

Stock Code: 1717

Eternal Materials Co., Ltd.

2024 Annual Meeting of Shareholders Meeting Handbook

Convening Method: Physical Shareholders' Meeting

Time: 9:30 a.m., June 25, 2024 (Tuesday)

**Location: No. 22, Changxing Road, Luzhu District, Kaohsiung City
(Employee Activity Center of the Lu-Chu Plant)**

Table of Contents

Chapter 1.	Meeting Procedure	1
Chapter 2.	Meeting Agenda	2
	I. Call the Meeting to Order	3
	II. Chairperson Remarks	3
	III. Management Presentation (Company Reports)	3
	IV. Proposed Resolutions	5
	V. Questions and Motions	6
	VI. Adjournment	6
Chapter 3.	Attachments	
	I. 2023 Business Report	7
	II. 2023 Audit Committee's Review Report	11
	III. 2023 Director Compensation	12
	IV. 2023 Financial Statements	14
	V. 2023 Consolidated Financial Statements	24
	VI. 2023 Earnings Distribution Table	34
Chapter 4.	Appendices	
	I. Rules of Procedure for Shareholders' Meetings	35
	II. Articles of Incorporation	40
	III. Shareholding of Directors	45
	IV. Other Instructions	46

Eternal Materials Co., Ltd.

Procedure for the 2024 Annual Meeting of Shareholders

Time: 9:30 a.m., June 25, 2024 (Tuesday)

Location: No. 22, Changxing Road, Luzhu District, Kaohsiung City
(Physical Shareholders' Meeting) (Employee Activity Center of the Lu-Chu Plant)

- I. Call the Meeting to Order
- II. Chairperson Remarks
- III. Management Presentation (Company Reports)
- IV. Proposed Resolutions
- V. Questions and Motions
- VI. Adjournment

Eternal Materials Co., Ltd.

Agenda of the 2024 Annual Meeting of Shareholders

I. Call the Meeting to Order

II. Chairperson Remarks

III. Management Presentation (Company Reports)

Report I: 2023 Business Report.

Report II: Audit Committee's Review Report on 2023 Financial Statements.

Report III: 2023 Endorsements/Guarantees for Others.

Report IV: 2023 Distribution of Cash Dividends.

Report V: Distribution of 2023 Compensation for Directors and Employees.

Report VI: 2023 Compensation Received by Directors.

IV. Proposed Resolutions

Proposal I: 2023 Financial Statements.

Proposal II: 2023 Distribution of Earnings.

V. Questions and Motions

VI. Adjournment

I. Call the Meeting to Order

II. Chairperson Remarks

III. Management Presentation (Company Reports)

Report I: 2023 Business Report. Please review.

Explanation: For the Company's 2023 Business Report, refer to #Page 7-10# of the Handbook (Attachment I).

Report II: Audit Committee's Review Report on 2023 Financial Statements. Please review.

Explanation: For the Audit Committee's Review Report, refer to #Page 11# of the Handbook (Attachment II).

Report III: 2023 Endorsement and Guarantee for Others. Please review.

Explanation: As of 2023, the amount of Endorsements and Guarantees made by the Company for others is as follows:

Company Name	Currency	Amount	Relationship with the Company
Eternal Holdings Inc.	USD	18 million	100% of shares held directly
Eternal Nanyang Investment Co., Ltd.	USD	60 million	90% of shares held indirectly
Elga Europe S.r.l.	EUR	15 million	72.68% of shares held directly, 22.32% of shares held indirectly
Eternal Materials (Malaysia) Sdn. Bhd.	USD	81 million	90% of shares held indirectly
	MYR	8 million	
Eternal Material Industry (Tongling) Co., Ltd.	CNY	365 million	100% of shares held indirectly

Report IV: 2023 Distribution of Cash Dividends. Please review.

Explanation:

- I. In accordance with the Articles of Incorporation of the Company, when earnings are distributed in the form of cash, the Company authorizes the Board of Directors to distribute dividends and bonuses with the presence of more than two-thirds of the directors and the resolution of more than half of the directors present and submit a report of such distribution to the shareholders' meeting.

- II. According to the resolution of the 12th meeting of the 19th Board of Directors, distribution of cash dividends in the amount of NT\$942,612,387 was approved, with NT\$0.8 per share.
- III. The total amount of cash dividends of less than NT\$1 was transferred to the Employee Welfare Committee.
- IV. Pursuant to the resolution by the Board of Directors, the cash dividend record date was scheduled for May 1, 2024, and the distribution date was scheduled for May 24, 2024.

Report V: Distribution of 2023 Compensation for Directors and Employees, submitted to supervise. Please review.

Explanation:

- I. The compensation for directors and employees should be distributed in accordance with the Company Act and the Articles of Incorporation.
- II. NT\$11,300,000 and NT\$80,000,000 have been accrued for the compensation for directors and for employees in 2023, respectively.
- III. The compensation for directors should be distributed at 0.65% of profit in current year, with an amount of NT\$11,506,748, which is distributed by all directors in accordance with the Articles of Association and authorized to the chairman for checking and issuing, NT\$ 206,748 more than the accrued amount. The difference was recognized as the changes in accounting estimates in the following year's profit or loss.
- IV. The compensation for employees should be distributed at 4.5% of profit in current year, with an amount of NT\$79,662,101, NT\$337,899 less than the accrued amount. The difference was recognized as the changes in accounting estimates in the following year's profit or loss.
- V. The compensation for directors and employees in current year should be distributed in cash.
- VI. The distribution of 2023 compensation for directors and employees was reviewed by the Remuneration Committee on March 7, 2024 and approved by the Board of Directors on March 8, 2024.

Report VI: 2023 Compensation Received by Directors. Please review.

Explanation:

- I. For the compensation received by the directors in 2023, refer to #Page 12-13# of the Handbook (Attachment III).
- II. Director Remuneration Policy:
 - (1) According to Article 17 of the Company's Articles of Incorporation,

if the Company reports a profit in a year, not more than 1% of which shall be set aside as compensation for directors . The payment procedure shall be determined in accordance with Article 14-1 based on the standard rate in the industry. The Company has also formulated the "Director Remuneration and Compensation Payment Guidelines." Amendments to the procedure and distribution of remuneration and compensation are subject to resolutions of the Remuneration Committee and the Board of Directors.

- (2) Independent directors receive fixed remuneration, while general directors are paid according to their engagement in the Company's operations, contribution value, the Company's operating performance, and their professional ability and responsibilities. All directors are also entitled to reimbursement for travel expenses incurred for actual attendance at each meeting of the Board of Directors. The director remuneration policy should be reviewed from time to time in light of its operational status and future risks.

IV. Proposed Resolutions

Proposal I: 2023 Financial Statements. Please acknowledge the proposal. (Proposed by the Board of Directors)

Explanation:

- I. The Company's 2023 financial statements, including the business report, balance sheet, statement of comprehensive income, statement of changes in equity, and cash flow statement, have been reviewed by the Audit Committee on March 7, 2024. A written review report has been issued for the record and approved by the Board of Directors on March 8, 2024.
- II. For the above-mentioned Business Report, refer to #Page 7-10# of the Handbook (Attachment I). For the standalone financial statements and consolidated financial statements and accountant's audit reports, refer to #Page14-33# of the Handbook (Attachment IV and V).
- III. Please acknowledge the proposal.

Resolution:

Proposal II: 2023 Earnings Distribution. Please acknowledge the proposal. (Proposed by the Board of Directors)

Explanation:

- I. Cash dividends at NT\$0.8/share were distributed to shareholders. For the

2023 Earnings Distribution Table, refer to #Page 34# of the Handbook (Attachment VI).

II. Please acknowledge the proposal.

Resolution:

V. Questions and Motions

VI. Adjournment

Attachment I

Business Report

Looking back to 2023, following the official containment of the epidemic, the global economy has been affected by high interest rates and inflation, resulting in a decline in demand. Industries have proactively reduced inventory and have faced the impact of wars and other geopolitical events, which have hindered global economic progress. Despite numerous challenges, the management team of Eternal Materials has remained cautious and has taken proactive measures to address external factors.

As we enter the new year, inflation is gradually easing, and the interest rate hike cycle is nearing its end. Major international forecasters anticipate a global commodity trade revival. However, uncertainties persist due to ongoing geopolitical disruptions, fluctuations in raw material prices, and developments in the U.S.-China trade war. Eternal Materials remains committed to risk management, enhancing the Company's adaptability, optimizing our supply chain, and addressing market risks. Eternal Materials will focus on emerging technologies to drive the release of new consumer electronics products. We will concentrate on promising industries such as 5G, semiconductors, electric vehicles, green energy, and energy storage to meet customer demands. In terms of market layout, Eternal Materials has adopted a dual supply chain for the global market. In addition to continuing to cultivate the Greater China market to increase sales of niche products, the Company has deepened customer relationships in the Americas and Europe through local services, and has built up its supply and service capabilities in emerging markets such as the ASEAN region and India to enhance market penetration.

Eternal Materials emphasizes on sustainable development through the research and development of green and sustainable products, and is committed to improving production efficiency and quality control, as well as integrating into the circular economy in order to reduce the waste of resources, adhering to the concept of stable and sustainable business operations, and continues to emphasize on the issue of ESG, with the hope of creating greater benefits for shareholders, employees and the society.

The operating results in 2023 are reported as follows:

I. Business Performance in 2023

(I) Implementation of the business plan

The consolidated revenue of the Company in 2023 is NT\$42.5 billion, a decrease of 13% compared with that in 2022. In terms of operating performance, net profit before tax is NT\$2.182 billion, 38% lower than that in 2022. Net profit after tax attributable to the owner of the parent company is NT\$1.504 billion, and net profit per share is NT\$1.28.

(II) Financial position and profitability analysis

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

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 income	1,492,096
Other comprehensive income, net	(473,848)
Total comprehensive income	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 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

1. Research and development results in 2023:

(1) Moisture-permeable and waterproof functional film

- (2) Polyaspartic ester
 - (3) PU pressure-sensitive adhesive for protective films
 - (4) Fluorocarbon FEVE dispersions
 - (5) Silicone resin for cosmetic products
 - (6) Light curing silicone release agent for application in electronics and label industries
 - (7) PU pressure-sensitive adhesive for protective films for polarizing plate applications
 - (8) Light curing acrylic acid pressure sensitive adhesive
 - (9) Light curing conformal coating for energy vehicle application
 - (10) LF series lens silicone encapsulant for Mini LED application
 - (11) Light curing material for functional offset inks
 - (12) A&AB 3-in-1 Rapid Test for COVID-19/Dengue Fever NS1 Antigen Full Panel Rapid Test/Pet Infectious Disease Rapid Test
 - (13) Low-carbon footprint button resin
 - (14) FRP resin for wind turbine nacelle covers
 - (15) Light curing trenchless pipeline repair resin applications
 - (16) Photoimageable coverlay with vacuum laminator for flexible printed circuits
 - (17) Release film for encapsulation process
2. Future research and developments directions, aligned with the development of 5G, semiconductors, electric vehicles, biomedical in vitro diagnostics, and green materials, laying out key materials and establishing new core technologies as follows:
- (1) New core technologies take root in:
 - A. High frequency Low Dk/Df material design technology
 - B. Thermal Interface Material (TIM)
 - C. Water-based dispersion technology
 - D. Thermoplastic material mixing and processing technology
 - E. Material analysis technology
 - F. RAFT block copolymer technology
 - G. Synthesis and application technology of dual-curing adhesives
 - (2) Layout of new material development
 - A. Electronic materials with high frequency, high speed and high thermal conductivity
 - B. Semiconductor packaging materials
 - C. High performance thermoplastic composite
 - D. Lithium battery and energy storage materials

- E. Recombinant human collagen material
- F. Next-generation display materials
- G. Application of biomass materials
- H. High performance pressure-sensitive adhesive material
- I. Adhesive materials for energy vehicles
- J. New generation solar energy materials

(IV) Management objectives and production and marketing strategies

1. New product research and development direction will focus on 5G, semiconductors, electric vehicles, green energy, energy storage, and other potential industries, utilizing our research and development capacity to quickly respond to customer demand and accelerate the speed of product launches.
2. In the global trade landscape, the dual supply chain framework is now clearly defined. In addition to continuously cultivating the Greater China market, Eternal Materials should also focus on expanding its market presence, strengthening its foundation, and increasing the sales volume of niche products in line with industry trends. Furthermore, it should capitalize on the policy trends of strategic industries in key markets, actively engage in the development of related materials, or obtain development opportunities through strategic cooperation, and shorten the time of entry. In the Americans and European markets, we will continue to deepen customer relationships through localized services to achieve incremental growth.
3. Explore emerging markets in ASEAN countries and India and expand regional sales by taking advantage of the local production capacity, tariffs, and transportation costs of Malaysian and Thailand factories; Grasp the deployment paths of Taiwanese and Chinese manufacturers in ASEAN and South Asia, while simultaneously establishing supply and service capabilities locally to enhance market penetration. At the same time, establish strategic partnership with major international companies in Asia and strengthen business operations and product development capabilities.

To prepare for and adjust to future global trade patterns, regionalized supply chain, industry trends and market competition, Eternal Materials will strengthen its management capabilities, integrate internal and external resources, secure existing markets, and actively explore emerging regions through clear strategic directions, strong research and development capabilities, and comprehensive sales plans. Meanwhile, we will also adapt to global trends such as ESG and carbon neutrality, develop critical materials, and maintain long-term competitive advantage.

Chairman:
Kao, Kuo-Lun

General Manager:
Mao, Hui-Kuan

Principal Accounting Officer:
Su, Hui-Fang

Attachment II

Eternal Materials Co., Ltd.
Audit Committee's Review Report

Hereby 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 Meeting of Shareholders

Eternal Materials Co., Ltd.
Convener of the Audit Committee:

March 8, 2024

Attachment III

Unit: NT\$ Thousand

Position	Name	Directors' Remuneration								Percentage of the total sums of A, B, C, and D on the net profit after tax		Remuneration Paid to Concurrent Employees								Percentage of the total sums of A, B, C, D, E, F, and G on the net profit after tax		Compensation Paid to Directors from an Invested Company Other Than the Company's Subsidiaries or Parent Company	
		Remuneration (A)		Pension (B)		Director's Remuneration (C)		Business Execution Expenses (D)				Salary, Bonus and Special Allowances (E)		Pension (F)		Employee Bonus (G) (Note 2)							
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements				
Board Director	Chairperson	Kao, Kuo-Lun	0	0	0	0	2,557	2,557	60	60	2,617	2,617	18,640	18,640	0	0	2,523	0	2,523	0	23,780	23,780	0
											0.17	0.17									1.58	1.58	
	Board Director	Kwang Yang Motor Co., Ltd. Representative: Ko, Chun-Ping	0	0	0	0	1,279	1,279	60	60	1,339	1,339	0	0	0	0	0	0	0	0	1,339	1,339	0
											0.09	0.09									0.09	0.09	
Board Director	Yang, Huai-Kun	0	0	0	0	1,279	1,279	60	60	1,339	1,339	0	0	0	0	0	0	0	0	1,339	1,339	0	
										0.09	0.09									0.09	0.09		
Board Director	Chen, Chao-Hsu	0	0	0	0	1,279	1,279	60	60	1,339	1,339	0	0	0	0	0	0	0	0	1,339	1,339	0	
										0.09	0.09									0.09	0.09		

	Board 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	0	0	1,319 0.09	1,319 0.09	0
	Board 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	0	0	1,339 0.09	1,339 0.09	0
	Board 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	0	0	1,339 0.09	1,339 0.09	0
	Board 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	0	0	1,339 0.09	1,339 0.09	0
Independent Director of the Board	Independent Director of the Board	Hung, Lee-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	0	0	1,320 0.09	1,320 0.09	0
	Independent Director of the Board	Chen, Yi-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	0	0	1,320 0.09	1,320 0.09	0
	Independent Director of the Board	Luo, 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	0	0	1,310 0.09	1,310 0.09	0
	Independent Director of the Board	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	0	0	1,320 0.09	1,320 0.09	0

Note 1. In addition to the above, the Directors of the Company received remuneration in the amount of NT\$4,464 thousand for consulting services provided to all companies in the financial statements for the most recent fiscal year.

Note 2. Include expenses for the use of company vehicles. Additionally, compensation paid to the drivers amounted to NT\$1,106 thousand, but this is not included in this type of remuneration.

Note 3. The payment of compensation to the Company's Independent Directors is according to the Company's Directors' Remuneration and Remuneration Distribution Guidelines. In 2023, each Independent Director's remuneration is NT\$1.2 million per person per year, paid quarterly.

Attachment IV

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. 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. 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:

3. 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.
- 4.
5. 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.
- 6.
7. 3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 8.
9. 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.
- 10.
11. 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.
- 12.
13. 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.

14. 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)	212,165	-	254,730	-
Total current assets	7,004,506	15	8,419,155	18
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)	68,471	-	52,299	-
Total non-current assets	40,236,534	85	39,401,437	82
TOTAL	\$ 47,241,040	100	\$ 47,820,592	100
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)	31,985	-	44,140	-
Total current liabilities	10,130,348	22	8,922,658	19
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)	545,153	1	542,454	1
Total non-current liabilities	12,376,062	26	14,137,530	29
Total liabilities	22,506,410	48	23,060,188	48
EQUITY (Note 17)				
Ordinary shares	11,782,655	25	11,782,655	25
Capital surplus	664,785	1	368,946	1
Retained earnings				
Legal reserve	5,083,381	11	4,803,617	10
Special reserve	977,601	2	1,181,819	2
Unappropriated earnings	7,584,997	16	7,600,968	16
Total retained earnings	13,645,979	29	13,586,404	28
Other equity	(1,358,789)	(3)	(977,601)	(2)
Total equity	24,734,630	52	24,760,404	52
TOTAL	\$ 47,241,040	100	\$ 47,820,592	100

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	(22,920)	-	40,757	-
Other comprehensive income (loss) for the year, net of income tax	(461,748)	(3)	381,057	2
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)

	Ordinary Shares	Capital Surplus	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
			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)

Attachment V

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)	905,349	2	819,171	1
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)	286,878	1	375,708	1
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	68,172	-	91,633	-
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)	757,091	1	818,763	2
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	<u>(22,920)</u>	<u>-</u>	<u>40,757</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(473,848)</u>	<u>(2)</u>	<u>374,596</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,018,248</u>	<u>2</u>	<u>\$ 2,994,077</u>	<u>6</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,503,687		\$ 2,617,592	
Non-controlling interests	<u>(11,591)</u>		<u>1,889</u>	
	<u>\$ 1,492,096</u>		<u>\$ 2,619,481</u>	
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,041,939		\$ 2,998,649	
Non-controlling interests	<u>(23,691)</u>		<u>(4,572)</u>	
	<u>\$ 1,018,248</u>		<u>\$ 2,994,077</u>	
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		Total	Non-controlling Interests	Total Equity
	Ordinary Shares	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity			
			Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2023	\$ 11,782,655	\$ 368,946	\$ 4,803,617	\$ 1,181,819	\$ 7,600,968	\$ (1,335,011)	\$ 357,410	\$ (977,601)	\$ 24,760,404	\$ 310,936	\$ 25,071,340
Appropriation of the 2022 earnings (Note 22)	-	-	279,764	-	(279,764)	-	-	-	-	-	-
Legal reserve appropriated	-	-	-	-	-	-	-	-	-	-	-
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)	-	-	366,497	-	(366,497)	-	-	-	-	-	-
Legal reserve appropriated	-	-	-	-	-	-	-	-	-	-	-
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 or 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	<u>(3,351,175)</u>	<u>(3,642,813)</u>
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	<u>(2,068,372)</u>	<u>(1,886,864)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(162,962)</u>	<u>109,619</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	931,543	1,161,299
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>5,450,766</u>	<u>4,289,467</u>
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	<u>25,706</u>	-
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.
2023 Earnings Distribution Table

Unit: NT\$

Item	Amount	
I. Distributable amount		
Undistributed earnings at the beginning of the period		6,111,504,361
2023 After-tax net income	1,503,687,380	
Adjusted retained earnings for remeasurement of defined benefit plan	(32,852,632)	
Adjusted retained earnings for investments accounted for using the equity method	2,657,586	
The net income after tax for current period plus items other than the net income after tax for current period are included in the undistributed earnings of the current year		1,473,492,334
10% appropriated as legal reserve		(147,349,233)
Reversal of special reserve appropriation		<u>(381,187,913)</u>
Distributable retained earnings		7,056,459,549
II. Distributable item:		
Cash dividends for shareholders at NT\$0.8 per share		(942,612,387)
III. Undistributed earnings at the end of the period		<u>6,113,847,162</u>

- Dividends for shareholders to be distributed should be appropriated from the earnings in 2023 first.
- According to the Letter No. 1090150022 issued by Financial Supervisory Commission on March 31, 2021, the Company chose to adopt the exemptions in IFRS 1, so special reserve of NT\$426,930,232 was appropriated for retained earnings transferred from unrealized incremental value from revaluation. The special surplus reserve was reversed by NT\$ 645,282 in 2021.
- According to the Letter No. 1090150022 issued by Financial Supervisory Commission on March 31, 2021, the Company should appropriate special reserve of NT\$1,358,789,185 for net amount of other equity deductions due to translation differences of assets and liabilities of foreign operations and the revaluation of fair value of financial investments in 2023. As the Company had accumulated special reserve of NT\$977,601,272, the difference of NT\$381,187,913 between the appropriated amount and the deduction to other equity shall be allocated to the special reserve.

Chairman:
Kao, Kuo-Lun

General Manager:
Mao, Hui-Kuan

Principal Accounting Officer:
Su, Hui-Fang

Appendix I

Eternal Materials Co., Ltd.

Rules of Procedure for Shareholders' Meetings

Formulated: April 21, 1991

Amended: June 18, 2020

- I. The rules of procedure for the Company's shareholders meetings, except as otherwise provided by the laws, regulations or Articles of Incorporation, shall be as provided in these Rules.
- II. A shareholder holding 1% or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. However, the shareholder proposal is a proposal to urge the Company to promote public interest or fulfill its social responsibilities, and the board of directors must still include the proposal. In addition, when the circumstances of any subparagraph of Paragraph 4, Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.
Prior to the book closure date before a regular shareholders' meeting is held, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission: the period for submission of shareholder proposals may not be less than 10 days.
Shareholder-submitted proposals are limited to 300 words (including characters and punctuation), and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder submitting the proposal shall be present in person or by proxy at the regular shareholders' meeting and take part in the discussion of the proposal.
Prior to the date for issuance of notice of a regular shareholders' meeting, the Company shall inform the shareholders' submitting proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders' meeting, the Board of Directors shall explain the reasons for exclusion of any shareholder-submitted proposals not included in the meeting agenda.
- III. Shareholders or their proxies (collectively, "shareholders") shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.
The number of shares in attendance shall be calculated according to the shares indicated by the attendance cards, sign-in cards, or other certificates of attendance handed in plus the

number of shares whose voting rights are exercised by correspondence or electronically.

IV. The participation and voting by shareholders shall be duly calculated based on the number of shares they hold.

V. The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Registration shall begin at least 30 minutes before the commencement of the meeting.

The Company shall specify in its shareholders' meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

VI. For a shareholders' meeting chaired by the chairperson of the Board, when the chairperson is on leave or for any reason unable to exercise the powers of the chairperson, the chairperson shall appoint a director to act in place of the chairperson. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as the chair.

VII. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

The staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

VIII. The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of a shareholders' meeting. The recorded materials shall be retained for at least 1 year.

IX. The chairperson shall call the meeting to order at the time scheduled for the meeting. In the event that the meeting is attended by shareholders representing less than half of the total issued shares, the chairperson may announce a postponement of the meeting, however, there may not be more than two postponements in total and the total time accumulated in the postponement(s) shall not exceed one hour.

If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

X. If a shareholders' meeting is convened by the Board of Directors, the agenda shall be

determined by the Board of Directors. The relevant proposals (including motions and amendment to original proposals) shall be decided by voting on a case-by-case basis. The meeting shall be convened according to the scheduled agenda. The agenda shall not be altered without a resolution adopted at the shareholders' meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors.

The chair shall not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting.

After the meeting is adjourned, the shareholders shall not appoint another chair and continue the meeting either at the same or a different venue.

- XI. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.
A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.
When an attending shareholder is speaking, other shareholders shall not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.
- XII. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.
If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.
- XIII. When a legal person is entrusted to attend the shareholders' meeting, the legal person may designate only one representative to attend.
When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.
- XIV. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
- XV. When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

XVI. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes or list of the elect and number of votes, shall be announced on-site at the meeting, and a record made of the vote.

XVII. When a meeting is in progress, the chair may announce a break based on time considerations.

XVIII. Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders.

XIX. When the Company holds a shareholders' meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice.

A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting;

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company two days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail. However, this restriction does not apply when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, 2 business days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

- XX. Resolutions of shareholders' meetings shall be recorded in the minutes of meeting. The meeting minutes shall be signed or sealed by the chair of the meeting, and the minutes shall be distributed to each shareholder within 20 days after the meeting. The production and distribution of the meeting minutes may be effected by electronic means. The distribution of the meeting minutes as described in the preceding paragraph can be done through a public announcement on the Market Observation Post System. The meeting minutes shall be recorded in accordance with the year, month, day, venue, name of the chair, resolution method, method of discussion and voting results (including statistical weights). When there are elected Directors, each candidate's votes shall be disclosed. It should be kept permanently during the existence of the Company,
- XXI. The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."
- XXII. These Rules and any amendments hereof shall be put into enforcement after being resolved at the shareholder meeting.

Appendix II

Articles of Incorporation of Eternal Materials Co., Ltd.

Chapter 1. General Principles

Article 1 The Company, organized under the Company Act, shall be named 長興材料工業股份有限公司 in Mandarin Chinese, and Eternal Materials Co., Ltd. in English .

Article 2 The scope of the Company's business is as follows:

1. C801100 Synthetic Resin and Plastic Manufacturing
2. CC01080 Electronics Components Manufacturing
3. C802200 Coating, Paint, Dye and Pigment Manufacturing
4. C802120 Industrial and Additive Manufacturing
5. C805990 Other Plastic Products Manufacturing
6. C801990 Other Chemical Material Manufacturing
7. C801020 Petrochemical Materials Manufacturing
8. C801010 Basic Industrial Chemical Manufacturing
9. CF01011 Medical Devices Manufacturing
10. F108031 Wholesale of Medical Devices
11. F208031 Retail Sale of Medical Apparatus
12. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3 The Company is headquartered in Kaohsiung City and may establish branches at home and abroad when necessary.

Article 4 The Company may engage in domestic or foreign investment in other companies. The total amount of the Company's investment in other companies is exempted from the prohibition against exceeding 40% of paid-up capital.

Article 5 The Company may act as a guarantor of affiliates and investee companies.

Chapter 2. Shares

Article 6 The authorized capital of the Company is NT\$18 billion, consisting of 1.8 billion shares of common stock, with a par value of NT\$10 per share. The Board of Directors is authorized to issue the shares in separate installments as required. NT\$0.1 billion, consisting of 10 million shares, with a par value of NT\$10 per share, is reserved for stock warrants, corporate bonds with warrants, and preferred stock with warrants.

Article 6-1: Shares issued by the Company need not be in a certificate form, but shall be registered with a centralized depository enterprise.

Article 7 All entries in the shareholders register due to transfer of shares shall be suspended for 60 days prior to a regular shareholders' meeting, or for 30 days prior to an extraordinary shareholders' meeting, or for 5 days prior to the record date fixed for distributing dividends, bonus, or any other benefits.

Chapter 3. Shareholders' Meeting

Article 8 Shareholders' meetings are of two kinds: Regular shareholders' meetings and extraordinary shareholders' meetings. A regular shareholders' meeting is called once every year within six months of the close of a fiscal year. Extraordinary shareholders' meetings may be called in accordance with applicable laws and regulations whenever necessary.

Article 9 For any shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by using the proxy form issued by the Company and specifying the scope of proxy.

Article 10 Each shareholder of the Company is entitled to one vote per share, unless otherwise provided by the Company Act and applicable laws or regulations.

Article 11 Unless otherwise provided by applicable laws or regulations, a resolution of the shareholders' meeting shall be adopted with consent of a majority of the votes represented by those in attendance at the meeting, in person or by proxy, and representing a majority of the total issued shares.

Chapter 4. Board of Directors and Audit Committee

Article 12 The Company shall have 11 directors of the Board (including 3 independent directors). Starting from the 19th term of the Board of Directors, the Company shall have 12 directors of the Board (including 4 independent directors), with a term of three years. Directors are elected and appointed by the shareholders from the list of candidates. Candidates may continue in office if re-elected.

The nomination system shall be adopted for the election of directors.

The nomination of directors of the Board shall be processed and announced in accordance with the Company Act and the Securities and Exchange Act. Independent and non-independent directors shall be elected at the same time, but in separately calculated numbers.

The total shares of registered stock held by all Directors shall conform to the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies promulgated by the authority in charge of securities.

Article 12-1: The Company has established the Audit Committee under the 17th Board of Directors since 2016. The Audit Committee shall consist of all independent directors. The Audit Committee Charter shall be formulated based on the resolution of the Board of Directors.

Since the establishment of the Audit Committee, the regulations of the Company Act, the Securities and Exchange Act, and other laws and regulations relating to supervisors shall apply mutatis mutandis to the Audit Committee.

Article 12-2: The Company may purchase liability insurance for directors of the Board within the term of office.

Article 13 The Board of Directors shall consist of the directors of the Board of the Company; the chairperson of the Board of Directors shall be elected from among the directors of the Board by a majority of directors of the Board in attendance at a meeting attended by at

least two-thirds of the directors of the Board. A vice chairperson may be elected as well in the same way when necessary. The chairperson of the Board of Directors shall represent the Company in external matters. In calling a meeting of the Board of Directors, the Company may notify each director of the Board in writing or by fax or E-mail.

Article 14 If a director of the Board is unavailable to attend a meeting in person, the director of the Board may authorize another director of the Board to attend the meeting on his/her behalf. For matters that shall be resolved by the Board of Directors in accordance with Article 14-3 of the Securities and Exchange Act, independent directors may only authorize other independent directors to attend the meeting on their behalf.

Article 14-1: The Board of Directors shall be authorized to decide on the compensation for the directors of the Board at a rate consistent with the general practices in the industry and based on the participation in and contribution to the Company's operations. The Board of Directors shall also approve the compensation regulations as the basis for payment of compensation.

Chapter 5. Managerial Officer

Article 15 The Company may appoint several managerial officers, whose commissioning, decommissioning and compensation shall be as pursuant to Article 29 of the Company Act.

Chapter 6. Accounting

Article 16 After the close of each fiscal year, the business report, financial statements, and proposal for earnings distribution or appropriation for deficits shall be prepared by the Board of Directors and submitted to the regular shareholders' meeting for ratification.①②③

Article 17 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 of the Board. If the Company has accumulated losses, a reserve shall be set aside to offset the losses.

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.

Compensation for employees may be distributed in a form of stock or cash. The distribution of compensation for employees shall be approved by more than half of the directors of the Board present in the meeting which more than two-thirds of the directors of the Board attend and reported in the shareholders' meeting.

The counterparty to whom stock or cash dividends are distributed to as compensation for employees shall include the employees of the Company's subsidiaries that meet certain conditions.

Except for compensation set forth in Article 14-1, independent directors do not

participate in the distribution of compensation for directors of the Board in this article.

- Article 18 The Company shall set aside the following in order before distributing earnings, if any:
- ① Income taxes.
 - ② Make up for accumulated deficit.
 - ③ Appropriate 10% as legal reserve; where such legal reserve amounts to the total paid-in capital, this provision shall not apply.
 - ④ Appropriate or reversal of special reserve according to resolution from the Shareholders' Meeting or regulations from competent authority.
 - ⑤ The distributable earnings shall consist of the balance of earnings plus the undistributed earnings. The Board of Directors shall propose the earnings distribution in the shareholders' meeting for a resolution.

In accordance with Article 240 and Paragraph 1 of Article 241 of the Company Act, the Company authorizes the distributable dividends and bonuses, or legal reserve and capital reserve, in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Committed to the sustainable development and sustainable growth, the Company expects to have major expansion plans. Dividends to be distributed to shareholders shall not be less than 30% of the balance of earnings in a year. Cash dividends shall not be less than 10% of total distributable dividends for a year.

Chapter 7. Additional Provisions

Article 19 Any matters not provided for in the Articles of Incorporation shall be handled in accordance with the Company Act and other applicable laws or regulations.

Article 20 These Articles were enacted on November 17, 1964.
The 1st amendment was made on February 16, 1966.
The 2nd amendment was made on May 1, 1967.
The 3rd amendment was made on December 16, 1967.
The 4th amendment was made on February 6, 1972.
The 5th amendment was made on November 2, 1972.
The 6th amendment was made on November 5, 1973.
The 7th amendment was made on June 6, 1974.
The 8th amendment was made on July 31, 1975.
The 9th amendment was made on August 29, 1976.
The 10th amendment was made on February 10, 1977.
The 11th amendment was made on August 3, 1978.
The 12th amendment was made on December 26, 1979.
The 13th amendment was made on December 28, 1980.
The 14th amendment was made on October 4, 1983.
The 15th amendment was made on July 20, 1984.
The 16th amendment was made on September 2, 1984.
The 17th amendment was made on October 23, 1986.

The 18th amendment was made on February 12, 1987.
The 19th amendment was made on June 25, 1987.
The 20th amendment was made on September 3, 1987.
The 21st amendment was made on January 17, 1988.
The 22nd amendment was made on September 7, 1988.
The 23rd amendment was made on October 12, 1988.
The 24th amendment was made on December 11, 1988.
The 25th amendment was made on April 26, 1990.
The 26th amendment was made on May 20, 1990.
The 27th amendment was made on August 28, 1990.
The 28th amendment was made on April 21, 1991.
The 29th amendment was made on March 4, 1992.
The 30th amendment was made on April 25, 1992.
The 31st amendment was made on July 15, 1992.
The 32nd amendment was made on April 25, 1993.
The 33rd amendment was made on April 25, 1994.
The 34th amendment was made on April 28, 1995.
The 35th amendment was made on May 15, 1996.
The 36th amendment was made on May 15, 1997.
The 37th amendment was made on April 10, 1998.
The 38th amendment was made on May 04, 1999.
The 39th amendment was made on May 10, 2000.
The 40th amendment was made on May 11, 2001.
The 41st amendment was made on April 15, 2002.
The 42nd amendment was made on April 14, 2004.
The 43rd amendment was made on April 13, 2005.
The 44th amendment was made on June 9, 2006.
The 45th amendment was made on May 24, 2007.
The 46th amendment was made on June 13, 2008.
The 47th amendment was made on June 15, 2010.
The 48th amendment was made on June 5, 2012.
The 49th amendment was made on June 20, 2013.
The 50th amendment was made on June 11, 2014.
The 51st amendment was made on June 10, 2015.
The 52nd amendment was made on June 15, 2016.
The 53rd amendment was made on June 15, 2017.
The 54th amendment was made on June 26, 2019.
The 55th amendment was made on July 07, 2021.
The 56th amendment was made on June 23, 2022.

Appendix III

Shareholding of Directors

Position	Name	Book Closure Date for the Shareholder's Meeting April 27, 2024
Chairman	Kao, Kuo-Lun	51,105,563
Director	Kwang Yang Motor Co., Ltd.	117,800,000
	Representative: Ko, Chun-Ping	0
Director	Yang, Huai-Kun	14,397,105
Director	Chen, Chao-Hsu	1,198,108
Director	Kao, Kuo-Hsun	2,287,614
Director	Huang, Shun-Jen	797,701
Director	Chen, Chin-Yuan	241,803
Director	Liao, Heng-Ning	240,722
Number of shares held by all directors excluding Independent Directors	Total	188,068,616
Independent Director	Hung, Lee-Jung	0
Independent Director	Luo, Li-Chun	0
Independent Director	Chen, Yi-Heng	138,482
Independent Director	Lu, Chun-Cheng	924
Number of shares held by all directors	Total	188,208,022

Date elected: June 23, 2022

The Company's paid-in capital was NT\$11,782,654,830, with 1,178,265,483 shares

Statutory minimum number of shares held by all directors of the Board: 32,000,000 shares
(Note)

Note: According to Paragraph 2, Article 2 of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, if a public company has elected two or more independent directors, the share ownership figures calculated at the rates set forth in the preceding paragraph for all directors other than the independent directors and shall be reduced to 80%.

Statutory minimum number of shares held by all supervisors: N/A

The shareholding of all directors of the Board conformed to the ratio set forth in the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies.

Appendix IV

Other Instructions

Proposals submitted by shareholders were processed as follows:

1. According to Article 172-1 of the Company Act, shareholder holding 1% of the total number of issued shares or more may submit to the Company a written proposal for discussion at a regular shareholders' meeting. Such proposals, however, are limited to one item only. Shareholder-submitted proposals are limited to 300 words.
2. Shareholder proposals must be submitted during the period from April 19, 2024 to April 29, 2024, until 5 p.m. As required by law, the Company has published the information regarding shareholder proposals on the MOPS website.
3. As of the deadline, the Company has not received any proposals from shareholders.