Committee	There were no items for discussion in this meeting as a supplementary report on key sustainable development issues in 2023 were presented during this meeting.	N/A	N/A	2023.08.07 4th meeting of the 2nd Corporate Governance and Sustainable Development Committee	Review of the 2022 Sustainability Report and TCFD Report	Passed without dissenting opinion	2023.08.11 Approved by the Board of Directors upon discussion	2023.12.18 5th meeting of the 2nd Corporate Governance and Sustainable Development Committee	1. Communication with stakeholders and identification of significant issues.	Passed without dissenting opinion	2023.12.21 Reported to the Board of Directors	2. Sustainable development plan and strategic directions for 2024	Passed without dissenting opinion	2023.12.21 Approved by the Board of Directors upon discussion	
Date of Meeting	Proposal	Resolution	Supervision by the Board of Directors:																				
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Promotion Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding Reasons								
	Yes	No	Summary									
			<p>initiate specific actions upon approval by the Board of Directors. The Board of Directors will regularly review the progress of the strategies and urge the management team to make adjustments as necessary.</p> <p>4. Specific promotion plans and implementation results:</p> <p>(1) The Company's ranking rose to the top 6%-20% range in the 2023 Corporate Governance Evaluation. With an increase in MSCI rating and a drop in Sustainalytics ESG risk, the Company continued to be included as a constituent of the Taiwan Sustainability Index.</p> <p>(2) The Company gathers the power of stakeholders in combination with our own expertise and resources, and then gives back to society with a law-abiding, trustworthy and ethical corporate culture. At the same time, the Company encourages our employees to engage in CSR with concrete actions, in hopes of co-creating a better society.</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 materiality principle in the GRI Standards for assessments and policy responses.</p> <table><tr><th>Dimension</th><th>Evaluation Item</th><th>Future Direction and Plan</th></tr><tr><td rowspan="2">Environment</td><td>Unit energy consumption</td><td>Reduce unit energy consumption by 1.5% per year starting in 2021 based on the average value of unit energy consumption (electricity consumption in manufacturing processes, thermal energy, and total water intake) from 2016 to 2020.</td></tr><tr><td>Number of uses per water drop</td><td>Use each drop of water more than 2.0 times by 2025.</td></tr></table>	Dimension	Evaluation Item	Future Direction and Plan	Environment	Unit energy consumption	Reduce unit energy consumption by 1.5% per year starting in 2021 based on the average value of unit energy consumption (electricity consumption in manufacturing processes, thermal energy, and total water intake) from 2016 to 2020.	Number of uses per water drop	Use each drop of water more than 2.0 times by 2025.	Implemented according to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies without deviations
Dimension	Evaluation Item	Future Direction and Plan										
Environment	Unit energy consumption	Reduce unit energy consumption by 1.5% per year starting in 2021 based on the average value of unit energy consumption (electricity consumption in manufacturing processes, thermal energy, and total water intake) from 2016 to 2020.										
	Number of uses per water drop	Use each drop of water more than 2.0 times by 2025.										

Promotion Item	Implementation Status			Summary	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding Reasons
	Yes	No			
				<div>Carbon intensity (Physical strength)</div> <div>Reduce carbon emissions per unit of product by 1.5%, with 2020 as the base year.</div>	
				<div>Carbon intensity (Economic strength)</div> <div>Reduce carbon emissions per unit of revenue by 3%, with 2020 as the base year.</div>	
				<div>Cumulative reduction</div> <div>Reduce 7,442 tCO2e (3%) in carbon emissions each year, with 2020 as the base year.</div>	
				<div>Renewable energy</div> <div>Gradually increase the use of renewable energy, with 2020 as the base year.</div>	
				<div>Total Scope 3 emissions</div> <div>Reduce Scope 3 emissions year by year, with 2021 as the base year.</div>	
				<div>Wastewater discharge</div> <div>Reduce wastewater discharge by 3% each year, with 2020 as the base year.</div>	
				<div>Business waste reuse rate (%)</div> <div>Gradually increase business waste reuse rate.</div>	

Promotion Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding Reasons
	Yes	No	Summary	
			<div> <div>Commitment to R&D of green products</div> <div> <p>Achieve a sales revenue of NT\$9.84 billion (19%) and an annual growth rate of 5%, with 2021 as the base year.</p> <ol style="list-style-type: none"> 1. High solid content 2. Water-based products 3. Light-curing radiation 4. Thermoplastic composite materials 5. Green energy/energy-saving products (solar energy, wind power generation, LED materials) </div> </div>	
			<div> <div>Safe substitutes for hazardous substances</div> <div> <p>Minimize the utilization of chemical raw materials that are of high concern.</p> <ol style="list-style-type: none"> 1. Purchase 4,600 tons (7,280 ppm) of substances of very high concern (SVHC) along with an annual reduction of 5%, with 2021 as the base year. 2. New raw materials do not contain any SVHC. </div> </div>	
			<div> <div>Society</div> <div>Human rights</div> <div> <p>Implement the "Eternal Human Rights Policy" and the International Human Rights Code, and the International Labour Organization's "Core Treaty on Labor Standards Protection"</p> </div> </div>	

Promotion Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding Reasons
	Yes	No	Summary	
			Talent attraction and retention strategy	<ul style="list-style-type: none"> * Establish an overall human resource policy (cultivation, employment, retention) that is flexible and in line with management benefits. * Conduct resignation interviews to confirm resignation factors as a reference for improving internal systems and policies * Carry out a group engagement survey every two years, and implement the strengthening plan accordingly.
			Training and development	<ul style="list-style-type: none"> * Establish various functional training systems and institutions, so that each function can cultivate various functional professionals according to their needs. * Establish and promote digital learning platforms and mechanisms. * Encourage professionals to study independently, and provide opportunities in terms of external training, exhibition participation, overseas seminars, foreign language subsidies, various professional certificates, etc. according to work needs.

Promotion Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding Reasons
	Yes	No	Summary	
			<div> <div></div> <div>Social Welfare</div> <div> <ul style="list-style-type: none"> * Fulfilling corporate social responsibility is an integral part of Eternal's business philosophy, "Giving back to society what has been taken from them." Hence, the Company supports a variety of social welfare activities. * After a long period of observation of human society and regional development, Eternal believes that "education" and "culture" have the most positive impact on society and are most in need of corporate support and assistance, especially in rural areas and disadvantaged groups. </div> </div>	
			<div> <div data-kind="parent" data-rs="3">Governance</div> <div>Transporter management</div> <div> <ul style="list-style-type: none"> * Transporter evaluation * Legal compliance </div> </div>	
			<div> <div data-kind="ghost"></div> <div>Supplier management</div> <div> <ul style="list-style-type: none"> * Promotion of supplier code of conduct </div> </div>	
			<div> <div data-kind="ghost"></div> <div>Supplier CSR assessment</div> <div> <ul style="list-style-type: none"> * Conduct surveys and compile statistics on whether major suppliers of raw materials have implemented carbon reduction measures </div> </div>	

Promotion Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding Reasons
	Yes	No	Summary	
			Customer relations	In order to ensure the quality of our products and services, the Company has 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.
			Build a safe workplace	Establish a risk-controlled environment and operation, provide a work environment free of injuries and accidents, and continuously optimize and effectively implement the occupational safety and health management system.
			Build a safety culture and workplace environment	Instill the attitude of rejecting uncontrollable risks in employees, and the risk concepts of "only by knowing dangers can we avoid them" and "prevention first."

Promotion Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding Reasons	
	Yes	No	Summary		
				<div>Effectiveness of the Board of Directors</div> <div><ul style="list-style-type: none">* Operation of the Board of Directors and Functional Committees* Performance Evaluation for the Board of Directors and functional committees* Independence and Diversity of board members</div>	
				<div>Information transparency</div> <div><ul style="list-style-type: none">* Operation of shareholders' meetings (via various channels such as annual report, official Website, MOPS, etc.)* Implementation of dividend policy* Maintain and strengthen investor relations* Disclose ESG information and execute Corporate Governance Roadmap 3.0</div>	
				<div>Legal compliance</div> <div><ul style="list-style-type: none">* Implement in response to regulatory requirements</div>	

Promotion Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding Reasons
	Yes	No	Summary	
III. Environmental Issues				
(I) Has the Company established a suitable environmental management system based on its industrial characteristics?	V		(I) The Company has always paid high attention to environmental protection. It has implemented an environmental management system in accordance with ISO 14001 international standards. After obtained ISO 14001 environmental management system certification in 1999. In 2017, the Company further received ISO 14001:2015 revisited edition of certification, and continued to carry out annual verification through third-party certification organization, with certificate valid until July 22, 2023. In 2021, the Company was awarded the ISO 50001:2018 Energy Management Systems certification in order to establish energy management policies and targets for the purpose of energy conservation and carbon reduction. 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.	Implemented according to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies without deviations
(II) Does the Company endeavor to utilize all resources more efficiently and use renewable materials that have low impact on the environment?	V		(II) In line with the Company's sustainable development vision, the Company's research team is committed to not only developing source management measures such as raw material reduction using green production technology, but also the research and development of alternatives to highly polluting chemical products, as well as green products and green energy products, so as 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. Furthermore, the Company has increased the recycling and reuse of various type of recyclable and reusable resources in accordance with the GRI Standards adopted in the industry.	
(III) Does the Company assess the potential risks and	V		(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	

Promotion Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding Reasons
	Yes	No	Summary	
<p>opportunities of climate change for its current and future operations and undertake response measures with respect to climate change?</p> <p>(IV) Does the Company calculate the amount of greenhouse gas emissions, water consumption, and 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>Financial Disclosures) 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 Company makes revisions to the TCFD report on an annual basis while reviewing the impact of laws and regulations or climate shocks on the Company's operations and formulating contingency plans on an ongoing basis.</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. Moreover, the Company also sets our short-, medium-, long-term carbon reduction targets while disclosing our greenhouse gas emissions and intensity over two years in our sustainability report and TCFD report. Other statistics related to environmental issues, such as water consumption, air pollutant emissions, wastewater discharge, waste output, and reuse rate, will be collected, reported (to the competent authorities), and disclosed (in the sustainability report, etc.). The Company also reviews results from the implementation of policies on energy conservation, carbon reduction, and various environmental issues at our plants and across the Group, as well as make necessary improvement in response to the aforesaid results.</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,</p>	

Promotion Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding Reasons
	Yes	No	Summary	
			including regular monitoring of all the above environmental management issues.	
IV. Social issues				
(I) Did the Company establish management policies and procedures following relevant regulations and international human rights treaties?	V		(I) The Company has published the Eternal Materials Co., Ltd. Human Rights Policy in compliance with internationally recognized human rights standards, such as the International Bill of Human Rights and the International Labor Organization's Core Labor Standards Protection Convention, and also disclosed it on the Company's website (https://www.eternal-group.com/WebData/Director02). Other rules and regulations concerning employment, attendance, leave, rewards and punishments, etc. also provide for protection and prevention measures with respect to child labor, female labor, forced labor, and avoidance of discrimination. With a commitment to safeguarding labor rights, the Company has not only rolled out and implemented the internal control and inspection system, but also continues to conduct training related to human rights protection for both new and existing employees. In 2023, the total number of human rights training hours in Taiwan was 325.75 hours, with an average of 0.2 hours of training for each trainee; whereas the total number of human rights training hours in Mainland China was 329.87 hours, with an average of 0.2 hours of training for each trainee. On the other hand, the total number of human rights training hours in Malaysia was 27.3 hours, with an average of 0.1 hours of training for each trainee. Trainees in the aforesaid regions completed 100% of the training (where existing employees accounted for 95.9% of all trainees, which did not include any trainee on long sick leave or leave without pay).	Implemented according to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies without deviations
(II) Does the Company appropriately reflect the business performances or achievements in the employee remuneration policy (including salary,	V		(II) 1. 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	

Promotion Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding Reasons												
	Yes	No	Summary													
annual leave and other benefits)?			<p>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.</p> <p>2. Diversity and Equality in the Workplace</p> <p>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 (15.6%), and the system of hiring, promotion, performance appraisal, and salary of human resources at Eternal is not affected by gender.</p> <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><tr><th>Employee Category</th><th>Basic Salary (Female:Male)</th><th>Remuneration (Female:Male)</th></tr><tr><td>Managerial positions</td><td>1 : 0.98</td><td>1 : 1.01</td></tr><tr><td>Professional positions</td><td>1 : 1.10</td><td>1 : 1.10</td></tr><tr><td>Direct labor</td><td>1 : 0.99</td><td>1 : 1.01</td></tr></table> <p>3. In accordance with the Company's Articles of Incorporation, the Company shall</p>	Employee Category	Basic Salary (Female:Male)	Remuneration (Female:Male)	Managerial positions	1 : 0.98	1 : 1.01	Professional positions	1 : 1.10	1 : 1.10	Direct labor	1 : 0.99	1 : 1.01	
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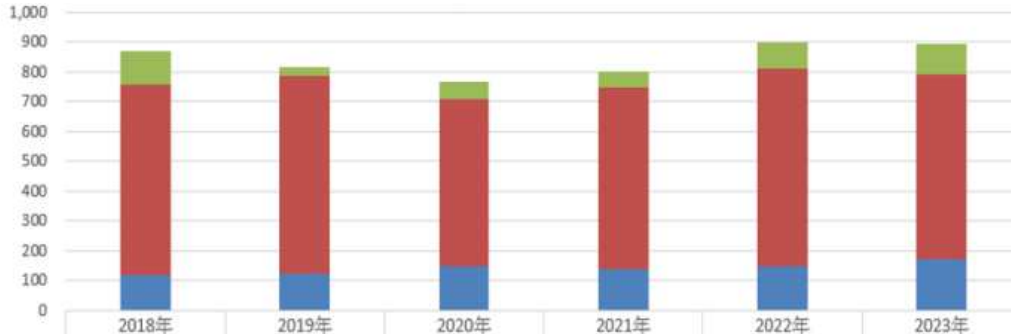
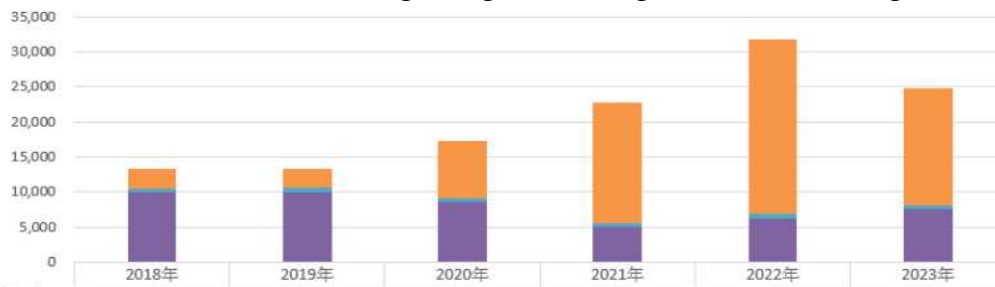
Promotion Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding Reasons								
	Yes	No	Summary									
			<div>contribute 4.5% (inclusive) to 5.5% of the profit, if any, to the employees' remuneration in accordance with the current year's final settlement.</div> <div>4. The Company's benefit system is introduced as follows:</div> <table><thead><tr><th>Type of Benefit</th><th>Content</th></tr></thead><tbody><tr><td rowspan="5">Economic benefits</td><td>Insurance plans 1. Company: Employee health insurance, employer's liability insurance, group injury insurance on the day of employment 2. Welfare Committee: To provide group insurance for employees, including term life insurance and cancer medical insurance; and employees can increase the level of insurance or add coverage for their families according to their needs 3. Provide a comprehensive insurance package for expatriate employees: additional travel insurance, and local medical insurance</td></tr><tr><td>Pension system 1. Contribution to the statutory pension account in accordance with the relevant law 2. Better than statutory voluntary retirement: "Employees who have served the Company for at least 20 years may apply for voluntary retirement." 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.</td></tr><tr><td>Senior employee travel subsidy: The Company offers senior employees travel subsidy in order to reward them for their long-term contribution to the Company.</td></tr><tr><td>Employee mutual aid fund: The Company has set up an employee bereavement mutual aid fund with the intention of encouraging employees to help each other in times of need.</td></tr><tr><td>Year-end bonus and performance bonus: The Company provides year-end bonus and performance bonus to reward employees for their contributions to the Company's operating performance. The Company has not implemented any</td></tr></tbody></table>	Type of Benefit	Content	Economic benefits	Insurance plans 1. Company: Employee health insurance, employer's liability insurance, group injury insurance on the day of employment 2. Welfare Committee: To provide group insurance for employees, including term life insurance and cancer medical insurance; and employees can increase the level of insurance or add coverage for their families according to their needs 3. Provide a comprehensive insurance package for expatriate employees: additional travel insurance, and local medical insurance	Pension system 1. Contribution to the statutory pension account in accordance with the relevant law 2. Better than statutory voluntary retirement: "Employees who have served the Company for at least 20 years may apply for voluntary retirement." 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.	Senior employee travel subsidy: The Company offers senior employees travel subsidy in order to reward them for their long-term contribution to the Company.	Employee mutual aid fund: The Company has set up an employee bereavement mutual aid fund with the intention of encouraging employees to help each other in times of need.	Year-end bonus and performance bonus: The Company provides year-end bonus and performance bonus to reward employees for their contributions to the Company's operating performance. The Company has not implemented any	
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	Senior employee travel subsidy: The Company offers senior employees travel subsidy in order to reward them for their long-term contribution to the Company.											
	Employee mutual aid fund: The Company has set up an employee bereavement mutual aid fund with the intention of encouraging employees to help each other in times of need.											
	Year-end bonus and performance bonus: The Company provides year-end bonus and performance bonus to reward employees for their contributions to the Company's operating performance. The Company has not implemented any											

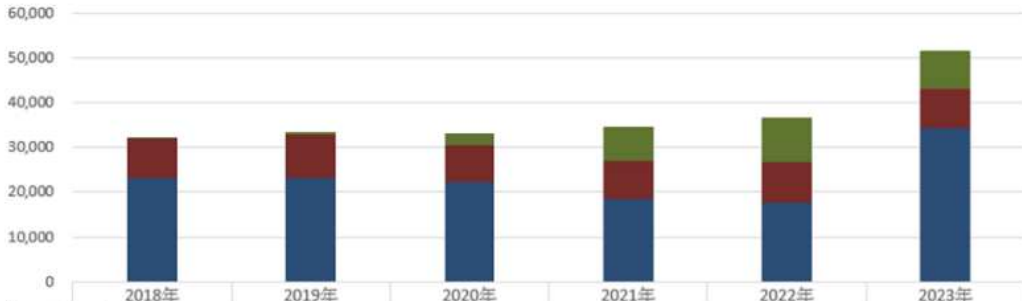
Promotion Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding Reasons
	Yes	No	Summary	
			<p>employee stock ownership plan. Regular health check Meal subsidy Birthday gift, and bonuses for four festivals Emergency relief and subsidies: The Welfare Committee handles applications for funeral subsidy, marriage subsidy, childbirth subsidy, new home completion subsidy, and hospitalization subsidy. Scholarships for existing employees and their children: The Welfare Committee has set up and manages a scholarship program aimed at encouraging existing employees and their children to pursue their studies.</p>	
			<p>Work-hour benefits Travel leave for senior employees. Senior employees are granted travel leave upon reaching the required seniority in order to reward them for their long-term contributions to the Company. Employee travel leave: One day every two years Special leave Baby-sitting leave without pay Period leave, maternity leave, paternity leave, pregnancy checkup leave, and family care leave</p>	
			<p>Facilities Staff canteen Staff dormitory Reading room Commuting vehicles Café</p>	

Promotion Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding Reasons
	Yes	No	Summary	
			<p>Others</p> <p>Employee travel subsidy Club activities Annual dinner Language enhancement grant Company winter coat Cultural and recreational activities: Family day, Annual softball tournament, etc. Arts and cultural activities. The Company organizes seminars on culture and humanities from time to time. Long-serving employee commendation and recognition: The Company awards plaques and commemorative coins to all employees who have completed the required years of service. Exemplary employee commendation and recognition: Top-performing employees who have set an example for all employees are commended and recognized by the Company.</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 is an enterprise that engages in the production of a variety of materials, such as synthetic resins, specialty chemicals, electronic chemicals, and semiconductor materials. In order to protect the rights and interests of stakeholders and safeguard the safety and health of workers, the Company has formulated occupational safety and health policies according to our organizational culture and social trends, with a view to creating a comfortable, safe, and healthy workplace for all employees. The Company has adopted and integrated the ISO 45001 Occupational Safety and Health Management Systems standards into our operations management system. For sites and activities under the Company's control, all our employees and vendors are required to attend safety and health education training conducted at each plant and pass the relevant tests before they are allowed to carry out operations on site. Annual education and training programs at each manufacturing site are formulated according to safety management</p>	Implemented according to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies without deviations

Promotion Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding Reasons
	Yes	No	Summary	
			<p>performance, and conducted with the aim of providing relevant safety and health training. The content of training courses in these programs covers topics concerning workplace environment, health, and safety, such as personal protective equipment (PPE), risk assessment on manufacturing processes, emergency response in factories, as well as regulatory requirements for ergonomics, air, water, and toxicity. Operators who are required by law to have the relevant certifications, or personnel who are required by the Company to have the relevant qualifications, are not allowed to engage in related operations without first obtaining the relevant qualifications.</p> <p>2. In order to build a safe working environment, the Company ensures that our Kaohsiung office and manufacturing sites comply with the ISO 45001 Occupational Safety and Health Management Systems standards while continuously making improvements in response to occupational safety and health management issues under the framework of our existing management system. The Company engages a third-party organization to review whether the validation of our ISO 45001-based management system deviates from the PDCA cycle on an annual basis. On June 9, 2023, the Company carried out an extended validation of our system, whose certificate remains valid until August 2, 2026. The scope of our ISO 45001-based management encompasses workers who perform work activities under strict control.</p> <p>3. In 2023, six incidents of incapacitating injuries involving both male and female employees were reported across our manufacturing sites, resulting in injuries to 5 male employees and 1 female employee. Specifically, the ratio of the number of incapacitating injuries to the total number of employees across the Company was 0.0014. The types of accidents reported at the Company encompass inspection operations, removal of obstructions in the kettle, removal of filters, removal and repair of pipelines and contact with harmful substances, high temperature burns</p>	

Promotion Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding Reasons
	Yes	No	Summary	
			<p>during feeding operations, and injuries during transportation of storage barrels. We implemented improvements after carrying out systematic analysis and review of the causes of these accidents based on management requirements. The injured employees concerned were also cared for, and have returned to work since then.</p> <p>4. In 2023, an employee at our plant in Mainland China was sent to the hospital after suffering high-temperature burns caused by flash ignition due to his failure to carry out the feeding process according to the relevant rules and regulations. After conducting an investigation into the incident and analyzing the cause of the incident according to the relevant rules and regulations, the Company formulated an improvement plan in regards to the monitoring of the oxygen content of feeding materials while providing continuous care for the injured employee, who has returned to work since then. The ratio of the number of fires and injuries to the total number of employees across the Company was 0.0003.</p>	
(IV) Does the Company establish effective career development and training plans for its employees?	V		<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&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. The figures below present the Company's achievements concerning various training courses conducted in 2023:</p>	

Promotion Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding Reasons																																																								
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			<div>1. The Company conducted a total of 894 courses, which was not far off from the 896 courses conducted in 2022.</div> <div><table><tr><th></th><th>2018年</th><th>2019年</th><th>2020年</th><th>2021年</th><th>2022年</th><th>2023年</th></tr><tr><td>Number of Digital Learning Courses Offered</td><td>115</td><td>30</td><td>60</td><td>54</td><td>85</td><td>102</td></tr><tr><td>Number of External Training Courses Offered</td><td>639</td><td>660</td><td>559</td><td>608</td><td>665</td><td>621</td></tr><tr><td>Number of Internal Training Courses Offered</td><td>117</td><td>124</td><td>148</td><td>140</td><td>146</td><td>171</td></tr></table></div> <div>2. The number of trainees attending various training courses was 24,847 people, the second highest record in the Company's history, due chiefly to a decline in the number of trainees attending in digital learning or external training courses.</div> <div><table><tr><th></th><th>2018年</th><th>2019年</th><th>2020年</th><th>2021年</th><th>2022年</th><th>2023年</th></tr><tr><td>Number of Trainees in Digital Learning</td><td>2,593</td><td>2,595</td><td>8,039</td><td>17,146</td><td>24,745</td><td>16,704</td></tr><tr><td>Number of Trainees in External Learning</td><td>654</td><td>660</td><td>610</td><td>643</td><td>668</td><td>621</td></tr><tr><td>Number of Trainees in Internal Learning</td><td>9,891</td><td>9,936</td><td>8,556</td><td>4,959</td><td>6,284</td><td>7,522</td></tr></table></div>		2018年	2019年	2020年	2021年	2022年	2023年	Number of Digital Learning Courses Offered	115	30	60	54	85	102	Number of External Training Courses Offered	639	660	559	608	665	621	Number of Internal Training Courses Offered	117	124	148	140	146	171		2018年	2019年	2020年	2021年	2022年	2023年	Number of Trainees in Digital Learning	2,593	2,595	8,039	17,146	24,745	16,704	Number of Trainees in External Learning	654	660	610	643	668	621	Number of Trainees in Internal Learning	9,891	9,936	8,556	4,959	6,284	7,522	
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Promotion Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding Reasons																												
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			<p>3. The overall number of man-hours in training was 51,499 man-hours. Specifically, there was a one-fold rise in the number of man-hours in internal training due to an increased number of activities including departmental OJT, external training, and probationary training for new employees, reaching a new high in the Company's history.</p>  <table border="1"> <thead> <tr> <th></th> <th>2018年</th> <th>2019年</th> <th>2020年</th> <th>2021年</th> <th>2022年</th> <th>2023年</th> </tr> </thead> <tbody> <tr> <td>Accumulated Person-Hours of Digital Learning</td> <td>488</td> <td>701</td> <td>2,454</td> <td>7,518</td> <td>9,925</td> <td>8,331</td> </tr> <tr> <td>Accumulated Person-Hours of External Learning</td> <td>8,572</td> <td>9,507</td> <td>8,181</td> <td>8,625</td> <td>9,075</td> <td>8,769</td> </tr> <tr> <td>Accumulated Person-Hours of Internal Learning</td> <td>23,255</td> <td>23,258</td> <td>22,381</td> <td>18,428</td> <td>17,758</td> <td>34,399</td> </tr> </tbody> </table> <p>(1) External training: As our employees conducted planning of training and obtained environmental safety certifications to enhance their professional competencies or as required by law, the Company reported 621 training courses, which were attended by 621 people who underwent 8,769 hours of training in total. 59.08% of the training course fees were primarily spent on industrial and environmental courses, including courses on obtaining legal licenses for on-site workers, process safety courses, and seminars related to environmental safety.</p>		2018年	2019年	2020年	2021年	2022年	2023年	Accumulated Person-Hours of Digital Learning	488	701	2,454	7,518	9,925	8,331	Accumulated Person-Hours of External Learning	8,572	9,507	8,181	8,625	9,075	8,769	Accumulated Person-Hours of Internal Learning	23,255	23,258	22,381	18,428	17,758	34,399	
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Promotion Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding Reasons
	Yes	No	Summary	

			Category	Number of Courses	Number of Trainees	Man-hours (Number of trainees * Training hours)	Training Fees Reimbursed	Travel Expenses Reimbursed	Total	Total Expenses	Main Courses	Outcomes
External Training Course			Management	69	69	597.00	361,293	151,609	512,902	14.96%	Key Skills in Industry Analysis, Employee Compensation Manager Certification Course, ISO 14067:2018 Carbon Footprint Management and Calculation Fundamentals, Hogan Assessment Foundational Certification Course, 2023 Omdia Taiwan Technology Conference, and continuing training courses for accounting supervisors	<ul style="list-style-type: none"> Management skills training for supervisors Met the government's requirements on the number of continuing training hours per year for professional personnel Enhanced professional competencies
			Work environment	460	460	6,887.00	1,512,381	513,837	2,026,218	59.08%	Emergency Responders of the Toxic and Concerned Chemical Substances Training, Class A Air Pollution Control Personnel Training, Class A Wastewater Treatment Personnel Training, Class B Waste Treatment Technician Training, Special Safety and Health Training for Aerial Work Vehicle Operators, Type 1 Pressure Vessel Operator Training, Forklift Operator Training, etc.	<ul style="list-style-type: none"> Complied with environmental safety regulations. Mastered new knowledge and acquired industry experience through observation
			R&D	55	55	522.00	269,818	191,007	460,825	13.44%	Biotech cosmetics R&D and application training courses, 26th China Adhesive and Tape Industry Annual Conference and Seminar, 2023 China Adhesive Tape Innovation Technology and Application Development Summit, and 2023 Fluorine Materials High-end Application and Related Processing Technology Seminar	<ul style="list-style-type: none"> Mastered industry trends and acquired new technical knowledge Enhanced the technical capabilities of R&D personnel. Explored new market opportunities or new technological opportunities
			Information	-	-	-	-	-	-	-	Mainly conducted through internal training activities, unless related external training is available	
			Technology	31	31	581.00	260,953	121,097	382,050	11.14%	2023 Professional Training Program for Chemical Engineers, Complete Series of Courses for Junior Injection Molding Engineers, and ISO 3834 Welding Quality	<ul style="list-style-type: none"> Mastered new knowledge of manufacturing technologies in the industry

Promotion Item	Implementation Status											Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding Reasons		
	Yes	No	Summary											
												Management and Defect Prevention	◎ Enhanced the professional competencies of manufacturing process personnel ◎ Industry observation	
				Language	6	6	182.00	47,418		47,418	1.38%	Trade Association ITI eMaster Online Business Conference in English, TutorABC, and Japanese language	◎ Enhanced communication skills in conversations across different languages	
				Total	621	621	8,769	2,451,863	977,550	3,429,413	100.00%			
				(2) Internal training: In line with the Company's strategic development focus and safety contingency, the Human Resources Department and various units have actively planned and completed multiple important training courses. These courses include managerial skills training (HPM), which utilizes internal supervisors as instructors to facilitate knowledge transfer and continuous development of mid-level management executives. To prepare for the global economic shift in 2023, there has been a particular emphasis on analyzing and applying key terms in trade contracts to enhance sales colleagues' understanding of potential risks and preventive measures in international trade. Additionally, practical exercises such as fire extinguishing, emergency reporting, evacuation guidance, and drills have been conducted to raise colleagues' awareness and preparedness for daily fire prevention and disaster prevention. In addition to the planned fire brigade training and Tianliao fire										

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			drill, the Company added emergency response commander training, with a total of 12 sessions and 821 participants completing the training. Overall, a total of 171 training courses were conducted in 2023, accumulating 34,399 training hours and benefiting a total of 7,522 trainees. 55.02% of the fees were used primarily for work environment-related courses.																																									
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	Yes	No	Summary											
												→ The outline includes courses on basic statistics, statistical software (data analysis and experimental design), and practical project implementation. → 15 hours of courses were completed, with 9 people undergoing training.		
											Revolutionary Green New Economy through CO2 Resource Utilization (Saving the Earth) - Strategies for Industrial Net Zero Transformation, Global Carbon Credit Dilemma vs. Taiwan's Industrial Transformation, Comparative Analysis of COVID-19 Rapid Screening Clinical Trial Data, and Development of New Lithium-ion Battery Materials and Electronic Materials	4.64		→ Invited academic and industry experts to share and explain new technological developments and market trends, which contributed to the advancement of technology and materials. → A total of 4 courses were completed, with 96 people undergoing training.
				Information	3	99	353	11,000	0.69%	4.4	Practical Sharing on International Industrial Control Information Security Standard ISO/IEC 62443	3.87		→ Raised supervisors' awareness of information security and their response strategies. → 2.5 hours of courses were completed, with 52 people undergoing training.
				Technology	38	650	1,524	6,341	0.40%	4.5	Introduction to AI and No-Code Platform Usage, Education Training on AI Data Analysis Applications (Basic Class), Education Training on Tukey AI Model Building (Advanced Class)	4.65		→ Acquired a foundational understanding of the topics related to the implementation of smart manufacturing, and learned to use a code-free development platform. → A total of 3 courses were completed, with 66 people undergoing training.
				Language	1	13	468	80,047	5.02%	4.2	Malay Language Beginner Class (Online Course)	4.2		Learn basic Malay through dialogues, vocabulary groups, language exercises, cultural activities, and spelling practice. → 36 hours of courses were completed, with 13 people undergoing training.
				Total	171	7,522	34,399	1,594,052	100.00%	*Note: Satisfaction is rated on a scale of 5 points.				

Promotion Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding Reasons
	Yes	No	Summary	
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>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).</p> <p>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.</p> <p>(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.</p>	
			<p>(2) Suppliers rated as C are required to make improvements and reduction of procurement configuration, while those rated as D will have to suspend procurement and shall not resume procurement unless making improvement.</p> <p>(3) The scoring criteria are shown in the following table:</p>	

Promotion Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding Reasons										
	Yes	No	Summary											
			<table><tr><td>■ Quality (50 points):</td><td>■ Cost (20 points):Whether the price is competitive.</td></tr><tr><td>① Whether there is ISO9001 certificate (10 points)</td><td>■ Delivery (10 points): Whether the delivery is on time.</td></tr><tr><td>② Whether there is an environmental safety and health management system (10 points)</td><td>■ Service (20 points):</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 2023: Suppliers all perform well, and no supplier is rated C or D.</p>	■ Quality (50 points):	■ Cost (20 points):Whether the price is competitive.	① Whether there is ISO9001 certificate (10 points)	■ Delivery (10 points): Whether the delivery is on time.	② Whether there is an environmental safety and health management system (10 points)	■ Service (20 points):	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)	
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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 third party accreditation institution?	V		The Company not only prepares our sustainability report based on the GRI Standards and AA1000, but also engages Deloitte & Touche, an independent third-party verification body to carry out assurance on our sustainability report according to Assurance Standard 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and obtain an assurance statement. Relevant information was disclosed on the Company's website and reported to MOPS as required by law.	Implemented according to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies without deviations										

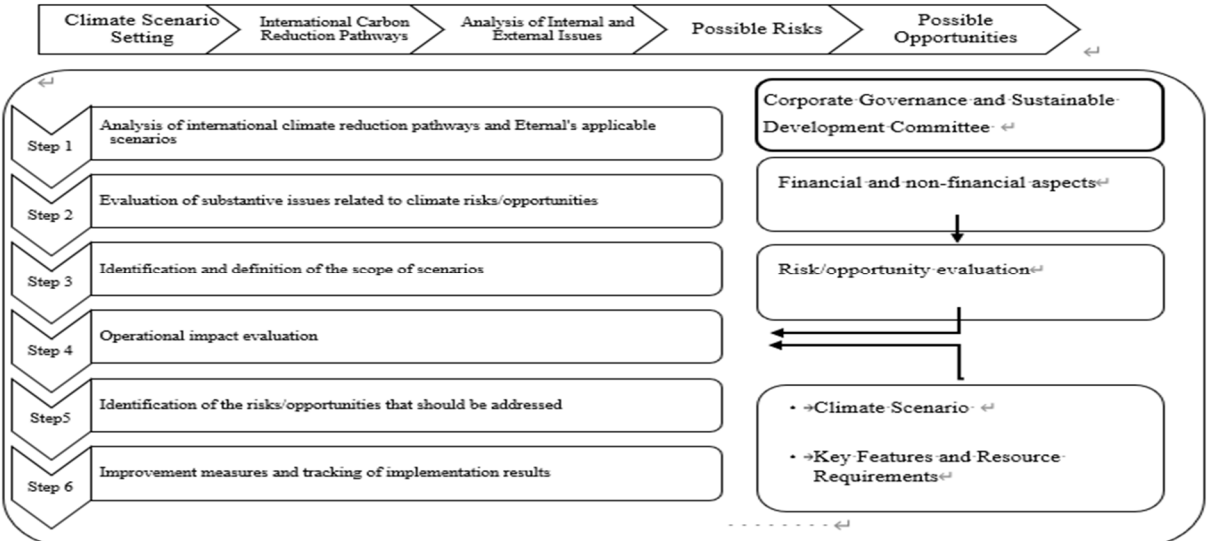
Promotion Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding Reasons
	Yes	No	Summary	
VI. If the Company has established sustainable development best-practice principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," describe the implementation and any deviations from such principles: 1. The Company has adopted the Corporate Social Responsibility Best Practice Principles, which serves as the basis for the promotion of corporate governance, the development of sustainable environment, the engagement in promoting social welfare, and strengthening the disclosure of CSR information. 2. Please refer to the above description for operation. 3. There are no deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.				
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: https://www.eternal-group.com/ESGReport .				

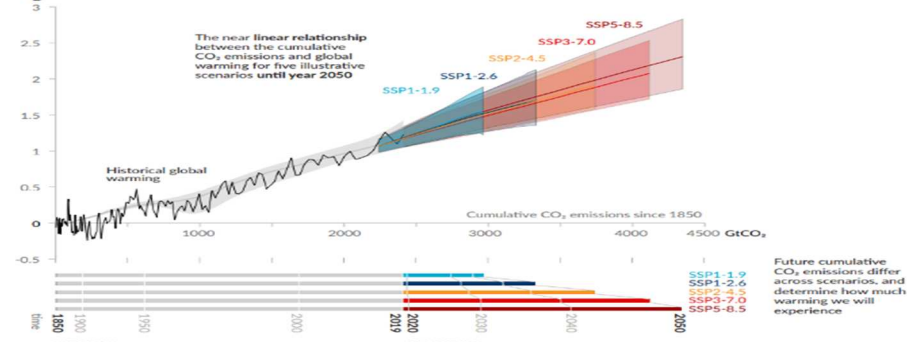
VIII. Climate-related Information of TWSE/TPEX-listed Companies

1. Implementation Status Concerning Climate-related Information

Item	Implementation Status
1. Describe the Board of Directors' and management's oversight and governance of climate-related risks and opportunities.	1. Corporate Governance and Sustainable Development Committee <ol style="list-style-type: none"> 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. 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 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.

Item	Implementation Status
	<p>2. Governance Structure and Oversight</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, the Company has established the "Regulations Governing the Authorization of Capital Expenditures - Supplemental and Reduced Budget Amounts," which stipulates the authority to approve capital expenditures and budgetary management, and that approval by the Board of Directors is required if a certain amount is exceeded.</p> <p>3. Risk and Opportunity Management</p> <p>(1) Classification and inventory shall be conducted according to the risk and opportunity categories (transformation risks, physical risks and opportunities) proposed by the TCFD framework. The Corporate Governance and Sustainable Development Committee shall discuss with other departments to clarify existing measures, possible solutions, forms of obtaining quantitative financial data, feasibility and sources, and other related issues, and then compile a list of possible climate change risks and opportunities for the Company.</p> <p>(2) The climate risk evaluation process is based on the impact of climate change on the Company's overall business, with reference to the TCFD reporting framework and the climate related risks published by the Ministry of the Environment of Japan. The opportunity scenarios shall be introduced into the analysis guidelines ver2.0 for process design. The critical units and facilities of our internal operations shall be identified first, such as energy demand, regulatory requirements and carbon reduction targets, and an evaluation of their potential impact and degree of influence shall be evaluated.</p>
	Procedures for identifying and evaluating risks and opportunities

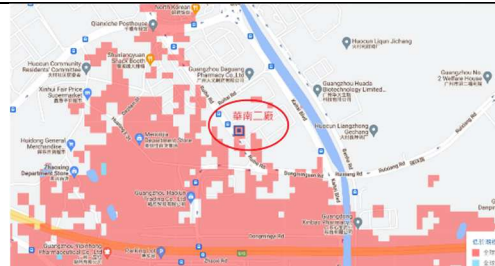

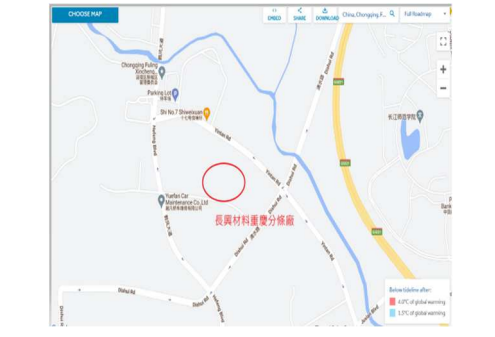



Item	Implementation Status
	 <p>The flowchart illustrates the implementation status of risk and opportunity management. It begins with a horizontal sequence of five stages: Climate Scenario Setting, International Carbon Reduction Pathways, Analysis of Internal and External Issues, Possible Risks, and Possible Opportunities. Below these, a vertical sequence of six steps is shown: Step 1 (Analysis of international climate reduction pathways and Eternal's applicable scenarios), Step 2 (Evaluation of substantive issues related to climate risks/opportunities), Step 3 (Identification and definition of the scope of scenarios), Step 4 (Operational impact evaluation), Step 5 (Identification of the risks/opportunities that should be addressed), and Step 6 (Improvement measures and tracking of implementation results). To the right of the steps, a box labeled 'Corporate Governance and Sustainable Development Committee' oversees the process. Below this, a box for 'Financial and non-financial aspects' leads to 'Risk/opportunity evaluation', which then leads to a box containing 'Climate Scenario' and 'Key Features and Resource Requirements'. Arrows indicate the flow from the steps to the evaluation and then to the final requirements box.</p> <p>4. Procedures for Risk and Opportunity Management</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>5. Integration of Organization-wide Risk Management Mechanism</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>
2. Describe how the	1. Climate Scenario Analysis, Identification and Simulation

Item	Implementation Status																								
identified climate risks and opportunities affect the Company’s business, strategies, and finance (in the short-, medium-, and long-term).	With regards to TCFD reporting, the Company has adopted the latest Sixth Assessment Report (AR6) of the IPCC, which incorporates a more nuanced approach called Shared Social-Economic Pathways (SSP). This approach integrates qualitative socio-economic conditions into the assessment model, including factors such as population, human development, economy, lifestyle, policies and institutions, technology, environment, and natural resources. Five scenarios were generated as a result, covering a range of carbon emissions from negative to extremely high: SSP1-1.9, SSP1-2.6, SSP2-4.5, SSP2-7.0, and SSP5-8.5.																								
3. Specify the financial impacts of extreme climate events and related transition actions.	Among the five scenarios mentioned above, there is minimal difference in impact between SSP1-1.9 and SSP1-2.6, as well as SSP2-7.0 and SSP5-8.5. Therefore, for the analysis of the corresponding 1.5°C period, the climate scenarios considered are SSP1-1.9, SSP2-4.5, and SSP5-8.5.																								
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	<p><u>Climate Scenarios for 2021</u></p> <p>Every tonne of CO₂ emissions adds to global warming</p> <p>Global surface temperature increase since 1850-1900 (°C) as a function of cumulative CO₂ emissions (GtCO₂)</p>  <table><thead><tr><th>Scenario \ Year</th><th>2022-2023</th><th>2024-2025</th><th>2026-2030</th><th>2031-2040</th><th>2041-2050</th></tr></thead><tbody><tr><td>SSP1-1.9 B2DS</td><td>1.5°C</td><td>1.5°C</td><td>1.5°C</td><td>1.5°C</td><td>1.5°C</td></tr><tr><td>SSP2-4.5 2DS</td><td>1.5°C</td><td>1.5°C</td><td>1.5°C</td><td>1.5°C</td><td>2°C</td></tr><tr><td>SSP5-8.5</td><td>1.5°C</td><td>1.5°C</td><td>1.5°C</td><td>2°C</td><td>3°C</td></tr></tbody></table>	Scenario \ Year	2022-2023	2024-2025	2026-2030	2031-2040	2041-2050	SSP1-1.9 B2DS	1.5°C	1.5°C	1.5°C	1.5°C	1.5°C	SSP2-4.5 2DS	1.5°C	1.5°C	1.5°C	1.5°C	2°C	SSP5-8.5	1.5°C	1.5°C	1.5°C	2°C	3°C
Scenario \ Year	2022-2023	2024-2025	2026-2030	2031-2040	2041-2050																				
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5. Specify the scenarios, parameters, assumptions, factors analyzed, and major financial impacts if scenario analysis is employed to assess resilience to climate change risks.																									

2. Physical risk

(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 CO₂ concentration.

Item	Implementation Status
	<p data-bbox="680 201 2161 491">(2) In the current year, the Company utilized the "Surging Seas Mapping Choices" software, developed by Climate Central, a U,S, research organization, to evaluate the impact of sea-level rise. The Company's primary production sites include production plants across Taiwan (i.e., Lu-Chu Plant in Kaohsiung City; Dafa Industrial Park in Daliao District, Kaohsiung City; and Pingnan Industrial Park in Pingtung County), China, and Malaysia. Under a global average temperature rise of 1.5°C and 4.0°C, major production plants in Taiwan and Malaysia are not affected by sea level rise; however, some of the major production plants in Mainland China will face the risk of flooding under an average temperature rise of 1.5°C and 4.0°C. Therefore, the Company must continuously monitor the risk of potential flooding over the long term.</p> <div data-bbox="835 491 1852 927"> <div data-bbox="835 491 1339 879"> <p data-bbox="1019 882 1160 911">Head Office</p> </div> <div data-bbox="1344 491 1852 879"> <p data-bbox="1518 882 1680 911">Lu-Chu Plant</p> </div> </div> <div data-bbox="835 970 1852 1406"> </div>

Item	Implementation Status	
	<p>Ta-Fa Plant</p> 	<p>Ping-Nan Plant</p> 
	<p>South China Plant</p> 	<p>Chengdu Plant</p> 
	<p>Chongqing Slitting Plant</p> 	<p>Guangdong Plant</p> 
	<p>Zhuhai Materials Plant</p>	<p>Northeast Slitting Plant</p>

Item	Implementation Status
	<div data-bbox="837 197 1344 501"> </div> <div data-bbox="981 507 1200 536">East China Plant 1</div> <div data-bbox="1352 197 1850 501"> </div> <div data-bbox="1518 507 1680 536">Kunhua Plant</div> <div data-bbox="837 549 1344 852"> </div> <div data-bbox="1012 858 1169 887">Tianjin Plant</div> <div data-bbox="1352 549 1850 852"> </div> <div data-bbox="1505 858 1688 887">Changshu Plant</div> <div data-bbox="837 900 1344 1203"> </div> <div data-bbox="954 1209 1227 1238">Suzhou Materials Plant</div> <div data-bbox="1352 900 1850 1203"> </div> <div data-bbox="1509 1209 1684 1238">Malaysia Plant</div>
	<p data-bbox="1032 1262 1765 1294" style="text-align: center;">Possible Influence of Seal Level on Main Sites at 1.5°C</p> <p data-bbox="629 1299 880 1327">3. Transition risk</p> <p data-bbox="667 1337 2168 1406">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</p>

Item	Implementation Status
	<p>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.</p> <p>4. Climate Risks and Financial Impact Evaluation</p> <p>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.</p> <p>(1) Short-, medium- and long-term climate risk matrix</p> <p>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.</p> <p>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.</p>

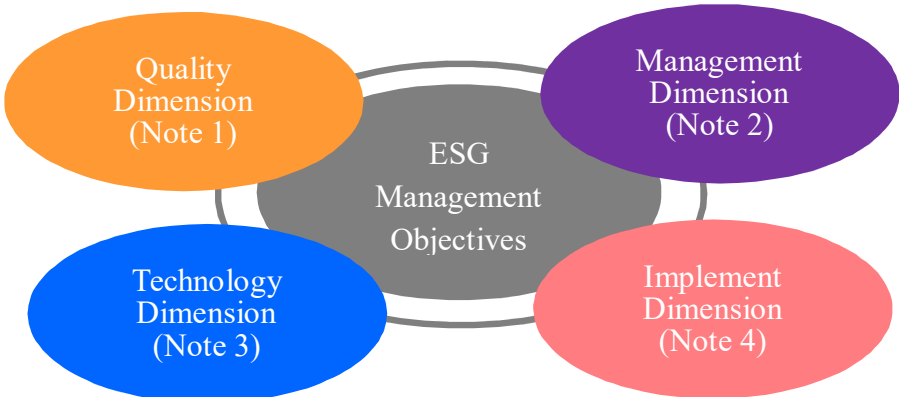
Item	Implementation Status
	<div data-bbox="672 215 2128 909"> <p>Impact Level: HIGH</p> <p>OCCURRENCE FREQUENCY: HIGH</p> <p>Short-term(2024) Mid-term(2025~2026) Long-term(2027~2030)</p> <p>● Transition risk ① CBAM ② Carbon tax ③ Upstream Supplier Transformation Risk ④ Sustainable Communication Costs ⑤ Energy Efficiency Improvement Investment Cost ⑥ Renewable Energy Transition Cost ⑦ Water Consumption Fee ⑧ Green products R&D</p> <p>● Physical risk ① Physical Risks (Floods, Droughts, Natural Disasters Disrupting Transportation) ② Supplier Physical Risk (Supply Chain Disruption Due to Natural Disasters) ③ Increased Air Conditioning Costs Due to High Temperatures</p> <p>● Opportunity ① Reducing Carbon Tax Costs ② Improve Reputation ③ Enhance Energy Efficiency ④ Enhance Resilience ⑤ Mitigating Supplier Risks ⑥ Water Consumption Fee Reduction Incentive ⑦ Reducing Procurement Costs</p> </div> <p>(2) Issues with a Significant Financial Impact in the Short-, Medium-, and Long-term</p> <p>Short-term: Make improvements to energy equipment and efficiency enhancement.</p> <p>Medium-term: Make improvements to energy equipment and efficiency enhancement, where the high-risk issue is the cost of carbon fee.</p> <p>Long-term: The high-risk issue is the cost of carbon fee.</p> <p>In order to achieve the long-term goal of reducing the average temperature rise by 1.5°C and reduce carbon emissions by 30% by 2030 as compared to 2020, the Company has set group-wide reduction targets while regularly reviewing utilization efficiency and reduction operations with respect to electricity consumption, water consumption, heat energy consumption, and carbon emissions. The Company continues to invest in the research and development of green products, the installation of solar power generation systems, and the replacement of old equipment to improve energy efficiency. In addition, the Company's production plants have thoroughly implemented various energy-saving programs in compliance with the relevant laws and regulations set forth by</p>

Item	Implementation Status			
	the government, aimed at realizing the goal of energy conservation and carbon reduction. Among various climate risk issues, investments and improvements in energy equipment and efficiency will have a greater impact on the Group's revenue in the short to medium term; however, over the long run, the impact of various climate issues on operating income in the short-, medium-, and long-term will be less than 0.3% as the Company will increase the proportion of investment in green product development year by year.			
6. Specify the content of the plan, as well as the metrics and targets used to identify and manage physical and transition risks if there is a transition plan to manage climate-related risks.	1. Greenhouse Gas Emission Targets After assessing the impact of climate change on the Company, our production plants in Taiwan have conducted carbon emission inventories since 2005 in accordance with ISO 14064-1. However, our production plants in Mainland China and Malaysia started conducting carbon emission inventories at different times as they were built and put into operation at different times. Therefore, the Company has set reduction targets for each period using the total greenhouse gas emissions in 2020 with 2020 as the base year, and formulated a greenhouse gas action plan based on our management goals while tracking energy consumption, greenhouse gas emissions, and carbon reduction benefits at each plant on a regular basis.			
7. Describe the basis for price setting if internal carbon pricing is used as a planning tool.				
8. Specify the activities covered, scope of greenhouse gas emissions, planning schedule, and annual progress if climate-related targets are set. Specify the source and amount of carbon offsets or the number of renewable energy certificates (RECs) if carbon offsets or RECs are used to achieve the relevant targets.				
	Indicator	Base Year and Management Targets	Interim Target in 2030	Long-term Target in 2050
	Carbon intensity (Physical strength)	With 2020 as the base year, carbon emissions per unit of product (Scope 1 and 2) will be reduced by 1.5%.	By 2030, carbon emissions per unit of product (Scope 1 and 2) will be reduced by 15%.	By 2050, our production plants in Taiwan will be carbon neutral while global carbon intensity will drop by 50%.
	Carbon intensity (Economic strength)	With 2020 as the base year, carbon emissions per unit of revenue (Scope 1 and 2) will be reduced by 3%.	By 2030, carbon emissions per unit of revenue (Scope 1 and 2) will be reduced by 30%.	By 2050, our production plants in Taiwan will be carbon neutral while the economic strength of global carbon intensity will drop by 90%.
	Cumulative reduction	With 2020 as the base year, the total annual global carbon emissions reduction will reach 3% of carbon emissions in the base year.	By 2030, the total carbon emission reduction will reach 30% of carbon emissions in the base year.	By 2050, the total carbon emission reduction will reach 100% of carbon emissions in the base year.
	Total Scope 3 emissions	With 2021 as the base year, Scope 3 emissions will be reduced year by year.	By 2030, Scope 3 emissions will be reduced by 20%.	By 2050, Scope 3 emissions will be reduced by 50%.

Item	Implementation Status																																			
	Energy management	Unit energy consumption will be by 1.5% per year starting in 2021 based on the average value of unit energy consumption (electricity consumption in manufacturing processes, thermal energy, and total water intake) from 2016 to 2020.	By 2030, the unit consumption of various types of energy sources will be reduced by 15% in total.	By 2050, the unit consumption of various types of energy sources will be reduced by 50% in total.																																
	Development of renewable energy	With 2020 as the base year, the share of renewable energy use in the total global electricity consumption will be increased gradually.	By 2030, the share of renewable energy use will reach 10% of the total global electricity consumption in the base year.	By 2050, the share of renewable energy use will reach 100% of the total global electricity consumption in the base year.																																
2. Other Indicators for Climate-related Risks and Opportunities 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.																																				
<table><tr><th colspan="4">Climate-Related Indicators</th></tr><tr><th>Indicator</th><th>2021</th><th>2022</th><th>2023</th></tr><tr><td>Power saving rate (%)</td><td>0.55%</td><td>1.42%</td><td>4.92%</td></tr><tr><td>Heat saving rate (%)</td><td>5.15%</td><td>2.03%</td><td>6.22%</td></tr><tr><td>Renewable energy construction (kW)</td><td>15</td><td>15</td><td>3077</td></tr><tr><td>Renewable energy consumption (kWh)</td><td>17,305</td><td>621,465</td><td>3,323,088</td></tr><tr><td>Carbon offset credit (tCO2e)</td><td>-</td><td>-</td><td>955</td></tr><tr><td>Number of renewable energy certificates</td><td></td><td></td><td>15</td></tr></table>					Climate-Related Indicators				Indicator	2021	2022	2023	Power saving rate (%)	0.55%	1.42%	4.92%	Heat saving rate (%)	5.15%	2.03%	6.22%	Renewable energy construction (kW)	15	15	3077	Renewable energy consumption (kWh)	17,305	621,465	3,323,088	Carbon offset credit (tCO2e)	-	-	955	Number of renewable energy certificates			15
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Item	Implementation Status																																																																												
	Energy intensity of electronic materials (MJ/kt ²)	69.22	73.47	63.31																																																																									
	Energy intensity of resin materials (MJ/ton.)	3,369.14	3,782.71	3,651																																																																									
	Energy intensity of biomedical materials (MJ/dose)	-	1.54	7.26																																																																									
	Water taking amount (Million liters)	1,227.72	1,073.67	1,002.82																																																																									
	Number of uses per water drop	1.30	1.48	1.66																																																																									
	3. Targets 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: Planning in progress.																																																																												
9. Specify greenhouse gas inventory and assurance status, as well as reduction targets, strategies, and specific action plans.	1. Greenhouse Gas Inventory and Assurance Status in the Past Two Years 1-1 Information on Greenhouse Gas Inventory Information on carbon emissions and intensity inventories in the past two years is presented as follows. <table><tr><th colspan="6">Greenhouse gas emissions (t CO₂e)</th></tr><tr><th>Year</th><th colspan="5">2022</th></tr><tr><th>Region</th><th>Taiwan</th><th>Mainland China</th><th>Malaysia</th><th>Other locations</th><th>Total emissions</th></tr><tr><td>Scope 1</td><td>27,949</td><td>48,287</td><td>7,437</td><td>82</td><td>83,755</td></tr><tr><td>Scope 2</td><td>35,540</td><td>119,441</td><td>4,839</td><td>1,291</td><td>161,111</td></tr><tr><td>Scope 1 and 2</td><td>63,489</td><td>167,728</td><td>12,275</td><td>1,373</td><td>244,865</td></tr><tr><td>Scope 3</td><td>359,626</td><td>1,202,109</td><td>140,931</td><td>182,853</td><td>1,885,519</td></tr><tr><th>Year</th><th colspan="5">2023</th></tr><tr><td>Scope 1</td><td>26,345</td><td>47,464</td><td>7,680</td><td>102</td><td>81,591</td></tr><tr><td>Scope 2</td><td>31,579</td><td>119,580</td><td>4,901</td><td>1,388</td><td>157,448</td></tr><tr><td>Scope 1 and 2</td><td>57,924</td><td>167,045</td><td>12,581</td><td>1,489</td><td>239,039</td></tr><tr><td>Scope 3</td><td>351,066</td><td>1,127,128</td><td>151,674</td><td>180,699</td><td>1,810,567</td></tr></table> Note: Our production sites include Lu-Chu Plant, Ta-Fa Plant, and Ping-Nan Plant in Taiwan; South China Plant, Chengdu Plant, Chongqing Plant, Guangdong Plant, Zhuhai Plant, Northeast Plant,					Greenhouse gas emissions (t CO ₂ e)						Year	2022					Region	Taiwan	Mainland China	Malaysia	Other locations	Total emissions	Scope 1	27,949	48,287	7,437	82	83,755	Scope 2	35,540	119,441	4,839	1,291	161,111	Scope 1 and 2	63,489	167,728	12,275	1,373	244,865	Scope 3	359,626	1,202,109	140,931	182,853	1,885,519	Year	2023					Scope 1	26,345	47,464	7,680	102	81,591	Scope 2	31,579	119,580	4,901	1,388	157,448	Scope 1 and 2	57,924	167,045	12,581	1,489	239,039	Scope 3	351,066	1,127,128	151,674	180,699	1,810,567
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	<p>East China Plant, Kunhua Plant, Tianjin Plant, Changshu Plant, and Suzhou Plant in Mainland China, and Malaysia Plant in Malaysia. Other locations refer to other operating facilities belonging to the parent company, whose Scope 1 and 2 emissions are less than 5% (including the Head Office, Xizhi Plant, Jhongli Warehouse, Northern Sales Office, Central Sales Office, South Korea Office, and Vietnam Office).</p> <table><tr><th colspan="5">Greenhouse gas emission intensity (tCO₂e/NT\$ million)</th></tr><tr><th>Year</th><th colspan="4">2022</th></tr><tr><th>Region</th><th>Taiwan</th><th>Mainland China</th><th>Malaysia</th><th>Total emissions</th></tr><tr><td>Scope 1</td><td>1.738</td><td>1.578</td><td>2.714</td><td>1.693</td></tr><tr><td>Scope 2</td><td>2.211</td><td>3.902</td><td>1.766</td><td>3.234</td></tr><tr><td>Scope 1 and 2</td><td>3.949</td><td>5.480</td><td>4.480</td><td>4.927</td></tr><tr><td>Scope 3</td><td>22.369</td><td>39.275</td><td>51.434</td><td>34.450</td></tr><tr><th>Year</th><th colspan="4">2023</th></tr><tr><td>Scope 1</td><td>1.985</td><td>1.759</td><td>2.844</td><td>1.897</td></tr><tr><td>Scope 2</td><td>2.379</td><td>4.432</td><td>1.815</td><td>3.633</td></tr><tr><td>Scope 1 and 2</td><td>4.363</td><td>6.192</td><td>4.658</td><td>5.530</td></tr><tr><td>Scope 3</td><td>26.446</td><td>41.779</td><td>56.164</td><td>37.944</td></tr></table> <p>Note: Our production sites include Lu-Chu Plant, Ta-Fa Plant, and Ping-Nan Plant in Taiwan; South China Plant, Chengdu Plant, Chongqing Plant, Guangdong Plant, Zhuhai Plant, Northeast Plant, East China Plant, Kunhua Plant, Tianjin Plant, Changshu Plant, and Suzhou Plant in Mainland China, and Malaysia Plant in Malaysia.</p> <p>1-2 Information on Greenhouse Gas Inventory and Assurance</p> <p>Having established the relevant verification and assurance requirements based on the schedule of the operational regulations set forth by the competent authority, each operating location of the Group conducts its own inventory in accordance with the ISO 14064-1 standards. Specifically, our production sites in Taiwan engages an external verification company (BV) to carry out third-party verification in accordance with the ISO 14064-1:2018 standards each year, whereas our other subsidiaries will also gradually complete third-party verification according to the planned schedule.</p> <p>All the inventory and verification information will be disclosed in the Company's sustainability report or on other information platforms for reference by relevant stakeholders and organizations. The assurance process will be completed in accordance with the assurance requirements set forth by the competent authority, and the assurance</p>	Greenhouse gas emission intensity (tCO ₂ e/NT\$ million)					Year	2022				Region	Taiwan	Mainland China	Malaysia	Total emissions	Scope 1	1.738	1.578	2.714	1.693	Scope 2	2.211	3.902	1.766	3.234	Scope 1 and 2	3.949	5.480	4.480	4.927	Scope 3	22.369	39.275	51.434	34.450	Year	2023				Scope 1	1.985	1.759	2.844	1.897	Scope 2	2.379	4.432	1.815	3.633	Scope 1 and 2	4.363	6.192	4.658	5.530	Scope 3	26.446	41.779	56.164	37.944
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Item	Implementation Status
	<p>results and opinions will also be disclosed in the Company's sustainability report.</p> <p>2. Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans</p> <p>2-1 Base Year for Greenhouse Gas Reduction and Related Data, Reduction Targets, Strategies and Specific Action Plans, and Achievement of Reduction Targets.</p> <p>Aside from continuously developing robust process technology and enhancing our environmental health and safety management system, the Company also comprehensively promotes energy-saving and carbon reduction measures in our production sites through various methods to enhance energy efficiency and improve carbon reduction plans. In addition, the Company sets energy-saving and carbon reduction targets with respect to electricity, heat, water intake, wastewater, and renewable energy, and reviews the achievement of these targets annually while developing improvement plans.</p> <p style="text-align: center;">The Energy-Saving and Carbon Reduction Strategic Structure of Eternal Group</p>  <p>Note 1 : The Implement of ISO 50001 Management System</p> <ul style="list-style-type: none"> ◆ Internal Auditing of Energy Management ◆ Project Performance Auditing ◆ The Data Verification of ESG Report <ol style="list-style-type: none"> 1. The Measurement of Energy Performance and Supervise Operations Procedure 2. The External Verification of Third Party 3. The Integration of Group Information Platform

Item	Implementation Status
	<p>Note 2 : Establishing a Matrix Management System</p> <ul style="list-style-type: none"> ◆ Corporate Governance and Sustainable Development Committee ◆ Group Energy Management Team ◆ Group Environmental and Safety Meeting <ol style="list-style-type: none"> 1. Integrating Consistency in Energy Management Documentation Across All Factories 2. Energy Resource Baseline/setting up Strategic Goals 3. Climate Change Risk Management/ External Legal and Policy Dynamics <p>Note 3 : The action of Energy-Saving and Carbon Reduction</p> <ul style="list-style-type: none"> ◆ Transition to Clean Energy Alternatives ◆ Waste Heat/Cold Source Recovery Technology ◆ Introduction of Self-Sustaining Renewable Energy Sources ◆ Improving the Efficiency of Water Usage <ol style="list-style-type: none"> 1. Energy/Water Resource Balance Chart 2. Introduction of Innovative Energy-Saving and Carbon-Reduction Technologies 3. Implementation of Factory Process Improvement <p>Note 4 : Enhancing Energy Resource Utilization Efficiency</p> <ul style="list-style-type: none"> ◆ Factory Energy Control Sheet ◆ Major Energy Equipment Verification ◆ Carbon Offset/Trading ◆ Internal Carbon Pricing <ol style="list-style-type: none"> 1. Energy Management Manual/ Operating Procedures 2. Carbon Verification /Product Carbon Footprint 3. Factory Energy Efficiency and Carbon Reduction Promotion

(VI) Implementation Status of Ethical Corporate Management and Measures Taken

Implementation Status of Ethical Corporate Management

Evaluation Item	Operation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding Reasons
	Yes	No	Summary	
I. Formulating Ethical Corporate Management Policies and Plans				
(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?	V		(I) The Company has established the "Ethical Corporate Management Best Practice Principles" approved by the Board of Directors and submitted to the shareholders' meeting in August 2013. The Board and all employees should abide by the ethical corporate management policy to comply with corporate culture and ethical corporate management policy of "compliance, trustworthiness, and morality," and disclose the above information on the Company's website and MOPS.	Implemented according to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies without deviations
(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/TPEX Listed Companies"?	V		(II) The Company clearly stated in the "Ethical Corporate Management Best Practice Principles" that it prohibits unethical conduct stated in Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," and disclosed relevant regulations in the Company's internal system for colleagues to review and implement at any time. In addition, the Company reinforces the concepts during education and training to implement relevant regulations.	
(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?	V		(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. The Company takes initiatives in promulgating anti-bribery mechanisms to prevent corruption and illegal activities. Zero incident of corruption was reported within	

Evaluation Item	Operation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding Reasons
	Yes	No	Summary	
			the past three years. The achievement rate is 100%.	
II. Implementing 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.	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,	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-	

Evaluation Item	Operation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding Reasons
	Yes	No	Summary	
<p>or engaging a certified public accountant to carry out the audit?</p> <p>(V) Does the Company regularly hold internal and external training related to ethical corporate management?</p>	V		<p>evaluate their internal control systems each year to ensure the effectiveness of the design and implementation.</p> <p>(V) The Company takes concrete actions in accordance with the "Eternal Materials Co., Ltd. Ethical Corporate Management Best Practice" to ensure that our customers, suppliers, business partners or others with whom the Company has business dealings recognize and practice the Company's ethical management policy and corporate culture.</p> <ol style="list-style-type: none"> 1. Print awareness campaigns: The Human Resource Department conducts education awareness campaigns in due course during pre-employment training for new employees, whereas for the rest of the existing employees at the Company, internal awareness campaigns are held via company announcements or in company publications each year. 2. Awareness courses: The Company provides both face-to-face and digital courses to provide guidance on the concepts of corporate governance, internal control, and legal compliance (including anti-corruption, ethical corporate management, and insider trading), which were attended by a total of 1,972 people, thus representing an achievement rate of 97% (11,832 minutes in total). 3. The Company requires 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 	

Evaluation Item	Operation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding Reasons
	Yes	No	Summary	
			the safety of working environment in the supply chain, to protect the respect and dignity of employees, to protect the environment and to comply with ethics, the Company not only requires suppliers to fully comply with the laws and regulations of the countries/regions in which they operate, but has also established the Supplier Code of Conduct to encourage suppliers to comply with in all aspects of their business practices.	
III. Operation of the Company's Whistleblowing System				
(I) Does the Company establish both a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party?	V		(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.	Implemented according to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies without deviations
(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?	V		(II) The implementation and management measures for the "whistle-blowing system" have been formulated and announced by the Company.	
(III) Does the Company provide protection for whistle-blowers against receiving improper treatment?	V		(III) 1. The Company has clearly adopted measures to protect whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing, assigned dedicated personnel or unit to investigate the reports, and kept the identity of the whistle-blower and content of the report confidential. 2. 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.	
IV. Enhancing Information	V		The Company's ethical corporate	Implemented according

Evaluation Item	Operation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Corresponding Reasons
	Yes	No	Summary	
Disclosure Does the Company disclose the ethical corporate management policies and the results of its implementation on the Company website and MOPS?			management philosophy is disclosed on the Company's website (https://www.eternal-group.com/WebData/Director02). 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.	to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies without deviations
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.				
VI. Other significant information that helps to understand the implementation of ethical corporate management (e.g., amendments to the Ethical Corporate Management Principles): Disclosed on the Company's website and MOPS.				

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

They have been disclosed on the Company website. To inquire, please refer to https://www.eternal-group.com/Board_of_Directors.

- (VIII) Other material information that can enhance the understanding of the status 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 8, 2024

The internal control system of the Company in 2023, 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, 2023, 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 8, 2024. 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

(Signature and Stamp)

President: Mao, Hui-Kuan

(Signature and Stamp)

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. 2023 Annual General Meeting of Shareholders

Proposal	Material Resolution	Implementation Status
Proposal I	Adoption of the 2022 final accounts	Implemented as proposed.
Proposal II	Adoption of the 2022 earnings distribution proposal	The distribution of cash dividends amounting to NT\$1.2 per share was completed on April 27, 2023, and thus implemented as proposed.

2. Board of Directors

Date	Resolution
2023.03.10	Proposal 1. Pass the proposal on discussing the 2022 consolidated and parent company only financial statements.
	Proposal 2. Pass the proposal on changing the CPAs since Q1 2023.
	Proposal 3. Pass the proposal on the appointment of CPAs from Q2 2023 to Q1 2024 and the evaluation of their independence.
	Proposal 4. Approve the issuance of the 2022 Statement on Internal Control System.
	Proposal 5. Pass the proposal on the revision of the Internal Audit Implementation Rules and the Internal Control System Self-Assessment Criteria.
	Proposal 6. Approve the 2022 Business Report.
	Proposal 7. Pass the proposal on the distribution of surplus for 2022.
	Proposal 8. Pass the proposal on the distribution of remuneration for directors and employees in 2022.
	Proposal 9. Pass the proposal on convening the 2023 Annual General Meeting of Shareholders
	Proposal 10. Pass the proposal on obtaining land use right and cash capital increase in Eternal Material Industry (Tongling) Co., Ltd.
	Proposal 11. Pass the proposal on dividing the dry film photoresist related business of the subsidiary Nikko-Materials Co., Ltd. and transferring it to subsidiary CHOU-KOU Materials Co., Ltd.
	Proposal 12. Pass the proposal on inter-affiliate loans (non-revolving credit line).
	Proposal 13. Pass the proposal on inter-subsidiary loans (revolving credit line).
	Proposal 14. Approve the project approval incentives for managerial officers in 2022
	Proposal 15. Pass the proposal on the equity sale of Chuangxing Fine Chemistry (Shanghai) Co., Ltd.
2023.05.11	Proposal 1. Pass the proposal on discussing the consolidated financial statements for Q1 2023.
	Proposal 2. Pass the proposal on rules for pre-approval of non-assurance services provided by CPAs.
	Proposal 3. Pass the proposal on providing endorsements/guarantees for banks to secure credit facilities for subsidiaries.
	Proposal 4. Pass the proposal on the sale of shares in Eternal Optical Material (Suzhou) Co., Ltd.
	Proposal 5. Pass the proposal on amendments to the "Employee Remuneration

	Distribution Standards." Proposal 6. Pass the proposal on the distribution of employee remuneration for managerial officers in 2022.
2023.06.30	<p>Proposal 1. Pass the proposal on changing investment in the 4th and 5th gluing production lines of Eternal Electronic (Suzhou) Co., Ltd.</p> <p>Proposal 2. Pass the proposal on ownership restructuring and capital increase by Eternal Technology Corporation.</p> <p>Proposal 3. Pass the proposal on capital increase by Eternal Chemical Industry (Chengdu) Co., Ltd.</p> <p>Proposal 4. Pass the proposal on cash capital reduction by Eternal (China) Investment Co., Ltd. and Eternal International (BVI) Co., Ltd.</p> <p>Proposal 5. Pass the proposal on cash capital reduction by Allnex-Eternal Resins Co., Ltd.</p> <p>Proposal 6. Pass the proposal on the acquisition of shares held by Nikko-Materials Co., Ltd. in Eternal Materials Industrial Co., Ltd.</p> <p>Proposal 7. Pass the proposal on the provisions of endorsements/guarantees for banks by Eternal (China) Investment Co., Ltd. to secure credit facilities for subsidiaries.</p> <p>Proposal 8. Pass the proposal on organizational adjustment within the Development Department.</p>
2023.08.11	<p>Proposal 1. Pass the proposal on discussing the consolidated financial statements for Q2 2023.</p> <p>Proposal 2. Pass the proposal on amendments to the Group's business plan for 2023.</p> <p>Proposal 3. Pass the proposal on amendments to the mid-year cash flow plan for 2023.</p> <p>Proposal 4. Pass the proposal on amendments to the audit plan of subsidiaries for 2023.</p> <p>Proposal 5. Approve the review of the 2022 Sustainability Report and TCFD Report.</p> <p>Proposal 6. Pass the proposal on the loaning of funds (non-revolving credit line) by Eternal Holdings Inc.</p> <p>Proposal 7. Pass the proposal on providing endorsement/guarantee for the loan facility of Eternal Nanyang Investment Co., Ltd.</p>
2023.11.10	<p>Proposal 1. Pass the proposal on discussing the consolidated financial statements for 2023 Q3.</p> <p>Proposal 2. Pass the proposal on the first cash capital increase through issuance of new shares in 2023 by subsidiary Eternal Precision Mechanics Co., Ltd.</p> <p>Proposal 3. Pass the proposal on withdrawing the Company's participation in the first cash capital increase in 2023 by subsidiary Eternal Precision Mechanics Co., Ltd.</p> <p>Proposal 4. Pass the proposal on the first issuance of employee stock options totaling 1,490,000 shares in 2023 by subsidiary Eternal Precision Mechanics Co., Ltd.</p> <p>Proposal 5. Approve the list of directors, managerial officers, and general employees eligible for stock subscription in the issuance of employee stock options by subsidiary Eternal Precision Mechanics Co., Ltd.</p> <p>Proposal 6. Approve the list of directors, managerial officers, and general employees eligible for stock subscription in the issuance of new shares for cash capital increase by subsidiary Eternal Precision Mechanics Co., Ltd.</p> <p>Proposal 7. Pass the proposal on establishing the Functional Adhesive Business Division.</p> <p>Proposal 8. Pass the proposal on formulating the Company's Nomination Committee Charter and appointing members of the 1st Nomination Committee.</p>

2023.12.21	<p>Proposal 1. Approve the Group's 2024 (consolidated) business plan.</p> <p>Proposal 2. Approve the 2024 cash flow plan.</p> <p>Proposal 3. Approve the 2024 audit plan.</p> <p>Proposal 4. Pass the proposal on requesting the Board of Directors to authorize the Chairman to approve the Company's applications or contract renewals with regards to account opening and cancellation, deposits, and borrowings with financial institutions, including related credit facilities, in 2024 in order to meet the Company's needs in relation to dealings with banks, loan procedures, and capital movement.</p> <p>Proposal 5. Pass the proposal on inter-subsidary loans (revolving credit line).</p> <p>Proposal 6. Pass the proposal on inter-subsidary loans (non-revolving credit line).</p> <p>Proposal 7. Approve the 2024 annual sustainable development plan and strategic directions.</p> <p>Proposal 8. Approve annual performance bonus and operation performance bonus for managerial officers in 2023.</p> <p>Proposal 9. Approve the promotion of managerial officers to the position of Vice President.</p> <p>Proposal 10. Approve the promotion of managerial officers to the position of Assistant Vice President.</p>
2024.03.06	No proposal.
2024.03.08	<p>Proposal 1. Approve the consolidated and parent company only financial statements for 2023.</p> <p>Proposal 2. Pass the proposal on evaluating the independence and suitability of CPA firm and appointing CPA firm for 2024.</p> <p>Proposal 3. Approve the issuance of the 2023 Statement on Internal Control System.</p> <p>Proposal 4. Approve the 2023 Business Report.</p> <p>Proposal 5. Pass the proposal on the distribution of surplus for 2023.</p> <p>Proposal 6. Pass the proposal on the distribution of remuneration for directors and employees in 2023.</p> <p>Proposal 7. Pass the proposal on convening the 2024 Annual General Meeting of Shareholders</p> <p>Proposal 8. Pass the proposal on the additional budget for factory construction by Eternal Material Industry (Tongling) Co., Ltd.</p> <p>Proposal 9. Pass the proposal on cash capital increase by Eternal Electronic Material (Thailand) Co., Ltd.</p> <p>Proposal 10. Pass the proposal on capital reduction and offsetting of losses by subsidiary New E Materials Co., Ltd.</p> <p>Proposal 11. Pass the Company's proposal on appointing E.SUN Commercial Bank and Taipei Fubon Commercial Bank to organize a syndicated loan totaling NT\$5.1 billion aimed at repaying debts owed to financial institutions and strengthening medium-term working capital.</p> <p>Proposal 12. Pass the proposal on inter-affiliate loans (non-revolving credit line).</p> <p>Proposal 13. Pass the proposal on lifting the non-compete clause on managerial officers who serve in the Company's investees.</p> <p>Proposal 14. Approve the performance evaluation of the Board of Directors in 2023.</p> <p>Proposal 15. Approve the continuing education plan for directors.</p> <p>Proposal 16. Approve the distribution of performance bonus to managerial officers for surpassing profit targets in 2023.</p> <p>Proposal 17. Approve the termination of the "Rules Governing Performance Bonus for Surpassing Profit Targets."</p> <p>Proposal 18. Approve amendments to the "Retirement Management Rules."</p>

	Proposal 19. Approve the promotion and compensation review for managerial officers at the Company.
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- (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\$ thousands

Accounting Firm	Name of CPA	Period of Audit	Audit Fees	Non-audit Fees	Total	Remark
Deloitte & Touche	Wang, Chao-Chun	2023.1.1~2023.12.31	8,710	1,717	10,427	Non-audit fees primarily covers sustainability report assurance services, profit-making enterprise income tax review and filing, project consulting and business registration services, etc.
	Stephen Hsu	2023.1.1~2023.12.31				

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 CPA:

(I) Replacement of CPA in the past two years or any subsequent interim period:

1. Information on former CPAs:

Date of replacement	Approved by the Board of Directors on March 8, 2024.		
Reason for change and explanation	In line with internal adjustments within the Company, Wang, Chao-Chun and Stephen Hsu will replace Wang, Chao-Chun and Liu, Yu-Hsiang as the CPAs in charge of auditing and reviewing the Company's financial statements starting in the second quarter of 2024.		
Indicate whether the appointment is terminated or not accepted by the appointor or CPAs themselves.	<div>Contracting party</div> <div>Status</div>	CPA	Appointor
	Terminate the appointment	-	-
	No longer accept the (continued) appointment	-	-
Opinions and reasons for audit reports other than unqualified opinions issued over the past two years	None.		
Disagreements with the issuer	Yes	-	Accounting principles or practices
		-	Disclosure of financial statements
		-	Audit scope or procedures
		-	Others
	None	v	
	Note		
Other matters (to be disclosed according to Items 1-4 to Items 1-7, Subparagraph 6, Article 10 of the Guidelines)	None.		

Date of replacement	Approved by the Board of Directors on March 10, 2023		
Reason for change and explanation	According to the requirement for assessing the suitability of appointed CPAs as stipulated in Article 29 of the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies, Wong, Chao-Chun and Kuo, Li-Yuan would be replaced by Wong, Chao-Chun and Stephen Hsu as the CPAs in charge of auditing and reviewing the Company's financial statements starting in the first quarter of 2023 as CPA Kuo, Li-Yuan has provided audit services to the Company for seven years.		
Indicate whether the appointment is terminated or not accepted by the appointer or CPAs themselves.	Contracting Party	CPA	Appointor
	Status		
	Terminate the appointment	-	-
	No longer accept the (continued) appointment	-	-
Opinions and reasons for audit reports other than unqualified opinions issued over the past two years	None.		

Disagreements with the issuer	Yes	-	Accounting principles or practices
		-	Disclosure of financial statements
		-	Audit scope or procedures
		-	Others
	None.	v	
	Note		
Other matters (to be disclosed according to Items 1-4 to Items 1-7, Subparagraph 6, Article 10 of the Guidelines)	None.		

2. Information on successor CPAs:

Name of CPA Firm	Deloitte & Touche
Name of CPAs	Wang, Chao-Chun and Liu, Yu-Hsiang
Date of appointment	March 10, 2024
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

Name of CPA Firm	Deloitte & Touche
Name of CPAs	Wang, Chao-Chun and Stephen 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	2023		As of April 27, 2024	
		Change in the Number of Shares Held	Change in the Number of Shares Pledged	Change in the Number of Shares Held	Change in the Number of Shares Pledged
Chairman and CEO	Kao, Kuo-Lun	(200,000)	-	-	-
Director	Kwang Yang Motor Co., Ltd.	-	-	-	-
	Representative: Ko, Chun-Pin	-	-	-	-
	Yang, Huai-Kung	(200,000)	-	(200,000)	-
	Chen, Chao-Hsu	-	-	-	-
	Kao, Kuo-Hsun	860,000	-	-	-
	Huang, Shun-Jen	-	-	-	-
	Chen, Chin-Yuan	-	-	-	-
	Liao, Heng-Ning	-	-	-	-
Independent Director	Hung, Li-Jung	-	-	-	-
	Lo, Li-Chun	-	-	-	-
	Chen, I-Heng	-	-	-	-
	Lu, Chun-Cheng	-	-	-	-
President and COO	Mao, Hui-Kuan	-	-	-	-
Vice President	Liao, Heng-Ning	-	-	-	-
	Hung, Chao-Cheng	-	-	-	-
	Pan, Chin-Cheng	-	-	-	-
	Yeh, Mao-Jung (Note 1)	-	-	-	-
	Chu, Jui-Hsin (Note 1)	-	-	-	-
	Chen, Hung-Yi (Note 1)	-	-	-	-
Assistant Vice President	Lin, Chih-Kuo (Note 2)	-	-	-	-
	Kao, Chih-Yu	-	-	-	-
	Su, Wen-Pin (Note 2)	-	-	-	-
	Weng, Chin-Yi	-	-	-	-
	Lin, Chao-Kun	-	-	-	-
	Chang, Chi-Kang	-	-	-	-
	Hsieh, Yen-Fen	-	-	-	-
	Wang, Hung-Yu	-	-	-	-
Chief Financial Officer	Liu, Bing-Cheng (Note 1)	-	-	-	-
Accounting Manager	Su, Hui-Fang (Note 1)	-	-	-	-

Title	Name	2023		As of April 27, 2024	
		Change in the Number of Shares Held	Change in the Number of Shares Pledged	Change in the Number of Shares Held	Change in the Number of Shares Pledged
Chief Corporate Governance Officer	Liu, Bing-Cheng (Note 1)	-	-	-	-

Note 1: On January 1, 2024, Assistant Vice Presidents Yeh, Mao-Jung, Chu, Jui-Hsin, and Chen, Hung-Yi were promoted to the position of Vice President, whereas Chief Financial Officer Liu, Bing-Cheng and Accounting Manager Su, Hui-Fang were promoted to the position of Assistant Vice President.

Note 2: With both Lin, Chih-Kuo and Su, Wen-Pin stepping down from their positions in June 2023 due to retirement, Wang, Hung-Yu was promoted to the position of Assistant Vice President on January 1, 2024. Changes in the shareholdings of retired employees shall be disclosed until the month they leave officer, whereas changes in the shareholdings of new employees shall be disclosed starting on the day they take office.

(II) Information on Related Parties Involved in Transfer of Equity Interests:

As of April 27, 2024

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	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
Kao, Kuo-Lun	Bestowal	2023.05.05	Kao, Fu-Cheng	Father and son	200,000	N/A
Yang, Huai-Kung	Bestowal	2024.01.19	Yang, Chin-Ying	Father and daughter	100,000	N/A
Yang, Huai-Kung	Bestowal	2024.01.19	Yang, Chin-Ning	Father and daughter	100,000	N/A

(III) Information on Related Parties Involved in 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 MINOR CHILDREN		TOTAL SHAREHOLDING BY NOMINEES		INFORMATION ON RELATIONSHIP IF AMONG THE TOP 10 SHAREHOLDERS ANY ONE IS A RELATED PARTY OR A RELATIVE WITHIN THE SECOND DEGREE OF KINSHIP OF ANOTHER		REMARK
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Name	Relationship	None
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	74,567	6.33	0	0.00	0	0.00	Kao, Kuo-Lun Kao, Ying-Chih	Father and son Brothers	None
Kao, Kuo-Lun	51,106	4.34	5,354	0.45	0	0.00	Kao, Ying-Shih	Father and son	None
Kwang Hsing Industrial Co., Ltd.	47,600	4.04	0	0.00	0	0.00	Kwang Yang Motor Co., Ltd.	Parent company and subsidiary	None
Representative: Ko, Chun-Pin	0	0.00	0	0.00	0	0.00	None	None	None
China F.R.P. Corporation	20,000	1.70	0	0.00	0	0.00	None	None	None
Representative: Lee, Shang-Heng	6	0.00	11	0.00	0	0.00	None	None	None
LGT Bank AG in custody of Standard Chartered	19,302	1.64	0	0.00	0	0.00	None	None	None
Taiwan Cooperative Bank Co., Ltd.	18,092	1.54	0	0.00	0	0.00	None	None	None

NAME	SHARES HELD IN PERSON		SHARES HELD BY SPOUSE AND MINOR CHILDREN		TOTAL SHAREHOLDING BY NOMINEES		INFORMATION ON RELATIONSHIP IF AMONG THE TOP 10 SHAREHOLDERS ANY ONE IS A RELATED PARTY OR A RELATIVE WITHIN THE SECOND DEGREE OF KINSHIP OF ANOTHER		REMARK
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Name	Relationship	None
Representative: Lin, Yan-Mao	0	0.00	0	0.00	0	0.00	None	None	None
Jiacheng Enterprises (Co.) Ltd.	17,213	1.46	0	0.00	0	0.00	None	None	None
Representative: Cheng, Yu-Ching	0	0.00	0	0.00	0	0.00	None	None	None
Kao, Ying-Chih	16,764	1.42	985	0.08	5,965	0.51	Kao, Ying-Shih	Brothers	None
Norges Bank investment account in custody of Citibank (Taiwan)	15,437	1.31	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:

Combined Shareholding Percentage

December 31, 2023; Unit: shares, %

Investee (Note 1)	Investment by the Company		Investment by Directors, Supervisors, Managerial Officers, and Directly or Indirectly Controlled Businesses		Combined Investment	
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage
Eternal Holdings Inc.	185,108,859	100.00	0	0	185,108,859	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	282,373	0.27	23,706,185	23.07
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.	52,085,384	84.61	2,652,471	4.31	54,737,855	88.92
Eternal Electronic Material (Thailand) Co., Ltd.	937,500	75.00	0	0	937,500	75.00
CHOU-KOU Materials Co., Ltd.	9,760	100.00	0	0	9,760	100.00
Eternal Technology Corporation	1,000	100.00	0	0	1,000	100.00
Elga Europe S.r.l.	Note 2	72.68	Note 2	22.32	Note 2	95.00

Notes 1: Long-term investments made by the Company that are accounted for using the equity method

Notes 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 27, 2024; Unit: thousand shares

Type of Shares	Authorized Capital			Remark
	Outstanding Shares	Unissued Shares	Total	

Common Stock	1,178,266 (listed)	621,734	1,800,000	None
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2. Capital Formation

April 27, 2024; Unit: NT\$ thousands; thousand shares

Year and Month	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Offsetting of property other than cash against share payments	Others
1964.12	NT\$100	8	800	8	800	Establishment of the Company	None	--
1966.01	NT\$100	40	4,000	40	4,000	Cash capital increase: 3,200 shares	None	--
1968.01	NT\$100	100	10,000	100	10,000	Cash capital increase: 6,000 shares	None	--
1972.01	NT\$100	160	16,000	160	16,000	Cash capital increase: 6,000 shares	None	--
1972.11	NT\$100	360	36,000	360	36,000	Cash capital increase: 20,000 shares	None	--
1973.11	NT\$100	700	70,000	700	70,000	Cash capital increase: 34,000 shares	None	--
1975.09	NT\$100	770	77,000	770	77,000	Cash capital increase: 7,000 shares	None	--
1976.09	NT\$100	800	80,000	800	80,000	Cash capital increase: 3,000 shares	None	--
1978.08	NT\$100	1,000	100,000	1,000	100,000	Cash capital increase: 20,000 shares	None	--
1979.11	NT\$100	1,500	150,000	1,500	150,000	Capitalization of earnings: 25,000 shares; Cash capital increase: 25,000 shares	None	--
1985.11	NT\$10	20,000	200,000	20,000	200,000	Cash capital increase: 50,000 shares	None	--
1987.01	NT\$10	30,000	300,000	30,000	300,000	Cash capital increase: 100,000 shares	None	--
1988.07	NT\$10	45,500	455,000	45,500	455,000	Cash capital increase: 155,000 shares	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 earnings: 145,000 shares	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 earnings: 120,000 shares	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 earnings: 189,419 shares	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 earnings: 227,355 shares; Cash capital increase: 180,000 shares	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 earnings: 197,516 shares; Capital reserve: 131,677 shares	None	06/08/1995 (84) T.C.Z. (Y.) No. 33684
1996.07	NT\$10	197,516	1,975,161	197,516	1,975,161	Capitalization of earnings: 164,597 shares; Capital reserve: 164,597 shares	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 earnings: 434,535 shares; Capital reserve: 158,013 shares; Employee bonus: 8,620 shares	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 earnings: 566,793 shares; Capital reserve: 206,106 shares; Employee bonus: 11,797 shares	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 earnings: 571,374 shares; Capital reserve: 100,831 shares; Employee bonus: 10,287 shares	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	Cash capital increase: 30,000 shares	None	10/13/1999 (88) T.C.Z. (Y.) No. 88150

Year and Month	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Offsetting of property other than cash against share payments	Others
2000.05	NT\$35	500,000	5,000,000	418,782	4,187,817	Cash capital increase: 114,300 shares	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 earnings: 766,229 shares; Capital reserve: 16,245 shares; Employee bonus: 48,475 shares	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 earnings: 401,501 shares; Capital reserve: 100,375 shares; Employee bonus: 21,110 shares	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 earnings: 277,088 shares; Employee bonus: 17,828 shares	None	05/21/2002 (91) T.C.Z. (Y.) No. 127586
2005.07	NT\$10	753,000	7,530,000	642,034	6,420,335	Capitalization of earnings: 583,667 shares	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 earnings: 642,034 shares; Employee bonus: 52,143 shares	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 earnings: 853,741 shares; Employee bonus: 67,215 shares	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 earnings: 803,547 shares; Employee bonus: 73,197 shares	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 earnings: 89,122 shares	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 earnings: 450,067 shares	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 earnings: 472,570 shares	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 earnings: 297,719 shares	None	07/22/2014, J.G.Z.Z. No. 030025006
2016.08	NT\$10	1,200,000	12,000,000	1,103,943	11,039,425	Capitalization of earnings: 817,735 shares	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 earnings: 551,972 shares	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 earnings: 811,398 shares	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 reduction: 620,140 shares	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 27, 2024; Unit: thousand shares, %

Shareholder Structure Quantity	Government Agencies	Financial Institutions	Other Institutions	Natural Persons	Foreign Institutions and Natural Persons	Total
Number of People	0	10	202	57,861	277	58,350
Number of Shares Held	0	25,504	284,166	684,460	184,136	1,178,266
Shareholding Percentage	0	2.16	24.12	58.09	15.63	100.00

(III) Distribution of Equity Ownership:

1. Common Stock:

April 27, 2024; Par value of NT\$10 per share; %

Shareholding Range	Number of Shareholders	Number of Shares Held	Shareholding Percentage
1 to 999 shares	15,446	7,586,713	0.64
1,000 to 5,000 shares	30,151	69,299,538	5.88
5,001 to 10,000 shares	6,245	48,428,616	4.11
10,001 to 15,000 shares	2,129	26,642,493	2.26
15,001 to 20,000 shares	1,259	22,831,737	1.94
20,001 to 30,000 shares	1,035	25,897,188	2.20
30,001 to 40,000 shares	479	16,933,529	1.44
40,001 to 50,000 shares	363	16,545,479	1.40
50,001 to 100,000 shares	562	39,614,014	3.36
100,001 to 200,000 shares	306	42,637,982	3.62
200,001 to 400,000 shares	155	43,225,483	3.67
400,001 to 600,000 shares	50	24,580,613	2.09
600,001 to 800,000 shares	35	24,194,878	2.05
800,001 to 1,000,000 shares	23	20,609,998	1.75
1,000,001 shares and above	112	749,237,222	63.59
Total	58,350	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 27, 2024; Unit: shares, %

Shares Name of Major Shareholder	Number of Shares Held	Shareholding Percentage
Kwang Yang Motor Co., Ltd.	117,800,000	9.99
Kao, Ying-Shih	74,567,152	6.33
Kao, Kuo-Lun	51,105,563	4.34
Kwang Hsing Industrial Co., Ltd.	47,600,000	4.04
China F.R.P. Corporation	20,000,000	1.70
LGT Bank AG in custody of Standard Chartered	19,301,729	1.64
Taiwan Cooperative Bank Co., Ltd.	18,091,750	1.54
Jiacheng Enterprises (Co.) Ltd.	17,213,344	1.46
Kao, Ying-Chih	16,763,982	1.42
Norges Bank investment account in custody of Citibank (Taiwan)	15,437,297	1.31

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

Item			Year	2022	2023	As of March 31, 2024 (Note 8)
Market price per share (Note 1)	Highest	Before retrospective adjustment		43.15	34.80	33.9
		After retrospective adjustment		43.15	34.80	-
	Lowest	Before retrospective adjustment		29.30	27.50	27.5
		After retrospective adjustment		29.30	27.50	-
	Average	Before retrospective adjustment		34.13	30.82	31.40
		After retrospective adjustment		34.13	30.82	-
Net asset value per share (Note 2)	Before distribution			21.28	20.99	21.68
	After distribution			19.81	20.19	-
Earnings per share	Weighted average number of shares (in thousand shares)			1,178,266	1,178,266	1,178,266
	Earnings per share (Note 3)	Before retrospective adjustment		2.15	1.28	0.38
		After retrospective adjustment		2.15	1.28	-
Dividends per share	Cash dividends			1.2	0.8	-
	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)			15.87	24.08	-
	Price-to-dividend ratio (Note 6)			28.44	38.53	-
	Cash dividend yield (Note 7)			3.52	2.60	-

* 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-to-earnings ratio = Average closing price per share for the current fiscal year/earnings per share.

Note 6: Price-to-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 asset value 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 8, 2024, the Board of Directors passed the resolution to distribute the 2023 cash dividends and reported its resolution 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) It is proposed that the distribution of earnings for 2023 will be carried out in accordance with Article 18 of the Articles of Incorporation.

(2) The Company's earnings after tax in 2023 was NT\$1,503,687,380. After deducting items other than net income after tax, setting aside 10% of earnings as legal reserve and reversing special reserve in accordance with the law, the distributable earnings in 2023 totaled NT\$944,955,188, which, plus the undistributed earnings of NT\$6,111,504,361 at the beginning of 2023, amounted to NT\$7,056,459,549 available for distribution to shareholders, while NT\$942,612,387 was set aside for distribution to shareholders as cash dividends amounting to NT\$0.8 per share. The ex-dividend date is May 1, 2024 and the payment date is May 24, 2024.

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.

(The Company has not disclosed our financial forecast information for 2023 in accordance with the Regulations Governing the Publication of Financial Forecasts of Public Companies.)

(VIII) Remuneration 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:
 - A. Remuneration paid to employees in cash: NT\$79,662,101, which is NT\$337,899 lower than the estimated amount of NT\$80,000,000.
 - B. Remuneration paid to directors: NT\$11,506,748, which is NT\$206,748 higher than the estimated amount of NT\$11,300,000.
 - C. 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 parent company only 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) The Company distributed NT\$127,083,049 as employee remuneration in cash and NT\$18,356,441 as director remuneration.
 - (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 employee remuneration was NT\$130,000,000, and the actual amount distributed was NT\$2,916,951 less than the estimated amount. On the other hand, the estimated amount of remuneration for directors and supervisors was NT\$18,250,000, and the actual amount distributed was NT\$106,441 higher 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 trading	Republic of China	Republic of China
Issue price	Issued at par value	Issued 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	Bank of Taiwan Co., Ltd., E.SUN Commercial Bank Co., Ltd., Changhua Commercial Bank Co., Ltd., and Shanghai Commercial & Savings Bank, Ltd. served as the joint guarantor banks to provide guarantees in accordance with the joint appointment guarantor deed and the performance of bond guarantee obligation contract.	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 served as the joint guarantor banks to provide guarantees in accordance with the joint appointment guarantor deed and the performance of bond 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 principal	NT\$3 billion	NT\$2.5 billion
Redemption or early repayment clause	None	None
Restrictive Clause	None	None
Name of credit rating agency, rating date and results of corporate bond ratings	N/A	N/A
Other rights	Dollar amount of common shares already converted (swapped or warranted) and global None	None

Type of Corporate Bonds		Issuance of first secured corporate bonds for 2019	Issuance of first secured corporate bonds for 2021
	depository receipts or other negotiable securities as of the publication date of this annual report		
	Issuance and conversion (swap or subscription) methods	None	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 custodian		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. Revenue composition by key products in 2023:

Product Name	Percentage (%)
Synthetic resins	52
Electronic materials	26
Specialty materials	21
Others	1

3. Products and Services:

- (1) Coating resins
- (2) Polyester resins
- (3) Copper Clad Laminate
- (4) Dry film photoresist
- (5) Specialty chemicals
- (6) Functional adhesives
- (7) Structural adhesive materials
- (8) Packaging 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, silicone packaging materials, and release films for packaging process
 - (3) High performance thermoplastic compounds: High-performance thermoplastic engineering plastics for aerospace, telecommunications, medical and 3D printing.
 - (4) Lithium batteries and energy storage materials: Adhesives for graphite anodes, adhesives for silicon-carbon anode, solid electrolytes, and binders for 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) Biomass materials: Bio-based coatings and binders.
 - (7) Biomedical testing materials: Rapid test kits for diseases, recombinant protein materials, and carbon film electrodes for blood glucose test strips.
 - (8) Next-generation display materials: Establishment of microfluidic instrument to synthesize calcium titanite quantum dot materials and temporary adhesives for u-LED mass transfer.
 - (9) High-performance pressure-sensitive adhesive materials: Odorless and highly breathable skin adhesives, outdoor weather-resistant adhesives, and UV-curing adhesives.
 - (10) Adhesive materials for energy vehicles: Wiring harness tape, battery blue film adhesives for batteries, conformal adhesives for PCBs, and adhesives for in-vehicle electronic structures.
 - (11) New generation solar energy materials: Low-temperature high-molecular weight polyester adhesives, conductive strip adhesives, and calcium titanium ore sealants.

(II) Industry Overview and Business Development Plans

1. Current Status and Development of the Industry

(1) Synthetic resins

A. Coating resins

- (A) In 2022, the global coating market reached US\$198 billion, with the Asia-Pacific region accounting for around US\$90 billion, or 45% of the global coating market (as estimated by Orr & Boss), while Greater China became the most important market in the Asia-Pacific region, making up 56% of it.
- (B) In light of the trend of climate neutrality by 2050, all industries and sectors have proposed relevant development measures towards sustainable development. In addition to stepping up efforts to overcome issues surrounding low VOCs in the coating industry, including powder, water-based, high solid content, and UV coatings, the Company is also actively engaging in initiatives related to recycling and energy conservation, such as the utilization of biomass raw materials.
- (C) Owing to the global economic downturn, a host of industries are facing a slowdown in growth, which in turn effects the utilization of related coatings. In the coating industry, international giants are increasingly shifting towards high-value products, with a view to not only mitigating the impact of environmental costs and inflation, but also avoiding themselves from being caught in price competition. Although price remains the main consideration for product selection across developing and undeveloped countries, green products are bound to sweep the market under the wave of global trend.
- (D) Except the mainland China, the Company's new synthetic resin production base in Malaysia was fully put into production in 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.

- (E) In terms of investment in the new industries, the Company continues to increase the fluorocarbon resin production line 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 resins

After the lifting of the epidemic restrictions in 2023, there was initially hope for a recovery in demand in the Chinese market. However, this hope was short-lived as exports remained sluggish, manufacturing slowed down, and the real estate market collapsed. Furthermore, while the U.S. has kept inflation under control despite the ongoing impact of factors such as the Russo-Ukrainian war, purchasing power across Europe and the U.S. has yet to recover, resulting in weak demand that is affecting the Company's sales plans. The ongoing confrontation between China and the U.S. has also had a negative impact on the Chinese export industry, prompting some companies to leave China and seek alternative production bases, with Southeast Asia being the preferred choice. For instance, as far as the artificial marble industry is concerned, industry players has shifted their focus to establishing factories in Southeast Asia, particularly in Vietnam and Malaysia as exports from China to the U.S. market become difficult. Despite having the advantage of local production, the Company's performance is still affected by weak demand. In China, due to sluggish domestic demand, there is still encouragement for exports, including a 100% refund of value-added tax and the depreciation of the Renminbi, which enhances export competitiveness. Chinese counterparts have begun exporting to the Southeast Asian market and are highly competitive, putting pressure on our Malaysian plant. However, our Malaysian plant continues to benefit from local supply, allowing the Company to maintain a certain level of competitiveness. Therefore, the establishment of the

Malaysian plant remains conducive to the advantage of the Company's unsaturated polyester production and sales in different regions. Furthermore, the development of infrastructure in emerging markets, the control requirements for organic volatile substances (VOCs) in developed countries, and the need to develop lightweight composite materials are the primary factors for the Company to continue developing green products and maintaining our market share.

(2) Electronic materials

A. Photoresist materials

Dry film photoresist 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 dry film photoresist 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 dry film photoresist continues to increase in the future. In 2023, the PCB industry was facing the ongoing trade war between the U.S. and China, as well as the Russia-Ukraine conflict. These factors have led to high inflation across the globe and a decline in consumer purchasing power, along with the impact of high inventory in the electronics industry. Consequently, the PCB industry experienced a significant decline. According to Prismark, 2023 was expected to be the low point of the business cycle in the PCB industry, with an estimated 15% decline for the entire year. However, a slight recovery was anticipated in the second half of the year, with a projected 5% recovery for 2024. Over the long term, with the diversified development of various technological applications, such as electric vehicles, 5G applications, high-speed computing, and artificial intelligence-related products, along with factors such as geopolitical risks and the industry's shift towards the ASEAN policy, Prismark remains optimistic about the performance of the PCB industry in the future. It is estimated that the compound annual growth rate of the PCB industry's output value will reach 4.6% by 2026.

B. Copper clad laminate

Copper-clad laminate is primarily used in consumer electronics. The U.S.-China conflict, inflation, and the Russia-Ukraine war have led

to weak demand for consumer electronics. As a result, the overall production value of copper foil substrates has fallen more than 10% in 2023 compared to 2022. Additionally, factors such as monetary policy and geopolitics have contributed to a lackluster demand for various raw materials. Specifically, the prices of the three major upstream raw materials, namely copper foil, resin, and fiberglass cloth, which are used as cover copper plates, have been adjusted to different extents. Downward adjustments to raw materials along with sluggish demand have triggered a price competition across the downstream copper-clad board industry. Two industry leaders, Kingboard and Sytech, have lowered their prices a number of times upon shipments to downstream PCB clients. In 2024, it is vital to remain vigilant about the impact of elections, geopolitics, and currency trends despite a weak economic recovery driven by AI. Furthermore, it is also worth noting the industry's shift to Southeast Asia resulting from the U.S.-China trade war. Overall, the compound annual growth rate (CAGR) of CEM-1/CEM-3 epoxy copper foil substrates needs to be treated conservatively following an estimated downward adjustment of at least 1% from the current 4.7% CAGR, due to the concentration of growth in high-end copper foil substrates. Moreover, the growth rate of phenolic resin FR-1 paperboard substrates is also expected to be adjusted to below 1.5%.

C. Vacuum film laminator

Vacuum film laminator is mainly used in the process of IC substrate industry, and the high-end special processes of PCB/FPC/other industries also need vacuum lamination technology. In recent years, the demand for chips related to 5G servers, AI, 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. After the semiconductor industry reversed its downturn in the second half of 2023, IC substrate manufacturers in the related field have become more cautious in their expansion plans. In recent years, the compound annual growth rate of advanced packaging technologies such as 2.5D and 3D has surpassed that of FlipChip packaging from 2021 to 2027. Demand for high-end chips continues to increase, and the IC substrate industry predicts that it will be able to meet planned demand by Q4 2024, enabling sustainable capacity expansion plans.

(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, green energy, adhesives, 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 curing will be applied to more industrial transformation and the replacement of traditional high pollution process. Although the global inflation, economic slowdown, and geopolitical energy issues brought about by the global growth momentum of light curing in 2023 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 3% to 5%, with India, Southeast Asia and other regions experiencing the fastest transformation and growth. The Company's Special Material Business Division has invested heavily in the development of high-value UV coating applications (new materials, new technologies, new products and new markets), with market expansion covering headlight coatings, 3D printing materials, molding materials, optical film coatings, photosensitive materials for processless printing plates, UV hard coatings, 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, PCB, medicine, and hydrogen fuel cell stack sealing. 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"> Styrene, acrylic acid (propylene), phthalic anhydride, adipic acid, and xylene, etc. Major manufacturers: Formosa Plastics Group, TSMC, Formosa Chemicals & Fibre Corporation and China Petroleum & Chemical Corporation
Midstream Industry	<ul style="list-style-type: none"> Acrylic resin, polyester resin, fluorocarbon resin, alkyd resin, epoxy resin, PU resin, phenolic resin, and unsaturated polyester resin Major manufacturers: Eternal Materials, Qualipoly Chemical, Nan Ya, Enchuan Chemical, and Yong Shun Chemical, etc.
Downstream Industry	<ul style="list-style-type: none"> Adhesives, construction coatings, industrial coating, automotive paint, wood paint, artificial stones, buttons, copper clad laminates, electronic tapes, and cosmetic products Major manufacturers: 3M, Avery Dennison, Yung Chi Paint & Varnish MFG. Co., Ltd., San Fang Chemical Industry Co., Ltd., Nippon Paint, Nanpao Resins Chemical Group, Liangchi, Symbio, AUO, and Bostik.

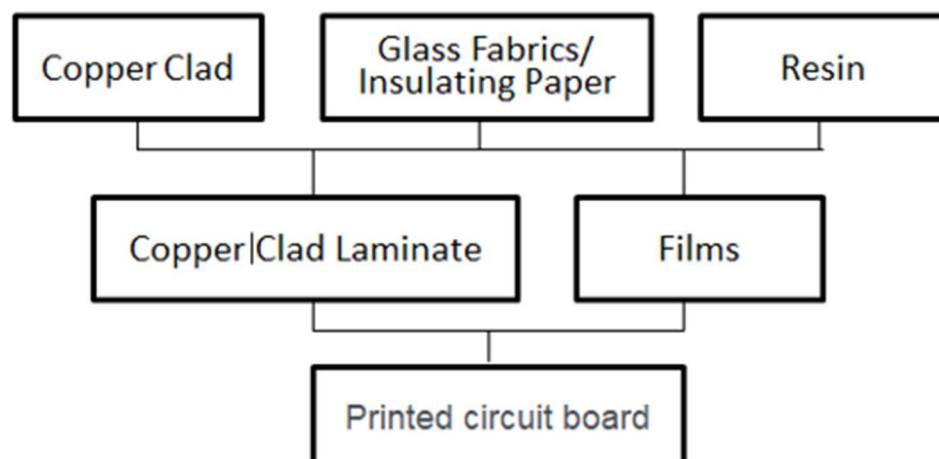
(2) Electronic materials

A. Photoresist materials

The upstream materials of dry film photoresists mainly consist of four major raw materials, namely, electronic-grade polyester film, polyethylene film, resin, and photoinitiator.

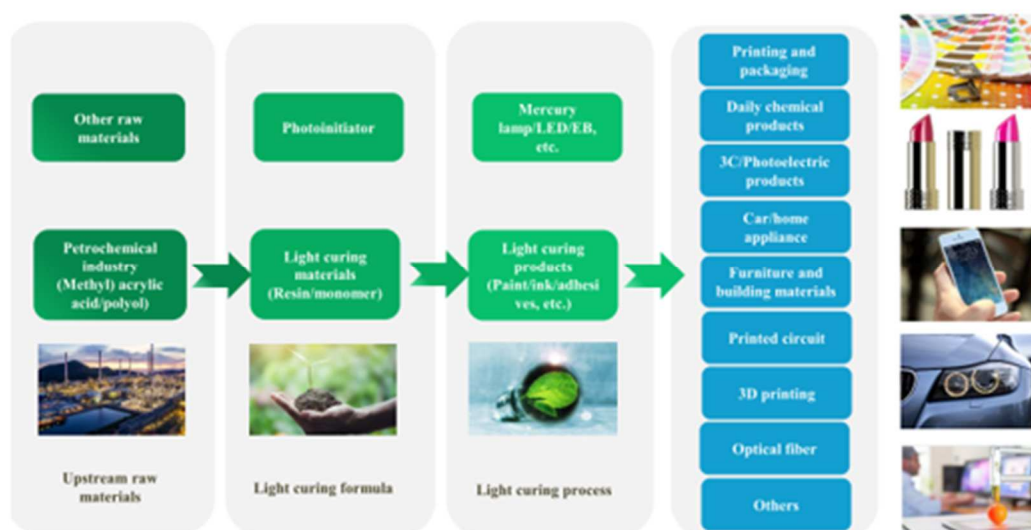
The downstream industries of dry film photoresists include rigid and flexible PCBs and packaging substrates etc.

B. Copper clad laminate



(3) Specialty materials

A. Special materials and coatings



B. Organic Silicone Materials

Upstream Industry	Organosilicon monomer (methyl chlorosilane) and organosilicon intermediate (methyl cyclosiloxane).
Midstream Industry	Organic silicon microspheres, organic silicon additives, MQ silicone resin, organic silicon release agents, organic silicon packaging materials, self-adhesive LSR, conductive LSR, and hydrogen fuel cell stack sealing LSR.
Downstream Industry	LED, LCD, film, cosmetics, coatings, inks, medical devices, hydrogen fuel cells (for automobiles), PCBs, and release coatings.

3. Product Development Trends

(1) Synthetic resins

A. Coating resins

- (A) Environmental issues: e.g., water-based, high-curing, powder-based, and UV-based solutions. The main driving force behind the implementation of environmental regulations that aim to reduce VOC emissions is the governments of various countries. China has stringent market regulations as the country is at the forefront of developing low VOC products compared to other Asian countries.
- (B) Extend the product life cycle: e.g., fluorocarbon coating resin and silicon-modified resin. By extending the product life cycle, we can increase the lifespan of the product and minimize waste

generation.

- (C) Introduction of biomass monomers: The market for bio-based coatings is projected to maintain a compound annual growth rate of 10%. Bio-based paint products have already been introduced in the U.S. by downstream manufacturers such as Sherwin Williams, PPG, and Japanese manufacturers such as Nippon Paint.
- (D) Circular economy: Recycle PET by chemically converting it into durable coating resins or unsaturated polyesters.

B. Unsaturated polyester resins

- (A) Easy-in-construction, automation-prone resin:

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

- (B) High solid content, low VOC resins and eco resins:

Due to the growing environmental awareness and the rising demand for workplace safety and health, the main focus of development will be on the development of high solid content and low VOC resins. Additionally, efforts will be made to reduce the usage of styrene monomer and incorporate recycled materials in order to produce green and eco resins.

- (C) 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.

- (D) Development of high value-added products:

Develop unsaturated polyester structural adhesives, ethylene-based structural adhesives, epoxy structural adhesives, epoxy resins, and high-performance thermoplastic composite materials to increase the added value of petrochemical products and the 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:

- (A) 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.
- (B) Smart phones and some notebooks: As the smart phone market drives the rapid development of HDI/AnyLayer process and FPC soft board, 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 photoresist. In addition to high-resolution dry film photoresist, LDI-specific dry film with low exposure and high throughput will be the focus of future development.
- (C) 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.
- (D) Other dry film photoresist for special uses: e.g., 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 AI, 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 packaging and related industries to actively develop equipment that utilizes new manufacturing process technologies, with the intention of exploring the needs of different industries.

(3) Specialty materials

UV-curing coatings offer several advantages, including a high solid content (100%), fast curing in just a few seconds, and no solvent pollution. These coatings provide significant benefits in terms of environmental protection, energy conservation, and efficient production. The growth rate of UV-curing coatings remains about 5% in the global market. In addition, the growth rate of UV-curing coatings in emerging markets such as India and Southeast Asia exceeds 8% on average, making them a crucial region for future sustainable development and incremental growth.

China is the primary global market for LED lighting and LCD diffusion plates, with an estimated annual growth rate of 3% to 5%. Aside from significant demand for diffusers, continuous growth in PSQ microspheres is also being driven by new demand from the 5G industry.

UV-curing organic silicone release agents exhibit excellent performance and comply with high efficiency, energy conservation, and environmental regulations. Their applications are consistently expanding, offering promising market prospects in the process.

Demand in China is expected to rebound in 2024, while demand in Europe and America remains stable. The overall market for UV-curing raw materials is expected to grow continuously over 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. Eternal is the largest company in Asia in terms of industrial paint resin production capacity and ranks ninth globally in paint and resin sales.

The major competitors and their main products are as follows:

Eternal Materials Co., Ltd.	General resins, coating resins, unsaturated polyester resins, photoresist, vacuum laminating equipment, copper-clad laminate, UV curing materials, epoxy resin packaging materials, and liquid compound molding materials
Qualipoly Chemical Corporation	UV curing materials, unsaturated polyester resins, coating resins, PU resins, and casting resins
UNIEXPV Technology (China) Co., Ltd.	Coating resins, leather resins, adhesives, hardeners, polyol resins, ink resins, water-based PU resins, and anti static resins
Daily Polymer Corporation	Coating resins, alkyd resins, textile resins, unsaturated polyester resins, and LCD materials
Young Shun Chemical Co., Ltd.	Unsaturated polyester resins, polyester polyol resins, and FRP products
Lidye Chemical Co., Ltd.	PU polymer resins, polymer emulsion (synthetic leather, insulation foam, textiles use), polymer resins for ink, and polymer resins for coatings (automobile, 3C product, and special construction)
Quick Stick Enterprise Co., Ltd.	Adhesive tape, double-sided tape adhesives, self-adhesive label glue, glue for protection laminating tape, advertising stickers, and self-adhesive glue for shoes
Asia Titan Chemical Co., Ltd.	Electronic tape, conductive glue, thermal adhesives, temperature-sensitive glue, optoelectronic glue, acetate cloth tape, flame-retardant glue, and anti-static adhesives
BASF	Coating resins, acrylic resins, and unsaturated polyester resins
ALLNEX	Coating resins, acrylic resins, and amino resins
Sumei Chemical Co., Ltd.	Water/oil-based pressure-sensitive adhesives, vinyl acetate coatings, and curing hot-melt pressure-sensitive adhesives
Covestro Taiwan	Polyurethane materials and systems, thermoplastic polyurethane, polycarbonate and polycarbonate blends, coatings, adhesives and medical polymer, textile coatings, elastomers, and cosmetic materials
Dow Chemical	Special polymers, adhesives, coatings, water-based flooring and protection coatings, and personal care products
Kuo Tai Resin Industrial Co., Ltd.	Epoxy hardeners, esterified epoxy resins, modified alkyd resins, water-based resins, unsaturated polyester resins, medium oil alkyd resins, urea and melamine formaldehyde resins, solid epoxy resins, rosin ester resins, and thermoplastic acrylic resins

Chanshieh Enterprises Co., Ltd.	Acrylic esters, waterborne PU esters, saturated polyester esters, vinyl acetate esters, and hot-melt adhesives
Coating P. Materials Co., Ltd.	Polyester polyol resins, PU synthetic resins, waterborne PU, TPU, and moisture reactive polyurethane hot-melt adhesives

(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 thick-film bump	Rigid PCB, HDI, FPC, RFPCB, IC substrate, and packaging
2	Showa Denko	Taiwan, China, Southeast Asia, and Japan	Dry film photoresist for etching, electroplating, MSAP, SAP, and HDI	Rigid PCB, HDI, FPC, and IC carrier board
3	Asahi Kasei Corporation	Taiwan, 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, and FPC
5	Others	China	Etching-based dry film photoresist	Rigid PCB

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, IGM, 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	Dow, Shin-Etsu, Samsung, Evonik, Changji, and New Jiayi

(III) Technology and R&D Overview

1. R&D expenses

R&D expenses incurred in 2023: NT\$1.548 billion.

R&D expenses incurred as of March 31, 2024: NT\$ 0.368 billion.

2. R&D achievements in 2023

- (1) Moisture-permeable and waterproof functional films
- (2) Polyaspartic ester
- (3) Polyurethane pressure-sensitive adhesive for protective films
- (4) FEVE fluorocarbon dispersion
- (5) Silicone gel for cosmetics
- (6) Light-curing silicon release agent for electronic and labeling applications
- (7) Polyurethane pressure-sensitive adhesive for protective films in polarizing plates
- (8) Light-curing acrylic pressure-sensitive adhesive
- (9) Light-curing conformal coating for new energy vehicles
- (10) LF series silicon encapsulants for Mini LED applications
- (11) Light curing materials for functional printing ink
- (12) A&AB three-in-one rapid test kit for COVID-19 and influenza/NS1 antigen rapid test kit for dengue fever/infectious disease rapid test kit for pets
- (13) Low carbon footprint button resin
- (14) Offshore wind turbine hood FRP resin

- (15) Light-curing resin for non-excavation pipe repair
- (16) Photopolymeric overlay film with vacuum lamination machine for flexible board applications
- (17) Release film for packaging process
- (IV) Long-term and Short-term Development
 - 1. Long-term Business Development Plans
 - (1) Synthetic resins
 - A. Coating resins
 - (A) Stabilize the fundamentals and improve capacity utilization.
 - (B) Reduce costs and increase product profitability.
 - (C) Adjust product mix to increase average gross profit.
 - (D) Accelerate the marketization of new products with a project-oriented approach.
 - (E) New applications, new products, and new industries.
 - (F) Implement ESG with a commitment to net-zero emission.
 - B. Unsaturated polyester resins
 - (A) Develop chemical materials required for the production of FRP composites.
 - (B) Develop high-end resin for carbon fiber reinforced plastics (CFRP) and derivative heterogeneous composite.
 - (C) Supply raw materials required for composites industry as a world-class manufacturer and supplier in Asia.
 - (D) Continuously promote eco-friendly products and expand the use of materials in the green energy industry.
 - (2) Electronic materials
 - A. Photoresist materials
 - (A) Engage in integrated global R&D, production, and sales in order to optimize production capacity, output and sales for new products.
 - (B) 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.
 - (C) Continue to improve precision coatings production capability and to expand global precision coating OEM market.
 - B. Copper clad laminate
 - (A) Perform comprehensive control over changes in raw materials to stabilize the source of raw materials
 - (B) Gradually plan the expansion of production capacity and increase product size to meet customer needs.

- (C) Actively develop high-end products to solidify future growth.
- C. Vacuum film laminator
 - (A) Adopt key core technologies and expanding the design and development of related process equipment, with a commitment to becoming a key process equipment manufacturer for IC carrier boards and packaging.
 - (B) Continue to expand sales of vacuum laminators in existing markets and explore opportunities in new markets and applications.
 - (C) Develop next generation products/new products to meet customers' application needs.
- (3) Specialty materials
 - A. Specialty materials
 - (A) Continue to develop eco-friendly products, high-end products and high value-added products.
 - (B) Continue to develop new core technologies and promote the diversified development of public institutions.
 - (C) Strengthen product development and market promotion in emerging application industries.
 - (D) Develop new materials and biomass materials for applications such as UV water-based, LED curing, EB curing, metal substrate protective coating, new energy battery coating, etc., and actively expand into non-UV applications and other fields.
 - (E) Develop high-value silicon materials.
 - B. Functional adhesives
 - (A) Keep abreast of market trends and product development trends in order to provide comprehensive product services.
 - (B) Enter and continue to gain a solid foothold in new industries such as new energy, medicine, and electronics.
 - (C) Create new core technologies in order to create high-value-added products.
- 2. Short-term Business Development Plans
 - (1) Synthetic resins
 - A. Coating resins

The Company engages in a diverse range of markets, each characterized by its own distinct industries and product attributes.

 - (A) Steady progress in Greater China: With demand within and outside the Greater China market being sluggish, it is expected to be challenging to return to a high growth trend in the short term. In the face of intense competition, the Company is making efforts to consistently develop products that meet market demand and enhance customer penetration in order to

maintain a satisfactory level of operational efficiency.

- (B) The ASEAN region has experienced significant growth. In an effort to mitigate global political and economic risks, downstream industries have strategically established their presence in the ASEAN market. Since the establishment of the Malaysia Plant in 2017, the Company currently has subsidiaries or offices in several ASEAN countries. Sales are expected to continue growing steadily.
- (C) India is gradually establishing itself as a beneficiary of foreign investment and the relocation of industrial chains. However, the Indian market is vast and has a lower level of industrialization and average income. While the compound growth rate of each industry in the country is expected to be higher than in other regions, India is a low-price market with lower requirements for product performance. The Company will continue to gain a solid foothold in the Indian market through our Indian subsidiary, with a focus on targeting specific niche market segments.
- (D) Seeking opportunities to expand into the North American region: The short supply chain created during the pandemic, coupled with factors such as decoupling from China induced by the U.S.-China trade war and soaring manufacturing costs across Europe and the U.S., has evidently benefited the Company's comprehensive market expansion plan. The Company will improve our service capabilities and bolster our ability to take orders in the American market through our U.S. subsidiary.

B. Unsaturated polyester resins

- (A) Promote unsaturated polyester resin and vinyl resin worldwide.
- (B) Establish and expand operations in Southeast Asia to take advantage of the new plant capacity in Malaysia.
- (C) Strengthen the development and sales of niche-based (mechanical molding/eco- friendly) resins.
- (D) Continue to promote high value-added products in order to increase profit margins.
- (E) Continue to promote the use of high-performance thermoplastic composite materials.

(2) Electronic materials

A. Photoresist materials

- (A) Increase market share in niche markets (such as DF, DFSM, and PIC/PSPI for LDI, ENIG, HDI, FPC, IC substrate, and WLP processes).
- (B) Strengthen the production and sales in mainland China in light of its growth potential.
- (C) Actively expand Southeast Asian market (such as Thailand,

- (D) Control the source of key materials to keep the cost of materials under control.
 - B. Copper clad laminate
 - (A) Continue to cultivate Southeast Asian market (such as Thailand, Vietnam) and India.
 - (B) Increase market penetration among home appliance brands in mainland China
 - (C) Seek new applications.
 - (D) Continue to obtaining certifications for new models from international electronic manufacturers.
 - C. Vacuum film laminator
 - (A) Continue to enhance assembly and design capabilities in Taiwan and Guangzhou.
 - (B) Continue to enhance sales and technical service capabilities in the Greater China region in order to provide customers with comprehensive process solutions.
 - (C) Develop new equipment that utilizes vacuum lamination technology in order to meet the needs of the semiconductor advanced packaging process industry.
- (3) Specialty materials
- A. Specialty materials
 - (A) Keep up with the industry development trend of mainland China and maintain the leading position in the Mainland China market.
 - (B) Strengthen the functions of our U.S. subsidiary as well as deepen local technical services and inventory supply capabilities to increase our market share in the Americas.
 - (C) Improve the planning and distribution of our operating locations and expand our market presence in Southeast Asia, India, and Japan.
 - (D) Expand into overseas markets such as Europe, Middle East, and South Korea.
 - (E) Integrate resources at our business units to increase the proportion of sales of high value-added products.
 - (F) Promote and expand the non-UV application market, as well as increase our market share in various industries, such as plastic, woodware, and ink.
 - (G) Adjust the product structure of silicon materials and increase the proportion of high value-added products. Increase the sales of PSQ microspheres and UV organic silicon release agents.
 - B. Functional adhesives

- (A) Speed up the rollout and expansion of related products in the medical, car sticker, and new energy industries, capture the market, and continue to develop new products.
- (B) Follow closely the trend of southward shift of the industry and establish a solid foothold in the Southeast Asian market.
- (C) Deepen our brand image in the American market and increase sales.
- (D) Enhance technical services for applications to provide customers with all-round product application services.

II. Market and Sales Overview

(I) Market Analysis

1. Sales regions for major products:

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

Unit: NT\$ thousands

Sales Territory	2022		2023	
	Amount	%	Amount	%
Taiwan	5,969,038	12	4,415,666	10
Mainland China	28,920,450	59	25,734,559	61
Other regions	14,124,612	29	12,301,351	29
Total	49,014,100	100	42,451,576	100

2. Main Competitors and Market Share

The Company's main competitors include Dow, Miki Kougyou Zairyou, Miwon, Qualipoly Chemical, Sartomer, Allnex, Shin-Etsu, Dow Corning, Asahi Kasei, Kingboard (KB), and DuPont.

The Company's global market share is as follows:

Business Line	Market Share
Synthetic resins	2.00%
Specialty materials	16.48%
Electronic materials (dry film photoresist)	28.21%

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:

As coating resins is a midstream and upstream material used in people's daily necessities, including food, clothing, housing, transportation, entertainment, it is closely related to various industries, including construction, woodworking, automobile manufacturing, industrial production, shipbuilding, electrical appliances manufacturing, packaging, textiles, leather products. It is estimated that the average annual compound growth rate of the overall market from 2024 to 2028 will range from 3% to 4%, but will vary by country and industry. As the poor economic situation in Mainland China has impacted the construction industry, which is related to the real estate market; the woodware industry, which is related to decoration and renovation; and the electrical appliances and automobile industries, which are essential to people's livelihood, the growth of these industries will be quite conservative. On the contrary, the heavy corrosion protection industry, which is related to public works and wind power, and China's market share of the first shipbuilding industry, is still expected to maintain better growth. In addition to the Chinese market, other regions can also expect growth rates of 4-6% across various industries.

(2) Electronic materials:

Dry film photoresist, related chemicals, and vacuum laminator: Due to the impact of politics, trade tensions, and supply-demand imbalances in the supply chain on the portable electronic devices, information, home appliances, communications, and automotive electronics, market demand for electronic products has been slightly weaker, but still continues to grow slightly. Following changes in the application patterns concerning electronic products such as AI, 5G, electric vehicles, and satellite communication, demand for PCBs required in the focus of new end-user trends will become a major growth driver. The Company's main production sites are located across Asia and the Greater China region, whereas both Taiwan and Mainland China have become the largest production bases for PCBs. In 2023, the production territory of the electronics industry gradually shifted to the ASEAN region. With ASEAN rapidly emerging as a focus of development for various countries, the region is expected to become the new center of electronics manufacturing. The main competitors are Asahi, Showa Denko, Dupont, Hong Rui, and Foster. The Company has a complete presence in this region 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 between 3% and 5%. The average growth rate of UV light curing coatings in emerging markets, such as India and Southeast Asia, is more than 8%, 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 3% to 5% 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 order to cope with the increasingly competitive environment, the Company not only actively increases the proportion of sales of high value-added products, but also endeavors to continuously reduce production costs, with a view to not only consolidating our existing competitive position, but also proactively building our presence in new industries and regions with an emphasis on the development of materials and the expansion of applications, so as to build up a lasting and comprehensive competitive advantage and market position.

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. With well-established production facilities, comprehensive operation management systems, cost advantages and good quality reputation in Taiwan and China, the Company can further strengthen our presence in the Greater China materials market. In order to further strengthen our presence in the ASEAN region, it is important for the Company to have a clear understanding of the strategic positioning of Taiwanese and Chinese companies in the ASEAN and South Asian regions. Additionally, it is crucial for the Company to establish supply and service capabilities in these regions, with a

particular focus on our operations in Malaysia. By doing so, the Company will be able to gradually enhance our market presence in the Asia Pacific region, thereby demonstrating our commitment to long-term development in Greater China and our strategic positioning in the Asia-Pacific region.

- C. As the risk of inflation gradually decreases, Eternal has made strategic alliances with internationally renowned companies to complete regional and global collaboration based on the idea of global expansion strategy adjustment, regionalization of supply chains, and robust industrial chains. The Company has also established production bases in line with the needs of key accounts and markets to strengthen the strategic cooperation.
- D. The Chinese market, which contributes significantly to the Company's revenue, is expected to benefit from the Chinese government's policies aimed at stimulating the economy and boosting domestic demand. We anticipate a gradual increase in market momentum. With our extensive production capacity and sales network, the Company will actively pursue the vast business opportunities in the Chinese market.
- 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 size of the Company's business continues to grow, along with the market leadership. The Company not only has a competitive advantage in terms of quality, but also bolsters our new product development capabilities on an ongoing basis. By developing and integrating core technologies, the Company plans to enhance the diversification of our product portfolio and tap into high value-added products, such as key materials and equipment for mainstream industries.
- G. By integrating upstream raw materials, engaging in strategic investments and mergers and acquisitions, and accelerating efforts to engage in “smart manufacturing” and “digital transformation,” along with a long-term talent development strategy, the Company is on course to achieve our vision of gaining a solid foothold in Taiwan,

expanding our presence across Asia, and embracing the world.

(2) Unfavorable factors:

- A. With global economic growth projected to be 2.32% in 2024, down from 2.70% in 2023, the world will continue to experience a slowdown in global economy while maintaining a relatively conservative outlook on demand growth.
- B. With China's economic momentum slowing down due to a variety of issues in the real estate market and local debt across the country, it is necessary for the Company to continue monitoring whether the country's economic recovery can be driven by subsequent government investments and gradually stabilizing external demand.
- C. Drastic changes in raw materials and shipments due to factors such as geopolitical developments (e.g., the Red Sea incident) and oil prices 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.
- D. 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 our Malaysia Plant in the early stage and gradually expands our production capacity in the ASEAN region to avoid the associated risks.
- E. Entry into force of regional trade agreements will lead 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.
- F. The global trend of net-zero emission will have an impact on the development and cost of petrochemical products. The Company minimizes our negative impact on the environment through product carbon footprint inventory, use of renewable energy, and evaluation of the introduction of biomass raw materials, while proactively investing in R&D of related materials in an effort to seek business opportunities arising from the carbon reduction trend.

(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) 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.

(3) 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 coatings, 3D printing, and acrylic lenses.

(4) Special coatings:

UV printing coatings, vacuum plating primers, headlight coatings, decorative and optical film coatings, thermoset lens strengthening fluids, UV-curing hard coatings, UV-curing 3D printing profiles, photosensitive adhesives for processless printing plates, and UV high specific gravity adhesives.

(5) 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.

(6) 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.

(7) Photoresist materials:

Photoresist for image transfer process of printed circuit boards, text ink and dry film anti-humidity photoresist, and dry film transparent photoresist for display applications.

(8) vacuum film laminator:

Vacuum film laminator for IC packaging carrier board, flexible circuit board FPC, NCF, LED and other related processes.

(9) Adhesive materials:

Water-based and oil-based acrylic adhesives for various tapes and labels, solvent-free UV hot melt and pressure sensitive adhesives, solvent-free UV laminating adhesives for home decoration panels, protective adhesives for panel and metal chassis manufacturing process, optical adhesives for cell phones and energy vehicles, structural adhesives for 3C electronic and automotive electronic components, solvent-free UV conformal coatings, and UV dual curing adhesives.

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 and 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 -	LCY Chemical Corporation, Perstorp, and mainland	Good

Pentaerythritol	China	
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 two years

Unit: NT\$ thousands

Item	2022				2023				Q1 2024			
	Name	Amount	Percentage of Total Purchases in the Year	Relationship with the Issuer	Name	Amount	Percentage of Total Purchases in the Year	Relationship with the Issuer	Name	Amount	Percentage of Total Purchases in the First Quarter of the Year	Relationship with the Issuer
1	Supplier A	1,975,007	7%	None	Supplier A	1,491,065	6%	None	Supplier A	393,155	7%	None
	Others	25,640,291	93%	None	Others	21,748,743	94%	None	Others	5,381,766	93%	None
	Net purchases	27,615,298	100%	-	Net purchases	23,239,808	100%	-	Net purchases	5,774,921	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 and value in the most recent two years

Unit: NT\$ thousands

Major Product \ Year	2022			2023		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Synthetic resins (tons)	727,803	395,694	20,793,867	691,741	409,345	18,944,672
Specialty materials (tons)	116,129	70,739	8,020,745	117,035	71,306	6,415,558
Electronic materials (KFT2)	5,520,000	3,742,808	8,067,248	5,810,000	3,643,613	7,716,983
Electronic Materials (others)	-	-		-	-	
Others	-	-	70,683	-	-	10,544
Total			36,952,543			33,087,757

(VI) Sales volume in the most recent two years

Unit: NT\$ thousands

Major Product \ Year	2022				2023			
	Domestic Sales		Export		Domestic Sales		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Synthetic resins (tons)	44,101	2,734,496	357,527	21,351,512	40,667	2,385,000	380,439	19,714,104
Specialty materials (tons)	5,331	917,440	61,705	10,310,425	3,554	618,538	67,078	8,257,753
Electronic materials (KFT2)	381,737	2,185,367	3,338,958	11,123,544	329,475	1,367,701	3,270,115	9,823,015
Electronic materials (others)	-		-		-		-	
Others (others)	-	131,735	-	259,581	-	44,427	-	241,038
Total		5,969,038		43,045,062		4,415,666		38,035,910

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

III. Information on Employees

Year		2022	2023	As of March 31, 2024
Number of employees (Note)	Direct labor	1,197	1,182	1,158
	Indirect labor	3,701	3,669	3,651
	Total	4,898	4,851	4,809
Average Age		38.19	39.55	39.83
Average Years of Service		12.46	11.31	11.54
Distribution by Education	PhD degree	1.88%	1.81%	1.79%
	Master's degree	13.50%	13.36%	13.33%
	Bachelor's degree	35.91%	36.78%	36.80%
	Junior college	15.90%	16.12%	16.22%
	Senior high school or below	32.81%	31.93%	31.86%

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

IV. Information on Environmental Protection Expenditure

(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 Document Number	Provisions Violated	Content of Violation	Content of Punishment	Plant
2023.4	(S.S.K.) Y.J.F. (2023) No. 165	Measures for Administrative Penalties against Illegal Acts Concerning Work Safety	Engage in production beyond the approved production capacity, intensity, or number of employees	Fine RMB 28,500	Kunhua Plant
2023.5	(S.S.C.B.) Y.J.G. (2023) No. 344	Regulations on the Safety Administration of Dangerous Chemicals	Failure to install combustible gas detectors at drainage wells in Class A tank areas	Fine RMB 50,000	Changshu Plant
2023.6	(S.S.K.) Y.J.F. (2023) No. 301	Production Safety Law	Failure to provide flame-retardant clothing. failure of feeding personnel to follow operation regulations, and failure to record solid feeding time and related parameters	Fine RMB 210,000	Kunhua Plant
2023.7	(S.P.S.J.F.G) Y.J.F. (2023) No. 175	Special Equipment Safety Law of the People's Republic of China	Use of special equipment that fails inspection	Fine RMB 31,000	PM South China Plant

Date	Punishment Document Number	Provisions Violated	Content of Violation	Content of Punishment	Plant
2023.10	L.Z.S.Z. No. 112020476	Occupational Safety and Health Act	Electrical machinery, appliances or equipment that are not used in accordance with occupational safety and health facility regulations should be equipped with explosion-proof performance structures suitable for use in hazardous areas of the place where they are installed.	Fine NT 160,000	Ping-Nan 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 set budgets for new purchase and replacement of equipment to the extent feasible technologically. In 2024, the Company plans to invest NT\$332,019 thousand in facility improvement to reduce pollution emissions, to increase energy efficiency, and to enhance production safety measures.

V. Labor Relations

(I) Any Employee Benefit Plans, Continuing Education, Training, Retirement Systems, and the Status of Implementation, and the Status of Labor-management Agreements and Measures for Preserving Employees' Rights and Interests

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.

Labor-management meetings are held on a regular basis to improve communication regarding agreements and maintenance of employee rights and ensure harmonious labor relations.

1. Managerial officers' participation in corporate governance training in 2023 is detailed below:

Title	Name	Date	Organizer	Course Name	Hours
Vice President	Pan, Chin-Cheng	12/20	Accounting Research and Development Foundation	Analysis of Common Deficiencies and Important Internal Control Regulations in Financial Statement Review	6.0
Assistant Vice President	Chen, Hung-Yi	5/5	Resin Materials Business Division	The World's Carbon Credit Dilemma vs Taiwan's Industrial Transformation	3.0
Assistant Vice President	Chu, Jui-Hsin	10/25	Information Management Department	Practical Sharing on International Industrial Control Information Security Standard ISO/IEC 62443	2.5
Assistant Vice President	Yeh, Mao-Jung	11/14	Lu-Chu Plant	Classification of Public Hazardous Substances at Lu-Chu Plant	2.0
Assistant Vice President	Yeh, Mao-Jung	9/1	Human Resources Department	Seminar on Southeast Asia - Malaysia	2.0
Assistant Vice President	Yeh, Mao-Jung	6/14	Eternal Research Institute	Development of New Lithium-ion Battery Materials and Electronic Materials	2.0
Assistant Vice President	Yeh, Mao-Jung	5/5	Resin Materials Business Division	The World's Carbon Credit Dilemma vs Taiwan's Industrial Transformation	3.0
Assistant Vice President	Yeh, Mao-Jung	5/3	Eternal Research Institute	Electronic Lab Notebook (ELN) Training	4.0
Assistant Vice President	Yeh, Mao-Jung	2/2	Eternal Research Institute	Creating a Revolutionary New Green Economy (Saving the Planet) through CO2 Resourceization - Net-zero Transition Strategies for Industries	2.0
Assistant Vice President	Weng, Chin-Yi	6/14	Eternal Research Institute	Development of New Lithium-ion Battery Materials and Electronic Materials	2.0
Assistant Vice President	Weng, Chin-Yi	5/5	Resin Materials Business Division	The World's Carbon Credit Dilemma vs Taiwan's Industrial Transformation	3.0
Assistant Vice President	Weng, Chin-Yi	5/3	Eternal Research Institute	Electronic Lab Notebook (ELN) Training	4.0

Title	Name	Date	Organizer	Course Name	Hours
Assistant Vice President	Weng, Chin-Yi	2/2	Eternal Research Institute	Creating a Revolutionary New Green Economy (Saving the Planet) through CO2 Resourceization - Net-zero Transition Strategies for Industries	2.0
Assistant Vice President	Kao, Chih-Yu	6/14	Eternal Research Institute	Development of New Lithium-ion Battery Materials and Electronic Materials	2.0
Assistant Vice President	Su, Wen-Pin	2/2	Eternal Research Institute	Creating a Revolutionary New Green Economy (Saving the Planet) through CO2 Resourceization - Net-zero Transition Strategies for Industries	2.0
Assistant Vice President	Lin, Chao-Kun	9/1	Human Resources Department	Seminar on Southeast Asia - Malaysia	2.0
Accounting Manager	Su, Hui-Fang	8/15 、9/13	Securities and Futures Institute	Continuing Education for Accounting Officers	13.0

Note: For corporate governance supervisor training, please refer to Item 4 in (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.

The Group's training expenses for 2023 are listed below:

Unit: NT\$

Plant	Training Expense	Percentage (%)
Head Office	5,023,465	40
Subsidiaries in Mainland China	6,116,594	49
Subsidiaries in other regions	1,308,980	11
Total	12,449,039	100

3. In 2023, persons in charge of financial information transparency obtained the following certifications designated by the regulators:

Name of Person Obtaining Certification in 2023	Number of People
Certified Public Accountant (CPA) of the Republic of China	5
Accredited Bookkeeper of the Republic of China	1
Certified Public Accountant (CPA) of Malaysia	1
Certified Public Accountant (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 the Securities and 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)
- (3) We continue to promote information security awareness among our employees.

4. Cyber Security Management Practices

- (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.
- (4) We improve our speed of identifying and responding to network security incidents through network traffic visibility.

- (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 most recent year 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	Restrictive Clause
Supply Contract	Grand Pacific Petrochemical Corporation	2024.01.01-2024.12.31	Raw material supply	None
	Taiwan Styrene Monomer Corporation	2024.01.01-2024.12.31		None
	Formosa Chemicals & Fibre Corporation	2024.01.01-2024.12.31		None
	Jiangsu Chemical Fertilizer Co., Ltd.	2024.01.01-2024.12.31		None
	Kunshan Juchuan Chemical Co., Ltd. (Note 1)	2024.02.01-2025.01.31		None
	Wanhua Petrochemical (Yantai) Co., Ltd. (Note 2)	2023.12.25-2024.12.24		None
	Formosa Industries (Ningbo) Co., Ltd. (Note 3)	2024.01.01-2024.12.31		None
	Roehm (Shanghai) Co., Ltd. (Note 4)	2024.01.01-2024.12.31		None
	Sinochem Petrochemical Distribution Co., Ltd. (Note 5)	2024.01.01-2024.12.31		None
	Perusahaan Kimia Gemilang Sdn. Bhd. (Note 6)	2024.02.01-2025.01.31		None
Joint Loan Agreement	Bank of Taiwan and the Syndicates	2019.11.16~2024.11.06	Corporate bond guarantee	None
	Syndicate banks including E.SUN Commercial Bank	2021.08.27~2026.08.27	Repayment of financial institution loans and replenishment of working capital	None
	Syndicate banks including CTBC Bank (Note 7)	2023.12.29~2028.12.29	Replenishment of medium-term working capital and repayment of existing liabilities	None
Loan Contract	Syndicate banks, including First Commercial Bank	2021.05.31~2026.08.18	Repayment of financial institution loans and replenishment of working capital	None

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

- Note 2: Signed by subsidiaries Eternal Chemical (China) Co., Ltd., Eternal Material (Guangdong) Co., Ltd., Eternal Chemical (Tianjin) Co., Ltd., Eternal Synthetic Resins (Changshu) Co., Ltd., and Eternal Chemical (Chengdu) Co., Ltd. with the other contracting party.
- Note 3: Signed by subsidiary Eternal Materials (Guangdong) Co., Ltd. with the other contracting party.
- Note 4: Signed by subsidiaries Eternal Specialty Materials (Suzhou) Co., Ltd., Eternal Specialty Materials (Zhuhai) Co., Ltd., and Eternal Material (Guangdong) Co., Ltd. with the other contracting party.
- Note 5: Signed by subsidiary Eternal Synthetic Resins (Changshu) Co., Ltd. with the other contracting party.
- Note 6: Signed by subsidiary Eternal Materials (Malaysia) Sdn. Bhd. with the other contracting party.
- Note 7: 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: September 24, 2018

Certificate validity period: August 2, 2026

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

Original verification date: January 7, 2009

Certificate validity period: August 2, 2026

(3) ISO 14001:2015 Environmental Management System

Original verification date: July 23, 1999

Certificate validity period: July 22, 2026

(4) ISO 5001:2018Energy Management System

Original verification date: December 14, 2021

Certificate validity period: November 29, 2026

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\$ thousands

Item \ Year (Note 1)	Financial Information for the Most Recent Five Years					Financial Information for the Year as of March 31, 2024
	2019	2020	2021	2022	2023 (Note 2)	
Current assets	30,227,516	32,621,948	37,041,238	35,181,624	33,029,925	33,641,566
Property, plant and equipment	17,435,546	16,623,050	16,369,000	17,472,950	18,322,920	19,031,483
Intangible assets	343,782	282,235	261,442	248,830	231,643	226,799
Other assets	5,789,885	6,661,392	6,864,009	6,551,872	6,953,766	7,286,688
Total assets	53,796,729	56,188,625	60,535,689	59,455,276	58,538,254	60,186,536
Current liabilities	Before distribution	15,828,650	15,513,121	19,523,383	17,114,420	18,193,452
	After distribution	17,565,041	17,373,540	21,383,802	18,528,339	19,136,064
Non-current liabilities	16,048,344	17,437,202	16,345,449	17,269,516	15,128,833	15,019,585
Total liabilities	Before distribution	31,876,994	32,950,323	35,868,832	34,383,936	33,322,285
	After distribution	33,613,385	34,810,742	37,729,251	35,797,855	34,264,897
Equity attributable to owners of the parent company	21,415,337	22,834,497	24,239,108	24,760,404	24,734,630	25,542,749
Share capital	12,402,795	12,402,795	12,402,795	11,782,655	11,782,655	11,782,655
Capital reserve	356,046	368,946	368,946	368,946	664,785	666,233
Retained earnings	Before distribution	10,099,185	10,845,276	12,649,186	13,586,404	13,645,979
	After distribution	8,362,794	8,984,857	10,788,767	12,172,485	12,703,367
Other equity	(1,442,689)	(782,520)	(1,181,819)	(977,601)	(1,358,789)	(55,704)
Treasury stock	0	0	0	0	0	0
Non-controlling interests	504,398	403,805	427,749	310,936	481,339	496,776
Total equity	Before distribution	21,919,735	23,238,302	24,666,857	25,071,340	25,215,969
	After distribution	20,183,344	21,377,883	22,806,438	23,657,421	24,273,357

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

Note 2: On March 8, 2024, the Board of Directors passed the resolution to distribute the 2023 cash dividends and reported its resolution to the shareholders' meeting.

(II) Condensed Statement of Comprehensive Income - Consolidated

Unit: NT\$ thousands

Item \ Year (Note)	Financial Information for the Most Recent Five Years					Financial Information for the Year as of March 31, 2024
	2019	2020	2021	2022	2023	
Operating revenue	40,363,238	38,370,366	50,471,397	49,014,100	42,451,576	10,020,545
Operating gross profit	7,856,953	8,885,888	10,694,148	10,162,785	8,147,266	2,163,840
Operating profit or loss	2,335,050	3,138,926	4,095,041	3,276,845	1,914,767	609,409
Non-operating income and expenses	578,881	5,583	336,818	238,072	267,707	97,776
Net profit before tax	2,913,931	3,144,509	4,431,859	3,514,917	2,182,474	707,185
Net income from continuing operation	2,428,081	2,493,217	3,485,710	2,619,481	1,492,096	460,519
Loss from discontinued departments	0	0	0	0	0	0
Net profit	2,428,081	2,493,217	3,485,710	2,619,481	1,492,096	460,519
Other comprehensive income for the period, net of income tax	(945,873)	593,951	(289,282)	374,596	(473,848)	1,302,454
Total comprehensive income	1,482,208	3,087,168	3,196,428	2,994,077	1,018,248	1,762,973
Net profit attributable to owners of the parent company	2,466,356	2,543,496	3,549,268	2,617,592	1,503,687	445,718
Net profit attributable to non-controlling interests	(38,275)	(50,279)	(63,558)	1,889	(11,591)	14,801
Total comprehensive income attributable to owners of the parent company	1,531,715	3,139,446	3,268,236	2,998,649	1,041,939	1,748,974
Total comprehensive income attributable to non-controlling interests	(49,507)	(52,278)	(71,808)	(4,572)	(23,691)	13,999
Earnings per share (NT\$)	1.99	2.05	2.86	2.15	1.28	0.38

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

(III) Condensed Balance Sheet - Parent Company Only

Unit: NT\$ thousands

Item \ Year (Note 1)		Financial Information for the Most Recent Five Years				
		2019	2020	2021	2022	2023 (Note 2)
Current assets		7,114,450	7,146,604	9,390,592	8,419,155	7,004,506
Property, plant and equipment		6,184,393	6,145,448	6,300,703	6,897,112	7,315,748
Intangible assets		88,005	229,525	219,426	207,149	191,801
Other assets		29,569,146	30,636,180	31,926,169	32,297,176	32,728,985
Total assets		42,955,994	44,157,757	47,836,890	47,820,592	47,241,040
Current liabilities	Before distribution	7,006,246	5,989,894	8,873,535	8,922,658	10,130,348
	After distribution	8,742,637	7,850,313	10,733,954	10,336,577	11,072,960
Non-current liabilities		14,534,411	15,333,366	14,724,247	14,137,530	12,376,062
Total liabilities	Before distribution	21,540,657	21,323,260	23,597,782	23,060,188	22,506,410
	After distribution	23,277,048	23,183,679	25,458,201	24,474,107	23,449,022
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	11,782,655	11,782,655
Capital reserve		356,046	368,946	368,946	368,946	664,785
Retained earnings	Before distribution	10,099,185	10,845,276	12,649,186	13,586,404	13,645,979
	After distribution	8,362,794	8,984,857	10,788,767	12,172,485	12,703,367
Other equity		(1,442,689)	(782,520)	(1,181,819)	(977,601)	(1,358,789)
Treasury stock		0	0	0	0	0
Non-controlling interests		N/A	N/A	N/A	N/A	N/A
Total equity	Before distribution	21,415,337	22,834,497	24,239,108	24,760,404	24,734,630
	After distribution	19,678,946	20,974,078	22,378,689	23,346,485	23,792,018

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

Note 2: On March 8, 2024, the Board of Directors passed the resolution to distribute the 2023 cash dividends and reported its resolution to the shareholders' meeting.

(IV) Condensed Statement of Comprehensive Income - Parent Company Only

Unit: NT\$ thousands

Item \ Year (Note)	Financial Information for the Most Recent Five Years				
	2019	2020	2021	2022	2023
Operating revenue	14,804,018	13,011,068	16,562,728	16,211,752	13,317,700
Operating gross profit	2,639,659	2,594,915	2,926,007	3,192,531	2,428,582
Operating profit or loss	144,187	(66,112)	(197,623)	(7,515)	(159,542)
Non-operating income and expenses	2,411,301	2,666,196	3,918,772	2,683,333	1,838,511
Net profit before tax	2,555,488	2,600,084	3,721,149	2,675,818	1,678,969
Net income from continuing operation	2,466,356	2,543,496	3,549,268	2,617,592	1,503,687
Loss from discontinued departments	0	0	0	0	0
Net profit (loss)	2,466,356	2,543,496	3,549,268	2,617,592	1,503,687
Other comprehensive income for the period, net of income tax	(934,641)	595,950	(281,032)	381,057	(461,748)
Total comprehensive income	1,531,715	3,139,446	3,268,236	2,998,649	1,041,939
Net profit attributable to owners of the parent company	N/A	N/A	N/A	N/A	N/A
Net profit attributable to non-controlling interests	N/A	N/A	N/A	N/A	N/A
Total comprehensive income attributable to owners of the parent company	N/A	N/A	N/A	N/A	N/A
Total comprehensive income attributable to non-controlling interests	N/A	N/A	N/A	N/A	N/A
Earnings per share (NT\$)	1.99	2.05	2.86	2.15	1.28

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
2019	Deloitte & Touche	Kuo, Li-Yuan and Kung, Chun-Chi	Unqualified opinion and audit report on other matters
2020	Deloitte & Touche	Wang, Chao-Chun and Kuo, Li-Yuan	Unqualified opinion and audit report on other matters
2021	Deloitte & Touche	Wang, Chao-Chun and Kuo, Li-Yuan	Unqualified opinion and audit report on other matters
2022	Deloitte & Touche	Wang, Chao-Chun and Kuo, Li-Yuan	Unqualified opinion and audit report on other matters
2023	Deloitte & Touche	Wang, Chao-Chun and Stephen Hsu	Unqualified opinion and 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, 2024
		2019	2020	2021	2022	2023	
Financial Structure (%)	Debt-to-asset ratio	59	59	59	58	57	57
	Ratio of long-term capital to property, plant and equipment	218	245	251	242	220	216
Solvency (%)	Current ratio	191	210	190	206	182	176
	Quick ratio	140	157	131	145	131	125
	Interest coverage ratio	6.8	9.2	16.2	10.8	5.8	7.5
Operating Ability	Receivables turnover ratio (times)	2.6	2.3	2.6	2.6	2.6	2.6
	Average collection days	139	159	138	141	141	143
	Inventory turnover ratio (times)	4.2	3.9	4.3	3.7	3.7	3.6
	Payables turnover ratio (times)	8.4	5.5	5.8	6.0	6.3	5.6
	Days sales outstanding	86	93	85	98	99	102
	Property, plant and equipment turnover ratio (times)	2.2	2.3	3.1	2.9	2.4	2.1
	Total asset turnover ratio (times)	0.7	0.7	0.9	0.8	0.7	0.7
Profitability	Return on total assets (%)	5.2	5.1	6.4	4.8	3.1	3.7
	Return on equity (%)	11.2	11.0	14.6	10.5	5.9	7.2
	Ratio of net profit before tax to paid-in capital (%)	23	25	36	30	19	24
	Net profit margin (%)	6.0	6.5	6.9	5.3	3.5	4.6
	Earnings per share (NT\$)	1.99	2.05	2.86	2.15	1.28	0.38
Cash Flow	Cash flow ratio (%)	31	27	4	38	36	2
	Cash flow adequacy ratio (%)	67	66	53	88	98	87
	Cash reinvestment ratio (%)	6.7	3.9	-1.8	7.2	7.9	0.6
Leverage	Operating leverage	2.8	2.4	2.1	2.5	3.5	3.0
	Financial leverage	1.3	1.1	1.1	1.1	1.3	1.2

Reasons for changes in financial ratios (Analysis is not required if such changes are within 20%):

1. Reasons for changes in the most recent two years
 - (1) Interest coverage ratio: Interest coverage ratio decreased due to a decline in net profit before tax and an increase in interest expenses.
 - (2) Profitability: Net profit after tax decreased due to a decline in sales volume.
 - (3) Operating leverage: Operating leverage decreased due mainly to a decline in operating income.
2. Reasons for changes in the first quarter of 2024 and 2023:
 - (1) Interest coverage ratio: Due to the increase in operating revenue, the earnings before interest and taxes have increased.
 - (2) Profitability: Due to an increase in sales volume, profits have increased.
 - (3) Cash flow: Primarily due to increased revenue, the demand for working capital has risen, resulting in a slowdown in net cash inflow from operating activities.

Financial Analysis - Parent Company Only

Items for Analysis \ Year		Financial Analysis for the Most Recent Five Years				
		2019	2020	2021	2022	2023
Financial Structure (%)	Debt-to-asset ratio	50	48	49	48	48
	Ratio of long-term capital to property, plant and equipment	581	621	618	564	507
Solvency (%)	Current ratio	102	119	106	94	69
	Quick ratio	65	75	59	56	42
	Interest coverage ratio	10.6	13.7	23.0	13.4	6.4
Operating Ability	Receivables turnover ratio (times)	3.9	3.7	4.2	4.1	3.7
	Average collection days	94	100	86	90	99
	Inventory turnover ratio (times)	4.4	4.0	4.0	3.4	3.6
	Payables turnover ratio (times)	9.4	8.6	9.1	9.9	9.9
	Days sales outstanding	83	92	92	107	103
	Property, plant and equipment turnover ratio (times)	2.4	2.1	2.7	2.5	1.9
	Total asset turnover ratio (times)	0.3	0.3	0.4	0.3	0.3
Profitability	Return on total assets (%)	6.2	6.2	8.0	5.8	3.7
	Return on equity (%)	11.6	11.5	15.1	10.7	6.1
	Ratio of net profit before tax to paid-in capital (%)	21	21	30	23	14
	Net profit margin (%)	16.7	19.5	21.4	16.1	11.3
	Earnings per share (NT\$)	1.99	2.05	2.86	2.15	1.28
Cash Flow	Cash flow ratio (%)	25	37	4	40	26
	Cash flow adequacy ratio (%)	70	72	51	74	74
	Cash reinvestment ratio (%)	1.3	1.0	-3.0	3.3	2.5
Leverage	Operating leverage	15.7	Note 1	Note 1	Note 1	Note 1
	Financial leverage	Note 2	Note 1	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.

Reasons for changes in financial ratios for the past two years (Analysis is not be required if such changes are within 20%)

1. Current and quick ratios. Current and quick ratios were mainly affected by the large amount of corporate bonds payable due within one year.
2. Interest coverage ratio: Interest coverage ratio decreased due mainly to a decline in the shares of profit or loss of subsidiaries and affiliates and an increase in interest expense.
3. Property, plant and equipment turnover ratio: Property, plant and equipment turnover ratio decreased due mainly to a decrease in operating revenue as a result of a decline in sales volume.
4. Profitability: Profitability was due mainly to a decrease in profit or loss of subsidiaries accounted for under the equity method.
5. Cash flow ratio and cash reinvestment ratio: Cash flow ratio and cash reinvestment ratio decreased due mainly to a decline in net cash flow from operating activities.

Formula

1. Financial Structure

- (1) Debt-to-asset ratio = Total liabilities/Total assets
- (2) Ratio of long-term funds to property, plant, and equipment = (Total equity + Non-current liabilities)/Net property, plant, and equipment

2. Solvency

- (1) Current ratio = Current assets/Current liabilities
- (2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities
- (3) Interest coverage ratio = Earnings before interest and taxes/Interest expenses

3. Operating Ability

- (1) Receivables turnover ratio (including accounts receivable and bills receivable from business activities) = Net sales/Balance of average accounts receivable in each period (including accounts receivable and bills receivable from business activities)
- (2) Average collection days = 365/Accounts receivable turnover
- (3) Inventory turnover ratio = Cost of sales/Average inventory
- (4) Payables turnover ratio (including accounts payable and bills payable from business activities) = Cost of sales/Balance of average accounts payable in each period (including accounts payable and bills payable from business activities)
- (5) Days sales outstanding = 365/Inventory turnover
- (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 \times (1-Tax rate)]/Average total assets.
- (2) Return on equity = Profit or loss after tax/Average total equity
- (3) Profit margin = Net income/Net sales.
- (4) Earnings per share = (Income attributable to shareholders of parent company - Preferred shares dividends)/Weighted average number of shares issued.

5. Cash Flow

- (1) Cash flow ratio = Net cash flow from operating activities/Current liabilities.
- (2) Cash flow adequacy ratio = Net cash flow from operating activities for the most recent five fiscal years/ (Capital expenditures + Inventory increment + Cash dividends) for the most recent five fiscal years.
- (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/(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 and expenses)/Operating income.
- (2) Financial leverage = Operating income/(Operating income - 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 2023 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,

2024 Annual General Meeting of Shareholders

Eternal Materials Co., Ltd.

Convener of the Audit Committee:

March 8, 2024

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, 2023 are all the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the consolidated financial statements of affiliates has been disclosed in the consolidated financial statements of Eternal Materials Co., Ltd. and its subsidiaries. Consequently, Eternal Materials Co., Ltd. and its subsidiaries did not prepare a separate set of combined financial statements of affiliates.

Very truly yours,

Eternal Materials Co., Ltd.

By

Kao, Kuo-Lun
Chairman

March 8, 2024

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, 2023 and 2022, 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 material accounting policy information (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, 2023 and 2022, 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 audits in accordance with the Regulations Governing Financial Statement Audit and Attestation of Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China (TWSA). 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, 2023. 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, 2023 is described as follows:

THE TIME OF REVENUE RECOGNITION FROM SALE OF VACUUM LAMINATOR

1. Description

Due to the higher market demand in the semiconductor industry, the unit price and gross profit margin of the vacuum laminator sold by the electronic materials department of Eternal Materials Co., Ltd. and its subsidiaries are higher. In addition, taking into account the characteristics and risks of the industry, we identified the time of the above revenue recognition as a key audit matter in accordance with Communicating Key Audit Matters in the Independent Auditor's Report of TWSA.

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

- a. We obtained an understanding of the relevant process and the control of revenue recognition in vacuum laminator.
- b. We performed the test of details, which selected the samples for a certain period before and after the end of the year and obtained supporting documents or evidence to confirm that the revenue of the vacuum laminator has been recognized in the appropriate period.

Other Matter

The financial statements of some 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\$714,968 thousand and NT\$672,942 thousand, both representing 1% of the Company and its subsidiaries' total assets as of December 31, 2023 and 2022, respectively; the share of the profit of these associates amounted to NT\$119,325 thousand and NT\$97,155 thousand, representing 12% and 3% of the Company and its subsidiaries' total comprehensive income for the years ended December 31, 2023 and 2022, respectively.

We have also audited the standalone financial statements of the Company as of and for the years ended December 31, 2023 and 2022 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 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, 2023 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 Jui-Hsuan Hsu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 2024

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, 2023		December 31, 2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 6,356,603	11	\$ 5,450,766	10
Notes receivable, net (Notes 4, 8 and 33)	4,512,991	8	5,429,674	9
Notes receivable from related parties, net (Notes 4, 8 and 32)	50,447	-	47,123	-
Accounts receivable, net (Notes 4, 5 and 8)	10,476,717	18	11,470,087	19
Accounts receivable from related parties, net (Notes 4, 5, 8 and 32)	173,065	-	185,395	-
Other receivables (Notes 4, 8 and 32)	638,761	1	842,736	2
Inventories (Notes 4, 5 and 9)	8,478,672	14	9,716,165	16
Non-current assets held for sale (Notes 4 and 10)	170,314	-	-	-
Other financial assets - current (Notes 4, 11 and 33)	1,267,006	2	1,220,507	2
Other current assets - others (Note 25)	<u>905,349</u>	<u>2</u>	<u>819,171</u>	<u>1</u>
Total current assets	<u>33,029,925</u>	<u>56</u>	<u>35,181,624</u>	<u>59</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	9,182	-	9,402	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 12)	1,038,841	2	822,647	1
Investments accounted for using the equity method (Notes 4 and 14)	2,468,207	4	2,323,035	4
Property, plant and equipment (Notes 4, 15 and 33)	18,322,920	31	17,472,950	29
Right-of-use assets (Notes 4 and 16)	1,658,505	3	1,323,105	2
Investment properties (Notes 4 and 17)	1,221,322	2	1,385,518	2
Intangible assets (Notes 4 and 18)	231,643	-	248,830	1
Deferred tax assets (Notes 4, 5 and 25)	270,831	1	312,457	1
Other non-current assets - others (Notes 19 and 33)	<u>286,878</u>	<u>1</u>	<u>375,708</u>	<u>1</u>
Total non-current assets	<u>25,508,329</u>	<u>44</u>	<u>24,273,652</u>	<u>41</u>
TOTAL	<u>\$ 58,538,254</u>	<u>100</u>	<u>\$ 59,455,276</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4, 20 and 33)	\$ 5,557,448	10	\$ 5,364,058	9
Contract liabilities - current (Notes 4 and 23)	873,877	2	444,225	1
Notes payable	778,344	1	626,160	1
Accounts payable (Note 32)	4,844,775	8	4,553,914	8
Other payables - others (Note 21)	1,822,801	3	2,224,447	4
Current tax liabilities (Note 25)	422,718	1	733,250	1
Liabilities directly associated with non-current assets held for sale (Notes 4 and 10)	2,543	-	-	-
Lease liabilities - current (Notes 4 and 16)	81,604	-	37,202	-
Current portion of long-term liabilities (Notes 4, 20 and 33)	3,741,170	7	3,039,531	5
Other current liabilities - others	<u>68,172</u>	<u>-</u>	<u>91,633</u>	<u>-</u>
Total current liabilities	<u>18,193,452</u>	<u>32</u>	<u>17,114,420</u>	<u>29</u>
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 20)	2,497,203	4	5,493,921	9
Long-term borrowings (Notes 4, 20 and 33)	9,360,843	16	8,493,942	14
Deferred tax liabilities (Notes 4, 5 and 25)	2,344,656	4	2,284,336	4
Lease liabilities - non-current (Notes 4 and 16)	169,040	-	178,554	-
Other non-current liabilities (Notes 4, 5, 14 and 21)	<u>757,091</u>	<u>1</u>	<u>818,763</u>	<u>2</u>
Total non-current liabilities	<u>15,128,833</u>	<u>25</u>	<u>17,269,516</u>	<u>29</u>
Total liabilities	<u>33,322,285</u>	<u>57</u>	<u>34,383,936</u>	<u>58</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)				
Ordinary shares	<u>11,782,655</u>	<u>19</u>	<u>11,782,655</u>	<u>20</u>
Capital surplus	<u>664,785</u>	<u>1</u>	<u>368,946</u>	<u>1</u>
Retained earnings				
Legal reserve	5,083,381	9	4,803,617	8
Special reserve	977,601	2	1,181,819	2
Unappropriated earnings	<u>7,584,997</u>	<u>13</u>	<u>7,600,968</u>	<u>13</u>
Total retained earnings	<u>13,645,979</u>	<u>24</u>	<u>13,586,404</u>	<u>23</u>
	<u>(2)</u>		<u>(2)</u>	
Other equity	<u>(1,358,789)</u>	<u>)</u>	<u>(977,601)</u>	<u>)</u>
Total equity attributable to owners of the Company	24,734,630	42	24,760,404	42
NON-CONTROLLING INTERESTS (Note 22)				
	<u>481,339</u>	<u>1</u>	<u>310,936</u>	<u>-</u>
Total equity	<u>25,215,969</u>	<u>43</u>	<u>25,071,340</u>	<u>42</u>
TOTAL	<u>\$ 58,538,254</u>	<u>100</u>	<u>\$ 59,455,276</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 8, 2024)

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			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 32)	\$ 42,451,576	100	\$ 49,014,100	100
OPERATING COSTS (Notes 9, 24 and 32)	<u>34,304,310</u>	<u>81</u>	<u>38,851,315</u>	<u>79</u>
GROSS PROFIT	<u>8,147,266</u>	<u>19</u>	<u>10,162,785</u>	<u>21</u>
OPERATING EXPENSES (Notes 8, 24 and 32)				
Selling and marketing expenses	2,483,962	6	3,022,867	6
General and administrative expenses	2,199,879	5	2,187,867	5
Research and development expenses	1,548,154	3	1,647,930	3
Expected credit loss	<u>504</u>	<u>-</u>	<u>27,276</u>	<u>-</u>
Total operating expenses	<u>6,232,499</u>	<u>14</u>	<u>6,885,940</u>	<u>14</u>
PROFIT FROM OPERATIONS	<u>1,914,767</u>	<u>5</u>	<u>3,276,845</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 24)	120,025	-	105,782	-
Other income (Notes 24 and 32)	407,911	1	363,473	1
Other gains and losses (Notes 7, 14 and 24)	(99,748)	-	(45,156)	-
Net loss on disposal of financial assets at amortized cost	(9,668)	-	(10,699)	-
Finance costs (Note 24)	(453,836)	(1)	(358,983)	(1)
Share of the profit of associates and joint ventures (Note 14)	<u>303,023</u>	<u>1</u>	<u>183,655</u>	<u>-</u>
Total non-operating income and expenses	<u>267,707</u>	<u>1</u>	<u>238,072</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	2,182,474	6	3,514,917	7
INCOME TAX EXPENSE (Notes 4 and 25)	<u>(690,378)</u>	<u>(2)</u>	<u>(895,436)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>1,492,096</u>	<u>4</u>	<u>2,619,481</u>	<u>5</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			
	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 14, 21, 22 and 25)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (36,179)	-	\$ 215,516	-
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	167,007	-	(236,069)	-
Remeasurement of defined benefit plans of associates and joint ventures accounted for using the equity method	-	-	4,645	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	9,620	-	(49,872)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statement of foreign operations	(591,376)	(2)	399,619	1
Share of the other comprehensive income (loss) of associates and joint ventures	(22,920)	-	40,757	-
Other comprehensive income (loss) for the year, net of income tax	(473,848)	(2)	374,596	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 1,018,248	2	\$ 2,994,077	6
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,503,687		\$ 2,617,592	
Non-controlling interests	(11,591)		1,889	
	\$ 1,492,096		\$ 2,619,481	
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,041,939		\$ 2,998,649	
Non-controlling interests	(23,691)		(4,572)	
	\$ 1,018,248		\$ 2,994,077	
EARNINGS PER SHARE (Note 26)				
Basic	\$ 1.28		\$ 2.15	
Diluted	1.27		2.15	

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated March 8, 2024)

(Concluded)

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					
						Exchange Differences on Translating Foreign Operations	Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity	Total	Non-controlling Interests	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2023	\$ 11,782,655	\$ 368,946	\$ 4,803,617	\$ 1,181,819	\$ 7,600,968	\$ (1,335,011)	\$ 357,410	\$ (977,601)	\$ 24,760,404	\$ 310,936	\$ 25,071,340
Appropriation of the 2022 earnings (Note 22)											
Legal reserve appropriated	-	-	279,764	-	(279,764)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(204,218)	204,218	-	-	-	-	-	-
Cash dividends - NT\$1.2 per share	-	-	-	-	(1,413,919)	-	-	-	(1,413,919)	-	(1,413,919)
	-	-	279,764	(204,218)	(1,489,465)	-	-	-	(1,413,919)	-	(1,413,919)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method (Note 22)	-	3,348	-	-	-	-	-	-	3,348	-	3,348
Net profit (loss) for the year ended December 31, 2023	-	-	-	-	1,503,687	-	-	-	1,503,687	(11,591)	1,492,096
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(30,193)	(602,196)	170,641	(431,555)	(461,748)	(12,100)	(473,848)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	1,473,494	(602,196)	170,641	(431,555)	1,041,939	(23,691)	1,018,248
Changes in percentage of ownership interests in subsidiaries (Note 27)	-	292,491	-	-	-	50,367	-	50,367	342,858	229,779	572,637
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(35,685)	(35,685)
BALANCE AT DECEMBER 31, 2023	\$ 11,782,655	\$ 664,785	\$ 5,083,381	\$ 977,601	\$ 7,584,997	\$ (1,886,840)	\$ 528,051	\$ (1,358,789)	\$ 24,734,630	\$ 481,339	\$ 25,215,969
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)											
Legal reserve appropriated	-	-	366,497	-	(366,497)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	399,944	(399,944)	-	-	-	-	-	-
Cash dividends - NT\$1.5 per share	-	-	-	-	(1,860,419)	-	-	-	(1,860,419)	-	(1,860,419)
	-	-	366,497	399,944	(2,626,860)	-	-	-	(1,860,419)	-	(1,860,419)
Net profit (loss) for the year ended December 31, 2022	-	-	-	-	2,617,592	-	-	-	2,617,592	1,889	2,619,481
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	(6,461)	374,596
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	2,794,431	446,837	(242,619)	204,218	2,998,649	(4,572)	2,994,077
Capital reduction by cash (Note 22)	(620,140)	-	-	-	-	-	-	-	(620,140)	-	(620,140)
Disposal of subsidiaries (Note 28)	-	-	-	-	-	-	-	-	-	(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

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

(With Deloitte & Touche auditors’ report dated March 8, 2024)

Eternal Materials Co., Ltd. and Subsidiaries

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

	For the Year Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 2,182,474	\$ 3,514,917
Adjustments for:		
Depreciation expense	2,082,787	2,066,130
Amortization expense	20,397	22,700
Expected credit loss	504	27,276
Net loss (gain) on fair value changes of financial assets at fair value through profit or loss	(3,910)	846
Finance costs	453,836	358,983
Net loss on disposal of financial assets at amortized cost	9,668	10,699
Interest income	(120,025)	(105,782)
Dividend income	(16,046)	(120,032)
Share-based compensation	4,160	-
Share of the profit of associates and joint ventures	(303,023)	(183,655)
Loss on disposal of property, plant and equipment	10,822	18,875
Gain on disposal of investments	(2,547)	-
Impairment loss recognized on non-financial assets	53,915	79,760
Others	(485)	(3,872)
Changes in operating assets and liabilities		
Notes receivable	836,251	1,371,623
Notes receivable from related parties	(4,216)	37,396
Accounts receivable	821,230	1,679,835
Accounts receivable from related parties	9,714	55,749
Other receivables	(99,409)	22,421
Inventories	1,035,999	1,001,045
Other current assets	10,515	70,918
Contract liabilities	457,569	263,156
Notes payable	161,105	(249,625)
Accounts payable	361,740	(2,303,929)
Other payables	(258,678)	(90,958)
Other current liabilities	(21,486)	32,650
Other non-current liabilities	(49,725)	(48,215)
Cash generated from operations	7,633,136	7,528,911
Interest received	115,379	81,979
Dividends received	229,437	267,087
Interest paid	(474,814)	(364,195)
Income taxes paid	(989,086)	(932,425)
Net cash generated from operating activities	<u>6,514,052</u>	<u>6,581,357</u>

(Continued)

Eternal Materials Co., Ltd. and Subsidiaries

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

	For the Year Ended December 31	
	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	\$ (50,000)	\$ -
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	(779,991)	(1,028,602)
Proceeds from disposal of financial assets at fair value through profit of loss	781,241	1,033,240
Proceeds from capital reduction of investments accounted for using the equity method	35,889	123,909
Proceeds from disposal of non-current assets held for sale	168,318	29,242
Payments for property, plant and equipment	(3,149,051)	(2,782,784)
Proceeds from disposal of property, plant and equipment	14,417	6,031
Payments for intangible assets	(4,507)	(20,482)
Decrease in long-term lease receivables	28,521	25,988
Increase in other financial assets	(60,501)	(1,021,410)
Increase in other non-current assets	(335,511)	(9,183)
Net cash used in investing activities	(3,351,175)	(3,642,813)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	243,136	654,870
Proceeds from long-term borrowings	7,707,629	8,534,451
Repayments of long-term borrowings	(9,057,697)	(8,508,282)
Decrease in guarantee deposits received	(2,156)	(961)
Repayment of the principal portion of lease liabilities	(90,317)	(89,511)
Dividends paid	(1,413,919)	(1,860,419)
Capital reduction by cash	-	(620,140)
Disposal of ownership interest in subsidiaries (without losing control)	568,477	-
Change in non-controlling interests	(23,525)	3,128
Net cash used in financing activities	(2,068,372)	(1,886,864)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(162,962)	109,619
NET INCREASE IN CASH AND CASH EQUIVALENTS	931,543	1,161,299
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5,450,766	4,289,467
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 6,382,309</u>	<u>\$ 5,450,766</u>

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

	December 31	
	2023	2022
Cash and cash equivalents in the consolidated balance sheets	\$ 6,356,603	\$ 5,450,766
Cash and cash equivalents classified to non-current assets held for sale	25,706	-
Cash and cash equivalents in the consolidated statements of cash flows	<u>\$ 6,382,309</u>	<u>\$ 5,450,766</u>

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

(Concluded)

(With Deloitte & Touche auditors' report dated March 8, 2024)

Eternal Materials Co., Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors and authorized for issue on March 8, 2024.

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 “IFRS Accounting Standards”) 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 IFRS Accounting Standards endorsed and issued into effect by the FSC will not have material impact on the Company and its subsidiaries’ accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by International Accounting Standards Board(IASB) (Note 1)
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback

transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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. The IFRS Accounting Standards announced by IASB but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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 MATERIAL ACCOUNTING POLICY INFORMATION

- 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 IFRS Accounting Standards 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, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities without an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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 freehold 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. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective 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 other than goodwill 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 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, any dividends and remeasurement gains or losses on such financial assets are recognized in profit or loss. Fair value is determined in the manner described in Note 31.

ii Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes and accounts receivable at amortized cost, other receivables, other financial assets - current and non-current, refundable deposits, and 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 (mainly 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 as mortgaged secured borrowings.

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

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

p. Revenue recognition

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

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. Share-based payment arrangements

1) Equity-settled share-based payment arrangements and employee share options granted to employees

The fair value at the grant date of the equity-settled share-based payments and employee share options is expensed on a straight-line basis over the vesting period, based on the Company and its subsidiaries best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in non-controlling interests. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

2) Equity-settled share-based payment arrangements granted to the employees of its parent company

The equity instruments granted by the subsidiary to the employees of its parent company under share-based payment arrangements and employee share options are treated as a capital distribution. The fair value of employee services received under the arrangement is measured by reference to the grant-date fair value and is recognized over the vesting period as equity instruments and employee share options, with a corresponding debt to capital surplus or retained earnings if necessary.

u. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

3) Current and deferred taxes

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. MATERIAL 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.

Key Sources of Estimation and Assumption Uncertainty

a. Income taxes

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 information as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

c. Write-down of inventories

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

realizable value.

d. Recognition and measurement of defined benefit plans

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 14,497	\$ 11,527
Checking accounts and demand deposits	5,123,505	3,714,602
Cash equivalents (investments with original maturities of three months or less)		
Time deposits	<u>1,218,601</u>	<u>1,724,637</u>
	<u>\$ 6,356,603</u>	<u>\$ 5,450,766</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
<hr/>		
Financial assets - non-current		
Non-derivative financial assets		
Mutual fund		
Pacven Walden Ventures V, L.P.	<u>\$ 9,182</u>	<u>\$ 9,402</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, 2023 and 2022. The subsidiary already settled the structured time deposit contracts as of December 31, 2023 and 2022.

8. NOTES, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2023	2022
Notes receivable	<u>\$ 4,512,991</u>	<u>\$ 5,429,674</u>
Notes receivable from related parties	<u>\$ 50,447</u>	<u>\$ 47,123</u>
Accounts receivable	\$ 10,698,826	\$ 11,736,196
Less: Allowance for loss	<u>(222,109)</u>	<u>(266,109)</u>
	<u>\$ 10,476,717</u>	<u>\$ 11,470,087</u>
		(Continued)
	December 31	

	2023	2022
Accounts receivable from related parties	\$ 173,223	\$ 185,544
Less: Allowance for loss	<u>(158)</u>	<u>(149)</u>
	<u>\$ 173,065</u>	<u>\$ 185,395</u>
Other receivables	\$ 668,561	\$ 872,536
Less: Allowance for loss	<u>(29,800)</u>	<u>(29,800)</u>
	<u>\$ 638,761</u>	<u>\$ 842,736</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 31.

The loss allowance of the Company and its subsidiaries' accounts receivable is recognized by using lifetime expected credit losses. The lifetime expected credit losses on accounts receivable are estimated using a provision matrix approach considering the past collection experience of the customers, the increase in overdue payments and the forward-looking information 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, 2023

	Not Past Due	0 to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Gross carrying amount	\$ 13,628,700	\$ 944,805	\$ 580,147	\$ 99,108	\$ 182,727	\$ 15,435,487
Loss allowance (lifetime ECL)	<u>(7,190)</u>	<u>(7,746)</u>	<u>(12,679)</u>	<u>(11,925)</u>	<u>(182,727)</u>	<u>(222,267)</u>
Amortized cost	<u>\$ 13,621,510</u>	<u>\$ 937,059</u>	<u>\$ 567,468</u>	<u>\$ 87,183</u>	<u>\$ -</u>	<u>\$ 15,213,220</u>

December 31, 2022

	Not Past Due	0 to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
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>

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

	For the Year Ended December 31	
	2023	2022
Balance at beginning of the year	\$ 266,258	\$ 249,160
Recognized in the current year	504	27,276
Written-off in the current year	(41,389)	(13,115)
Effects of foreign currency exchange differences	<u>(3,106)</u>	<u>2,937</u>
Balance at end of the year	<u>\$ 222,267</u>	<u>\$ 266,258</u>

b. Other receivables

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

9. INVENTORIES

	December 31	
	2023	2022
Raw materials	\$ 3,077,555	\$ 3,616,961
Supplies	128,349	152,236
Finished goods	4,772,596	5,665,657
Work in progress	207,783	23,511
Inventory in transit	<u>292,389</u>	<u>257,800</u>
	<u>\$ 8,478,672</u>	<u>\$ 9,716,165</u>

The cost of inventories recognized as operating costs for the years ended December 31, 2023 and 2022 was \$34,210,465 thousand and \$38,756,231 thousand, respectively, including write-down of inventories of \$53,915 thousand and \$88,519 thousand, respectively.

10. NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE

In May 2023, the board of directors of the Company resolved to dispose of the entire equity interest held by its subsidiary Eternal (China) Investment Co., Ltd., in another subsidiary Eternal Optical Material (Suzhou) Co., Ltd. The disposal procedure is expected to be completed in 12 months; therefore, the relevant assets and liabilities attributed to the subsidiary were reclassified as disposal groups held for sale and presented separately in the consolidated balance sheets. The major classes of assets and liabilities of the disposal groups held for sale were as follows:

	December 31
	2023
Cash and cash equivalents	\$ 25,706
Accounts receivable, net	1,819
Other receivables	66
Other current assets - others	955
Property, plant and equipment	58,770
Right-of-use assets	1,386
Investment properties	81,432
Intangible assets	<u>180</u>
Non-current assets held for sale	<u>\$ 170,314</u>
Other payables - others	\$ 1,569
Contract liabilities - current	252
Other non-current liabilities	<u>722</u>
Liabilities directly associated with non-current assets held for sale	<u>\$ 2,543</u>

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

11. OTHER FINANCIAL ASSETS - CURRENT

	December 31	
	2023	2022
Time deposits with original maturities of more than three months	\$ 1,266,764	\$ 1,203,722
Restricted time deposit	<u>242</u>	<u>16,785</u>
	<u>\$ 1,267,006</u>	<u>\$ 1,220,507</u>

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

	December 31	
	2023	2022
Domestic investments		
Listed shares		
President Securities Corp.	\$ 655,657	\$ 522,190
Unlisted shares		
Universal Venture Capital Investment Corp.	52,949	45,497
Der Yang Biotechnology Venture Capital Co., Ltd.	2,979	2,770
Research Innovation Capital Corporation	<u>49,374</u>	<u>-</u>
	<u>760,959</u>	<u>570,457</u>
Foreign investments		
Unlisted shares		
Grace THW Holding Limited	239,455	195,591
TBG Diagnostics Limited	<u>38,427</u>	<u>56,599</u>
	<u>277,882</u>	<u>252,190</u>
	<u>\$ 1,038,841</u>	<u>\$ 822,647</u>

In March 2023, the Company participated in the cash capital increase of Research Innovation Capital Corporation, and as of December 31, 2023, the Company holds a 29.76% interest in it. Because the fundraising of Research Innovation Capital Corporation has not yet been completed, and taking into account the capital plan of Research Innovation Capital Corporation, the Company expects the percentage of its interests in Research Innovation Capital Corporation to be less than 20%. Therefore, the Company does not have a significant influence on Research Innovation Capital Corporation.

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, 2023	December 31, 2022	
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; manufacturing and selling of dry film photoresist	100	100	
	Eternal Electronic Material (Thailand) Co., Ltd.	Trading services, cutting and selling of dry film photoresist	75	75	
	New E Materials Co., Ltd.	Researching, developing, manufacturing and selling of photoelectric, semiconductor process related electronic chemical materials and equipment spare parts	62.80	62.80	
	Eternal Precision Mechanics Co., Ltd.	Manufacturing and selling of vacuum laminator	84.61	100	Note 27
	Elga Europe S.r.l.	Manufacturing, selling, distribution and processing of electronic chemical products	72.68	72.68	
	Eternal Technology Corporation	Manufacturing and selling of photoresist; selling of chemical products	100	-	1)
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 Materials India Private Limited	Trading of chemical products	99	-	2)
Eternal International (BVI) Co., Ltd.	Eternal Technology Corporation	Manufacturing and selling of photoresist; selling of chemical products	-	100	1)
	Eternal (China) Investment Co., Ltd.	Managing, investing consulting services, researching, leasing, manufacturing and selling of resins material and photoelectric chemical materials	100	100	
E-Chem Corp.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Manufacturing and selling of acrylic resin and methacrylic acid	90	90	
	Eternal Materials India Private Limited	Trading of chemical products	1	-	2)
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	Note 10
	Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Researching, developing and manufacturing of photoresist dry film, liquid photo imaginable solder masks and printed circuit board related materials	100	100	
	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 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 and providing technical services of products related to resins material	100	100	
	Nikko-Materials Co., Ltd. (NM)	Manufacturing and selling of vacuum laminator	100	100	
	Eternal Precision Mechanics (Guangzhou) Ltd.	Manufacturing and selling of calculators, telecommunication and other electronic equipment	100	-	3)

- 1) The subsidiary Eternal International (BVI) Co., Ltd. had a reorganization in July 2023 to transfer the equity of subsidiary Eternal Technology Corporation to the Company.
 - 2) The company was established as a new subsidiary in August 2023.
 - 3) The company was established as a new subsidiary in September 2023.
- b. The Company and its subsidiaries did not have any subsidiary with material non-controlling interests.

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

	December 31	
	2023	2022
Investments accounted for using the equity method		
Investments in associates	\$ 2,468,207	\$ 2,323,035
Credit balance of investments accounted for using the equity method (recorded as other non-current liabilities)		
Investments in associates	\$ -	\$ (40,424)

- a. Investments accounted for using the equity method

Investments in associates

	December 31	
	2023	2022
Associates that are not individually material	\$ 2,468,207	\$ 2,323,035

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

	December 31	
	2023	2022
The Company and its subsidiaries' share of		
Net profit for the year	\$ 308,580	\$ 197,024
Other comprehensive income (loss) for the year	(23,169)	45,746
Total comprehensive income for the year	\$ 285,411	\$ 242,770

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

	December 31	
	2023	2022
Daxin Materials Corporation	\$ 2,325,985	\$ 1,522,548

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 accounted for using the equity method and not included in the consolidated financial statements.

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

	December 31	
	2023	2022
Associates that are not individually material	\$ <u>-</u>	\$ <u>(40,424)</u>

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

	For the Year Ended December 31	
	2023	2022
The Company and its subsidiaries' share of		
Net loss for the year	\$ (5,557)	\$ (13,369)
Other comprehensive income (loss) for the year	<u>249</u>	<u>(344)</u>
Total comprehensive income (loss) for the year	\$ <u>(5,308)</u>	\$ <u>(13,713)</u>

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

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

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, 2023

	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, 2023	\$ <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>
Cost								
Balance at January 1, 2023	\$ 2,705,522	\$ 11,653,533	\$ 22,972,582	\$ 1,658,571	\$ 1,786,946	\$ 957,333	\$ 2,289,335	\$ 44,023,822
Additions	-	358,699	1,147,646	80,996	107,357	54,590	1,311,160	3,060,448
Disposals	-	(7,267)	(177,134)	(32,305)	(66,563)	(34,761)	-	(318,030)
Transferred to investment properties	-	-	-	-	-	-	(976)	(976)
Transferred to non-current assets held for sale	-	(100,096)	(170,136)	(755)	(2,728)	(8,665)	-	(282,380)
Effect of foreign currency exchange difference	7,350	(130,523)	(237,415)	(18,442)	(7,522)	(14,095)	(40,927)	(441,574)
Balance at December 31, 2023	\$ <u>2,712,872</u>	\$ <u>11,774,346</u>	\$ <u>23,535,543</u>	\$ <u>1,688,065</u>	\$ <u>1,817,490</u>	\$ <u>954,402</u>	\$ <u>3,558,592</u>	\$ <u>46,041,310</u>
Accumulated depreciation and impairment								
Balance at January 1, 2023	\$ -	\$ 6,766,301	\$ 16,879,434	\$ 984,717	\$ 1,262,782	\$ 657,638	\$ -	\$ 26,550,872
Depreciation	-	507,976	1,124,283	75,966	124,143	79,019	-	1,911,387
Disposals	-	(6,318)	(161,929)	(30,385)	(63,080)	(32,833)	-	(294,545)
Transferred to non-current assets held for sale	-	(65,774)	(148,537)	(680)	(1,349)	(7,270)	-	(223,610)
Effect of foreign currency exchange difference	-	(57,708)	(150,251)	(2,758)	(5,967)	(9,030)	-	(225,714)
Balance at December 31, 2023	\$ <u>-</u>	\$ <u>7,144,477</u>	\$ <u>17,543,000</u>	\$ <u>1,026,860</u>	\$ <u>1,316,529</u>	\$ <u>687,524</u>	\$ <u>-</u>	\$ <u>27,718,390</u>
Carrying amount at December 31, 2023	\$ <u>2,712,872</u>	\$ <u>4,629,869</u>	\$ <u>5,992,543</u>	\$ <u>661,205</u>	\$ <u>500,961</u>	\$ <u>266,878</u>	\$ <u>3,558,592</u>	\$ <u>18,322,920</u>

For the Year Ended December 31, 2022

	Land	Buildings	Machinery and Equipment	Storage Equipment	Examination Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Carrying amount at January 1, 2022	<u>\$ 2,696,984</u>	<u>\$ 5,114,250</u>	<u>\$ 6,013,137</u>	<u>\$ 615,524</u>	<u>\$ 530,670</u>	<u>\$ 334,462</u>	<u>\$ 1,063,973</u>	<u>\$ 16,369,000</u>
Cost								
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	8,538	179,741	237,365	17,800	7,976	11,547	10,842	473,809
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>
Accumulated depreciation and impairment								
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	-	90,226	144,028	5,820	5,392	7,523	-	252,989
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>

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

Buildings	3-50 years
Machinery and equipment	3-20 years
Storage equipment	2-20 years
Examination equipment	5-15 years
Other equipment	3-12 years

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

Land (including those recorded as investment properties) held by the Company was revalued in 1980, 1990, 1997 and 2004, and as of December 31, 2023 and 2022, the revaluation increments of the land were \$1,973,324 thousand.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amounts		
Land	\$ 1,410,010	\$ 1,114,341
Buildings	107,719	84,846
Machinery and equipment	105,612	93,031
Storage equipment	16,153	11,012
Other equipment	19,011	19,875
	<u>\$ 1,658,505</u>	<u>\$ 1,323,105</u>
	<u>For the Year Ended December 31</u>	<u>For the Year Ended December 31</u>
	<u>2023</u>	<u>2022</u>
Additions to right-of-use assets	<u>\$ 495,314</u>	<u>\$ 321,588</u>

(Continued)

	For the Year Ended December 31	
	2023	2022
Depreciation charge for right-of-use assets		
Land	\$ 29,455	\$ 28,639
Buildings	43,012	52,924
Machinery and equipment	27,195	18,277
Storage equipment	4,517	2,581
Other equipment	<u>8,645</u>	<u>8,768</u>
	<u>\$ 112,824</u>	<u>\$ 111,189</u>
		(Concluded)

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

b. Lease liabilities

	December 31	
	2023	2022
Carrying amounts		
Current	\$ 81,604	\$ 37,202
Non-current	<u>\$ 169,040</u>	<u>\$ 178,554</u>

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

	December 31	
	2023	2022
Land	1.72-6.66	0.93-6.66
Buildings	0.86-6.09	0.63-4.60
Machinery and equipment	0.22-6.58	0.22-6.58
Storage equipment	1.63-3.78	1.63-3.78
Other equipment	0.69-6.16	0.63-4.60

c. Material leasing activities and terms

Major lease arrangements of the Company and its subsidiaries are land use rights contracts with lease terms of 39 to 56 years.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term and low-value asset leases	<u>\$ 165,682</u>	<u>\$ 160,367</u>
Total cash outflow for all lease arrangements (including short-term and low-value asset leases)	<u>\$ 574,624</u>	<u>\$ 284,739</u>

17. INVESTMENT PROPERTIES

For the Year Ended December 31, 2023

	Land	Buildings	Right-of-use Assets	Total
Carrying amount at January 1, 2023	<u>\$ 53,386</u>	<u>\$ 1,263,803</u>	<u>\$ 68,329</u>	<u>\$ 1,385,518</u>
<u>Cost</u>				
Balance at January 1, 2023	\$ 53,386	\$ 1,674,171	\$ 77,392	\$ 1,804,949
Transferred from property, plant and equipment	-	976	-	976
Transferred to non-current assets held for sale	-	(237,656)	(3,915)	(241,571)
Effects of foreign currency exchange differences	<u>(2,463)</u>	<u>(30,039)</u>	<u>(1,303)</u>	<u>(33,805)</u>
Balance at December 31, 2023	<u>\$ 50,923</u>	<u>\$ 1,407,452</u>	<u>\$ 72,174</u>	<u>\$ 1,530,549</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2023	\$ -	\$ 410,368	\$ 9,063	\$ 419,431
Depreciation	-	56,317	2,259	58,576
Transferred to non-current assets held for sale	-	(159,585)	(554)	(160,139)
Effect of foreign currency exchange differences	<u>-</u>	<u>(8,457)</u>	<u>(184)</u>	<u>(8,641)</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 298,643</u>	<u>\$ 10,584</u>	<u>\$ 309,227</u>
Carrying amount at December 31, 2023	<u>\$ 50,923</u>	<u>\$ 1,108,809</u>	<u>\$ 61,590</u>	<u>\$ 1,221,322</u>

For the Year Ended December 31, 2022

	Land	Buildings	Right-of-use Assets	Total
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>

(Continued)

	Land	Buildings	Right-of-use Assets	Total
Accumulated depreciation and impairment				
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	-	281	80	361
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> (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:

	December 31	
	2023	2022
Year 1	\$ 164,767	\$ 221,459
Year 2	107,344	119,073
Year 3	112,222	89,741
Year 4	111,148	94,122
Year 5	103,608	92,664
Year 6 onwards	<u>138,544</u>	<u>215,360</u>
	<u>\$ 737,633</u>	<u>\$ 832,419</u>

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

	December 31	
	2023	2022
Fair value	<u>\$ 3,124,939</u>	<u>\$ 3,373,691</u>

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

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

Operating income and expenses directly related to investment properties

	For the Year Ended December 31	
	2023	2022
Rental income	<u>\$ 248,643</u>	<u>\$ 286,827</u>
Operating expenses directly related to investment properties	<u>\$ 93,956</u>	<u>\$ 125,241</u>

18. INTANGIBLE ASSETS

For the Year Ended December 31, 2023

	Goodwill	Expertise	Customer Relationships	Computer Software	Others	Total
Carrying amount at January 1, 2023	<u>\$ 32,713</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 206,659</u>	<u>\$ 9,458</u>	<u>\$ 248,830</u>
<u>Cost</u>						
Balance at January 1, 2023	\$ 69,713	\$ 127,513	\$ 104,038	\$ 253,775	\$ 105,183	\$ 660,222
Additions	-	-	-	2,881	1,626	4,507
Disposals	-	-	-	(3,460)	(7,976)	(11,436)
Transferred to non-current assets held for sale	-	-	-	-	(767)	(767)
Effects of foreign currency exchange differences	<u>(2,239)</u>	<u>-</u>	<u>-</u>	<u>6,690</u>	<u>3,847</u>	<u>8,298</u>
Balance at December 31, 2023	<u>\$ 67,474</u>	<u>\$ 127,513</u>	<u>\$ 104,038</u>	<u>\$ 259,886</u>	<u>\$ 101,913</u>	<u>\$ 660,824</u>
<u>Accumulated amortization and impairment</u>						
Balance at January 1, 2023	\$ 37,000	\$ 127,513	\$ 104,038	\$ 47,116	\$ 95,725	\$ 411,392
Amortization expense	-	-	-	16,156	2,916	19,072
Disposals	-	-	-	(3,460)	(7,976)	(11,436)
Transferred to non-current assets held for sale	-	-	-	-	(587)	(587)
Effects of foreign currency exchange differences	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,910</u>	<u>5,830</u>	<u>10,740</u>
Balance at December 31, 2023	<u>\$ 37,000</u>	<u>\$ 127,513</u>	<u>\$ 104,038</u>	<u>\$ 64,722</u>	<u>\$ 95,908</u>	<u>\$ 429,181</u>
Carrying amount at December 31, 2023	<u>\$ 30,474</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 195,164</u>	<u>\$ 6,005</u>	<u>\$ 231,643</u>

For the Year Ended December 31, 2022

	Goodwill	Expertise	Customer Relationships	Computer Software	Others	Total
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)

(Continued)

	Goodwill	Expertise	Customer Relationships	Computer Software	Others	Total
Effects of foreign currency exchange differences	\$ -	\$ -	\$ -	\$ -	\$ 12,740	\$ 12,740
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>

(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, 2023 and 2022, 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 4.82%-6.23%. The Company and its subsidiaries entered into a lease agreement with an associate Allnex - Eternal Resins (Guangdong) Co., Ltd. for the leasing out of machinery and equipment for ten years, and the implicit interest rate in the lease was 6.23%. This agreement was deemed as a sales agreement. The gain on disposal will be deferred and subsequently recognized as profit over the lease term. The balance of finance lease receivables from related parties generated from the aforementioned transactions was \$9,405 thousand and \$19,282 thousand as of December 31, 2023 and 2022, 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 2023 and 2022.

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

	December 31	
	2023	2022
Undiscounted lease payments		
Year 1	\$ 18,680	\$ 27,016
Year 2	18,588	19,000
Year 3	18,495	18,906
Year 4	18,403	18,812
Year 5	18,310	18,718
Year 6 onwards	<u>21,818</u>	<u>42,202</u>
	114,294	144,654
Less: Unearned financial income	<u>(15,726)</u>	<u>(21,821)</u>
Finance lease receivable (recorded as other non-current assets - others)	<u>\$ 98,568</u>	<u>\$ 122,833</u>

20. BORROWINGS

a. Short-term borrowings

Type of Borrowings	Interest Rate Range (%)	Amount
December 31, 2023		
Mortgage secured loans	0.40-2.30	\$ 148,506
Unsecured loans	0.58-6.45	3,643,149
Purchase loans	6.15-6.87	281,907
Secured loans	4.26-5.09	<u>1,483,886</u>
		<u>\$ 5,557,448</u>
December 31, 2022		
Mortgage secured loans	1.00-2.91	\$ 500,615
Unsecured loans	0.58-5.29	2,981,498
Purchase loans	4.39-6.13	146,819
Secured loans	1.60-5.55	<u>1,735,126</u>
		<u>\$ 5,364,058</u>

b. Long-term borrowings

Type of Borrowings	Agreement Period and Interest Payable Schedule	Interest Rate Range (%)	Amount
December 31, 2023			
Mortgage secured loans	From December 17, 2010 to December 31, 2025. Interest is paid based on schedule.	1.60-1.75	\$ 25,413
Secured loans	From July 14, 2023 to December 29, 2028. Interest is paid based on schedule.	3.40-6.29	1,458,080
Unsecured loans	From May 31, 2021 to December 6, 2026. Interest is paid based on schedule.	1.05-3.50	8,619,551
			<u>10,103,044</u>
Less: Current portion			<u>(742,201)</u>
			<u>\$ 9,360,843</u>
December 31, 2022			
Mortgage secured loans	From December 17, 2010 to December 31, 2025. Interest is paid based on schedule.	0.86-1.75	\$ 37,770

(Continued)

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

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, 2023 and 2022.
- 2) As of December 31, 2023, the Company and its subsidiaries utilized the credits under signed facility agreements of the following banks.

Bank	Currency	Credit line
HSBC Bank (Taiwan) Limited	NTD	\$ 900,000
CTBC Bank Co., Ltd.	NTD	450,000
Far Eastern International Bank Co., Ltd.	NTD	800,000

- 3) As of December 31, 2023, the Company and its subsidiaries executed syndicated credit facility agreements with the following banks:

In October 2023, the subsidiary entered into a syndicated credit facility agreement with five banks led by CTBC Bank Co., Ltd. for a USD60,000 thousand credit line; the proceeds are for expanding medium-term working capital and repaying the subsidiaries' existing liabilities.

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

d. Bonds payable

	December 31	
	2023	2022
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>(1,031)</u>	<u>(2,240)</u>
	<u>2,998,969</u>	<u>2,997,760</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>(2,797)</u>	<u>(3,839)</u>
	<u>2,497,203</u>	<u>2,496,161</u>
	5,496,172	5,493,921
Less: Current portion	<u>(2,998,969)</u>	<u>-</u>
	<u>\$ 2,497,203</u>	<u>\$ 5,493,921</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 domestic subsidiaries make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

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

b. Defined benefit plans

The Company has a defined benefit plan in accordance with the Labor Standards Act; the pension plan is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 10% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The Company has no right to influence the investment policy and strategy of the pension fund. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year.

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

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

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 1,675,596	\$ 1,847,531
Fair value of plan assets	<u>(1,075,618)</u>	<u>(1,241,808)</u>
Net defined benefit liabilities	<u>\$ 599,978</u>	<u>\$ 605,723</u>
Current (recorded as other payables - others)	\$ 4,426	\$ 4,918
Non-current (recorded as other non-current liabilities)	<u>595,552</u>	<u>600,805</u>
	<u>\$ 599,978</u>	<u>\$ 605,723</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2023	<u>\$ 1,847,531</u>	<u>\$ (1,241,808)</u>	<u>\$ 605,723</u>
Service cost			
Current service cost	20,813	-	20,813
Interest expense (income)	<u>25,648</u>	<u>(17,385)</u>	<u>8,263</u>
Recognized in profit or loss	<u>46,461</u>	<u>(17,385)</u>	<u>29,076</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,484)	(4,484)
Actuarial loss - changes in financial assumptions	28,627	-	28,627
Actuarial loss - experience adjustments	<u>12,036</u>	<u>-</u>	<u>12,036</u>
Recognized in other comprehensive income	<u>40,663</u>	<u>(4,484)</u>	<u>36,179</u>
Contributions from the employer	-	(65,586)	(65,586)
Benefits paid	<u>(255,054)</u>	<u>253,645</u>	<u>(1,409)</u>
	<u>(255,054)</u>	<u>188,059</u>	<u>(66,995)</u>
Exchange differences	<u>(4,005)</u>	<u>-</u>	<u>(4,005)</u>
Balance at December 31, 2023	<u>\$ 1,675,596</u>	<u>\$ (1,075,618)</u>	<u>\$ 599,978</u>
Balance at January 1, 2022	<u>\$ 2,086,720</u>	<u>\$ (1,230,747)</u>	<u>\$ 855,973</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
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 included in net interest)	-	(92,739)	(92,739)
Actuarial gain - changes in financial assumptions	(135,000)	-	(135,000)
Actuarial loss - experience adjustments	<u>12,223</u>	<u>-</u>	<u>12,223</u>
Recognized in other comprehensive income	<u>(122,777)</u>	<u>(92,739)</u>	<u>(215,516)</u>
Contributions from the employer	-	(107,994)	(107,994)
Benefits paid	<u>(213,660)</u>	<u>197,056</u>	<u>(16,604)</u>
	<u>(213,660)</u>	<u>89,062</u>	<u>(124,598)</u>
Exchange differences	<u>(2,084)</u>	<u>-</u>	<u>(2,084)</u>
Balance at December 31, 2022	<u>\$ 1,847,531</u>	<u>\$ (1,241,808)</u>	<u>\$ 605,723</u> (Concluded)

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

	For the Year Ended December 31	
	2023	2022
Operating costs	\$ 13,732	\$ 39,628
Operating expenses	<u>15,344</u>	<u>52,320</u>
	<u>\$ 29,076</u>	<u>\$ 91,948</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:

	December 31	
	2023	2022
Discount rate (%)	1.12-1.20	1.10-1.40
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:

	December 31	
	2023	2022
Discount rate		
0.25% increase	<u>\$ (36,964)</u>	<u>\$ (40,466)</u>
0.25% decrease	<u>\$ 38,161</u>	<u>\$ 41,809</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 32,246</u>	<u>\$ 35,318</u>
0.25% decrease	<u>\$ (31,457)</u>	<u>\$ (34,419)</u>

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

	December 31	
	2023	2022
Expected contributions to the plan for the next year	<u>\$ 105,215</u>	<u>\$ 68,466</u>
Average duration of the defined benefit obligation	9 years	10 years

22. EQUITY

a. Share capital

	December 31	
	2023	2022
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>1,178,266</u>
Shares issued	<u>\$ 11,782,655</u>	<u>\$ 11,782,655</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

	December 31	
	2023	2022
May be used to offset deficit, distributed as cash or transferred to share capital (Note 1)		
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 changes in equities of associates or joint ventures	27,357	27,357
Changes in percentage of ownership interests in subsidiaries (Note 2)	292,491	-
Others	<u>58</u>	<u>58</u>
	<u>319,906</u>	<u>27,415</u>
May not be used for any purpose		
Share of changes in equities of associates or joint ventures	<u>3,348</u>	<u>-</u>
	<u>\$ 664,785</u>	<u>\$ 368,946</u>

Note 1: 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).

Note 2: Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

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

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

The 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, 2023 and 2022, the special reserve were \$426,285 thousand.

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

	Appropriations of Earnings		Dividends Per Share	
	2022	2021	(NT\$)	2021
Legal reserve	\$ 279,764	\$ 366,497		
Special reserve (reversal)	(204,218)	399,944		
Cash dividends	1,413,919	1,860,419	\$ 1.2	\$ 1.5

The above appropriations for cash dividends of 2022 were resolved by the Company's board of directors in March 2023 and the other proposed appropriations were approved by the shareholders in their meeting in June 2023. The appropriations of earnings for 2021 were approved by the shareholders in their meeting in June 2022.

The appropriations of earnings for 2023 that had been proposed by the Company's board of directors in March 2024 are as follows:

	Appropriation of Earnings	Dividend Per Share (NT\$)
Legal reserve	\$ 147,349	
Special reserve	381,188	
Cash dividends	942,612	\$ 0.8

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 2024.

d. Other equity items

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

	For the Year Ended December 31	
	2023	2022
Balance at beginning of the year	\$ (1,335,011)	\$ (1,781,848)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	(579,276)	406,080
Share of exchange differences of associates and joint ventures accounted for using the equity method	(22,920)	40,757
Other comprehensive income for the year	(602,196)	446,837
Partial disposal of subsidiaries (Note 27)	50,367	-
Balance at end of the year	\$ (1,886,840)	\$ (1,335,011)

Exchange differences on the translation of the financial statements of foreign operations arose mainly due to the impact of the exchange rate fluctuations of the RMB to the NTD on the subsidiaries which the Company and its subsidiaries invested in mainland China.

2) Unrealized gains and losses on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at beginning of the year	\$ 357,410	\$ 600,029
Recognized for the year		
Unrealized gains and losses - equity instruments	170,641	(242,619)
Balance at end of the year	\$ 528,051	\$ 357,410

e. Non-controlling interests

	For the Year Ended December 31	
	2023	2022
Balance at beginning of the year	\$ 310,936	\$ 427,749
Share of net profit (loss) for the year	(11,591)	1,889
Other comprehensive income or loss during the year		
Exchange differences on translation of the financial statements of foreign operations	(12,100)	(6,461)
Dividends distributed by subsidiaries	(35,685)	(18,152)

(Continued)

	For the Year Ended December 31	
	2023	2022
Increase in non-controlling interests due to the increase in equity interest of existing subsidiary in proportion to ownership percentage	\$ -	\$ 33,440
Partial disposal of subsidiaries (Note 27)	229,779	-
Disposal of subsidiaries (Note 28)	<u>-</u>	<u>(127,529)</u>
Balance at end of the year	<u>\$ 481,339</u>	<u>\$ 310,936</u> (Concluded)

23. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 42,186,433	\$ 48,738,563
Lease revenue	<u>265,143</u>	<u>275,537</u>
	<u>\$ 42,451,576</u>	<u>\$ 49,014,100</u>

Contract balances

	December 31		January 1,
	2023	2022	2022
Notes and accounts receivable	<u>\$ 15,213,220</u>	<u>\$ 17,132,279</u>	<u>\$ 20,071,472</u>
Contract liabilities			
Sale of goods	<u>\$ 873,877</u>	<u>\$ 444,225</u>	<u>\$ 181,963</u>

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

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

	For the Year Ended December 31	
	2023	2022
From the balance of contract liabilities at the beginning of the year		
Sale of goods	<u>\$ 306,901</u>	<u>\$ 179,991</u>

24. PROFIT BEFORE INCOME TAX

a. Interest income

	For the Year Ended December 31	
	2023	2022
Interest on bank deposits	\$ 108,303	\$ 89,257
Others	<u>11,722</u>	<u>16,525</u>
	<u>\$ 120,025</u>	<u>\$ 105,782</u>

b. Other income

	For the Year Ended December 31	
	2023	2022
Dividend income	\$ 16,046	\$ 120,032
Subsidy income	225,232	76,757
Others	<u>166,633</u>	<u>166,684</u>
	<u>\$ 407,911</u>	<u>\$ 363,473</u>

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Gain on disposal of investments	\$ 2,547	\$ -
Loss on disposal of property, plant and equipment	(10,822)	(18,875)
Gain (loss) on financial assets		
Financial assets at FVTPL	3,910	(846)
Impairment loss reversed on non-financial assets		
Non-current assets held for sale	-	8,759
Finance fees	(50,880)	(51,755)
Net foreign exchange gains	5,125	81,165
Others	<u>(49,628)</u>	<u>(63,604)</u>
	<u>\$ (99,748)</u>	<u>\$ (45,156)</u>

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest Expense		
Interest on loans	\$ 479,771	\$ 372,906
Interest on lease liabilities	3,189	2,317
Less: Amounts included in the cost of qualifying assets	<u>(29,124)</u>	<u>(16,240)</u>
	<u>\$ 453,836</u>	<u>\$ 358,983</u>

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2023	2022
Capitalized interest amount	\$ <u>29,124</u>	\$ <u>16,240</u>
Capitalization rates (%)	1.60-3.50	0.94-3.78
e. Depreciation and amortization		
	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 1,911,387	\$ 1,901,015
Investment properties	58,576	50,354
Right-of-use assets	112,824	111,189
Intangible assets	19,072	20,648
Other non-current assets - others	1,325	1,943
Non-current assets held for sale	<u>-</u>	<u>3,681</u>
	<u>\$ 2,103,184</u>	<u>\$ 2,088,830</u>
Analysis of depreciation by function		
Operating costs	\$ 1,603,004	\$ 1,593,822
Operating expenses	<u>479,783</u>	<u>472,308</u>
	<u>\$ 2,082,787</u>	<u>\$ 2,066,130</u>
Analysis of amortization by function		
Operating costs	\$ 1,436	\$ 1,515
Operating expenses	<u>18,961</u>	<u>21,185</u>
	<u>\$ 20,397</u>	<u>\$ 22,700</u>
f. Employee benefits		
	For the Year Ended December 31	
	2023	2022
Short-term employee benefits		
Salaries	\$ 3,806,078	\$ 3,985,033
Labor and health insurance	343,901	344,673
Others	<u>363,417</u>	<u>357,793</u>
	<u>4,513,396</u>	<u>4,687,499</u>
Post-employment benefits		
Defined contribution plans	257,085	246,007
Defined benefit plans (Note 21)	<u>29,076</u>	<u>91,948</u>
	<u>286,161</u>	<u>337,955</u>
	<u>\$ 4,799,557</u>	<u>\$ 5,025,454</u>

(Continued)

	For the Year Ended December 31	
	2023	2022
Analysis by function		
Operating costs	\$ 2,171,483	\$ 2,225,626
Operating expenses	<u>2,628,074</u>	<u>2,799,828</u>
	<u>\$ 4,799,557</u>	<u>\$ 5,025,454</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, 2023 are as follows:

	Accrual Amounts Recognized in the Financial Statements	Amounts Approved by the Company's Board of Directors
Compensation of employees	<u>\$ 80,000</u>	<u>\$ 79,662</u>
Remuneration of directors	<u>\$ 11,300</u>	<u>\$ 11,507</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 2023 and 2022, and accrual amounts recognized in the consolidated financial statements were as follows:

	For the Year Ended December 31			
	2022		2021	
	Compensation of employees	Remuneration of Directors	Compensation of employees	Remuneration of Directors
Amounts approved in the board of directors' meeting	\$ 127,083	\$ 18,356	\$ 176,559	\$ 25,503
Amounts recognized in the financial statements	<u>130,000</u>	<u>18,250</u>	<u>177,500</u>	<u>24,890</u>
Differences	<u>\$ (2,917)</u>	<u>\$ 106</u>	<u>\$ (941)</u>	<u>\$ (613)</u>

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

Information on the compensation of employees and remuneration of directors approved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

25. INCOME TAX

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

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 620,084	\$ 1,172,485
Adjustments for prior years	<u>(41,262)</u>	<u>(17,881)</u>
	<u>578,822</u>	<u>1,154,604</u>
Deferred tax		
In respect of the current year	<u>111,556</u>	<u>(259,168)</u>
	<u>\$ 690,378</u>	<u>\$ 895,436</u>

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

	For the Year Ended December 31	
	2023	2022
Profit before income tax	<u>\$ 2,182,474</u>	<u>\$ 3,514,917</u>
Income tax expense calculated at the statutory rate	\$ 824,488	\$ 1,231,505
Effect from items adjusted by regulation	(50,602)	(273,627)
Income tax on unappropriated earnings	17,754	20,439
Investment credits	(60,000)	(65,000)
Adjustments for prior years	<u>(41,262)</u>	<u>(17,881)</u>
	<u>\$ 690,378</u>	<u>\$ 895,436</u>

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

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

	For the Year Ended December 31	
	2023	2022
Current tax		
Disposal of investments in equity instruments at FVTOCI	<u>\$ -</u>	<u>\$ (3,206)</u>

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

	For the Year Ended December 31	
	2023	2022
Deferred tax		
Recognized for the year		
Remeasurement of defined benefit plans	\$ (6,650)	\$ 43,211
Remeasurement of defined benefit plans of subsidiaries, associates and joint ventures accounted for using the equity method	664	111
		(Continued)

	For the Year Ended December 31	
	2023	2022
Unrealized gains and losses on financial assets at fair value through other comprehensive income	\$ (3,634)	\$ 6,550
	\$ (9,620)	\$ 49,872
		(Concluded)

d. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax assets		
Prepaid income tax (recorded as other current assets - others)	\$ 383,077	\$ 275,593
Current tax liabilities		
Income tax payable	\$ 422,718	\$ 733,250

e. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2023

	Balance at Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance at End of the Year
<u>Deferred tax assets</u>					
Temporary differences					
Defined benefit plan	\$ 88,398	\$ (3,332)	\$ 6,987	\$ (87)	\$ 91,966
Loss carryforwards	59,995	95	-	2,375	62,465
Others	164,064	(48,418)	3,052	(2,298)	116,400
	<u>\$ 312,457</u>	<u>\$ (51,655)</u>	<u>\$ 10,039</u>	<u>\$ (10)</u>	<u>\$ 270,831</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Investment income	\$ (1,638,023)	\$ (62,947)	\$ (82)	\$ -	\$ (1,701,052)
Gains on land revaluation	(640,717)	-	-	-	(640,717)
Others	(5,596)	3,046	(337)	-	(2,887)
	<u>\$ (2,284,336)</u>	<u>\$ (59,901)</u>	<u>\$ (419)</u>	<u>\$ -</u>	<u>\$ (2,344,656)</u>

For the Year Ended December 31, 2022

	Balance at Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance at End of the Year
<u>Deferred tax assets</u>					
Temporary differences					
Defined benefit plan	\$ 138,215	\$ (6,573)	\$ (43,211)	\$ (33)	\$ 88,398
Loss carryforwards	57,478	(1,671)	-	4,188	59,995
Others	172,880	609	(6,661)	(2,764)	164,064
	<u>\$ 368,573</u>	<u>\$ (7,635)</u>	<u>\$ (49,872)</u>	<u>\$ 1,391</u>	<u>\$ 312,457</u>

(Continued)

	Balance at Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance at End of the Year
<u>Deferred tax liabilities</u>					
Temporary differences					
Investment income	\$ (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>
					(Concluded)

f. Income tax assessment

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

26. EARNINGS PER SHARE

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Basic earnings per share	<u>\$ 1.28</u>	<u>\$ 2.15</u>
Diluted earnings per share	<u>\$ 1.27</u>	<u>\$ 2.15</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>	
	<u>2023</u>	<u>2022</u>
Net profit for the year attributable to owners of the Company	<u>\$ 1,503,687</u>	<u>\$ 2,617,592</u>

Number of ordinary shares

Unit: Thousand Shares

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,178,266	1,214,964
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>3,478</u>	<u>5,068</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,181,744</u>	<u>1,220,032</u>

Since the Company is allowed to settle the compensation paid to employees by cash or shares, the Company assumed that the entire amount of the compensation will be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the shares have a dilutive effect. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees in

the meeting in the following year.

27. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS AND SHARE - BASED PAYMENT ARRANGEMENTS

In the fourth quarter of 2023, the Company and its subsidiaries subscribed for additional new shares of the subsidiary Eternal Precision Mechanics Co., Ltd. at a percentage different from its existing ownership percentage and the employees of the Company and its subsidiaries subscribed to the employee share options of the subsidiary Eternal Precision Mechanics Co., Ltd., reducing of its percentage of ownership from 100% to 84.61%. Options are valued using the Black-Scholes pricing model, and the fair value of options is \$2.15 per share. Outstanding options were 430 thousand shares as of December 31, 2023.

The above transactions were accounted for as equity transactions since the Company and its subsidiaries did not cease to have control over the subsidiary.

	Amount
Consideration received	\$ 568,477
Compensation cost of share-based payment	4,160
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	(229,779)
Adjustment of other equity attributable to owners of the Company	
Exchange difference of translating the financial statements of foreign operations	<u>(50,367)</u>
Differences recognized from equity transactions	<u>\$ 292,491</u>

28. DISPOSAL OF SUBSIDIARIES

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

a. Consideration received

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

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

	Amount
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
	(Continued)

	Amount
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> (Concluded)

c. Gain and loss on disposal of subsidiaries

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

d. Net cash inflow on disposals of subsidiaries

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

29. CASH FLOW INFORMATION

a. Information on investment activities

	For the Year Ended December 31	
	2023	2022
Acquisition of property, plant and equipment	\$ 3,060,448	\$ 2,912,061
Decrease (increase) in payables for equipment	117,887	(144,902)
Decrease (increase) in other non-current liabilities	<u>(160)</u>	<u>31,865</u>
	3,178,175	2,799,024
Capitalized interest	<u>(29,124)</u>	<u>(16,240)</u>
Cash paid	<u>\$ 3,149,051</u>	<u>\$ 2,782,784</u>

b. Changes in major liabilities arising from financing activities

For the year ended December 31, 2023

	January 1, 2023	Cash Flows	Non-cash Changes		December 31, 2023
			Exchange Rate Adjustment	Issuance Cost	
Short-term borrowings	\$ 5,364,058	\$ 243,136	\$ (49,746)	\$ -	\$ 5,557,448
Long-term borrowings	11,533,473	(1,350,068)	(80,361)	-	10,103,044
Bonds payable	5,493,921	-	-	2,251	5,496,172

For the year ended December 31, 2022

	January 1, 2022	Cash Flows	Non-cash Changes		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

30. CAPITAL MANAGEMENT

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

31. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>December 31, 2023</u>				
Financial instruments at FVTPL				
Mutual funds	\$ -	\$ -	\$ 9,182	\$ 9,182
Financial instruments at FVTOCI				
Equity instruments				
Domestic and foreign listed shares	\$ 655,657	\$ -	\$ -	\$ 655,657
Domestic and foreign unlisted shares	\$ -	\$ -	\$ 383,184	\$ 383,184

(Continued)

	Level 1	Level 2	Level 3	Total
<u>December 31, 2022</u>				
Financial instruments at FVTPL				
Mutual funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,402</u>	<u>\$ 9,402</u>
Financial instruments at FVTOCI				
Equity instruments				
Domestic and foreign listed shares	<u>\$ 522,190</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 522,190</u>
Domestic and foreign unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300,457</u>	<u>\$ 300,457</u>
				(Concluded)

There was no transfer between Level 1 and Level 2 during the years ended December 31, 2023 and 2022.

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

For the Year Ended December 31, 2023

	<u>Mutual Funds</u> <u>Financial Assets</u> <u>at FVTPL</u>	<u>Stocks</u> <u>Financial Assets</u> <u>at FVTOCI</u>	Total
<u>Financial assets</u>			
Balance at beginning of the year	\$ 9,402	\$ 300,457	\$ 309,859
Addition	-	50,000	50,000
Recognized in profit or loss (recorded as other gains and losses)	(120)	-	(120)
Recognized in other comprehensive income	-	33,540	33,540
Disposal	(142)	-	(142)
Effects of foreign currency exchange differences	<u>42</u>	<u>(813)</u>	<u>(771)</u>
Balance at end of the year	<u>\$ 9,182</u>	<u>\$ 383,184</u>	<u>\$ 392,366</u>
Unrealized other gains and losses for the year	<u>\$ (120)</u>		<u>\$ (120)</u>

For the Year Ended December 31, 2022

	<u>Mutual Funds</u> <u>Financial Assets</u> <u>at FVTPL</u>	<u>Stocks</u> <u>Financial Assets</u> <u>at FVTOCI</u>	<u>Total</u>
<u>Financial assets</u>			
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>

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 mutual funds were estimated using the net worth of the latest financial statement. The fair values of domestic and foreign unlisted shares were estimated using the net worth of their latest financial statement and the market approach by reference to industry category, the revaluation of similar companies and the company's operations.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets</u>		
Fair value through profit or loss		
Mandatorily classified as at fair value through profit or loss	\$ 9,182	\$ 9,402
Financial assets at amortized cost (Note 1)	23,618,377	24,855,755
Financial assets at fair value through other comprehensive income - equity instruments	1,038,841	822,647
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	28,681,187	29,878,791

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 (including current portion), guarantee deposits received (recorded as other non-current liabilities).

d. Financial risk management objectives and policies

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

1) Market risk

a) Foreign currency risk

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

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

Sensitivity analysis

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

		Impact on Profit or Loss	
		2023	2022
<hr/>			
Foreign Currencies: Functional Currencies			
<hr/>			
Financial assets			
Monetary items			
USD:NTD	\$	23,588	\$ 28,490
USD:RMB		6,916	6,110
USD:MYR		3,882	4,324
RMB:NTD		3,350	4,076
JPY:NTD		3,339	3,498
EUR:NTD		1,108	248
Financial liabilities			
Monetary items			
USD:NTD		19,942	16,504

(Continued)

	Impact on Profit or Loss	
	2023	2022
USD:RMB	\$ 4,566	\$ 5,437
USD:MYR	4,133	3,777
JPY:NTD	2,255	3,074
		(Concluded)

b) Interest rate risk

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

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

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 2,602,302	\$ 3,086,147
Financial liabilities	5,746,816	7,059,677
Cash flow interest rate risk		
Financial assets	5,076,242	3,533,117
Financial liabilities	15,660,492	15,547,531

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 \$156,605 thousand and \$155,475 thousand for the years ended December 31, 2023 and 2022, respectively.

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, 2023 and 2022 would have increased/decreased by \$6,557 thousand and \$5,222 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, 2023

	Less Than 1 Year	1-2 Years	2-3 Years	3-5 Years	Over 5 Years	Total
Non-derivative financial liabilities						
Short-term borrowings	\$ 5,605,550	\$ -	\$ -	\$ -	\$ -	\$ 5,605,550
Notes payable	778,344	-	-	-	-	778,344
Accounts payable	4,844,775	-	-	-	-	4,844,775
Other payables	1,822,801	-	-	-	-	1,822,801
Lease liabilities	86,308	71,287	42,441	48,377	12,130	260,543
Long-term borrowings (including current portion)	3,568,198	4,025,067	1,568,610	1,547,116	-	10,708,991
Bonds payable (including current portion)	<u>3,039,100</u>	<u>14,500</u>	<u>2,509,455</u>	<u>-</u>	<u>-</u>	<u>5,563,055</u>
	<u>\$ 19,745,076</u>	<u>\$ 4,110,854</u>	<u>\$ 4,120,506</u>	<u>\$ 1,595,493</u>	<u>\$ 12,130</u>	<u>\$ 29,584,059</u>

December 31, 2022

	Less Than 1 Year	1-2 Years	2-3 Years	3-5 Years	Over 5 Years	Total
Non-derivative financial liabilities						
Short-term borrowings	\$ 6,330,959	\$ -	\$ -	\$ -	\$ -	\$ 6,330,959
Notes payable	626,160	-	-	-	-	626,160
Accounts payable	4,553,914	-	-	-	-	4,553,914
Other payables	2,224,447	-	-	-	-	2,224,447
Lease liabilities	77,425	54,109	43,035	47,687	19,785	242,041
Long-term borrowings (including current portion)	6,088,769	1,514,191	4,323,506	993	-	11,927,459
Bonds payable	<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>

e. Transfers of financial assets

Subsidiaries discounted notes receivable to banks for cash proceeds and transferred a portion of the banker's acceptance bills of receivables from China to vendors for repayment. If above financial assets are not recoverable at maturity, banks 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 treat the financial assets that have been transferred to banks and vendors as collateral for borrowings or payables.

As of December 31, 2023 and 2022, the carrying amount of the accounts receivable that have been transferred but have not been derecognized amounted to \$2,088,944 thousand and \$2,103,197 thousand, respectively, and the carrying amount of the related borrowings and payables were \$2,088,674 thousand and \$2,101,935 thousand, respectively.

32. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party names and relationships

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

b. Operating revenue

Account Item	Related Party Category	For the Year Ended December 31	
		2023	2022
Revenue from sales of goods	Associates	\$ 652,044	\$ 695,128
	Key management personnel	-	4,183
	Other related parties	-	102
		<u>\$ 652,044</u>	<u>\$ 699,413</u>

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

c. Purchase of goods

Related Party Category	For the Year Ended December 31	
	2023	2022
Associates	\$ 1,687	\$ 4,006
Other related parties	-	2,796
	<u>\$ 1,687</u>	<u>\$ 6,802</u>

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

d. Other income

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Associates		
Allnex-Eternal Resins (Guangdong) Co., Ltd.	\$ 50,023	\$ 35,880
Others	9,653	11,697
Key management personnel	<u>20</u>	<u>-</u>
	<u>\$ 59,696</u>	<u>\$ 47,577</u>

Inclusive of rental income, service revenue and so on.

e. Receivables from related parties

Account Item	Related Party Category	December 31	
		2023	2022
Notes and accounts receivable	Associates	<u>\$ 223,512</u>	<u>\$ 232,518</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, 2023 and 2022, the balance of loss allowance of accounts receivable from related parties was \$158 thousand and \$149 thousand, respectively.

f. Payables to related parties

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

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

g. Loans to related parties

Account Item	Related Party Category/Name	December 31	
		2023	2022
Other receivables	Associates		
	Shanghai Dowill Paint Technology Co., Ltd.	\$ -	\$ 160,945
	Eterkon Semiconductor Materials Co., Ltd.	104,045	105,827
		<u>\$ 104,045</u>	<u>\$ 266,772</u>

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

h. Dividends receivable - only for 2022

As of December 31, 2022, the dividends receivable of Covestro Eternal Resins (Far East) Ltd. and Covestro Eternal Resins (Kunshan) Co., Ltd. were \$53,452 thousand and \$53,160 thousand, respectively.

i. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 93,569	\$ 116,848
Post-employment benefits	<u>1,069</u>	<u>5,372</u>
	<u>\$ 94,638</u>	<u>\$ 122,220</u>

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The Company and its subsidiaries' assets mortgaged or pledged as collateral for bank borrowings, discounted notes, supplier payment, customs guarantee and performance guarantee were as follows:

	December 31	
	2023	2022
Notes receivable	\$ 2,088,944	\$ 2,103,197
Property, plant and equipment	267,336	260,983
Other financial assets - current and non-current (recorded as other non-current assets - others)		
Time deposit certificates and deposit of escrow account	<u>18,369</u>	<u>34,956</u>
	<u>\$ 2,374,649</u>	<u>\$ 2,399,136</u>

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- The Company and its subsidiaries have issued but unused letters of credit with an aggregate amount of \$89,806 thousand as of December 31, 2023.
- The Company and its subsidiaries have contracts that were not yet incurred to purchase property, plant and equipment and intangible assets of \$2,260,154 thousand as of December 31, 2023.

35. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In February 2024, the subsidiary Eternal (China) Investment Co., Ltd. of the Company signed a contract to dispose of the entire equity interest in its subsidiary Eternal Optical Material (Suzhou) Co., Ltd. with non-related parties. The total transaction amounts were RMB 122,787 thousand. Refer to note 10 on the transactions resolved by the board of directors.

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company and its subsidiaries before elimination and the exchange rates between the foreign currencies and the respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currency (In Thousands)		Exchange Rate	Carrying Amount
<hr/> December 31, 2023 <hr/>				
Financial assets				
Monetary items				
USD	\$ 76,820	30.7050	(USD:NTD)	\$ 2,358,758
USD	22,525	7.0827	(USD:RMB)	691,630
USD	12,642	4.5995	(USD:MYR)	388,173
RMB	77,272	4.3352	(RMB:NTD)	334,990
JPY	1,542,496	0.2165	(JPY:NTD)	333,935
EUR	3,252	34.0713	(EUR:NTD)	110,800
Non-monetary items				
Investments accounted for using the equity method				
USD	931,052	30.7050	(USD:NTD)	28,587,956
RMB	5,947,188	0.1412	(RMB:USD)	25,782,310
RMB	28,436	4.3352	(RMB:NTD)	123,278
JPY	7,404,388	0.2165	(JPY:NTD)	1,602,976
MYR	234,993	0.2174	(MYR:USD)	1,568,749
THB	145,390	0.9017	(THB:NTD)	131,098
Financial liabilities				
Monetary items				
USD	64,948	30.7050	(USD:NTD)	1,994,228
USD	14,870	7.0827	(USD:RMB)	456,583
USD	13,459	4.5995	(USD:MYR)	413,259
JPY	1,041,770	0.2165	(JPY:NTD)	225,533
<hr/> December 31, 2022 <hr/>				
Financial assets				
Monetary items				
USD	92,772	30.7100	(USD:NTD)	2,849,028
USD	19,896	6.9646	(USD:RMB)	611,006
USD	14,081	4.4150	(USD:MYR)	432,428
RMB	92,435	4.4094	(RMB:NTD)	407,587
JPY	1,505,154	0.2324	(JPY:NTD)	349,798
Non-monetary items				
Investments accounted for using the equity method				
USD	943,900	30.7100	(USD:NTD)	28,987,162
RMB	6,070,811	0.1436	(RMB:USD)	26,768,876
JPY	5,309,281	0.2324	(JPY:NTD)	1,233,877
MYR	257,590	0.2265	(MYR:USD)	1,791,753
THB	147,700	0.8941	(THB:NTD)	132,059
Financial liabilities				
Monetary items				
USD	53,743	30.7100	(USD:NTD)	1,650,448
USD	17,703	6.9646	(USD:RMB)	543,659
USD	12,298	4.4150	(USD:MYR)	377,672
JPY	1,322,849	0.2324	(JPY:NTD)	307,430

The total realized and unrealized foreign exchange gains and losses were a gain of \$5,125 thousand and a gain of \$81,165 thousand for the years ended December 31, 2023 and 2022, respectively. Considering the variety of the foreign currency transactions and functional currencies of each entity, the Company and its

subsidiaries disclosed the foreign exchange gains and losses in aggregate.

37. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

- 1) Financing provided to others: (Table 1)
- 2) Endorsements/guarantees provided: (Table 2)
- 3) Marketable securities held: (Table 3)
- 4) Marketable securities acquired or disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital: (Table 4)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: (Table 5)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: (Table 6)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: (Table 7)
- 9) Trading in derivative instruments: (Note 7)
- 10) Others: The business relationship between the parent company and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions: (Table 8)
- 11) Information on investees: (Table 9)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment gain or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 10)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period (Table 6)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Table 6)
 - c) The amount of property transactions and the amount of the resultant gains or losses: None

- d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds (Table 1)
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services (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)

38. SEGMENT INFORMATION

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

- **Resins Materials**

Mainly operating variety of industrial resins materials.

- **Electronic Materials**

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

- **High Performance Materials**

Mainly operating UV - light curing raw material.

- **Others**

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

a. **Segment revenues and operating results**

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

	Resins Materials	Electronic Materials	High Performance Materials	Others	Adjustment and Elimination	Total
<u>For the year ended December 31, 2023</u>						
Revenues from external customers						
Revenue from the sale of goods	\$ 22,099,104	\$ 11,165,913	\$ 8,876,291	\$ 45,125	\$ -	\$ 42,186,433
Revenue from the rental service	-	24,803	-	240,340	-	265,143
Inter-segment revenues	<u>2,437,216</u>	<u>2,527,457</u>	<u>1,479,475</u>	<u>2,647</u>	<u>(6,446,795)</u>	<u>-</u>
Total revenue	<u>\$ 24,536,320</u>	<u>\$ 13,718,173</u>	<u>\$ 10,355,766</u>	<u>\$ 288,112</u>	<u>\$ (6,446,795)</u>	<u>\$ 42,451,576</u>
Segment operating profit (loss)	<u>\$ 488,746</u>	<u>\$ 774,328</u>	<u>\$ 1,143,810</u>	<u>\$ (492,117)</u>	<u>\$ -</u>	<u>\$ 1,914,767</u>

(Continued)

	Resins Materials	Electronic Materials	High Performance Materials	Others	Adjustment and Elimination	Total
<u>For the year ended December 31, 2022</u>						
Revenues from external customers						
Revenue from the sale of goods	\$ 24,086,008	\$ 13,288,430	\$ 11,227,865	\$ 136,260	\$ -	\$ 48,738,563
Revenue from the rental service	-	20,481	-	255,056	-	275,537
Inter-segment revenues	<u>2,919,568</u>	<u>3,048,009</u>	<u>1,864,631</u>	<u>2,663</u>	<u>(7,834,871)</u>	<u>-</u>
Total revenue	<u>\$ 27,005,576</u>	<u>\$ 16,356,920</u>	<u>\$ 13,092,496</u>	<u>\$ 393,979</u>	<u>\$ (7,834,871)</u>	<u>\$ 49,014,100</u>
Segment operating profit (loss)	<u>\$ 454,526</u>	<u>\$ 1,335,747</u>	<u>\$ 1,923,913</u>	<u>\$ (437,341)</u>	<u>\$ -</u>	<u>\$ 3,276,845</u>
						(Concluded)

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

	Revenues from External Customers		Non-current Assets	
	<u>For the Year Ended December 31</u>		<u>December 31</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Taiwan	\$ 4,415,666	\$ 5,969,038	\$ 7,641,054	\$ 7,269,233
China	25,734,559	28,920,450	10,982,904	10,573,399
Others	<u>12,301,351</u>	<u>14,124,612</u>	<u>2,855,956</u>	<u>2,631,179</u>
	<u>\$ 42,451,576</u>	<u>\$ 49,014,100</u>	<u>\$ 21,479,914</u>	<u>\$ 20,473,811</u>

Non-current assets excluded 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, 2023 and 2022.

TABLE 1

Eternal Materials Co., Ltd. and Subsidiaries

**FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 2)	Ending Balance (Note 3)	Actual Amount Drawn	Interest Rate (%)	Nature of Financing (Note 4)	Transaction Amount	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Limit	Note
													Item	Value			
0	Eternal Materials Co., Ltd.	Eternal Technology Corporation	Other receivables from related parties	Y	\$ 609,600	\$ -	\$ -	-	2	\$ -	Operating needs	\$ -	-	\$ -	\$ 1,236,732	\$ 9,893,852	Note 5
1	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	Other receivables from related parties	Y	888,556	433,521	24,176	2.93-3.10	2	-	Operating needs	-	-	-	9,025,150	9,025,150	Note 6
1	Eternal Chemical (China) Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	Other receivables from related parties	Y	799,700	433,521	298,903	2.93-3.10	2	-	Operating needs	-	-	-	9,025,150	9,025,150	Note 6
1	Eternal Chemical (China) Co., Ltd.	Eternal Materials (Guangdong) Co., Ltd.	Other receivables from related parties	Y	177,711	86,704	-	-	2	-	Operating needs	-	-	-	9,025,150	9,025,150	Note 6
1	Eternal Chemical (China) Co., Ltd.	Eternal Specialty Materials (Suzhou) Co., Ltd.	Other receivables from related parties	Y	444,278	216,761	-	-	2	-	Operating needs	-	-	-	9,025,150	9,025,150	Note 6
1	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	Other receivables from related parties	Y	1,777,112	867,042	727,778	2.93-3.10	2	-	Operating needs	-	-	-	9,025,150	9,025,150	Note 6
1	Eternal Chemical (China) Co., Ltd.	Eterkon Semiconductor Materials Co., Ltd.	Other receivables from related parties	Y	106,627	-	-	-	2	-	Operating needs	-	-	-	1,805,030	1,805,030	Note 7
1	Eternal Chemical (China) Co., Ltd.	Eternal (China) Investment Co., Ltd.	Other receivables from related parties	Y	1,517,324	1,517,324	219,773	2.93-3.10	2	-	Operating needs	-	-	-	9,025,150	9,025,150	Note 6
1	Eternal Chemical (China) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Other receivables from related parties	Y	666,417	433,521	4,625	2.93-3.10	2	-	Operating needs	-	-	-	9,025,150	9,025,150	Note 6
1	Eternal Chemical (China) Co., Ltd.	Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Other receivables from related parties	Y	133,283	65,028	-	-	2	-	Operating needs	-	-	-	9,025,150	9,025,150	Note 6
1	Eternal Chemical (China) Co., Ltd.	Eternal Optical Material (Suzhou) Co., Ltd.	Other receivables from related parties	Y	88,856	43,352	-	-	2	-	Operating needs	-	-	-	9,025,150	9,025,150	Note 6
2	Eternal Materials (Guangdong) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	444,278	216,761	-	-	2	-	Operating needs	-	-	-	6,752,661	6,752,661	Note 6
2	Eternal Materials (Guangdong) Co., Ltd.	Eternal (China) Investment Co., Ltd.	Other receivables from related parties	Y	346,817	346,817	-	-	2	-	Operating needs	-	-	-	6,752,661	6,752,661	Note 6
3	Eternal Holdings Inc.	Eternal Technology Corporation	Other receivables from related parties	Y	457,200	-	-	-	2	-	Operating needs	-	-	-	39,955,058	39,955,058	Note 6
3	Eternal Holdings Inc.	Eternal Materials Co., Ltd.	Other receivables from related parties	Y	2,788,550	1,596,660	1,596,660	5.80-5.88	2	-	Operating needs	-	-	-	39,955,058	39,955,058	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	888,556	433,521	-	-	2	-	Operating needs	-	-	-	29,585,803	29,585,803	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	Other receivables from related parties	Y	1,909,041	953,746	-	-	2	-	Operating needs	-	-	-	29,585,803	29,585,803	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	Other receivables from related parties	Y	1,065,511	953,746	520,225	3.10	2	-	Operating needs	-	-	-	29,585,803	29,585,803	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	Other receivables from related parties	Y	867,042	867,042	346,817	3.10	2	-	Operating needs	-	-	-	29,585,803	29,585,803	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Other receivables from related parties	Y	887,926	867,042	433,521	3.10	2	-	Operating needs	-	-	-	29,585,803	29,585,803	Note 6
4	Eternal (China) Investment Co., Ltd.	Shanghai Dowill Paint Technology Co., Ltd. (Original name: ESCO Specialty Coatings (Shanghai) Co., Ltd.)	Non-current assets held for sale	Y	162,161	-	-	-	2	-	Operating needs	-	-	-	5,917,161	5,917,161	Notes 7 and 8
4	Eternal (China) Investment Co., Ltd.	Eterkon Semiconductor Materials Co., Ltd.	Other receivables from related parties	Y	108,416	104,045	104,045	3.65	2	-	Operating needs	-	-	-	5,917,161	5,917,161	Note 7
4	Eternal (China) Investment Co., Ltd.	Eternal Specialty Materials (Suzhou) Co., Ltd.	Other receivables from related parties	Y	216,761	216,761	-	-	2	-	Operating needs	-	-	-	29,585,803	29,585,803	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Other receivables from related parties	Y	65,028	65,028	-	-	2	-	Operating needs	-	-	-	29,585,803	29,585,803	Note 6
5	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	1,110,695	650,282	296,989	2.43-2.85	2	-	Operating needs	-	-	-	7,596,371	7,596,371	Note 6

(Continued)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 2)	Ending Balance (Note 3)	Actual Amount Drawn	Interest Rate (%)	Nature of Financing (Note 4)	Transaction Amount	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Limit	Note
													Item	Value			
5	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal (China) Investment Co., Ltd.	Other receivables from related parties	Y	\$ 650,282	\$ 650,282	\$ -	-	2	\$ -	Operating needs	\$ -	-	\$ -	\$ 7,596,371	\$ 7,596,371	Note 6
6	Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	225,867	216,761	17,489	2.43-2.85	2	-	Operating needs	-	-	-	4,085,324	4,085,324	Note 6
6	Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal (China) Investment Co., Ltd.	Other receivables from related parties	Y	433,521	433,521	-	-	2	-	Operating needs	-	-	-	4,085,324	4,085,324	Note 6
7	Eternal Specialty Materials (Zuhai) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	225,867	216,761	43,941	2.43-2.85	2	-	Operating needs	-	-	-	1,176,953	1,176,953	Note 7
7	Eternal Specialty Materials (Zuhai) Co., Ltd.	Eternal (China) Investment Co., Ltd.	Other receivables from related parties	Y	433,521	433,521	-	-	2	-	Operating needs	-	-	-	1,176,953	1,176,953	Note 7

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

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

Note 2: The maximum balance for the period had been approved by the board of directors, and translated into NTD using the exchange rate at the balance sheet date.

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

Note 4: Nature of financing is as follows:

- 1. Business relationship.
- 2. Short-term financing.

Note 5: According to the Company’s Operation Procedures for Lending Funds to Others, the Company’s total financing limits and the financing limit for each borrowing company shall not exceed 40% and 5% of the net worth of the Company’s financial statement of December 31, 2023, respectively.

Note 6: According to the subsidiary’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, 2023, and it should be translated into NTD using the exchange rate at the balance sheet date.

Note 7: According to the subsidiary’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, 2023, and it should be translated into NTD using the exchange rate at the balance sheet date.

Note 8: The ownership of Shanghai Dowill Paint Technology Co., Ltd. (Original name: ESCO Specialty Coatings (Shanghai) Co., Ltd.), held by the Company and its subsidiaries, has been sold to a non-related party in May 2023. It is currently not an associate of the Company and its subsidiaries. The table only discloses the financing record before May 2023.

Note 9: Amount was eliminated from the consolidated financial statements, except for investments accounted for using the equity method.

(Concluded)

TABLE 2**Eternal Materials Co., Ltd. and Subsidiaries****ENDORSEMENTS/GUARANTEES PROVIDED****FOR THE YEAR ENDED DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsements /Guarantees Given on Behalf of Each Party	Maximum Amount Endorsements /Guarantees During the Period (Note 4)	Outstanding Endorsements /Guarantees the End of the Period (Note 5)	Actual Amount Drawn	Amount Endorsements /Guarantees by Collaterals	Ratio of Accumulated Endorsements /Guarantees to Net Equity per Latest Financial Statements (%)	Maximum Endorsements /Guarantees Amount Allowable	Endorsements /Guarantees Given by Parent on Behalf of Subsidiaries	Endorsements /Guarantees by Subsidiaries on Behalf of Parent	Endorsements /Guarantees Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 2)											
0	Eternal Materials Co., Ltd.	Eternal Holdings Inc.	2	\$ 24,734,630	\$ 570,680	\$ 552,690	\$ -	\$ -	2.23	\$ 24,734,630	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Materials (Malaysia) Sdn. Bhd.	2	24,734,630	2,680,949	2,540,511	1,295,950	-	10.27	24,734,630	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Elga Europe S.r.l.	2	24,734,630	527,547	511,069	469,843	-	2.07	24,734,630	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Nanyang Investment Co., Ltd.	2	24,734,630	3,566,750	1,842,300	1,412,430	-	7.45	24,734,630	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Material Industry (Tongling) Co., Ltd.	2	24,734,630	1,648,829	1,582,352	45,650	-	6.40	24,734,630	Y	N	Y	Notes 3 and 6
1	Eternal (China) Investment Co., Ltd.	Eternal Material Industry (Tongling) Co., Ltd.	2	14,792,902	451,734	433,521	-	-	2.93	14,792,902	N	N	Y	Note 7

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

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

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

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

Note 3: In accordance with the parent company's "Procedures for Provision of Endorsements and Guarantees," limit on endorsement/guarantee given on behalf of each party is 100% of the parent company's net worth based on the financial statements for the year ended December 31, 2023.

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, 2023.

Note 7: In accordance with the subsidiary's "Procedures for Provision of Endorsements and Guarantees," the limit on endorsement/guarantee given on behalf of each party and the maximum amount endorsed/guaranteed are based on its net worth for the year ended December 31, 2023.

TABLE 3

Eternal Materials Co., Ltd. and Subsidiaries

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				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	\$ 655,657	2.29	\$ 655,657	
	TBG Diagnostics Limited (stock)	-	Financial assets at fair value through other comprehensive income - non-current	40,200,000	38,427	18.48	38,427	
	Universal Venture Capital Investment Corp. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	5,000,000	52,949	4.15	52,949	
	Der Yang Biotechnology Venture Capital Co., Ltd. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	230,096	2,979	11.11	2,979	
	Research Innovation Capital Corporation (stock)	-	Financial assets at fair value through other comprehensive income - non-current	10,000,000	49,374	29.76 (Note 1)	49,374	
	Hwa Nan Venture Capital Co., Ltd. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	57,438	-	10.6	-	
Mixville Holdings Inc.	Grace THW Holding Limited (stock)	-	Financial assets at fair value through other comprehensive income - non-current	1,900,000	239,455	Note 2	239,455	
	Pacven Walden Ventures V, L.P. (mutual fund)	-	Financial assets at fair value through profit or loss - non-current	-	9,182	Note 2	9,182	

Note 1: The Company has no significant influence on it, refer to Note 12.

Note 2: The percentage of ownership is less than 1%.

TABLE 4

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, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance (Note 1)	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units	Amount
Eternal International (BVI) Co., Ltd.	Eternal (China) Investment Co., Ltd.	Investments accounted for using the equity method	Note 2	Subsidiary	Note 4	\$ 15,308,189	-	\$ -	Note 4	\$ -	\$ (676,725)	Note 2	Note 4	\$ 14,792,902
Eternal Holdings Inc.	Eternal International (BVI) Co., Ltd.	Investments accounted for using the equity method	Note 2	Subsidiary	183,793,592	15,137,021	-	-	(22,000,000)	-	(676,725)	Note 2	161,793,592	14,825,893
Eternal Materials Co., Ltd.	Eternal Holding Inc.	Investments accounted for using the equity method	Note 2	Subsidiary	200,108,859	20,293,015	-	-	(15,000,000)	-	(454,125)	Note 2	185,108,859	19,838,131
Eternal Materials Co., Ltd.	Eternal Technology Corporation	Investments accounted for using the equity method	Note 3 and Eternal International (BVI) Co., Ltd. (Note 6)	Subsidiary	-	-	Note 5	366,404	-	-	-	-	1,000	297,357
Eternal (China) Investment Co., Ltd.	Eternal Material Industry (Tongling) Co., Ltd.	Investments accounted for using the equity method	Note 3	Subsidiary	Note 4	863,511	Note 4	781,380	-	-	-	-	Note 4	1,586,195
Eternal (China) Investment Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	Investments accounted for using the equity method	Note 3	Subsidiary	Note 4	(703,359)	Note 4	1,003,720	-	-	-	-	Note 4	157,014

Note 1: Including share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method and exchange differences on translation of the financial statements of foreign operations.

Note 2: Capital reduction.

Note 3: Capital increase.

Note 4: No share was issued; therefore, it’s not applicable.

Note 5: No shares was issued in this capital increase; therefore, it’s not applicable.

Note 6: Reorganization.

TABLE 5

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, 2023
(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 Material Industry (Tongling) Co., Ltd.	Engaging the non-related party to build the office & factory building on own land.	March 20, 2023	\$ 946,000	Payment in accordance with the terms	Zhongdi Construction Group Co., Ltd.	Non- related party	-	-	-	\$ -	Price negotiation in accordance with the terms	Self-use	None
Eternal Electronic (Suzhou) Co., Ltd.	The construction of phase 2 warehouses and class A warehouse	November 25, 2023	378,964	Payment in accordance with the terms	Zhongdi Construction Group Co., Ltd.	Non- related party	-	-	-	-	Price negotiation in accordance with the terms	Self-use	None

TABLE 6

Eternal Materials Co., Ltd. and Subsidiaries

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales (Note 2)	Amount	% to Total	Payment Terms	Unit Price	Payment Term	Ending Balance	% to Total	
Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	Subsidiary	Sales	\$ 531,315	4	Note 1	\$ -	-	\$ 187,638	5	
	Nikko-Materials Co., Ltd.	Subsidiary	Sales	105,256	1	Note 1	-	-	-	-	
	Eternal Electronic Material (Thailand) Co., Ltd.	Subsidiary	Sales	164,699	1	Note 1	-	-	52,145	2	
	Elga Europe S.r.l.	Subsidiary	Sales	154,756	1	Note 1	-	-	108,237	3	
	Eternal Chemical (China) Co., Ltd.	Subsidiary	Sales	189,709	1	Note 1	-	-	47,419	1	
	Eternal (China) Investment Co., Ltd.	Subsidiary	Sales	258,107	2	Note 1	-	-	70,238	2	
	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Subsidiary	Sales	582,973	4	Note 1	-	-	129,661	4	
	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Subsidiary	Sales	350,388	3	Note 1	-	-	78,419	2	
	Eternal Materials (Guangdong) Co., Ltd.	Subsidiary	Sales	216,609	2	Note 1	-	-	29,997	1	
Eternal Materials (Guangdong) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Sister company	Sales	238,346	5	Note 1	-	-	39,969	2	
	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Sister company	Sales	410,478	8	Note 1	-	-	81,537	4	
	Allnex-Eternal Resins (Guangdong) Co., Ltd.	Associate	Sales	417,522	8	Note 1	-	-	101,967	5	
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	Sister company	Sales	160,775	5	Note 1	-	-	62,327	3	
	Eternal Electronic (Suzhou) Co., Ltd.	Sister company	Sales	177,530	5	Note 1	-	-	71,628	4	
Eternal Specialty Materials (Zhuhai) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Sister company	Sales	143,903	3	Note 1	-	-	40,227	3	
	Eternal Materials Co., Ltd.	Ultimate parent company	Sales	199,277	4	Note 1	-	-	39,148	3	
Eternal Chemical (China) Co., Ltd.	Allnex-Eternal Resins (Guangdong) Co., Ltd.	Associate	Sales	147,457	3	Note 1	-	-	99,187	5	
Eternal Chemical (Tianjin) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Sister company	Sales	258,361	11	Note 1	-	-	47,355	5	
Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Sister company	Sales	214,535	8	Note 1	-	-	74,283	9	

(Continued)

Company name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales (Note 2)	Amount	% to Total	Payment Terms	Unit Price	Payment Term	Ending Balance	% to Total	
Eternal Electronic (Suzhou) Co., Ltd.	Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Sister company	Sales	\$ 106,393	6	Note 1	\$ -	-	\$ 50,210	7	

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.

(Concluded)

TABLE 7

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, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Doubtful Accounts	Note
					Amount	Actions Taken			
Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	Subsidiary	\$ 187,638	3.26	\$ 37,922	Collected subsequently	\$ 38,039	\$ -	Note 1
	Elga Europe S.r.l.	Subsidiary	108,237	2.01	72,937	Collected subsequently	17,164	-	
	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Subsidiary	129,661	4.84	-	-	56,625	-	
	Eternal (China) Investment Co., Ltd.	Subsidiary	105,170	-	-	-	-	-	
Eternal Materials (Guangdong) Co., Ltd.	Allnex-Eternal Resins (Guangdong) Co., Ltd.	Associate	101,967	3.83	6,509	Collected subsequently	18,140	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.

TABLE 8

Eternal Materials Co., Ltd. and Subsidiaries

INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Item (Note 5)	Amount	Terms	% to Total Revenues or Assets
0	Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	1	Revenue from sales of goods	\$ 531,315	Note 3	1.25
0	Eternal Materials Co., Ltd.	Nikko-Materials Co., Ltd.	1	Revenue from sales of goods	105,256	Note 3	0.25
0	Eternal Materials Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	1	Revenue from sales of goods	164,699	Note 3	0.39
0	Eternal Materials Co., Ltd.	Elga Europe S.r.l.	1	Revenue from sales of goods	154,756	Note 3	0.36
0	Eternal Materials Co., Ltd.	Eternal Chemical (China) Co., Ltd.	1	Revenue from sales of goods	189,709	Note 3	0.45
0	Eternal Materials Co., Ltd.	Eternal (China) Investment Co., Ltd.	1	Revenue from sales of goods	258,107	Note 3	0.61
0	Eternal Materials Co., Ltd.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	1	Revenue from sales of goods	582,973	Note 3	1.37
0	Eternal Materials Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	1	Revenue from sales of goods	350,388	Note 3	0.83
0	Eternal Materials Co., Ltd.	Eternal Materials (Guangdong) Co., Ltd.	1	Revenue from sales of goods	216,609	Note 3	0.51
0	Eternal Materials Co., Ltd.	Eternal (China) Investment Co., Ltd.	1	Other income	106,206	Note 3	0.25
0	Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	1	Notes and accounts receivable from related parties	187,638	Note 3	0.32
0	Eternal Materials Co., Ltd.	Elga Europe S.r.l.	1	Notes and accounts receivable from related parties	108,237	Note 3	0.18
0	Eternal Materials Co., Ltd.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	1	Notes and accounts receivable from related parties	129,661	Note 3	0.22
0	Eternal Materials Co., Ltd.	Eternal (China) Investment Co., Ltd.	1	Other receivables from related parties	105,170	Note 3	0.18
1	Eternal Holdings Inc.	Eternal Materials Co., Ltd.	2	Other receivables from related parties	1,596,660	Note 4	2.73
2	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	1	Other receivables from related parties	520,225	Note 4	0.89
2	Eternal (China) Investment Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	1	Other receivables from related parties	346,817	Note 4	0.59
2	Eternal (China) Investment Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	1	Other receivables from related parties	433,521	Note 4	0.74
3	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	3	Revenue from sales of goods	160,775	Note 3	0.38
3	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	3	Revenue from sales of goods	177,530	Note 3	0.42
3	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	3	Other receivables from related parties	296,989	Note 4	0.51
4	Eternal Materials (Guangdong) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	3	Revenue from sales of goods	238,346	Note 3	0.56
4	Eternal Materials (Guangdong) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	3	Revenue from sales of goods	410,478	Note 3	0.97
5	Eternal Chemical (Tianjin) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	3	Revenue from sales of goods	258,361	Note 3	0.61

(Continued)

TABLE 9

Eternal Materials Co., Ltd. and Subsidiaries
INFORMATION ON INVESTEEES (EXCLUDING INVESTMENTS IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Eternal Materials Co., Ltd.	Eternal Holdings Inc.	Samoa	International investment	\$ 5,681,836	\$ 6,135,961	185,108,859	100.00	\$ 19,838,131	\$ 731,712	\$ 745,126	
Eternal Materials Co., Ltd.	Eternal Global (BVI) Co., Ltd.	British Virgin Islands	International investment	703,144	703,144	16,357,914	100.00	4,826,794	227,801	236,540	
Eternal Materials Co., Ltd.	Mixville Holdings Inc.	British Virgin Islands	International investment	899,392	899,392	26,630,000	100.00	3,625,674	191,547	200,012	
Eternal Materials Co., Ltd.	Advanced PETFILM Investment Co., Ltd.	Japan	International investment	788,630	788,630	270	20.00	506,495	145,914	25,894	
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	714,968	523,354	119,325	
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	32,056	595	373	
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	123,416	125,321	50,129	
Eternal Materials Co., Ltd.	Eternal Precision Mechanics Co., Ltd.	Taiwan	Manufacturing and selling of vacuum laminator	555,123	550,000	52,085,384	84.61	1,263,256	316,897	330,206	Note 27
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	131,098	1,334	8,031	
Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	Japan	Selling, trading and providing services of resins material, electronic material and other related products; manufacturing and selling of dry film photoresist	190,594	60,431	9,760	100.00	221,434	26,028	17,378	
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	18,008	29,889	21,723	
Eternal Materials Co., Ltd.	Eternal Technology Corporation	United States	Manufacturing and selling of photoresist; selling of chemical prouduts	622,950	-	1,000	100.00	297,357	(107,652)	(65,645)	Note 2
Eternal Precision Mechanics Co., Ltd.	Nikko-Materials Co., Ltd.	Japan	Manufacturing and selling of vacuum laminator	300,150	300,150	11,520	100.00	875,047	455,167	-	Note 1
Eternal Holdings Inc.	Eternal International (BVI) Co., Ltd.	British Virgin Islands	International investment	5,062,308	5,739,033	161,793,592	100.00	14,825,893	361,383	-	Note 1
Eternal Holdings Inc.	E-Chem Corp.	Samoa	International investment	165,608	165,608	4,990,000	100.00	2,793,838	454,520	-	Note 1
Eternal Holdings Inc.	Eternal Nanyang Investment Co., Ltd.	Samoa	International investment	841,453	841,453	28,350,000	90.00	156,249	(247,564)	-	Note 1
Eternal Holdings Inc.	PT Eternal Materials Indonesia	Indonesia	Trading of chemical products	13,360	13,360	670	67.00	14,761	(2,523)	-	Note 1
Eternal Holdings Inc.	Eternal Materials India Private Limited	India	Selling, trading of chemical	13,643	-	3,465,000	99.00	12,530	(278)	-	Note 1
Eternal Holdings Inc.	Allnex-Eternal Resins Corporation Limited	Hong Kong	Trading and international investment	14,496	50,385	49,000	49.00	413,926	144,265	-	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; selling of chemical products	-	600,693	-	-	-	(107,652)	-	Notes 1 and 2
E-Chem Corp	Eternal Materials India Private Limited	India	Selling, trading of chemical	138	-	35,000	1.00	127	(278)	-	Note 1
Mixville Holdings Inc.	High Expectation Limited	Cayman Islands	International investment	871,519	871,519	26,005,000	100.00	3,377,984	188,605	-	Note 1

(Continued)

TABLE 10

Eternal Materials Co., Ltd. and Subsidiaries

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Eternal Chemical (China) Co., Ltd.	Manufacturing and selling of resins material and processing products	\$ 755,651	2	\$ 625,549	\$ -	\$ -	\$ 625,549	\$ 214,402	100.00	\$ 214,402	\$ 4,512,575	\$ 1,772,062	Note 2
Covestro Eternal Resins (Kunshan) Co., Ltd.	Manufacturing and selling of powder coating resin	183,470	2	91,735	-	-	91,735	23,297	50.00	11,648	320,923	600,691	Note 2
Eternal Optical Material (Suzhou) Co., Ltd.	Manufacturing and selling of optical films, and leasing business	1,563,967	2	-	-	-	-	(19,904)	100.00	(19,904)	168,181	-	Notes 2 and 10
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Researching, developing, manufacturing and selling of electronic high-tech chemical and related products	2,256,739	2	444,685	-	-	444,685	235,057	100.00	235,057	3,798,185	983,767	Note 2
Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Researching, developing and manufacturing of photoresist dry film, liquid photo imaginable solder masks and printed circuit board related materials	469,402	2	-	-	-	-	9,251	100.00	9,251	177,652	-	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	68,845	40.00	30,972	296,919	-	Note 2
Eternal Synthetic Resins (Changshu) Co., Ltd.	Manufacturing and selling of unsaturated polyester resin	726,426	2	279,811	-	-	279,811	(8,936)	100.00	(8,936)	174,208	-	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	20,736	100.00	20,736	942,397	-	Note 2
Eternal Specialty Materials (Zhuhai) Co., Ltd.	Manufacturing and selling of acrylic resin and methacrylic acid	611,011	2	243,540	-	-	243,540	465,889	90.00	453,940	2,779,580	1,577,039	Note 2
Shanghai Dowill Paint Technology Co., Ltd. (Original name: ESCO Specialty Coatings (Shanghai) Co., Ltd.)	Researching, manufacturing and selling of processing electronic high-tech chemical, high performance coating, material and products	403,180	2	196,680	-	-	196,680	(4,689)	-	(5,557)	-	-	Notes 2 and 14
Eternal Materials (Guangdong) Co., Ltd.	Manufacturing and selling of adhesives, resins material and processing products	1,297,259	2	868,175	-	-	868,175	188,840	100.00	188,840	3,376,330	2,150,020	Note 2
Eternal (China) Investment Co., Ltd.	Managing, investing consulting services, researching, leasing, manufacturing and selling of resins material and photoelectric chemicals materials	6,880,878	2	4,264,844	-	454,125	3,810,719	409,950	100.00	409,950	14,792,902	-	Notes 2 and 3
Eternal Chemical (Chengdu) Co., Ltd.	Researching, manufacturing and selling of resins material	1,454,071	2	-	-	-	-	(150,512)	100.00	(150,512)	157,014	-	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	-	-	-	-	(98,068)	100.00	(98,068)	2,012,291	-	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, 2023	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Eternal Specialty Materials (Suzhou) Co., Ltd.	Researching and developing chemical products, and selling, providing technical services of self-produced products	\$ 1,199,225	2	\$ -	\$ -	\$ -	\$ -	\$ 306,596	100.00	\$ 306,596	\$ 2,042,662	\$ -	Note 2
Resonac New Material (Zhuhai) Co., Ltd. (Original name: Showa Denko New Material (Zhuhai) Co., Ltd.)	Manufacturing and selling of functional resins, resins composite material and providing technical services	366,881	2	-	-	-	-	4,022	30.00	1,153	91,560	-	Note 2
Eternal Material Industry (Tongling) Co., Ltd.	Manufacturing, selling and providing technical services of products related to resins material	1,650,580	2	-	-	-	-	(43,635)	100.00	(43,635)	1,586,195	-	Note 2
Eternal Precision Mechanics (Guangzhou) Ltd.	Manufacturing and selling of computers, communications and other electronic equipment	132,928	1	-	132,928	-	132,928	(6,243)	100.00	(6,866)	123,278	-	Note 2

Investor Company	Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023 (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. Eternal Precision Mechanics Co., Ltd.	\$ 7,622,793 132,928	\$ 28,198,265 132,330	\$ - 895,822

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 or remittance 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. For the subsidiary Eternal Precision Mechanics Co., Ltd., the upper limit for the investment amount is 60% of its net worth.

(Concluded)

TABLE 11

Eternal Materials Co., Ltd.

INFORMATION OF MAJOR SHAREHOLDERS DECEMBER 31, 2023

[illegible]

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 of the Company and its subsidiaries 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, 2023 and 2022, 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 material accounting policy information. (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, 2023 and 2022, 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 Financial Statement Audit and Attestation of Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China (TWSA). 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, 2023. 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, 2023 is described as follows:

THE TIME OF REVENUE RECOGNITION FROM THE SUBSIDIARIES OF THE ELECTRONIC MATERIALS DEPARTMENT'S SALE OF VACUUM LAMINATOR

1. Description

Due to the higher market demand in the semiconductor industry, the unit price and gross profit margin of the vacuum laminator sold by the subsidiaries of the electronic materials department are higher. In addition, taking into account the characteristics and risks of the industry, we identified the time of the above revenue recognition as a key audit matter in accordance with Communicating Key Audit Matters in the Independent Auditor's Report of TWSA.

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

- a. We obtained an understanding of the relevant process and the control of revenue recognition in vacuum laminator.
- b. We performed the test of details, which selected the samples for a certain period before and after the end of the year and obtained supporting documents or evidence to confirm that the revenue of the vacuum laminator has been recognized in the appropriate period.

Other Matter

The financial statements of some 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\$714,968 thousand and NT\$672,942 thousand, representing 2% and 1% of the Company's total assets as of December 31, 2023 and 2022, respectively; the share of the profit of these associates amounted to NT\$119,325 thousand and NT\$97,155 thousand, representing 11% and 3% of the Company's total comprehensive income for the years ended December 31, 2023 and 2022, 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, 2023 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 Jui-Hsuan Hsu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 2024

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, 2023		December 31, 2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 204,029	-	\$ 331,652	1
Notes receivable, net (Notes 4 and 7)	276,813	1	275,956	1
Accounts receivable, net (Notes 4, 5 and 7)	2,309,532	5	2,447,154	5
Accounts receivable from related parties, net (Notes 4, 5, 7 and 26)	882,032	2	877,655	2
Other receivables (Notes 7 and 26)	458,750	1	881,366	2
Inventories (Notes 4, 5 and 8)	2,661,185	6	3,350,642	7
Other current assets - others (Notes 20 and 27)	<u>212,165</u>	-	<u>254,730</u>	-
Total current assets	<u>7,004,506</u>	<u>15</u>	<u>8,419,155</u>	<u>18</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9)	799,386	2	627,056	2
Investments accounted for using the equity method (Notes 4 and 10)	31,598,687	67	31,324,109	66
Property, plant and equipment (Notes 4 and 11)	7,315,748	16	6,897,112	14
Right-of-use assets (Notes 4 and 12)	42,282	-	65,686	-
Investment properties (Notes 4 and 13)	49,991	-	50,674	-
Intangible assets (Notes 4 and 14)	191,801	-	207,149	-
Deferred tax assets (Notes 4, 5 and 20)	170,168	-	177,352	-
Other non-current assets - others (Note 27)	<u>68,471</u>	-	<u>52,299</u>	-
Total non-current assets	<u>40,236,534</u>	<u>85</u>	<u>39,401,437</u>	<u>82</u>
TOTAL	<u>\$ 47,241,040</u>	<u>100</u>	<u>\$ 47,820,592</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4, 15 and 26)	\$ 4,569,047	10	\$ 3,465,564	7
Notes payable	2,362	-	533	-
Accounts payable (Note 26)	1,143,698	3	1,044,917	3
Other payables - others (Note 16)	742,282	2	976,382	2
Current tax liabilities (Note 20)	176,636	-	377,530	1
Lease liabilities - current (Notes 4 and 12)	15,369	-	19,592	-
Current portion of long-term liabilities (Notes 4 and 15)	3,448,969	7	2,994,000	6
Other current liabilities - others (Note 18)	<u>31,985</u>	-	<u>44,140</u>	-
Total current liabilities	<u>10,130,348</u>	<u>22</u>	<u>8,922,658</u>	<u>19</u>
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 15)	2,497,203	5	5,493,921	11
Long-term borrowings (Notes 4 and 15)	7,090,000	15	5,840,000	12
Deferred tax liabilities (Notes 4, 5 and 20)	2,219,628	5	2,217,429	5
Lease liabilities - non-current (Notes 4 and 12)	24,078	-	43,726	-
Other non-current liabilities (Notes 4, 5 and 16)	<u>545,153</u>	<u>1</u>	<u>542,454</u>	<u>1</u>
Total non-current liabilities	<u>12,376,062</u>	<u>26</u>	<u>14,137,530</u>	<u>29</u>
Total liabilities	<u>22,506,410</u>	<u>48</u>	<u>23,060,188</u>	<u>48</u>
EQUITY (Note 17)				
Ordinary shares	<u>11,782,655</u>	<u>25</u>	<u>11,782,655</u>	<u>25</u>
Capital surplus	<u>664,785</u>	<u>1</u>	<u>368,946</u>	<u>1</u>
Retained earnings				
Legal reserve	5,083,381	11	4,803,617	10
Special reserve	977,601	2	1,181,819	2
Unappropriated earnings	<u>7,584,997</u>	<u>16</u>	<u>7,600,968</u>	<u>16</u>
Total retained earnings	<u>13,645,979</u>	<u>29</u>	<u>13,586,404</u>	<u>28</u>
	<u>(3)</u>		<u>(2)</u>	
Other equity	<u>(1,358,789)</u>	<u>)</u>	<u>(977,601)</u>	<u>)</u>
Total equity	<u>24,734,630</u>	<u>52</u>	<u>24,760,404</u>	<u>52</u>
TOTAL	<u>\$ 47,241,040</u>	<u>100</u>	<u>\$ 47,820,592</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 8, 2024)

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			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 18 and 26)	\$ 13,317,700	100	\$ 16,211,752	100
OPERATING COSTS (Notes 8, 16, 19 and 26)	<u>10,889,118</u>	<u>82</u>	<u>13,019,221</u>	<u>80</u>
GROSS PROFIT	<u>2,428,582</u>	<u>18</u>	<u>3,192,531</u>	<u>20</u>
OPERATING EXPENSES (Notes 7, 16 and 19)				
Selling and marketing expenses	689,541	5	1,133,800	7
General and administrative expenses	807,831	6	850,933	5
Research and development expenses	1,090,214	8	1,216,762	8
Expected credit loss (gain)	<u>538</u>	<u>-</u>	<u>(1,449)</u>	<u>-</u>
Total operating expenses	<u>2,588,124</u>	<u>19</u>	<u>3,200,046</u>	<u>20</u>
LOSS FROM OPERATIONS	<u>(159,542)</u>	<u>(1)</u>	<u>(7,515)</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	16,112	-	7,268	-
Other income (Notes 19 and 26)	480,061	3	613,893	3
Other gains and losses (Note 19)	(34,704)	-	7,665	-
Finance costs (Notes 4, 19 and 26)	(312,050)	(3)	(216,030)	(1)
Share of profit of subsidiaries, associates and joint ventures (Note 10)	<u>1,689,092</u>	<u>13</u>	<u>2,270,537</u>	<u>14</u>
Total non-operating income and expenses	<u>1,838,511</u>	<u>13</u>	<u>2,683,333</u>	<u>16</u>
PROFIT BEFORE INCOME TAX	1,678,969	12	2,675,818	16
INCOME TAX EXPENSE (Notes 4 and 20)	<u>(175,282)</u>	<u>(1)</u>	<u>(58,226)</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>1,503,687</u>	<u>11</u>	<u>2,617,592</u>	<u>16</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			
	2023		2022	
	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	\$ (41,065)	-	\$ 214,688	1
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	122,330	1	(233,486)	(1)
Remeasurement of defined benefit plans of subsidiaries, associates and joint ventures accounted for using the equity method	2,659	-	5,089	-
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	44,677	-	(2,583)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	11,847	-	(49,488)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(579,276)	(4)	406,080	2
Share of other comprehensive income (loss) of associates and joint ventures	<u>(22,920)</u>	<u>-</u>	<u>40,757</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(461,748)</u>	<u>(3)</u>	<u>381,057</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,041,939</u>	<u>8</u>	<u>\$ 2,998,649</u>	<u>18</u>
EARNINGS PER SHARE (Note 21)				
Basic	\$ 1.28		\$ 2.15	
Diluted	1.27		2.15	

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

(Concluded)

(With Deloitte & Touche auditors' report dated March 8, 2024)

Eternal Materials Co., Ltd.

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

			Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings				
BALANCE AT JANUARY 1, 2023	\$ 11,782,655	\$ 368,946	\$ 4,803,617	\$ 1,181,819	\$ 7,600,968	\$ (1,335,011)	\$ 357,410	\$ (977,601)	\$ 24,760,404
Appropriation of the 2022 earnings (Note 17)									
Legal reserve appropriated	-	-	279,764	-	(279,764)	-	-	-	-
Reversal of special reserve	-	-	-	(204,218)	204,218	-	-	-	-
Cash dividends - NT\$1.2 per share	-	-	-	-	(1,413,919)	-	-	-	(1,413,919)
	-	-	279,764	(204,218)	(1,489,465)	-	-	-	(1,413,919)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method (Note 17)	-	3,348	-	-	-	-	-	-	3,348
Net profit for the year ended December 31, 2023	-	-	-	-	1,503,687	-	-	-	1,503,687
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(30,193)	(602,196)	170,641	(431,555)	(461,748)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	1,473,494	(602,196)	170,641	(431,555)	1,041,939
Changes in percentage of ownership interests in subsidiaries (Note 22)	-	292,491	-	-	-	50,367	-	50,367	342,858
BALANCE AT DECEMBER 31, 2023	\$ 11,782,655	\$ 664,785	\$ 5,083,381	\$ 977,601	\$ 7,584,997	\$ (1,886,840)	\$ 528,051	\$ (1,358,789)	\$ 24,734,630
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

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

(With Deloitte & Touche auditors' report dated March 8, 2024)

Eternal Materials Co., Ltd.

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

	For the Year Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,678,969	\$ 2,675,818
Adjustments for:		
Depreciation expense	643,835	662,697
Amortization expense	16,618	17,603
Expected credit loss (gain)	538	(1,449)
Finance costs	312,050	216,030
Interest income	(16,112)	(7,268)
Dividend income	(13,013)	(63,281)
Share-based compensation	2,780	-
Share of the profit of subsidiaries, associates and joint ventures	(1,689,092)	(2,270,537)
Loss on disposal of property, plant and equipment	1,929	2,684
Impairment loss recognized on non-financial assets	53,301	50,188
Others	(418)	(3,870)
Changes in operating assets and liabilities		
Notes receivable	(857)	102,867
Accounts receivable	137,083	459,926
Accounts receivable from related parties	(4,376)	30,461
Other receivables	60,317	41,060
Inventories	636,156	659,531
Other current assets	(29,648)	4,970
Notes payable	1,829	504
Accounts payable	98,781	(512,614)
Other payables	(127,709)	(103,337)
Other current liabilities	(12,155)	26,569
Other non-current liabilities	(39,020)	(32,726)
Cash generated from operations	1,711,786	1,955,826
Interest received	16,125	7,255
Dividends received	1,573,655	2,057,540
Interest paid	(322,481)	(211,439)
Income taxes paid	(297,733)	(268,377)
Net cash generated from operating activities	<u>2,681,352</u>	<u>3,540,805</u>

(Continued)

Eternal Materials Co., Ltd.

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

	For the Year Ended December 31	
	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	\$ (50,000)	\$ -
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	1,238
Payment for property, plant and equipment	(1,136,344)	(1,097,466)
Proceeds from disposal of property, plant and equipment	1,848	1,119
Decrease (increase) in other receivables from related parties	307,100	(307,100)
Payment for intangible assets	(1,270)	(6,083)
Decrease (increase) in other financial assets	15,000	(15,000)
Increase in other non-current assets	(16,172)	(16,489)
Net cash used in establishing a subsidiary by spin-off	<u>-</u>	<u>(159,395)</u>
Net cash used in investing activities	<u>(879,838)</u>	<u>(1,599,176)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	1,103,483	1,286,194
Proceeds from long-term borrowings	6,000,000	6,960,000
Repayments of long-term borrowings	(7,294,000)	(7,784,000)
Increase in guarantee deposits received	654	300
Repayment of the principal portion of lease liabilities	(21,244)	(25,209)
Dividends paid	(1,413,919)	(1,860,419)
Capital reduction by cash	-	(620,140)
Acquisition of additional interests in subsidiaries	(758,236)	-
Proceeds from capital reduction of subsidiaries accounted for using the equity method	<u>454,125</u>	<u>228,482</u>
Net cash used in financing activities	<u>(1,929,137)</u>	<u>(1,814,792)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(127,623)	126,837
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>331,652</u>	<u>204,815</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 204,029</u>	<u>\$ 331,652</u>

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

(Concluded)

(With Deloitte & Touche auditors' report dated March 8, 2024)

Eternal Materials Co., Ltd.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The standalone financial statements were approved by the Company’s board of directors and authorized for issue on March 8, 2024.

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 “IFRS Accounting Standards”) 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 IFRS Accounting Standards endorsed and issued into effect by the FSC will not have a material impact on the Company’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by International Accounting Standards Board (IASB) (Note 1)
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback

transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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. The IFRS Accounting Standards announced by IASB but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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 MATERIAL ACCOUNTING POLICY INFORMATION

- 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, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities without an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. 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.

e. 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.

f. 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. 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 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 and 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 in the standalone financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. 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.

h. 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.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting periods, with the effects of any changes in the estimates accounted for on a prospective basis.

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.

i. 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 freehold land.

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

For a transfer of classification from investment properties to property, plant and equipment, 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.

j. 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. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective 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.

k. 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.

l. 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 and 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.

m. 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 (mainly 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 as mortgaged secured 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.

n. 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.

o. 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.

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.

p. 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.

q. 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.

r. 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

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.

s. 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. MATERIAL 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.

Key Sources of Estimation and Assumption Uncertainty

a. Income taxes

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 information 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

	December 31	
	2023	2022
Cash on hand	\$ 3,459	\$ 3,633
Checking accounts and demand deposits	<u>200,570</u>	<u>328,019</u>
	<u>\$ 204,029</u>	<u>\$ 331,652</u>

7. NOTES, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2023	2022
Notes receivable	<u>\$ 276,813</u>	<u>\$ 275,956</u>
Accounts receivable	\$ 2,372,223	\$ 2,526,649
Less: Allowance for loss	<u>(62,691)</u>	<u>(79,495)</u>
	<u>\$ 2,309,532</u>	<u>\$ 2,447,154</u>
Accounts receivable from related parties	\$ 882,035	\$ 877,659
Less: Allowance for loss	<u>(3)</u>	<u>(4)</u>
	<u>\$ 882,032</u>	<u>\$ 877,655</u>

(Continued)

	December 31	
	2023	2022
Other receivables	\$ 488,550	\$ 911,166
Less: Allowance for loss	<u>(29,800)</u>	<u>(29,800)</u>
	<u>\$ 458,750</u>	<u>\$ 881,366</u>
		(Concluded)

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 25.

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 information 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, 2023

	Not Past Due	0 to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Gross carrying amount	\$ 2,997,164	\$ 294,699	\$ 119,265	\$ 47,278	\$ 72,665	\$ 3,531,071
Loss allowance (lifetime ECL)	<u>(211)</u>	<u>(214)</u>	<u>(348)</u>	<u>(28)</u>	<u>(61,893)</u>	<u>(62,694)</u>
Amortized cost	<u>\$ 2,996,953</u>	<u>\$ 294,485</u>	<u>\$ 118,917</u>	<u>\$ 47,250</u>	<u>\$ 10,772</u>	<u>\$ 3,468,377</u>

December 31, 2022

	Not Past Due	0 to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
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>

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

	For the Year Ended December 31	
	2023	2022
Balance at beginning of the year	\$ 79,499	\$ 85,889
Recognized (reversed) in the current year	538	(1,449)
Written off in the current year	(17,343)	(4,929)
Spin-off	<u>-</u>	<u>(12)</u>
Balance at end of the year	<u>\$ 62,694</u>	<u>\$ 79,499</u>

b. Other receivables

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

8. INVENTORIES

	December 31	
	2023	2022
Raw materials	\$ 1,190,226	\$ 1,577,411
Supplies	31,534	42,960
Finished goods	1,313,797	1,638,795
Inventory in transit	<u>125,628</u>	<u>91,476</u>
	<u>\$ 2,661,185</u>	<u>\$ 3,350,642</u>

The cost of inventories recognized as operating costs for the years ended December 31, 2023 and 2022 was \$10,889,118 thousand and \$13,019,221 thousand, respectively, including write-down of inventories of \$53,301 thousand and \$50,188 thousand, respectively.

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

	December 31	
	2023	2022
Domestic investments		
Listed shares		
President Securities Corp.	\$ 655,657	\$ 522,190
Unlisted shares		
Universal Venture Capital Investment Corp.	52,949	45,497
Der Yang Biotechnology Venture Capital Co., Ltd.	2,979	2,770
Research Innovation Capital Corporation	<u>49,374</u>	<u>-</u>
	<u>760,959</u>	<u>570,457</u>
Foreign investments		
Unlisted shares		
TBG Diagnostics Limited	<u>38,427</u>	<u>56,599</u>
	<u>\$ 799,386</u>	<u>\$ 627,056</u>

In March 2023, the Company participated in the cash capital increase of Research Innovation Capital Corporation, and as of December 31 2023, the Company holds a 29.76% interest in it. Because the fundraising of Research Innovation Capital Corporation has not yet been completed, and taking into account the capital plan of Research Innovation Capital Corporation, the Company expected the percentage of its interests in Research Innovation Capital Corporation to be less than 20%. Therefore, the Company does not have a significant influence on Research Innovation Capital Corporation.

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

	December 31	
	2023	2022
Investments in subsidiaries	\$ 30,253,808	\$ 30,059,124
Investments in associates	<u>1,344,879</u>	<u>1,264,985</u>
	<u>\$ 31,598,687</u>	<u>\$ 31,324,109</u>

a. Investments in subsidiaries

	December 31			
	2023		2022	
	Amount	Percentage	Amount	Percentage
Eternal Holdings Inc.	\$ 19,838,131	100	\$ 20,293,015	100
Eternal Global (BVI) Co., Ltd.	4,826,794	100	4,990,787	100
Mixville Holdings Inc.	3,625,674	100	3,703,360	100
New E Materials Co., Ltd.	32,056	62.80	31,682	62.80
Eternal Precision Mechanics Co., Ltd.	1,263,256	84.61 (Note 22)	826,296	100 (Note 2)
Eternal Electronic Material (Thailand) Co., Ltd.	131,098	75	132,059	75
CHOU-KOU Materials Co., Ltd.	221,434	100	85,481	100
Elga Europe S.r.l.	18,008	72.68	(3,556)	72.68
Eternal Technology Corporation	297,357	100 (Note 1)	-	-
	<u>\$ 30,253,808</u>		<u>\$ 30,059,124</u>	

Note 1: The subsidiary Eternal International (BVI) Co., Ltd. had a reorganization in July 2023 to transfer the equity of subsidiary Eternal Technology Corporation to the Company.

Note 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 Nikko-Materials Co., Ltd. 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:

	Amount
Current Assets	
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

(Continued)

	Amount
Non-current Assets	
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
Current Liabilities	
Accounts payable	(27,458)
Other payables - others	(1,424)
Other current liabilities - others	<u>(37,413)</u>
Spin-off Net Assets	<u>\$ 550,000</u> (Concluded)

b. Investments in associates

	December 31	
	2023	2022
Associates that are not individually material	<u>\$ 1,344,879</u>	<u>\$ 1,264,985</u>

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

	For the Year Ended December 31	
	2023	2022
The Company's share of		
Net profit for the year	\$ 195,347	\$ 122,258
Other comprehensive income (loss) for the year	<u>(7,754)</u>	<u>11,451</u>
Total comprehensive income for the year	<u>\$ 187,593</u>	<u>\$ 133,709</u>

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

	December 31	
	2023	2022
Daxin Materials Corporation	<u>\$ 2,325,985</u>	<u>\$ 1,522,548</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 subsidiaries and associates.

11. PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 2023

	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, 2023	<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>
Cost								
Balance at January 1, 2023	\$ 2,516,584	\$ 3,775,348	\$ 10,033,105	\$ 702,821	\$ 1,318,226	\$ 174,873	\$ 1,072,972	\$ 19,593,929
Additions	-	150,543	472,361	30,564	65,645	10,110	314,448	1,043,671
Disposals	-	(5,821)	(65,309)	(13,095)	(39,932)	(3,517)	-	(127,674)
Balance at December 31, 2023	<u>\$ 2,516,584</u>	<u>\$ 3,920,070</u>	<u>\$ 10,440,157</u>	<u>\$ 720,290</u>	<u>\$ 1,343,939</u>	<u>\$ 181,466</u>	<u>\$ 1,387,420</u>	<u>\$ 20,509,926</u>
Accumulated depreciation								
Balance at January 1, 2023	\$ -	\$ 2,892,708	\$ 8,202,298	\$ 532,076	\$ 936,201	\$ 133,534	\$ -	\$ 12,696,817
Depreciation	-	118,947	381,899	21,181	86,199	14,767	-	622,993
Disposals	-	(5,311)	(63,920)	(12,959)	(39,925)	(3,517)	-	(125,632)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 3,006,344</u>	<u>\$ 8,520,277</u>	<u>\$ 540,298</u>	<u>\$ 982,475</u>	<u>\$ 144,784</u>	<u>\$ -</u>	<u>\$ 13,194,178</u>
Carrying amount at December 31, 2023	<u>\$ 2,516,584</u>	<u>\$ 913,726</u>	<u>\$ 1,919,880</u>	<u>\$ 179,992</u>	<u>\$ 361,464</u>	<u>\$ 36,682</u>	<u>\$ 1,387,420</u>	<u>\$ 7,315,748</u>

For the Year Ended December 31, 2022

	Land	Buildings	Machinery and Equipment	Storage Equipment	Examination Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Carrying amount at January 1, 2022	<u>\$ 2,516,584</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>

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, 2023 and 2022, the revaluation increments of the land were \$1,973,324 thousand.

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amounts		
Land	\$ 9,757	\$ 10,262
Buildings	15,223	32,835
Storage equipment	7,566	7,797
Other equipment	<u>9,736</u>	<u>14,792</u>
	<u>\$ 42,282</u>	<u>\$ 65,686</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 11,184</u>	<u>\$ 24,779</u>
Depreciation charge for right-of-use assets		
Land	\$ 503	\$ 491
Buildings	11,432	15,607
Storage equipment	2,297	1,756
Other equipment	<u>5,927</u>	<u>6,537</u>
	<u>\$ 20,159</u>	<u>\$ 24,391</u>

b. Lease liabilities

	December 31	
	2023	2022
Carrying amounts		
Current	<u>\$ 15,369</u>	<u>\$ 19,592</u>
Non-current	<u>\$ 24,078</u>	<u>\$ 43,726</u>

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

	December 31	
	2023	2022
Land	1.72-2.29	1.72-2.29
Buildings	1.63-6.09	0.63-4.60
Storage equipment	1.63-1.83	1.63-1.79
Other equipment	0.69-6.16	0.63-4.60

c. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term and low-value asset leases	<u>\$ 29,616</u>	<u>\$ 36,763</u>
Total cash outflow for all leases arrangements (including short-term and low-value asset leases)	<u>\$ 51,896</u>	<u>\$ 63,356</u>

13. INVESTMENT PROPERTIES

For the Year Ended December 31, 2023

	Land	Buildings	Total
Carrying amount at January 1, 2023	<u>\$ 17,412</u>	<u>\$ 33,262</u>	<u>\$ 50,674</u>
<u>Cost</u>			
Balance at January 1, 2023 and December 31, 2023	<u>\$ 17,412</u>	<u>\$ 34,174</u>	<u>\$ 51,586</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2023	\$ -	\$ 912	\$ 912
Depreciation	<u>-</u>	<u>683</u>	<u>683</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 1,595</u>	<u>\$ 1,595</u>
Carrying amount at December 31, 2023	<u>\$ 17,412</u>	<u>\$ 32,579</u>	<u>\$ 49,991</u>

For the Year Ended December 31, 2022

	Land	Buildings	Total
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>

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:

	December 31	
	2023	2022
Year 1	\$ 1,800	\$ 1,714
Year 2	1,914	1,800
Year 3	1,943	1,914
		(Continued)

	December 31	
	2023	2022
Year 4	\$ 486	\$ 1,943
Year 5	<u>-</u>	<u>486</u>
	<u>\$ 6,143</u>	<u>\$ 7,857</u>
		(Concluded)

The fair value of the investment properties was evaluated by the management of the Company by reference to market evidence of transaction prices for similar properties, the evaluation was using the Level 3 approach. The fair value was as follows:

	December 31	
	2023	2022
Fair value	<u>\$ 175,170</u>	<u>\$ 122,656</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

	For the Year Ended December 31	
	2023	2022
Rental income	<u>\$ 1,714</u>	<u>\$ 1,002</u>
Operating expenses directly related to investment properties	<u>\$ 683</u>	<u>\$ 684</u>

14. INTANGIBLE ASSETS

For the Year Ended December 31, 2023

	Computer Software	Other Intangible Assets	Total
Carrying amount at January 1, 2023	<u>\$ 205,328</u>	<u>\$ 1,821</u>	<u>\$ 207,149</u>
<u>Cost</u>			
Balance at January 1, 2023	\$ 251,892	\$ 16,831	\$ 268,723
Additions	<u>1,270</u>	<u>-</u>	<u>1,270</u>
Balance at December 31, 2023	<u>\$ 253,162</u>	<u>\$ 16,831</u>	<u>\$ 269,993</u>

(Continued)

	Computer Software	Other Intangible Assets	Total
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2023	\$ 46,564	\$ 15,010	\$ 61,574
Amortization expense	<u>15,577</u>	<u>1,041</u>	<u>16,618</u>
Balance at December 31, 2023	<u>\$ 62,141</u>	<u>\$ 16,051</u>	<u>\$ 78,192</u>
Carrying amount at December 31, 2023	<u>\$ 191,021</u>	<u>\$ 780</u>	<u>\$ 191,801</u> (Concluded)

For the Year Ended December 31, 2022

	Computer Software	Other Intangible Assets	Total
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
Spin-off	<u>(1,146)</u>	<u>-</u>	<u>(1,146)</u>
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>

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

Computer software	2-20 years
Other intangible assets	3-5 years

15. BORROWINGS

a. Short-term borrowings

Type of Borrowings	Interest Rate Range (%)	Amount
December 31, 2023		
Unsecured loans	0.58-6.45	\$ 2,972,387
Loans from related parties (Note 26)	5.80-5.88	<u>1,596,660</u>
		<u>\$ 4,569,047</u>
December 31, 2022		
Unsecured loans	0.58-5.29	\$ 2,482,844
Loans from related parties (Note 26)	5.40-5.45	<u>982,720</u>
		<u>\$ 3,465,564</u>

b. Long-term borrowings

Type of Borrowings	Agreement Period and Interest Payable Schedule	Interest Rate Range (%)	Amount
December 31, 2023			
Unsecured loans	From May 31, 2021 to August 18, 2026. Interest is paid based on schedule.	1.71-2.11	\$ 7,540,000
Less: Current portion			<u>(450,000)</u>
			<u>\$ 7,090,000</u>
December 31, 2022			
Unsecured loans	From October 2, 2017 to November 23, 2025. Interest is paid based on schedule.	1.51-1.90	\$ 8,834,000
Less: Current portion			<u>(2,994,000)</u>
			<u>\$ 5,840,000</u>

c. Facility agreements and financial covenants

- 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, 2023 and 2022.

- 2) As of December 31, 2023, the Company utilized the credits under signed facility agreements of the following banks.

Bank	Currency	Credit line
HSBC Bank (Taiwan) Limited	NTD	\$ 900,000
CTBC Bank Co., Ltd.	NTD	450,000
Far Eastern International Bank Co., Ltd.	NTD	800,000

d. Bonds payable

	December 31	
	2023	2022
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>(1,031)</u>	<u>(2,240)</u>
	<u>2,998,969</u>	<u>2,997,760</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>(2,797)</u>	<u>(3,839)</u>
	<u>2,497,203</u>	<u>2,496,161</u>
	5,496,172	5,493,921
Less: Current portion	<u>(2,998,969)</u>	<u>-</u>
	<u>\$ 2,497,203</u>	<u>\$ 5,493,921</u>

In October 2019, the Company entered into a syndicated guarantee facility agreement with four banks led by the Bank of Taiwan for a NT\$3,024,600 thousand credit line; the proceeds are for the repayment of existing borrowings.

In July 2021, the Company entered into a syndicated credit facility agreement with nine banks including E.SUN Commercial Bank, Ltd. and the Bank of Taiwan for a NT\$6,660,000 thousand credit line; the proceeds are for the repayment of bank borrowings and the expansion of medium-term working capital.

16. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The Company has a defined benefit plan in accordance with the Labor Standards Act; the pension plan is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 10% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The Company has no right to influence the investment policy and strategy of the pension fund. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the

pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 1,624,243	\$ 1,788,879
Fair value of plan assets	<u>(1,075,618)</u>	<u>(1,241,808)</u>
Net defined benefit liabilities	<u>\$ 548,625</u>	<u>\$ 547,071</u>
Current (recorded as other payables - others)	\$ 4,426	\$ 4,918
Non-current (recorded as other non-current liabilities)	<u>544,199</u>	<u>542,153</u>
	<u>\$ 548,625</u>	<u>\$ 547,071</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2023	<u>\$ 1,788,879</u>	<u>\$ (1,241,808)</u>	<u>\$ 547,071</u>
Service cost			
Current service cost	18,415	-	18,415
Interest expense (income)	<u>25,045</u>	<u>(17,385)</u>	<u>7,660</u>
Recognized in profit or loss	<u>43,460</u>	<u>(17,385)</u>	<u>26,075</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,484)	(4,484)
Actuarial loss - changes in financial assumptions	28,723	-	28,723
Actuarial loss - experience adjustments	<u>16,826</u>	<u>-</u>	<u>16,826</u>
Recognized in other comprehensive income	<u>45,549</u>	<u>(4,484)</u>	<u>41,065</u>
Contributions from the employer	-	(65,586)	(65,586)
Benefits paid	<u>(253,645)</u>	<u>253,645</u>	<u>-</u>
	<u>(253,645)</u>	<u>188,059</u>	<u>(65,586)</u>
Balance at December 31, 2023	<u>\$ 1,624,243</u>	<u>\$ (1,075,618)</u>	<u>\$ 548,625</u>
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>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (92,739)	\$ (92,739)
Actuarial gain - changes in financial 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> (Concluded)

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

	For the Year Ended December 31	
	2023	2022
Operating costs	\$ 13,132	\$ 39,320
Operating expenses	<u>12,943</u>	<u>49,600</u>
	<u>\$ 26,075</u>	<u>\$ 88,920</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk

The plan assets are invested in domestic and foreign equity securities, debt securities, and bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2023	2022
Discount rate (%)	1.20	1.40
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:

	December 31	
	2023	2022
Discount rate		
0.25% increase	<u>\$ (35,791)</u>	<u>\$ (39,120)</u>
0.25% decrease	<u>\$ 36,949</u>	<u>\$ 40,418</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 32,246</u>	<u>\$ 35,318</u>
0.25% decrease	<u>\$ (31,457)</u>	<u>\$ (34,419)</u>

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

	December 31	
	2023	2022
Expected contributions to the plan for the next year	<u>\$ 105,215</u>	<u>\$ 68,466</u>
Average duration of the defined benefit obligation	9 years	10 years

17. EQUITY

a. Share capital

	December 31	
	2023	2022
Number of shares authorized (in thousands)	<u>1,800,000</u>	<u>1,800,000</u>
Shares authorized	<u>\$ 18,000,000</u>	<u>\$ 18,000,000</u>

(Continued)

	December 31	
	2023	2022
Number of shares issued and fully paid (in thousands)	<u>1,178,266</u>	<u>1,178,266</u>
Shares issued	<u>\$ 11,782,655</u>	<u>\$ 11,782,655</u>
		(Concluded)

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

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash or transferred to share capital (Note 1)		
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 changes in equities of associates or joint ventures	27,357	27,357
Changes in percentage of ownership interests in subsidiaries (Note 2)	292,491	-
Others	<u>58</u>	<u>58</u>
	<u>319,906</u>	<u>27,415</u>
May not be used for any purpose		
Share of changes in equities of associates or joint ventures	<u>3,348</u>	<u>-</u>
	<u>\$ 664,785</u>	<u>\$ 368,946</u>

Note 1: 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).

Note 2: Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

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

- 1) Payment of income tax.
- 2) Offset accumulated deficit.
- 3) Appropriate as legal capital reserve 10% of the remaining profits, until the accumulated legal reserve equals the paid-in capital.

- 4) Setting aside or reversing a special reserve in accordance with the shareholders' meeting or as requested by the authorities.
- 5) The remainder along with the unappropriated earnings are considered as distributable earnings. In accordance with the dividend policy, the proposal of earnings appropriation is prepared by the board of directors and resolved in the shareholders' meeting.

The 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, 2023 and 2022, the special reserve were \$426,285 thousand.

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

	Appropriations of Earnings		Dividends Per Share (NT\$)	
	2022	2021	2022	2021
Legal reserve	\$ 279,764	\$ 366,497		
Special reserve (reversal)	(204,218)	399,944		
Cash dividends	1,413,919	1,860,419	\$ 1.2	\$ 1.5

The above appropriations for cash dividends of 2022 were resolved by the Company's board of directors in March 2023 and the other proposed appropriations were approved by the shareholders in their meeting in June 2023. The appropriations of earnings for 2021 were approved by the shareholders in their meeting in June 2022.

The appropriations of earnings for 2023 that had been proposed by the Company's board of directors in March 2024 are as follows:

	Appropriation of Earnings	Dividend Per Share (NT\$)
Legal reserve	\$ 147,349	
Special reserve	381,188	
Cash dividends	942,612	\$ 0.8

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 2024.

d. Other equity items

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

	For the Year Ended December 31	
	2023	2022
Balance at beginning of the year	\$ (1,335,011)	\$ (1,781,848)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	(579,276)	406,080
Share of exchange differences of associates and joint ventures accounted for using the equity method	(22,920)	40,757
Other comprehensive income (loss) for the year	(602,196)	446,837
Partial disposal of subsidiaries (Note 22)	50,367	-
Balance at end of the year	\$ (1,886,840)	\$ (1,335,011)

Exchange differences on the translation of the financial statements of foreign operations arose mainly due to the impact of the exchange rate fluctuations of the RMB to the NTD on the subsidiaries which the Company invested in mainland China.

2) Unrealized gains and losses on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at beginning of the year	\$ 357,410	\$ 600,029
Recognized for the year		
Unrealized gains and losses - equity instruments	125,964	(240,036)
Share of associates accounted for using the equity method	44,677	(2,583)
Balance at end of the year	\$ 528,051	\$ 357,410

18. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 13,317,700	\$ 16,211,752

a. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable	\$ 3,468,377	\$ 3,600,765	\$ 4,212,691
Contract liabilities (recorded as other current liabilities - others)			
Sale of goods	\$ 21,670	\$ 20,458	\$ 38,961

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

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

	For the Year Ended December 31	
	2023	2022
From the balance of contract liabilities at the beginning of the year		
Sale of goods	<u>\$ 19,958</u>	<u>\$ 38,710</u>

b. Disaggregation of revenue

	Reportable Segments				
	Resins Materials	Electronic Materials	High Performance Materials	Others	Total
<u>For the year ended December 31, 2023</u>					
Type of revenue					
Sale of goods	<u>\$ 7,054,385</u>	<u>\$ 3,467,871</u>	<u>\$ 2,750,318</u>	<u>\$ 45,126</u>	<u>\$ 13,317,700</u>
<u>For the year ended December 31, 2022</u>					
Type of revenue					
Sale of goods	<u>\$ 8,306,915</u>	<u>\$ 3,949,661</u>	<u>\$ 3,818,917</u>	<u>\$ 136,259</u>	<u>\$ 16,211,752</u>

19. PROFIT BEFORE INCOME TAX

a. Other income

	For the Year Ended December 31	
	2023	2022
Dividend income	\$ 13,013	\$ 63,281
Others (Note 26)	<u>467,048</u>	<u>550,612</u>
	<u>\$ 480,061</u>	<u>\$ 613,893</u>

b. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Loss on disposal of property, plant and equipment	\$ (1,929)	\$ (2,684)
Net foreign exchange gains	8,634	52,386
Finance fees	(40,140)	(41,927)
Others	<u>(1,269)</u>	<u>(110)</u>
	<u>\$ (34,704)</u>	<u>\$ 7,665</u>

c. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest expense		
Interest on loans	\$ 338,896	\$ 227,274
Interest on lease liabilities	1,036	1,384
Less: Amounts included in the cost of qualifying assets	<u>(27,882)</u>	<u>(12,628)</u>
	<u>\$ 312,050</u>	<u>\$ 216,030</u>

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2023	2022
Capitalized interest amount	<u>\$ 27,882</u>	<u>\$ 12,628</u>
Capitalization rates (%)	1.60-2.24	0.94-1.64

d. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 622,993	\$ 637,622
Investment properties	683	684
Right-of-use assets	20,159	24,391
Intangible assets	<u>16,618</u>	<u>17,603</u>
	<u>\$ 660,453</u>	<u>\$ 680,300</u>
Analysis of depreciation by function		
Operating costs	\$ 439,469	\$ 450,488
Operating expenses	<u>204,366</u>	<u>212,209</u>
	<u>\$ 643,835</u>	<u>\$ 662,697</u>
Analysis of amortization by function		
Operating costs	\$ 529	\$ 311
Operating expenses	<u>16,089</u>	<u>17,292</u>
	<u>\$ 16,618</u>	<u>\$ 17,603</u>

e. Employee benefits

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits		
Salaries	\$ 1,934,967	\$ 2,135,174
Labor and health insurance	170,533	188,132
Others	<u>119,082</u>	<u>131,811</u>
	<u>2,224,582</u>	<u>2,455,117</u>

(Continued)

	For the Year Ended December 31	
	2023	2022
Post-employment benefits		
Defined contribution plans	\$ 72,684	\$ 67,563
Defined benefit plans (Note 16)	<u>26,075</u>	<u>88,920</u>
	<u>98,759</u>	<u>156,483</u>
	<u>\$ 2,323,341</u>	<u>\$ 2,611,600</u>
Analysis by function		
Operating costs	\$ 972,013	\$ 1,055,917
Operating expenses	<u>1,351,328</u>	<u>1,555,683</u>
	<u>\$ 2,323,341</u>	<u>\$ 2,611,600</u>
		(Concluded)

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, 2023 are as follows:

	Accrual Amounts Recognized in the Financial Statements	Amounts Approved by the Company's Board of Directors
Compensation of employees	<u>\$ 80,000</u>	<u>\$ 79,662</u>
Remuneration of directors	<u>\$ 11,300</u>	<u>\$ 11,507</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 2023 and 2022, and accrual amounts recognized in the standalone financial statements were as follows:

	For the Year Ended December 31			
	2022		2021	
	Compensation of Employees	Remuneration of Directors	Compensation of Employees	Remuneration of Directors
Amounts approved in the board of directors' meeting	\$ 127,083	\$ 18,356	\$ 176,559	\$ 25,503
Amounts recognized in the financial statements	<u>130,000</u>	<u>18,250</u>	<u>177,500</u>	<u>24,890</u>
Differences	<u>\$ (2,917)</u>	<u>\$ 106</u>	<u>\$ (941)</u>	<u>\$ 613</u>

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

Information on the compensation of employees and remuneration of directors approved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

20. INCOME TAX

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

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 176,636	\$ 377,530
Adjustment for prior years	<u>(22,584)</u>	<u>3,950</u>
	<u>154,052</u>	<u>381,480</u>
Deferred tax		
In respect of the current year	<u>21,230</u>	<u>(323,254)</u>
	<u>\$ 175,282</u>	<u>\$ 58,226</u>

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

	For the Year Ended December 31	
	2023	2022
Profit before income tax	<u>\$ 1,678,969</u>	<u>\$ 2,675,818</u>
Income tax expense calculated at the statutory rate	\$ 335,794	\$ 535,164
Effect from items adjusted by regulation	(92,484)	(436,327)
Income tax on unappropriated earnings	14,556	20,439
Investment credits	(60,000)	(65,000)
Adjustment for prior years	<u>(22,584)</u>	<u>3,950</u>
	<u>\$ 175,282</u>	<u>\$ 58,226</u>

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

	For the Year Ended December 31	
	2023	2022
Current tax		
Disposal of investments in equity instruments at FVTOCI	<u>\$ -</u>	<u>\$ (3,206)</u>

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

	For the Year Ended December 31	
	2023	2022
Deferred tax		
Recognized for the year		
Remeasurement of defined benefit plans	\$ (8,213)	\$ 42,938
Unrealized gains and losses on financial assets at fair value through other comprehensive income	<u>(3,634)</u>	<u>6,550</u>
	<u>\$ (11,847)</u>	<u>\$ 49,488</u>

d. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax assets		
Prepaid income tax (recorded as other current assets - others)	<u>\$ 123,667</u>	<u>\$ 180,880</u>
Current tax liabilities		
Income tax payable	<u>\$ 176,636</u>	<u>\$ 377,530</u>

e. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2023

	Balance at Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at End of the Year
<u>Deferred tax assets</u>				
Temporary differences	\$ 87,084	\$ (7,804)	\$ 8,213	\$ 87,493
Defined benefit plan	<u>90,268</u>	<u>(11,227)</u>	<u>3,634</u>	<u>82,675</u>
Others				
	<u>\$ 177,352</u>	<u>\$ (19,031)</u>	<u>\$ 11,847</u>	<u>\$ 170,168</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Investment income	\$(1,572,827)	\$ (3,743)	\$ -	\$(1,576,570)
Gains on land revaluation	(640,717)	-	-	(640,717)
Unrealized gains on foreign exchange	<u>(3,885)</u>	<u>1,544</u>	<u>-</u>	<u>(2,341)</u>
	<u>\$(2,217,429)</u>	<u>\$ (2,199)</u>	<u>\$ -</u>	<u>\$(2,219,628)</u>

For the Year Ended December 31, 2022

	Balance at Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Spin-Off	Balance at End 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>

f. Income tax assessment

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

21. EARNINGS PER SHARE

	For the Year Ended December 31	
	2023	2022
Basic earnings per share	<u>\$ 1.28</u>	<u>\$ 2.15</u>
Diluted earnings per share	<u>\$ 1.27</u>	<u>\$ 2.15</u>

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

	For the Year Ended December 31	
	2023	2022
Net profit for the year	<u>\$ 1,503,687</u>	<u>\$ 2,617,592</u>

Number of ordinary shares

Unit: Thousand Shares

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,178,266	1,214,964
Effect of potentially dilutive ordinary shares		
Compensation of employee	<u>3,478</u>	<u>5,068</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,181,744</u>	<u>1,220,032</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. PARTIAL DISPOSAL OF SUBSIDIARIES - WITHOUT LOSS OF CONTROL

In the fourth quarter of 2023, the Company subscribed for additional new shares of the subsidiary Eternal Precision Mechanics Co., Ltd. at a percentage different from its existing ownership percentage and the employees of the Company and its subsidiaries subscribed to the employee share options of the subsidiary Eternal Precision Mechanics Co., Ltd., reducing of its percentage of ownership from 100% to 84.61%.

The above transactions were accounted for as equity transactions since the Company did not cease to have control over the subsidiary. For details about the partial disposal of the subsidiary, refer to Note 27 of the consolidated financial statements.

23. CASH FLOW INFORMATION

	For the Year Ended December 31	
	2023	2022
Acquisition of property, plant and equipment	\$ 1,043,671	\$ 1,242,596
Decrease (increase) in payables for equipment	<u>120,555</u>	<u>(132,502)</u>
	1,164,226	1,110,094
Capitalized interest	<u>(27,882)</u>	<u>(12,628)</u>
Cash paid	<u>\$ 1,136,344</u>	<u>\$ 1,097,466</u>

24. 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.

25. FINANCIAL INSTRUMENTS

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

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

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

- 1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>December 31, 2023</u>				
Financial instruments at FVTOCI				
Equity instruments				
Domestic and foreign listed shares	<u>\$ 655,657</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 655,657</u>
Domestic and foreign unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 143,729</u>	<u>\$ 143,729</u>
<u>December 31, 2022</u>				
Financial instruments at FVTOCI				
Equity instruments				
Domestic and foreign listed shares	<u>\$ 522,190</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 522,190</u>
Domestic and foreign unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,866</u>	<u>\$ 104,866</u>

There was no transfer between Level 1 and Level 2 during the years ended December 31, 2023 and 2022.

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

For the Year ended December 31, 2023

	Stocks Financial Assets at FVTOCI
<u>Financial assets</u>	
Balance at beginning of the year	\$ 104,866
Additions	50,000
Recognized in other comprehensive income	<u>(11,137)</u>
Balance at end of the year	<u>\$ 143,729</u>

For the Year ended December 31, 2022

	Stocks Financial Assets at FVTOCI
<u>Financial assets</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>

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

The fair values of domestic and foreign unlisted shares were estimated using the net worth of their latest financial statement and the market approach by reference to industry category, the revaluation of similar companies and the company's operations.

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Financial assets at amortized cost (Note 1)	\$ 4,170,048	\$ 4,858,887
Financial assets at fair value through other comprehensive income - equity instruments	799,386	627,056
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	19,494,515	19,815,617

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 - others 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 (including current portion) 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 30.

Sensitivity analysis

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

		Impact on Profit or Loss	
		2023	2022
<u>Foreign Currencies:Functional Currency</u>			
Financial assets			
Monetary items			
USD:NTD	\$	23,366	\$ 28,319
RMB:NTD		3,350	4,076
JPY:NTD		2,074	2,228
EUR:NTD		1,108	248

(Continued)

		Impact on Profit or Loss	
		2023	2022
Financial liabilities			
Monetary items			
USD:NTD		\$ 19,942	\$ 16,368
JPY:NTD		2,209	2,351
			(Concluded)

b) Interest rate risk

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

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

		December 31	
		2023	2022
Fair value interest rate risk			
Financial assets		\$ 15,000	\$ 30,000
Financial liabilities		5,535,619	6,907,239
Cash flow interest rate risk			
Financial assets		165,671	159,111
Financial liabilities		12,109,047	10,949,564

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 \$121,090 thousand and \$109,496 thousand for the years ended December 31, 2023 and 2022, respectively.

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, 2023 and 2022 would have increased/decreased by \$6,557 thousand and \$5,222 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, 2023

		Less Than 1 Year	1-2 Years	2-3 Years	3-5 Years	Over 5 Years	Total
Non-derivative financial liabilities							
	\$						
Short-term borrowings	- \$	4,673,433	\$ -	\$ -	\$ -	\$ -	\$ 4,673,433
Notes payable	-	2,362	-	-	-	-	2,362
Accounts payable	-	1,143,698	-	-	-	-	1,143,698
Other payables	-	742,282	-	-	-	-	742,282
Lease liabilities		16,048	10,650	5,859	3,716	5,506	41,779
Long-term borrowings (including current portion)		3,138,275	3,237,115	1,340,067	-	-	7,715,457
Financial guarantee liabilities		1,796,499	2,282	11,412	1,413,680	-	3,223,873
Bonds payable (including current portion)		<u>3,035,326</u>	<u>14,500</u>	<u>2,509,455</u>	<u>-</u>	<u>-</u>	<u>5,559,281</u>
		<u>\$ 14,547,923</u>	<u>\$ 3,264,547</u>	<u>\$ 3,866,793</u>	<u>\$ 1,417,396</u>	<u>\$ 5,506</u>	<u>\$ 23,102,165</u>

December 31, 2022

		Less Than 1 Year	1-2 Years	2-3 Years	3-5 Years	Over 5 Years	Total
Non-derivative financial liabilities							
	\$						
Short-term borrowings	- \$	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 (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>

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, 2023, the Company's current liabilities exceeded its current assets by \$3,125,842 thousand. After the Company's management assessment, sufficient cash flows and credit lines were still available to cover operating activities.

26. TRANSACTIONS WITH RELATED PARTIES

a. Related party names and relationships

Related Party Name	Relationship
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 Chemical (Chengdu) Co., Ltd.	Subsidiary
Eternal Material Industry (Tongling) Co., Ltd.	Subsidiary
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Subsidiary

(Continued)

Related Party Name	Relationship
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
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
Eternal Materials India Private Limited	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
Kao, Ying-Shih	First-degree relative of the chairman of the Company
Kwang Yang Motor Co., Ltd.	Key management personnel (Concluded)

b. Operating revenue

Account Item	Related Party Category	For the Year Ended December 31	
		2023	2022
Revenue from sales of goods	Subsidiaries	\$ 2,855,714	\$ 3,185,290
	Associates	85,062	96,139
	Key management personnel	-	4,183
	Other related parties	-	102
		<u>\$ 2,940,776</u>	<u>\$ 3,285,714</u>

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

c. Purchase of goods

Related Party Category	For the Year Ended December 31	
	2023	2022
Subsidiaries	\$ 441,633	\$ 829,173
Associates	887	1,513
Other related parties	<u>-</u>	<u>2,796</u>
	<u>\$ 442,520</u>	<u>\$ 833,482</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	
	2023	2022
Subsidiaries		
Eternal (China) Investment Co., Ltd.	\$ 106,206	\$ 117,685
Eternal Materials (Guangdong) Co., Ltd.	48,227	47,767
Eternal Specialty Materials (Zhuhai) Co., Ltd.	48,288	60,113
Others	191,688	269,448
Associates	3,469	5,163
Key management personnel	<u>20</u>	<u>-</u>
	<u>\$ 397,898</u>	<u>\$ 500,176</u>

Inclusive of service fee, trademark license fee, technology license fee and endorsement/guarantee fee and so on.

e. Receivables from related parties

Account Item	Related Party Category/Name	December 31	
		2023	2022
Accounts receivable	Subsidiaries		
	CHOU-KOU	\$ 187,638	\$ 138,751
	Materials Co., Ltd.		
	Eternal Chemical	47,419	116,819
	(China) Co., Ltd.		
	Eternal Specialty	129,661	111,071
	Materials (Zhuhai)		
	Co., Ltd.		
	Eternal Photo	78,419	96,629
	Electronic Materials		
	(Guangzhou) Co., Ltd.		
	Elga Europe S.r.l.	108,237	46,040
	Eternal Technology Corporation	90,770	33,429
	Others	217,531	313,799
	Associates	<u>22,357</u>	<u>21,117</u>
		<u>\$ 882,032</u>	<u>\$ 877,655</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, 2023 and 2022, the balance of loss allowance of accounts receivable from related parties was \$3 thousand and \$4 thousand, respectively.

Account Item	Related Party Category/Name	December 31	
		2023	2022
Other receivables	Subsidiaries		
	Eternal (China) Investment Co., Ltd.	\$ 105,170	\$ 117,971
	Eternal Specialty Materials (Zhuhai) Co., Ltd.	47,787	60,207
	Eternal Materials (Guangdong) Co., Ltd.	47,744	47,844
	Others	172,794	211,439
	Associates	32	10
	Key management personnel	21	-
		<u>\$ 373,548</u>	<u>\$ 437,471</u>

For the years ended December 31, 2023 and 2022, the balance of loss allowance of other receivables was \$29,800 thousand.

f. Payables to related parties

Account Item	Related Party Category	December 31	
		2023	2022
Accounts payable	Subsidiaries	<u>\$ 120,638</u>	<u>\$ 41,056</u>

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

g. Loans to related parties

Account Item	Related Party Category/Name	December 31	
		2023	2022
Other receivables	Associates		
	Eternal Technology Corporation	<u>\$ -</u>	<u>\$ 307,100</u>

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

h. Dividends receivable - only for 2022

The dividends receivable of Covestro Eternal Resins (Far East) Ltd. was \$53,452 thousand as of December 31, 2022.

i. Loans from related parties

Account Item	Related Party Category/Name	December 31	
		2023	2022
Short-term borrowings	Subsidiaries		
	Eternal Holdings Inc.	\$ 1,596,660	\$ 982,720
Account Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Interest expense	Subsidiaries		
	Eternal Holdings Inc.	\$ 76,410	\$ 17,756

The Company borrowed loans from related parties at rates comparable to market interest rates.

j. Endorsements/guarantees provided

As of December 31, 2023 and 2022, guarantees provided by the Company to the related parties for investment compliance were as follows:

Related Party Category/Name	December 31	
	2023	2022
Subsidiaries		
Eternal Material Industry (Tongling) Co., Ltd.		
Amount endorsed	\$ 1,582,352	\$ -
Amount utilized	(45,650)	-
	<u>\$ 1,536,702</u>	<u>\$ -</u>
Eternal Materials (Malaysia) Sdn. Bhd.		
Amount endorsed	\$ 2,540,511	\$ 2,543,157
Amount utilized	(1,295,950)	(1,430,588)
	<u>\$ 1,244,561</u>	<u>\$ 1,112,569</u>
Eternal Holdings Inc.		
Amount endorsed	\$ 552,690	\$ 540,496
Amount utilized	-	-
	<u>\$ 552,690</u>	<u>\$ 540,496</u>
Eternal Nanyang Investment Co., Ltd.		
Amount endorsed	\$ 1,842,300	\$ 1,535,500
Amount utilized	(1,412,430)	(1,305,175)
	<u>\$ 429,870</u>	<u>\$ 230,325</u>
Others		
Amount endorsed	\$ 511,069	\$ 540,962
Amount utilized	(469,843)	(451,358)
	<u>\$ 41,226</u>	<u>\$ 39,604</u>

k. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 93,569	\$ 116,845
Post-employment benefits	<u>1,069</u>	<u>5,372</u>
	<u>\$ 94,638</u>	<u>\$ 122,217</u>

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The Company's assets pledged as customs guarantee were as follows:

	December 31	
	2023	2022
Other financial assets - current and non-current (recorded as other current assets - others and other non-current assets - others)		
Time deposit certificates	<u>\$ 15,000</u>	<u>\$ 30,000</u>

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- The Company has issued but unused letters of credit with an aggregate amount of \$27,307 thousand as of December 31, 2023.
- The Company has contracts that were not yet incurred to purchase property, plant and equipment and intangible assets of \$289,045 thousand as of December 31, 2023.

29. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

None.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currency of the Company and the exchange rates between the foreign currencies and the functional currency were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>December 31, 2023</u>			
Financial assets			
Monetary items			
USD	\$ 76,098	30.7050 (USD:NTD)	\$ 2,336,589
RMB	77,271	4.3352 (RMB:NTD)	334,986
JPY	958,047	0.2165 (JPY:NTD)	207,408
EUR	3,252	34.0713 (EUR:NTD)	110,800

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount
Non-monetary items				
Investments accounted for using the equity method				
USD	\$ 931,052	30.7050	(USD:NTD)	\$ 28,587,956
JPY	3,362,259	0.2165	(JPY:NTD)	727,929
THB	145,390	0.9017	(THB:NTD)	131,098
Financial liabilities				
Monetary items				
USD	64,948	30.7050	(USD:NTD)	1,994,228
JPY	1,020,454	0.2165	(JPY:NTD)	220,918
<hr/> December 31, 2022 <hr/>				
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
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
				(Concluded)

The total realized and unrealized foreign exchange gains and losses were a gain of \$8,634 thousand and a gain of \$52,386 thousand for the years ended December 31, 2023 and 2022, respectively. Considering the variety of the foreign currency transactions, the Company disclosed the net foreign exchange gains and losses in aggregate.

31. 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 statements)
 - 10) Others: The business relationship between the parent company and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions (Table 8)
 - 11) Information on investees (Table 9)
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment gain or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 10)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period (Table 6)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Table 6)
 - c) The amount of property transactions and the amount of the resultant gains or losses: None
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds (Table 1)
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services (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)

32. 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, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 2)	Ending Balance (Note 3)	Actual Amount Drawn	Interest Rate (%)	Nature of Financing (Note 4)	Transaction Amount	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Limit	Note
													Item	Value			
0	Eternal Materials Co., Ltd.	Eternal Technology Corporation	Other receivables from related parties	Y	\$ 609,600	\$ -	\$ -	-	2	\$ -	Operating needs	\$ -	-	\$ -	\$ 1,236,732	\$ 9,893,852	Note 5
1	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	Other receivables from related parties	Y	888,556	433,521	24,176	2.93-3.10	2	-	Operating needs	-	-	-	9,025,150	9,025,150	Note 6
1	Eternal Chemical (China) Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	Other receivables from related parties	Y	799,700	433,521	298,903	2.93-3.10	2	-	Operating needs	-	-	-	9,025,150	9,025,150	Note 6
1	Eternal Chemical (China) Co., Ltd.	Eternal Materials (Guangdong) Co., Ltd.	Other receivables from related parties	Y	177,711	86,704	-	-	2	-	Operating needs	-	-	-	9,025,150	9,025,150	Note 6
1	Eternal Chemical (China) Co., Ltd.	Eternal Specialty Materials (Suzhou) Co., Ltd.	Other receivables from related parties	Y	444,278	216,761	-	-	2	-	Operating needs	-	-	-	9,025,150	9,025,150	Note 6
1	Eternal Chemical (China) Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	Other receivables from related parties	Y	1,777,112	867,042	727,778	2.93-3.10	2	-	Operating needs	-	-	-	9,025,150	9,025,150	Note 6
1	Eternal Chemical (China) Co., Ltd.	Eterkon Semiconductor Materials Co., Ltd.	Other receivables from related parties	Y	106,627	-	-	-	2	-	Operating needs	-	-	-	1,805,030	1,805,030	Note 7
1	Eternal Chemical (China) Co., Ltd.	Eternal (China) Investment Co., Ltd.	Other receivables from related parties	Y	1,517,324	1,517,324	219,773	2.93-3.10	2	-	Operating needs	-	-	-	9,025,150	9,025,150	Note 6
1	Eternal Chemical (China) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Other receivables from related parties	Y	666,417	433,521	4,625	2.93-3.10	2	-	Operating needs	-	-	-	9,025,150	9,025,150	Note 6
1	Eternal Chemical (China) Co., Ltd.	Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Other receivables from related parties	Y	133,283	65,028	-	-	2	-	Operating needs	-	-	-	9,025,150	9,025,150	Note 6
1	Eternal Chemical (China) Co., Ltd.	Eternal Optical Material (Suzhou) Co., Ltd.	Other receivables from related parties	Y	88,856	43,352	-	-	2	-	Operating needs	-	-	-	9,025,150	9,025,150	Note 6
2	Eternal Materials (Guangdong) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	444,278	216,761	-	-	2	-	Operating needs	-	-	-	6,752,661	6,752,661	Note 6
2	Eternal Materials (Guangdong) Co., Ltd.	Eternal (China) Investment Co., Ltd.	Other receivables from related parties	Y	346,817	346,817	-	-	2	-	Operating needs	-	-	-	6,752,661	6,752,661	Note 6
3	Eternal Holdings Inc.	Eternal Technology Corporation	Other receivables from related parties	Y	457,200	-	-	-	2	-	Operating needs	-	-	-	39,955,058	39,955,058	Note 6
3	Eternal Holdings Inc.	Eternal Materials Co., Ltd.	Other receivables from related parties	Y	2,788,550	1,596,660	1,596,660	5.80-5.88	2	-	Operating needs	-	-	-	39,955,058	39,955,058	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	888,556	433,521	-	-	2	-	Operating needs	-	-	-	29,585,803	29,585,803	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	Other receivables from related parties	Y	1,909,041	953,746	-	-	2	-	Operating needs	-	-	-	29,585,803	29,585,803	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	Other receivables from related parties	Y	1,065,511	953,746	520,225	3.10	2	-	Operating needs	-	-	-	29,585,803	29,585,803	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	Other receivables from related parties	Y	867,042	867,042	346,817	3.10	2	-	Operating needs	-	-	-	29,585,803	29,585,803	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Other receivables from related parties	Y	887,926	867,042	433,521	3.10	2	-	Operating needs	-	-	-	29,585,803	29,585,803	Note 6
4	Eternal (China) Investment Co., Ltd.	Shanghai Dowill Paint Technology Co., Ltd. (Original name: ESCO Specialty Coatings (Shanghai) Co., Ltd.)	Non-current assets held for sale	Y	162,161	-	-	-	2	-	Operating needs	-	-	-	5,917,161	5,917,161	Notes 7 and 8
4	Eternal (China) Investment Co., Ltd.	Eterkon Semiconductor Materials Co., Ltd.	Other receivables from related parties	Y	108,416	104,045	104,045	3.65	2	-	Operating needs	-	-	-	5,917,161	5,917,161	Note 7
4	Eternal (China) Investment Co., Ltd.	Eternal Specialty Materials (Suzhou) Co., Ltd.	Other receivables from related parties	Y	216,761	216,761	-	-	2	-	Operating needs	-	-	-	29,585,803	29,585,803	Note 6
4	Eternal (China) Investment Co., Ltd.	Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Other receivables from related parties	Y	65,028	65,028	-	-	2	-	Operating needs	-	-	-	29,585,803	29,585,803	Note 6
5	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	1,110,695	650,282	296,989	2.43-2.85	2	-	Operating needs	-	-	-	7,596,371	7,596,371	Note 6

(Continued)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 2)	Ending Balance (Note 3)	Actual Amount Drawn	Interest Rate (%)	Nature of Financing (Note 4)	Transaction Amount	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Limit	Note
													Item	Value			
5	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal (China) Investment Co., Ltd.	Other receivables from related parties	Y	\$ 650,282	\$ 650,282	\$ -	-	2	\$ -	Operating needs	\$ -	-	\$ -	\$ 7,596,371	\$ 7,596,371	Note 6
6	Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	225,867	216,761	17,489	2.43-2.85	2	-	Operating needs	-	-	-	4,085,324	4,085,324	Note 6
6	Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal (China) Investment Co., Ltd.	Other receivables from related parties	Y	433,521	433,521	-	-	2	-	Operating needs	-	-	-	4,085,324	4,085,324	Note 6
7	Eternal Specialty Materials (Zuhai) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Other receivables from related parties	Y	225,867	216,761	43,941	2.43-2.85	2	-	Operating needs	-	-	-	1,176,953	1,176,953	Note 7
7	Eternal Specialty Materials (Zuhai) Co., Ltd.	Eternal (China) Investment Co., Ltd.	Other receivables from related parties	Y	433,521	433,521	-	-	2	-	Operating needs	-	-	-	1,176,953	1,176,953	Note 7

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

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

Note 2: The maximum balance for the period had been approved by the board of directors, and translated into NTD using the exchange rate at the balance sheet date.

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

Note 4: Nature of financing is as follows:

- 1. Business relationship.
- 2. Short-term financing.

Note 5: According to the Company’s Operation Procedures for Lending Funds to Others, the Company’s total financing limits and the financing limit for each borrowing company shall not exceed 40% and 5% of the net worth of the Company’s financial statement of December 31, 2023, respectively.

Note 6: According to the subsidiary’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, 2023, and it should be translated into NTD using the exchange rate at the balance sheet date.

Note 7: According to the subsidiary’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, 2023, and it should be translated into NTD using the exchange rate at the balance sheet date.

Note 8: The ownership of Shanghai Dowill Paint Technology Co., Ltd. (Original name: ESCO Specialty Coatings (Shanghai) Co., Ltd.), held by the Company and its subsidiaries, has been sold to a non-related party in May 2023. It is currently not an associate of the Company and its subsidiaries. The table only discloses the financing record before May 2023.

(Concluded)

TABLE 2**Eternal Materials Co., Ltd. and Subsidiaries****ENDORSEMENTS/GUARANTEES PROVIDED****FOR THE YEAR ENDED DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsements /Guarantees Given on Behalf of Each Party	Maximum Amount Endorsements /Guarantees During the Period (Note 4)	Outstanding Endorsements /Guarantees the End of the Period (Note 5)	Actual Amount Drawn	Amount Endorsements /Guarantees by Collaterals	Ratio of Accumulated Endorsements /Guarantees to Net Equity per Latest Financial Statements (%)	Maximum Endorsements /Guarantees Amount Allowable	Endorsements /Guarantees Given by Parent on Behalf of Subsidiaries	Endorsements /Guarantees by Subsidiaries on Behalf of Parent	Endorsements /Guarantees Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 2)											
0	Eternal Materials Co., Ltd.	Eternal Holdings Inc.	2	\$ 24,734,630	\$ 570,680	\$ 552,690	\$ -	\$ -	2.23	\$ 24,734,630	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Materials (Malaysia) Sdn. Bhd.	2	24,734,630	2,680,949	2,540,511	1,295,950	-	10.27	24,734,630	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Elga Europe S.r.l.	2	24,734,630	527,547	511,069	469,843	-	2.07	24,734,630	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Nanyang Investment Co., Ltd.	2	24,734,630	3,566,750	1,842,300	1,412,430	-	7.45	24,734,630	Y	N	N	Notes 3 and 6
0	Eternal Materials Co., Ltd.	Eternal Material Industry (Tongling) Co., Ltd.	2	24,734,630	1,648,829	1,582,352	45,650	-	6.40	24,734,630	Y	N	Y	Notes 3 and 6
1	Eternal (China) Investment Co., Ltd.	Eternal Material Industry (Tongling) Co., Ltd.	2	14,792,902	451,734	433,521	-	-	2.93	14,792,902	N	N	Y	Note 7

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

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

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

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

Note 3: In accordance with the parent company's "Procedures for Provision of Endorsements and Guarantees," limit on endorsement/guarantee given on behalf of each party is 100% of the parent company's net worth based on the financial statements for the year ended December 31, 2023.

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, 2023.

Note 7: In accordance with the subsidiary's "Procedures for Provision of Endorsements and Guarantees," the limit on endorsement/guarantee given on behalf of each party and the maximum amount endorsed/guaranteed are based on its net worth for the year ended December 31, 2023.

TABLE 3**Eternal Materials Co., Ltd. and Subsidiaries****MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				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	\$ 655,657	2.29	\$ 655,657	
	TBG Diagnostics Limited (stock)	-	Financial assets at fair value through other comprehensive income - non-current	40,200,000	38,427	18.48	38,427	
	Universal Venture Capital Investment Corp. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	5,000,000	52,949	4.15	52,949	
	Der Yang Biotechnology Venture Capital Co., Ltd. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	230,096	2,979	11.11	2,979	
	Research Innovation Capital Corporation (stock)	-	Financial assets at fair value through other comprehensive income - non-current	10,000,000	49,374	29.76 (Note 1)	49,374	
	Hwa Nan Venture Capital Co., Ltd. (stock)	-	Financial assets at fair value through other comprehensive income - non-current	57,438	-	10.6	-	
Mixville Holdings Inc.	Grace THW Holding Limited (stock)	-	Financial assets at fair value through other comprehensive income - non-current	1,900,000	239,455	Note 2	239,455	
	Pacven Walden Ventures V, L.P. (mutual fund)	-	Financial assets at fair value through profit or loss - non-current	-	9,182	Note 2	9,182	

Note 1: The Company has no significant influence on it, refer to Note 12 of the consolidated financial statements.

Note 2: The percentage of ownership is less than 1%.

TABLE 4

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, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance (Note 1)	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units	Amount
Eternal International (BVI) Co., Ltd.	Eternal (China) Investment Co., Ltd.	Investments accounted for using the equity method	Note 2	Subsidiary	Note 4	\$ 15,308,189	-	\$ -	Note 4	\$ -	\$ (676,725)	Note 2	Note 4	\$ 14,792,902
Eternal Holdings Inc.	Eternal International (BVI) Co., Ltd.	Investments accounted for using the equity method	Note 2	Subsidiary	183,793,592	15,137,021	-	-	(22,000,000)	-	(676,725)	Note 2	161,793,592	14,825,893
Eternal Materials Co., Ltd.	Eternal Holding Inc.	Investments accounted for using the equity method	Note 2	Subsidiary	200,108,859	20,293,015	-	-	(15,000,000)	-	(454,125)	Note 2	185,108,859	19,838,131
Eternal Materials Co., Ltd.	Eternal Technology Corporation	Investments accounted for using the equity method	Note 3 and Eternal International (BVI) Co., Ltd. (Note 6)	Subsidiary	-	-	Note 5	366,404	-	-	-	-	1,000	297,357
Eternal (China) Investment Co., Ltd.	Eternal Material Industry (Tongling) Co., Ltd.	Investments accounted for using the equity method	Note 3	Subsidiary	Note 4	863,511	Note 4	781,380	-	-	-	-	Note 4	1,586,195
Eternal (China) Investment Co., Ltd.	Eternal Chemical (Chengdu) Co., Ltd.	Investments accounted for using the equity method	Note 3	Subsidiary	Note 4	(703,359)	Note 4	1,003,720	-	-	-	-	Note 4	157,014

Note 1: Including share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method and exchange differences on translation of the financial statements of foreign operations.

Note 2: Capital reduction.

Note 3: Capital increase.

Note 4: No share was issued; therefore, it’s not applicable.

Note 5: No shares was issued in this capital increase; therefore, it’s not applicable.

Note 6: Reorganization.

TABLE 5

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, 2023
(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 Material Industry (Tongling) Co., Ltd.	Engaging the non-related party to build the office & factory building on own land.	March 20, 2023	\$ 946,000	Payment in accordance with the terms	Zhongdi Construction Group Co., Ltd.	Non- related party	-	-	-	\$ -	Price negotiation in accordance with the terms	Self-use	None
Eternal Electronic (Suzhou) Co., Ltd.	The construction of phase 2 warehouses and class A warehouse	November 25, 2023	378,964	Payment in accordance with the terms	Zhongdi Construction Group Co., Ltd.	Non- related party	-	-	-	-	Price negotiation in accordance with the terms	Self-use	None

TABLE 6

Eternal Materials Co., Ltd. and Subsidiaries

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales (Note 2)	Amount	% to Total	Payment Terms	Unit Price	Payment Term	Ending Balance	% to Total	
Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	Subsidiary	Sales	\$ 531,315	4	Note 1	\$ -	-	\$ 187,638	5	
	Nikko-Materials Co., Ltd.	Subsidiary	Sales	105,256	1	Note 1	-	-	-	-	
	Eternal Electronic Material (Thailand) Co., Ltd.	Subsidiary	Sales	164,699	1	Note 1	-	-	52,145	2	
	Elga Europe S.r.l.	Subsidiary	Sales	154,756	1	Note 1	-	-	108,237	3	
	Eternal Chemical (China) Co., Ltd.	Subsidiary	Sales	189,709	1	Note 1	-	-	47,419	1	
	Eternal (China) Investment Co., Ltd.	Subsidiary	Sales	258,107	2	Note 1	-	-	70,238	2	
	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Subsidiary	Sales	582,973	4	Note 1	-	-	129,661	4	
	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Subsidiary	Sales	350,388	3	Note 1	-	-	78,419	2	
	Eternal Materials (Guangdong) Co., Ltd.	Subsidiary	Sales	216,609	2	Note 1	-	-	29,997	1	
Eternal Materials (Guangdong) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Sister company	Sales	238,346	5	Note 1	-	-	39,969	2	
	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Sister company	Sales	410,478	8	Note 1	-	-	81,537	4	
	Allnex-Eternal Resins (Guangdong) Co., Ltd.	Associate	Sales	417,522	8	Note 1	-	-	101,967	5	
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	Sister company	Sales	160,775	5	Note 1	-	-	62,327	3	
	Eternal Electronic (Suzhou) Co., Ltd.	Sister company	Sales	177,530	5	Note 1	-	-	71,628	4	
Eternal Specialty Materials (Zhuhai) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Sister company	Sales	143,903	3	Note 1	-	-	40,227	3	
	Eternal Materials Co., Ltd.	Ultimate parent company	Sales	199,277	4	Note 1	-	-	39,148	3	
Eternal Chemical (China) Co., Ltd.	Allnex-Eternal Resins (Guangdong) Co., Ltd.	Associate	Sales	147,457	3	Note 1	-	-	99,187	5	
Eternal Chemical (Tianjin) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	Sister company	Sales	258,361	11	Note 1	-	-	47,355	5	
Eternal Specialty Materials (Suzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	Sister company	Sales	214,535	8	Note 1	-	-	74,283	9	

(Continued)

Company name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales (Note 2)	Amount	% to Total	Payment Terms	Unit Price	Payment Term	Ending Balance	% to Total	
Eternal Electronic (Suzhou) Co., Ltd.	Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Sister company	Sales	\$ 106,393	6	Note 1	\$ -	-	\$ 50,210	7	

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.

(Concluded)

TABLE 7

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, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Doubtful Accounts	Note
					Amount	Actions Taken			
Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	Subsidiary	\$ 187,638	3.26	\$ 37,922	Collected subsequently	\$ 38,039	\$ -	Note
	Elga Europe S.r.l.	Subsidiary	108,237	2.01	72,937	Collected subsequently	17,164	-	
	Eternal Specialty Materials (Zhuhai) Co., Ltd.	Subsidiary	129,661	4.84	-	-	56,625	-	
	Eternal (China) Investment Co., Ltd.	Subsidiary	105,170	-	-	-	-	-	
Eternal Materials (Guangdong) Co., Ltd.	Allnex-Eternal Resins (Guangdong) Co., Ltd.	Associate	101,967	3.83	6,509	Collected subsequently	18,140	128	

Note : Other receivables.

TABLE 8

Eternal Materials Co., Ltd. and Subsidiaries

**INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Item (Note 5)	Amount	Terms	% to Total Revenues or Assets
0	Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	1	Revenue from sales of goods	\$ 531,315	Note 3	1.25
0	Eternal Materials Co., Ltd.	Nikko-Materials Co., Ltd.	1	Revenue from sales of goods	105,256	Note 3	0.25
0	Eternal Materials Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	1	Revenue from sales of goods	164,699	Note 3	0.39
0	Eternal Materials Co., Ltd.	Elga Europe S.r.l.	1	Revenue from sales of goods	154,756	Note 3	0.36
0	Eternal Materials Co., Ltd.	Eternal Chemical (China) Co., Ltd.	1	Revenue from sales of goods	189,709	Note 3	0.45
0	Eternal Materials Co., Ltd.	Eternal (China) Investment Co., Ltd.	1	Revenue from sales of goods	258,107	Note 3	0.61
0	Eternal Materials Co., Ltd.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	1	Revenue from sales of goods	582,973	Note 3	1.37
0	Eternal Materials Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	1	Revenue from sales of goods	350,388	Note 3	0.83
0	Eternal Materials Co., Ltd.	Eternal Materials (Guangdong) Co., Ltd.	1	Revenue from sales of goods	216,609	Note 3	0.51
0	Eternal Materials Co., Ltd.	Eternal (China) Investment Co., Ltd.	1	Other income	106,206	Note 3	0.25
0	Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	1	Notes and accounts receivable from related parties	187,638	Note 3	0.32
0	Eternal Materials Co., Ltd.	Elga Europe S.r.l.	1	Notes and accounts receivable from related parties	108,237	Note 3	0.18
0	Eternal Materials Co., Ltd.	Eternal Specialty Materials (Zhuhai) Co., Ltd.	1	Notes and accounts receivable from related parties	129,661	Note 3	0.22
0	Eternal Materials Co., Ltd.	Eternal (China) Investment Co., Ltd.	1	Other receivables from related parties	105,170	Note 3	0.18
1	Eternal Holdings Inc.	Eternal Materials Co., Ltd.	2	Other receivables from related parties	1,596,660	Note 4	2.73
2	Eternal (China) Investment Co., Ltd.	Eternal Chemical (Tianjin) Co., Ltd.	1	Other receivables from related parties	520,225	Note 4	0.89
2	Eternal (China) Investment Co., Ltd.	Eternal Synthetic Resins (Changshu) Co., Ltd.	1	Other receivables from related parties	346,817	Note 4	0.59
2	Eternal (China) Investment Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	1	Other receivables from related parties	433,521	Note 4	0.74
3	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic Material (Thailand) Co., Ltd.	3	Revenue from sales of goods	160,775	Note 3	0.38
3	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Electronic (Suzhou) Co., Ltd.	3	Revenue from sales of goods	177,530	Note 3	0.42
3	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	3	Other receivables from related parties	296,989	Note 4	0.51
4	Eternal Materials (Guangdong) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	3	Revenue from sales of goods	238,346	Note 3	0.56
4	Eternal Materials (Guangdong) Co., Ltd.	Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	3	Revenue from sales of goods	410,478	Note 3	0.97
5	Eternal Chemical (Tianjin) Co., Ltd.	Eternal Chemical (China) Co., Ltd.	3	Revenue from sales of goods	258,361	Note 3	0.61

(Continued)

TABLE 9

Eternal Materials Co., Ltd. and Subsidiaries

**INFORMATION ON INVESTEEES (EXCLUDING INVESTMENTS IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Eternal Materials Co., Ltd.	Eternal Holdings Inc.	Samoa	International investment	\$ 5,681,836	\$ 6,135,961	185,108,859	100.00	\$ 19,838,131	\$ 731,712	\$ 745,126	Note 27 of the consolidated financial statements
Eternal Materials Co., Ltd.	Eternal Global (BVI) Co., Ltd.	British Virgin Islands	International investment	703,144	703,144	16,357,914	100.00	4,826,794	227,801	236,540	
Eternal Materials Co., Ltd.	Mixville Holdings Inc.	British Virgin Islands	International investment	899,392	899,392	26,630,000	100.00	3,625,674	191,547	200,012	
Eternal Materials Co., Ltd.	Advanced PETFILM Investment Co., Ltd.	Japan	International investment	788,630	788,630	270	20.00	506,495	145,914	25,894	
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	714,968	523,354	119,325	
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	32,056	595	373	
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	123,416	125,321	50,129	
Eternal Materials Co., Ltd.	Eternal Precision Mechanics Co., Ltd.	Taiwan	Manufacturing and selling of vacuum laminator	555,123	550,000	52,085,384	84.61	1,263,256	316,897	330,206	
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	131,098	1,334	8,031	
Eternal Materials Co., Ltd.	CHOU-KOU Materials Co., Ltd.	Japan	Selling, trading and providing services of resins material, electronic material and other related products; manufacturing and selling of dry film photoresist	190,594	60,431	9,760	100.00	221,434	26,028	17,378	
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	18,008	29,889	21,723	Note 2
Eternal Materials Co., Ltd.	Eternal Technology Corporation	United States	Manufacturing and selling of photoresist; selling of chemical prouduts	622,950	-	1,000	100.00	297,357	(107,652)	(65,645)	
Eternal Precision Mechanics Co., Ltd.	Nikko-Materials Co., Ltd.	Japan	Manufacturing and selling of vacuum laminator	300,150	300,150	11,520	100.00	875,047	455,167	-	Note 1
Eternal Holdings Inc.	Eternal International (BVI) Co., Ltd.	British Virgin Islands	International investment	5,062,308	5,739,033	161,793,592	100.00	14,825,893	361,383	-	Note 1
Eternal Holdings Inc.	E-Chem Corp.	Samoa	International investment	165,608	165,608	4,990,000	100.00	2,793,838	454,520	-	Note 1
Eternal Holdings Inc.	Eternal Nanyang Investment Co., Ltd.	Samoa	International investment	841,453	841,453	28,350,000	90.00	156,249	(247,564)	-	Note 1
Eternal Holdings Inc.	PT Eternal Materials Indonesia	Indonesia	Trading of chemical products	13,360	13,360	670	67.00	14,761	(2,523)	-	Note 1
Eternal Holdings Inc.	Eternal Materials India Private Limited	India	Selling, trading of chemical	13,643	-	3,465,000	99.00	12,530	(278)	-	Note 1
Eternal Holdings Inc.	Allnex-Eternal Resins Corporation Limited	Hong Kong	Trading and international investment	14,496	50,385	49,000	49.00	413,926	144,265	-	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; selling of chemical products	-	600,693	-	-	-	(107,652)	-	Notes 1 and 2
E-Chem Corp	Eternal Materials India Private Limited	India	Selling, trading of chemical	138	-	35,000	1.00	127	(278)	-	Note 1
Mixville Holdings Inc.	High Expectation Limited	Cayman Islands	International investment	871,519	871,519	26,005,000	100.00	3,377,984	188,605	-	Note 1

(Continued)

TABLE 10

Eternal Materials Co., Ltd. and Subsidiaries

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Eternal Chemical (China) Co., Ltd.	Manufacturing and selling of resins material and processing products	\$ 755,651	2	\$ 625,549	\$ -	\$ -	\$ 625,549	\$ 214,402	100.00	\$ 214,402	\$ 4,512,575	\$ 1,772,062	Note 2
Covestro Eternal Resins (Kunshan) Co., Ltd.	Manufacturing and selling of powder coating resin	183,470	2	91,735	-	-	91,735	23,297	50.00	11,648	320,923	600,691	Note 2
Eternal Optical Material (Suzhou) Co., Ltd.	Manufacturing and selling of optical films, and leasing business	1,563,967	2	-	-	-	-	(19,904)	100.00	(19,904)	168,181	-	Note 2 and Note 10 of the consolidated financial statements
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	235,057	100.00	235,057	3,798,185	983,767	Note 2
Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Researching, developing and manufacturing of photoresist dry film, liquid photo imaginable solder masks and printed circuit board related materials	469,402	2	-	-	-	-	9,251	100.00	9,251	177,652	-	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	68,845	40.00	30,972	296,919	-	Note 2
Eternal Synthetic Resins (Changshu) Co., Ltd.	Manufacturing and selling of unsaturated polyester resin	726,426	2	279,811	-	-	279,811	(8,936)	100.00	(8,936)	174,208	-	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	20,736	100.00	20,736	942,397	-	Note 2
Eternal Specialty Materials (Zhuhai) Co., Ltd.	Manufacturing and selling of acrylic resin and methacrylic acid	611,011	2	243,540	-	-	243,540	465,889	90.00	453,940	2,779,580	1,577,039	Note 2
Shanghai Dowill Paint Technology Co., Ltd. (Original name: ESCO Specialty Coatings (Shanghai) Co., Ltd.)	Researching, manufacturing and selling of processing electronic high-tech chemical, high performance coating, material and products	403,180	2	196,680	-	-	196,680	(4,689)	-	(5,557)	-	-	Note 2 and Note 14 of the consolidated financial statements
Eternal Materials (Guangdong) Co., Ltd.	Manufacturing and selling of adhesives, resins material and processing products	1,297,259	2	868,175	-	-	868,175	188,840	100.00	188,840	3,376,330	2,150,020	Note 2
Eternal (China) Investment Co., Ltd.	Managing, investing consulting services, researching, leasing, manufacturing and selling of resins material and photoelectric chemicals materials	6,880,878	2	4,264,844	-	454,125	3,810,719	409,950	100.00	409,950	14,792,902	-	Notes 2 and 3
Eternal Chemical (Chengdu) Co., Ltd.	Researching, manufacturing and selling of resins material	1,454,071	2	-	-	-	-	(150,512)	100.00	(150,512)	157,014	-	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	-	-	-	-	(98,068)	100.00	(98,068)	2,012,291	-	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, 2023	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Eternal Specialty Materials (Suzhou) Co., Ltd.	Researching and developing chemical products, and selling, providing technical services of self-produced products	\$ 1,199,225	2	\$ -	\$ -	\$ -	\$ -	\$ 306,596	100.00	\$ 306,596	\$ 2,042,662	\$ -	Note 2
Resonac New Material (Zhuhai) Co., Ltd. (Original name: Showa Denko New Material (Zhuhai) Co., Ltd.)	Manufacturing and selling of functional resins, resins composite material and providing technical services	366,881	2	-	-	-	-	4,022	30.00	1,153	91,560	-	Note 2
Eternal Material Industry (Tongling) Co., Ltd.	Manufacturing, selling and providing technical services of products related to resins material	1,650,580	2	-	-	-	-	(43,635)	100.00	(43,635)	1,586,195	-	Note 2
Eternal Precision Mechanics (Guangzhou) Ltd.	Manufacturing and selling of computers, communications and other electronic equipment	132,928	1	-	132,928	-	132,928	(6,243)	100.00	(6,866)	123,278	-	Note 2

Investor Company	Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023 (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. Eternal Precision Mechanics Co., Ltd.	\$ 7,622,793 132,928	\$ 28,198,265 132,330	\$ - 895,822

- 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 or remittance 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. For the subsidiary Eternal Precision Mechanics Co., Ltd., the upper limit for the investment amount is 60% of its net worth.

(Concluded)

TABLE 11

Eternal Materials Co., Ltd.

INFORMATION OF MAJOR SHAREHOLDERS DECEMBER 31, 2023

[illegible]

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 of the Company 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, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Description	Amount
Cash on hands		\$ 3,459
Cash in banks	Checking accounts	34,899
	NTD demand deposits	26,732
	USD demand deposits (USD4,053 thousand @30.7050)	124,440
	JPY demand deposits (JPY54,907 thousand @0.2165)	11,887
	SGD demand deposits (SGD112 thousand @23.2900)	2,610
	RMB demand deposits (RMB1 thousand @4.3352)	2
		<hr/>
		<u>\$ 204,029</u>

STATEMENT 2**Eternal Materials Co., Ltd.****STATEMENT OF ACCOUNTS RECEIVABLE, NET****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Client Name	Description	Amount	Remark
Non-related parties			
Aalborz Chemical Llc Db Aal Chem	Sales of goods	\$ 144,967	
Hong Kong Cheng Ho Enterprises	Sales of goods	117,937	
Others (Note)		<u>2,109,319</u>	
		2,372,223	
Less: Allowance for loss		<u>(62,691)</u>	
		<u>\$ 2,309,532</u>	
Related parties			
CHOU-KOU Materials Co., Ltd.	Sales of goods	\$ 187,638	
Eternal Specialty Materials (Zhuhai) Co., Ltd.	Sales of goods	129,661	
Elga Europe S.r.l.	Sales of goods	108,237	
Eternal Technology Corporation	Sales of goods	90,770	
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Sales of goods	78,419	
Eternal (China) Investment Co., Ltd.	Sales of goods	70,238	
Eternal Electronic Material (Thailand) Co., Ltd.	Sales of goods	52,145	
Eternal Chemical (China) Co., Ltd.	Sales of goods	47,419	
Others (Note)		<u>117,508</u>	
		882,035	
Less: Allowance for loss		<u>(3)</u>	
		<u>\$ 882,032</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, 2023
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Receivable for trademark license fee		\$ 218,937
Receivable for service fee		121,672
Receivable for business tax		76,051
Receivable for endorsements and guarantees		31,069
Others (Note)		<u>40,821</u>
		488,550
Less: Allowance for loss		<u>(29,800)</u>
		<u>\$ 458,750</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, 2023****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount		Remark
		Cost	Net Realizable Value	
Raw materials		\$ 1,190,226	\$ 1,631,460	Note
Supplies		31,534	31,534	Note
Finished goods		1,313,797	1,717,239	Note
Inventory in transit		<u>125,628</u>	<u>125,628</u>	Note
		<u>\$ 2,661,185</u>	<u>\$ 3,505,861</u>	

Note: Refer to Note 4 (e) 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, 2023
 (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	\$ 522,190	-	\$ 133,467	-	\$ -	33,366,767	\$ 655,657	No	Note 2
Domestic unlisted shares										
Universal Venture Capital Investment Corp.	5,000,000	45,497	-	7,452	-	-	5,000,000	52,949	No	Note 2
Der Yang Biotechnology Venture Capital Co., Ltd.	230,096	2,770	-	209	-	-	230,096	2,979	No	Note 2
Hwa Nan Venture Capital Co., Ltd.	57,438	-	-	-	-	-	57,438	-	No	
Research Innovation Capital Corp.	-	-	10,000,000	50,000	-	(626)	10,000,000	49,374	No	Note 2
Foreign unlisted shares										
TBG Diagnostics Limited	40,200,000	<u>56,599</u>	-	<u>-</u>	-	<u>(18,172)</u>	40,200,000	<u>38,427</u>	No	Note 2
		<u>\$ 627,056</u>		<u>\$ 191,128</u>		<u>\$ (18,798)</u>		<u>\$ 799,386</u>		

Note 1: Fair value is determined by the evaluation approach shown in Note 25.

Note 2: The changes for the year are due to increased investment and valuation adjustment.

Eternal Materials Co., Ltd.

**STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023**
(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.	200,109	\$ 20,293,015	-	\$ -	(15,000)	\$ (1,081,078)	\$ 745,126	\$ (118,932)	185,109	100.00	\$ 19,838,131	\$ 108	\$ 19,977,529	No	
Eternal Global (BVI) Co., Ltd.	16,358	4,990,787	-	-	-	(318,031)	236,540	(82,502)	16,358	100.00	4,826,794	296	4,835,950	No	
Mixville Holdings Inc.	26,630	3,703,360	-	-	-	(264,600)	200,012	(13,098)	26,630	100.00	3,625,674	137	3,637,529	No	
Advanced PETFILM Investment Co., Ltd.	-	488,355	-	-	-	-	25,894	(7,754)	-	20.00	506,495	1,782,756	481,344	No	Note 4
Daxin Materials Corporation	23,424	672,942	-	-	-	(77,299)	119,325	-	23,424	22.80	714,968	99	2,325,985	No	
New E Materials Co., Ltd.	6,908	31,682	-	-	-	-	374	-	6,908	62.80	32,056	5	32,050	No	
Covestro Eternal Resins (Far East) Ltd.	3,660	103,688	-	-	-	(30,400)	50,128	-	3,660	40.00	123,416	34	123,416	No	
Eternal Precision Mechanics Co., Ltd.	52,000	826,296	85	5,123	-	(179,969)	330,206	281,600	52,085	84.61	1,263,256	24	1,263,259	No	
Eternal Electronic Material (Thailand) Co., Ltd.	938	132,059	-	-	-	(9,938)	8,031	946	938	75.00	131,098	140	131,684	No	
CHOU-KOU Materials Co., Ltd.	4	85,481	6	128,321	-	-	17,378	(9,746)	10	100.00	221,434	23,860	232,877	No	
Elga Europe S.r.l.	-	(3,556)	-	-	-	-	21,723	(159)	-	72.68	18,008	-	18,243	No	Note 5
Eternal Technology Corporation	-	-	1	366,404	-	-	(65,645)	(3,402)	1	100.00	297,357	305,362	305,362	No	
		<u>\$ 31,324,109</u>		<u>\$ 499,848</u>		<u>\$ (1,961,315)</u>	<u>\$ 1,689,092</u>	<u>\$ 46,953</u>			<u>\$ 31,598,687</u>		<u>\$ 33,365,228</u>		

Note 1: Capital increase and reorganization.

Note 2: Capital reduction; cash dividends from the invested company.

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.
- 4) Recognized share - based payment of investments accounted for using the equity method.
- 5) Recognized the difference between the subsidiary's cash capital increase and the net equity acquired.

Note 4: Less than a thousand shares.

Note 5: No shares issued; not applicable.

STATEMENT 7**Eternal Materials Co., Ltd.****STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Balance at Beginning of the Year	Additions (Note)	Decrease	Balance at End of the Year	Remark
Land	\$ 12,123	\$ (2)	\$ -	\$ 12,121	
Buildings	51,806	8,249	(30,079)	29,976	
Storage equipment	10,202	2,066	-	12,268	
Other equipment	<u>28,410</u>	<u>871</u>	<u>(359)</u>	<u>28,922</u>	
	<u>\$ 102,541</u>	<u>\$ 11,184</u>	<u>\$ (30,438)</u>	<u>\$ 83,287</u>	

Note: Including lease modification.

STATEMENT 8**Eternal Materials Co., Ltd.****STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Balance at Beginning of the Year	Additions	Decrease	Balance at End of the Year	Remark
Land	\$ 1,861	\$ 503	\$ -	\$ 2,364	
Buildings	18,971	11,432	(15,650)	14,753	
Storage equipment	2,405	2,297	-	4,702	
Other equipment	<u>13,618</u>	<u>5,927</u>	<u>(359)</u>	<u>19,186</u>	
	<u>\$ 36,855</u>	<u>\$ 20,159</u>	<u>\$ (16,009)</u>	<u>\$ 41,005</u>	

STATEMENT 9

Eternal Materials Co., Ltd.

**STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Vendor Name	Description	Amount	Remark
Chang Chun Plastics Co., Ltd.	Purchase of goods	\$ 90,552	
Formosa Plastics Corporation	Purchase of goods	83,324	
Nan Ya Plastics Corporation	Purchase of goods	77,120	
Others (Note)		<u>892,702</u>	
		<u>\$ 1,143,698</u>	

Note: The amount of individual vendor in others does not exceed 5% of the account balance.

STATEMENT 10

Eternal Materials Co., Ltd.

STATEMENT OF OTHER PAYABLES - OTHERS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Payable for equipment		\$ 169,664
Bonus		105,437
Compensation of employees		80,000
Interest		41,034
Others (Note)		<u>346,147</u>
		<u>\$ 742,282</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, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Type	Balance at End of Year	Contract Period	Range of Interest Rates (%)	Loan Commitments (Thousands)	Collateral
Unsecured loans					
HSBC Bank (Taiwan) Limited	\$ 600,000	2023.07.03-2024.04.17	1.68	NT\$ 600,000	None
The Shanghai Commercial and Savings Bank, Ltd.	280,000	2023.07.05-2024.07.05	1.76	NT\$ 300,000	None
The Shanghai Commercial and Savings Bank, Ltd.	153,525	2023.10.25-2024.02.06	6.45	US\$ 15,000	None
First Commercial Bank	520,000	2023.12.27-2024.01.29	1.68	NT\$ 1,200,000	None
Taipei Fubon Commercial Bank Co., Ltd.	97,420	2023.11.03-2024.04.10	0.60	NT\$ 500,000	None
CTBC Bank Co., Ltd.	300,000	2023.11.10-2024.02.07	1.70	NT\$ 750,000	None
The Export-Import Bank of the Republic of China	100,000	2023.07.31-2024.07.31	1.65	NT\$ 300,000	None
Mizuho Bank, Ltd.	71,442	2023.11.13-2024.02.22	0.58	NT\$ 1,300,000	None
Yuanta Commercial Bank Co., Ltd.	300,000	2023.11.29-2024.02.27	1.66	NT\$ 1,000,000	None
Taishin International Bank Co., Ltd.	150,000	2023.12.04-2024.01.04	1.73	NT\$ 350,000	None
Bank of Taiwan	400,000	2023.11.20-2024.01.22	1.72	NT\$ 400,000	None
Loans from related parties					
Eternal Holdings Inc.	<u>1,596,660</u>	2023.10.02-2024.10.29	5.80-5.88	US\$ 52,000	None
	<u>\$ 4,569,047</u>				

STATEMENT 12

Eternal Materials Co., Ltd.

STATEMENT OF OTHER NON-CURRENT LIABILITIES

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Net defined benefit liabilities		\$ 544,199
Others (Note)		<u>954</u>
		<u>\$ 545,153</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, 2023

(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	\$ 600,000	2022.11-2025.11	1.83	No	
HSBC Bank (Taiwan) Limited	Repay in installment, non-revolving credit	300,000	2022.08-2025.08	1.91	No	
HSBC Bank (Taiwan) Limited	Bullet repayment, revolving credit	420,000	2023.08-2025.08	1.78	No	
E.SUN Commercial Bank, Ltd.	Repay in installment, non-revolving credit	300,000	2023.05-2026.05	1.82	No	
Mega International Commercial Bank Co., Ltd.	Bullet repayment, non-revolving credit	800,000	2022.09-2025.09	1.85	No	
Bank of Taiwan	Repay in installment, non-revolving credit	1,000,000	2022.08-2025.08	1.75	No	
Bank of Taiwan	Repay in installment, non-revolving credit	200,000	2023.08-2026.08	1.75	No	
Taiwan Business Bank, Ltd.	Bullet repayment, non-revolving credit	300,000	2021.05-2024.05	1.85	No	
Far Eastern International Bank	Bullet repayment, non-revolving credit	150,000	2021.09-2024.09	2.11	No	
Far Eastern International Bank	Bullet repayment, revolving credit	300,000	2023.12-2024.02	1.73	No	
Bank of China	Bullet repayment, revolving credit	1,250,000	2023.11-2024.01	1.71	No	
Yuanta Commercial Bank Co., Ltd.	Repay in installment, non-revolving credit	350,000	2023.06-2026.06	1.81	No	
Chang Hwa Commercial Bank, Ltd.	Bullet repayment, non-revolving credit	300,000	2023.08-2026.08	1.81	No	
Mizuho bank, Ltd.	Bullet repayment, revolving credit	620,000	2023.09-2024.06	1.75	No	
Hua Nan Commercial Bank, Ltd.	Bullet repayment, non-revolving credit	500,000	2023.08-2026.08	1.80	No	
CTBC Bank Co., Ltd.	Bullet repayment, revolving credit	150,000	2023.12-2024.03	1.76	No	
		7,540,000				
Less: Current portion		(450,000)				
		<u>\$ 7,090,000</u>				

Eternal Materials Co., Ltd.

STATEMENT OF BONDS PAYABLE
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Bond Name	Trustee	Issuance Date	Interest Payment Date and Repayment Method	Annual Rate	Amount					Collateral
					Total Amount Issued	Repayment Paid	Balance at End of the Year	Issuance Costs	Carrying Value	
5-year secured bonds	Bank SinoPac Co., Ltd.	2019.11-2024.11	Principal repayable at maturity and interest payable annually	0.82	\$ 3,000,000	\$ -	\$ 3,000,000	\$ (1,031)	\$ 2,998,969	Note 15
5-year secured bonds	CTBC Bank Co., Ltd.	2021.08-2026.08	Principal repayable at maturity and interest payable annually	0.58	2,500,000	-	2,500,000	(2,797)	2,497,203	Note 15
									5,496,172	
Less: Current portion									(2,998,969)	
									\$ 2,497,203	

Eternal Materials Co., Ltd.

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Description	Lease Term	Discount Rate	Balance at End of the Year	Remark
Land		2019.01-2043.06	1.72-2.29	\$ 6,114	
Buildings		2020.05-2028.10	1.63-6.09	15,918	
Storage equipment		2020.09-2028.10	1.63-1.83	7,667	
Other equipment		2019.09-2027.10	0.69-6.16	<u>9,748</u>	
				39,447	
Less: Current portion				<u>(15,369)</u>	
				<u>\$ 24,078</u>	

STATEMENT 16**Eternal Materials Co., Ltd.****STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Quantity	Amount	Remark
Resins materials	107 thousand tons	\$ 7,054,385	
Electronic materials	648,383 thousand square feet, 12,883 thousand square meter and 3 thousand tons	3,467,871	
High performance materials	14 thousand tons	2,750,318	
Others		<u>45,126</u>	
		<u>\$ 13,317,700</u>	

STATEMENT 17**Eternal Materials Co., Ltd.**
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Balance of raw materials and materials in transit, beginning of the year	\$ 1,678,135
Add: Raw materials purchased	7,102,688
Transferred from finished goods to manufacturing	13,531,600
Less: Raw materials sold	(151,592)
Others	(53,773)
Balance of raw materials and materials in transit, end of the year	<u>(1,321,081)</u>
Raw materials used	<u>20,785,977</u>
Balance of supplies, beginning of the year	42,960
Add: Supplies purchased	499,806
Less: Supplies sold	(5,791)
Others	(103,661)
Balance of supplies, end of the year	<u>(31,534)</u>
Supplies used	<u>401,780</u>
Raw materials and supplies used	21,187,757
Direct labor	306,861
Manufacturing expenses	<u>1,365,424</u>
Manufacturing cost	22,860,042
Balance of finished goods, beginning of the year	1,687,115
Add: Finished goods purchased	565,776
Less: Transferred to manufacturing	(13,531,600)
Others	(48,990)
Balance of finished goods, end of the year	<u>(1,343,199)</u>
Operating costs - finished goods	10,189,144
Operating costs - raw materials	151,592
Operating costs - supplies	5,791
Operating costs - others	<u>542,591</u>
Operating costs	<u>\$ 10,889,118</u>

STATEMENT 18

Eternal Materials Co., Ltd.

**STATEMENT OF SELLING AND MARKETING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Remark
Shipping expense		\$ 300,218	
Payroll expense		164,442	
Others (Note)		<u>224,881</u>	
		<u>\$ 689,541</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, 2023
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Remark
Salaries		\$ 413,519	
Depreciation expense		40,268	
Information technology expense		47,612	
Others (Note)		<u>306,432</u>	
		<u>\$ 807,831</u>	

Note: The amount of individual item in others does not exceed 5% of the account balance.

STATEMENT 20

Eternal Materials Co., Ltd.

**STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Remark
Salaries		\$ 541,428	
Depreciation expense		158,538	
Laboratory fees		88,416	
Others (Note)		<u>301,832</u>	
		<u>\$ 1,090,214</u>	

Note: The amount of individual item in others does not exceed 5% of the account balance.

STATEMENT 21**Eternal Materials Co., Ltd.**

**STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION BY
FUNCTION FOR THE YEAR
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Function Nature	For the Year Ended December 31, 2023		
	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense			
Salaries	798,442	1,119,389	1,917,831
Labor and health insurance	78,842	91,691	170,533
Pension	41,890	56,869	98,759
Remuneration of directors	-	17,136	17,136
Others	52,839	66,243	119,082
Depreciation	439,469	204,366	643,835
Amortization	529	16,089	16,618

Function Nature	For the Year Ended December 31, 2022		
	Classified as Operating Costs	Classified as 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

Note 1: For the years ended December 31, 2023 and 2022, the Company had 2,046 and 2,129 employees, respectively, and there were 11 and 10 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, 2023 was \$1,133 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, 2022 was \$1,221 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, 2023 was \$942 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, 2022 was \$996 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 -5.42% (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 by 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:

N/A.

Chapter 7 Review and Analysis of the Company's Financial Position and Financial Performance, and Listing of Risks

I. Financial Position

Unit: NT\$ thousands

Item \ Year	2022	2023	Amount of Increase (Decrease)	Percentage of Change
Current assets	35,181,624	33,029,925	(2,151,699)	-6.12%
Property, plant and equipment	17,472,950	18,322,920	849,970	4.86%
Intangible assets	248,830	231,643	(17,187)	-6.91%
Other assets	6,551,872	6,953,766	401,894	6.13%
Total assets	59,455,276	58,538,254	(917,022)	-1.54%
Current liabilities	17,114,420	18,193,452	1,079,032	6.30%
Non-current liabilities	17,269,516	15,128,833	(2,140,683)	-12.40%
Total liabilities	34,383,936	33,322,285	(1,061,651)	-3.09%
Share capital	11,782,655	11,782,655	0	0.00%
Capital reserve	368,946	664,785	295,839	80.18%
Retained earnings	13,586,404	13,645,979	59,575	0.44%
Other equity	(977,601)	(1,358,789)	(381,188)	-38.99%
Non-controlling interests	310,936	481,339	170,403	54.80%
Total equity	25,071,340	25,215,969	144,629	0.58%

Analysis of changes exceeding 20% in financial ratios:

1. Capital reserve: Capital reserve changed due mainly to the impact of equity transactions recognized as a result of the failure to subscribe to the shares issued for cash capital increase of the Company's subsidiaries in proportion to shareholdings and the Group's employees' exercise of stock options issued by the Company subsidiaries.
2. Other equity: Other equity changed due mainly to unfavorable differences in the translation of financial statements of foreign operations during the year.
3. Non-controlling interests: Non-controlling interests increased due mainly to the exercise of employee stock options and cash capital increase by the Company's subsidiaries.

II. Financial Performance

Unit: NT\$ thousands

Item \ Year	Amount in 2022	Amount in 2023	Amount of Increase (Decrease)	Percentage of Change
Operating revenue	49,014,100	42,451,576	(6,562,524)	-13.39%
Operating gross profit	10,162,785	8,147,266	(2,015,519)	-19.83%
Operating profit	3,276,845	1,914,767	(1,362,078)	-41.57%
Non-operating income and expenses	238,072	267,707	29,635	12.45%
Net profit before tax	3,514,917	2,182,474	(1,332,443)	-37.91%

(I) Analysis of changes exceeding 20% in financial ratios:

Operating income and net profit before tax: Operating income decreased due mainly to a decline in sales volume as a result of weak market demand.

(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 2024 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	2022	2023	Increase (Decrease) (%)
Cash flow ratio	38%	36%	-5%
Cash flow adequacy ratio	88%	98%	11%
Cash reinvestment ratio	7%	8%	14%

(II) Cash liquidity analysis for the coming year

Unit: NT\$ thousands

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)	Remedial measures for expected cash deficit	
			(1)+(2)-(3)	Investment plans	Financial plans
6,356,603	3,541,429	3,559,121	6,338,911	-	-

1. Analysis of changes in cash flow:

- (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 for expected cash deficit and liquidity analysis: N/A

IV. Effect of Major Capital Expenditures on Financial Operations for the Most Recent Year

(I) Use and sources of funds for major capital expenditures

Unit: NT\$ thousands

Plan Item	Actual or Anticipated Source of Funds	Total Amount of Funds Required (2023 and 2022)	Actual Use of Funds	
			2023	2022
Land, building, and equipment	Private capital	5,931,835	3,149,051	2,782,784

(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:

The company's investments using the equity method are all based on long-term strategic goals. In 2023, the company's investments using the equity method generated a profit of NT\$303,023 thousand on a consolidated basis, primarily due to the competitiveness of its products. Moving forward, the company will continue to carefully evaluate investment plans, ensuring they align with long-term strategic goals.

VI. Risk Analysis and Assessment

(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\$ thousands

Item	2023
Net interest income (expense)	(333,811)
Operating revenue	42,451,576
Net profit before tax	2,182,474
Ratio of net interest income (expense) to operating revenue	(0.79%)
Ratio of net interest income (expense) to net income before tax	(15.30%)

Effect: Net interest income and expense for 2023 was NT\$(333,811) thousand, which accounted for (0.79%) and (15.30%) of operating income and net income before tax for the year, respectively. Where the borrowings in 2023 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 2023 by NT\$ 156,605 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\$ thousands

Item	2023
Net amount of foreign exchange gain or loss	5,125
Operating revenue	42,451,576
Net profit before tax	2,182,474
Ratio of conversion profit/loss to operating income	0.01%
Ratio of conversion profit/loss on net profit before tax	0.23%

Net exchange gain or loss for 2023 amounted to NT\$5,125 thousand, which accounted for 0.01% and 0.23% of operating income and net income 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 Finance 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) Foreign currency assets are used to offset liabilities with a view to minimizing exchange rate risks, which has 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 2023 and up to now have been handled in accordance with relevant regulations.

- (III) Future Research & Development Projects and Corresponding Budget:

Unit: NT\$ thousands

Future R&D plans	Expected R&D investment
High frequency, high speed and high thermal conductivity materials	62,542
Semiconductor packaging materials	45,357
High-performance thermoplastic composites	36,951
Lithium battery and energy storage materials	20,670
Biomass materials and low carbon materials	31,440
Biomedical testing materials	26,300
Next generation display materials	17,413

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 2023 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 2023.
- (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 2023 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 2023.
- (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. Operating Procedures for Business Continuity Management
3. Operating Procedures for Information Asset Management
4. Operating Procedures for Risk Assessment Management
5. Operating Procedures for Personnel Safety Management and Education and Training
6. Operating Procedures for Information Operations Management
7. Operating Procedures for Supplier and Project Management
8. Operating Procedures for Security Incident Reporting and Handling
9. Operating Procedures for Network and Communication Operations Management
10. Operating Procedures for Information Security Management
11. Operating Procedures for System Development and Maintenance
12. Operating Procedures for Access Control Management

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 182-268.
- (II) Consolidated Financial Statements: Please refer to pages 269-376.
- (III) Affiliation Report: None.

II. Private Placement of Securities: None.

III. Holding or Disposal of Shares in the Company by Subsidiaries: None.

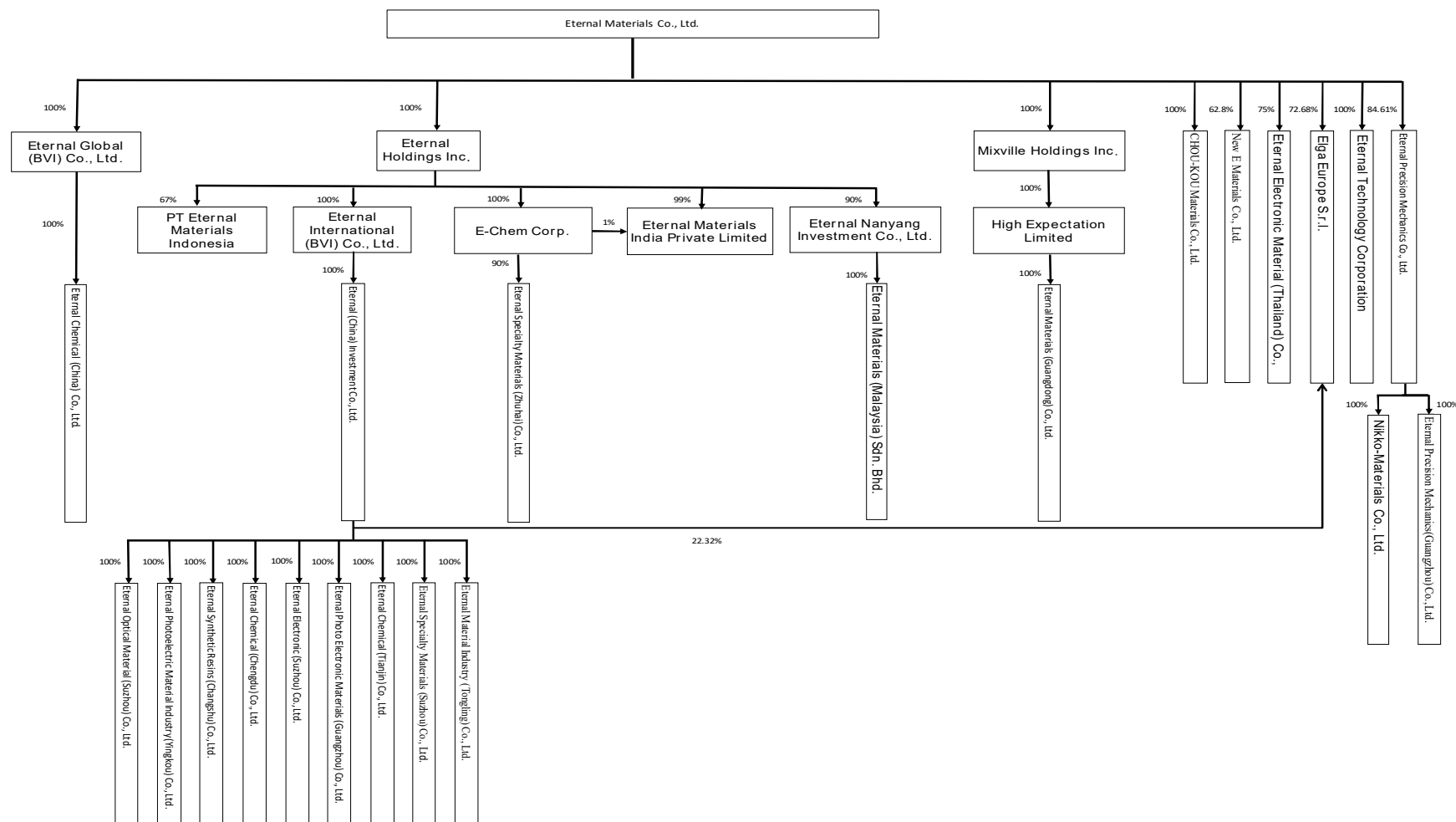
IV. Other Matters Requiring Additional Description: None.

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.

I. Operating Status of Affiliates

(I) Organizational Overview of Affiliates

1. Organization Chart of Affiliates (December 31, 2023)



2. Companies presumed to have control and affiliation in accordance with Article 369 (3) of the Company Act: None.
3. Subsidiary companies whose personnel, finance or business operations are directly controlled by the Company in accordance with Article 369-2, Paragraph 2 of the Company Act: None.

(II) Basic Information of Affiliates

Unit: NT\$ thousands

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, Jiangong 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, as well as general import and export trade.
Eternal Holdings Inc.	2002/11/15	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa.	5,681,836	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 Cay I, 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	R&D, manufacturing and sale of electronic chemical materials and equipment components related to photoelectric and semiconductor processes.
Eternal Electronic Material (Thailand) Co., Ltd. (Note 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, as well as cutting and sale of dry film photoresists.
CHOU-KOU Materials Co., Ltd.	1996/01/17	507 Concurred Yokohama, 3-1 Kinkocho, Kanagawa-Ku Yokohama-Shi, Kanagawa, Japan	188,753	Sale of resins, electronic materials, and related commodities, trade and services, as well as manufacturing and sale of dry film photoresist.
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 sale of vacuum molding machines.
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.	5,062,308	Investment in other regions.
E-Chem Corp.	2003/01/03	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa.	165,608	Investment in other regions.
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 of chemical products.
Eternal Materials India Private Limited	2023/07/03	Unit No.514, 5FL, The Summit – Business Bay Andheri Kurla Road, Andheri (E), Mumbai-400093, India.	13,781	Import and export of chemical products.
Eternal Technology Corporation (Note 2)	1998/12/09	1800 Touchstone Road Colonial Heights, VA 23834 U.S.A	1,223,643	Manufacturing and sale of photoresist, as well as sale of chemical products.
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.	2015/01/30	PTD 5044, Jalan Rumbia 2, Tanjung Langsat Industrial Estate,	2,954,427	Manufacturing, sale, and trading of synthetic resin-related

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
(Note 2)		Mukim Sungai Tiram, 81700 Pasir Gudang Johor, Malaysia.		commodities, as well as services.
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 sale of synthetic resins and related processed 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	Production and sale of optical films, as well as leasing.
Eternal Photo Electronic Materials (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	R&D, production of electronic high-tech chemicals and related products, as well as sale 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	R&D and production of dry film photoresist, liquid photosensitive solder resistance agents 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 sale of unsaturated polyester resins.
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 sale of self-produced adhesives, synthetic resins and related processed products.
Eternal Specialty Materials (Zhuhai) Co., Ltd. (Note 2)	2003/04/23	No.307, Shihua 9th Road, Gaolan Port Economic Zone, Zhuhai City, Guangdong Province, China	611,011	Production and sale of acrylic acid esters and other methyl acrylic acid esters.
Eternal Materials (Guangdong) Co., Ltd. (Note 2)	2000/01/21	No. 9523, Zhuhai Road, Nanshui Town, Zhuhai, Guangdong, China	1,297,259	Production and sale of self-produced adhesives, synthetic resins and related processed products.
Eternal (China) Investment Co., Ltd.	2011/03/17	Room 1401, Floor 14, Building A, No.1397, Yishan Rd., Xuhui Dist., Shanghai, China	6,880,878	Business management, investment advisory services, R&D, leasing, production, and sale of resins 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	1,454,071	R&D, production, and sale 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 photoresists, anti-welding dry film electronic special materials, R&D of resin materials, sale 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, sale of self-produced products, and provision of technical services.
Eternal Material Industry (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	1,650,580	Manufacturing and sale of synthetic resin-related products, as well as technical services.
Eternal Precision Mechanics Co., Ltd. (Note 2)	2022/10/21	No. 30, Yumin Street, Daliao District, Kaohsiung City	615,600	Manufacturing and sale of vacuum molding machines.
Eternal Precision Mechanics (Guangzhou) Co., Ltd. (Note 2)	2023/08/25	Room 201, No. 8, Ruihe Road, Huangpu District, Guangzhou City	132,928	Manufacturing and sale of computers, telecommunications products, and other electronic equipment.

Note 1: The Company has Lu-Chu Plant (Date of Establishment: 1973; Address: No.22, Changxing Rd., Luzhu Dist., Kaohsiung City; Main products: Resin products, specialty material products, and electronic material products); Da-Fa Plant (Date of Establishment: 1990; Address: No. 30, Yumin Street, Daliao District, Kaohsiung City (Dafa Industrial Park); Main products: Electronic material products); and Ping-Nan Plant (Date of Establishment: 1994; Address: No. 23, Pingnan Road, Fangliao Township, Pingtung County (Pingnan Industrial Park); Main products: Resin products).

Note 2: The company has a factory in the local area, and the name, date of establishment, address of the plant and the main items of production are the same as the name, date of establishment, address

and the main items of business or production of the company.

(III) Information on shareholders of companies presumed to have a controlling and subordinate relationship: None.

(IV) Industries covered by the overall business operations of affiliates:

1. The business of the Company and its affiliates mainly includes synthetic resins, electronic materials, specialty materials, general investment and import and export trade.
2. The main business items of the Company include R&D, manufacturing, processing and sale of various industrial synthetic resins, epoxy resins, acrylates, methacrylates, coatings, packaging materials, printed circuit substrates, film materials, solar cell materials, photoresist materials, electronic chemical materials, and medical equipment, and general import and export trade. As of December 31, 2023, the division of functions among the affiliates is detailed as follows:
 - (1) In response to the Mainland China market and the need to meet customer needs, the Company has engaged in R&D, manufacturing, processing, sales of various industrial synthetic resins, epoxy resin, acrylate, methacrylate, coatings, packaging materials, printed circuit substrates, film materials, solar cell materials, photoresist materials, and electronic chemical materials through Eternal (China) Investment Co., Ltd., Eternal Chemical (China) Co., Ltd., Eternal Optical Material (Suzhou) Co., Ltd., Eternal Photo Electronic Materials (Guangzhou) Co., Ltd., Eternal Photoelectric Material Industry (Yingkou) Co., Ltd., Eternal Synthetic Resins (Changshu) Co., Ltd., Eternal Chemical (Tianjin) Co., Ltd., Eternal Specialty Materials (Zhuhai) Co., Ltd., Eternal Materials (Guangdong) Co., Ltd., Eternal Chemical (Chengdu) Co., Ltd., Eternal Electronic (Suzhou) Co., Ltd., Eternal Specialty Materials (Suzhou) Co., Ltd., and Eternal Material Industry (Tongling) Co., Ltd., with the intention of facilitating sales and supply of goods in close proximity so as to reduce transportation costs and stabilize our existing customer base consisting of major international and Chinese manufacturers along with Taiwanese businesses.
 - (2) In an effort to expand into markets across Europe, the U.S., and Southeast Asia, the Company primarily engages in the production or post-processing sale of photoresist materials and the sale of chemical products through Eternal Technology Corporation, Elga Europe S.r.l., and Eternal Electronic Material (Thailand) Co., Ltd. Furthermore, the Company engages in the manufacturing, sale, and R&D of vacuum molding machines through Nikko Mechanics Co., Ltd., Eternal Precision Mechanics Co., Ltd., and Eternal Precision Mechanics (Guangzhou) Co., Ltd. to offer customers complete solutions with both materials and equipment, thereby enhancing the competitiveness of the Company's products.
 - (3) With a view to meeting customer needs and expanding into markets across Japan, Southeast Asia, South Asia, and Greater China, the Company sells related products to customers through CHOU-KOU Materials Co., Ltd., PT Eternal Materials Indonesia, and Eternal Materials India Private Limited to reduce product shipping costs and enhance the competitiveness of the Company's products.
 - (4) In response to the trend of regional economic integration, Eternal Materials (Malaysia) Sdn. Bhd was established and constructed with the intention of meeting market demand via the RCEP while injecting momentum into the Group's revenue growth.
 - (5) New E Materials Co., Ltd. was established to engage in R&D and sale of electrochemical materials and equipment components for optoelectronic and semiconductor manufacturing processes.

(V) Information on Directors (Including Independent Directors), Supervisors, and Presidents of Affiliates.

Unit: NT\$ thousands; 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	51,106	4.34
	Director	Ko, Chun-Pin (Representative of Kwang Yang Motor Co., Ltd.)	117,800	9.99
	Director	Yang, Huai-Kung	14,397	1.22
	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, Heng-Ning	241	0.02
	Independent Director	Chen, I-Heng	138	0.01
	Independent Director	Hung, Li-Jung	-	-
	Independent Director	Lo, Li-Chun	-	-
	Independent Director	Lu, Chun-Cheng	1	-
	President	Mao, Hui-Kuan	206	0.02
Eternal Holdings Inc.	Director	Kao, Kuo-Lun (Representative of Eternal Materials Co., Ltd.)	185,108,859 shares	100.00%
Eternal Global (BVI) Co., Ltd.	Director	Kao, Kuo-Lun (Representative of Eternal Materials Co., Ltd.)	16,357,914 shares	100.00%
Mixville Holdings Inc.	Director	Kao, Kuo-Lun (Representative of Eternal Materials Co., Ltd.)	26,630,000 shares	100.00%
New E Materials Co., Ltd.	Chairman	Yeh, Mao-Jung (Representative of Eternal Materials Co., Ltd.)	6,907,585 shares	62.80%
	Director	Weng, Chin-Yi, Tai, Ming-Te, and Chu, Wen-Chung (Representatives of Eternal Materials Co., Ltd.)		
	Director	Wen, Ching-Chang	801,200 shares	7.28%
	Director	Ko, Chun-Pin (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 (Representative of Eternal Materials Co., Ltd.)	937,500 shares	75.00%

Name of Affiliate	Title	Name or Representative	Shareholding (Note 2) (Note 3)	
	(Note 1)		Number of Shares	Shareholding Percentage
	Director	Shen, Hsiao-Tsung and Hsieh, Yen-Fen (Representatives of Eternal Materials Co., Ltd.)		
	Director	Tsai, Shu-Chun and Cheng, Tsang-Chao	312,500 shares	25.00%
	President	Cheng, Yu-Wen	-	-
	Director	Cheng, Chuan-Neng, Li, Chuan-Neng, and Tai, Ming-Te (Representatives of Eternal Materials Co., Ltd.)	9,760 shares	100.00%
	Supervisor	Su, Hui-Fang	-	-
CHOU-KOU Materials Co., Ltd.	President	Cheng, Chuan-Neng	-	-
Nikko-Materials Co., Ltd.	Director	Katsumi Kimura, Kao, Fu-Ting, and Akiyuki Nakayama (Representative of Eternal Precision Mechanics Co., Ltd.)	11,520 shares	100.00%
	Supervisor	Li, Hsiao-Ying and Kazutoshi Iwata	-	-
	President	Katsumi Kimura	-	-
Elga Europe S.r.l.	Chairman	Hung, Chao-Cheng (Representative of Eternal Materials Co., Ltd.)	\$345,779	95.00%
	Director	Hsieh, Yen-Fen (Representative of Eternal Materials Co., Ltd.)		
	Director	Giorgio Favini	\$18,199	5.00%
Eternal International (BVI) Co., Ltd.	Director	Kao, Kuo-Lun (Representative of Eternal Holdings Inc.)	161,793,592 shares	100.00%
E-Chem Corp.	Director	Kao, Kuo-Lun (Representative of Eternal Holdings Inc.)	4,990,000 shares	100.00%
Eternal Nanyang Investment Co., Ltd.	Director	Kao, Kuo-Lun (Representative of Eternal Holdings Inc.)	28,350,000 shares	90.00%
	Director	Chi, Hua-Han (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 (Representatives of Eternal Holdings Inc.)	670 shares	67.00%
	Supervisor	Liu, Bing-Cheng	-	-
	President	Huang, Chang-Chin	-	-
Eternal Materials India Private Limited	Chairman	Pan, Chin-Cheng (Representative of Eternal Holdings Inc.)	3,500,000 shares	99.00%
	Director	Hung, Chih-Ming and Ian Ling Chung (Representatives of Eternal Holdings Inc.)		

Name of Affiliate	Title	Name or Representative	Shareholding (Note 2) (Note 3)	
	(Note 1)		Number of Shares	Shareholding Percentage
	President	Hung, Chih-Ming	-	-
Eternal Technology Corporation	Chairman	Hung, Chao-Cheng (Representative of Eternal Materials Co., Ltd.)	1,000 shares	100.00%
	Director	Hsieh, Yen-Fen (Representative of Eternal Materials Co., Ltd.)		
	President	Yang, Chin-Hao	-	-
High Expectation Limited	Director	Kao, Kuo-Lun (Representative of Mixville Holdings Inc.)	26,005,000 shares	100.00%
Eternal Materials(Malaysia) Sdn. Bhd.	Chairman	Chen, Hung-Yi (Representative of Eternal Nanyang Investment Co., Ltd.)	395,922,000 shares	100.00%
	Director	Li, Chyuan-Neng and Lin, Chao-Kun (Representative of Eternal Nanyang Investment Co., Ltd.)		
	Director	Chi, Hua-Han (Representative of Eternal Nanyang Investment Co., Ltd.)		
	President	Tien, Chih-Hsiung	-	-
Eternal Chemical (China) Co., Ltd.	Chairman	Chen, Hung-Yi (Representative of Eternal Global (BVI) Co., Ltd.)	\$755,651	100.00%
	Director	Lin, Chao-Kun and Lin, Chen-Yi (Representative of Eternal Global (BVI) Co., Ltd.)		
	Supervisor	Su, Hui-Fang	-	-
	President	Hung, Wei-Chien	-	-
Eternal Optical Material (Suzhou) Co., Ltd.	Chairman	Hung, Chao-Cheng (Representative of Eternal (China) Investment Co., Ltd.)	\$1,563,967	100.00%
	Director	Hsieh, Yen-Fen and Lin, Yu-Wei (Representative of Eternal (China) Investment Co., Ltd.)		
	Supervisor	Su, Hui-Fang	-	-
	President	Chang, Tsung-Ming	-	-
Eternal Electronic Material (Guangzhou) Co., Ltd.	Chairman	Hung, Chao-Cheng (Representative of Eternal (China) Investment Co., Ltd.)	\$2,256,739	100.00%
	Director	Hsieh, Yen-Fen and Shen, Hsiao-Tsung (Representatives of Eternal (China) Investment Co., Ltd.)		
	Supervisor	Su, Hui-Fang	-	-
	President	Li Wei	-	-
Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	Chairman	Hung, Chao-Cheng (Representative of Eternal (China) Investment Co., Ltd.)	\$469,402	100%
	Director	Hsieh, Yen-Fen and Lin, Yu-Wei (Representatives of Eternal (China) Investment Co., Ltd.)		

Name of Affiliate	Title	Name or Representative	Shareholding (Note 2) (Note 3)	
	(Note 1)		Number of Shares	Shareholding Percentage
Eternal Synthetic Resins (Changshu) Co., Ltd.	Supervisor	Su, Hui-Fang	-	-
	President	Chang, Tsung-Ming	-	-
	Chairman	Chen, Hung-Yi (Representative of Eternal (China) Investment Co., Ltd.)	\$726,426	100%
	Director	Liu, Chia-Hsing and Li, Chyuan-Neng (Representatives of Eternal (China) Investment Co., Ltd.)		
Eternal Chemical (Tianjin) Co., Ltd.	Supervisor	Su, Hui-Fang	-	-
	President	Chen, Chun-Ku	-	-
	Chairman	Chen, Hung-Yi (Representative of Eternal (China) Investment Co., Ltd.)	\$1,008,004	100.00%
	Director	Lin, Chao-Kun and Lin, Chen-Yi (Representative of Eternal (China) Investment Co., Ltd.)		
Eternal Specialty Materials (Zhuhai) Co., Ltd.	Supervisor	Su, Hui-Fang	-	-
	President	Li, Chih-Chiang	-	-
	Chairman	Pan, Chin-Cheng (Representative of E-Chem Corp.)	\$549,910	90.00%
	Director	Chen, Kun-Hsiung, Lin, Ching-Yao, and Wang, Hung-Yu (Representatives of E-Chem Corp.)		
	Director	Amit Mohan Anavkar (Representative of Cognis B.V.)	\$61,101	10.00%
Eternal Materials (Guangdong) Co., Ltd.	Supervisor	Su, Hui-Fang	-	-
	President	Shiu, Jan-Jung	-	-
	Chairman	Chen, Hung-Yi (Representative of High Expectation Limited)	\$1,297,259	100.00%
	Director	Lin, Chao-Kun and Lin, Chen-Yi (Representative of High Expectation Limited)		
Eternal (China) Investment Co., Ltd.	Supervisor	Su, Hui-Fang	-	-
	President	Chou, Hung	-	-
	Chairman	Kao, Kuo-Lun (Representative of Eternal International (BVI) Co., Ltd.)	\$6,880,878	100.00%
	Director	Mao, Hui-Kuan and Chu, Jui-Hsin (Representatives of Eternal International (BVI) Co., Ltd.)		
Eternal Chemical (Chengdu) Co., Ltd.	Supervisor	Su, Hui-Fang and Liu, Bing-Cheng	-	-
	President	Hung, Chao-Cheng	-	-
Eternal Chemical (Chengdu) Co., Ltd.	Chairman	Chen, Hung-Yi (Representative of Eternal (China) Investment Co., Ltd.)	\$1,454,071	100.00%
	Director	Lin, Chao-Kun and Lin, Chen-Yi (Representative of Eternal (China) Investment Co., Ltd.)		

Name of Affiliate	Title	Name or Representative	Shareholding (Note 2) (Note 3)	
	(Note 1)		Number of Shares	Shareholding Percentage
Eternal Electronic (Suzhou) Co., Ltd.	Supervisor	Su, Hui-Fang	-	-
	President	Tung, Shih-Kang	-	-
	Chairman	Hung, Chao-Cheng (Representative of Eternal (China) Investment Co., Ltd.)	\$1,929,180	100.00%
	Director	Hsieh, Yen-Fen and Lin, Yu-Wei (Representatives of Eternal (China) Investment Co., Ltd.)		
Eternal Specialty Chemical (Suzhou) Co., Ltd.	Supervisor	Su, Hui-Fang	-	-
	President	Chang, Tsung-Ming	-	-
	Chairman	Pan, Chin-Cheng (Representative of Eternal (China) Investment Co., Ltd.)	\$1,199,225	100.00%
	Director	Wang, Hung-Yu and Li, Hong-Tao (Representatives of Eternal (China) Investment Co., Ltd.)		
Eternal Material Industry (Tongling) Co., Ltd.	Supervisor	Su, Hui-Fang	-	-
	President	Li, Hung-Tao	-	-
	Chairman	Chen, Hung-Yi (Representatives of Eternal (China) Investment Co., Ltd.)	\$1,650,580	100.00%
	Director	Lin, Chao-Kun and Li, Chyuan-Neng (Representatives of Eternal (China) Investment Co., Ltd.)		
Eternal Precision Mechanics Co., Ltd.	Supervisor	Su, Hui-Fang	-	-
	President	Lin Hsueh-Chuan	-	-
	Chairman	Mao, Hui-Kuan (Representative of Eternal Materials Co., Ltd.)	52,085,384 股	84.61%
	Director	Mao, Hui-Kuan, Chu, Jui-Hsin, Hsieh, Yen-Fen, and Kazutoshi Iwata (Representatives of Eternal Materials Co., Ltd.)		
Eternal Precision Mechanics (Guangzhou) Co., Ltd.	Supervisor	Su, Hui-Fang and Liu, Bing-Cheng	-	-
	President	Kazutoshi Iwata	-	-
	Chairman	Lin, Po-Nan (Representative of Eternal Precision Mechanics Co., Ltd.)	\$132,928	100.00%
	Director	Kazutoshi Iwata and Leng, Tse-Sen (Representatives of Eternal Precision Mechanics Co., Ltd.)		
	Supervisor	Li, Hsiao-Ying	-	-
	President	Lin, Po-Nan	-	-

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 percentage, 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 historical exchange rates.

II. Operational Highlights of Affiliates - Financial Position and Operating Results of Each Affiliate:

December 31, 2023; Unit: NT\$ thousands

Name of Affiliate	Capital Amount (Note 1)	Total Assets (Note 2)	Total Liabilities (Note 2)	Net worth	Operating Revenue (Note 2)	Operating Income (Note 2)	Current Profit or Loss (Note 2)	Earnings per share (NT\$)
Eternal Materials Co., Ltd.	11,782,655	47,241,040	22,506,410	24,734,630	13,317,700	(159,542)	1,503,687	1.28
Eternal Holdings Inc.	5,681,836	19,980,274	2,745	19,977,529	0	(2,868)	731,712	4
Eternal Global (BVI) Co., Ltd.	703,144	4,835,950	0	4,835,950	0	(85)	227,801	14
Mixville Holdings Inc.	899,392	3,637,529	0	3,637,529	0	(81)	191,547	7
New E Materials Co., Ltd.	110,000	51,035	0	51,035	0	(44)	595	0.1
Eternal Electronic Material (Thailand) Co., Ltd.	121,225	305,073	129,494	175,579	487,423	(128)	1,334	1
CHOU-KOU Materials Co., Ltd.	188,753	621,937	389,060	232,877	745,956	25,944	26,028	2,667
Nikko-Materials Co., Ltd.	125,176	2,956,121	2,071,669	884,452	2,406,591	614,904	455,167	39,511
Elga Europe S.r.l.	95,441	772,542	747,441	25,101	658,087	49,586	29,889	0
Eternal International (BVI) Co., Ltd.	5,062,308	14,825,893	0	14,825,893	0	(99)	361,383	2
E-Chem Corp.	165,608	2,793,838	0	2,793,838	0	(32)	454,520	91
Eternal Nanyang Investment Co., Ltd.	934,948	1,595,770	1,422,160	173,610	0	(9,542)	(247,564)	(8)
PT Eternal Materials Indonesia	19,941	86,639	64,607	22,032	114,272	(6,686)	(2,523)	(2,523)
Eternal Materials India Private Limited	13,781	12,554	(103)	12,657	0	(272)	(278)	(0.1)
Eternal Technology Corporation	1,223,643	405,756	100,394	305,362	261,970	(88,640)	(107,652)	(107,652)
High Expectation Limited	871,519	3,377,984	0	3,377,984	0	(236)	188,605	7
Eternal Materials (Malaysia) Sdn. Bhd.	2,954,427	3,217,608	1,648,859	1,568,749	2,700,560	(108,650)	(148,743)	(0.4)

Name of Affiliate	Capital Amount (Note 1)	Total Assets (Note 2)	Total Liabilities (Note 2)	Net worth	Operating Revenue (Note 2)	Operating Income (Note 2)	Current Profit or Loss (Note 2)	Earnings per share (NT\$)
Eternal Chemical (China) Co., Ltd.	755,651	5,909,201	1,396,626	4,512,575	4,315,929	125,633	214,402	-
Eternal Optical Material (Suzhou) Co., Ltd.	1,563,967	170,724	2,543	168,181	28,664	(19,180)	(19,904)	-
Eternal Electronic Material (Guangzhou) Co., Ltd.	2,256,739	4,587,783	789,598	3,798,185	3,328,655	190,708	235,057	-
Eternal Photoelectric Material Industry (Yingkou) Co., Ltd.	469,402	250,457	72,805	177,652	183,156	8,452	9,251	-
Eternal Synthetic Resins (Changshu) Co., Ltd.	726,426	1,516,552	1,342,344	174,208	1,706,354	6,555	(8,936)	-
Eternal Chemical (Tianjin) Co., Ltd.	1,008,004	2,266,416	1,324,019	942,397	2,439,366	30,346	20,736	-
Eternal Specialty Materials (Zhuhai) Co., Ltd.	611,011	4,094,739	1,152,357	2,942,382	4,727,237	492,768	465,889	-
Eternal Materials (Guangdong) Co., Ltd.	1,297,259	4,517,203	1,140,873	3,376,330	5,020,634	146,253	188,840	-
Eternal (China) Investment Co., Ltd.	6,880,878	15,366,539	573,637	14,792,902	985,039	32,972	409,950	-
Eternal Chemical (Chengdu) Co., Ltd.	1,454,071	1,037,007	879,993	157,014	740,402	(106,961)	(150,512)	-
Eternal Electronic (Suzhou) Co., Ltd.	1,929,180	3,206,475	1,194,184	2,012,291	1,637,001	(97,335)	(98,068)	-
Eternal Specialty Chemical (Suzhou) Co., Ltd.	1,199,225	2,733,367	690,705	2,042,662	2,712,087	339,271	306,596	-
Eternal Material Industry (Tongling) Co., Ltd.	1,650,580	1,688,715	102,520	1,586,195	0	(47,266)	(43,635)	-
Eternal Precision Mechanics Co., Ltd.	615,600	2,002,628	509,591	1,493,037	140,499	(30,115)	316,897	5
Eternal Precision Mechanics (Guangzhou) Co., Ltd.	132,928	170,989	47,088	123,901	32,679	(7,507)	(6,243)	-

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