

Stock Code: 1711



**Everlight
Chemical**

**Handbook for the
2022 General Shareholders Meeting
Everlight Chemical Industrial Corporation**

Convening method: entity shareholders meeting

Time: May 26, 2022

Location: 3th Floor, No. 260, Section 2,
Bade Road, Zhongshan District,
Taipei City, Taiwan
(Central Pictures Bade Building)

DISCLAIMER

THIS IS A TRANSLATION OF THE HANDBOOK FOR THE 2022 ANNUAL GENERAL SHAREHOLDERS MEETING (THE “HANDBOOK”) OF EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION. (THE “COMPANY”). THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE, THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE AGENDA SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

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Everlight Chemical Industrial Corporation

Meeting Procedure of 2022 General Shareholders Meeting

1. Call the Meeting to Order
2. Chairman's Address
3. Reports
4. Proposals
5. Discussions
6. Extemporaneous Motions
7. Adjournment

Everlight Chemical Industrial Corporation

Meeting Agenda of 2022 General Shareholders Meeting

Time: 9:00 AM, May 26, 2022

Location: 3th Floor, No. 260, Section 2, Bade Road, Zhongshan District, Taipei City, Taiwan
(Central Pictures Bade Building)

1. Reports

- (1) The Company's 2021 Business Report
- (2) The Company's 2021 Audit Committee's Review Report
- (3) The Company's 2021 Earnings Distribution of cash dividends Report
- (4) The Company's 2021 Remuneration to Employees and Directors Report

2. Proposals

- (1) Approval of 2021 closing statements

3. Discussions

- (1) The amendments to "Rules of Procedure for Shareholders Meetings"
- (2) The amendments to "Procedures for Acquisition or Disposal of Assets"
- (3) The amendments to "Articles of Incorporation"

4. Extemporaneous Motions

5. Adjournment

Reports

Reports

1. The Company's 2021 Business Report

2021 Business Report, Everlight Chemical Industrial Corporation

(1) Implementation results of operating plan

The Company's consolidated operating revenue in 2021 was NT\$ 9,200,988k which was an increase of 18%. In terms of operating income, the consolidated net income after tax was NT\$ 481,829k and EPS was NT\$ 0.86, which were increase of 135% and 121% respectively.

(2) Budget execution status

Unit: NTD thousand

Account	Plan for the whole year	Actual amount	Achievement rate
Operating revenue	9,000,000	9,200,988	102%
Operating cost	7,100,000	6,987,506	98%
Operating gross profit	1,900,000	2,213,482	116%
Operating expense	1,455,000	1,660,706	114%
Operating profit	445,000	552,776	124%
Net income before tax	500,000	597,440	119%

(3) Analysis on revenue and expense and profitability

Unit: NTD thousand

Item		2021	2020
Financial income and expense	Operating revenue	9,200,988	7,769,066
	Operating cost	6,987,506	6,200,244
	Operating gross profit	2,213,482	1,568,822
	Operating expense	1,660,706	1,364,186
	Operating profit	552,776	204,636
	Net non-operating revenue	44,664	60,140
	Net income before tax	597,440	264,776
	Income tax expense	115,611	59,754
	Net income after tax	481,829	205,022
	EPS (TWD)	0.86	0.39
Profitability Analysis	ROA	3.8%	1.9%
	ROE	5.5%	2.5%
	Percentage of paid-in capital	Operating profit	10.1%
		Pre-tax income	10.9%
	Profit margin	5.2%	2.6%
	EPS (TWD)	0.86	0.39

(4) R&D status

Developing high-tech, high value-added chemical products and continuously improving ecological benefits are our R&D goals. R&D expense in 2021 was about TWD 390,000k which accounted for 4.3% of operating revenue. The specific results of R&D are as follows:

1) Intellectual property right:

In 2021, there were 9 patents granted. As of Feb. 2022, the accumulated patent number was 192.

2) New product R&D results of each business:

In 2021, the completed items of new products developed by each business are: 26 items of color chemicals, 5 items of specialty chemicals, 16 items of electronic chemicals, 1 item of pharmaceuticals and 19 items of toner, which are 67 items in total.

(5) Future Corporate Development Strategies

EVERLIGHT CHEMICAL INDUSTRIAL CORP.'s vision is to "become the high-tech chemistry industrial group contributing to people's lives". To enhance the life quality and health of people, we have been striving on the research and development of forward-looking chemicals and produce high-tech products to enable outstanding chemicals to bring happy lives to people, and contribute to the life quality of our employees, product competitiveness, and sustainable future, to fully fulfill our brand commitment of "Better Chemistry Better Life."

Chairman: Chen, Chien-Hsin



General manager: Chen, Wei-Wang



Accounting officer: Wong, Guo-Bin



Reports

2. The Company's 2021 Audit Committee's Review Report

Audit Committee's Review Report, Everlight Chemical Industrial Corporation

The Board of Directors has prepared the Company's 2021 Business Report, Financial Statements, and proposal for distribution of earnings, The CPAs, Tang Chia-Chien and Chen Ya-Ling, of KPMG Taiwan were retained to audit the Company's Financial Statements and have issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and earnings distribution proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of the Company. According to relevant requirements of the Securities and Exchange Act and the Company Act, we hereby submit this report.

Yours sincerely

To

The Company's 2022 General Shareholders Meeting

Convener of Audit Committee, Wu, Chung-Fern



Committee, Yang, Way-Wen



Committee, Chang, Yuan-Jan



March 21, 2022

Reports

3. The Company's 2021 Earnings Distribution of cash dividends Report

- (1) According to Article 28 and Article 29 of the Articles of Incorporation, resolution of the company's board of directors on March 24, 2022, 10% of the earnings or NT\$39,380,581 shall be appropriated as legal reserve, followed by the appropriate of cash dividend to shareholders amounting to NT\$273,876,113 (at 5% dividend rate). Accordingly, each shareholder shall be entitled to cash dividend of NT\$500 for each lot of shareholding. Cash dividend released to the shareholders will be rounded to the nearest dollar and the fraction of a dollar will not be counted. As such, the exact amount of cash dividend will be based on the actual amount paid. In the event of change in the quantity of outstanding shares issued by the Company with consequential change in the dividend rate to shareholders, the Chairman of the Board will be authorized to handle related matters.
- (2) The proposal for the distribution of earnings in 2021 will be based on the earnings of the year.

Reports

4. The Company's 2021 Remuneration to Employees and Directors Report

- (1) According to Article 27 of the Company's Articles of Incorporation, if the Company has profits in the current year, it shall appropriate 5% as employee remuneration and no more than 2% as director remuneration. However, when the Company still has accumulated losses, the amount for compensation should be retained in advance.

The parties whose remuneration is paid with stocks or cash defined in the preceding paragraph include the employees of the subordinate companies that are reported to and passed by the Board of Directors.

- (2) The Company appropriates 5% of profit as the remuneration to employees, totaling NT\$29,772,350, 2% of profit as remuneration to directors (excluding independent directors) totaling NT\$11,908,940, which are both distributed in cash.
- (3) The counterparties to be distributed with employee remuneration are those who have been on position before (and during) 2021 and are still on position on the day when the board passes the Motion of Earnings Distribution. No remuneration is paid to the employees of the subordinate companies.

Proposals

Proposals

Motion 1

Proposal of the Board of Directors

Subject: Approval of 2021 closing statements

Explanation: (1) The Business Report, Financial Statements (including consolidated financial statements), and proposal for distribution of earnings were compiled by the Board and Financial Statements audited by the CPAs, Tang Chia-Chien and Chen Ya-Ling of KPMG Taiwan. Referred to the Auditing Committee for review, which was deemed in compliance with the Company Act, and are presented for recognition.

(2) For information on the Business Report, refer to p.3-4 of The Handbook. The Auditing Committee's Review Report is exhibited on p.5 of The Handbook. The Financial Statements are exhibited on p.9-23. The proposal for the distribution of earnings is exhibited on p.24.

Resolutions:

Independent Auditors' Report

To the Board of Directors of Everlight Chemical Industrial Corporation:

Opinion

We have audited the consolidated financial statements of Everlight Chemical Industrial Corporation and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretation developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, the key audit matters we communicated in the auditors' report were as follows:

Valuation of accounts receivable

Please refer to Note 4(g) “Financial Instruments” for accounting policy, Note 5 for accounting assumption, judgments and estimation uncertainty of accounts receivable and Note 6(c) for the disclosure of the valuation of accounts receivable to the consolidated financial statements.

Description of key audit matters

Given the challenging economic climate, the risk of receivables recovery remains high, resulting in significant judgment being applied in the management's assessment of the recoverability of accounts receivable. Consequently, this is one of the key judgmental areas of our audit.

How the matter was addressed in our audit

Our major audit procedures included testing the adequacy of the formula of the calculation for the expected loss rate; testing the adequacy of aging report by tracing to related vouchers; evaluating the appropriateness of loss allowance and expected credit loss by testing if the loss allowance was made by expected loss rate; assessing if the evaluation document of loss allowance for accounts receivable was compliance with the Group's accounting policy; evaluating the adequacy of the disclosure of loss allowance for accounts receivable prepared by management.

Other Matter

Everlight Chemical Industrial Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit committee) are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (Republic of China)
March 24, 2022

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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit 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' audit report and consolidated financial statements, the Chinese version shall prevail.

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

Consolidated Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands New Taiwan Dollars)

		<u>December 31, 2021</u>		<u>December 31, 2020</u>				<u>December 31, 2021</u>		<u>December 31, 2020</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>			<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents	\$ 1,449,753	10	1,334,808	10	2100	Short-term borrowings	\$ 2,056,402	15	1,871,991	14
1110	Financial assets at fair value through profit or loss-current	60,247	-	60,100	1	2322	Long-term borrowings, current portion	-	-	40,000	1
1136	Financial assets at amortized cost-current	3,502	-	12,896	-	2151	Notes payable	238,909	2	181,329	2
1150	Notes receivable, net	215,955	2	213,396	2	2170	Accounts payable	329,088	2	389,570	3
1170	Accounts receivable, net	1,626,491	12	1,383,973	10	2209	Other payable	535,475	4	407,211	3
130X	Inventories	3,530,338	25	3,198,461	24	2213	Payable on equipment	43,062	-	17,545	-
1476	Other current financial assets	26,809	-	26,142	-	2230	Current tax liabilities	132,267	1	38,386	-
1479	Other current assets	<u>123,755</u>	<u>1</u>	<u>114,339</u>	<u>1</u>	2280	Lease liabilities-current	29,830	-	35,102	-
	Total current assets	<u>7,036,850</u>	<u>50</u>	<u>6,344,115</u>	<u>48</u>	2399	Other current liabilities	<u>52,528</u>	<u>-</u>	<u>48,553</u>	<u>-</u>
							Total current liabilities	<u>3,417,561</u>	<u>24</u>	<u>3,029,687</u>	<u>23</u>
Non-current assets:						Non-current liabilities:					
1517	Financial assets at fair value through other comprehensive income-non-current	1,529,864	11	994,805	8	2540	Long-term borrowings	1,000,000	7	1,250,000	9
1550	Investments accounted for using equity method	124,163	1	112,156	1	2570	Deferred tax liabilities	86,879	1	79,074	1
1600	Property, plant and equipment	4,891,430	34	5,265,817	40	2580	Lease liabilities non-current	241,777	2	258,608	2
1755	Right-of-use-assets	284,560	2	309,445	2	2640	Net defined benefit liability	217,449	2	130,566	1
1780	Intangible assets	115,756	1	119,744	1	2670	Other non-current liabilities	<u>66,330</u>	<u>-</u>	<u>90,071</u>	<u>1</u>
1840	Deferred tax assets	109,394	1	51,602	-		Total non-current liabilities	<u>1,612,435</u>	<u>12</u>	<u>1,808,319</u>	<u>14</u>
1915	Prepayments for equipment	28,808	-	14,511	-		Total liabilities	<u>5,029,996</u>	<u>36</u>	<u>4,838,006</u>	<u>37</u>
1980	Other non-current financial assets	3,542	-	3,635	-	Equity attributable to owners of parent :					
1990	Other non-current assets	<u>11,903</u>	<u>-</u>	<u>10,559</u>	<u>-</u>						
	Total non-current assets	<u>7,099,420</u>	<u>50</u>	<u>6,882,274</u>	<u>52</u>	3100	Common shares	5,477,522	39	5,477,522	41
						3200	Capital surplus	474,558	3	474,558	4
						3300	Retained earnings	2,248,765	16	2,019,285	15
						3400	Other equity	<u>605,295</u>	<u>4</u>	<u>115,939</u>	<u>1</u>
							Total equity attributable to owners of parent	<u>8,806,140</u>	<u>62</u>	<u>8,087,304</u>	<u>61</u>
						36XX	Non-controlling interests	<u>300,134</u>	<u>2</u>	<u>301,079</u>	<u>2</u>
							Total equity	<u>9,106,274</u>	<u>64</u>	<u>8,388,383</u>	<u>63</u>
Total assets		<u>\$ 14,136,270</u>	<u>100</u>	<u>13,226,389</u>	<u>100</u>		Total liabilities and equity	<u>\$ 14,136,270</u>	<u>100</u>	<u>13,226,389</u>	<u>100</u>

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

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue	\$ 9,200,988	100	7,769,066	100
5000	Operating costs	<u>6,987,506</u>	<u>76</u>	<u>6,200,244</u>	<u>80</u>
5950	Gross profit from operations	<u>2,213,482</u>	<u>24</u>	<u>1,568,822</u>	<u>20</u>
6000	Operating expenses:				
6100	Selling expenses	934,288	10	687,171	9
6200	Administrative expenses	318,048	4	304,015	4
6300	Research and development expenses	396,708	4	371,514	4
6450	Expected credit loss	<u>11,662</u>	<u>-</u>	<u>1,486</u>	<u>-</u>
	Total operating expenses	<u>1,660,706</u>	<u>18</u>	<u>1,364,186</u>	<u>17</u>
6900	Net operating income	<u>552,776</u>	<u>6</u>	<u>204,636</u>	<u>3</u>
7000	Non-operating income and expenses:				
7100	Interest income	4,115	-	3,601	-
7010	Other income	39,880	-	49,867	1
7020	Other gains and losses	37,990	-	62,495	1
7050	Finance costs	(48,580)	-	(63,925)	(1)
7060	Share of gains of associates accounted for using equity method	<u>11,259</u>	<u>-</u>	<u>8,102</u>	<u>-</u>
	Total non-operating income and expense	<u>44,664</u>	<u>-</u>	<u>60,140</u>	<u>1</u>
7900	Income before income tax	597,440	6	264,776	4
7951	Income tax expenses	<u>115,611</u>	<u>1</u>	<u>59,754</u>	<u>1</u>
8200	Net income	<u>481,829</u>	<u>5</u>	<u>205,022</u>	<u>3</u>
8300	Other comprehensive income:				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	(99,235)	(1)	11,716	-
8316	Unrealized gains from financial assets measured at fair value through other comprehensive income	509,493	6	198,156	3
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>19,847</u>	<u>-</u>	<u>(2,343)</u>	<u>-</u>
	Total components of other comprehensive income (loss) that will not be reclassified to profit or loss	<u>430,105</u>	<u>5</u>	<u>207,529</u>	<u>3</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(23,936)	-	4,286	-
8370	Share of other comprehensive income of associates accounted for using equity method	1,164	-	(2,847)	-
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 (loss) that will be reclassified to profit or loss	<u>(22,772)</u>	<u>-</u>	<u>1,439</u>	<u>-</u>
8300	Other comprehensive income (after tax)	<u>407,333</u>	<u>5</u>	<u>208,968</u>	<u>3</u>
8500	Total comprehensive income	<u>\$ 889,162</u>	<u>10</u>	<u>413,990</u>	<u>6</u>
	Profit attributable to:				
8610	Owners of parent	\$ 472,970	5	213,279	3
8620	Non-controlling interests	<u>8,859</u>	<u>-</u>	<u>(8,257)</u>	<u>-</u>
		<u>\$ 481,829</u>	<u>5</u>	<u>205,022</u>	<u>3</u>
	Comprehensive income attributable to:				
8710	Owners of parent	\$ 883,162	10	428,490	6
8720	Non-controlling interests	<u>6,000</u>	<u>-</u>	<u>(14,500)</u>	<u>-</u>
		<u>\$ 889,162</u>	<u>10</u>	<u>413,990</u>	<u>6</u>
9750	Basic earnings per share (expressed in New Taiwan dollars)	<u>\$ 0.86</u>		<u>0.39</u>	
9850	Diluted earnings per share (expressed in New Taiwan dollars)	<u>\$ 0.86</u>		<u>0.39</u>	

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

Consolidated Statements of Changes in Equity
For the years ended December 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	-	-	-	-	213,279	213,279	-	-	-	213,279	(8,257)	205,022
Other comprehensive income	-	-	-	-	9,142	9,142	1,439	204,630	206,069	215,211	(6,243)	208,968
Total comprehensive income	-	-	-	-	222,421	222,421	1,439	204,630	206,069	428,490	(14,500)	413,990
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	37,755	-	(37,755)	-	-	-	-	-	-	-
Special reserve	-	-	-	(119,329)	119,329	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(164,326)	(164,326)	-	-	-	(164,326)	-	(164,326)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	59,692	59,692	-	(59,692)	(59,692)	-	-	-
Balance on December 31, 2020	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	-	-	-	-	472,970	472,970	-	-	-	472,970	8,859	481,829
Other comprehensive income	-	-	-	-	(79,164)	(79,164)	(19,703)	509,059	489,356	410,192	(2,859)	407,333
Total comprehensive income	-	-	-	-	393,806	393,806	(19,703)	509,059	489,356	883,162	6,000	889,162
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	28,211	-	(28,211)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(164,326)	(164,326)	-	-	-	(164,326)	(6,945)	(171,271)
Balance on December 31, 2021	\$ 5,477,522	474,558	1,104,566	30,438	1,113,761	2,248,765	(130,318)	735,613	605,295	8,806,140	300,134	9,106,274

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

Consolidated Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from operating activities:		
Income before income tax	\$ 597,440	264,776
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	669,591	679,301
Amortization expense	31,109	29,086
Expected credit loss	11,662	1,486
Net gains on financial assets at fair value through profit and loss	(240)	(316)
Interest expense	48,580	63,925
Interest income	(4,115)	(3,601)
Dividend income	(39,880)	(49,867)
Share of gains of associates accounted for using equity method	(11,259)	(8,102)
Losses on disposal of property, plant and equipment	748	2,258
Losses on disposal of investment accounted for using equity method	-	18,553
Other	(391)	240
Total adjustments to reconcile profit	705,805	732,963
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	(4,170)	20,991
Accounts receivable and overdue receivable (under other non-current financial assets)	(268,327)	34,424
Inventories	(360,441)	342,640
Other current financial assets	886	(3,560)
Other current assets	(8,408)	(418)
Total changes in operating assets	(640,460)	394,077
Changes in operating liabilities:		
Notes payable	57,478	29,291
Accounts payable	(44,677)	86,799
Other payable	140,423	(28,220)
Other current liabilities	11,676	(31,005)
Net defined benefit liability	(12,351)	(25,497)
Other non-current liabilities	(31,848)	(37,333)
Total changes in operating liabilities	120,701	(5,965)
Total changes in operating assets and liabilities	(519,759)	388,112
Total adjustments	186,046	1,121,075
Cash inflow generated from operations	783,486	1,385,851
Interest received	4,140	3,649
Dividends received	39,880	49,867
Income taxes paid	(70,262)	(33,377)
Net cash flows from operating activities	757,244	1,405,990
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost	(3,200)	(12,896)
Proceeds from disposal of financial assets at amortized cost	12,567	-
Acquisition of financial assets at fair value through profit or loss	(211,500)	(255,500)
Proceeds from disposal of financial assets at fair value through profit or loss	211,592	225,739
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	-	310,625
Acquisition of property, plant and equipment	(164,262)	(181,867)
Proceeds from disposal of property, plant and equipment	5,125	1,172
Acquisition of intangible assets	(27,152)	(26,414)
Decrease (increase) in other non-current financial assets	(129)	450
Increase in other non-current assets	(1,226)	(3,409)
Increase in prepayments for equipment	(69,232)	(30,468)
Proceeds from capital reduction of investments accounted for using equity method	-	2,418
Net cash flows from (used in) investing activities	(272,984)	29,850
Cash flows used in financing activities:		
Increase in short-term borrowings	5,314,409	5,689,206
Decrease in short-term borrowings	(5,127,071)	(6,294,275)
Proceeds from long-term borrowings	50,000	200,000
Repayments of long-term borrowings	(340,000)	(370,000)
Payments of lease liabilities	(34,491)	(35,575)
Increase in other non-current liabilities	364	-
Cash dividends paid	(164,326)	(164,326)
Interest paid	(50,496)	(68,172)
Subsidiaries distributed cash dividends to non-controlling interests	-	(7,527)
Net cash flows used in financing activities	(351,611)	(1,050,669)
Effect of exchange rate changes on cash and cash equivalents	(17,704)	(29,219)
Net increase in cash and cash equivalents	114,945	355,952
Cash and cash equivalents at beginning of period	1,334,808	978,856
Cash and cash equivalents at end of period	\$ 1,449,753	1,334,808

Independent Auditors' Report

To the Board of Directors of Everlight Chemical Industrial Corporation:

Opinion

We have audited the financial statements of Everlight Chemical Industrial Corporation (“the Company”), which comprise the balance sheets as of December 31, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of accounts receivable

Please refer to Note 4(f) “Financial Instruments” for accounting policy, Note 5 for accounting assumptions, judgments and estimation uncertainty of accounts receivable and Note 6(c) for the disclosure of the valuation of accounts receivable to the parent-company-only financial statements.

Description of key audit matters

Given the challenging economic climate, the risk of receivables recovery remains high, resulting in significant judgment being applied in the management's assessment of the recoverability of accounts receivable. Consequently, this is the key judgmental areas of our audit.

How the matter was addressed in our audit

Our major audit procedures included testing the adequacy of the formula of the calculation for expected loss rate; testing the adequacy of aging report by tracing to related vouchers; evaluating the appropriateness of loss allowance and expected credit loss by testing if the loss allowance was made by expected loss rate; assessing if the evaluation document of loss allowance for accounts receivable was compliance with the Company's accounting policy; evaluating the adequacy of the disclosure of loss allowance for accounts receivable prepared by management.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (Republic of China)
March 24, 2022

Notes to Readers

The accompanying financial statements are intended only to present the 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 audit such financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying 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' audit report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements and Report Originally Issued in Chinese)
EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION

Balance Sheets

December 31, 2021 and 2020

(expressed in thousands New Taiwan dollars)

		December 31, 2021		December 31, 2020				December 31, 2021		December 31, 2020	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents	\$ 990,993	8	864,307	7	2100	Short-term borrowings	\$ 1,308,863	11	1,172,531	10
1110	Financial assets at fair value through profit or loss-current	60,247	-	60,100	1	2151	Notes payable	238,909	2	181,329	2
1136	Financial assets at amortized cost-current	3,502	-	12,869	-	2170	Accounts payable	290,275	2	326,587	3
1150	Notes receivable, net	62,721	-	58,914	-	2209	Other payable	415,083	3	316,660	3
1170	Accounts receivable, net	845,223	7	701,152	6	2213	Payable on equipment	43,062	-	15,638	-
1180	Accounts receivable due from related parties, net	592,416	5	482,170	4	2230	Current tax liabilities	113,138	1	30,669	-
1210	Other receivables due from related parties	9,172	-	3,957	-	2280	Lease liabilities-current	9,659	-	9,856	-
130X	Inventories	2,435,472	19	2,234,719	19	2399	Other current liabilities	37,318	-	41,264	-
1476	Other current financial assets	15,781	-	17,886	-		Total current liabilities	2,456,307	19	2,094,534	18
1479	Other current assets	96,063	1	82,357	1		Non-current liabilities:				
	Total current assets	5,111,590	40	4,518,431	38	2541	Long-term bank loans	1,000,000	8	1,250,000	10
	Non-current assets:					2570	Deferred tax liabilities	86,763	1	79,074	1
1517	Financial assets at fair value through other comprehensive income-non-current	1,459,491	12	928,694	8	2580	Lease liabilities non-current	18,529	-	27,957	-
1550	Investments accounted for using equity method	1,835,361	15	1,853,081	16	2640	Net defined benefit liability	214,833	2	128,806	1
1600	Property, plant and equipment	3,967,108	31	4,244,980	36	2670	Other non-current liabilities, others	65,767	-	89,866	1
1755	Right-of-use-assets	27,497	-	37,176	-		Total non-current liabilities	1,385,892	11	1,575,703	13
1780	Intangible assets	110,565	1	112,489	1		Total liabilities	3,842,199	30	3,670,237	31
1840	Deferred tax assets	107,460	1	47,818	1		Equity:				
1915	Prepayments for equipment	27,072	-	12,680	-	3100	Common shares	5,477,522	43	5,477,522	47
1980	Other non-current financial assets	2,195	-	2,192	-	3200	Capital surplus	474,558	4	474,558	4
	Total non-current assets	7,536,749	60	7,239,110	62	3300	Retained earnings	2,248,765	18	2,019,285	17
						3400	Other equity	605,295	5	115,939	1
							Total equity	8,806,140	70	8,087,304	69
Total assets		\$ 12,648,339	100	11,757,541	100	Total liabilities and equity		\$ 12,648,339	100	11,757,541	100

(English Translation of Financial Statements and Report Originally Issued in Chinese)
EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(expressed in thousands of New Taiwan dollars except for earnings per share)

		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue	\$ 7,509,370	100	6,085,544	100
5000	Operating costs	<u>5,847,516</u>	<u>78</u>	<u>5,005,499</u>	<u>82</u>
5900	Gross profit from operations	1,661,854	22	1,080,045	18
5910	Realized (unrealized) gross profit from sales	<u>(47,138)</u>	<u>1</u>	<u>17,081</u>	<u>-</u>
5950	Gross profit from operations	<u>1,614,716</u>	<u>21</u>	<u>1,097,126</u>	<u>18</u>
6000	Operating expenses:				
6100	Selling expenses	646,932	8	424,883	7
6200	Administrative expenses	164,362	2	145,028	2
6300	Research and development expenses	351,211	5	317,463	5
6450	Expected credit loss (gain)	<u>2,202</u>	<u>-</u>	<u>(433)</u>	<u>-</u>
	Total operating expenses	<u>1,164,707</u>	<u>15</u>	<u>886,941</u>	<u>14</u>
6900	Net operating income	<u>450,009</u>	<u>6</u>	<u>210,185</u>	<u>4</u>
7000	Non-operating income and expenses:				
7100	Interest income	1,418	-	1,549	-
7010	Other income	37,740	-	44,731	1
7020	Other gains and losses	31,977	-	68,575	1
7050	Finance costs	(23,966)	-	(36,654)	(1)
7060	Share of gains (losses) of subsidiaries and associates accounted for using equity method	<u>56,588</u>	<u>1</u>	<u>(26,544)</u>	<u>-</u>
	Total non-operating income and expense	<u>103,757</u>	<u>1</u>	<u>51,657</u>	<u>1</u>
7990	Income before income tax	553,766	7	261,842	5
7950	Income tax expenses	<u>80,796</u>	<u>1</u>	<u>48,563</u>	<u>1</u>
	Net income	<u>472,970</u>	<u>6</u>	<u>213,279</u>	<u>4</u>
8300	Other comprehensive income:				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	(98,060)	(1)	10,501	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	505,230	7	207,948	3
8330	Share of other comprehensive income of subsidiaries accounted for using equity method	3,113	-	(2,577)	-
8349	Income tax related to components that may not be reclassified to profit or loss	<u>19,612</u>	<u>-</u>	<u>(2,100)</u>	<u>-</u>
	Total components of other comprehensive income that (loss) will not be reclassified to profit or loss	<u>429,895</u>	<u>6</u>	<u>213,772</u>	<u>3</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(20,867)	-	4,286	-
8380	Share of other comprehensive income of associates accounted for using equity method	1,164	-	(2,847)	-
8399	Income tax related to components that may be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total components of other comprehensive income that (loss) will be reclassified to profit or loss	<u>(19,703)</u>	<u>-</u>	<u>1,439</u>	<u>-</u>
8300	Other comprehensive income(after tax)	<u>410,192</u>	<u>6</u>	<u>215,211</u>	<u>3</u>
8500	Total comprehensive income	<u>\$ 883,162</u>	<u>12</u>	<u>428,490</u>	<u>7</u>
9750	Basic earnings per share (expressed in New Taiwan dollars)	<u>\$ 0.86</u>		<u>0.39</u>	
9850	Diluted earnings per share (expressed in New Taiwan dollars)	<u>\$ 0.86</u>		<u>0.39</u>	

(English Translation of Financial Statements and Report Originally Issued in Chinese)
EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION

Statements of Changes in Equity
For the years ended December 31, 2021 and 2020
(expressed in thousands of New Taiwan dollars)

	Retained earnings						Other equity		Total	Total equity
	Common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income		
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
Net income	-	-	-	-	213,279	213,279	-	-	-	213,279
Other comprehensive income	-	-	-	-	9,142	9,142	1,439	204,630	206,069	215,211
Total comprehensive income	-	-	-	-	222,421	222,421	1,439	204,630	206,069	428,490
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	37,755	-	(37,755)	-	-	-	-	-
Special reserve	-	-	-	(119,329)	119,329	-	-	-	-	-
Cash dividends	-	-	-	-	(164,326)	(164,326)	-	-	-	(164,326)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	59,692	59,692	-	(59,692)	(59,692)	-
Balance on December 31, 2020	5,477,522	474,558	1,076,355	30,438	912,492	2,019,285	(110,615)	226,554	115,939	8,087,304
Net income	-	-	-	-	472,970	472,970	-	-	-	472,970
Other comprehensive income	-	-	-	-	(79,164)	(79,164)	(19,703)	509,059	489,356	410,192
Total comprehensive income	-	-	-	-	393,806	393,806	(19,703)	509,059	489,356	883,162
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	28,211	-	(28,211)	-	-	-	-	-
Cash dividends	-	-	-	-	(164,326)	(164,326)	-	-	-	(164,326)
Balance on December 31, 2021	<u>\$ 5,477,522</u>	<u>474,558</u>	<u>1,104,566</u>	<u>30,438</u>	<u>1,113,761</u>	<u>2,248,765</u>	<u>(130,318)</u>	<u>735,613</u>	<u>605,295</u>	<u>8,806,140</u>

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(expressed in thousands of New Taiwan dollars)

	2021	2020
Cash flows from operating activities:		
Income before income tax	\$ 553,766	261,842
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	522,513	526,157
Amortization expense	29,007	27,021
Expected credit losses (gains)	2,202	(433)
Net gains on financial assets at fair value through profit and loss	(216)	(265)
Interest expense	23,966	36,654
Interest income	(1,418)	(1,549)
Dividend income	(37,740)	(44,731)
Share of losses (gains) of subsidiaries and associates accounted for using equity method	(56,588)	26,544
Gains on disposal of property, plants and equipment	(1,125)	(31)
Unrealized (realized) gross profit from sales	47,138	(17,081)
Total adjustments to reconcile profit	527,739	552,286
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	(3,858)	(4,157)
Accounts receivable and overdue receivable (under other non-current financial assets)	(146,222)	18,118
Accounts receivable due from related parties	(110,246)	(31,571)
Other receivable due from related parties	1,730	733
Inventories	(200,753)	209,264
Other current financial assets	2,094	678
Other current assets	(13,706)	(4,029)
Total changes in operating assets	(470,961)	189,036
Changes in operating liabilities:		
Notes payable	57,580	29,500
Accounts payable	(36,312)	123,072
Other payable	116,655	(7,265)
Other current liabilities	4,004	(32,144)
Net defined benefit liabilities	(12,033)	(15,490)
Decrease in other non-current liabilities	(32,050)	(37,333)
Total changes in operating liabilities	97,844	60,340
Total changes in operating assets and liabilities	(373,117)	249,376
Total adjustments	154,622	801,662
Cash inflow generated from operations	708,388	1,063,504
Interest received	1,429	1,598
Dividends received	41,375	97,796
Income taxes paid	(46,831)	(20,908)
Net cash flows from operating activities	704,361	1,141,990
Cash flows used in investing activities:		
Acquisition of financial assets at fair value through profit or loss	(180,000)	(240,000)
Proceeds from disposal of financial assets at fair value through profit or loss	180,068	210,188
Acquisition of financial assets at amortized cost	(3,200)	(12,869)
Proceeds from disposal of financial assets at amortized cost	12,567	-
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	-	310,625
Acquisition of property, plant and equipment	(151,138)	(158,197)
Proceeds from disposal of property, plant and equipment	1,733	951
Acquisition of intangible assets	(27,083)	(25,731)
Decrease (increase) in other non-current assets	(3)	238
Increase in prepayments for equipment	(71,080)	(26,805)
Net cash flows from (used in) investing activities	(263,703)	58,400
Cash flows used in financing activities:		
Increase in short-term borrowings	3,697,670	4,100,621
Decrease in short-term borrowings	(3,561,338)	(4,645,720)
Proceeds from long-term borrowings	50,000	200,000
Repayments of long-term borrowings	(300,000)	(330,000)
Payment of lease liabilities	(9,943)	(10,495)
Cash dividends paid	(164,326)	(164,326)
Interest paid	(26,035)	(40,846)
Net cash used in financing activities	(313,972)	(890,766)
Net increase in cash and cash equivalents	126,686	309,624
Cash and cash equivalents at beginning of period	864,307	554,683
Cash and cash equivalents at end of period	\$ 990,993	864,307

Everlight Chemical Industrial Corporation
Table of Earnings Distribution
2021

Unit: NTD

Items of distribution	Dollar amount of distribution	
	Subtotal	Total
Undistributed earnings at the beginning of period		719,954,481
Net income before tax for the period	553,765,721	
Less: income tax expense	80,796,070	
Net income after tax for the period		472,969,651
Less: changes to the re-evaluated amount of defined-benefit program for the period	79,163,846	
Subtotal		393,805,805
Distributable earnings		1,113,760,286
The appropriated and distributed items for the current year		
Less: recognition of legal reserves	39,380,581	
Distribution of cash dividends - NT\$ 0.5 per share	273,876,113	
Subtotal		313,256,694
Undistributed earnings at the end of period		800,503,592

Chairman: Chen, Chien-Hsin



General manager: Chen, Wei-Wang



Accounting officer: Wong, Guo-Bin



Discussions

Discussions

Motion 1

Proposal of the Board of Directors

Subject: The amendments to “Rules of Procedure for Shareholders Meetings”

Explanation: (1) This procedure was passed by the regular session of the 2021 Shareholders’ Meeting dated 2021.07.29.

(2) To amend the “Rules of Procedure for Shareholders Meetings” of the Company is in line with applicable laws. The “Amendment Clauses Comparison Table” is shown in the Appendix for discussion on feasibility of implementation.

Appendix: Amendment Clauses Comparison Table of the Rules of Procedure for Shareholders Meetings

Resolutions:

Everlight Chemical Industrial Corporation Amendment Clauses Comparison Table of the Rules of Procedure for Shareholders Meetings

Amended articles	Existing articles	Explanation
<p>Article 3</p> <p>Shareholders’ meetings of the Company shall be convened by the Board of Directors unless other otherwise specified by law.</p> <p><u>Changes to the method of convening the shareholders' meeting shall be subject to a resolution by the Board of Directors and shall be made no later than before the notice of the shareholders' meeting is sent.</u></p> <p>The Company shall prepare electronic versions of the Shareholders’ Meeting Notice, proxy forms, the reasons and explanatory materials relating to all proposals such as proposals for ratification, matters for deliberation, and the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) 30 days before the general shareholders’ meeting or 15 days before the ad hoc shareholders’ meeting. Meanwhile,</p>	<p>Article 3</p> <p>Shareholders’ meetings of the Company shall be convened by the Board of Directors unless other otherwise specified by law.</p> <p>The Company shall prepare electronic versions of the Shareholders’ Meeting Notice, proxy forms, the reasons and explanatory materials relating to all proposals such as proposals for ratification, matters for deliberation, and the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) 30 days before the general shareholders’ meeting or 15 days before the ad hoc shareholders’ meeting. Electronic</p>	<p>Amended in accordance with laws and regulations</p>

<p>twenty-one days before the Company convenes a general shareholders' meeting or 15 days before an extraordinary shareholders' meeting, it shall prepare an electronic file of the shareholders' meeting agenda handbook and the supplementary materials and upload them to the MOPS. <u>However, the Company, with the paid-in capital amounting to NT\$10 billion or more at the end of the most recent fiscal year or the total shareholding ratio of foreign capital and capital from China reaching 30% or more as per the shareholder register for the general shareholders' meeting held in the most recent fiscal year, shall upload such an electronic file 30 days before the general shareholders' meeting.</u> The shareholders' meeting agenda and supplementary information shall be made available for shareholders to review at any time 15 days before the shareholders' meeting. The agenda and supplementary materials shall be displayed at the Company, and its professional shareholder service agency.</p> <p><u>The Company shall provide said handbook and supplementary materials mentioned in the preceding paragraph to the shareholders on the day of the shareholders' meeting in the following methods:</u></p> <ol style="list-style-type: none"> <u>1. When a physical shareholders' meeting is convened, such materials shall be distributed on-site at the shareholders' meeting.</u> <u>2. When a physical shareholders' meeting is convened, along with a video conference held at the same time, such materials shall be distributed on-site at the shareholders' meeting, and an electronic file of such materials shall be uploaded to the video conference platform.</u> <u>3. When a shareholders' meeting is convened by video conference,</u> 	<p>versions of the Shareholders' Meeting Agenda and supplementary information shall be prepared and transmitted to the MOPS 21 days before the general shareholders' meeting or 15 days before the ad hoc shareholders' meeting. The Shareholders' Meeting Agenda and supplementary information shall be made available for shareholders to review at any time 15 days before the shareholders' meeting. The agenda and supplementary materials shall be displayed at the Company, and its professional shareholder service agency, and shall be distributed on the shareholders' meeting.</p> <p>.....</p>	
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<p><u>an electronic file of such materials shall be uploaded to the video conference platform.</u></p> <p>.....</p>		
<p>Article 4</p> <p>.....</p> <p>Once the proxy form is received by the Company, if the shareholder wishes to attend the shareholders' meeting in person or exercise voting right by correspondence or electronically, he or she shall send a written notice of proxy cancellation to the Company 2 days before the shareholders' meeting; if the cancellation notice is delivered after the deadline, the vote cast by the proxy on the meeting shall prevail.</p> <p><u>Once the proxy form is received by the Company, in the case that the shareholder intends to attend the shareholders' meeting by video conference, a written proxy rescission notice shall be filed with the Company two days prior to the date of the shareholders' meeting, otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.</u></p>	<p>Article 4</p> <p>.....</p> <p>Once the proxy form is received by the Company, if the shareholder wishes to attend the shareholders' meeting in person or exercise voting right by correspondence or electronically, he or she shall send a written notice of proxy cancellation to the Company 2 days before the shareholders' meeting; if the cancellation notice is delivered after the deadline, the vote cast by the proxy on the meeting shall prevail.</p>	<p>Amended in accordance with laws and regulations</p>
<p>Article 5</p> <p>The venue for a shareholders' meeting shall be where the Company is located, or a place that is convenient to shareholders and suitable for the shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. When choosing the location and time of the meeting, the opinions of independent directors shall be fully considered.</p> <p><u>When the Company convenes a shareholders' meeting by video conference, it is not subject to the restriction on the venue of the meeting under the preceding paragraph.</u></p>	<p>Article 5</p> <p>The venue for a shareholders' meeting shall be where the Company is located, or a place that is convenient to shareholders and suitable for the shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. When choosing the location and time of the meeting, the opinions of independent directors shall be fully considered.</p>	<p>Amended in accordance with laws and regulations</p>

<p>Article 6</p> <p>The Company shall state, in the meeting notice, the sign-in time and place for shareholders, <u>solicitors, and proxies (hereinafter referred to as "shareholders")</u>, and other matters that shall be noted.</p> <p>The sign-in time for shareholders, as stated in the preceding paragraph, shall be at least 30 minutes before the meeting commences. The sign-in place shall be clearly marked and staffed by a sufficient number of suitable personnel. <u>When the shareholders' meeting is convened by video, the sign-in process shall begin on the video conference platform 30 minutes before the meeting commences. Shareholders who have completed the sign-in shall be deemed to have attended the shareholders' meeting in person.</u></p> <p>Shareholders shall attend the shareholders' meetings with their attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attendance presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.....</p> <p><u>When the shareholders' meeting is convened by video conference, shareholders who wish to attend by video conference should register with the Company two days prior to the shareholders' meeting.</u></p> <p><u>If the shareholders' meeting is convened by video conference, the Company shall upload the meeting agenda handbook, annual report, and other relevant materials to the video conference platform at least 30 minutes prior to the start of the meeting and continue to disclose them till the end of the meeting.</u></p>	<p>Article 6</p> <p>The Company shall specify in the Shareholders' Meeting Notice the shareholder registration time, registration location, and any other relevant matters.</p> <p>Shareholder registration shall be accepted at least 30 minutes before the start of the meeting. The registration location shall be clearly marked and a sufficient number of competent personnel shall be assigned to handle the registration.</p> <p>Shareholders <u>and their proxies (hereafter referred to as "shareholders")</u> shall attend shareholders' meetings based on attendance passes, sign-in card, or other attendance documentation. The Company shall not require for any additional documents for the attendance of shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.</p> <p>.....</p>	<p>Amended in accordance with laws and regulations</p>
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<p><u>Article 6-1</u></p> <p><u>When the Company convenes the shareholders' meeting by video conference, the information below shall be stated in the meeting notice:</u></p> <ol style="list-style-type: none"> <u>1. Shareholders' methods of participating in the video conference and exercising their rights.</u> <u>2. The response to the obstacles to the video conference platform or to the participation in the video conference due to natural disasters, incidents, or other force majeure events shall include at least the following:</u> <ol style="list-style-type: none"> <u>(1) The time and the date of the next meeting when the meeting needs to be postponed or resumed as such obstacles cannot be resolved.</u> <u>(2) Shareholders who did not register to participate in the original shareholders' meeting by video conference shall not participate in the meeting to be postponed or resumed.</u> <u>(3) When a physical shareholders' meeting is convened, along with a video conference held at the same time, if the video conference cannot continue, after the number of shares in attendance through the video conference is deducted, the total number of shares in attendance at the physical shareholders' meeting reaches the number as required by law, the shareholders' meeting shall continue. For shareholders participating by video conference, the number of their shares shall be included in the total number of shares in attendance, and they shall be deemed to abstain for all motions resolved at the shareholders' meeting.</u> <u>(4) The handling method in the event that the resolution results</u> 		<p>Amendment is made as per laws and regulations</p>
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<p><u>of all motions have been announced, while extempore motions have not been resolved.</u></p> <p>3. <u>When a shareholders' meeting is to be convened by video conference, appropriate alternatives to shareholders who have difficulty participating in the meeting by video means shall be specified.</u></p>		
<p>Article 8</p> <p>.....</p> <p>The above-mentioned audio and video data shall be kept for at least one year. If the litigation is launched by a shareholder in accordance with Article 189 of the Company Act, the data shall be retained until the conclusion of litigation.</p> <p><u>If a shareholders' meeting is convened by video conference, the Company shall keep records of shareholders' registration, sign-in, questions raised, and voting and the Company's vote counting results and retain the records, while making an uninterrupted audio and video recording of the entire video conference.</u></p> <p><u>The above-mentioned materials and audio and video recordings shall be properly kept by the Company during the period of its existence, and the audio and video recordings shall be provided to those who are entrusted to handle the video conference affairs for storage.</u></p> <p><u>If a shareholders' meeting is convened by video conference, the Company is advised to make an audio and video recording of the back-end interface of the video conference platform.</u></p>	<p>Article 8</p> <p>.....</p> <p>The above-mentioned audio and video data shall be kept for at least one year. If the litigation is launched by a shareholder in accordance with Article 189 of the Company Act, the data shall be retained until the conclusion of litigation.</p>	<p>Amended in accordance with laws and regulations</p>
<p>Article 9</p> <p>Attendance at shareholders' meetings shall be subject to the numbers of shares. The number of shares in attendance shall be counted according to the shares indicated in the sign-in book or the sign-in cards handed in <u>and the sign-in record on the video conference platform</u> plus the number of shares whose voting rights are</p>	<p>Article 9</p> <p>Attendance at shareholders' meetings shall be subject to the numbers of shares. The number of shares in attendance shall be calculated based on the attendance book or the registration passes handed in as well as the number of shares with voting right by correspondence or in electronic form.</p>	<p>Amended in accordance with laws and regulations</p>

<p>exercised in writing or by electronic means.</p> <p>The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of non-voting shares and number of shares in attendance.</p> <p>However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If attending shareholders still represent less than one third of the total number of issued shares after two postponements, the chair shall declare the meeting adjourned. <u>If a shareholders' meeting is convened by video conference, the Company shall also declare the meeting adjourned on the video conference platform.</u></p> <p>If there are not enough shareholders representing at least one third of issued shares attending the meeting after two postponements, tentative resolutions may be passed in accordance with Article 175, paragraph 1 of the Company Act. Shareholders shall be notified of the tentative resolutions, and another shareholders' meeting will be convened within one month. <u>If a shareholders' meeting is convened by video conference, shareholders who wish to attend by video conference shall re-register with the Company in accordance with Article 6.</u></p> <p>.....</p>	<p>The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of non-voting shares and number of shares in attendance. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If there are not enough shareholders representing at least one-third of issued shares attending the meeting after two postponements, the meeting will be announced to be dismissed by the chairman.</p> <p>If there are not enough shareholders representing at least one-third of issued shares attending the meeting after two postponements, tentative resolutions may be passed in accordance with Article 175, Paragraph 1 of the Company Act. Shareholders shall be notified of the tentative resolutions, and another shareholders' meeting will be convened within one month.</p> <p>.....</p>	
<p>Article 11</p> <p>.....</p> <p>Once an attending shareholder has spoken, the chairman may respond in person or designate relevant personnel to respond.</p> <p><u>If a shareholders' meeting is convened by video conference, shareholders who participate by video conference may ask questions in text on the video conference platform after the chair calls the meeting to order and before</u></p>	<p>Article 11</p> <p>.....</p> <p>Once an attending shareholder has spoken, the chairman may respond in person or designate relevant personnel to respond.</p>	<p>Amended in accordance with laws and regulations</p>

<p><u>the chair declares the meeting adjourned. The number of questions raised by each shareholder for each motion shall not exceed two, each question shall be limited to 200 words, and the provisions of paragraphs 1 to 5 shall not apply.</u></p> <p><u>If such questions in the preceding paragraph are not in violation of the regulations or not outside the scope of the motions, it is advisable to disclose such questions on the video conference platform.</u></p>		
<p>Article 13</p> <p>.....</p> <p>After shareholders exercise their voting rights in writing or by electronic means, if they wish to attend the shareholders' meeting in person <u>or by video conference</u>, they shall serve a declaration of intent to retract the voting rights already exercised under the preceding paragraph two days before the shareholders' meeting in the same manner in which the voting rights were exercised; otherwise the voting rights exercised in writing or by electronic means shall prevail. If the shareholder exercises the voting right by correspondence or electronically and appoints a proxy with a proxy form to attend the shareholders' meeting, the voting right exercised by the attending proxy on the meeting shall prevail.</p> <p>.....</p> <p><u>When a shareholders' meeting is convened by video conference, shareholders participating by video conference shall vote on various motions and election(s) on the video conference platform after the chair calls the meeting to order. They shall complete the voting before the chair declares the voting closed, otherwise they shall be deemed to have waived their voting rights.</u></p> <p><u>When a shareholders' meeting is convened by video conference, after the chair declares the voting closed, the votes shall be counted at one go, and the voting</u></p>	<p>Article 13</p> <p>.....</p> <p>If a shareholder wants to attend the shareholders' meeting in person after exercising the voting right by correspondence or electronically, he/she shall cancel the representation of the voting right mentioned in the previous paragraph in the same way with exercising the voting right 2 days before the shareholders' meeting. For the cancellations overdue, the voting right made by correspondence or electronically will prevail. If the shareholder exercises the voting right by correspondence or electronically and appoints a proxy with a proxy form to attend the shareholders' meeting, the voting right exercised by the attending proxy on the meeting shall prevail.</p> <p>.....</p>	<p>Amended in accordance with laws and regulations</p>

<p>and election results shall be announced.</p> <p><u>If a shareholders' meeting is convened, along with a video conference held at the same time, shareholders who have registered to attend the shareholders' meeting by video conference in accordance with Article 6, intend to attend the physical shareholders' meeting in person, shall rescind the registration in the same manner as the registration two days before the shareholders' meeting, otherwise they can only attend the shareholders' meeting by video conference.</u></p> <p><u>Those who exercise their voting rights in writing or by electronic means without retracting their declaration of intention and participate in the shareholders' meeting by video conference shall not exercise their voting rights on the same motions, propose revision of the same motions, or exercise their voting rights for revised motions, except for extempore motions.</u></p>		
<p>Article 15</p> <p>.....</p> <p>The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations, and voting results (including the number of voting rights), and disclose the number of votes won by each candidate in the event of an election of directors. The minutes shall be retained for the duration of the existence of the Company.</p> <p><u>When a shareholders' meeting is convened by video conference, the minutes of the shareholders' meeting shall contain the start and end time of the shareholders' meeting, the method of convening the meeting, the names of the chair and the meeting taker, as well as the response method and the response situation when any natural disasters, accidents, or other force majeure events have obstructed the video conference platform or the participation in the video</u></p>	<p>Article 15</p> <p>.....</p> <p>The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations, and voting results (including the number of voting rights), and disclose the number of votes won by each candidate in the event of an election of directors or <u>supervisors</u>. The minutes shall be retained for the duration of the existence of the Company.</p>	<p>Amended in accordance with laws and regulations</p>

<p>conference in addition to the matters that shall be recorded in accordance with the preceding paragraph.</p> <p><u>When a shareholders' meeting is convened by video conference, the Company shall proceed as per the preceding paragraph and shall specify the alternative measures provided to shareholders who have difficulty participating in the video conference in the minutes of the shareholders' meeting.</u></p>		
<p>Article 16</p> <p>The Company shall, on the day of the shareholders' meeting, compile a statistical statement in the prescribed format and disclose the number of shares solicited by the solicitor, the number of shares represented by the proxies, <u>and the number of shares in attendance in writing or by electronic means</u> clearly on-site at the shareholders' meeting. <u>When a shareholders' meeting is convened by video conference, the Company shall upload the aforementioned information to the video conference platform at least 30 minutes before the start of the meeting and continue to disclose it till the end of the meeting.</u></p> <p><u>When a shareholders' meeting is convened by video conference, when the chair calls the meeting to order, the total number of shares in attendance shall be disclosed on the video conference platform. The same shall apply if the total number of shares and voting rights in attendance are counted during the meeting.</u></p> <p>.....</p>	<p>Article 16</p> <p>The Company shall, on the day of the shareholders' meeting, compile a statistical statement in the prescribed format <u>and</u> disclose the number of shares solicited by the solicitor and the number of shares represented by the proxies clearly on-site at the shareholders' meeting.</p> <p>.....</p>	<p>Amended in accordance with laws and regulations</p>
<p>Article 19</p> <p><u>When a shareholders' meeting is convened by video conference, the Company shall immediately disclose the voting results and election results of various motions on the video conference platform in accordance with the regulations and shall continue to disclose for at least 15 minutes after the chair declares the meeting adjourned.</u></p>		<p>Amendment is made as per laws and regulations</p>

<p><u>Article 20</u></p> <p><u>When a shareholders' meeting is convened by video conference, the chair and the minute taker shall be at the same location in Taiwan, and the chair shall disclose the address of the place when the meeting is called to order.</u></p>		<p>Amendment is made as per laws and regulations</p>
<p><u>Article 21</u></p> <p><u>When a shareholders' meeting is convened by video conference, the Company may allow shareholders to perform a simple test of the connection before the meeting commences and provide relevant services immediately before and during the meeting to assist with any technical communication problems.</u></p> <p><u>When a shareholders' meeting is convened by video conference the chair shall, when calling the meeting to order, announce that there is no need for postponement or resumption of the meeting as stipulated in Article 44-24, paragraph 24 of the Regulations Governing the Administration of Shareholder Services of Public Companies; and that the requirement on the date of the meeting postponed or resumed within five days due to any natural disasters, accidents, or other force majeure events that have obstructed the video conference platform or the participation in the video conference for more than 30 minutes under Article 182 of the Company Act shall not apply before the chair declares the meeting adjourned.</u></p> <p><u>In the event of any incident in the preceding paragraph that caused the meeting to be postponed or resumed, shareholders who have not registered to participate in the original shareholders' meeting by video conference shall not participate in the meeting postponed or resumed.</u></p> <p><u>For the meeting to be postponed or resumed under paragraph 2, shareholders who have registered to participate in the original shareholders' meeting by video</u></p>		<p>Amendment is made as per laws and regulations</p>

conference and have completed the registration but fail to participate in said meeting, the number of shares in attendance and the voting rights and voting rights for elections exercised at the original shareholders' meeting shall be included in the total number of attending shareholders' shares, voting rights, and voting rights for elections at the meeting postponed or resumed.

When a shareholders' meeting is postponed or resumed in accordance with paragraph 2, the motions for which the voting and counting of votes have been completed and the voting results or the list of elected directors have been announced, do not need to be discussed or resolved again.

When the Company convenes a shareholder's meeting, along with a video conference held at the same time, if the video conference cannot continue as under paragraph 2, after the number of shares in attendance through the video conference is deducted, the total number of shares in attendance at the physical shareholders' meeting reaches the number as required by law, the shareholders' meeting shall continue. There is no need to postpone or resume the meeting in accordance with paragraph 2.

When the meeting shall continue as in the preceding paragraph, for shareholders participating by video conference, the number of their shares shall be included in the total number of shares in attendance; however, they shall be deemed to abstain for all motions resolved at the shareholders' meeting.

When the Company postpones or resumes the meeting in accordance with paragraph 2, it shall handle the relevant matters in accordance with the provisions set forth in Article 44-27 of the Regulations Governing the Administration of Shareholder Services of Public Companies, and relevant preparations shall be made as per the date of the original shareholders' meeting and the provisions

<p>of this article.</p> <p><u>Based on the period under Article 12, second-half paragraph and Article 13, paragraph 3 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies; Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall postpone or resume the shareholders' meeting at a date as per paragraph 2.</u></p>		
<p><u>Article 22</u></p> <p><u>When the Company convenes a shareholders' meeting by video conference, it shall provide appropriate alternatives to shareholders who have difficulty attending the shareholders' meeting by video conference.</u></p>		Amendment is made as per laws and regulations
<p><u>Article 23</u></p> <p>The Rules shall be implemented after being adopted by the shareholders' meeting. Amendments shall also follow the same procedure.</p>	<p><u>Article 19</u></p> <p>The Rules shall be implemented after being adopted by the shareholders' meeting. Amendments shall also follow the same procedure.</p>	Amendment is made accordingly, the article number.
<p><u>Article 24:</u></p> <p>The Rules were mandated on Apr. 26, 1988.</p> <p>.....</p> <p>The eighth amendment was made on July 29, 2021.</p> <p><u>The ninth amendment was made on May 26, 2022.</u></p>	<p><u>Article 20:</u></p> <p>The Rules were mandated on Apr. 26, 1988.</p> <p>.....</p> <p>The eighth amendment was made on July 29, 2021.</p>	Amendment is made accordingly, the article number and the date are adjusted.

Discussions

Motion 2

Proposal of the Board of Directors

Subject: The amendments to "Procedures for Acquisition or Disposal of Assets"

Explanation: (1) This procedure was passed by the regular session of the 2019 Shareholders' Meeting dated 2019.05.30.

(2) To amend "Procedures for Acquisition or Disposal of Assets" of the Company is in line with applicable laws. The "Amendment Clauses Comparison Table" is shown in the Appendix for discussion on feasibility of implementation.

Appendix: Amendment Clauses Comparison Table of the Procedures for Acquisition or Disposal of Assets

Resolutions:

Everlight Chemical Industrial Corporation Amendment Clauses Comparison Table of the Procedures for Acquisition or Disposal of Assets

Article No.	Amended articles	Existing articles	Explanation
3	<p>3.9.3 If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the above paragraph <u>shall comply with the shall comply with the self-discipline regulations of the associations</u> to which they belong and the following matters:</p> <p>(1) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>(2) When <u>executing</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use it as the basis for issuing the report or opinion. The related working procedures, data collected, and</p>	<p>3.9.3 If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the above paragraph shall comply with the following matters:</p> <p>(1) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>(2) When <u>auditing</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use it as the basis for issuing the report or opinion. The related working procedures, data</p>	Amended in accordance with laws and regulations

	<p>conclusion shall be fully and accurately specified in the case working papers.</p> <p>(3) They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>(4) They shall issue a statement which clarifies the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate</u>, and that they have complied with applicable laws and regulations.</p>	<p>collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>(3) They shall undertake an item-by-item evaluation of the <u>comprehensiveness, accuracy,</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>(4) They shall issue a statement which clarifies the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>reasonable and accurate</u>, and that they have complied with applicable laws and regulations.</p>	
4	4.1 The “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” published by the Financial Supervisory Commission in Jin-Guan-Zheng-Fa-Zhi No. <u>1110380465</u> on Jan. 28, 2022.	4.1 The “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” published by the Financial Supervisory Commission in Jin-Guan-Zheng-Fa-Zhi No. <u>1070341072</u> on Nov. 26, 2018.	Amendment is made in alignment with the latest official order.
4	4.6 The Company’s “Rules for Managing Fixed Assets (1-A2-11)”	<p>4.6 The Company’s “Rules for Managing Fixed Assets (1-A2-11)”</p> <p><u>4.7 The Company’s “Regulations for Coding, Impairment, Transaction, and Inventory Operation of Fixed Assets (0-2B-001)”</u></p> <p><u>4.8 The Company’s “Provisions for Procurement and Acceptance of Fixed Assets (0-2B-002)”</u></p>	References have been eliminated.
5	<p>5.1.4 Appraisal report on properties, equipment or right-of-use assets</p> <p>(1).....</p> <p>(2).....</p> <p>(3) If any one of the following circumstances applies to the professional appraisers’ appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to perform the appraisal in accordance and render a</p>	<p>5.1.4 Appraisal report on properties, equipment or right-of-use assets</p> <p>(1).....</p> <p>(2).....</p> <p>(3) If any one of the following circumstances applies to the professional appraisers’ appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to perform the appraisal in accordance <u>with</u></p>	Amended in accordance with laws and regulations

	<p>specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>.....</p>	<p><u>the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF)</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>.....</p>	
5	<p>5.2.1 Evaluation procedures: when acquiring or disposing securities, prior to the date of occurrence of the event, the Company shall obtain financial statements of the issuing company for the most recent period, which have been certified or reviewed by a CPA, for reference in appraising the transaction price. In addition, if the transaction amount reaches 20% of the Company's paid-in capital or more than NT\$300 million, prior to the date of occurrence of the event the Company shall ask a CPA to provide an opinion regarding the reasonableness of the transaction price. However, this requirement does not apply to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission.</p>	<p>5.2.1 Evaluation procedures: when acquiring or disposing securities, prior to the date of occurrence of the event, the Company shall obtain financial statements of the issuing company for the most recent period, which have been certified or reviewed by a CPA, for reference in appraising the transaction price. In addition, if the transaction amount reaches 20% of the Company's paid-in capital or more than NT\$300 million, prior to the date of occurrence of the event the Company shall ask a CPA to provide an opinion regarding the reasonableness of the transaction price. <u>If the CPA needs to use the report of an expert, the CPA shall adhere to the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u> However, this requirement does not apply to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission.</p>	Amended in accordance with laws and regulations
5	<p>5.3.3 Experts' evaluation and opinion reports on intangible assets or right-of-use assets or membership certificates</p> <p>If the transaction amount in acquiring or disposing intangible assets or right-of-use assets or membership certificates reaches 20% of the Company's paid-in capital or more than NT\$300 million, except in the cases of transactions with domestic government institutions, prior to the date of occurrence of the event the Company shall ask a CPA to provide an opinion regarding the reasonableness of the transaction price in accordance.</p>	<p>5.3.3 Experts' evaluation and opinion reports on intangible assets or right-of-use assets or membership certificates</p> <p>If the transaction amount in acquiring or disposing intangible assets or right-of-use assets or membership certificates reaches 20% of the Company's paid-in capital or more than NT\$300 million, except in the cases of transactions with domestic government institutions, prior to the date of occurrence of the event the Company shall ask a CPA to provide an opinion regarding the reasonableness of the transaction price</p>	Amended in accordance with laws and regulations

		in accordance <u>with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF).</u>	
5	<p>5.5.2 Evaluation procedure</p> <p>.....</p> <p>(7).....</p> <p>If the Company, its subsidiaries, or the subsidiaries that are 100% held directly or indirectly with issued shares or total capital by the Company conduct the following transactions with each other, the Board of Directors may authorize the Chairman to conduct within a given quota in advance in accordance with Provision 5.1.2, and then submit it to the most recent board meeting for recognition:</p> <ol style="list-style-type: none"> Acquiring or disposing the equipment or right-of-use assets for business use Acquiring or disposing the properties that are right-of-use assets for business use <p>When the Company proposes a discussion on the board meeting in accordance with the first provision, the opinions of each independent director shall be fully considered. If there are any opposing or retention opinions provided by independent directors, they</p>	<p>5.5.2 Evaluation procedure</p> <p>.....</p> <p>(7).....</p> <p><u>The calculation of the transaction amount mentioned in the previous provision shall be conducted in accordance with Provision 5.8.2, and the so-called “within one year” is counted retrospectively back to the previous one year based on the date of occurrence of this event. The amount that has been submitted to the Audit Committee for approval and has been passed by the Board of Directors in accordance with the Procedures may not be counted in.</u></p> <p>If the Company, its subsidiaries, or the subsidiaries that are 100% held directly or indirectly with issued shares or total capital by the Company conduct the following transactions with each other, the Board of Directors may authorize the Chairman to conduct within a given quota in advance in accordance with Provision 5.1.2, and then submit it to the most recent board meeting for recognition:</p> <ol style="list-style-type: none"> Acquiring or disposing the equipment or right-of-use assets for business use Acquiring or disposing the properties that are right-of-use assets for business use <p>When the Company proposes a discussion on the board meeting in accordance with the first provision, the opinions of each independent director shall be fully considered. If there are any opposing or retention opinions provided by independent</p>	Amended in accordance with laws and regulations

	<p>shall be stated clearly in the meeting minutes.</p> <p>The matters agreed by the Company in accordance with the first provision shall first be agreed by over one half of the members of the Audit Committee, submitted to the Board of Directors for resolution, and then conducted in accordance with Provision 5.14.4~5.14.5.</p> <p><u>Where the Company or its subsidiary that is not a domestic publicly listed company engages in a transaction under paragraph 1, and the transaction amount reaches 10% or more of the Company's total assets, the Company shall submit the information listed in paragraph 1 to the shareholders' meeting for approval before proceeding to enter into a transaction contract or make a payment. However, the transactions between the Company and its subsidiaries or between its subsidiaries are not subject to this provision.</u></p> <p><u>The calculation of the transaction amount mentioned in paragraph 1 and the preceding paragraph shall be conducted in accordance with Provision 5.8.2, and the so-called "within one year" is counted retrospectively back to the previous one year based on the date of occurrence of this event. The amount that has been submitted to the Audit Committee for approval, passed by the Board of Directors, and ratified by the shareholders' meeting in accordance with the Procedures may not be counted in.</u></p>	<p>directors, they shall be stated clearly in the meeting minutes.</p> <p>The matters agreed by the Company in accordance with the first provision shall first be agreed by over one half of the members of the Audit Committee, submitted to the Board of Directors for resolution, and then conducted in accordance with Provision 5.14.4~5.14.5.</p>	
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5	<p>5.8.1 Items that shall be published and reported and the time limit</p> <p>.....</p> <p>(6) The asset transactions or investments in the Mainland, except as defined in the previous five provisions, have transaction amounts reaching 20% of the Company's paid-in capital or more than NT\$ 300 million. However, the following conditions are not restricted by the rules:</p> <p>a. Trading of domestic government bonds <u>or foreign government bonds with a credit rating not lower than our country's sovereign rating.</u></p> <p>.....</p>	<p>5.8.1 Items that shall be published and reported and the time limit</p> <p>.....</p> <p>(6) The asset transactions or investments in the Mainland, except as defined in the previous five provisions, have transaction amounts reaching 20% of the Company's paid-in capital or more than NT\$ 300 million. However, the following conditions are not restricted by the rules:</p> <p>a. Buy and sell of domestic government bonds.</p> <p>.....</p>	Amended in accordance with laws and regulations
5	<p>5.15 The Procedures were formulated on June 20, 1989.</p> <p>.....</p> <p>The fourteenth amendment was made on May 30, 2019.</p> <p><u>The fifteenth amendment was made on May 26, 2022.</u></p>	<p>5.15 The Procedures were formulated on June 20, 1989.</p> <p>.....</p> <p>The fourteenth amendment was made on May 30, 2019.</p>	Date of amendment

Discussion

Motion 3

Proposal of the Board of Directors

Subject: The amendments to "Articles of Incorporation"

Explanation: To amend "Articles of Incorporation" of the Company is in line with applicable laws. The "Amendment Clauses Comparison Table" is shown in the Appendix for discussion on feasibility of implementation.

Appendix: Amendment Clauses Comparison Table of the Articles of Incorporation

Resolutions:

Everlight Chemical Industrial Corporation Amendment Clauses Comparison Table of the Articles of Incorporation

Amended articles	Existing articles	Explanation
<p>Article 9: The shareholders' meetings of the Company can be classified as general and ad hoc shareholders' meetings.</p> <p>1.General shareholders' meeting: A general shareholders' meeting will be convened within 6 months after the end of each fiscal year, and each shareholder will be notified 30 days before the meeting by the Board of Directors.</p> <p>2.Ad hoc shareholders' meeting: Ad hoc shareholders' meetings may be convened when necessary in accordance with laws, and each shareholder will be notified 15 days before the meeting.</p> <p><u>The Company's shareholders' meeting can be convened by video conference or in other methods as announced by the Ministry of Economic Affairs.</u></p>	<p>Article 9: The shareholders' meetings of the Company can be classified as general and ad hoc shareholders' meetings.</p> <p>1.General shareholders' meeting: A general shareholders' meeting will be convened within 6 months after the end of each fiscal year, and each shareholder will be notified 30 days before the meeting by the Board of Directors.</p> <p>2.Ad hoc shareholders' meeting: Ad hoc shareholders' meetings may be convened when necessary in accordance with laws, and each shareholder will be notified 15 days before the meeting.</p>	Amended in accordance with laws and regulations
<p>Article 32: The Articles of Incorporation were formulated on Aug. 28, 1972.</p> <p>.....</p> <p>The forty-third amendment was made on May 30, 2019.</p> <p><u>The forty-fourth amendment was made on May 26, 2022.</u></p>	<p>Article 32: The Articles of Incorporation were formulated on Aug. 28, 1972.</p> <p>.....</p> <p>The forty-third amendment was made on May 30, 2019.</p>	Date of amendment

Extemporany Motions

Extemporaneous Motions

Appendices

Everlight Chemical Industrial Corporation

Rules of Procedure for Shareholders Meetings

The draft was passed by the Board of Directors on Mar 24, 2022

Article 1: In order to establish the Company's good governance system of shareholder s' meetings, strengthen the function of supervision and management mechanism, the Company formulates the Rules in accordance with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Article 2: The rules of procedure for the shareholders' meetings of the Company shall adhere to the provisions of these Rules unless otherwise specified by law or in the Articles of Incorporation.

Article 3: Shareholders' meetings of the Company shall be convened by the Board of Directors unless other otherwise specified by law.

Changes to the method of convening the shareholders' meeting shall be subject to a resolution by the Board of Directors and shall be made no later than before the notice of the shareholders' meeting is sent.

Article 3

Shareholders' meetings of the Company shall be convened by the Board of Directors unless other otherwise specified by law.

Changes to the method of convening the shareholders' meeting shall be subject to a resolution by the Board of Directors and shall be made no later than before the notice of the shareholders' meeting is sent.

The Company shall prepare electronic versions of the Shareholders' Meeting Notice, proxy forms, the reasons and explanatory materials relating to all proposals such as proposals for ratification, matters for deliberation, and the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) 30 days before the general shareholders' meeting or 15 days before the ad hoc shareholders' meeting. Meanwhile, twenty-one days before the Company convenes a general shareholders' meeting or 15 days before an extraordinary shareholders' meeting, it shall prepare an electronic file of the shareholders' meeting agenda handbook and the supplementary materials and upload them to the MOPS. However, the Company, with the paid-in capital amounting to NT\$10 billion or more at the end of the most recent fiscal year or the total shareholding ratio of foreign capital and capital from China reaching 30% or more as per the shareholder register for the general shareholders' meeting held in the most recent fiscal year, shall upload such an electronic file 30 days before the general shareholders' meeting. The shareholders' meeting agenda and supplementary information shall be made available for shareholders to review at any time 15 days before the shareholders' meeting. The agenda and supplementary materials shall be displayed at the Company, and its professional shareholder service agency.

The Company shall provide said handbook and supplementary materials mentioned in the preceding paragraph to the shareholders on the day of the shareholders' meeting in the following methods:

1. When a physical shareholders' meeting is convened, such materials shall be distributed on-site at the shareholders' meeting.
2. When a physical shareholders' meeting is convened, along with a video conference held at the same time, such materials shall be distributed on-site at the shareholders' meeting, and an electronic file of such materials shall be uploaded to the video conference platform.
3. When a shareholders' meeting is convened by video conference, an electronic file of such materials shall be uploaded to the video conference platform.

The notice and announcement shall state the reason for arranging the meeting; the notice may be in electronic format with the consent of the addressee.

Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the Company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, shall be set out. The essential contents should explain in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

It is explicitly stated that the election of a new Board of Directors as the cause of the convention of the Shareholders' Meeting. The date of office of the member of the Board is also stated. After the successful election held in the Shareholders' Meeting, the date of office cannot be changed in the same session through extemporary motions or any other means.

A shareholder holding one percent or more of the total number of issued shares may submit to this corporation a written proposal for discussion at a regular shareholders' meeting. However, the number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. If specific shareholders present motions pertinent to anything inscribed in Paragraph 4 in Article 172-1 of the Company Act, the Board will not list the proposal as motions. A shareholder proposal for urging the corporation to promote public interests or fulfill its social responsibilities may still be included in the agenda by the board of directors. In addition, complying with any subparagraph of Article 172-1, paragraph 4 of the Company Act. It is limited to one only, and no proposal containing more than one item will be included in the meeting agenda.

The Company shall stop all transactions of shares, announce the motions presented by the shareholders, acceptance of motions in writing or by electronic mean, places

for accepting the motion and the duration for processing prior to the convention of the Shareholders' Meeting in regular session. At least 10 days should be allowed for the processing.

The length of each motion presented by shareholders shall be limited to 300 characters or the motion will not be listed on the agenda. Shareholders presenting the motions shall attend the regular session of the Shareholders' Meeting in person and take part in the discussion on the motion.

The Company shall inform shareholders of the outcome of their submission before the date of the shareholders' meeting and include the proposals that conform to this rule in the meeting notice. The Board of Directors shall explain the reason for non-inclusion of any shareholder proposals in the agenda on the shareholders' meeting.

Article 4: A shareholder may appoint a proxy to attend each shareholders' meeting by providing the proxy form issued by the Company which states the scope of authorization.

Each shareholder is limited to one proxy form and appointing one proxy only. The proxy form shall be delivered to the Company no less than 5 days before the shareholders' meeting. When duplicate proxy forms are received, the one delivered the earliest will be recognized. This, however, does not apply if a declaration was made to revoke the previous proxy appointment.

Once the proxy form is received by the Company, if the shareholder wishes to attend the shareholders' meeting in person or exercise voting right by correspondence or electronically, he or she shall send a written notice of proxy cancellation to the Company 2 days before the shareholders' meeting; if the cancellation notice is delivered after the deadline, the vote cast by the proxy on the meeting shall prevail.

Once the proxy form is received by the Company, in the case that the shareholder intends to attend the shareholders' meeting by video conference, a written proxy rescission notice shall be filed with the Company two days prior to the date of the shareholders' meeting, otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.

Article 5: The venue for a shareholders' meeting shall be where the Company is located, or a place that is convenient to shareholders and suitable for the shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. When choosing the location and time of the meeting, the opinions of independent directors shall be fully considered.

When the Company convenes a shareholders' meeting by video conference, it is not subject to the restriction on the venue of the meeting under the preceding paragraph.

Article 6: The Company shall state, in the meeting notice, the sign-in time and place for shareholders, solicitors, and proxies (hereinafter referred to as "shareholders"), and other matters that shall be noted.

The sign-in time for shareholders, as stated in the preceding paragraph, shall be at least 30 minutes before the meeting commences. The sign-in place shall be clearly marked and staffed by a sufficient number of suitable personnel. When the shareholders' meeting is convened by video, the sign-in process shall begin on the video conference platform 30 minutes before the meeting commences. Shareholders who have completed the sign-in shall be deemed to have attended the shareholders' meeting in person.

Shareholders shall attend the shareholders' meetings with their attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attendance presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall provide the attending shareholders with an attendance book to sign, or the attending shareholders may hand in a registration pass in lieu of signing in.

The Company shall give the attending shareholders with the meeting agenda booklet, annual report, attendance passes, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be given.

When the government or a legal person is the shareholder, it may be represented by more than one representative to attend the shareholders' meeting. When a legal person is appointed to attend as the proxy, it may designate only one person as its representative for the meeting.

When the shareholders' meeting is convened by video conference, shareholders who wish to attend by video conference should register with the Company two days prior to the shareholders' meeting.

If the shareholders' meeting is convened by video conference, the Company shall upload the meeting agenda handbook, annual report, and other relevant materials to the video conference platform at least 30 minutes prior to the start of the meeting and continue to disclose them till the end of the meeting.

Article 6-1: When the Company convenes the shareholders' meeting by video conference, the information below shall be stated in the meeting notice:

1. Shareholders' methods of participating in the video conference and exercising their rights.
2. The response to the obstacles to the video conference platform or to the participation in the video conference due to natural disasters, incidents, or other force majeure events shall include at least the following:
 - (1) The time and the date of the next meeting when the meeting needs to be postponed or resumed as such obstacles cannot be resolved.
 - (2) Shareholders who did not register to participate in the original shareholders' meeting by video conference shall not participate in the meeting to be postponed or resumed.

(3) When a physical shareholders' meeting is convened, along with a video conference held at the same time, if the video conference cannot continue, after the number of shares in attendance through the video conference is deducted, the total number of shares in attendance at the physical shareholders' meeting reaches the number as required by law, the shareholders' meeting shall continue. For shareholders participating by video conference, the number of their shares shall be included in the total number of shares in attendance, and they shall be deemed to abstain for all motions resolved at the shareholders' meeting.

(4) The handling method in the event that the resolution results of all motions have been announced, while extempore motions have not been resolved.

3. When a shareholders' meeting is to be convened by video conference, appropriate alternatives to shareholders who have difficulty participating in the meeting by video means shall be specified.

Article 7: If the shareholders' meeting is convened by the board, the Chairman serves as the chairman of the meeting. If the Chairman is on leave or cannot exercise his or her power for any reason, the Vice Chairman shall serve as the deputy. If there is no Vice Chairman, or the Vice Chairman is on leave or cannot exercise his or her power for any reason, the Chairman may designate an executive director as the deputy; if no executive directors were appointed, a director may be designated as the deputy. If the Chairman has not designated a deputy, the executive directors or directors may elect one among them as the deputy.

If the executive director or director is assigned to be the above-mentioned chairman, he or she shall have stayed in the position for at least 6 months and understand the Company's financial business condition. If the chairman is a representative of corporate director, the same applies.

The Chairman shall hold the shareholders' meeting convened by the board in person, and there shall be over half of the directors on the board and at least one member of each functional committee attending. The attendance status shall be recorded in the shareholders' meeting minutes.

If the shareholders' meeting is convened by an authorized person other than the Board of Directors, the convener shall be the chairman. If there are more than two conveners, they shall nominate one among them as the chairman.

The Company may appoint its attorneys, certified public accountants or other related personnel as participants on shareholders' meetings.

Article 8: The Company shall continuously record as audio and video the whole processes of shareholder registration, meeting, and the vote counting.

The above-mentioned audio and video data shall be kept for at least one year. If the litigation is launched by a shareholder in accordance with Article 189 of the Company Act, the data shall be retained until the conclusion of litigation.

If a shareholders' meeting is convened by video conference, the Company shall keep records of shareholders' registration, sign-in, questions raised, and voting and the

Company's vote counting results and retain the records, while making an uninterrupted audio and video recording of the entire video conference.

The above-mentioned materials and audio and video recordings shall be properly kept by the Company during the period of its existence, and the audio and video recordings shall be provided to those who are entrusted to handle the video conference affairs for storage.

If a shareholders' meeting is convened by video conference, the Company is advised to make an audio and video recording of the back-end interface of the video conference platform.

Article 9: Attendance at shareholders' meetings shall be subject to the numbers of shares. The number of shares in attendance shall be counted according to the shares indicated in the sign-in book or the sign-in cards handed in and the sign-in record on the video conference platform plus the number of shares whose voting rights are exercised in writing or by electronic means.

The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of non-voting shares and number of shares in attendance.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If attending shareholders still represent less than one third of the total number of issued shares after two postponements, the chair shall declare the meeting adjourned. If a shareholders' meeting is convened by video conference, the Company shall also declare the meeting adjourned on the video conference platform.

If there are not enough shareholders representing at least one third of issued shares attending the meeting after two postponements, tentative resolutions may be passed in accordance with Article 175, paragraph 1 of the Company Act. Shareholders shall be notified of the tentative resolutions, and another shareholders' meeting will be convened within one month. If a shareholders' meeting is convened by video conference, shareholders who wish to attend by video conference shall re-register with the Company in accordance with Article 6.

If the number of shares represented by the attending shareholders exceeds more than half of issued shares before the conclusion of the current meeting, the chairman may re-submit previous tentative resolutions to the shareholders' meeting for voting in accordance with Article 174 of the Company Act.

Article 10: The Shareholders' Meeting may be called by the Board in which case the Board shall prepare the agenda. Related motions (including extemporary motions, and amendment to previous motions) shall be voted for decision one-by-one. The meeting shall be unfolded as scheduled and cannot be changed without the decision of the Shareholders' Meeting.

The provisions of the preceding paragraph shall apply if the shareholders' meeting is convened by a person other than the Board of Directors with necessary authority.

The chairman may not adjourn the meeting before the entire agenda (including ad hoc motions) has been deliberated on, except resolved by the shareholders' meeting. If the chairman declares the meeting adjourned in violation of the rules of procedure, other members of the board shall immediately assist attending shareholders in electing a new chairman by over a half of the represented shares of the attending shareholders in accordance with the statutory procedure and continue the meeting.

The presiding officer of the meeting shall allow for sufficient time and opportunity for the full explanation and discussion on the amendment to motions or extemporary motions presented by shareholders, and shall announce for halting the discussion and proceed to voting at the right time. Adequate time should be arranged for voting.

Article 11: Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance pass number), and account name. The order in which shareholders speak will be decided by the chairman.

An attending shareholder who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. If the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder or his/her proxy shall not speak more than two times on the same proposal, and each speech may not exceed five minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda items, the chairman may restrain him or her from continuing the speech.

When an attending shareholder is speaking, other shareholders shall not speak or interrupt unless they have obtained both the consent of the chairman and the speaking shareholder. The chairman shall stop any violation.

When a legal person shareholder appoints two or more representatives to attend the shareholders' meeting, only one of the appointed representatives may speak on the same proposal.

Once an attending shareholder has spoken, the chairman may respond in person or designate relevant personnel to respond.

If a shareholders' meeting is convened by video conference, shareholders who participate by video conference may ask questions in text on the video conference platform after the chair calls the meeting to order and before the chair declares the meeting adjourned. The number of questions raised by each shareholder for each motion shall not exceed two, each question shall be limited to 200 words, and the provisions of paragraphs 1 to 5 shall not apply.

If such questions in the preceding paragraph are not in violation of the regulations or not outside the scope of the motions, it is advisable to disclose such questions on the video conference platform.

Article 12: Shareholder voting shall be calculated on the basis of shares.

The shares of a shareholder with no voting rights shall not be calculated into the total number of issued shares for the resolutions of the shareholders' meeting.

When a shareholder is a related party to an agenda item and there is concern that such relationship may prejudice the interests of the Company, the shareholder may not vote on that item and may not exercise voting rights as a proxy of any other shareholders.

The number of shares mentioned in the preceding paragraph for which the voting rights shall not be exercised is not calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust business or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as the proxy by two or more shareholders, the voting rights represented by the proxy shall not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage will not be calculated.

Article 13: A shareholder has one vote per share; however, this does not apply to restricted shares or to those with no voting rights under Article 179, Paragraph 2 of the Company Act.

When a shareholders' meeting is convened by the Company, votes may be made electronically as well as by correspondence. When a vote is to be made by correspondence or electronically, the method of voting shall be stated in the Shareholders' Meeting Notice. Shareholders voting by correspondence or electronically shall be considered to have attended in person. However, they shall be considered to have abstained from voting on ad hoc motions or amendments to the original proposal during the shareholders' meeting. Thus, the Company shall avoid propose ad hoc motions and amendments to the original proposal.

For voting made by correspondence or electronically mentioned in the previous paragraph, the representation shall be delivered to the Company 2 days before the shareholders' meeting. When duplicate representations are received, the one delivered the earliest will be recognized. However, this does not apply if a declaration was made to revoke the previous declaration.

After shareholders exercise their voting rights in writing or by electronic means, if they wish to attend the shareholders' meeting in person or by video conference, they shall serve a declaration of intent to retract the voting rights already exercised under the preceding paragraph two days before the shareholders' meeting in the same manner in which the voting rights were exercised; otherwise the voting rights exercised in writing or by electronic means shall prevail. If the shareholder exercises the voting right by correspondence or electronically and appoints a proxy

with a proxy form to attend the shareholders' meeting, the voting right exercised by the attending proxy on the meeting shall prevail.

A motion is passed after voted by over a half of the voting right represented by the attending shareholders unless otherwise specified by the Company Act or the Company's Articles of Incorporation. During the voting, the chairman or the personnel designated shall first announce for the total voting rights represented by the attending shareholders by proposal, followed by a poll of the shareholders. On the day after the conclusion of the shareholders' meeting, the number of for and against votes as well as abstentions shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, they and the original proposal shall be voted in the order decided by the chairman. If one of the proposals is passed, the others shall be considered to have been rejected and further voting is unnecessary.

The vote monitoring and counting personnel shall be appointed by the chairman. However, vote monitors shall be shareholders of the Company.

The vote counting of the proposals or elections of the shareholders' meeting shall be done in the open place inside the shareholders' meeting. The results, including the weights calculated, shall also be announced in the same place right after the counting is completed, and shall be kept in record.

When a shareholders' meeting is convened by video conference, shareholders participating by video conference shall vote on various motions and election(s) on the video conference platform after the chair calls the meeting to order. They shall complete the voting before the chair declares the voting closed, otherwise they shall be deemed to have waived their voting rights.

When a shareholders' meeting is convened by video conference, after the chair declares the voting closed, the votes shall be counted at one go, and the voting and election results shall be announced.

If a shareholders' meeting is convened, along with a video conference held at the same time, shareholders who have registered to attend the shareholders' meeting by video conference in accordance with Article 6, intend to attend the physical shareholders' meeting in person, shall rescind the registration in the same manner as the registration two days before the shareholders' meeting, otherwise they can only attend the shareholders' meeting by video conference.

Those who exercise their voting rights in writing or by electronic means without retracting their declaration of intention and participate in the shareholders' meeting by video conference shall not exercise their voting rights on the same motions, propose revision of the same motions, or exercise their voting rights for revised motions, except for extempore motions.

Article 14: The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Company. The voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were

elected, as well as the list of candidates losing the election and their number of votes.

The vote cast under the previous paragraph shall be sealed and signed by the vote monitors and then held in safe custody for at least one year. If the litigation is launched by a shareholder in accordance with Article 189 of the Company Act, the data shall be retained until the conclusion of litigation.

Article 15: The minutes shall be prepared based on the resolutions passed by the shareholders' meeting, and then shall be signed or stamped by the chairperson. The minutes shall then be sent out to all of the shareholders within 20 days after the meeting. The meeting minutes may be prepared and distributed in an electronic format.

The distribution of the meeting minutes under the previous paragraph may be done by the Company in entering into the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations, and voting results (including the number of voting rights), and disclose the number of votes won by each candidate in the event of an election of directors. The minutes shall be retained for the duration of the existence of the Company.

When a shareholders' meeting is convened by video conference, the minutes of the shareholders' meeting shall contain the start and end time of the shareholders' meeting, the method of convening the meeting, the names of the chair and the meeting taker, as well as the response method and the response situation when any natural disasters, accidents, or other force majeure events have obstructed the video conference platform or the participation in the video conference in addition to the matters that shall be recorded in accordance with the preceding paragraph.

When a shareholders' meeting is convened by video conference, the Company shall proceed as per the preceding paragraph and shall specify the alternative measures provided to shareholders who have difficulty participating in the video conference in the minutes of the shareholders' meeting.

Article 16: The Company shall, on the day of the shareholders' meeting, compile a statistical statement in the prescribed format and disclose the number of shares solicited by the solicitor, the number of shares represented by the proxies, and the number of shares in attendance in writing or by electronic means clearly on-site at the shareholders' meeting. When a shareholders' meeting is convened by video conference, the Company shall upload the aforementioned information to the video conference platform at least 30 minutes before the start of the meeting and continue to disclose it till the end of the meeting.

When a shareholders' meeting is convened by video conference, when the chair calls the meeting to order, the total number of shares in attendance shall be disclosed on the video conference platform. The same shall apply if the total number of shares and voting rights in attendance are counted during the meeting.

If matters to be resolved on the shareholders' meeting constitute material information under the applicable laws or regulations of the Taiwan Stock Exchange Corporation, the Company shall upload the content to the MOPS within the prescribed time period.

Article 17: Identification badges or armbands shall be worn by the staff organizing the shareholders' meeting.

The chairman may direct proctors or security personnel to assist in maintaining order on the meeting. The proctors or security personnel who assist in maintaining order shall wear armbands or identification badges with the word "Proctor" on them.

When the venue of the meeting is equipped with voice amplification equipment and a shareholder is using equipment not provided by the Company to speak, the chairman may prevent the shareholder from doing so.

If a shareholder violates the rules of procedure for the meeting, defies the chairman's instructions, obstructs the proceedings of the meeting and ignores requests to stop, they may be expelled by the proctors or security personnel under the direction of the chairman.

Article 18: When a meeting is in progress, the chairman may announce a break based on time considerations. If a force majeure event occurs, the chairman may rule the meeting temporarily suspended and announce an appropriate time for the resumption of the meeting.

If not all of the items (including ad hoc motions) on the meeting agenda have been addressed and the meeting venue is no longer available for continued use, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted by the shareholders' meeting to defer or resume the meeting with 5 days in accordance with Article 182 of the Company Act.

Article 19: When a shareholders' meeting is convened by video conference, the Company shall immediately disclose the voting results and election results of various motions on the video conference platform in accordance with the regulations and shall continue to disclose for at least 15 minutes after the chair declares the meeting adjourned.

Article 20: When a shareholders' meeting is convened by video conference, the chair and the minute taker shall be at the same location in Taiwan, and the chair shall disclose the address of the place when the meeting is called to order.

Article 21: When a shareholders' meeting is convened by video conference, the Company may allow shareholders to perform a simple test of the connection before the meeting commences and provide relevant services immediately before and during the meeting to assist with any technical communication problems.

When a shareholders' meeting is convened by video conference the chair shall, when calling the meeting to order, announce that there is no need for postponement or resumption of the meeting as stipulated in Article 44-24, paragraph 24 of the Regulations Governing the Administration of Shareholder Services of Public

Companies; and that the requirement on the date of the meeting postponed or resumed within five days due to any natural disasters, accidents, or other force majeure events that have obstructed the video conference platform or the participation in the video conference for more than 30 minutes under Article 182 of the Company Act shall not apply before the chair declares the meeting adjourned.

In the event of any incident in the preceding paragraph that caused the meeting to be postponed or resumed, shareholders who have not registered to participate in the original shareholders' meeting by video conference shall not participate in the meeting postponed or resumed.

For the meeting to be postponed or resumed under paragraph 2, shareholders who have registered to participate in the original shareholders' meeting by video conference and have completed the registration but fail to participate in said meeting, the number of shares in attendance and the voting rights and voting rights for elections exercised at the original shareholders' meeting shall be included in the total number of attending shareholders' shares, voting rights, and voting rights for elections at the meeting postponed or resumed.

When a shareholders' meeting is postponed or resumed in accordance with paragraph 2, the motions for which the voting and counting of votes have been completed and the voting results or the list of elected directors have been announced, do not need to be discussed or resolved again.

When the Company convenes a shareholder's meeting, along with a video conference held at the same time, if the video conference cannot continue as under paragraph 2, after the number of shares in attendance through the video conference is deducted, the total number of shares in attendance at the physical shareholders' meeting reaches the number as required by law, the shareholders' meeting shall continue. There is no need to postpone or resume the meeting in accordance with paragraph 2.

When the meeting shall continue as in the preceding paragraph, for shareholders participating by video conference, the number of their shares shall be included in the total number of shares in attendance; however, they shall be deemed to abstain for all motions resolved at the shareholders' meeting.

When the Company postpones or resumes the meeting in accordance with paragraph 2, it shall handle the relevant matters in accordance with the provisions set forth in Article 44-27 of the Regulations Governing the Administration of Shareholder Services of Public Companies, and relevant preparations shall be made as per the date of the original shareholders' meeting and the provisions of this article.

Based on the period under Article 12, second-half paragraph and Article 13, paragraph 3 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies; Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration

of Shareholder Services of Public Companies, the Company shall postpone or resume the shareholders' meeting at a date as per paragraph 2.

Article 22: When the Company convenes a shareholders' meeting by video conference, it shall provide appropriate alternatives to shareholders who have difficulty attending the shareholders' meeting by video conference.

Article 23: The Rules shall be implemented after being adopted by the shareholders' meeting. Amendments shall also follow the same procedure.

Article 24: The Rules were mandated on Apr. 26, 1988.

The first amendment was made on May 22, 1998.

The second amendment was made on Jun. 21, 2002.

The third amendment was made on May 24, 2011.

The fourth amendment was made on May 24, 2012.

The fifth amendment was made on Jun. 11, 2013.

The sixth amendment was made on Jun. 11, 2015.

The seventh amendment was made on May 28, 2020.

The eighth amendment was made on Jul. 29, 2021.

The ninth amendment was made on May 26, 2022.

Everlight Chemical Industrial Corporation

Procedures for Acquisition or Disposal of Assets

The draft was passed by the Board of Directors on March 24, 2022.

1. Goal:

In order to protect assets, implement open information and to let the Company has rules to abide by for the process of acquiring or disposing assets, we formulated the Procedures.

2. Scope:

The so-called assets in the Procedures apply to the following scope:

- 2.1 Securities: including investments such as stocks, government bonds, corporate bonds, financial bonds, securities of outstanding funds, depository receipts, Call (Put) warrants, beneficiary securities, and asset-based securities.
- 2.2 Properties (including land, houses and buildings, and real properties for investment purpose) and equipment.
- 2.3 Membership certificates.
- 2.4 Intangible assets: including patents, copyrights, trademarks, and franchise rights.
- 2.5 Right-of-use assets.
- 2.6 Derivative products.
- 2.7 Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with laws.
- 2.8 Other major assets.

3. Definitions: the terms used in the Procedures are defined as follows:

- 3.1 Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, and long-term purchase (sales) contracts.
- 3.2 Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with laws: refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to the transfer of shares from another company through issuance of new shares of its own as the consideration therefor under Article 156-3 of the Company Act.
- 3.3 Related party or subsidiary: as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- 3.4 Professional appraiser: refers to a property appraiser or other person duly authorized by law to engage in the value appraisal of property or equipment.
- 3.5 "Date of occurrence": refers to the signing date of contract, date of payment, date of consignment trade, date of transfer, date of board resolutions, or other dates that can confirm the counterpart and monetary amount of the transaction, whichever date is

earlier. However, for investments for which approval of the competent authority is required, the earlier of the above dates or the reception date of approval by the competent authority shall apply.

- 3.6 Investments in Mainland China: refers to investments in Mainland China approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
- 3.7 Securities exchange: Domestic securities exchange refers to the Taiwan Stock Exchange Corporation; foreign securities exchange refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
- 3.8 Over-the-counter venue: Domestic OTC venue refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; foreign OTC venue refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.
- 3.9 The professional appraisers and their officers, CPAs, attorneys, and security underwriters who provide the Company with appraisal reports, CPA's opinion reports, attorney's opinion reports or underwriter's opinion reports shall satisfy the following requirements:
 - 3.9.1 May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
 - 3.9.2 May not be a related party or de facto related party of any party to the transaction.
 - 3.9.3 If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the above paragraph shall comply with the shall comply with the self-discipline regulations of the associations to which they belong and the following matters:

 - (1) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
 - (2) When executing a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use it as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
 - (3) They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information,

as the basis for issuance of the appraisal report or the opinion.

- (4) They shall issue a statement which clarifies the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate, and that they have complied with applicable laws and regulations.

4. References:

- 4.1 The “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” published by the Financial Supervisory Commission in Jin-Guan-Zheng-Fa-Zhi No. 1110380465 on Jan. 28, 2022.
- 4.2 International Financial Reporting Standards (IFRS)
- 4.3 The Company’s “Regulations Governing Derivatives Transactions (9-A8-02)”
- 4.4 The Company’s “Procedures for Clarifying the Duties for Each Expenditure (9-A8-40)”
- 4.5 The Company’s “Procedures for Long-term Equity Investment (9-A8-08)”
- 4.6 The Company’s “Rules for Managing Fixed Assets (1-A2-11)”

5. Contents:

5.1 Acquisition or disposal of properties, equipment or right-of-use assets

5.1.1 Evaluation procedures

In acquiring or disposing properties, equipment or right-of-use assets, the Company adheres to its “Rules for Managing Fixed Assets (1-A2-11),” “Regulations for Coding, Impairment, Transaction, and Inventory Operation of Fixed Assets (0-2B-001),” “Provisions for Procurement and Acceptance of Fixed Assets (0-2B-002),” and relevant operating provisions.

5.1.2 Transaction conditions and authorization quota

- (1) In acquiring or disposing of properties, the Company shall refer to the publicly announced current value, evaluated value, and actual trading price of nearby properties in deciding the transaction conditions and price, and shall prepare an analysis report to submit to the Chairman. If the transaction amount is under NT\$300,000,000 or 20% of the Company's paid-in capital, the Company shall submit it to the Chairman for approval and report on the latest board meeting afterwards. If the transaction amount reaches more than NT\$300,000,000 or 20% of the Company's paid-in capital, the Company shall first propose to the Board of Directors for approval.
- (2) The acquisition or disposal of equipment shall be done via either inquiry, competition, negotiation or tender, and shall be approved level by level in accordance with the authorization of “Procedures for Clarifying the Duties for Each Expenditure (9-A8-40)”. The amount limit that shall be passed by the Board of Directors shall be handled in accordance with the provisions of the aforementioned Provision 5.1.2(1).
- (3) The operation of the acquisition or disposal of properties, equipment or right-of-use assets shall be conducted in accordance with Provision 5.1.2(1)~(2). If the amount is under NT\$100,000,000, the Company shall submit it to the Chairman for approval and report on the latest board meeting afterwards. If the amount reaches more than NT\$300,000,000, the Company shall first propose to the Board of Directors for approval.

5.1.3 Execution unit

When acquiring or disposing properties, equipment or right-of-use assets, the Company shall first present the resolution according to the authority defined in the rules of Provision 5.1.2. Then, the acquisition or disposal is conducted by the department using the properties or equipment and the competent authority unit.

5.1.4 Appraisal report on properties, equipment or right-of-use assets

In the acquisition or disposal of properties, equipment or right-of-use assets, except in the cases of transactions with domestic government institutions, (self-owned or leased) land for commissioned construction, or acquisition or disposal of equipment or right-of-use assets for business use, if the transaction amount reaches 20% of the Company's paid-in capital or exceeds NT\$ 300 million, the Company shall obtain an appraisal report issued by professional appraisers before the date of such transaction, and carry out such transaction in accordance with the following provisions:

- (1) If, due to special circumstances, it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same applies if there are subsequent changes to the conditions of the transaction.
- (2) If the transaction amount exceeds NT\$1 billion, appraisals from two or more professional appraisers shall be obtained.
- (3) If any one of the following circumstances applies to the professional appraisers' appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to perform the appraisal in accordance and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - a. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.
 - b. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
- (4) The time period between the date of the appraisal report issued by a professional appraiser and the contract execution date shall not exceed 3 months. However, if the publicly announced current value for the same period is applied and no more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

5.2 Acquisition or disposal of securities investment

5.2.1 Evaluation procedures: when acquiring or disposing securities, prior to the date of occurrence of the event, the Company shall obtain financial statements of the issuing company for the most recent period, which have been certified or reviewed by a CPA, for reference in appraising the transaction price. In addition, if the transaction amount reaches 20% of the Company's paid-in capital or more than NT\$300 million, prior to the date of occurrence of the event the Company shall

ask a CPA to provide an opinion regarding the reasonableness of the transaction price. However, this requirement does not apply to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission.

5.2.2 Essentials to evaluation

- (1) Evaluation team: the stock trading is conducted by several members of the short-term equity investment evaluation team designated by the Chairman.
- (2) Stocks:
 - a. The investment targets are decided after the evaluation is conducted based on the 5P in financial accounting and the industry condition.
 - b. Appointing professional investment institutions to conduct trading.
 - c. The trading is conducted under the approval of General Manager and Chairman after the evaluation.
- (3) Except for stocks, others such as certificates of deposit, bonds, short-term notes, bond funds and beneficiary certificates, etc., can be bought if they belong to the investment assets evaluated by the “bond fund credit rating” of each good credit-rating institution. Besides, the investment amount of the same investment trust company is limited to NT\$ 30 million so as to achieve the goal of risk diversification.
- (4) The Company shall conduct appropriate evaluation in accordance with accepted accounting principles and relevant laws and regulations each quarter.

5.2.3 Acquisition of investment

- (1) Utilization of short-term funds:
 - a. Short-term funds are utilized according to the check and stamps authority defined in the “Procedures for Bank Deposit Withdrawal and Stamps Management (9-A8-06)”.
 - b. Stock investments: the “Application Form for Obtaining (Disposing) Securities (9-A8-01-01)” is filled in by the Finance Department or the stock investment execution unit designated by the Chairman. After the transaction has obtained approval with authority, it is then conducted according to the payment procedure.
 - c. Short-term investments except for stocks: the “Application Form for Obtaining (Disposing) Securities” is filled in by the Finance Department, and then the transaction is conducted with authority along with payment vouchers.
 - d. After the Finance Department or the stock investment execution unit designated by the Chairman has completed payment according to the payment procedure, it shall definitely execute and complete the account transfer procedure and then designate a dedicated personnel to retrieve the confirmation document of the securities or transaction, pass it to the personnel for the custody of securities designated by the Company, and preserve the sheet of “Application Form for Obtaining (Disposing) Securities”.

- (2) When providing firms with pledge:
 - a. The petition is filled in by the competent unit, and then transferred to the Finance Department after the approval is obtained with authority. After negotiating with financial institutions about the dollar amount and period of the petition, the Finance Department then fills in the “Application Form for Obtaining (Disposing) Securities,” prepares the payment voucher and conduct the transaction according to the general payment procedure.
 - b. After the Finance Department has completed payment and retrieved the confirmation document of securities or transaction, it shall first make a copy of the securities document and send it to the dedicated unit along with the original document. Then, after the dedicated unit has signed on the copy, the copy is reserved by the Finance Department and the original document is transferred to suppliers by the dedicated unit. At the same time, the receipts of suppliers are retrieved and sent back to the Finance Department for reservation.

5.2.4 Transaction conditions and authorized quota

- (1) The Company’s long-term equity investments are evaluated in accordance with the provisions of the Company’s “Procedures for Long-term Equity Investment (9-A8-08), ” and the transactions shall not be conducted until they have been passed by the Board of Directors.
- (2) Except for Provision 5.2.4(1), the authority of obtaining or disposing a securities transaction conducted at the stock exchange market or the business location of a security firm is as below:
 - a. The investment amount of the same investment trust company is limited to NT\$ 30 million so as to achieve the goal of risk diversification.
 - b. Authorization quota:

Currency: NTD

		Upper limit for accumulated position
Stocks	Head of Financial Division	NT\$ 10 million (inclusive)
	General Manager	NT\$ 10 million ~ NT\$ 50 million (inclusive)
	Chairman	NT\$ 50 million ~ NT\$ 100 million
Utilization of short-term funds except for stocks	Head of Financial Division	NT\$ 100 million (inclusive)
	General Manager	NT\$ 100 million ~ NT\$ 200 million (inclusive)
	Chairman	NT\$ 200 million ~ NT\$ 300 million

- c. Transactions over the authority of Chairman may not be conducted until they have been approved by the Board of Directors.
- (3) To obtain or dispose of securities that are not traded at the stock exchange market or an over-the-counter trading center, the Company shall obtain

financial statements of the issuing company for the most recent period, which have been certified or reviewed by a CPA, for reference in appraising the transaction price. The Company shall take into account its net worth per share, profitability, future development potential, market interest rate, bond coupon rate and debtor's debt credit, etc., and refer to the transaction price at that time. The obtaining or disposal shall not be conducted until it has been submitted to the Board of Directors and approved.

5.2.5 Disposal of investments

(1) Overdue or cancellation of notes or certificates of deposit:

The “Application Form for Obtaining (Disposing) Securities” originally preserved or the “Purchase Transaction Document” issued by a financial institution is entered into the account voucher by the Finance Department .

(2) Stocks of listed companies with the purpose of short-term investments:

The “Sales Report” issued by a securities institution is referred to by the Finance Department or the execution unit designated by the Chairman. Then, the “Receipt List” is filled in by a personnel designated by the Head of Financial Division, and then entered into the account voucher by the personnel of Accounting Department.

(3) The application of disposing investments shall be conducted by a junior level of supervisor with authority according to the authority defined in Provision 5.2.4.

5.2.6 Management of investments

(1) Any stocks, notes, bonds, certificates of deposits or transaction confirmation documents that are purchased with the purpose of short-term fund utilization or are provided as pledge by customers shall be kept in the custody of the Financial Division. In principle, they shall be preserved in safe deposit boxes, in custody of a security custody personnel designated by the Company.

(2) With respect to the principal, interest or dividends and bonuses of securities, the Finance Department shall pay in accordance with the payment rule. If there are stocks distributed, they shall be kept in custody of the security custody personnel designated by the Company. There will only be records of share increase on the account. No entries will be made.

(3) The Finance Department or the execution unit designated by the Chairman shall set up the “List of Securities” to register with details items such as the account name, item name, quantity, dollar amount, number, and period, etc. The attached coupons, expiration period, and payment dates of the securities shall also be noted for reference.

5.2.7 Execution unit

When the Company invests in long and short-term securities, the transaction shall be executed by the Financial Division after it has been approved with the authority defined in the previous provision.

5.2.8 Obtaining opinions of CPAs

If the Company has any of the following conditions and the transaction amount reaches 20% of the Company's paid-in capital or exceeds NT\$ 300 million, the Company shall ask a CPA to provide an opinion regarding the reasonableness of the transaction price:

(1) Obtaining or disposing the securities that are not traded at the stock exchange or the business location of a security firm.

(2) Obtaining or disposing private placement of securities.

5.3 Obtaining or disposing intangible assets or right-of-use assets or membership certificates

5.3.1 Evaluation procedure, transaction conditions and the procedure for authorized quota

When obtaining or disposing intangible assets or right-of-use assets or membership certificates, the Company adheres to its "Procedures for Clarifying the Duties for Each Expenditure (9-A8-40)".

5.3.2 Execution unit

When acquiring or disposing intangible assets or right-of-use assets or membership certificates, the Company shall first present the resolution according to the authority defined in the previous paragraph. Then, the acquisition or disposal is conducted by the department using them or the administrative unit.

5.3.3 Experts' evaluation and opinion reports on intangible assets or right-of-use assets or membership certificates

If the transaction amount in acquiring or disposing intangible assets or right-of-use assets or membership certificates reaches 20% of the Company's paid-in capital or more than NT\$300 million, except in the cases of transactions with domestic government institutions, prior to the date of occurrence of the event the Company shall ask a CPA to provide an opinion regarding the reasonableness of the transaction price in accordance.

5.4 The calculation of the transaction amount mentioned in Provision 5.1~5.3 shall be conducted in accordance with Provision 5.8.2, and the so-called "within one year" is counted retrospectively back to the previous one year based on the date of occurrence of this event. The amount that has obtained an appraisal report issued by professional appraisers or the opinions of CPAs in accordance with the Procedures may not be counted in.

If the Company acquires or disposes assets via the court's auction procedure, it may substitute appraisal reports or CPAs' opinions with the certification documents issued by the court.

5.5 Transaction between related parties

5.5.1 When the Company acquires or disposes assets from the related party, in addition to conduct relevant resolution procedures and evaluating the reasonableness of the transaction conditions in accordance with Provision 5.1~5.4 and Provision 5.5.2, for the transactions with amount exceeding 10% of the Company's total assets, the Company shall also obtain an appraisal report issued by professional appraisers or the opinions of CPAs in accordance with Provision 5.1~5.4.

The calculation of the transaction amount in the previous provision is conducted in accordance with Provision 5.4. In addition, when identifying whether the counterparty is also a related party, besides its legal form, the real relationship shall also be considered.

5.5.2 Evaluation procedure

When the Company acquires or disposes properties or right-of-use assets from the related party, or acquires or disposes other assets except for properties or right-of-use assets from the related party and the transaction amount reaches 20% of the Company's paid-in capital, 10% of total assets or more than NT\$ 300 million, except in the cases of domestic government bonds, bonds with repurchase or reverse sell agreements, money market funds issued by domestic securities investment trust enterprises, the Company shall submit the following data to the Audit Committee for agreement, and shall not sign the transaction contract and pay until it has been passed by the Board of Directors.

- (1) The purpose, necessity and expected benefits of acquiring or disposing assets.
- (2) Reasons for choosing the related party as the transaction counterparty.
- (3) Related data of evaluating the reasonableness of the expected transaction conditions in accordance with Provision 5.5.3~5.5.4 when acquiring properties or right-of-use assets from related parties.
- (4) Matters such as the original date of the acquisition of the related party and price, counterparty and its relationship with the Company and the related party.
- (5) The prediction table of cash revenue and expenditure for each month in the future year starting from the expected contract month, and the evaluation of the necessity of the transaction and the reasonableness of the utilization of funds.
- (6) An appraisal report issued by professional appraisers or the opinions of CPAs obtained in accordance with Provision 5.5.1.
- (7) The limited conditions of the transaction and other important agreed matters.

If the Company, its subsidiaries, or the subsidiaries that are 100% held directly or indirectly with issued shares or total capital by the Company conduct the following transactions with each other, the Board of Directors may authorize the Chairman to conduct within a given quota in advance in accordance with Provision 5.1.2, and then submit it to the most recent board meeting for recognition:

- a. Acquiring or disposing the equipment or right-of-use assets for business use
- b. Acquiring or disposing the properties that are right-of-use assets for business use

When the Company proposes a discussion on the board meeting in accordance with the first provision, the opinions of each independent director shall be fully considered. If there are any opposing or retention opinions provided by independent directors, they shall be stated clearly in the meeting minutes.

The matters agreed by the Company in accordance with the first provision shall first be agreed by over one half of the members of the Audit Committee, submitted to the Board of Directors for resolution, and then conducted in accordance with Provision 5.14.4~5.14.5.

Where the Company or its subsidiary that is not a domestic publicly listed company engages in a transaction under paragraph 1, and the transaction amount reaches 10% or more of the Company's total assets, the Company shall submit the information listed in paragraph 1 to the shareholders' meeting for approval before proceeding to enter into a transaction contract or make a payment. However, the transactions between the Company and its subsidiaries or between its subsidiaries are not subject to this provision.

The calculation of the transaction amount mentioned in paragraph 1 and the preceding paragraph shall be conducted in accordance with Provision 5.8.2, and the so-called "within one year" is counted retrospectively back to the previous one year based on the date of occurrence of this event. The amount that has been submitted to the Audit Committee for approval, passed by the Board of Directors, and ratified by the shareholders' meeting in accordance with the Procedures may not be counted in.

5.5.3 When the Company acquires properties or right-of-use assets from the related party, it shall evaluate the reasonableness of the transaction cost with the following methods:

- (1) a. Add the necessary capital interest and the cost that shall be legally reimbursed by the buyer based on the transaction price with the related party. The so-called "capital interest cost" is calculated based on the weighted-average interest rates of the borrowed funds in the year that the Company acquires the asset. However, it shall not exceed the highest lending rate of the non-financial industry published by the Ministry of Finance.
b. If the related party has once provided the underlying asset to a financial institution as the pledge when borrowing, the financial institution shall evaluate the total loan value of the underlying asset. However, the actual accumulated lending amount of the underlying asset shall reach at least 70% of the total evaluated loan value and the lending period shall exceed one year. However, it does not apply if the financial institution is a related party to one of the counterparties.
- (2) If the same land and house are bought or leased together, the transaction cost may be evaluated with any of the methods listed in Provision 5.5.3(1) with respect to the land and house respectively.
- (3) When the Company acquires properties or right-of-use assets from the related party, it shall evaluate the cost of the properties or right-of-use assets in accordance with Provision 5.5.3(1) ~ 5.5.3(2), and shall ask a CPA to re-examine and render a specific opinion.
- (4) When the Company acquires properties or right-of-use assets from the related party, if any of the following conditions occurs, it shall conduct the acquisition in accordance with Provision 5.5.2 and is not applicable to Provision 5.5.3(1) ~ 5.5.3(3):
 - a. The related party acquired the properties or right-of-use assets due to heritage or gifting.

- b. The time between the date on which the related party signed the contract to obtain the properties or right-of-use assets and the contract date of this transaction has exceeded five years.
- c. The Company acquires the property from the related party by building the property after signing a cooperation contract with self-owned or leased land for commissioned construction.
- d. The Company, its subsidiaries, or the subsidiaries that are 100% held directly or indirectly with issued shares or total capital by the Company obtain the properties that are right-of-use assets for business use from each other.

5.5.4 When the result of the evaluation conducted in accordance with Provision 5.5.3(1) ~ 5.5.3(2) is lower than the transaction price, the Company shall conduct the transaction in accordance with Provision 5.5.5. However, if the Company has proposed objective evidence and obtained specific and reasonable opinions of professional appraisers and CPAs due to the following conditions, it is not restricted by the rule:

- (1) For the related parties who obtain raw land or rented land before construction, they may provide evidence showing any of the following conditions:
 - a. Raw land shall be evaluated with the method mentioned in Provision 5.5.3. For houses, the reasonable construction profit shall be added to the construction cost of the related party. The total amount exceeds the actual transaction price. The so-called “reasonable construction profit” shall be the lower of the average operating gross profit of the related party’s construction department in the most recent three years or the latest gross profit in the construction industry published by the Ministry of Finance.
 - b. The other floors of the same property or the other transactions of non-related parties in the nearby region within one year have similar area, and the transaction conditions are equivalent after the evaluation on the reasonable price discrepancy of floors and regions according to the norm of real property transaction or leasing.
- (2) The properties purchased or the properties that are right-of-use assets leased by the Company from related parties with evidence have equivalent transaction conditions and area with the transactions of other non-related parties in the nearby regions within one year.

The transactions in the nearby region mentioned in (1) and (2) are based on the properties that are located on the same or nearby street and are not more than 500m away from the transaction target, or are based on similar announced current values. The so-called “similar area” refers to when the area of the property in the transaction of other non-related party is not lower than 50% of the area of the transaction target. The so-called “within one year” is counted retrospectively back to the previous one year based on the date of occurrence of the acquisition of the properties or right-of-use assets.

5.5.5

- (1) When the Company acquires a property or right-of-use asset from a related party, if all of the results of evaluations conducted in accordance with Provision

5.5.3 ~ 5.5.4 is lower than the transaction price, the Company shall conduct the following matters:

- a. The special reserve shall be recognized with respect to the price discrepancy between the transaction price of the property or right-of-use asset and the evaluated cost in accordance with Provision 1, Article 41 of the Securities and Exchange Act, and shall not be distributed or transferred to common stocks. If the investor who invests in the Company with the Equity Method is a public listed company, it shall also recognize special reserve with respect to the recognition amount based on the shareholding percentage in accordance with Provision 1, Article 41 of the Securities and Exchange Act.
 - b. For independent directors in the Audit Committee, the transaction shall be conducted in accordance with Article 218 of the Company Act.
 - c. The handling status of Provision 5.5.5 (1)a. and 5.5.5 (1)b. shall be submitted to the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and the prospectus.
- (2) When the Company recognizes special reserve in accordance with Provision 5.5.5(1)a., it shall not use the reserve until it has recognized impairment loss or disposed the asset that was bought or leased with a high price, or has terminated the lease contract or has made appropriate compensation or let it recover to its original state, or has other evidence to ensure that there are no unreasonable matters, and has obtained the consent of the Financial Supervisory Commission.
- (3) When the Company acquires a property or right-of-use asset from related party, if there is other evidence showing that the transaction has matters not meeting the general rules of operation, it shall also conduct the transaction in accordance with Provision 5.5.5(1) ~ 5.5.5(2).

5.6 Engaging in derivative product trading

The Company adheres to the "Regulations Governing Derivatives Transactions (9-A8-02)" when engaging in derivative product trading.

5.7 Conducting the merge, split, acquisition or transfer of shares

5.7.1 Evaluation procedure

When the Company conducts the merge, split, acquisition or transfer of shares, before a board meeting is convened, it shall appoint CPAs, lawyers or securities firms to present opinions with respect to the reasonableness of the share transfer percentage, purchase price, or the cash or other assets distributed to shareholders, and the matters shall be proposed to the Board of Directors for discussion and passed. However, if the Company merges subsidiaries that are 100% held directly or indirectly with issued shares or total capital, or the above subsidiaries conduct mergers with each other, the opinions with respect to reasonableness rendered by the experts mentioned above may not be obtained.

- 5.7.2 If the Company engages in mergers, splits or acquisitions, it shall prepare a public document for shareholders containing important agreed items and relevant matters of the merger, split or acquisition before the shareholders' meeting. The document shall be distributed to the shareholders along with the experts' opinions in Provision 5.7.1 and the meeting notice as the reference to agree the merger, split

or acquisition or not. However, those that may not convene shareholders' meetings to resolve on mergers, splits or acquisitions in accordance with other laws and regulations are not restricted by this provision.

For the companies engaging in mergers, splits or acquisitions, if any party cannot convene a shareholders' meeting, make resolutions or the motions are disapproved by the shareholders' meeting due to insufficient attendants and voting rights or other legal limitations, the companies engaging in mergers, splits or acquisitions shall immediately illustrate to the public about the reasons, subsequent handling procedures and the date of another shareholders' meeting planned to be convened.

5.7.3 If the Company engages in mergers, splits or acquisitions, unless there is need to report to the FSC for agreement in accordance with other laws and regulations or due to special reasons, it shall convene a board meeting and shareholders' meeting on the same day to resolve on relevant matters of mergers, splits or acquisitions.

If the Company engages in share transfer, unless there is need to report to the FSC for agreement in accordance with other laws and regulations or due to special reasons, it shall convene a board meeting on the same day.

If the Company engages in mergers, splits, acquisitions or share transfer, it shall make the following data into a complete written record and keep it for five years for examination:

- (1) Basic information of personnel: including all the personnel engaging in the project of merger, split, acquisition or share transfer or the execution process before the news is made public; the information shall include their positions, names, and ID numbers (passport numbers for foreigners).
- (2) Dates of important matters: including the dates of signing agreement letters or memorandums, commissioning of financial or legal consultants, signing contracts and holding board meetings.
- (3) Important documents and meeting minutes: including the project of merger, split, acquisition or share transfer, the agreement letter, important contacts and the board meeting minutes, etc.

If the Company engages in mergers, splits, acquisitions or share transfer, it shall report the data listed in Provision 5.7.3(1) ~ 5.7.3(2) to the FSC for examination via the Internet Information System in the regulated format within 2 days after the Board of Directors has resolved and passed the project.

5.7.4 All personnel who have engaged in or know the Company's project of merger, split, acquisition or share transfer shall provide documents of non-disclosure agreement. Before the news is released, the personnel shall not expose the content of the project to public, and shall not trade on the stocks or other equity securities of all the companies that are related to the merger, split, acquisition or share transfer by his/herself or with other's name.

5.7.5 If the Company engages in mergers, splits, acquisitions or share transfer, except under the following conditions, the share transfer percentage or purchase price shall not be changed.; the circumstances under which changes can be made shall be listed in the contract of merger, split, acquisition or share transfer:

- (1) Conducting capital increase by cash, and issuing convertible bonds, bonus shares, corporate bonds with warrant, preferred stocks with warrant, stock option certificates and other equity securities.
- (2) Behavior influencing the Company's financial operation such as disposing the Company's important assets.
- (3) Events such as major disasters and significant change of technology that can influence the Company's shareholders' equity or security price.
- (4) Adjustment of treasury stocks purchased legally by any party of the companies engaging in the merger, split, acquisition or share transfer.
- (5) The number of subjects or companies engaging in mergers, splits, acquisitions or share transfer changes.
- (6) Other changeable conditions have been listed in the contract and have been disclosed publicly.

5.7.6 If the Company engages in mergers, splits, acquisitions or share transfer, the rights and obligations of the companies engaging in mergers, splits, acquisitions or share transfer along with the following items shall be clearly stated in the contract:

- (1) The handling of defaults.
- (2) Principles for handling the equity securities or purchased treasury stocks of the companies before they were merged or split.
- (3) The quantity of treasury stocks that may be legally purchased by the engaging companies after the record date of calculating share transfer percentage and the principles for handling.
- (4) Ways of handling changes in the number of engaging subjects or companies.
- (5) Expected execution progress of the project and schedule for completion.
- (6) Relevant handling procedures such as the planned date of shareholders' meetings that shall be convened in accordance with laws if the project has not been finished on the due date.

5.7.7 After any party of the companies engaging in the Company's mergers, splits, acquisitions or share transfer has made the information public, if the Company plans to conduct mergers, splits, acquisitions or share transfer with other companies, except in the case that for the number of engaging companies decreases and the shareholders' meeting has resolved and authorized the Board of Directors to change the authority, the engaging companies may not convene a shareholders' meeting to make the resolution again, the completed procedures or legal behavior in the original motion of merger, split, acquisition or share transfer shall be conducted by all the engaging companies.

5.7.8 If any of the companies engaging in the Company's mergers, splits, acquisitions or share transfer is not a public listed company, the Company shall sign an agreement with it and conduct the merger, split, acquisition or share transfer in accordance with Provision 5.7.3, 5.7.4 and 5.7.7.

5.8 Publishing and reporting:

5.8.1 Items that shall be published and reported and the time limit

When acquiring or disposing assets, if any of the following conditions occurs, the relevant information shall be published and reported based on its characteristics

with the regulated format on the website designated by the Financial Supervisory Commission within two days after the date of occurrence:

- (1) The assets or right-of-use assets are acquired or disposed from a related party, or the assets are not properties or right-of-use assets acquired or disposed from a related party and the transaction amount reaches 20% of the Company's paid-in capital, 10% of total assets, or more than NT\$ 300 million. However, the buys and sells of domestic government bonds, bonds with repurchase or reverse sell agreements, money market funds issued by domestic securities investment trust enterprises are not restricted to the rule.
- (2) Conducting mergers, splits, acquisitions or share transfer.
- (3) The loss from engaging in derivative product trading reaches the upper limit of whole or individual contract loss as defined in the formulated procedures.
- (4) The asset acquired or disposed belongs to the equipment or right-of-use assets for business use, and the counterparty is not a related party. The transaction amount reaches NT\$ 500 million.
- (5) The properties are acquired with (self-owned or leased) land for commissioned construction, joint construction for splitting, sharing or selling, and the counterparty is not a related party. The transaction amount that the Company expects to devote into reaches NT\$ 500 million.
- (6) The asset transactions or investments in the Mainland, except as defined in the previous five provisions, have transaction amounts reaching 20% of the Company's paid-in capital or more than NT\$ 300 million. However, the following conditions are not restricted by the rules:
 - a. Trading of domestic government bonds or foreign government bonds with a credit rating not lower than our country's sovereign rating.
 - b. Buy and sell of bonds with repurchase or reverse sell agreements, purchase of money market funds issued by domestic securities investment trust enterprises.

5.8.2 The calculation methods of the transaction amount mentioned in Provision 5.8.1 are as follows:

- (1) Transaction amount for each deal.
- (2) The accumulated transaction amount of the target with the same characteristics acquired or disposed from the same counterparty within one year.
- (3) The accumulated dollar amount of the properties or right-of-use assets acquired or disposed (respectively) from the same development project within one year.
- (4) The accumulated dollar amount of the same securities acquired or disposed (respectively) within one year.

5.8.3 The so-called "within one year" in Provision 5.8.2 is counted retrospectively back to the previous one year based on the date of occurrence of this event. The parts that have been published in accordance with the Procedures may not be counted in again.

5.8.4 The Company shall, on a monthly basis, enter the status of engagement in derivative product trading of the Company and its non-domestically publicly listed subsidiaries as of the end of the previous month in the regulated format into the

information reporting website designated by the Financial Supervisory Commission before the tenth of each month.

- 5.8.5 If there are mistakes or emissions in the items that shall be published in accordance with laws when published, all of the items shall be published and reported again within two days once known.
- 5.8.6 When the Company acquires or disposes assets, it shall place the relevant contracts, meeting minutes, appraisal reports, and the opinion reports of CPAs, lawyers or securities firms in the Company. Except otherwise regulated by the laws, they shall be reserved for at least five years.
- 5.8.7 After the Company has published and reported the transaction in accordance with Provision 5.8.1, if any of the following conditions occurs, the Company shall publish and report relevant information on the website designated by the Financial Supervisory Commission within two days after the date of occurrence:
- (1) There are changes, terminations or cancellations to the relevant contracts of the original transaction.
 - (2) The merger, split, acquisition or share transfer have not been completed according to the schedule of the contract.
 - (3) There are changes to the original published and reported content.
 - (4) For the format of the publishing and reporting, refer to Attachment 6.1 ~ 6.7.
- 5.9 The total amount that the Company may purchase properties and right-of-use assets not for business use or securities and the amount limit for investing in individual securities:
- 5.9.1 The total amount of the properties and right-of-use assets not for business use shall not exceed 50% of the Company's net worth.
- 5.9.2 Total amount of securities investment:
- (1) Total amount of long and short-term equity investment
 - a. Long-term equity investment shall not exceed 80% of the Company's net worth.
 - b. Short-term equity investment shall not exceed 20% of the Company's net worth.
 - c. Total long and short-term equity investment shall not exceed 100% of the Company's net worth.
 - (2) Long and short-term securities investment, except as defined in Provision (1)a., shall not exceed 20% of the Company's net worth.
 - (3) Total long and short-term securities investment shall not exceed 120% of the Company's net worth.
- 5.9.3 Amount limit of investing in individual securities:
- (1) Long-term securities investment shall not exceed 20% of the Company's net worth.
 - (2) Short-term securities investment shall not exceed 10% of the Company's net worth.
- 5.10 The total amount that the Company may purchase properties and right-of-use assets not for business use or securities and the amount limit for investing in individual securities are as follows:

- 5.10.1 The total amount of the properties and right-of-use assets not for business use shall not exceed 50% of the company's net worth.
- 5.10.2 The total amount that the subsidiaries may invest in securities, except for investment companies, shall not exceed the Company's total capital or 100% of net worth; for investment companies, the total amount shall not exceed the Company's total capital or 200% of net worth.
- 5.10.3 The amount limit that the subsidiaries may invest in individual securities shall not exceed one-half of that in Provision 5.10.2.
- 5.11 The procedures for controlling the "acquisition or disposal of assets" of the Company's subsidiaries.
- 5.11.1 The subsidiaries shall formulate and execute the "Procedures for Acquisition or Disposal of Assets" in accordance with the relevant rules of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".
- 5.11.2 For subsidiaries not belonging to domestically public listed companies, if the acquisition or disposal of assets reaches the publishing and reporting standard defined in the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies," the Company shall conduct the publishing and reporting on behalf of the subsidiaries.
- Among the publishing and reporting standard for the subsidiaries in the previous paragraph, the regulations about "the Company's paid-in capital or total assets" is based on the Company's paid-in capital or total assets.
- 5.12 Penalty
- If the Company's personnel responsible for "acquiring or disposing assets" violate the rules of the Procedures, they shall be penalized according to the severity of the matter in accordance with the Company's personnel management rules and the Handbook for Employees.
- 5.13 For the Company's acquisition or disposal of assets passed by the Board of Directors in accordance with the Procedures or other laws, if there are disputes rendered by directors and the disputes are recorded or made into written statements, the Company shall send the data of directors' disputes to the Audit Committee.
- When the Company submits the transaction of acquiring or disposing assets to the board meeting for discussion in accordance with the Procedures, it shall fully consider the opinions of each independent director. If the independent directors have opposing or retention opinions, the opinions shall be clearly stated in the board meeting minutes.
- The Company's major asset or derivative product trading shall be consented by over one half of all members of the Audit Committee, proposed to the Board of Directors for resolution, and conducted in accordance with Provision 5.14.4 ~ 5.14.5.
- 5.14 Implementation and amendment
- 5.14.1 The formulation or amendment to the Provisions shall be conducted in accordance with Provision 5.14.3, and shall be implemented after sent to the Audit Committee and proposed to the shareholders' meeting for approval. If there are any directors rendering disputes and the disputes are recorded or made into written statements, the Company shall send the data with disputes to the Audit Committee.

- 5.14.2 When the Company submits the Procedures to the board meeting for discussion in accordance with Provision 5.14.1, it shall fully consider the opinions of each independent director. If the independent directors have opposing or retention opinions, the opinions shall be clearly stated in the board meeting minutes.
- 5.14.3 The Company's formulation or amendment to the Procedures for Acquisition or Disposal of Assets shall be consented by over one half of all members of the Audit Committee and proposed to the Board of Directors for resolution.
- 5.14.4 If Provision 5.14.3 has not been agreed by over one-half of all members in the Audit Committee, it may be conducted under the approval of over two thirds of all directors, and the resolutions of the Audit Committee shall be clearly stated in the board meeting minutes.
- 5.14.5 The so-called all members in the Audit Committee defined in Provision 5.14.3 and all directors in the previous provision are counted based on those who are still in office.
- 5.14.6 The 10% of total assets defined in the Procedures are calculated with the total asset amount listed in latest individual financial statements as regulated by the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- If there are matters not completed in the Procedures, they shall be conducted in accordance with relevant laws and regulations.
- 5.15 The Procedures were formulated on June 20, 1989.
The first amendment was made on Sep. 27, 1991.
The second amendment was made on Aug. 29, 1995.
The third amendment was made on Nov. 18, 1999.
The fourth amendment was made on Dec. 30, 1999.
The fifth amendment was made on Jun. 5, 2003.
The sixth amendment was made on Jun. 4, 2004.
The seventh amendment was made on Jun. 8, 2006.
The eighth amendment was made on Jun. 11, 2007.
The ninth amendment was made on Jun. 13, 2008.
The tenth amendment was made on May 24, 2012.
The eleventh amendment was made on Jun. 20, 2014.
The twelfth amendment was made on Jun. 11, 2015.
The thirteenth amendment was made on Jun. 8, 2017.
The fourteenth amendment was made on May 30, 2019.
The fifteenth amendment was made on May 26, 2022.

Articles of Incorporation, Everlight Chemical Industrial Corporation

Passed by the Shareholders' Meeting on May 30, 2019

Chapter 1 General Rules

Article 1: The Company is organized and named "Everlight Chemical Industrial Corporation" in accordance with the regulations of the Company Act of Taiwan, R.O.C.

Article 2: The Company engages in the following businesses:

1. C802200 Paints, Varnishes, Lacquers, Dyeing Mills and Dyestuff Manufacturing;
2. C802120 Industrial Catalyst Manufacturing;
3. C802990 Other Chemical Products Manufacturing;
4. C802041 Drugs and Medicines Manufacturing;
5. C802060 Animal Use Medicine Manufacturing;
6. C802100 Cosmetics Manufacturing;
7. C801990 Other Chemical Materials Manufacturing;
8. CA04010 Metal Surface Treating;
9. C801010 Basic Industrial Chemical Manufacturing;
10. F401010 International Trade;
11. C199990 Other Food Manufacturing Not Elsewhere Classified;
12. C802110 Manufacturing of Cosmetics Ingredients;
13. F108051 Wholesale of Cosmetics Ingredients;
14. C114010 Food Additives Manufacturing;
15. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company is located in Taipei City and may establish branches, factories, representative offices or sales departments whenever necessary. The establishment and abolishment are all conducted in accordance with the resolutions of the Board of Directors.

Article 4: The publishing of the Company is conducted in accordance with Article 28 of the Company Act.

The total investment amount of the Company is not limited to the restriction of 40% of the Company's paid-in capital as defined in the Company Act.

Chapter 2 Shares

Article 5: The capital amount of the Company is NT\$ 8 billion, with total share number of 0.8 billion and NT\$ 10 per share. 10 million shares are employee stock option certificates and are issued in batches by the Board of Directors under authorization. If the issue price of the Company's employee stock option certificates is lower than the common stock closing price of the issuing Japanese company, the Company must have obtained the consent of at least two-thirds of the voting rights present at the shareholders' meeting attended by shareholders representing over one half of total issued shares.

To transfer shares to employees at less than the average actual share repurchase price, before the transfer the Company must have obtained the consent of at least two-thirds of the voting rights present at the most recent shareholders' meeting attended by shareholders representing over one half of total issued shares.

Article 6: The Company's shares are all registered and shall be signed or stamped by at least three directors of the Company. The shares are then issued after been certificated by the competent authority or authorized issuance registration institution.

The shares issued by the Company do not have to be physically printed, and should be registered with the centralized securities depository enterprise.

Article 7: The Company conducts shareholder service operation in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" mandated by the competent authority.

Article 8: The change of share account name shall not be made within 60 days before a general shareholders' meeting, within 30 days before an ad hoc shareholders' meeting, or within 5 days before the date of the Company's decision to distribute dividends and bonuses or other benefits.

The periods specified in the preceding paragraph shall commence from the applicable convening date of shareholders' meeting or from the applicable record date, as the case may be.

Chapter 3 Shareholders' Meeting

Article 9: The shareholders' meetings of the Company can be classified as general and ad hoc shareholders' meetings.

1. General shareholders' meeting: A general shareholders' meeting will be convened within 6 months after the end of each fiscal year, and each shareholder will be notified 30 days before the meeting by the Board of Directors.
2. Ad hoc shareholders' meeting: Ad hoc shareholders' meetings may be convened when necessary in accordance with laws, and each shareholder will be notified 15 days before the meeting.

Article 10: The chairman of the shareholders' meeting shall be the Company's Chairman. If the Chairman is on leave, the Vice Chairman serves as the proxy.

Article 11: If a shareholder cannot attend the shareholders' meeting due to several reasons, he/she may appoint a proxy to attend the shareholders' meeting in his/her/its behalf by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy. When a person acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of issued shares; otherwise, the portion of excessive voting power shall not be counted.

Article 12: Except otherwise regulated by relevant laws, each shareholder of the Company has one vote per share.

Article 13: Unless otherwise specified by the Company Act, the resolutions of the shareholders' meeting require the attendance of shareholders representing more than a half of all shares issued, and is passed if more than a half of the attending shareholders give their consent.

Article 14: The resolution items of the shareholders' meeting shall be recorded as the meeting minutes, which list clearly the date and time period of the meeting, resolution items, name of the chairman, method of resolution and number of attending shareholders, and number of representative shares. The minutes are then signed and stamped by the chairman of the shareholders' meeting, and distributed to each shareholder within 20 days after the shareholders' meeting. The distribution may be made by publishing.

Chapter 4 Directors and Audit Committee

Article 15: The Company has 7~11 directors. Among the above directors, three independent directors shall be elected among persons with legal capacity from the shareholders' meeting.

The total registered shares held by all the directors and supervisors shall not be less than a certain percentage of total issued shares of the Company. The total registered shares held by the directors and supervisors mentioned in the above paragraph shall not be less than the percentage specified by the competent authority.

The election of directors shall be done with the candidate nomination system. Shareholders shall elect them from the list of director candidates.

The professional qualifications, shareholdings, concurrent position restrictions, nomination and selection methods of independent directors and other matters to be complied with shall be handled in accordance with the relevant provisions of the securities authorities and the Company.

Article 16: The Company has set up the Audit Committee and other functional committees.

The Audit Committee is composed of the entire independent directors, one of whom is the convener, and at least one of whom shall have accounting or financial expertise.

The exercise of power of the Audit Committee and other related matters shall be set forth in accordance with the relevant provisions of the securities authorities and the Company.

Article 17: The directors shall serve for a term of three years and may all be re-elected. The term of office may be extended at the expiration of the shareholders' meeting until the re-election date of the general shareholders' meeting.

Article 18: If a director has transferred more than one half of the total number of shares of the Company he/she holds at the time of his/her election as such, then his/her election as a director shall become invalid. When the number of vacancies in the Board of Directors equals to one third of the total number of directors, the Board of Directors shall call, within 60 days, an ad hoc shareholders' meeting to elect succeeding directors to fill the vacancies. The term of office of the elected succeeding directors is limited to the remaining term of the prior directors.

If the directors are re-elected before the last term expires, for the elected directors who have transferred more than one half of the total number of shares of the Company he/she holds at the time of his/her election as such; or had transferred more than one half of the total number of shares he/she held within the share transfer prohibition period prior to the convention of a shareholders' meeting, then his/her election as a director shall become invalid.

Article 19: The board meeting shall be attended by more than two-third of the directors, and one of the directors shall be elected as the Chairman by the consent of over one-half of the attending directors. One Vice Chairman can also be elected by and among the directors in the same way in accordance with the Articles of Incorporation. The Chairman represents the Company externally. If the Chairman cannot exercise his or her duties due to several reasons, the Vice Chairman can serve as the proxy. If there is no Vice Chairman or the Vice Chairman is also on leave or cannot exercise his or her duties due to several reasons, the Chairman may designate one director to be the proxy. If the Chairman has not designated a proxy, the proxy may be elected by and among the directors.

Article 20: The operation goals and other important matters of the Company are decided by the Board of Directors. Board meetings are convened by Chairman, who also serves as the chairperson of the board meeting. If Chairman is absent, the meeting affairs are handled in accordance with the regulations mentioned in the previous paragraph. The convention of a board meeting may be done in correspondence, by E-mail or FAX, in order to inform each director.

Article 21: The resolutions of the Board of Directors shall be made by the consent of over one-half of the attending directors and the board meeting shall be attended by more than one-half of the directors.

The meeting minutes of the board shall be signed or stamped by the chairperson and kept in the Company, and shall be distributed to each director within 20 days after the board meeting.

If a director cannot attend the meeting due to several reasons, he or she may present a proxy form stating the authorization scope of the convening reasons and the designation of other director as the proxy. The proxy mentioned above is limited to serve as the proxy for only one person.

Article 22: The remuneration of the Company's directors is decided by the Board of Directors under authorization based on their devotion to the Company's operation and the value of their contribution, no matter the Company realizes profits or losses, and also based on the compensation level of the industry peers.

The Company may purchase liability insurance for the legal compensation liabilities of its directors and important staff within the scope of their business during their term of office.

Chapter 5 Managers

Article 23: The Company may appoint one general manager, and several vice general managers, which shall be consented by over one-half of the directors.

Article 24: The General Manager adheres to the commands of Chairman and the resolutions of the Board of Directors to deal with the Company's daily affairs.

Article 25: The General and Vice General Manager shall not concurrently serve in equivalent positions in other companies, and shall not engage in similar businesses by themselves or for others; however, this restriction is relaxed if over one half of the directors have agreed.

Chapter 6 Accounting

Article 26: During Jan. 1 and Dec. 31 of the Company's fiscal year, the board shall prepare the following statements and reports and submit to the general shareholders' meeting for recognition: 1. business report; 2. financial statements; and 3. proposals of earnings distribution or loss compensation.

Article 27: If the Company has profits in the current year, it shall appropriate 5% as employee remuneration and no more than 2% as director remuneration. However, when the Company still has accumulated losses, the amount for compensation should be retained in advance.

The parties whose remuneration is paid with stocks or cash defined in the preceding paragraph include the employees of the subordinate companies that are reported to and passed by the Board of Directors.

Article 28: If the Company realizes any earnings in the current year, it shall first pay taxes and reimburse previous losses. If there are any remaining earnings, they shall be appropriated in the following orders: 1. 10% of the legal reserve; 2. special reserve in accordance with relevant laws and regulations (the reversal shall also be conducted in accordance with relevant rules); 3. other accumulated undistributed earnings in the beginning period may serve as distributable earnings; however, a certain amount shall be retained depending on the business condition before distributed as shareholders' bonuses, and shall not be distributed until the motion of earnings distribution is proposed by the Board of Directors to the shareholders' meeting and has been passed.

If the shareholders' dividends mentioned in the previous paragraph are distributed with cash, the Board of Directors are authorized to have more than two thirds of directors attending the meeting and over half of the attending directors resolving, and then the resolution is reported to the shareholders' meeting.

Article 29: The Company's dividend policy is in line with the needs of the Company's various business development investments and takes into account the interests of shareholders. In no other special circumstances, the distributed dividends are no less than 50% of the earnings after-tax after deducting legal reserve.

The annual cash dividend is not less than 25% of the total dividends.

The motion of earnings distribution stated in Article 28 shall be conducted in accordance with this Article.

Chapter 7 Additional provisions

Article 30: The Company may make external guarantees for its industry peers or affiliates regarding relevant businesses.

Article 31: If there are incomplete matters in the Articles of Incorporation, they are handled in accordance with the Company Act and other relevant laws and regulations.

Article 32: The Articles of Incorporation were formulated on Aug. 28, 1972.

The first amendment was made on Jul. 28, 1973.

The second amendment was made on Nov. 16, 1974.

The third amendment was made on Apr. 15, 1975.

The fourth amendment was made on May 28, 1977.

The fifth amendment was made on Jun. 18, 1978.
The sixth amendment was made on Mar. 17, 1979.
The seventh amendment was made on Apr. 1, 1980.
The eighth amendment was made on Mar. 14, 1981.
The ninth amendment was made on Mar. 20, 1982.
The tenth amendment was made on Mar. 26, 1983.
The eleventh amendment was made on Mar. 10, 1984.
The twelfth amendment was made on Oct. 3, 1985.
The thirteenth amendment was made on Mar. 28, 1986.
The fourteenth amendment was made on Apr. 11, 1987.
The fifteenth amendment was made on Apr. 26, 1988.
The sixteenth amendment was made on Apr. 27, 1989.
The seventeenth amendment was made on Apr. 27, 1990.
The eighteenth amendment was made on May 24, 1991.
The nineteenth amendment was made on May 15, 1992.
The twentieth amendment was made on May 21, 1993.
The twenty-first amendment was made on May 26, 1994.
The twenty-second amendment was made on May 26, 1995.
The twenty-third amendment was made on May 24, 1996.
The twenty-fourth amendment was made on May 22, 1997.
The twenty-fifth amendment was made on May 22, 1998.
The twenty-sixth amendment was made on May 20, 1999.
The twenty-seventh amendment was made on May 19, 2000.
The twenty-eighth amendment was made on May 18, 2001.
The twenty-ninth amendment was made on Jun. 21, 2002.
The thirtieth amendment was made on Jun. 5, 2003.
The thirty-first amendment was made on Jun. 16, 2005.
The thirty-second amendment was made on Jun. 8, 2006.
The thirty-third amendment was made on Jun. 13, 2008.
The thirty-fourth amendment was made on Jun. 12, 2009.
The thirty-fifth amendment was made on Jun. 9, 2010.
The thirty-sixth amendment was made on May 24, 2011.
The thirty-seventh amendment was made on May 24, 2012.
The thirty-eighth amendment was made on Jun. 11, 2013.
The thirty-ninth amendment was made on Jun. 20, 2014.
The fortieth amendment was made on Jun. 11, 2015.
The forty-first amendment was made on Jun. 15, 2016.
The forty-second amendment was made on Jun. 8, 2017.
The forty-third amendment was made on May 30, 2019.

Disclose the shareholdings of directors in accordance with Article 3 of the Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies

According to Term 5, Provision 1 and Provision 2 of Article 2 of “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”: If the company’s paid-in capital lies in NT\$ 4 billion ~ NT\$ 10 billion, the total shareholding of registered shares held by the whole directors shall not be lower than 4% and not lower than 0.4% for the whole supervisors. However, if the total shareholding held by the whole directors or supervisors calculated with the percentage is lower than the highest total shareholding in the previous term, it shall be calculated with the highest total shareholding in the previous term. The shareholdings of the independent directors elected by publicly listed companies are not calculated into the total amount in the previous paragraph; if two and more independent directors are elected, the shareholdings of the whole directors and supervisors except for independent directors calculated with the ratios in the previous paragraph are cut down to 80%.

The Company’s paid-in capital was NT\$5,477,522,260 (547,752,226 shares). The total registered shares held by all directors shall not be less than 17,528,071 shares.

The shareholding of individual and overall directors listed on the shareholders name list as of the book closure date of the shareholders’ meeting:

Mar. 28, 2022

Title	Name	The shareholding listed on the shareholders name list as of the book closure date	
		Shareholding	Shareholding ratio %
Chairman	Chen, Chien-Hsin	6,745,000	1.23%
Director	Ethical Investment Corp.	43,000,000	7.85%
Director	Chen, Ding-Chi	14,195,254	2.59%
Director	Chen, Wei-Wang	6,300,000	1.15%
Director	Chen, Chien-Ming	3,923,192	0.72%
Director	Lee, Yung-Long	2,281,007	0.42%
Director	Ken, Wen-Yuen	2,951,405	0.54%
Director	Chao, Rong-Shiang	3,770,500	0.69%
Independent director	Wu, Chung-Fern	0	0%
Independent director	Yang, Way-Wen	0	0%
Independent director	Chang, Yuan-Jan	0	0%
Total shareholding of all directors		83,166,358	15.18%

The impact of the stock grants proposed by the shareholders meeting on the Company's Operating performance and EPS

The Company did not distribute stock dividends and thus is not applicable here.

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