

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

**EVERLIGHT CHEMICAL INDUSTRIAL
CORPORATION AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2021 and 2020**

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The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of significant accounting policies	9~11
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	11
(6) Explanation of significant accounts	12~38
(7) Related-party transactions	38~39
(8) Pledged assets	39
(9) Commitments and contingencies	39
(10) Losses Due to Major Disasters	39
(11) Subsequent Events	39
(12) Other	39
(13) Other disclosures	
(a) Information on significant transactions	40~42
(b) Information on investees	43
(c) Information on investment in mainland China	44
(d) Major shareholders	45
(14) Segment information	46



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Independent Auditors' Review Report

To the Board of Directors of Everlight Chemical Industrial Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Everlight Chemical Industrial Corporation and its subsidiaries as of March 31, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. 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 International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standard 65, “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$251,536 thousand and \$329,038 thousand, constituting 1.83% and 2.47% of consolidated total assets as of March 31, 2021 and 2020, respectively, total liabilities amounting to \$36,947 thousand and \$34,981 thousand, constituting 0.72% and 0.64% of consolidated total liabilities as of March 31, 2021 and 2020, respectively, and total comprehensive income (loss) amounting to \$7,109 thousand and \$5,507 thousand, constituting 1.66% and (4.33)% of consolidated total comprehensive income for the three months ended March 31, 2021 and 2020, respectively.

Furthermore, as stated in note 6(e), the other equity accounted investments of Everlight Chemical Industrial Corporation and its subsidiaries in its investee companies of \$116,757 thousand and \$128,285 thousand as of March 31, 2021 and 2020, respectively, and its equity in net earnings on these investee companies of \$3,142 thousand and \$3,749 thousand for the three months ended March 31, 2021 and 2020, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Everlight Chemical Industrial Corporation and its subsidiaries as of March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the review resulting in this independent auditors' report are Chia-Chien Tang and Ya-Ling Chen.

KPMG

Taipei, Taiwan (Republic of China)
May 13, 2021

Notes to Readers

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

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards as of March 31, 2021 and 2020

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2021, December 31 and March 31, 2020

(Expressed in Thousands New Taiwan Dollars)

Assets		March 31, 2021		December 31, 2020		March 31, 2020		Liabilities and Equity		March 31, 2021		December 31, 2020		March 31, 2020	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 1,471,027	11	1,334,808	10	1,179,024	9	2100	Short-term borrowings (note 6(k))	\$ 2,105,406	16	1,871,991	14	2,218,128	17
1110	Financial assets at fair value through profit or loss-current (note 6(b))	137,364	1	60,100	1	43,518	-	2322	Long-term borrowings, current portion (note 6(l))	20,000	-	40,000	1	220,000	2
1136	Financial assets at amortized cost-current (note 6(b))	42,302	-	12,896	-	-	-	2120	Financial liabilities at fair value through profit or loss-current (note 6(b))	-	-	-	-	146	-
1150	Notes receivable, net (notes 6(c) and (t))	240,304	2	213,396	2	190,767	2	2151	Notes payable (note 7)	174,397	2	181,329	2	157,143	1
1170	Accounts receivable, net (notes 6(c) and (t))	1,578,545	11	1,383,973	10	1,526,398	12	2170	Accounts payable (note 7)	428,774	3	389,570	3	394,393	3
130X	Inventories (note 6(d))	3,097,069	23	3,198,461	24	3,248,474	24	2209	Other payable (note 6(s))	339,401	3	407,211	3	332,346	3
1476	Other current financial assets	23,963	-	26,142	-	29,996	-	2213	Payable on equipment	8,655	-	17,545	-	10,102	-
1479	Other current assets (note 6(h))	90,473	1	114,339	1	118,479	1	2216	Dividends payable (note 6(q))	164,326	1	-	-	164,326	1
	Total current assets	<u>6,681,047</u>	<u>49</u>	<u>6,344,115</u>	<u>48</u>	<u>6,336,656</u>	<u>48</u>	2230	Current tax liabilities	67,694	-	38,386	-	92,472	1
Non-current assets:								2280	Lease liabilities-current (note 6(m))	33,067	-	35,102	-	34,455	-
1517	Financial assets at fair value through other comprehensive income-non-current (notes 6(b) and (w))	1,336,151	10	994,805	8	893,492	7	2399	Other current liabilities (note 6(n))	64,550	-	48,553	-	59,983	-
1550	Investments accounted for using equity method (note 6(e))	116,757	1	112,156	1	128,285	1		Total current liabilities	<u>3,406,270</u>	<u>25</u>	<u>3,029,687</u>	<u>23</u>	<u>3,683,494</u>	<u>28</u>
1600	Property, plant and equipment (notes 6(g) and 9)	5,140,676	37	5,265,817	40	5,398,389	40		Non-current liabilities:						
1755	Right-of-use-assets (note 6(i))	299,217	2	309,445	2	320,613	2	2540	Long-term borrowings (note 6(l))	1,167,383	8	1,250,000	9	1,270,000	9
1780	Intangible assets (note 6(j))	114,108	1	119,744	1	115,564	1	2570	Deferred tax liabilities	79,074	-	79,074	1	70,208	1
1840	Deferred tax assets	49,654	-	51,602	-	75,976	1	2580	Lease liabilities non-current (note 6(m))	251,273	2	258,608	2	269,061	2
1915	Prepayments for equipment	18,781	-	14,511	-	15,228	-	2640	Net defined benefit liability	123,253	1	130,566	1	163,536	1
1980	Other non-current financial assets (notes 6(c) and (t))	3,722	-	3,635	-	4,533	-	2670	Other non-current liabilities (note 6(n))	91,304	1	90,071	1	-	-
1990	Other non-current assets	11,746	-	10,559	-	14,800	-		Total non-current liabilities	<u>1,712,287</u>	<u>12</u>	<u>1,808,319</u>	<u>14</u>	<u>1,772,805</u>	<u>13</u>
	Total non-current assets	<u>7,090,812</u>	<u>51</u>	<u>6,882,274</u>	<u>52</u>	<u>6,966,880</u>	<u>52</u>		Total liabilities	<u>5,118,557</u>	<u>37</u>	<u>4,838,006</u>	<u>37</u>	<u>5,456,299</u>	<u>41</u>
								Equity attributable to owners of parent (notes 6(b), (e), (f), (q) and (v)):							
								3100	Common shares	5,477,522	40	5,477,522	41	5,477,522	41
								3200	Capital surplus	474,558	4	474,558	4	474,558	4
								3300	Retained earnings	1,974,306	14	2,019,285	15	1,789,938	14
								3400	Other equity	424,986	3	115,939	1	(213,178)	(2)
									Total equity attributable to owners of parent	<u>8,351,372</u>	<u>61</u>	<u>8,087,304</u>	<u>61</u>	<u>7,528,840</u>	<u>57</u>
								36XX	Non-controlling interests (notes 6(f) and (q))	<u>301,930</u>	<u>2</u>	<u>301,079</u>	<u>2</u>	<u>318,397</u>	<u>2</u>
									Total equity	<u>8,653,302</u>	<u>63</u>	<u>8,388,383</u>	<u>63</u>	<u>7,847,237</u>	<u>59</u>
									Total liabilities and equity	<u>\$ 13,771,859</u>	<u>100</u>	<u>13,226,389</u>	<u>100</u>	<u>13,303,536</u>	<u>100</u>
	Total assets	<u>\$ 13,771,859</u>	<u>100</u>	<u>13,226,389</u>	<u>100</u>	<u>13,303,536</u>	<u>100</u>								

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards
EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars Except for Earnings Per Share)

	For the three months ended March 31			
	2021		2020	
	Amount	%	Amount	%
4000 Operating revenue (note 6(t))	\$ 2,280,803	100	2,270,477	100
5000 Operating costs (notes 6(d), (g), (i), (j), (m), (o), (s), 7 and 12)	<u>1,718,748</u>	<u>75</u>	<u>1,818,284</u>	<u>80</u>
5950 Gross profit from operations	<u>562,055</u>	<u>25</u>	<u>452,193</u>	<u>20</u>
6000 Operating expenses (notes 6(c), (g), (i), (j), (m), (o), (s), 7 and 12):				
6100 Selling expenses	205,931	9	184,017	8
6200 Administrative expenses	78,061	3	80,114	4
6300 Research and development expenses	87,808	4	98,585	4
6450 Expected credit loss	<u>13,274</u>	<u>1</u>	<u>2,242</u>	<u>-</u>
Total operating expenses	<u>385,074</u>	<u>17</u>	<u>364,958</u>	<u>16</u>
6900 Net operating income	<u>176,981</u>	<u>8</u>	<u>87,235</u>	<u>4</u>
7000 Non-operating income and expenses (notes 6(b), (c), (g), (k), (l), (m) and (u)):				
7100 Interest income	1,195	-	895	-
7020 Other gains and losses	(13,333)	(1)	10,546	1
7050 Finance costs	(12,577)	-	(19,613)	(1)
7060 Share of gains of associates accounted for using equity method	<u>3,142</u>	<u>-</u>	<u>3,749</u>	<u>-</u>
Total non-operating income and expense	<u>(21,573)</u>	<u>(1)</u>	<u>(4,423)</u>	<u>-</u>
7900 Income before income tax	155,408	7	82,812	4
7951 Income tax expenses (note (p))	<u>34,870</u>	<u>2</u>	<u>16,169</u>	<u>1</u>
8200 Net income	<u>120,538</u>	<u>5</u>	<u>66,643</u>	<u>3</u>
8300 Other comprehensive income (notes 6(e), (q) and (v)):				
8310 Components of other comprehensive income that will not be reclassified to profit or loss				
8316 Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	315,778	14	(184,771)	(8)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total components of other comprehensive income that will not be reclassified to profit or loss	<u>315,778</u>	<u>14</u>	<u>(184,771)</u>	<u>(8)</u>
8360 Components of other comprehensive income that will be reclassified to profit or loss				
8361 Exchange differences on translation of foreign financial statements	(8,965)	-	(7,251)	(1)
8370 Share of other comprehensive income of associates accounted for using equity method	1,894	-	(1,777)	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total components of other comprehensive income that will be reclassified to profit or loss	<u>(7,071)</u>	<u>-</u>	<u>(9,028)</u>	<u>(1)</u>
8300 Other comprehensive income (after tax)	<u>308,707</u>	<u>14</u>	<u>(193,799)</u>	<u>(9)</u>
8500 Total comprehensive income	<u>\$ 429,245</u>	<u>19</u>	<u>(127,156)</u>	<u>(6)</u>
Profit attributable to:				
8610 Owners of parent	\$ 119,347	5	63,323	3
8620 Non-controlling interests	<u>1,191</u>	<u>-</u>	<u>3,320</u>	<u>-</u>
	<u>\$ 120,538</u>	<u>5</u>	<u>66,643</u>	<u>3</u>
Comprehensive income attributable to:				
8710 Owners of parent	\$ 428,394	19	(129,974)	(6)
8720 Non-controlling interests	<u>851</u>	<u>-</u>	<u>2,818</u>	<u>-</u>
	<u>\$ 429,245</u>	<u>19</u>	<u>(127,156)</u>	<u>(6)</u>
9750 Basic earnings per share (note 6(r)) (expressed in New Taiwan dollars)	<u>\$ 0.22</u>		<u>0.12</u>	
9850 Diluted earnings per share (note 6(r)) (expressed in New Taiwan dollars)	<u>\$ 0.22</u>		<u>0.12</u>	

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Reviewed only, not audited in accordance with generally accepted auditing standards
EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the three months ended March 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
	Retained earnings						Other equity					
	Common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance on January 1, 2020	\$ 5,477,522	474,558	1,038,600	149,767	713,131	1,901,498	(112,054)	81,616	(30,438)	7,823,140	315,579	8,138,719
Net income	-	-	-	-	63,323	63,323	-	-	-	63,323	3,320	66,643
Other comprehensive income	-	-	-	-	-	-	(9,802)	(183,495)	(193,297)	(193,297)	(502)	(193,799)
Total comprehensive income	-	-	-	-	63,323	63,323	(9,802)	(183,495)	(193,297)	(129,974)	2,818	(127,156)
Appropriation and distribution of retained earnings:												
Cash dividends	-	-	-	-	(164,326)	(164,326)	-	-	-	(164,326)	-	(164,326)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(10,557)	(10,557)	-	10,557	10,557	-	-	-
Balance at March 31, 2020	\$ 5,477,522	474,558	1,038,600	149,767	601,571	1,789,938	(121,856)	(91,322)	(213,178)	7,528,840	318,397	7,847,237
Balance at January 1, 2021	\$ 5,477,522	474,558	1,076,355	30,438	912,492	2,019,285	(110,615)	226,554	115,939	8,087,304	301,079	8,388,383
Net income	-	-	-	-	119,347	119,347	-	-	-	119,347	1,191	120,538
Other comprehensive income	-	-	-	-	-	-	(7,165)	316,212	309,047	309,047	(340)	308,707
Total comprehensive income	-	-	-	-	119,347	119,347	(7,165)	316,212	309,047	428,394	851	429,245
Appropriation and distribution of retained earnings:												
Cash dividends	-	-	-	-	(164,326)	(164,326)	-	-	-	(164,326)	-	(164,326)
Balance on March 31, 2021	\$ 5,477,522	474,558	1,076,355	30,438	867,513	1,974,306	(117,780)	542,766	424,986	8,351,372	301,930	8,653,302

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows
For the three months ended March 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2021	2020
Cash flows from operating activities:		
Income before income tax	\$ 155,408	82,812
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	167,671	169,647
Amortization expense	8,767	6,284
Expected credit loss	13,274	2,242
Net losses (gains) on financial assets at fair value through profit and loss	(1,767)	123
Interest expense	12,577	19,613
Interest income	(1,195)	(895)
Share of gains of associates accounted for using equity method	(3,142)	(3,749)
Gains on disposal of property, plant and equipment	(67)	(162)
Other	61	293
Total adjustments to reconcile profit	196,179	193,396
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	(28,139)	42,011
Accounts receivable and overdue receivable (under other non-current financial assets)	(210,813)	(117,321)
Inventories	82,332	249,955
Other current financial assets	(2,728)	(2,813)
Other current assets	23,449	(6,408)
Total changes in operating assets	(135,899)	165,424
Changes in operating liabilities:		
Notes payable	(7,035)	5,004
Accounts payable	29,940	97,301
Other payable	(62,274)	(63,988)
Other current liabilities	16,842	11,907
Net defined benefit liability	(7,314)	(4,243)
Other non-current liability	1,437	-
Total changes in operating liabilities	(28,404)	45,981
Total changes in operating assets and liabilities	(164,303)	211,405
Total adjustments	31,876	404,801
Cash inflow generated from operations	187,284	487,613
Interest received	1,183	837
Income taxes paid	(3,487)	(4,048)
Net cash flows from operating activities	184,980	484,402
Cash flows from investing activities:		
Increase in financial assets at amortized cost	(29,433)	-
Acquisition of financial assets at fair value through profit or loss	(105,500)	(43,500)
Proceeds from disposal of financial assets at fair value through profit or loss	30,003	30,028
Acquisition of financial assets at fair value through other comprehensive income	(25,567)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	23,865
Acquisition of property, plant and equipment	(31,166)	(27,902)
Proceeds from disposal of property, plant and equipment	262	650
Acquisition of intangible assets	(3,134)	(223)
Decrease in other non-current financial assets	146	18
Decrease (increase) in other non-current assets	(945)	2,289
Increase in prepayments for equipment	(11,779)	(8,189)
Net cash flows used in investing activities	(177,113)	(22,964)
Cash flows used in financing activities:		
Increase in short-term borrowings	1,263,967	1,582,251
Decrease in short-term borrowings	(1,027,834)	(1,833,070)
Proceeds from long-term borrowings	-	50,000
Repayments of long-term borrowings	(102,486)	(20,000)
Payments of lease liabilities	(8,903)	(8,880)
Interest paid	(13,510)	(21,752)
Subsidiaries distributed cash dividends to non-controlling interests	-	(7,527)
Net cash flows used in financing activities	111,234	(258,978)
Effect of exchange rate changes on cash and cash equivalents	17,118	(2,292)
Net increase in cash and cash equivalents	136,219	200,168
Cash and cash equivalents at beginning of period	1,334,808	978,856
Cash and cash equivalents at end of period	\$ 1,471,027	1,179,024

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Everlight Chemical Industrial Corporation (the “Company”) was incorporated on September 7, 1972 as a Company limited by shares and registered in accordance with the ROC Company Act. Everlight Chemical Industrial Corporation and subsidiaries (“the Group”) engage in manufacturing and selling of dye, UV absorber, specialty chemicals, toners, electronic chemicals, pharmaceutical product and material, chemical intermediary photoresistance, and etc.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issuance by the board of directors on May 13, 2021.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on April 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	<p>The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.</p> <p>The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.</p>	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(4) Summary of significant accounting policies:

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2020. For the detail information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2020.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding percentage			Note
			March 31, 2021	December 31, 2020	March 31, 2020	
The Company (ECIC)	EVERLIGHT USA, INC. (EVUS)	Selling chemical product and related raw materials	100.00	100.00	100.00	-
ECIC	EVERLIGHT (HONG KONG) LIMITED (EVHK)	Selling chemical product and related raw materials	100.00	100.00	100.00	(note 1)
ECIC	EVERLIGHT CHEMICALS (SINGAPORE) PTE LTD. (EVSG)	Investing business	100.00	100.00	100.00	(note 1)
ECIC	EVERLIGHT EUROPE B.V. (EVEU)	Selling chemical product and related raw materials	100.00	100.00	100.00	-
ECIC	TREND TONE IMAGING, INC. (TTI)	Manufacturing and selling toners of laser printer, copier and fax machine	76.15	76.15	76.15	-
ECIC	ELITE FOREIGN TRADING INCORPORATION (ELITE)	Selling chemical product and related raw materials	50.00	50.00	50.00	(note 2)
ECIC	DAILYCARE BIOMEDICAL INC. (DCBM)	Manufacturing of medical supplies and providing service of biological technology	91.26	91.26	91.26	(note 1) 、 (note 3)
EVSG	ETHICAL INTERNATIONAL TRADING & WAREHOUSING (SHANGHAI) CO., LTD. (ETSH)	Selling chemical product and related raw materials	100.00	100.00	100.00	-
EVSG	GUANGZHOU ETHICAL TRADING CO., LTD. (ETGZ)	Selling chemical product and related raw materials	-	100.00	100.00	(note 4)
EVSG	SHANGHAI EVERLIGHT TRADING CO., LTD. (EVSH)	Selling chemical product and related raw materials	100.00	100.00	100.00	-
EVSG	EVERLIGHT (SUZHOU) ADVANCED CHEMICALS LTD. (EVSZ)	Manufacturing and selling color chemicals, toners and electronic high-tech chemical product	100.00	100.00	100.00	-
EVSG	ANDA SEMICONDUCTOR TECHNOLOGY (SUZHOU) CO., LTD. (ANDA)	Selling electronic high-tech chemical product	56.25	56.25	56.25	(note 1)
ANDA	SHANGHAI ANDA INTERNATIONAL TRADING CO., LTD. (ADSH)	Selling electronic high-tech chemical product	100.00	100.00	100.00	(note 1)
EVSZ	GUANZHOU ETHICAL TRADING CO., LTD. (ETGZ)	Selling chemical product and related raw materials	100.00	-	-	(note 4)
ECIC	GREATLIGHT INVESTMENT COPORATION (GLTP)	Investing business	100.00	100.00	100.00	-

(note 1): The Company is a non-significant subsidiary and its financial statement, have not been reviewed by independent auditor.

(note 2): The Company has the right to appoint more than half of members of board of directors and has control over the board of directors. The subsidiary is deemed to be consolidated.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(note 3): The Company decided to resolve DCBM. As of March 31, 2021, the related procedure has not been completed.

(note 4): As of January 22, 2021, the Company decided to reorganize of investment structure. EVSZ, the Company's sub-subsidiary, issued shares to acquire ETGZ 100% shareholding which were hold by EVSG.

(ii) List of subsidiaries which are not included in the consolidated financial statement: None.

(c) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 "Interim Financial Reporting" and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2020. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2020.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts:

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the December 31, 2020. Please refer to note 6 of the consolidated financial statements for the year ended December 31, 2020.

(a) Cash and cash equivalents

	March 31, 2021	December 31, 2020	March 31, 2020
Cash on hand	\$ 3,025	2,396	3,359
Cash in bank	1,300,474	1,229,687	1,026,878
Time deposits	167,528	102,725	118,787
Short-term notes	-	-	30,000
Cash and cash equivalents	<u>\$ 1,471,027</u>	<u>1,334,808</u>	<u>1,179,024</u>

Please refer to note 6(v) for the fair value sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial assets and liabilities

(i) Financial assets and liabilities at fair value through profit or loss:

	March 31, 2021	December 31, 2020	March 31, 2020
Financial assets mandatorily measured at fair value through profit or loss:			
Monetary market fund	\$ 135,657	60,100	43,518
Option contracts	1,707	-	-
Total	<u>\$ 137,364</u>	<u>60,100</u>	<u>43,518</u>
Financial liabilities held-for-trading:			
Option contracts	<u>\$ -</u>	<u>-</u>	<u>146</u>

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group holds derivative financial instruments to hedge its foreign exchange risk that the Group is exposed to, arising from its operating, financing and investing activities. The following derivative instruments not applied hedge accounting were classified as financial assets mandatorily measured at fair value through profit or loss and financial liabilities hold-for-trading on March 31, 2021 and 2020:

	March 31, 2021		
	Contract amount (in thousand)	Currency	Period
Option contracts	\$ 1,500	EUR	2021/4/30~2021/12/30
Option contracts	\$ 6,000	USD	2021/12/30
	March 31, 2020		
	Contract amount (in thousand)	Currency	Period
Option contracts	\$ 2,000	EUR	2020/04/30~2020/12/30
Option contracts	\$ 6,000	USD	2020/12/31

For the fair value recognized in profit and loss, please refer to note 6(v).

- (ii) Financial assets at fair value through other comprehensive income:

	March 31, 2021	December 31, 2020	March 31, 2020
Stocks listed on domestic and foreign markets	\$ 1,282,270	944,615	830,822
Domestic unlisted common shares	53,881	50,190	62,670
Total	\$ 1,336,151	994,805	893,492

The Group designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes.

For the three months ended March 31, 2020, the Group has sold the partial of financial assets at fair value through other comprehensive income for strategic purposes. The shares sold had a fair value of \$23,865 thousand, and the Group realized a loss of \$10,557 thousand, which is already included in other comprehensive income. The losses has been transferred to retained earnings. There was no such transaction for the three months ended March 31, 2021.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Financial assets at amortized cost-current

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Government bonds	\$ 30,000	-	-
Financial assets at amortized cost-current	<u>12,302</u>	<u>12,896</u>	<u>-</u>
	<u>\$ 42,302</u>	<u>12,896</u>	<u>-</u>

- 1) The Group purchased government bonds with a face value of 30,000 thousand during March 2021. The due date of government bonds is June 30, 2021, and its' effective interest rate was 0.19%.
- 2) Due to the Group's foreign deposits which applied for the "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act" has not been engaged in investment yet, therefore, recognized in financial assets at amortized cost-current.

(iv) For credit risk and market risk, please refer to note 6(v).

(v) The aforementioned financial assets were not pledged.

(c) Receivables

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Notes receivable	\$ 240,304	213,396	190,803
Accounts receivable	1,611,054	1,410,922	1,555,835
Overdue receivable (under other non-current financial assets)	46,060	39,567	44,920
Less: loss allowance	<u>(78,569)</u>	<u>(66,516)</u>	<u>(74,393)</u>
	<u>\$ 1,818,849</u>	<u>1,597,369</u>	<u>1,717,165</u>

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provisions were determined as follows:

	March 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 1,707,985	0.01%~0.16%	3,498
1 to 90 days past due	131,857	1.99%~15.45%	22,610
91 to 365 days past due	11,516	19.47%~59.84%	6,401
More than 365 days past due	46,060	100%	46,060
Total	\$ 1,897,418		78,569

	December 31, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 1,502,202	0.01%~0.27%	3,848
1 to 90 days past due	103,378	1.97%~15.98%	16,522
91 to 365 days past due	18,738	22.94%~65.56%	6,579
More than 365 days past due	39,567	100%	39,567
Total	\$ 1,663,885		66,516

	March 31, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 1,563,572	0.01% ~ 0.72%	8,300
1 to 90 days past due	162,689	7.75%~19.45%	14,122
91 to 365 days past due	20,377	31.79% ~ 100%	7,051
More than 365 days past due	44,920	100%	44,920
Total	\$ 1,791,558		74,393

The detail of loss allowance were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Notes receivable	\$ -	-	36
Accounts receivable	32,509	26,949	29,437
Overdue receivable	46,060	39,567	44,920
	\$ 78,569	66,516	74,393

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The movement in the allowance for receivables was as follows:

	For the three months ended March 31	
	2021	2020
Balance on January 1, 2021	\$ 66,516	72,496
Impairment losses recognized	13,274	2,242
Amounts written off	(1,017)	-
Effect of movements in exchange rates	(204)	(345)
Balance on March 31, 2021	\$ 78,569	74,393

The aforementioned financial assets were not pledged.

(d) Inventories

	March 31, 2021	December 31, 2020	March 31, 2020
Raw materials	\$ 842,207	756,595	782,053
Supplies	24,465	19,831	20,499
Work in progress	584,281	603,687	671,824
Finished goods	1,588,940	1,698,193	1,693,440
Materials in transit	57,176	120,155	80,658
	\$ 3,097,069	3,198,461	3,248,474

Except cost of goods sold and inventories recognized as expenses, the remaining gain or losses which were recognized as operating cost or deduction of operating cost were as follows:

	For the three months ended March 31	
	2021	2020
Losses on valuation of inventories	\$ 992	1,063
Losses (gains) on inventory count	415	(605)
Unallocated production overheads	40,457	40,679
Losses on obsolescence	-	2,213
Scrap income	(505)	(211)
	\$ 41,359	43,139

As of March 31, 2021, December 31 and March 31, 2020, the inventories were not pledged.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Investments accounted for using equity method

- (i) The components of investments accounted for using the equity method at the reporting date were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Associates	\$ <u>116,757</u>	<u>112,156</u>	<u>128,285</u>

- (ii) Associates

Summary of financial information for by the individually insignificant investments in associates accounted for using the equity method were as follows. The aforementioned financial information was included in the consolidated financial statements of the Group.

	March 31, 2021	December 31, 2020	March 31, 2020
Carrying amount of individually insignificant associates	\$ <u>116,757</u>	<u>112,156</u>	<u>128,285</u>
		For the three month ended March 31	
		2021	2020
Attributable to the Group:			
Profit from continuing operations		\$ 3,142	3,749
Other comprehensive income		<u>1,894</u>	<u>(1,777)</u>
Total comprehensive income		<u>\$ 5,036</u>	<u>1,972</u>

- (iii) Pledge

As of March 31, 2021, December 31 and March 31, 2020, the aforementioned investment accounted for using equity method were not pledged.

Investment accounted for using equity method (KEYSTONE) has been liquidated in 2020. Repayment cost of investment by shareholding ratio is amounting to 2,418 thousand, the difference with the book value recognized in disposal of investments accounted for using equity method is amounting to 18,553 thousand.

(f) Material non-controlling interest of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

Subsidiaries	Main operation place	Percentage of non-controlling interests		
		March 31, 2021	December 31, 2020	March 31, 2020
TTI	Taiwan	23.85 %	23.85 %	23.85 %

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The following information of the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intra-group transactions were not eliminated in this information.

	March 31, 2021	December 31, 2020	March 31, 2020
Current assets	\$ 604,234	554,032	610,034
Non-current assets	891,307	906,387	964,529
Current liabilities	(549,686)	(501,960)	(507,125)
Non-current liabilities	(185,025)	(186,096)	(220,910)
Net assets	<u>\$ 760,830</u>	<u>772,363</u>	<u>846,528</u>
Non-controlling interest	<u>\$ 181,429</u>	<u>184,179</u>	<u>201,864</u>

	For the three months ended March 31	
	2021	2020
Operating revenues	<u>\$ 195,242</u>	<u>252,665</u>
Net loss	(9,713)	(2,638)
Other comprehensive income	(1,819)	(5,350)
Total comprehensive income	<u>\$ (11,532)</u>	<u>(7,988)</u>
Loss, attributable to non-controlling interests	<u>\$ (2,316)</u>	<u>(629)</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ (2,750)</u>	<u>(1,905)</u>

	For the three months ended March 31	
	2021	2020
Net cash flows used in operating activities	\$ (11,980)	(6,133)
Net cash flows used in investing activities	(4,523)	(557)
Net cash flows from (used in) in financing activities	3,414	(38,201)
Net decrease in cash and cash equivalents	<u>\$ (13,089)</u>	<u>(44,891)</u>
Cash dividend distributed to non-controlling interests	<u>\$ -</u>	<u>-</u>

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Property, plant and equipment

The detail of movement of the property, plant and equipment for the Group were as follows:

	<u>Land</u>	<u>Land improvements</u>	<u>Buildings and construction</u>	<u>Equipment</u>	<u>Construction in progress and equipment to be inspected</u>	<u>Total</u>
Cost:						
Balance on January 1, 2021	\$ 893,877	159,000	4,418,972	9,786,333	177,205	15,435,387
Additions	-	-	768	13,945	7,563	22,276
Disposals	-	-	-	(21,555)	-	(21,555)
Reclassification (note)	-	-	2,911	78,809	(68,243)	13,477
Effect of movements in exchange rates	8	-	(2,339)	(5,710)	(121)	(8,162)
Balance on March 31, 2021	<u>\$ 893,885</u>	<u>159,000</u>	<u>4,420,312</u>	<u>9,851,822</u>	<u>116,404</u>	<u>15,441,423</u>
Balance on January 1, 2020	\$ 894,063	-	4,408,204	9,627,222	183,082	15,112,571
Additions	-	-	978	14,456	10,668	26,102
Disposals	-	-	(5,221)	(5,270)	-	(10,491)
Reclassification (note)	-	-	1,402	22,339	(14,610)	9,131
Effect of movements in exchange rates	30	-	(3,392)	(8,156)	(42)	(11,560)
Balance on March 31, 2020	<u>\$ 894,093</u>	<u>-</u>	<u>4,401,971</u>	<u>9,650,591</u>	<u>179,098</u>	<u>15,125,753</u>
Accumulated depreciation and impairment:						
Balance on January 1, 2021	\$ -	4,638	2,560,199	7,604,733	-	10,169,570
Depreciation	-	1,988	42,150	113,834	-	157,972
Disposals	-	-	-	(21,360)	-	(21,360)
Effect of movements in exchange rates	-	-	(1,151)	(4,284)	-	(5,435)
Balance on March 31, 2021	<u>\$ -</u>	<u>6,626</u>	<u>2,601,198</u>	<u>7,692,923</u>	<u>-</u>	<u>10,300,747</u>
Balance on January 1, 2020	\$ -	-	2,396,146	7,188,688	-	9,584,834
Depreciation	-	-	39,527	120,384	-	159,911
Disposals	-	-	(5,127)	(4,876)	-	(10,003)
Effect of movements in exchange rates	-	-	(1,457)	(5,921)	-	(7,378)
Balance on March 31, 2020	<u>\$ -</u>	<u>-</u>	<u>2,429,089</u>	<u>7,298,275</u>	<u>-</u>	<u>9,727,364</u>
Carrying amounts:						
Balance on January 1, 2021	<u>\$ 893,877</u>	<u>154,362</u>	<u>1,858,773</u>	<u>2,181,600</u>	<u>177,205</u>	<u>5,265,817</u>
Balance on March 31, 2021	<u>\$ 893,885</u>	<u>152,374</u>	<u>1,819,114</u>	<u>2,158,899</u>	<u>116,404</u>	<u>5,140,676</u>
Balance on January 1, 2020	<u>\$ 894,063</u>	<u>-</u>	<u>2,012,058</u>	<u>2,438,534</u>	<u>183,082</u>	<u>5,527,737</u>
Balance on March 31, 2020	<u>\$ 894,093</u>	<u>-</u>	<u>1,972,882</u>	<u>2,352,316</u>	<u>179,098</u>	<u>5,398,389</u>

(note): Prepayments for business facilities were reclassified as property, plant and equipment.

- (i) For the three months ended March 31, 2021 and 2020, the Group capitalized the interest expenses on construction in progress amounted to \$452 thousand and \$763 thousand respectively, and the monthly interest rate used for capitalization calculation were 0.09% and 0.13%, respectively.
- (ii) As of March 31, 2021, December 31 and March 31, 2020, the property, plant and equipment of the Group had not been pledged.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Other current assets

	March 31, 2021	December 31, 2020	March 31, 2020
Prepayments	\$ 53,437	71,196	71,709
Offset against business tax payable and input taxes	24,210	29,821	29,213
Payment on behalf of others	11,953	12,337	15,417
Others	873	985	2,140
	<u><u>\$ 90,473</u></u>	<u><u>114,339</u></u>	<u><u>118,479</u></u>

(i) Right-of-use assets

The information about leases of land, buildings and construction, and equipment for which the Group as a lessee is presented below:

	Land	Buildings and construction	Equipment	Total
Cost:				
Balance on January 1, 2021	\$ 217,404	142,917	16,143	376,464
Acquisitions	-	1,646	318	1,964
Disposals	-	(4,443)	(232)	(4,675)
Effect of changes in foreign exchange rates	(165)	(1,104)	(112)	(1,381)
Balance on March 31, 2021	<u><u>\$ 217,239</u></u>	<u><u>139,016</u></u>	<u><u>16,117</u></u>	<u><u>372,372</u></u>
Balance on January 1, 2020	\$ 217,042	127,648	17,306	361,996
Acquisitions	-	2,447	1,954	4,401
Disposals	-	(873)	(347)	(1,220)
Effect of changes in foreign exchange rates	(251)	(786)	(24)	(1,061)
Balance on March 31, 2020	<u><u>\$ 216,791</u></u>	<u><u>128,436</u></u>	<u><u>18,889</u></u>	<u><u>364,116</u></u>
Accumulated depreciation:				
Balance on January 1, 2021	\$ 11,444	50,534	5,041	67,019
Depreciation	1,431	7,424	844	9,699
Disposals	-	(2,979)	(233)	(3,212)
Effect of changes in foreign exchange rates	(10)	(296)	(45)	(351)
Balance on March 31, 2021	<u><u>\$ 12,865</u></u>	<u><u>54,683</u></u>	<u><u>5,607</u></u>	<u><u>73,155</u></u>
Balance on January 1, 2020	\$ 5,712	25,109	3,654	34,475
Depreciation	1,429	7,180	1,127	9,736
Disposals	-	(209)	(288)	(497)
Effect of changes in foreign exchange rates	(9)	(198)	(4)	(211)
Balance on March 31, 2020	<u><u>\$ 7,132</u></u>	<u><u>31,882</u></u>	<u><u>4,489</u></u>	<u><u>43,503</u></u>
Carrying amount:				
Balance on January 1, 2021	<u><u>\$ 205,960</u></u>	<u><u>92,383</u></u>	<u><u>11,102</u></u>	<u><u>309,445</u></u>
Balance on March 31, 2021	<u><u>\$ 204,374</u></u>	<u><u>84,333</u></u>	<u><u>10,510</u></u>	<u><u>299,217</u></u>
Balance on January 1, 2020	<u><u>\$ 211,330</u></u>	<u><u>102,539</u></u>	<u><u>13,652</u></u>	<u><u>327,521</u></u>
Balance on March 31, 2020	<u><u>\$ 209,659</u></u>	<u><u>96,554</u></u>	<u><u>14,400</u></u>	<u><u>320,613</u></u>

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Intangible assets

	REACH registration related expenses	Others	Total
Carrying amounts:			
Balance at Balance on January 1, 2021	\$ <u>112,104</u>	<u>7,640</u>	<u>119,744</u>
Balance on March 31, 2021	\$ <u>107,148</u>	<u>6,960</u>	<u>114,108</u>
Balance on January 1, 2020	\$ <u>113,076</u>	<u>9,379</u>	<u>122,455</u>
Balance on March 31, 2020	\$ <u>106,991</u>	<u>8,573</u>	<u>115,564</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the three months ended March 31, 2021 and 2020. Information on amortization for the period is discussed in note 12. Please refer to note 6(k) of consolidated financial statements for the year end December 31, 2020 for the other related information.

(k) Short-term borrowings

	March 31, 2021	December 31, 2020	March 31, 2020
Unsecured bank loans	\$ 2,025,510	1,782,108	2,168,138
Short-term notes and bills payable	<u>79,896</u>	<u>89,883</u>	<u>49,990</u>
Total	<u>\$ 2,105,406</u>	<u>1,871,991</u>	<u>2,218,128</u>
Unused credit lines	<u>\$ 3,514,179</u>	<u>3,723,243</u>	<u>3,402,454</u>
Range of interest rate	<u>0.69%~4.70%</u>	<u>0.74%~5.15%</u>	<u>0.93%~5.00%</u>

As of March 31, 2021, December 31 and March 31, 2020, the Group issued short-term notes and bills payable through Dah-Chung Bills Finance Corp. to obtain funds from the currency market.

(l) Long-term borrowings

	March 31, 2021		
	Currency	Rate	Maturity year
Unsecured bank loans	NTD	1.14%~1.51%	2022.5~2023.6
Less: long-term borrowings, current portion			(20,000)
Total			<u>\$ 1,167,383</u>
Unused credit lines			<u>\$ 430,000</u>

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2020			
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	NTD	1.14%~1.75%	2022.5~2023.6	\$ 1,290,000
Less: long-term borrowings, current portion				(40,000)
Total				<u>\$ 1,250,000</u>
Unused credit lines				<u>\$ 310,000</u>

	March 31, 2020			
	Currency	Rate	Maturity year	Amount
Unsecured syndicated bank loan	NTD	1.7895%	2015.4~2020.4	\$ 180,000
Unsecured bank loans	NTD	1.14%~1.79%	2020.4~2022.10	1,310,000
Less: long-term borrowings, current portion				(220,000)
Total				<u>\$ 1,270,000</u>
Unused credit lines				<u>\$ 1,910,000</u>

The Group had not pledged the assets as collateral for bank loans.

Please refer note 6(v) for the interest expense. For the other related information, please refer to note 6(m) of the consolidated financial statements for the year ended December 31, 2020.

(m) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	March 31, 2021	December 31, 2020	March 31, 2020
Current	\$ <u>33,067</u>	<u>35,102</u>	<u>34,455</u>
Non-current	\$ <u>251,273</u>	<u>258,608</u>	<u>269,061</u>

For the maturity analysis, please refer to note 6(v).

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31	
	2021	2020
Interest on lease liabilities	\$ <u>1,674</u>	<u>1,779</u>
Expenses relating to short-term leases	\$ <u>768</u>	<u>598</u>

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in the statement of cash flows for the Group was as follows:

	For the three months ended	
	March 31	
	2021	2020
Total cash outflow for leases	\$ 11,345	11,257

- (i) Land, buildings and constructions, and equipment lease

The Group leases land, buildings and constructions, and equipment for its warehouses and office space. The leases of warehouses and office typically run for a period from 3 to 20 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

- (ii) The Group leases office equipment whose lease periods are 1 to 3 years, are recognized as short-term or lower-price lease. The Group elected to apply practical expedients not recognizing relative right-of-use assets and lease liabilities.

- (n) Provisions

The movements of the provisions were as follows:

	March 31,	December 31,	March 31,
	2021	2020	2020
Balance on January 1, 2021	\$ 119,250	-	-
Additions	-	159,000	-
Decreases	-	(39,750)	-
Balance on March 31, 2021	\$ 119,250	119,250	-

A provision was made in respect of the Group's obligation to rectify environmental damage which recognized in other current liabilities and other non-current liabilities. There was no such transaction for the three month ended March 31, 2021.

- (o) Employee benefits

- (i) Defined benefit plans

At the end of the prior fiscal year, there was no material volatility of the market, as well as reimbursement and settlement, or other significant one-time events. As a result, the pension cost in the consolidated interim financial statements was measured and disclosed on a year-to-date basis by using the actuarially determined pension cost rate of December 31, 2020 and 2019.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended	
	March 31	
	2021	2020
Operating costs	\$ 1,368	1,759
Operating expenses	1,002	1,264
	\$ 2,370	3,023

(ii) Defined contribution plans

The expense recognized in profit or loss for the Group were as follows:

	For the three months ended	
	March 31	
	2021	2020
Operating costs	\$ 8,108	7,725
Operating expenses	6,661	7,243
	\$ 14,769	14,968

(p) Income taxes

(i) The components of income tax were as follows:

	For the three months ended	
	March 31	
	2021	2020
Current tax expense	\$ 34,870	16,169

(ii) The Company's income tax return for the years through 2018 were assessed and approved by the tax authorities, except 2017.

(q) Capital and other equity

There was no significant change for capital and other equity for the periods from January 1 to March 31, 2021 and 2020. For the related information, please refer to note 6(r) of the consolidated financial statements for the year ended December 31, 2020.

(i) Retained earnings

In accordance with amendment to Company's article of incorporation, it stipulates that the Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance is to be appropriated as follows:

- 1) Legal reserve should be at 10%.
- 2) Special reserve should be appropriated (reversed) in accordance with related rules.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 3) Remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The Company's dividend policy is as follows:

In order for the requirement of future investment and shareholders' interest, the dividend payment is not lower than 50% of net profit or current year deduct legal reserve and the payment of cash dividend should exceed 25% of total dividends. It is authorized the resolution has been adopted by majority vote at a meeting of the Board of Directors attends by two-thirds of total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

- (ii) Distribution of earnings

On March 25, 2021, the Company's board of directors resolved to appropriate the 2020 earnings. On March 19, 2020, the Company's board of directors resolved to appropriate the 2019 earnings. These earnings were appropriate as follows:

	2020		2019	
	Amount per share	Amount	Amount per share	Amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 0.30	\$ <u>164,326</u>	0.30	<u>164,326</u>

- (iii) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Non- controlling interest	Total
Balance on January 1, 2021	\$ (110,615)	226,554	(5,940)	109,999
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	316,212	(434)	315,778
Exchange differences on translation of foreign financial statements	(9,059)	-	94	(8,965)
Exchange differences on associates accounted for using equity method	1,894	-	-	1,894
Balance on March 31, 2021	\$ <u>(117,780)</u>	<u>542,766</u>	<u>(6,280)</u>	<u>418,706</u>

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Non- controlling interest	Total
Balance on January 1, 2020	\$ (112,054)	81,616	534	(29,904)
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(183,495)	(1,276)	(184,771)
Exchange differences on translation of foreign financial statements	(8,025)	-	774	(7,251)
Exchange differences on associates accounted for using equity method	(1,777)	-	-	(1,777)
Disposal of equity instruments designated at fair value through other comprehensive income	-	10,557	-	10,557
Balance on March 31, 2020	<u>\$ (121,856)</u>	<u>(91,322)</u>	<u>32</u>	<u>(213,146)</u>

(r) Earning per share

The Group's earnings per share were calculated as follows:

	For the three months ended March 31	
	2021	2020
Basic earning per share		
Profit attributable to common shareholders of the Company	\$ <u>119,347</u>	<u>63,323</u>
Weighted-average number of common shares outstanding	\$ <u>547,752</u>	<u>547,752</u>
Basic earnings per share (express in New Taiwan Dollar)	\$ <u>0.22</u>	<u>0.12</u>
	For the three months ended March 31	
	2021	2020
Diluted earning per share		
Profit attributable to common shareholders of the Company	\$ <u>119,347</u>	<u>63,323</u>
Weighted-average number of common shares outstanding	\$ 547,752	547,752
Effect of employee compensation	<u>1,268</u>	<u>2,063</u>
Weighted-average number of common shares outstanding (diluted)	<u>549,020</u>	<u>549,815</u>
Diluted earnings per share (express in New Taiwan Dollar)	\$ <u>0.22</u>	<u>0.12</u>

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(s) Employees compensation and directors' remuneration

In accordance with the articles of incorporation, the Company should contribute 5% of the profit as employee compensation and a maximum of 2% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients may include the employees of the Company's affiliated companies who meet certain conditions.

For the three months ended March 31, 2021 and 2020, the Company estimated its employee compensation amounting to \$8,049 thousand and \$3,666 thousand, and directors' remuneration amounting to \$3,220 thousand and \$1,466 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholder' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

For the years ended December 31, 2020 and 2019, the employee compensation amounted to \$14,077 thousand and \$24,143 thousand, and directors' remuneration amounting to \$5,631 thousand and \$9,658 thousand, respectively. There were no any difference between the actual disturbed amount and those recognized in the financial statements. The related information would be available at the Market Observation Post System Website.

(t) Revenue from contract with customers

(i) Disaggregation of revenue

	For the three months ended March 31, 2021						Total
	Color chemicals	Specialty chemicals	Electronic chemicals	Toners	Pharmaceuticals	Other	
Primary geographical markets:							
Taiwan	\$ 102,972	79,494	208,708	9,845	3,248	-	404,267
America	67,069	67,300	-	30,254	14,671	-	179,294
Asia	636,524	265,538	94,270	189,225	23,805	-	1,209,362
Europe	200,277	167,284	-	54,144	25,292	-	446,997
Other	20,432	14,550	-	297	5,604	-	40,883
	<u>\$ 1,027,274</u>	<u>594,166</u>	<u>302,978</u>	<u>283,765</u>	<u>72,620</u>	<u>-</u>	<u>2,280,803</u>
Major products:							
Chemicals	\$ 1,027,274	594,166	302,978	-	-	-	1,924,418
Toners	-	-	-	283,765	-	-	283,765
Other	-	-	-	-	72,620	-	72,620
	<u>\$ 1,027,274</u>	<u>594,166</u>	<u>302,978</u>	<u>283,765</u>	<u>72,620</u>	<u>-</u>	<u>2,280,803</u>

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		For the three months ended March 31, 2020						
		Color chemicals	Specialty chemicals	Electronic chemicals	Toners	Pharmaceuticals	Other	Total
Primary geographical markets:								
Taiwan	\$	118,527	63,012	202,066	10,689	2,124	599	397,017
America		74,502	76,874	-	42,909	19,971	-	214,256
Asia		694,079	209,024	58,826	167,939	13,448	-	1,143,316
Europe		221,730	133,250	-	80,724	21,741	-	457,445
Other		22,202	13,729	-	13,616	8,896	-	58,443
	\$	<u>1,131,040</u>	<u>495,889</u>	<u>260,892</u>	<u>315,877</u>	<u>66,180</u>	<u>599</u>	<u>2,270,477</u>
Major products:								
Chemicals	\$	1,131,040	495,889	260,892	-	-	-	1,887,821
Toners		-	-	-	315,877	-	-	315,877
Other		-	-	-	-	66,180	599	66,779
	\$	<u>1,131,040</u>	<u>495,889</u>	<u>260,892</u>	<u>315,877</u>	<u>66,180</u>	<u>599</u>	<u>2,270,477</u>

(ii) Contract balance

	March 31, 2021	December 31, 2020	March 31, 2020
Receivables	\$ 1,897,418	1,663,885	1,791,558
Less: loss allowance	(78,569)	(66,516)	(74,393)
Total	<u>\$ 1,818,849</u>	<u>1,597,369</u>	<u>1,717,165</u>

For the detail on receivables and loss allowance, please refer to note 6(c).

(u) Non-operating income and expenses

(i) Interest income

	For the three months ended March 31	
	2021	2020
Interest income from bank deposits	<u>\$ 1,195</u>	<u>895</u>

(ii) Other gains and losses

	For the three months ended March 31	
	2021	2020
Foreign exchange losses	\$ (35,078)	(946)
Net gains (losses) on financial assets and liabilities at fair value through profit or loss	1,767	(123)
Gains on disposal of property, plant and equipment	67	162
Subsidy revenue	30	120
Others	19,881	11,333
	<u>\$ (13,333)</u>	<u>10,546</u>

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Finance costs

	For the three months ended March 31	
	2021	2020
Interest expense	\$ 12,577	19,613

(v) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(w) of the consolidated financial statements for the year ended year end December 31, 2020.

(i) Credit risk

1) Credit risk exposure

There was on concentration of credit risk.

2) Receivables securities

For credit risk exposure of receivables, please refer note 6(c).

Other financial assets at amortized cost includes other receivables and refundable deposits. There were no loss allowance provision for the three months ended March 31, 2021 and 2020. All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payable and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	within 1 year	1~2 years	2~5 years	Over 5 years
March 31, 2021						
Non-derivative financial liabilities						
Short-term borrowings	\$ 2,105,406	2,105,974	2,105,974	-	-	-
Notes payable	174,397	174,397	174,397	-	-	-
Accounts payable	428,774	428,774	428,774	-	-	-
Lease liabilities	284,340	357,740	39,076	44,560	48,836	225,268
Other payable	339,401	339,401	339,401	-	-	-
Payables on equipment	8,655	8,655	8,655	-	-	-
Dividends payable	164,326	164,326	164,326	-	-	-
Long-term borrowings (including current portion)	1,187,383	1,208,580	20,176	987,835	200,569	-
	\$ 4,692,682	4,787,847	3,280,779	1,032,395	249,405	225,268

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>within 1 year</u>	<u>1~2 years</u>	<u>2~5 years</u>	<u>Over 5 years</u>
December 31, 2020						
Non-derivative financial liabilities						
Short-term borrowings	\$ 1,871,991	1,874,141	1,874,141	-	-	-
Notes payable	181,329	181,329	181,329	-	-	-
Accounts payable	389,570	389,570	389,570	-	-	-
Lease liabilities	293,710	368,784	41,390	46,065	53,220	228,109
Other payable	407,211	407,211	407,211	-	-	-
Payables on equipment	17,545	17,545	17,545	-	-	-
Long-term borrowings (including current portion)	<u>1,290,000</u>	<u>1,315,642</u>	<u>40,342</u>	<u>1,074,168</u>	<u>201,132</u>	<u>-</u>
	<u>\$ 4,451,356</u>	<u>4,554,222</u>	<u>2,951,528</u>	<u>1,120,233</u>	<u>254,352</u>	<u>228,109</u>
March 31, 2020						
Non-derivative financial liabilities						
Short-term borrowings	\$ 2,218,128	2,218,886	2,218,886	-	-	-
Financial liabilities at fair value through profit and loss- current	146	146	146	-	-	-
Notes payable	157,143	157,143	157,143	-	-	-
Accounts payable	394,393	394,393	394,393	-	-	-
Lease liabilities	303,516	380,977	40,878	48,624	61,022	230,453
Other payable	332,346	332,346	332,346	-	-	-
Payables on equipment	10,102	10,102	10,102	-	-	-
Dividends payable	164,326	164,326	164,326	-	-	-
Long-term borrowings (including current portion)	<u>1,490,000</u>	<u>1,503,161</u>	<u>221,095</u>	<u>427,656</u>	<u>854,410</u>	<u>-</u>
	<u>\$ 5,070,100</u>	<u>5,161,480</u>	<u>3,539,315</u>	<u>476,280</u>	<u>915,432</u>	<u>230,453</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	<u>March 31, 2021</u>			<u>December 31, 2020</u>			<u>March 31, 2020</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 49,494	28.54	1,412,553	38,208	28.48	1,088,159	35,801	30.23	1,082,257
JPY	206,541	0.26	53,701	198,631	0.28	55,617	274,491	0.28	76,858
RMB	98,138	4.34	425,918	74,740	4.38	327,363	77,719	4.25	330,304
<u>Non-monetary items</u>									
JPY	-	-	-	-	-	-	308,000	0.28	85,840

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	March 31, 2021			December 31, 2020			March 31, 2020		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial liabilities									
Monetary items									
USD	52,321	28.56	1,493,240	33,857	28.50	964,247	37,144	30.22	1,122,865
JPY	82,905	0.26	21,555	139,703	0.28	39,117	171,364	0.28	47,982
RMB	8,615	4.37	37,390	8,032	4.40	35,179	6,537	4.28	27,783

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, loans and borrowings, and accounts payable that are denominated in foreign currency. A strengthening (weakening) 1% of appreciation (depreciation) of the NTD against the USD, JPY and RMB for the three months ended March 31, 2021 and 2020, would have changed the profit by \$2,720 thousand and \$2,326 thousand, respectively, and equity by \$0 thousand and \$858 thousand, respectively. The analysis is performed on the same basis for 2021 and 2020.

3) Foreign exchange gains and losses on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the three months ended March 31, 2021 and 2020, foreign exchange losses (including realized and unrealized portions) are exchange losses amounted to \$35,078 thousand and \$946 thousand, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increase or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased/decreased by 1%, the Group's profit would have changed by \$26,342 thousand and \$29,665 thousand, respectively, for the three months ended March 31, 2021 and 2020, with all other variable factors that remain constant. This is mainly due to the Group's borrowing at floating rates.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Other price risk

For the three months ended March 31, 2021 and 2020, the sensitivity analyses for changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

Prices of securities at reporting day	For the three months ended March 31, 2021		For the three months ended March 31, 2020	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increase 1%	\$ 13,362	-	8,935	-
Decrease 1%	\$ (13,362)	-	(8,935)	-

(vi) Fair value of financial instruments

1) Categories and fair values of financial instruments

The fair value of financial assets and liabilities at fair value through profit and loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows, however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

	March 31, 2021				
	Carrying amount	Fair value			Total
Level 1		Level 2	Level 3		
Financial assets mandatorily measured at fair value through profit or loss					
Monetary market fund	\$ 135,657	135,657	-	-	135,657
Derivative financial assets	1,707	-	1,707	-	1,707
Subtotal	137,364	135,657	1,707	-	137,364
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	1,282,270	1,282,270	-	-	1,282,270
Domestic unlisted common shares	53,881	-	-	53,881	53,881
Subtotal	1,336,151	1,282,270	-	53,881	1,336,151
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,471,027	-	-	-	-
Financial assets at amortized cost	42,302	-	-	-	-
Notes and accounts receivable	1,818,849	-	-	-	-
Other financial assets	27,685	-	-	-	-
Subtotal	3,359,863	-	-	-	-
Total	\$ 4,833,378	1,417,927	1,707	53,881	1,473,515

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	March 31, 2021				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost					
Bank loans	\$ 3,292,789	-	-	-	-
Notes and accounts payable	603,171	-	-	-	-
Lease liabilities	284,340	-	-	-	-
Other payable	339,401	-	-	-	-
Payables on equipment	8,655	-	-	-	-
Dividends payable	164,326	-	-	-	-
Total	<u>\$ 4,692,682</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	December 31, 2020				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets mandatorily measured at fair value through profit or loss					
Monetary market fund	\$ 60,100	60,100	-	-	60,100
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic and foreign markets	944,615	944,615	-	-	944,615
Domestic unlisted common shares	50,190	-	-	50,190	50,190
Subtotal	<u>994,805</u>	<u>944,615</u>	<u>-</u>	<u>50,190</u>	<u>994,805</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,334,808	-	-	-	-
Financial assets at amortized cost	12,896	-	-	-	-
Notes and accounts receivable	1,597,369	-	-	-	-
Other financial assets	29,777	-	-	-	-
Subtotal	<u>2,974,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,029,755</u>	<u>1,004,715</u>	<u>-</u>	<u>50,190</u>	<u>1,054,905</u>
Financial liabilities measured at amortized cost					
Bank loans	\$ 3,161,991	-	-	-	-
Notes and accounts payable	570,899	-	-	-	-
Lease liabilities	293,710	-	-	-	-
Other payable	407,211	-	-	-	-
Payables on equipment	17,545	-	-	-	-
Total	<u>\$ 4,451,356</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	March 31, 2020				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets mandatorily measured at fair value through profit or loss					
Monetary market fund	\$ 43,518	43,518	-	-	43,518
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic and foreign markets	830,822	830,822	-	-	830,822
Domestic unlisted common shares	62,670	-	-	62,670	62,670
Subtotal	<u>893,492</u>	<u>830,822</u>	<u>-</u>	<u>62,670</u>	<u>893,492</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	1,179,024	-	-	-	-
Notes and accounts receivable	1,717,165	-	-	-	-
Other financial assets	34,529	-	-	-	-
Subtotal	<u>2,930,718</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,867,728</u>	<u>874,340</u>	<u>-</u>	<u>62,670</u>	<u>937,010</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 146	-	146	-	146
Financial liabilities measured at amortized cost					
Bank loans	\$ 3,708,128	-	-	-	-
Notes and accounts payable	551,536	-	-	-	-
Lease liabilities	303,516	-	-	-	-
Other payable	332,346	-	-	-	-
Payables on equipment	10,102	-	-	-	-
Dividends payable	164,326	-	-	-	-
Subtotal	<u>5,069,954</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 5,070,100</u>	<u>-</u>	<u>146</u>	<u>-</u>	<u>146</u>

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative instruments

The fair value of financial instruments traded in an active market is based on the quoted market prices. The quotations, which is published by the main exchange center, is included in the fair value of the listed securities instruments in an active market with open bid.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

A financial instrument is regarded as the quoted price in an active market if the quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency; and if those prices represent the actual and regularly occurring market transactions on an arm's length basis. Otherwise, the market is deemed to be inactive. Normally, a market is considered to be inactive as follows:

- i) the bid-ask spread is increasing; or
- ii) the bid-ask spread varies significantly; or
- iii) there has been a significant decline in trading volume.

When the financial instrument of the Group is traded in an active market, its fair value is illustrated by the category and nature as follows:

- The fair value of stocks listed on domestic and foreign markets, which are the financial assets with standard terms and conditions and traded in an active market, are based on the market closing prices.

Except the aforementioned financial instruments, with active market the others' fair value is based on valuation techniques. Fair value, measured by using valuation technique that can be extrapolated from either similar financial instruments or discounted cash flow method or other valuation techniques, including models, is calculated based on available market data at the reporting data.

When the financial instrument of the Group is traded in an inactive market, its fair value is illustrated by the category and nature as follows:

- Unquoted equity instruments: the fair value of financial instruments transactions in an inactive market, which is valued by comparable method. The main hypothesis is referred from the quotations of comparable listed companies and earning multiplies of PBR proportion as basic, which is adjusted by the discount affections of equity securities lacking market liquidity.
- b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate.

- 3) Transfers between Level 1 and Level 2

The Group didn't have any fair value transfer between levels for the three months ended March 31, 2021 and 2020.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
Balance on January 1, 2021	\$ 50,190
Total gains or losses:	
Recognized in other comprehensive income	3,691
Balance on March 31, 2021	\$ 53,881
	Fair value through other comprehensive income
	Unquoted equity instruments
Balance on January 1, 2020	\$ 62,036
Total gains or losses:	
Recognized in other comprehensive income	634
Balance on March 31, 2020	\$ 62,670

The aforementioned total gains or losses were included “unrealized gains (losses) on equity investment measured at fair value through other comprehensive income”, which related to holding assets on March 31, 2021 and 2020 were as follows:

	For the three months ended March 31	
	2021	2020
Recognized in other comprehensive income	\$ 3,691	634

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value were “financial assets measured at fair value through other comprehensive income – debt investments”.

Most of the Group's financial instruments that use level 3 inputs to measure fair value have multiple significant unobservable inputs. There is no correlation existence among the significant unobservable inputs of equity investments that have no active markets because they were independent of each other.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets measured at fair value through other comprehensive income- equity investments without an active market	Comparable Listed companies approach	<ul style="list-style-type: none"> • Price-Book Ratio (as of March 31, 2021, December 31 and March 31, 2020 were 3.06~4.28, 3.35~4.46 and 3.56~4.06, respectively) • Market liquidity discount rate (as of March 31, 2021, December 31 and March 31, 2020 were all 20%) 	<ul style="list-style-type: none"> • The estimated fair value would increase if the multiplier was higher. • The estimated fair value would decrease if market liquidity discount rate was higher.

- 6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group's measurements of financial instruments' fair value were reasonable, only if using different variables leading different results. For the fair value measurements in level 3, if changing valuation variables, would have the following effects on other comprehensive income on March 31, 2021, December 31 and March 31, 2020:

<u>Inputs</u>	<u>Upwards or Downwards</u>	<u>Fair value variation on other comprehensive income</u>					
		<u>Favorable</u>			<u>Unfavorable</u>		
		<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Price-book ratio	5%	2,673	2,557	3,053	(2,673)	(2,557)	(3,053)
Market liquidity discount rate	5%	2,737	2,483	3,186	(2,737)	(2,483)	(3,186)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

- (w) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(x) of the consolidated financial statements for the year ended December 31, 2020.

- (x) Capital management

The Group's objectives, policies and processes of capital management were the same as those described in the consolidated financial statements for the year ended December 31, 2020. For the related information, please refer to note 6(y) of the consolidated financial statements for the year ended December 31, 2020.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(y) Investing and financing activities not affecting current cash flow

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flows	Non-cash changes		March 31, 2021
			Foreign exchange movement	Others	
Short-term borrowings	\$ 1,871,991	236,133	(2,718)	-	2,105,406
Long-term borrowings	1,290,000	(102,486)	-	(131)	1,187,383
Lease liabilities	293,710	(8,903)	(895)	428	284,340
Total liabilities from financing activities	<u>\$ 3,455,701</u>	<u>124,744</u>	<u>(3,613)</u>	<u>297</u>	<u>3,577,129</u>

	January 1, 2020	Cash flows	Non-cash changes		March 31, 2020
			Foreign exchange movement	Others	
Short-term borrowings	\$ 2,473,321	(250,819)	(4,374)	-	2,218,128
Long-term borrowings	1,459,748	30,000	-	252	1,490,000
Lease liabilities	309,045	(8,880)	(620)	3,971	303,516
Total liabilities from financing activities	<u>\$ 4,242,114</u>	<u>(229,699)</u>	<u>(4,994)</u>	<u>4,223</u>	<u>4,011,644</u>

(7) Related-party transactions:

(a) Names and relationship with related parties

The following is the entity that has had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Chung Hwa Chemical Industrial Works, Ltd. (CHCIW)	The entity's chairman is the director of the Company

(b) Significant transactions with related parties

(i) Purchase

The amounts of significant purchases by the Group from related parties were as follows:

	For the three months ended March 31	
	2021	2020
CHCIW	<u>\$ 9,077</u>	<u>6,901</u>

The prices, payment terms and other terms and conditions of purchase transactions with related parties were not materially different from those of the third-party vendors.

(ii) Payables to related parties

Account	Name of related party	March 31, 2021	December 31, 2020	March 31, 2020
Notes and accounts payable	CHCIW	<u>\$ 14,008</u>	<u>14,751</u>	<u>11,282</u>

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Key management personnel compensation

	For the three months ended March 31	
	2021	2020
Short-term employee benefits	\$ 7,977	10,503
Post-employment benefits	159	155
	\$ 8,136	10,658

(8) Pledged assets: None.

(9) Commitments and contingencies:

(a) The Group's unrecognized contractual commitment are as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Acquisition of property, plant and equipment	\$ 61,011	58,272	67,808

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other:

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function	2021			2020		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits							
Salary		168,766	137,227	305,993	177,323	151,441	328,764
Labor and health insurance		16,870	14,515	31,385	18,136	15,266	33,402
Pension		9,476	7,663	17,139	9,484	8,507	17,991
Remuneration of directors		-	3,220	3,220	-	1,466	1,466
Others		6,347	7,445	13,792	6,500	4,175	10,675
Depreciation (note)		130,566	37,041	167,607	130,074	39,573	169,647
Amortization		665	8,102	8,767	318	5,966	6,284

Note: For the three month ended March 31, 2021, depreciation expenses recognized were \$167,671 thousand, less deferred gains of \$64 thousand.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the three months ended March 31, 2021:

1. Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Related Party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 1)	Maximum limit of fund financing (Note 1)
													Item	Value		
0	ECIC	EVSZ	Other receivable from related parties	Yes	142,675	142,675	-	-	2	-	Short-term operation financing	-	NA	-	835,137	3,340,548

Note1 : According to the Company’s Operating Procedures of Fund Lending and Guarantee, the amount of loaned fund shall be limited to 40% of the lending company’s net worth. The individual lending amount shall not exceed 10% of the lending company’s net worth.

Note2 : The nature of financing as follow:

1. Business transaction calls for a loan arrangement.
2. The need for short-term financing.

2. Guarantees and endorsements for other parties

Number	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements Amount	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1)	Parent company endorsements/guarantees to subsidiary	Subsidiary endorsements/guarantees to parent company	Endorsements/guarantees to the companies in mainland China
		Name	Relationship with the Company (Note 2)										
0	ECIC	EVUS	Subsidiary	835,137	57,070	57,070	-	-	0.68%	2,087,843	Yes	No	No

Note1 : According to the Company’s Operating Procedures of Fund Lending and Guarantee, the amount of guarantees shall be limited to 25% of the Company’s net worth. The individual guarantee amount shall not exceed 10% of the Company’s net worth.

Note2 : The relationship of guarantee and endorsement with the Company and counter-party:

1. The Company that has a business relationship with endorsement/guarantee provider.
2. A subsidiary in which endorser/guarantor provider holds directly over 50% of equity interest.
3. An investee in which endorsement/guarantee provider and its subsidiaries hold over 50% of equity interest.
4. An investor which holds directly or indirectly over 50% of equity interest of endorser/guarantor provider.
5. The Company that has provided guarantees to endorsement/guarantee provider, and vice versa, due to contractual requirements.
6. An investee in which endorsement/guarantee provider conjunctly invests with other stockholders, and for which endorsement/guarantee provider has provided endorsement/guarantee provider in proportion to its shareholding percentage.
7. Peer engaged in the escrow of the sales contract on pre-sale house under the Consumer Protection Act.

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

3. Securities held as of March 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of Shares/Units)

Name of holder	Category and name of security	Relationship with company	Account	Ending balance				Note
				Shares/Units	Carrying value	Percentage of Ownership	Fair value	
ECIC	Jin Sun Money Market Fund	-	Financial assets at fair value through profit or loss-current	2,010	30,074	-	30,074	
"	Franklin Templeton Sinoam Money Market Fund	-	"	2,881	30,071	-	30,071	
"	Yuanta De- Bao Money Market Fund	-	"	2,476	30,002	-	30,002	
"	Prudential Financial Money Market	-	"	1,879	30,001	-	30,001	
GLTP	UPAMC James Bond Money Market Fund	-	"	920	15,509	-	15,509	
	Total				135,657		135,657	
ECIC	Polytronics Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	8,376	466,173	10%	1,101,443	
"	Chung Hwa	-	"					
"	Chemical Industrial Works, LTD	-	"	5,500	92,217	5%	64,625	
"	General Plastic Industrial Co., Ltd.	-	"	2,140	74,900	2%	58,101	
"	Andros Pharmaceuticals Co., Ltd.	-	"	3,880	77,800	15%	41,283	
GLTP	Taiwan Bio Therapeutics Co., Ltd.	-	"	414	11,400	1%	12,598	
TTI	General Plastic Industrial Co., Ltd.	-	"	2,140	74,900	2%	58,101	
			Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	538,761		-	
	Total				1,336,151		1,336,151	

4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

5. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

6. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

7. Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$300 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Purchase/Sale	Transaction details			Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
				Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
ECIC	EVEU	Subsidiary	Sale	222,059	9.74%	OA 90	Non material differences from those of third-parties	Non material differences from those of third-parties	114,909	6.93%	Note
"	EVUS	"	"	120,581	5.29%	OA 100	"	"	132,234	7.98%	Note
"	ELITE	"	"	112,392	4.93%	OA 100	"	"	116,550	7.03%	Note

Note : The amounts of the transaction and the ending balance had been eliminated in the consolidated financial statements.

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

8. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Ending balance (note)	Turnover rate	Overdue		Amounts received in subsequent period (As of May 13, 2021)	Loss allowance
					Amount	Action taken		
ECIC	EVUS	Subsidiary	132,234	5.28	-	-	18,957	-
"	ELITE	"	116,550	4.49	-	-	45,336	-
"	EVEU	"	114,909	8.96	-	-	70,037	-

Note : The amount of the transactions and the ending balance had been eliminated in the consolidated financial statements.

9. Trading in derivative instruments: Please refer to Note 6(b).

10. Significant transactions and business relationships between the parent company and its subsidiaries:

Number (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentages of the consolidated net revenue or total assets
0	ECIC	EVEU	1	Operating revenue	222,059	No material differences from those of third parties	9.74%
0	"	EVUS	1	"	120,581	"	5.29%
0	"	ELITE	1	"	112,392	"	4.93%
0	"	EVSH	1	"	70,087	"	3.07%
0	"	ETSH	1	"	57,560	"	2.52%
0	"	EVSZ	1	"	57,134	"	2.50%
0	"	ADSH	1	"	50,836	"	2.23%
0	"	ETGZ	1	"	40,047	"	1.76%
0	"	EVHK	1	"	24,449	"	1.07%
1	TTI	EVSZ	2	"	35,014	"	1.54%

Note 1: Company numbering as follows:

Parent company - 0

Subsidiary starts from 1

Note 2: The numbering of the relationship between transaction parties as follows:

Parent company to subsidiary - 1

Subsidiary to subsidiary - 2

Note 3: These accounts are disclosed based on the amounts represented to 1% of consolidated net sales.

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(b) Information on investments (excluding investment in mainland China):

The following are the information on investees for the three months ended March 31, 2021 (excluding investment in mainland China):

Units in Thousands

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance of March 31, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2021	December 31, 2019	Shares (thousands)	Percentage of ownership	Carrying value			
ECIC	EVUS	America	Selling chemical product and related raw materials	88,868	88,868	300	100.00%	105,669	(7,695)	(7,695)	(Note 2)
"	EVHK	Hong Kong	Selling chemical product and related raw materials	34,579	34,579	1,000	100.00%	38,376	1,439	1,439	(Note 2)
"	EVSG	Singapore	Investing business	779,115	779,115	24,300	100.00%	934,230	10,200	10,200	(Note 2)
"	EVEU	Netherland	Selling chemical product and related raw materials	7,890	7,890	1	100.00%	57,936	15,375	15,375	(Note 2)
"	TTI	Hsinchu City	Manufacturing and selling toners of laser printer, copier and fax machine	242,192	242,192	44,906	76.15%	579,189	(9,173)	(7,389)	(Note 2)
"	ELITE	Turkey	Selling chemical product and related raw materials	45,016	45,016	22	50.00%	104,973	2,105	1,052	(Note 2)
"	GOODTV	Taipei City	Cable TV channels	19,000	19,000	1,900	22.35%	20,206	(347)	(387)	(Note 1)
"	TAK	Taoyuan City	Manufacturing of inductance core and cathode materials of Lithium ion battery	58,600	58,600	10,000	16.78%	39,226	7,767	1,268	(Note 1)
"	DCBM	Taoyuan City	Manufacturing of medical supplies and providing service of biological technology	62,555	62,555	6,325	91.26%	8,340	0	0	(Note 2)
"	GLTP	Taipei City	Investing business	100,000	100,000	10,000	100.00%	28,658	(5)	(5)	(Note 2)
	Unrealized gross profit on sales			-	-			(89,003)		-	
				1,437,815	1,437,815			1,827,800		13,858	

Note 1: These companies are the investees of investments accounted for using equity method. Investment income (loss) arisen from these companies were included in share of profit of subsidiaries accounted for using equity method of the Company.

Note 2: The amounts of the transactions and the ending balance had been eliminated in the consolidated financial statements.

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(c) Information on investment in mainland China:

(i) The names of investees in mainland China, the main businesses and products, and other information:

Units in Thousands

Name of investee	Main businesses and products	Total amount of paid-in capital		Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020		Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2021		Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period	
		USD	NTD		USD	NTD	Outflow	Inflow	USD	NTD					USD	TWD
ETSH (Note 9)	Selling chemical product and related raw materials	1,700 (Note 8)	48,510	(Note 1)	700	19,975			700	19,975	4,327	100.00%	4,327 (Note 2)	150,407	2,961	84,492
ETGZ (Note 9)	Selling chemical product and related raw materials	700 (Note 7)	19,975	(Note 7)	200	5,707			200	5,707	5,976	100.00%	5,976 (Note 2)	81,851	1,523	43,459
EVSH (Note 9)	Selling chemical product and related raw materials	1,250 (Note 5)	35,669	(Note 1)	1,100	31,389			1,100	31,389	1,275	100.00%	1,275 (Note 2)	149,101	950	27,108
EVSZ (Note 9)	Manufacturing and selling color chemical, toners and electronic high tech chemical product	20,700 (Note 5)	590,675	(Note 1)	18,600	530,751			18,600	530,751	(818)	100.00%	(818) (Note 2)	557,152	-	-
ANDA (Note 9)	Selling electronic high tech chemical product	1,200 (Note 5)	34,242	(Note 1)	650	18,548			650	18,548	5,610	56.25%	3,156 (Note 3)	18,939	-	-
ADSH (Note 9)	Selling electronic high tech chemical product	157 (Note 6)	4,480	(Note 6)	-	-			-	-	7,229	56.25%	4,066 (Note 3)	11,780	-	-
3ESZ	Manufacturing and selling chemical product and related raw materials	6,600 (Note 5)	188,331	(Note 1)	2,490	71,052			2,490	71,052	5,652	40.00%	2,261 (Note 3)	57,325	-	-

Note 1: Reinvest in mainland China through third place (EVSG).

Note 2: These financial statements are reviewed by the same auditor of the Taiwan parent company and accounted for equity method.

Note 3: The amounts had been accounted for using equity method based upon the unreviewed financial statements of these investees.

Note 4: Exchange rate: NTD vs USD (1:28.535). Expressed in thousands of New Taiwan Dollars unless otherwise specified.

Note 5: EVSG invested in EVSH USD 150 thousand, EVSZ USD 1,470 thousand, ANDA USD 25 thousand and 3ESZ USD 150 thousand by owned funds.

Note 6: ANDA invested in ADSH amounted to RMB 1,000 thousand (USD 157 thousand) by owned funds.

Note 7: EVSZ invested in ETGZ USD 700 thousand by issuing shares.

Note 8: Included the capital increasing amounted to USD 1,000 thousand from earning.

Note 9: The amounts of the transaction and the ending balance had been eliminated in the consolidated financial statements.

(ii) Limitation on investment in mainland China:

Accumulated Investment in mainland China as of March 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
725,847 (USD 25,437)	660,452 (USD 23,146)	5,191,981

As of March 31, 2021, the difference between accumulated investment in mainland China and investment amounts authorized by Investment Commission, MOEA was amounted to USD (2,291) thousand, including the follows:

(i) ETSH: capital increasing amounted to USD 1,000 thousand from earning.

(ii) EVSG: investment amounted to USD 2,425 thousand by owned funds.

(iii) EVSG: remittance of earnings amounted to USD (5,716) thousand.

(iii) Significant transactions:

For the three months ended March 31, 2021, the information on direct or indirect significant transactions with investees in mainland China, which had been eliminated in the consolidated financial statements, is disclosed in Note (13)(a) Information on significant transactions.

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(d) Major shareholders :

(In Shares)

Shareholding Shareholder's Name	Shares	Percentage
CHEN,DING-CHUAN	68,000,000	12.41%
ETHICAL INVESTMENT CORPORATION	37,000,000	6.75%

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

(a) General information

The Group's operating segment information and reconciliation are as follow:

	For the three months ended March 31, 2021							Total
	Color chemicals	Specialty chemicals	Electronic chemicals	Toner	Pharmaceuticals	Others	Reconciliation and elimination	
Revenue from external customers	\$ 1,027,274	594,166	302,978	283,765	72,620	-	-	2,280,803
Intersegment revenue	-	-	-	-	-	-	-	-
Total revenue	<u>\$ 1,027,274</u>	<u>594,166</u>	<u>302,978</u>	<u>283,765</u>	<u>72,620</u>	<u>-</u>	<u>-</u>	<u>2,280,803</u>
Reportable segment profit or loss	<u>\$ 145,343</u>	<u>65,276</u>	<u>4,678</u>	<u>(26,994)</u>	<u>(36,506)</u>	<u>3,611</u>	<u>-</u>	<u>155,408</u>

	For the three months ended March 31, 2020							Total
	Color chemicals	Specialty chemicals	Electronic chemicals	Toner	Pharmaceuticals (Note)	Others	Reconciliation and elimination	
Revenue from external customers	\$ 1,131,040	495,889	260,892	315,877	66,180	599	-	2,270,477
Intersegment revenue	-	-	-	-	-	-	-	-
Total revenue	<u>\$ 1,131,040</u>	<u>495,889</u>	<u>260,892</u>	<u>315,877</u>	<u>66,180</u>	<u>599</u>	<u>-</u>	<u>2,270,477</u>
Reportable segment profit or loss	<u>\$ 98,997</u>	<u>42,989</u>	<u>1,239</u>	<u>(16,346)</u>	<u>(45,788)</u>	<u>1,721</u>	<u>-</u>	<u>82,812</u>