

Governance Regulations of Eternal Materials Co., Ltd.

Chapter 1. General Provisions

Article 1. In order to establish a complete corporate governance system to ensure shareholders' interests, strengthen the functions of the Board of Directors, and fulfill the Company's social responsibilities, the Governance Regulations of Eternal Materials Co., Ltd. (hereinafter referred to as these Regulations) is hereby formulated pursuant to Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies to establish an effective corporate governance structure

Article 2. The corporate governance system established by the Company shall comply with laws, the Article of Incorporation and contracts entered into for securities trading and relevant matters, and shall be based on the following principles:

1. Protecting shareholders' interests.
2. Reinforcement of the functional duties of the Board of Directors.
3. Respect the interests of stakeholders.
4. Increase information transparency.

Article 3. The Company shall set up a part-time unit to be responsible for relevant corporate governance affairs. The Chairman of the Board shall designate senior executives to be responsible for supervising, who shall possess lawyer or accountant qualifications, or have been engaged in legal, financial, or stock management work in a public company for more than three years.

The abovementioned corporate governance related matters include the follows:

1. Handle corporate registration and amendment registration.
2. Handle matters related to the Board meetings and the shareholders' meetings in accordance with the law and assist the Company to comply with laws and regulations related to the Board of Directors and shareholders' meetings.
3. Minutes recording for Board meetings and shareholders' meetings.
4. Provide directors with the materials required for business operations and the latest legal and regulatory developments related to company operations, so as to assist the directors to comply with the laws and regulations.
5. Matters related to investor relations.
6. Other matters stipulated in the Articles of Incorporation or contracts.

Article 4. In compliance with the Regulations Governing Establishment of Internal Control Systems by Public Companies, the Company shall take into consideration the overall operational activities of the Company and its subsidiaries to establish an effective

internal control system. In light of changes in the Company's internal and external environment, the Company shall also review the system from time to time and conduct self-evaluation in order to ensure the continued effectiveness of the system's design and implementation.

The Board of Directors and management shall review the results of the self-assessment by each department annually and the reports of the internal audit department on a quarterly basis. The Independent Directors of the Audit Committee shall also attend to and supervise these matters. Directors shall regularly hold discussions with internal auditors to review deficiencies of the internal control system. A record of the discussions shall be kept, the improvements shall be implemented and followed up, and a report shall be submitted to the Board of Directors. The management of the Company shall pay close attention to the internal audit department and its personnel, urge them to faithfully conduct audits, evaluate deficiencies of the internal control system, and assess the efficiency of the Company's operations, in order to ensure that the system can operate effectively on an on-going basis, and to assist the Board of Directors and the management to perform their duties faithfully so as to ensure a sound corporate governance system.

Chapter 2. Protection of Shareholders' Interests

Article 5. The Company establishes these Regulations to protect shareholders' interests and treats all shareholders fairly.

Article 6. Information disclosure shall comply with relevant regulations and provide information to shareholders on a regular and immediate basis through the Market Observation Post System or the Company's website, so as to ensure that shareholders are fully aware of the Company's material matters.

Article 7. Shareholders' meetings shall be convened in accordance with Company Act and related laws and regulations. Matters that shall be resolved at shareholders' meetings shall be implemented in accordance with the Rules of Procedures of the Shareholders' Meeting of Eternal Materials Co., Ltd. to ensure that shareholders enjoy the right to participate and make decisions for material matters of the Company. The resolutions at shareholders' meetings shall comply with laws and regulations and the Articles of Incorporation.

Article 8. The Board of Directors shall arrange proper proposals and agendas for shareholders' meetings, and handle resolutions proposed by shareholders according to laws and regulations. Shareholders' meetings shall provide reasonable time for the discussion of all proposals and provide shareholders an appropriate opportunity to make statements.

Shareholders are allowed to vote case by case at shareholders' meetings, and input the results of shareholders' agreeing, opposing, or abstaining from voting into the internet information reporting system designated by the securities counter trading center on the day of the shareholders' meeting.

Article 9. The Company has appointed a professional stock agency to handle matters related to shareholders' meetings, so as to ensure shareholders' meetings are convened in a legal, effective, and safe manner.

In addition to attending the shareholders' meeting in person or by proxy, shareholders of the Company may participate in the shareholders' meeting by electronic voting. To increase the attendance rate of shareholders' meetings and that shareholders are able to exercise their rights in shareholder meetings according to law, the Company shall use various methods and technologies for information disclosure and voting. However, extraordinary proposals and amendments of proposals shall be avoided.

Article 10. The Chairman of a Shareholders' Meeting shall fully comply with the rules of procedure set forth by the Company. The Chairman shall ensure smooth proceedings of the meeting. According to the Company Act and other applicable laws and regulations, the minutes of shareholders' meetings shall record the date and place of the meeting, the name of the attending shareholders, the method of resolution, and a summary and results of the meeting.

For the election of directors, the voting method and the number of votes for the elected directors shall be specified.

The shareholders' meeting minutes shall be properly and permanently kept by the Company during its existence, and shall be sufficiently disclosed on the Company's website.

Article 11. Material financial business operations, such as obtaining or disposing of assets, lending of capital, and endorsement and guarantees, shall be conducted pursuant to relevant laws and regulations. Relevant procedures shall be established and submitted to the shareholders' meetings for resolution to protect the shareholders' interests.

When the Company is involved in a merger, acquisition, or public tender offer, in addition to proceeding in accordance with the applicable laws and regulations, it shall pay attention to the fairness and reasonableness of the plan and transaction, including the information disclosure and the soundness of its financial structure thereafter.

The relevant personnel of the Company handling the abovementioned matters shall pay attention to any conflicts of interests and the need for avoidance.

Article 12. To ensure the shareholders' interests, the Company shall designate personnel to handle shareholders' recommendations, doubts, and disputes.

Article 13. The management authorization of personnel, assets, and financial management with affiliates should be clearly stated. Risk assessments shall be conducted, and appropriate firewalls shall be established.

Article 14. In addition to serving as a director or manager of a wholly-owned reinvestment company in accordance with the law, unless the Board of Directors removes the prohibition of competition, the manager of the Company shall not concurrently serve as a manager or director of an affiliate.

The directors of the Company shall explain the material contents of their actions and on behalf of others within the business scope of the Company to the shareholders' meeting and obtain consent from the shareholders' meeting.

Article 15. The Company shall establish comprehensive financial, business, and accounting management systems according to relevant laws and regulations. The Company shall also implement a comprehensive risk assessment on its affiliates based on their major transaction banks, customers, and suppliers. Necessary control mechanisms shall be implemented to lower credit risks.

Article 16. Business between the Company and its affiliates shall be based on fair and reasonable principles. A written regulation shall be established for financial operations between the two parties. Price conditions and payment methods shall be clearly established for contracts to eliminate unconventional trade violations.

Transactions or contracts between the Company and its affiliates and shareholders shall be handled in accordance with the principle of the preceding paragraph. Transfer of interests is strictly prohibited.

Article 17. The Company shall regularly disclose relevant pledges and addition/decrease in company shares of shareholders with over 10% of company shares. The Company shall also disclose major matters that may result in changes in shares to be supervised by other shareholders.

Chapter 3. Strengthen the Function of Board Meetings

Article 18. The Board of Directors shall direct company strategies, supervise the management and be responsible to the Company and shareholders. The procedures and arrangements of the Company's corporate governance system ensure that the Board of Directors complies with laws and regulations, the Articles of Incorporation, and the resolutions of shareholders' meetings in exercising its power.

In addition to complying with relevant laws and regulations, the composition of the

Company's Board of Directors shall include an appropriate number of directors according to the Company's business development scale and shareholdings of major shareholders, as well as the practical operational needs. Members of the Board of Directors shall, in general, possess the knowledge, skills, and qualities necessary to perform their duties.

Article 19. The election and dismissal procedures of directors shall be based on the principles of protecting the interests of shareholders and treating them fairly, which shall be handled in accordance with the "Directors Election Procedures of Eternal Materials Co., Ltd." A cumulative voting system shall be adopted in accordance with the Company Act to fully reflect shareholders' opinions.

Unless otherwise approved by the competent authority, a majority of the Company's directors shall have neither spousal relationships nor familial relationship within the second degree of kinship with other directors.

The aggregate shareholding percentage of all of the directors of the Board of Directors shall comply with laws and regulations. Restrictions on the share transfer of each director and the creation, release, or changes of any pledges over the shares held by each director shall be subject to the relevant laws and regulations; and relevant information shall be fully disclosed.

Article 19-1. The Company specifies in the Articles of Incorporation that it adopts the candidate nomination system. The Company reviews in advance the qualifications, education, and experience as well as the existence of any other matters set forth in Article 30 of the Company Act with respect to the Director candidates recommended by shareholders or Directors. In addition, the Company may not arbitrarily add requirements for documentation of other qualifications and shall provide shareholders with the results of review for their reference, so as to elect qualified Directors.

The Board of Directors shall, in accordance with the provisions, carefully evaluate the qualifications listed in the preceding paragraph and other matters and the candidate's willingness to serve as a Director once elected after the election before providing the candidate list.

Shareholders shall elect Directors from the list of candidates.

Independent Directors and other Directors shall be elected at the same time but in separately calculated numbers in accordance with Article 198 of the Company Act.

Article 20. The duties of the Company's Chairman of the Board and President shall be clearly defined.

Article 20-1. The Company shall appoint at least three Independent Directors in accordance with the

Articles of Incorporation.

All Independent Directors shall possess professional knowledge, shall maintain their independence in performing their duties, and shall not have a direct or indirect conflict of interest with the Company.

Independent Directors and Non-independent Directors shall not change their positions during their term of office.

Where an Independent Director is discharged for any reason, causing the number of Independent Directors to be lower than that required in the first paragraph or the Articles of Incorporation, a by-election shall be held in the next shareholders' meeting. In the event that all the Independent Directors are dismissed, the Company shall convene an extraordinary Shareholders' Meeting to hold a by-election within 60 days from the date of the dismissal.

Professional qualifications, restrictions on both shareholding and concurrent positions held, validation of independence, method of nomination, and other compliance matters related to Independent Directors shall be handled in accordance with the Securities and Exchange Act, the Regulations Governing Appointment of Independent Directors and Compliance Matter for Public Companies, and the rules and regulations set forth by Taiwan Stock Exchange.

Article 20-2. The scope of duties of Independent Directors and matters related to the exercise of their powers are handled in accordance with the rules of the scope of duties of Independent Directors of the Company. The Company or other members of the Board of Directors shall not constrain or obstruct the performance of duties by the Independent Directors. It may establish a reasonable remuneration for Independent Directors that is different from ordinary Directors.

Article 21. In order to improve the supervisory function and strengthen the management function, the Board of Directors shall set up an Audit Committee and a Remuneration Committee and establish other functional committees when necessary.

Article 21-1. The Audit Committee shall be composed of all Independent Directors, which shall be no less than three persons, one of whom shall be the convener, and at least one of whom shall have accounting or financial expertise.

Provisions related to supervisors in the Securities and Exchange Act, the Company Act, as well as other laws and regulations shall apply mutatis mutandis to the Audit Committee.

The following matters require the approval by a majority of all members of the Audit Committee and shall be submitted to the Board of Directors for resolution.

1. Formulate or amend the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.

2. Assessment of the effectiveness of the internal control system.
3. The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
4. Matters bearing on the personal interest of a Director. V. Material Assets or Derivatives Trading.
5. Material loaning of funds, and provision of endorsements or guarantees.
6. Offering, issuance or private placement of any equity based securities.
7. Appointment, dismissal or compensation of a CPA.
8. Appointment or dismissal of a financial manager, accounting manager or chief internal auditor.
9. Annual and semi-annual financial reports.
10. XI. Other significant matters set forth by the Company or the competent authority.
11. Exercise of powers by the Audit Committee and Independent Directors, as well as related matters, shall be handled in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the rules and regulations set forth by Taiwan Stock Exchange.

Article 21-2. The professional qualifications of the members of the Remuneration Committee, the exercise of their powers, the formulation of the charter, and related matters shall be handled pursuant to the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange."

The Remuneration Committee shall exercise the due care of a good administrator by faithfully performing the following duties, and submit its recommendations to the Board of Directors for discussion:

1. Establish and regularly review the performance evaluation of the Directors and management and the remuneration policies, systems, standards, and structure.
2. Regularly assess and determine the remuneration of the Directors and management.

The Remuneration Committee shall comply with the following principles when performing the abovementioned duties:

1. The performance evaluation and remuneration of Directors and management shall refer to the average level in the industry, taking into account personal performance, company performance, and future risk.
2. It is prohibited to provide any incentive for the Directors or management to engage in activities that exceed the tolerable risk level of the Company in exchange for remuneration.

3. The percentage of remuneration distributed to Directors and senior management based on their short-term performance and the time for payment of any variable compensation shall be decided with regard to the characteristics of the industry and the nature of the Company's business.

Article 22. To improve the quality of its financial reports, the Company shall appoint a deputy accounting officer. To enhance the professional abilities of the deputy accounting officer referred to in the preceding paragraph, its continuing education shall follow the schedule of the chief accounting officer.

The Company shall select professional, responsible, and independent CPAs to audit the financial performance and internal control of the Company regularly. Abnormalities and deficiencies discovered and disclosed by CPAs in a timely manner in the auditing process and their specific improvement or anti-fraud opinions shall be reviewed and improved. The Company shall regularly (at least once a year) assess the independence of the appointed accountant. If the Company has not replaced the CPA for seven consecutive years or the CPA has been disciplined or the Company has suffered any loss or damage to its independence, the Company shall evaluate whether it is necessary to replace the CPA and report the evaluation result to the Board of Directors.

Article 23. It is advised that the Company engage competent, professional legal counsel to provide suitable legal consultation services to assist the Board of Directors and the management by improving their legal knowledge in order to prevent infraction of laws or regulations by the Company or its staff, and to ensure that corporate governance is implemented pursuant to the relevant legal framework and prescribed procedures. When, as a result of performing their lawful duties, Directors or the management are involved in litigation or a dispute with shareholders, the Company shall retain a legal counsel to provide assistance as circumstances require.

Article 24. To convene a Board meeting, a meeting notice which specifies the purposes of the meeting shall be sent to each director no later than seven days before the scheduled date. Sufficient meeting materials shall also be provided and enclosed in the meeting notice. If the meeting materials are deemed inadequate, a Director may request to provide more information or request a postponement of the meeting with the consent of the Board of Directors.

The Company shall formulate Board meeting procedures, which shall be submitted to the Board of Directors. Its major content, operation procedures, matters that shall be recorded in the meeting minutes, announcement, and other matters to be followed shall be handled according to the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies".

Article 25. Directors shall exercise a high degree of self-discipline. If a director is an interested party with respect to any proposal for a Board meeting or when the relationship is likely to prejudice the interests of the company, the Director may not participate in discussion or voting on that proposal and shall enter recusal during the discussion and voting. The Director also may not act as another Director's proxy to exercise voting rights on that matter. Directors shall also exercise self-discipline and shall not support one another in improper dealings. Directors shall clearly stipulate the voluntary recusal in the Board meeting procedures.

Article 26. Any dissenting or qualified opinions made by Directors regarding resolutions discussed at Board meetings shall be detailed in the meeting minutes.

During a Board Meeting, managements from the relevant divisions who are not Directors may sit in on the meeting, depending on the agenda, to report on the current business conditions of the Company and respond to inquiries raised by the Directors. Where necessary, CPAs, lawyers, or other professionals may be invited to sit in on the meeting to assist the Directors in understanding the conditions of CSCC and adopting appropriate resolutions. However, these professionals shall leave the meeting during discussion and voting.

Under any of the following circumstances, decisions made by the Board of Directors shall be recorded in the meeting minutes, as well as publicly announced and filed on the MOPS two hours before the beginning of trading hours on the first business day after the date of the board meeting:

1. Any dissenting or qualified opinion of an Independent Director that is recorded or stated in writing.
2. Where paragraph 3, Article 21-1 is not approved by the Audit Committee but has the consent of more than two-thirds of all Directors.

Article 27. Matters to be discussed by the Board of Directors shall comply with the Securities and Exchange Act and the Regulations Governing Procedure for Board of Directors Meetings of Public Companies shall be followed.

Article 28. Resolutions of the Board of Directors shall be handover to the appropriate department or person-in-charge. These matters are required to be implemented according to the planned schedule and objectives, which shall also be tracked and managed in order to truly assess their implementation. The Board of Directors shall keep track of the implementation progress, which shall be reported at the next meeting so that the Board of Director's management decisions can be realized.

Article 29. The attendance fee (transportation fee) of the Board of Directors and functional committees shall be paid on a monthly basis. However, if a Board meeting and a meeting

of functional committees are held on the same day, such fees shall be paid in one lump sum.

- Article 30. Board members shall perform their duties faithfully, try to be good managers, and focus on their obligations. They shall exercise their powers with high self-discipline and a prudent manner. The Company's business shall be carried out according to the resolutions of the Board of Directors, except for matters that should be resolved at a shareholders' meeting as stipulated by the laws or the Association of Incorporation. When resolutions from the Board of Directors involve the Company's operating development and material decision-making, Board members shall carefully deliberate the topics and shall not influence the promotion and operation of corporate governance. Independent Directors shall perform their duties according to relevant regulations and the Association of Incorporation to protect the Company's and shareholders' interests.
- Article 31. If the resolution of the Board meeting has been in breach of the laws and regulations, and the Company's Articles of Incorporation, and the shareholders holding shares for more than one year or Independent Directors request the Board of Directors to cease the resolution, the Board members shall handle it promptly or cease the relevant resolution. In the event a Board member finds that the Company may suffer from material damage, such issues shall be handled in accordance with the provisions of the preceding paragraph and reported immediately to the Independent Directors of the Auditing Committee or Remuneration Committee.
- Article 32. The Company shall purchase liability insurance with respect to liabilities resulting from exercising of Directors' duties during their terms of office so as to reduce and dilute the risk of material harm to the Company and shareholders arising from the mistakes or negligence of a Director. The purchase of insurance shall be reported to the Board of Directors.
- Article 33. During the commencement of the new tenure or during the tenure, Board members shall continuously participate in finance, risk management, sales, business, accounting, or legal courses related to corporate governance held by designated organizations stated in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies. Board members shall instruct employees of all levels to continue improving their professional and legal knowledge.

Chapter 4. (Deleted)

Article 34-42 (Deleted)

Chapter 5. Respecting Stakeholders' Rights

Article 43. Maintain smooth communication channels with the interested parties of the Company, respect and protect their legal interests. When stakeholders' legal equity is violated, the Company shall properly handle the matter based on a principle of integrity.

Article 44. The Company shall provide its banks and other creditors with sufficient information so they may make a judgment of the Company's operation and finance status. When their legal interest is violated, the Company shall respond and take a responsible attitude so that creditors may compensation through appropriate channels.

Chapter 6. Increase Information Transparency

Article 45. Information transparency is an important responsibility of a listed company. The Company discloses information in a timely, accurate, and complete manner in accordance with relevant laws and regulations and these Regulations so that all shareholders and stakeholders are fully informed and have easy access to relevant information in order to protect the interests of investors.

Article 46. To improve the accuracy and timeliness of material information disclosure, the Company shall select an individual who can present the Company, who understands the Company's finance and business, coordinate with different departments to provide information, and speak independently on behalf of the Company as the company spokesperson and substitute spokesperson. The Company shall appoint one or more deputy spokespersons. However, when there are multiple spokespersons, the order of which shall be arranged. In addition, when the spokespersons cannot perform his/her duties, the deputy spokespersons shall act independently.
The Company shall disclose changes to any spokesperson or deputy spokesperson immediately.

Article 47. The Company set up the website with the convenience of Internet access, and established the stakeholder webpage, the information on the Company's financial business and corporate governance as reference for shareholders and stakeholders.
To avoid misleading information, the aforesaid website shall be maintained by specified personnel, and the recorded information shall be accurate, detailed and updated on a timely basis.

Article 48. Investor conference convened by the Company shall be organized according to rules set by the Taiwan Stock Exchange. Financial and business information from the investor conference shall be uploaded to an Internet information reporting system according to

the requirement of the Taiwan Stock Exchange. Company website or other appropriate channels shall be provided for stakeholders to make inquiries.

Article 49. The Company shall disclose and provide regular updates on the following corporate governance information in accordance with relevant laws and regulations and the regulations of Taiwan Stock Exchange:

1. The corporate governance structure and regulations.
2. Company shareholding structure and shareholders' rights.
3. Structure and independence of the Board of Directors.
4. Responsibility of the Board of Directors and Management.
5. Composition, duties, and independence of the Audit Committee.
6. Analysis of the ratio of total remuneration for Directors, Presidents, and Vice Presidents to net income after tax in the independent financial report during the most recent two years, and the policies, standards, combinations, and procedures for remuneration and the correlation with business operation performance and future risks. Under special individual circumstances, remuneration of individual Directors shall be disclosed.
7. Training for Directors.
8. The rights, relationships, appeal channels, concerns, and appropriate response mechanism regarding stakeholders.
9. Details of the events subject to information disclosure required by law and regulations.
10. The difference between the implementation of corporate governance and these Regulations and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
11. Other information regarding corporate governance.
12. The composition, duty, and operation of the Remuneration Committee

The Company shall use appropriate methods to disclose its specific plans and measures for improving the corporate governance based on the actual implementation thereof.

Chapter 7. Additional Provisions

Article 50. The Company shall be aware of domestic and international developments in corporate governance systems and use them as references for improving the Company's corporate governance system and its effectiveness.

Article 51. These Regulations and any amendments are subject to the approval by the Board of Directors.