

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

**EVERLIGHT CHEMICAL INDUSTRIAL
CORPORATION AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020**

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

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Representation Letter

The entities that are required to be included in the combined financial statements of Everlight Chemical Industrial Corporation as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Everlight Chemical Industrial Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Everlight Chemical Industrial Corporation
Chairman: Chien-Hsin, Chen
Date: March 24, 2022



安侯建業聯合會計師事務所
KPMG

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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>	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 1,449,753	10	1,334,808	10	2100	Short-term borrowings (notes 6(k) and 8)	\$ 2,056,402	15	1,871,991	14
1110	Financial assets at fair value through profit or loss-current (note 6(b))	60,247	-	60,100	1	2322	Long-term borrowings, current portion (note 6(l))	-	-	40,000	1
1136	Financial assets at amortized cost-current (note 6(b))	3,502	-	12,896	-	2151	Notes payable (note 7)	238,909	2	181,329	2
1150	Notes receivable, net (notes 6(c) and (t))	215,955	2	213,396	2	2170	Accounts payable (note 7)	329,088	2	389,570	3
1170	Accounts receivable, net (notes 6(c) and (t) and 8)	1,626,491	12	1,383,973	10	2209	Other payable (notes 6(s) and 7)	535,475	4	407,211	3
130X	Inventories (notes 6(d) and 8)	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 (note 6(h))	<u>123,755</u>	<u>1</u>	<u>114,339</u>	<u>1</u>	2280	Lease liabilities-current (note 6(m))	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 (note 6(n))	<u>52,528</u>	<u>-</u>	<u>48,553</u>	<u>-</u>
Non-current assets:						Total current liabilities		<u>3,417,561</u>	<u>24</u>	<u>3,029,687</u>	<u>23</u>
1517	Financial assets at fair value through other comprehensive income-non-current (notes 6(b) and (v))	1,529,864	11	994,805	8	2540	Non-current liabilities:				
1550	Investments accounted for using equity method (note 6(e))	124,163	1	112,156	1	2570	Long-term borrowings (note 6(l))	1,000,000	7	1,250,000	9
1600	Property, plant and equipment (notes 6(g) and 9)	4,891,430	34	5,265,817	40	2580	Deferred tax liabilities (note 6(p))	86,879	1	79,074	1
1755	Right-of-use-assets (note 6(i))	284,560	2	309,445	2	2640	Lease liabilities non-current (note 6(m))	241,777	2	258,608	2
1780	Intangible assets (note 6(j))	115,756	1	119,744	1	2670	Net defined benefit liability (note 6(o))	217,449	2	130,566	1
1840	Deferred tax assets (note 6(p))	109,394	1	51,602	-		Other non-current liabilities (note 6(n))	<u>66,330</u>	<u>-</u>	<u>90,071</u>	<u>1</u>
1915	Prepayments for equipment	28,808	-	14,511	-		Total non-current liabilities	<u>1,612,435</u>	<u>12</u>	<u>1,808,319</u>	<u>14</u>
1980	Other non-current financial assets (notes 6(c) and (t))	3,542	-	3,635	-		Total liabilities	<u>5,029,996</u>	<u>36</u>	<u>4,838,006</u>	<u>37</u>
1990	Other non-current assets	<u>11,903</u>	<u>-</u>	<u>10,559</u>	<u>-</u>		Equity attributable to owners of parent (notes 6(b), (e), (f), (o), (p), (q) and (v)):				
	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 (notes 6(f) and (q))	<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 liabilities and equity	<u>\$ 14,136,270</u>	<u>100</u>	<u>13,226,389</u>	<u>100</u>
	Total assets	<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 (note 6(t))	\$ 9,200,988	100	7,769,066	100
5000 Operating costs (notes 6(d), (g), (i), (j), (m), (o), (s), 7 and 12)	6,987,506	76	6,200,244	80
5950 Gross profit from operations	2,213,482	24	1,568,822	20
6000 Operating expenses (notes 6(c), (g), (i), (j), (m), (o), (s), 7 and 12):				
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	11,662	-	1,486	-
Total operating expenses	1,660,706	18	1,364,186	17
6900 Net operating income	552,776	6	204,636	3
7000 Non-operating income and expenses (notes 6(b), (e), (g), (k), (l), (m) and (u)):				
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	11,259	-	8,102	-
Total non-operating income and expense	44,664	-	60,140	1
7900 Income before income tax	597,440	6	264,776	4
7951 Income tax expenses (note (p))	115,611	1	59,754	1
8200 Net income	481,829	5	205,022	3
8300 Other comprehensive income (notes 6(e), (o), (p), (q) and (v)):				
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	19,847	-	(2,343)	-
Total components of other comprehensive income (loss) that will not be reclassified to profit or loss	430,105	5	207,529	3
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	-	-	-	-
Total components of other comprehensive income (loss) that will be reclassified to profit or loss	(22,772)	-	1,439	-
8300 Other comprehensive income (after tax)	407,333	5	208,968	3
8500 Total comprehensive income	\$ 889,162	10	413,990	6
Profit attributable to:				
8610 Owners of parent	\$ 472,970	5	213,279	3
8620 Non-controlling interests	8,859	-	(8,257)	-
	\$ 481,829	5	205,022	3
Comprehensive income attributable to:				
8710 Owners of parent	\$ 883,162	10	428,490	6
8720 Non-controlling interests	6,000	-	(14,500)	-
	\$ 889,162	10	413,990	6
9750 Basic earnings per share (note 6(r)) (expressed in New Taiwan dollars)	\$ 0.86		0.39	
9850 Diluted earnings per share (note 6(r)) (expressed in New Taiwan dollars)	\$ 0.86		0.39	

See accompanying notes to consolidated financial statements.

(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

See accompanying notes to consolidated financial statements.

(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

See accompanying notes to consolidated financial statements.

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

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

(1) Company history

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

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

These consolidated financial statements were authorized for issuance by the board of directors on March 24, 2022.

(3) New standards, amendments and interpretations adopted:

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

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

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

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

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

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

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

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

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commission, ROC (hereinafter referred to as “the IFRSs endorsed by the FSC”).

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

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial assets measured at fair value through profit or loss are measured at fair value;
- 2) Fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in Note 4(p).

(ii) Functional and presentation currency

The functional currency is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Group's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. When the Company is exposed to the variable remuneration from investing on other individual or sharing the rights of the remuneration, also, is able to influence the rewards, the Company controls the individual.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholder of parent.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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(ii) List of subsidiaries in the consolidated financial statements

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

(note 1): The Company has the right to appoint more than half of members of board of directors and has control over the board of directors. The subsidiary is deemed to be consolidated.

(note 2): The Company decided to resolve DCBM. As of December 31, 2021, the related procedure has not been completed.

(note 3): As of January 22, 2021, the Company decided to reorganize of investment structure. EVSZ, the Company's sub-sub-sidiary, issued shares to acquire ETGZ 100% shareholding which were hold by EVSG.

(note 4): As of July 8, 2021, the Company decided to reorganize of investment structure. EVSZ, the Company's sub-sub-sidiary, issued shares to acquire ETSH and EVSH 100% shareholding which were hold by EVSG.

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

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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(d) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(Continued)

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

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprised of cash on hand and cash in bank. Cash equivalents are those short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits, which meet the above criteria and for the purpose of fulfilling short-term commitments instead of the purpose of investing activities or others, are categorized as cash equivalents.

(g) Financial instruments

Account receivable are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets at amortized cost, notes and accounts receivables, other receivable, refundable deposits and other financial assets).

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECLs), except for the following which are measured as 12-month ECLs:

- Cash in bank, other receivable, refundable deposits and other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The Group holds time deposits for domestic financial institutions, it is considered to be low credit risk.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 365 days past due or the borrower is unlikely to pay its credit obligations to the Group in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 365 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;
or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities

1) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

2) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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3) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align their accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. The Group recognizes any changes, proportionately with the shareholding ratio under additional paid in capital, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual controlling power.

Unrealized profits resulting from transactions between the Group and an associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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When the Group's share of losses exceeds its interests in an associate, the carrying amount of the investment, including any long term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent the Group has an obligation or has made payments on behalf of the associate.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Land improvements	20 years
2) buildings	25~55 years
3) plant and equipment	3~15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Intangible assets

(i) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1) REACH registration related expense	5 years
2) Others	3~5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Site restoration

In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land is recognized when the land is contaminated.

(m) Lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognizes a right-of-use asset and a lease liability as a lessee at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- (i) fixed payments, including in-substance fixed payments;
- (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (iii) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- (i) there is a change in future lease payments arising from the change in an index or rate; or
- (ii) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- (iii) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset; or
- (iv) there is a change of its assessment on whether it will exercise a extension or termination option; or
- (v) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office equipment and leases of transportation equipment that have a lease term of 12 months or less and leases of low-value asset.

(n) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(o) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over use the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years.

The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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(r) Business combinations

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any noncontrolling interests in the acquiree either at fair value or at the noncontrolling interest's proportionate share of the acquiree's identifiable net assets, if the noncontrolling interests are present ownership interests and entitle their holders to a proportionate share of the Group's net assets in the event of liquidation. Other components of noncontrolling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

(s) Earnings per share

The Group discloses the Group's basic and diluted earnings per share attributable to common shareholders of the Group. Basic earnings per share are calculated as the profit attributable to common shareholders of the Group divided by the weighted-average number of common shares outstanding. Diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Group divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employ compensation.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

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

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) Judgment of whether the Group has substantive control over its investees

The Group holds 40% of the outstanding voting shares of 3E Chemical Co. (Suzhou) Ltd. and is the single largest shareholder of the investee. Although the remaining 60% of 3E Chemical Co. (Suzhou) Ltd.'s shares are not concentrated within specific shareholders, the Group still cannot obtain more than half of the total number of 3E Chemical Co. (Suzhou) Ltd.'s directors, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Group has significant influence but not control over 3E Chemical Co. (Suzhou) Ltd..

(b) Judgment regarding significant influence of investees

The Group holds 16.78% of the outstanding voting shares of TAK Technology Co., Ltd. and is the single largest shareholder of the investee. Although the remaining 83.22% of TAK Technology Co., Ltd.'s shares are not concentrated within specific shareholders, the Group still cannot obtain more than half of the total number of TAK Technology Co., Ltd.'s directors, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Group has significant influence but not control over TAK Technology Co., Ltd.

The Group holds 22.35% of the outstanding voting shares of Good TV Broadcasting Corp. and is the single largest shareholder of the investee. Although the remaining 77.65% of Good TV Broadcasting Corp.'s shares are not concentrated within specific shareholders, the Group still cannot obtain more than half of the total number of Good TV Broadcasting Corp.'s directors, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Group has significant influence but not control over Good TV Broadcasting Corp.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) Impairment of accounts receivable

The Group has estimated the loss allowance of accounts receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumption to be used in calculating the impairments and the selected inputs. The prevent assumptions and input values, please refer to Note 6(c).

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to Note 6(d) for further description of the valuation of inventories.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand	\$ 1,885	2,396
Cash in bank	1,370,965	1,229,687
Time deposits	<u>76,903</u>	<u>102,725</u>
Cash and cash equivalents	<u>\$ 1,449,753</u>	<u>1,334,808</u>

Please refer to Note 6(v) for the currency risk sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial assets and liabilities

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Financial assets mandatorily measured at fair value through profit or loss:		
Monetary market fund	<u>\$ 60,247</u>	<u>60,100</u>

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Stocks listed on domestic markets	\$ 1,449,877	944,615
Domestic unlisted common shares	<u>79,987</u>	<u>50,190</u>
	<u>\$ 1,529,864</u>	<u>994,805</u>

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

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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For the year ended December 31, 2020, the Group has sold the partial of financial assets at fair value through other comprehensive income for strategic purposes. The shares sold had a fair value of \$310,625 thousand, and the Group realized a gain of \$59,692 thousand, which is already included in other comprehensive income. The gain has been transferred to retained earnings. There was no such transaction for the year ended December 31, 2021.

(iii) Financial assets at amortized cost-current

Due to the Group's foreign deposits which applied for the "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act" has not been engaged in investment yet, therefore, recognized in financial assets at amortized cost-current as follows:

	December 31, 2021	December 31, 2020
Financial assets at amortized cost-current	\$ 3,502	12,896

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

(v) The aforementioned financial assets were not pledged.

(vi) Derivative financial instruments—not hedge

The Group hold derivative financial instruments to hedge its foreign currency and interest rate exposures. However, the derivative financial instruments can't meet the criteria for hedge accounting. The Group recognized gain on forward exchange contracts and foreign currency options amounted to \$1,001 thousand and \$3,315 thousand in 2021 and 2020, respectively.

(c) Receivables

	December 31, 2021	December 31, 2020
Notes receivable	\$ 218,260	213,396
Accounts receivable	1,655,238	1,410,922
Overdue receivable (under other non-current financial assets)	44,763	39,567
Less: loss allowance	(75,815)	(66,516)
	\$ 1,842,446	1,597,369

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

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 1,744,944	0.01%~0.28%	4,874
1 to 90 days past due	125,201	2.64%~15.51%	24,641
91 to 365 days past due	3,353	18.37%~57.39%	1,537
More than 365 days past due	44,763	100%	44,763
	\$ 1,918,261		75,815

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

The detail of loss allowance were as follows:

	December 31, 2021	December 31, 2020
Notes receivable	\$ 2,305	-
Accounts receivable	28,747	26,949
Overdue receivable	44,763	39,567
	\$ 75,815	66,516

The movement in the allowance for receivables was as follows:

	2021	2020
Balance on January 1, 2021	\$ 66,516	72,496
Impairment losses recognized	11,662	1,486
Amounts written off	(2,000)	(7,783)
Effect of movements in exchange rates	(363)	317
Balance on December 31, 2021	\$ 75,815	66,516

As of December 31, 2021, the aforementioned financial assets of the Group had been pledged as collateral for short-term borrowings, please refer to Note 8. As of December 31, 2020, the aforementioned financial assets were not pledged.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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(d) Inventories

	December 31, 2021	December 31, 2020
Raw materials	\$ 924,964	756,595
Supplies	27,113	19,831
Work in progress	565,906	603,687
Finished goods	1,828,140	1,698,193
Materials in transit	184,215	120,155
	<u>\$ 3,530,338</u>	<u>3,198,461</u>

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

	2021	2020
Losses on valuation of inventories	\$ 7,975	2,792
Losses (gains) on inventory count	3,576	(984)
Unallocated production overheads	134,314	191,246
Losses on obsolescence	5,389	7,878
Scrap income	(2,348)	(1,326)
	<u>\$ 148,906</u>	<u>199,606</u>

As of December 31, 2021, the inventories of the Group had been pledged as collateral for short-term borrowings, please refer to Note 8. As of December 31, 2020, the inventories were not pledged.

(e) Investments accounted for using equity method

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

	December 31, 2021	December 31, 2020
Associates	<u>\$ 124,163</u>	<u>112,156</u>

- (ii) Associates

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

	December 31, 2021	December 31, 2020
Carrying amount of individually insignificant associates	<u>\$ 124,163</u>	<u>112,156</u>

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	2021	2020
Attributable to the Group:		
Profit from continuing operations	\$ 11,259	8,102
Other comprehensive income	1,164	(2,847)
Total comprehensive income	\$ 12,423	5,255

(iii) Pledge

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

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

(f) Material non-controlling interest of subsidiaries

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

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

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

	December 31, 2021	December 31, 2020
Current assets	\$ 623,723	554,032
Non-current assets	843,695	906,387
Current liabilities	(524,541)	(501,960)
Non-current liabilities	(183,545)	(186,096)
Net assets	\$ 759,332	772,363
Non-controlling interest	\$ 181,071	184,179

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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	<u>2021</u>	<u>2020</u>
Operating revenues	\$ <u>864,255</u>	<u>738,561</u>
Net loss	(13,910)	(77,561)
Other comprehensive income	1,819	(4,592)
Total comprehensive income	\$ <u>(12,091)</u>	<u>(82,153)</u>
Loss attributable to non-controlling interests	\$ <u>(3,317)</u>	<u>(18,498)</u>
Comprehensive income, attributable to non-controlling interests	\$ <u>(2,883)</u>	<u>(19,593)</u>
	<u>2021</u>	<u>2020</u>
Net cash flows from (used in) operating activities	\$ (29,298)	65,624
Net cash flows from investing activities	(12,992)	(1,992)
Net cash flows from (used in) financing activities	17,816	(45,980)
Net increase (decrease) in cash and cash equivalents	\$ <u>(24,474)</u>	<u>17,652</u>
Cash dividend distributed to non-controlling interests	<u>-</u>	<u>-</u>

(g) Property, plant and equipment

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

	<u>Land</u>	<u>Land improvements</u>	<u>Buildings and construction</u>	<u>Equipment</u>	<u>Construction in progress and equipment to be inspected</u>	<u>Total</u>
Cost:						
Balance on January 1, 2021	\$ 893,877	159,000	4,418,972	9,786,333	177,205	15,435,387
Additions	-	-	10,497	77,414	101,868	189,779
Disposals	-	-	(5,663)	(57,317)	-	(62,980)
Reclassification (note)	-	-	39,922	172,920	(135,600)	77,242
Effect of movements in exchange rates	(97)	-	(3,236)	(6,967)	(106)	(10,406)
Balance on December 31, 2021	\$ <u>893,780</u>	<u>159,000</u>	<u>4,460,492</u>	<u>9,972,383</u>	<u>143,367</u>	<u>15,629,022</u>
Balance on January 1, 2020	\$ 894,063	-	4,408,204	9,627,222	183,082	15,112,571
Additions	-	127,200	4,662	69,896	105,002	306,760
Disposals	-	-	(7,051)	(62,311)	-	(69,362)
Reclassification (note)	-	31,800	9,444	140,801	(111,154)	70,891
Effect of movements in exchange rates	(186)	-	3,713	10,725	275	14,527
Balance on December 31, 2020	\$ <u>893,877</u>	<u>159,000</u>	<u>4,418,972</u>	<u>9,786,333</u>	<u>177,205</u>	<u>15,435,387</u>
Accumulated depreciation and impairment:						
Balance on January 1, 2021	\$ -	4,638	2,560,199	7,604,733	-	10,169,570
Depreciation	-	7,950	168,994	455,094	-	632,038
Disposals	-	-	(1,361)	(55,746)	-	(57,107)
Effect of movements in exchange rates	-	-	(1,695)	(5,214)	-	(6,909)
Balance on December 31, 2021	\$ <u>-</u>	<u>12,588</u>	<u>2,726,137</u>	<u>7,998,867</u>	<u>-</u>	<u>10,737,592</u>
Balance on January 1, 2020	\$ -	-	2,396,146	7,188,688	-	9,584,834
Depreciation	-	4,638	168,793	467,480	-	640,911
Disposals	-	-	(6,848)	(59,084)	-	(65,932)
Effect of movements in exchange rates	-	-	2,108	7,649	-	9,757
Balance on December 31, 2020	\$ <u>-</u>	<u>4,638</u>	<u>2,560,199</u>	<u>7,604,733</u>	<u>-</u>	<u>10,169,570</u>
Carrying amounts:						
Balance on December 31, 2021	\$ <u>893,780</u>	<u>146,412</u>	<u>1,734,355</u>	<u>1,973,516</u>	<u>143,367</u>	<u>4,891,430</u>
Balance on January 1, 2020	\$ <u>894,063</u>	<u>-</u>	<u>2,012,058</u>	<u>2,438,534</u>	<u>183,082</u>	<u>5,527,737</u>
Balance on December 31, 2020	\$ <u>893,877</u>	<u>154,362</u>	<u>1,858,773</u>	<u>2,181,600</u>	<u>177,205</u>	<u>5,265,817</u>

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

- (i) For the year ended December 31, 2021 and 2020, the Group capitalized the interest expenses on construction in progress amounted to \$1,468 thousand and \$2,481 thousand respectively, and the monthly interest rate used for capitalization calculation were 0.07~0.10% and 0.08%~0.12%, respectively.
- (ii) As of December 31, 2021 and 2020, the property, plant and equipment of the Group had not been pledged.
- (h) Other current assets

	December 31, 2021	December 31, 2020
Prepayments	\$ 67,624	71,196
Offset against business tax payable and input taxes	46,491	29,821
Payment on behalf of others	9,512	12,337
Others	128	985
	<u>\$ 123,755</u>	<u>114,339</u>

- (i) Right-of-use assets

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

	Land	Buildings and construction	Equipment	Total
Cost:				
Balance on January 1, 2021	\$ 217,404	142,917	16,143	376,464
Acquisitions	-	25,224	571	25,795
Disposals	-	(29,878)	(717)	(30,595)
Effect of changes in foreign exchange rates	(165)	(1,973)	(270)	(2,408)
Balance on December 31, 2021	<u>\$ 217,239</u>	<u>136,290</u>	<u>15,727</u>	<u>369,256</u>
Balance on January 1, 2020	\$ 217,042	127,648	17,306	361,996
Acquisitions	-	24,668	3,241	27,909
Disposals	-	(10,795)	(4,509)	(15,304)
Effect of changes in foreign exchange rates	362	1,396	105	1,863
Balance on December 31, 2020	<u>\$ 217,404</u>	<u>142,917</u>	<u>16,143</u>	<u>376,464</u>
Accumulated depreciation:				
Balance on January 1, 2021	\$ 11,444	50,534	5,041	67,019
Depreciation	5,717	28,484	3,352	37,553
Disposals	-	(18,557)	(717)	(19,274)
Effect of changes in foreign exchange rates	(8)	(461)	(133)	(602)
Balance on December 31, 2021	<u>\$ 17,153</u>	<u>60,000</u>	<u>7,543</u>	<u>84,696</u>

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	<u>Land</u>	<u>Buildings and construction</u>	<u>Equipment</u>	<u>Total</u>
Balance on January 1, 2020	\$ 5,712	25,109	3,654	34,475
Depreciation	5,709	28,449	4,232	38,390
Disposals	-	(3,445)	(2,880)	(6,325)
Effect of changes in foreign exchange rates	23	421	35	479
Balance on December 31, 2020	<u>\$ 11,444</u>	<u>50,534</u>	<u>5,041</u>	<u>67,019</u>
Carrying amount:				
Balance on December 31, 2021	<u>\$ 200,086</u>	<u>76,290</u>	<u>8,184</u>	<u>284,560</u>
Balance on January 1, 2020	<u>\$ 211,330</u>	<u>102,539</u>	<u>13,652</u>	<u>327,521</u>
Balance on December 31, 2020	<u>\$ 205,960</u>	<u>92,383</u>	<u>11,102</u>	<u>309,445</u>

(j) Intangible assets

The movement in intangible assets were as follows:

	<u>REACH registration related expenses</u>	<u>Others</u>	<u>Total</u>
Cost :			
Balance on January 1, 2021	\$ 190,896	15,406	206,302
Additions	27,083	69	27,152
Effect of movement in exchange rate	-	(59)	(59)
Balance on December 31, 2021	<u>\$ 217,979</u>	<u>15,416</u>	<u>233,395</u>
Balance on January 1, 2020	\$ 165,165	18,782	183,947
Additions	25,731	683	26,414
Disposals	-	(1,638)	(1,638)
Effect of movement in exchange rate	-	(2,421)	(2,421)
Balance on December 31, 2020	<u>\$ 190,896</u>	<u>15,406</u>	<u>206,302</u>
Accumulated amortization:			
Balance on January 1, 2021	\$ 78,792	7,766	86,558
Amortization	28,785	2,324	31,109
Effect of movement in exchange rate	-	(28)	(28)
Balance on December 31, 2021	<u>\$ 107,577</u>	<u>10,062</u>	<u>117,639</u>
Balance on January 1, 2020	\$ 52,089	9,403	61,492
Amortization	26,703	2,383	29,086
Disposals	-	(1,638)	(1,638)
Effect of movement in exchange rate	-	(2,382)	(2,382)
Balance on December 31, 2020	<u>\$ 78,792</u>	<u>7,766</u>	<u>86,558</u>
Carrying amounts:			
Balance on December 31, 2021	<u>\$ 110,401</u>	<u>5,355</u>	<u>115,756</u>
Balance on January 1, 2020	<u>\$ 113,076</u>	<u>9,379</u>	<u>122,455</u>
Balance on December 31, 2020	<u>\$ 112,104</u>	<u>7,640</u>	<u>119,744</u>

(Continued)

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

(i) Amortization expense

For the years ended December 31, 2021 and 2020, the amortization of intangible assets are included in the statement of comprehensive income as follows:

	<u>2021</u>	<u>2020</u>
Operating costs	\$ 1,999	2,096
Operating expense	<u>29,110</u>	<u>26,990</u>
	<u>\$ 31,109</u>	<u>29,086</u>

(ii) Pledge

As of December 31, 2021 and 2020, the intangible assets of the Group were not pledged as collateral.

(k) Short-term borrowings

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Unsecured bank loans	\$ 1,960,415	1,782,108
Secured bank loans	16,244	-
Short-term notes and bills payable	<u>79,743</u>	<u>89,883</u>
Total	<u>\$ 2,056,402</u>	<u>1,871,991</u>
Unused credit lines	<u>\$ 3,330,724</u>	<u>3,723,243</u>
Range of interest rate	<u>0.55%~4.70%</u>	<u>0.74%~5.15%</u>

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

For the collateral for short-term borrowings, please refer to Note 8.

(l) Long-term borrowings

	<u>December 31, 2021</u>			
	<u>Currency</u>	<u>Rate</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured bank loans	NTD	1.14%~1.15%	2023.1~2024.6	\$ 1,000,000
Less: long-term borrowings, current portion				<u>-</u>
Total				<u>\$ 1,000,000</u>
Unused credit lines				<u>\$ 250,000</u>

(Continued)

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

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

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

(m) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	December 31, 2021	December 31, 2020
Current	<u>\$ 29,830</u>	<u>35,102</u>
Non-current	<u>\$ 241,777</u>	<u>258,608</u>

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

The amounts recognized in profit or loss were as follows:

	2021	2020
Interest on lease liabilities	<u>\$ 6,270</u>	<u>7,175</u>
Expenses relating to short-term leases	<u>\$ 3,647</u>	<u>2,567</u>

The amounts recognized in the statement of cash flows by the Group were as follows:

	2021	2020
Total cash outflow for leases	<u>\$ 44,408</u>	<u>45,317</u>

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

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

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

(Continued)

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

(n) Provisions

The movements of the provisions were as follows:

	December 31, 2021	December 31, 2020
Balance on January 1	\$ 119,250	-
Additions	-	159,000
Decreases	(31,800)	(39,750)
Balance on December 31	<u>\$ 87,450</u>	<u>119,250</u>

A provision of \$159,000 thousand was made in respect of the Group's obligation to rectify environmental damage which was recognized in other current liabilities and other non-current liabilities.

(o) Employee benefits

(i) Defined benefit plans

Reconciliations of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2021	December 31, 2020
Present value of the defined benefit obligations	\$ 900,598	831,966
Fair value of plan assets	(683,149)	(701,400)
Net defined benefit liabilities	<u>\$ 217,449</u>	<u>130,566</u>

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan and Insurance account with Bank of Nan Shan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employees to received retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance and Insurance account with Bank of Nan Shan amounted to \$683,149 thousand as of December 31, 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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

2) Movements in present value of the defined benefit obligations

For the year ended December 31, 2021 and 2020, the movement in present value of the defined benefit obligations for the Group were as follows:

	<u>2021</u>	<u>2020</u>
Defined benefit obligations as of January 1	\$ 831,966	882,465
Current service costs and interest cost	13,876	19,185
Net remeasurements of defined benefit liabilities:		
— Actuarial losses arising from changes in financial assumptions	107,028	8,188
Benefits paid by the plan	<u>(52,272)</u>	<u>(77,872)</u>
Defined benefit obligations as of December 31	<u><u>\$ 900,598</u></u>	<u><u>831,966</u></u>

3) Movements of defined benefit plan assets

For the years ended December 31, 2021 and 2020, the movements in the fair value of the plan assets were as follows:

	<u>2021</u>	<u>2020</u>
Fair value of plan assets as of January 1	\$ 701,400	714,686
Return on plan assets (excluding the interest expense)	4,395	7,110
Net remeasurements of the defined benefit liabilities:		
— Actuarial gains arising from changes in financial assumptions	7,793	19,904
Contributions paid by employer	15,796	19,363
Benefits paid	<u>(46,235)</u>	<u>(59,663)</u>
Fair value of plan assets as of December 31	<u><u>\$ 683,149</u></u>	<u><u>701,400</u></u>

4) Expenses recognized in profit or loss

For the years ended December 31, 2021 and 2020, the expenses recognized in profit or losses for the Group were as follows:

	<u>2021</u>	<u>2020</u>
Current service costs	\$ 8,714	10,516
Net interest expense of net defined benefit liabilities	<u>767</u>	<u>1,559</u>
	<u><u>\$ 9,481</u></u>	<u><u>12,075</u></u>

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

	<u>2021</u>	<u>2020</u>
Operating costs	\$ 5,534	6,994
Operating expenses	<u>3,947</u>	<u>5,081</u>
	<u>\$ 9,481</u>	<u>12,075</u>

- 5) Remeasurement of net defined benefit (liabilities) assets recognized in other comprehensive income

The Group's re-measurement of the net defined benefit (liabilities) assets recognized in other comprehensive income for the years ended December 31, 2021 and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Accumulated amount as of January 1	\$ (115,299)	(127,015)
Recognized during the period	<u>(99,235)</u>	<u>11,716</u>
Accumulated amount as of December 31	<u>\$ (214,534)</u>	<u>(115,299)</u>

- 6) Actuarial assumptions

At the reporting date, the principal actuarial assumptions were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rate	0.625%~0.750%	0.625%~0.750%
Future salary increasing rate	1.270%~1.500%	1.200%~1.270%

The Group expects to make contributions of \$15,830 thousand to the defined benefit plans in the next year starting from December 31, 2021.

The weighted-average lifetime of the defined benefits plans is 11.04~15.18 years.

- 7) Sensitivity analysis

As of December 31, 2021 and 2020, if the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	<u>The impact of defined benefit obligations</u>	
	<u>Increased</u>	<u>Decreased</u>
December 31, 2021		
Discount rate decreased (increased) 0.25%	\$ 19,882	(19,306)
Future salary increasing rate increased (decreased) 0.25%	19,226	(18,744)
December 31, 2020		
Discount rate decreased (increased) 0.25%	19,193	(18,563)
Future salary increasing rate increased (decreased) 0.25%	18,613	(18,589)

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

The method and assumptions used on current sensitivity analysis is the same as those of the prior year.

(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The foreign entities of the Group have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the local regulations. Other than the monthly contributions, the Group has no further obligations.

The pension costs incurred from the contributions to the Bureau of Labor Insurance amounted to \$59,239 thousand and \$52,150 thousand for the years ended December 31, 2021 and 2020, respectively.

(p) Income taxes

(i) Income tax expense

The components of income tax expenses (benefit) for the year ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Current tax expense (benefit)		
Current period	\$ 147,392	33,097
Adjustment for prior periods	<u>(1,641)</u>	<u>(4,221)</u>
	<u>145,751</u>	<u>28,876</u>
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	<u>(30,140)</u>	<u>30,878</u>
	<u>(30,140)</u>	<u>30,878</u>
Income tax expense	<u>\$ 115,611</u>	<u>59,754</u>

The amount of income tax expenses (benefit) recognized in other comprehensive income for the year ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Components that with not be reclassified to profit or loss:		
Re-measurements of defined benefit plans	<u>\$ 19,847</u>	<u>(2,343)</u>

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

Reconciliation of income tax expense and profit before tax for 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Profit before tax	\$ <u>597,440</u>	<u>264,776</u>
Income tax using the Company's domestic tax rate	\$ 119,488	52,955
Effect of tax rates in foreign jurisdiction	8,303	(9,520)
Disposal of investment	(6,028)	(10,806)
Dividend revenue	(7,976)	(9,833)
Current-year losses for which no deferred tax assets was recognized	2,564	30,923
Change in unrecognized temporary difference	(634)	(1,232)
Tax credit of investment	(11,388)	(10,235)
Other	<u>11,282</u>	<u>17,502</u>
Total	\$ <u>115,611</u>	<u>59,754</u>

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following item:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
The carryforward of unused tax losses	\$ <u>317,928</u>	<u>308,277</u>

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As at December 31, 2021, the information of the Group's unutilized business losses, for which no deferred tax assets were recognized, are as follow:

<u>Year of loss</u>	<u>Unutilized business loss</u>	<u>Expiry date</u>
2012	\$ 9,353	2022
2013	8,986	2023
2014	15,986	2024
2015	14,077	2025
2016	17,667	2026
2017	27,417	2027
2018	28,492	2028
2019	24,220	2029
2020	158,911	2030
2021	<u>12,819</u>	2031
	\$ <u>317,928</u>	

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

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the year ended December 31, 2021 and 2020 were as follows:

Deferred tax assets:

	Allowance for impairment of receivables	Allowance for valuation of inventories	Defined benefit plans	Other	Total
Balance as of January 1, 2021	\$ 4,790	3,578	28,061	15,173	51,602
Recognized in profit or loss	(1,151)	107	(4,419)	43,408	37,945
Recognized in other comprehensive income	-	-	19,847	-	19,847
Balance as of December 31, 2021	<u>\$ 3,639</u>	<u>3,685</u>	<u>43,489</u>	<u>58,581</u>	<u>109,394</u>
Balance as of January 1, 2020	\$ 5,750	3,839	34,560	31,808	75,957
Recognized in profit or loss	(960)	(261)	(4,156)	(16,635)	(22,012)
Recognized in other comprehensive income	-	-	(2,343)	-	(2,343)
Balance as of December 31, 2020	<u>\$ 4,790</u>	<u>3,578</u>	<u>28,061</u>	<u>15,173</u>	<u>51,602</u>

Deferred tax liabilities:

	Unrealized investment income under equity method	Unrealized foreign exchange gains	Other	Total
Balance as of January 1, 2021	\$ (74,422)	(4,652)	-	(79,074)
Recognized in profit or loss	(12,312)	4,536	(29)	(7,805)
Balance as of December 31, 2021	<u>\$ (86,734)</u>	<u>(116)</u>	<u>(29)</u>	<u>(86,879)</u>
Balance as of January 1, 2020	\$ (68,099)	(2,109)	-	(70,208)
Recognized in profit or loss	(6,323)	(2,543)	-	(8,866)
Balance as of December 31, 2020	<u>\$ (74,422)</u>	<u>(4,652)</u>	<u>-</u>	<u>(79,074)</u>

(iii) The Company's income tax return for the years through 2019 were assessed and approved by the tax authorities.

(q) Capital and other equity

(i) Common share

As of December 31, 2021 and 2020 the Company's authorized share capital consisted of 800,000 thousand shares of common share, with \$10 dollars par value per share, of which 547,752 thousand shares, respectively, were issued and outstanding.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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(ii) Capital surplus

The balance of capital surplus as of December 31, 2021 and 2020 were as follows:

	December 31, 2021	December 31, 2020
Cash subscription in excess of par value of shares	\$ 462,559	462,559
Treasury share transactions	10,999	10,999
Donation from shareholders	1,000	1,000
	\$ 474,558	474,558

According to the ROC Group Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's Articles of Incorporation, it stipulate that the Company's net earning should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance is to appropriated as follows:

- 1) Legal reserve should be at 10%.
- 2) Special reserve should be appropriated (reversed) in accordance with related rules.
- 3) Remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval. It is authorized the resolution has been adopted by a majority vote at a meeting of the Board of Directors attends by two- thirds of total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

In order for the requirement of future investment and shareholders' interest, the dividend payment is not lower than 50% of net profit of current year deduct legal reserve and the payment of cash dividend should exceed 25% of total dividends.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and the distribution amount is limited to the portion of legal reserve which exceeds 25% of the paid-in capital.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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2) Special reserve

The Company adopted to exemptions of IFRS 1 First-time Adoption of International Financial Reporting Standards of first time adoption in accordance with the IFRSs approved by the FSC. Based on the exemptions, the Company increased retained earnings amounted to \$132,824 thousand from reserve for revaluation increment and cumulative translation adjustments (gains). In accordance with the ruling issued by the FSC, the Company shall reserve a special reserve amounted to \$18,752 thousand, which is same as the increased amount at first time adoption of IFRSs. The Company shall reverse to distribute of earnings proportionately based on the prior special reserve when the related assets had been used, disposal or reclassified. As of December 31, 2021 and 2020, the special reserve is amounted to \$18,646 thousand.

According to the ruling issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve to account for cumulative changes to other shareholders' equity, and does not qualify for earnings distribution. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(iv) Distribution of earnings

The amounts of cash dividends for 2020 and 2019 had been approved during the board meeting held on March 25, 2021 and March 19, 2020, respectively. The relevant dividend distributions to shareholders were as follows:

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

On March 24, 2022, the Company's Board of Directors proposed to resolved to appropriate the 2021 earnings. These earnings will be appropriated as follows:

	<u>2021</u>	
	<u>Amount per share</u>	<u>Amount</u>
Dividends distributed to ordinary shareholders:		
Cash	\$ 0.50	\$ <u>273,876</u>

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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(v) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Non- controlling interest	Total
Balance on January 1, 2021	\$ (110,615)	226,554	(5,940)	109,999
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	509,059	434	509,493
Exchange differences on translation of foreign financial statements	(20,867)	-	(3,069)	(23,936)
Exchange differences on associates accounted for using equity method	1,164	-	-	1,164
Balance on December 31, 2021	<u>\$ (130,318)</u>	<u>735,613</u>	<u>(8,575)</u>	<u>596,720</u>
	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Non- controlling interest	Total
Balance on January 1, 2020	\$ (112,054)	81,616	534	(29,904)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	204,630	(1,327)	203,303
Exchange differences on translation of foreign financial statements	4,286	-	(5,147)	(861)
Exchange differences on associates accounted for using equity method	(2,847)	-	-	(2,847)
Disposal of equity instruments designated at fair value through other comprehensive income	-	(59,692)	-	(59,692)
Balance on December 31, 2020	<u>\$ (110,615)</u>	<u>226,554</u>	<u>(5,940)</u>	<u>109,999</u>

(r) Earning per share

The calculation of basic earnings per share and diluted earnings per share for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Basic earning per share		
Profit attributable to common shareholders of the Company	<u>\$ 472,970</u>	<u>213,279</u>
Weighted-average number of common shares outstanding	<u>547,752</u>	<u>547,752</u>
Basic earnings per share (express in New Taiwan Dollar)	<u>\$ 0.86</u>	<u>0.39</u>

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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	<u>2021</u>	<u>2020</u>
Diluted earning per share		
Profit attributable to common shareholders of the Company	\$ <u>472,970</u>	<u>213,279</u>
Weighted-average number of common shares outstanding (basic)	\$ 547,752	547,752
Effect of employee compensation	<u>1,287</u>	<u>1,264</u>
Weighted-average number of common shares outstanding (diluted)	<u>549,039</u>	<u>549,016</u>
Diluted earnings per share (express in New Taiwan Dollar)	\$ <u>0.86</u>	<u>0.39</u>

(s) Employees compensation and directors' remuneration

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

For the years ended December 31, 2021 and 2020, the Company estimated its employee compensation at \$29,772 thousand and \$14,077 thousand, and directors' remuneration at \$11,909 thousand and \$5,631 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's Articles. These remunerations were expensed under operating costs or operating expenses during 2021 and 2020 for each period. The related information would be available at the Market Observation Post System Website. The amounts, as stated in the parent-company-only financial statements, are identical to those of the actual distributions for 2021 and 2020.

(t) Revenue from contract with customers

(i) Disaggregation of revenue

	<u>2021</u>						<u>Total</u>
	<u>Color chemicals</u>	<u>Specialty chemicals</u>	<u>Electronic chemicals</u>	<u>Toners</u>	<u>Pharmaceuticals</u>	<u>Other</u>	
Primary geographical markets:							
Taiwan	\$ 429,034	303,044	830,045	38,681	7,991	-	1,608,795
America	276,666	473,733	-	178,581	43,935	-	972,915
Asia	2,696,176	1,032,682	399,020	720,127	67,438	-	4,915,443
Europe	696,336	489,573	-	213,991	95,450	-	1,495,350
Other	<u>97,318</u>	<u>65,876</u>	<u>-</u>	<u>18,987</u>	<u>26,304</u>	<u>-</u>	<u>208,485</u>
	<u>\$ 4,195,530</u>	<u>2,364,908</u>	<u>1,229,065</u>	<u>1,170,367</u>	<u>241,118</u>	<u>-</u>	<u>9,200,988</u>
Major products:							
Chemicals	\$ 4,195,530	2,364,908	1,229,065	-	-	-	7,789,503
Toners	-	-	-	1,170,367	-	-	1,170,367
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>241,118</u>	<u>-</u>	<u>241,118</u>
	<u>\$ 4,195,530</u>	<u>2,364,908</u>	<u>1,229,065</u>	<u>1,170,367</u>	<u>241,118</u>	<u>-</u>	<u>9,200,988</u>

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	2020						
	Color chemicals	Specialty chemicals	Electronic chemicals	Toners	Pharmaceuticals	Other	Total
Primary geographical markets:							
Taiwan	\$ 373,621	235,036	821,912	37,055	8,286	2,421	1,478,331
America	217,321	268,417	-	121,021	42,508	-	649,267
Asia	2,335,019	823,890	314,512	681,675	44,634	-	4,199,730
Europe	563,031	398,612	-	228,966	65,186	-	1,255,795
Other	68,862	46,683	-	29,257	41,141	-	185,943
	<u>\$ 3,557,854</u>	<u>1,772,638</u>	<u>1,136,424</u>	<u>1,097,974</u>	<u>201,755</u>	<u>2,421</u>	<u>7,769,066</u>
Major products:							
Chemicals	\$ 3,557,854	1,772,638	1,136,424	-	-	-	6,466,916
Toners	-	-	-	1,097,974	-	-	1,097,974
Other	-	-	-	-	201,755	2,421	204,176
	<u>\$ 3,557,854</u>	<u>1,772,638</u>	<u>1,136,424</u>	<u>1,097,974</u>	<u>201,755</u>	<u>2,421</u>	<u>7,769,066</u>

(ii) Contract balance

	December 31, 2021	December 31, 2020	January 1, 2020
Receivables	\$ 1,918,261	1,663,885	1,724,122
Less: loss allowance	(75,815)	(66,516)	(72,496)
Total	<u>\$ 1,842,446</u>	<u>1,597,369</u>	<u>1,651,626</u>

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

(u) Non-operating income and expenses

(i) Interest income

	2021	2020
Interest income from bank deposits	<u>\$ 4,115</u>	<u>3,601</u>

(ii) Other income

	2021	2020
Dividend income	<u>\$ 39,880</u>	<u>49,867</u>

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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(iii) Other gains and losses

	<u>2021</u>	<u>2020</u>
Foreign exchange losses, net	\$ (51,363)	(15,520)
Losses from disposal of investment accounted for using equity method	-	(18,553)
Net gains on financial assets and liabilities at fair value through profit or loss	240	316
Losses on disposal of property, plant and equipment	(748)	(2,258)
Subsidy revenue	20,410	10,372
Gains on writing off overdue payment	-	21,143
Others	<u>69,451</u>	<u>66,995</u>
	<u>\$ 37,990</u>	<u>62,495</u>

(iv) Finance costs

	<u>2021</u>	<u>2020</u>
Interest expense	<u>\$ 48,580</u>	<u>63,925</u>

(v) Financial instruments

(i) Credit risk

1) Credit risk exposure

As of December 31, 2021 and 2020, the Group's exposure to credit risk and the maximum exposure were mainly from:

- a) The carrying amount of financial assets recognized in the balance sheet; and
- b) The amounts of liabilities as a result from the Company providing financial guarantees were \$55,360 thousand and \$56,960 thousand, respectively.

2) Concentration of credit risk

The Group has exposure to credit risk of individual counterparty or group of counterparties with similar credit characteristics. Those related parties of which having transactions with the Group are regarded as group of counterparties with similar credit characteristics. There was no concentration of credit risk.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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3) Receivables securities

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

Other financial assets at amortized cost includes other receivables and refundable deposits. There were no loss allowance provision for the years ended December 31, 2021 and 2020. All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. (Regarding how the financial instruments are considered to have low credit risk, please refer to Note 4(g)).

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>within 1 year</u>	<u>1~2 years</u>	<u>2~5 years</u>	<u>Over 5 years</u>
December 31, 2021						
Non-derivative financial liabilities						
Short-term borrowings	\$ 2,056,402	2,060,470	2,060,470	-	-	-
Notes payable	238,909	238,909	238,909	-	-	-
Accounts payable	329,088	329,088	329,088	-	-	-
Lease liabilities	271,607	341,210	35,319	41,584	46,307	218,000
Other payable	535,475	528,555	528,555	-	-	-
Payables on equipment	43,062	42,062	42,062	-	-	-
Long-term borrowings	<u>1,000,000</u>	<u>1,019,440</u>	<u>-</u>	<u>617,348</u>	<u>402,092</u>	<u>-</u>
Total	<u>\$ 4,474,543</u>	<u>4,559,734</u>	<u>3,234,403</u>	<u>658,932</u>	<u>448,399</u>	<u>218,000</u>
December 31, 2020						
Non-derivative financial liabilities						
Short-term borrowings	\$ 1,871,991	1,874,141	1,874,141	-	-	-
Notes payable	181,329	181,329	181,329	-	-	-
Accounts payable	389,570	389,570	389,570	-	-	-
Lease liabilities	293,710	368,784	41,390	46,065	53,220	228,109
Other payable	407,211	407,211	407,211	-	-	-
Payables on equipment	17,545	17,545	17,545	-	-	-
Long-term borrowings (including current portion)	<u>1,290,000</u>	<u>1,315,642</u>	<u>40,342</u>	<u>1,074,168</u>	<u>201,132</u>	<u>-</u>
	<u>\$ 4,451,356</u>	<u>4,554,222</u>	<u>2,951,528</u>	<u>1,120,233</u>	<u>254,352</u>	<u>228,109</u>

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

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(iii) Currency risk

1) Exposure to foreign currency risk

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

	December 31, 2021			December 31, 2020		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 53,292	27.68	1,475,130	38,208	28.48	1,088,159
JPY	149,975	0.24	35,994	198,631	0.28	55,617
RMB	72,665	4.34	315,367	74,740	4.38	327,363
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	59,472	27.70	1,646,182	33,857	28.50	964,247
JPY	131,506	0.24	31,561	139,703	0.28	39,117
RMB	1,832	4.37	7,953	8,032	4.40	35,179

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, loans and borrowings, and accounts payable that are denominated in foreign currency. A strengthening (weakening) 1% of appreciation (depreciation) of the NTD against the USD, JPY and RMB for the years ended December 31, 2021 and 2020, would have changed the profit by \$1,126 thousand and \$3,461 thousand, respectively. The analysis is performed on the same basis for 2021 and 2020.

3) Foreign exchange gains and losses on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the years ended December 31, 2021 and 2020, foreign exchange losses (including realized and unrealized portions) are exchange gains (losses) amounted to \$51,363 thousand and \$15,520 thousand, respectively.

(iv) Interest rate analysis

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

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

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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If the interest rate had increased/decreased by 1%, the Group's profit would have changed by \$24,451 thousand and \$25,296 thousand, respectively, for the years ended December 31, 2021 and 2020, with all other variable factors that remain constant. This is mainly due to the Group's borrowing at floating rates.

(v) Other price risk

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

Prices of securities at reporting day	2021		2020	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
1% increase	\$ 15,299	-	9,948	-
1% decrease	\$ (15,299)	-	(9,948)	-

(vi) Fair value of financial instruments

1) Categories and fair values of financial instruments

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

	December 31, 2021				
	Carrying amount	Fair value			Total
Level 1		Level 2	Level 3		
Financial assets mandatorily measured at fair value through profit or loss					
Monetary market fund	\$ 60,247	60,247	-	-	60,247
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	1,449,877	1,449,877	-	-	1,449,877
Domestic unlisted common shares	79,987	-	-	79,987	79,987
Subtotal	1,529,864	1,449,877	-	79,987	1,529,864
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,449,753	-	-	-	-
Financial assets at amortized cost	3,502	-	-	-	-
Notes and accounts receivable	1,842,446	-	-	-	-
Other financial assets	30,351	-	-	-	-
Subtotal	3,326,052	-	-	-	-
Total	\$ 4,916,163	1,510,124	-	79,987	1,590,111

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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		December 31, 2021			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Bank loans	\$ 3,056,402	-	-	-	-
Notes and accounts payable	567,997	-	-	-	-
Lease liabilities	271,607	-	-	-	-
Other payable	535,475	-	-	-	-
Payables on equipment	43,062	-	-	-	-
Total	\$ 4,474,543	-	-	-	-
		December 31, 2020			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss					
Monetary market fund	\$ 60,100	60,100	-	-	60,100
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic and foreign markets	944,615	944,615	-	-	944,615
Domestic unlisted common shares	50,190	-	-	50,190	50,190
Subtotal	994,805	944,615	-	50,190	994,805
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,334,808	-	-	-	-
Financial assets at amortized cost	12,896	-	-	-	-
Notes and accounts receivable	1,597,369	-	-	-	-
Other financial assets	29,777	-	-	-	-
Subtotal	2,974,850	-	-	-	-
Total	\$ 4,029,755	1,004,715	-	50,190	1,054,905
Financial liabilities measured at amortized cost					
Bank loans	\$ 3,161,991	-	-	-	-
Notes and accounts payable	570,899	-	-	-	-
Lease liabilities	293,710	-	-	-	-
Other payable	407,211	-	-	-	-
Payables on equipment	17,545	-	-	-	-
Total	\$ 4,451,356	-	-	-	-

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative instruments

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

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

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

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

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

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

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

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

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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b) Derivative financial instruments

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

3) Transfers between Level 1 and Level 2

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

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
Balance on January 1, 2021	\$ 50,190
Total gains or losses:	
Recognized in other comprehensive income	29,797
Balance on December 31, 2021	\$ 79,987
	Fair value through other comprehensive income
	Unquoted equity instruments
Balance on January 1, 2020	\$ 62,036
Total gains or losses:	
Recognized in other comprehensive income	(11,846)
Balance on December 31, 2020	\$ 50,190

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

	2021	2020
Recognized in other comprehensive income	\$ 29,797	(11,846)

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

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

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

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets measured at fair value through other comprehensive income- equity investments without an active market	Comparable Listed companies approach	<ul style="list-style-type: none"> • Price-Book Ratio (as of December 31, 2021 and 2020 were 2.70~7.25 and 3.35~4.46, respectively) • Market liquidity discount rate (as of December 31, 2021 and 2020 were all 20%) 	<ul style="list-style-type: none"> • The estimated fair value would increase if the multiplier was higher. • The estimated fair value would decrease if market liquidity discount rate was higher.

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

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

<u>Inputs</u>	<u>Upwards or Downwards</u>	<u>Fair value variation on other comprehensive income</u>			
		<u>Favorable</u>		<u>Unfavorable</u>	
		<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Price-book ratio	5%	4,012	2,557	(4,012)	(2,557)
Market liquidity discount rate	5%	3,988	2,483	(3,988)	(2,483)

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

- (w) Financial risk management

- (i) Overview

The Group have exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

Detailed information about exposure risk arising from the aforementioned risk and the Group's objective, policies and process for managing risks have been stated below. Further quantitative disclosures have been disclosed as notes to the consolidated financial statements.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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(ii) Risk management framework

The Group's inter departmental management and committee, which consists of general manager and managers from all departments, including manufacturing, research and development, environment, health and safety, financial and audit, is responsible to hold a meeting regularly for monitoring the Group's risk management policies.

The executive and responsible departments of risk management are as follows:

- 1) Financial risk, liquidity risk, credit risk and legal risk: based on regulations, government policy and analysis of market change, financial division and legal division make the strategy to reflect, then execute the strategy. The internal auditor reviews the risks control and procedures for the aforementioned risks.
- 2) Market risk: the Group's SBUs and functional division are responsible to make the strategy to identify risk based on regulation, government policy and analysis of market change, then execute the strategy. In order to manage the risk of market change dramatically, management with SBUs managers will establish a task force when it is necessary.
- 3) Operating strategy risk: in order to monitor the operating strategy in compliance with the Group's vision and meet the operating goals, general manager division with management of SBUs will evaluate the risk of operational policy through performance evaluation periodically.

The Group's Audit Committee oversees how management monitors counterparty with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Audit Committee is assisted in its oversight role by the internal auditor. The internal auditor undertakes both regular and exceptional reviews of risk management controls and the procedures, and the result of which are reported to the Audit Committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligations that arises principally from the Group's accounts receivable and investments in securities.

- 1) Accounts receivable and other receivable

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. According to the credit policy, the Group analyzes each new customer individually for their credit worthiness before granting the new customer standard payment terms. Credit lines are established for each customer and reviewed periodically.

The Group did not require any collateral for accounts receivable and other receivable.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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2) Investments

The credit risk exposure in the bank deposits, and equity instruments are measured and monitored by the Group's finance department. Since the Group's transactions resulted from the external parties with good credit standing highly rated financial institutions, publicly-traded stock companies and unlisted companies with good reputation, there are no non-compliance issues and therefore no significant credit risk.

3) Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries.

(iv) Liquidity risk

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

Loans and borrowings from the bank form an important source of liquidity for the Group. As of December 31, 2021 and 2020, the Group's unused credit line were amounted to \$3,580,724 thousand and \$4,033,243 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risk. All such transactions are carried out within the guidelines of derivative transaction management set by the board of directors and general meeting of shareholders and the related financial transactions are under oversight by internal auditor. The management of the Group's market risk are as follows:

1) Currency risk

The Group is exposed to currency risk on foreign currency assets and liabilities resulted from operating, financing and investing activities. The Group hedges the currency risk by derivatives. Most of the foreign exchange gains and losses arising from foreign currency assets and liabilities will be offset by the gains or losses on derivative instruments. The Group may reduce the currency risk through derivative instruments but do not avoid all of the currency influence resulted from foreign currency exchange.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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The Group monitors the exposure of individual foreign currency assets and liabilities periodically. When necessary, the Group uses foreign currency options and forward exchange contracts to hedge above currency risk exposure. The duration of foreign currency options and forward exchange contracts are within one year and do not meet the criteria for hedge accounting.

2) Interest rate risk

The Group's exposure of interest rate risk is mainly from floating-rate loans. Any change in interest rates will cause influence in the effective interest rates of loans and thus cause the alternation of future cash flows. The Group enters into and designates interest rate swaps and other capital market financing as hedges of the variability in cash flows by continuing to review the interest rate variability in order to control the financial cost at the relatively low in market interest rate.

3) Other market price risk

The Group is exposed to equity price risk due to the investments in equity securities. This is a strategic investment and is not held for trading. The Company does not actively trade in these investments. Material investments within the portfolio are managed on an individual basis, and all buy-and-sell decisions are approved by the Board of Directors.

(x) Capital management

The Group's policy is to manage its capital to safeguard the capacity to continue as a going concern, to continue to provide returns for shareholders, maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

	December 31, 2021	December 31, 2020
Total liability	\$ 5,029,996	4,838,006
Less: cash and cash equivalents	<u>1,449,753</u>	<u>1,334,808</u>
Net liability	<u>\$ 3,580,243</u>	<u>3,503,198</u>
Total equity	<u>\$ 9,106,274</u>	<u>8,388,383</u>
Debt-to-equity ratio	<u>39 %</u>	<u>42 %</u>

There were no change in the Group's approach to capital management for the year ended December 31, 2021.

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

Reconciliation of liabilities arising from financing activities were as follows:

	<u>January 1, 2021</u>	<u>Cash flows</u>	<u>Non-cash changes</u>		<u>December 31, 2021</u>
			<u>Foreign exchange movement</u>	<u>Others</u>	
Short-term borrowings	\$ 1,871,991	187,338	(2,927)	-	2,056,402
Long-term borrowings	1,290,000	(290,000)	-	-	1,000,000
Lease liabilities	293,710	(34,491)	(1,695)	14,083	271,607
Total liabilities from financing activities	<u>\$ 3,455,701</u>	<u>(137,153)</u>	<u>(4,622)</u>	<u>14,083</u>	<u>3,328,009</u>

	<u>January 1, 2020</u>	<u>Cash flows</u>	<u>Non-cash changes</u>		<u>December 31, 2020</u>
			<u>Foreign exchange movement</u>	<u>Others</u>	
Short-term borrowings	\$ 2,473,321	(605,069)	3,739	-	1,871,991
Long-term borrowings	1,459,748	(170,000)	-	252	1,290,000
Lease liabilities	309,045	(35,575)	1,070	19,170	293,710
Total liabilities from financing activities	<u>\$ 4,242,114</u>	<u>(810,644)</u>	<u>4,809</u>	<u>19,422</u>	<u>3,455,701</u>

(7) Related-party transactions:

(a) Names and relationship with related parties

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

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

(b) Significant transactions with related parties

(i) Purchase

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

	<u>2021</u>	<u>2020</u>
CHCIW	<u>\$ 42,984</u>	<u>33,079</u>

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

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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(ii) Payables to related parties

<u>Account</u>	<u>Name of related party</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes and accounts payable	CHCIW	\$ 17,165	14,751
Other payable	CHCIW	2,676	-
		<u>\$ 19,841</u>	<u>14,751</u>

(c) Key management personnel compensation

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 32,134	31,055
Post-employment benefits	604	560
	<u>\$ 32,738</u>	<u>31,615</u>

(8) Pledged assets: None.

The carrying amounts of pledged assets were as follows:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable	Short-term borrowings	\$ 115,601	-
Inventories	Short-term borrowings	8,304	-
		<u>\$ 123,905</u>	<u>-</u>

(9) Commitments and contingencies:

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Acquisition of property, plant and equipment	<u>\$ 77,954</u>	<u>58,272</u>

(b) The Group's outstanding standby letter of credit are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Outstanding standby letter of credit	<u>\$ 2,385</u>	<u>-</u>

(10) Losses due to major disasters: None.

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(11) Subsequent Events:

On March 10, 2022, a fire accident occurred in building Plant #3. Preliminary estimate of the loss is less than 5% of the Company's production capacity, customer supplies are not affected for time being. As of March 24, 2021, the subsequent actual losses and insurance claims are still under assessment.

(12) Other:

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

By item	By function	Year 2021			Year 2020		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits							
Salary		727,606	585,388	1,312,994	662,769	561,473	1,224,242
Labor and health insurance		67,691	54,626	122,317	66,786	53,721	120,507
Pension		37,381	31,339	68,720	34,143	30,082	64,225
Remuneration of directors		-	20,185	20,185	-	14,694	14,694
Others		27,211	20,990	48,201	26,747	19,651	46,398
Depreciation (note)		489,026	180,315	669,341	515,635	163,582	679,217
Amortization		1,999	29,110	31,109	2,096	26,990	29,086

Note: For the years ended December 31, 2021 and 2020, depreciation expenses recognized were \$669,591 thousand and \$679,301 thousand, respectively, less deferred gains of \$250 thousand and \$84 thousand, respectively.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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(13) Other disclosures:

(a) Information on significant transactions

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

1. Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Related Party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 1)	Maximum limit of fund financing (Note 1)
													Item	Value		
0	ECIC	EVSZ	Other receivable from related parties	Yes	142,675	138,400	-	-	2	-	Short-term operation financing	-	NA	-	880,614	3,522,456

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

Note2 : The nature of financing as follow:

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

2. Guarantees and endorsements for other parties

Number	Name of guarantor	Counter -party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements Amount	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1)	Parent company endorsements/guarantees to subsidiary	Subsidiary endorsements/guarantees to parent company	Endorsements/guarantees to the companies in mainland China
		Name	Relationship with the Company (Note 2)										
0	ECIC	EVUS	Subsidiary	880,614	57,070	55,360	-	-	0.63%	2,201,535	Yes	No	No

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

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

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

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

(In Thousands of Shares/Units)

Name of holder	Category and name of security	Relationship with company	Account	Ending balance				Highest balance during the year	Note
				Shares/Units	Carrying value	Percentage of Ownership	Fair value		
ECIC	Jin Sun Money Market Fund	-	Financial assets at fair value through profit or loss-current	2,010	30,125	-	30,125	2,010	
"	Franklin Templeton Sinoam Money Market Fund	-	"	2,881	30,122	-	30,122	2,881	
	Total				60,247		60,247		
ECIC	Polytronics Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	8,376	466,173	10%	1,046,999	8,376	
"	Chung Hwa	-	"	5,500	92,217	5%	279,400	5,500	
"	General Plastic Industrial Works, LTD	-	"	2,140	74,900	2%	61,739	2,140	
"	Andros Pharmaceuticals Co., Ltd.	-	"	3,880	77,800	15%	71,353	3,880	
GLTP	Taiwan Bio Therapeutics Co., Ltd.	-	"	414	11,400	1%	8,634	414	
TTI	General Plastic Industrial Co., Ltd.	-	"	2,140	74,900	2%	61,739	2,140	
			Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		732,474		-		
	Total				1,529,864		1,529,864		

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

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

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

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

Name of company	Counter-party	Nature of relationship	Purchase/Sale	Transaction details			Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
				Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
ECIC	EVEU	Subsidiary	Sale	648,072	8.63%	OA 90	Non material differences from those of third-parties	Non material differences from those of third-parties	19,300	2.13%	Note
"	EVUS	"	"	470,086	6.26%	OA 120	"	"	157,722	17.37%	Note
"	ELITE	"	"	457,628	6.09%	OA 100	"	"	118,496	13.05%	Note
"	EVSZ	"	"	245,915	3.27%	OA 90	"	"	54,856	6.04%	Note
"	EVSH	"	"	223,669	2.98%	OA 90	"	"	57,626	6.35%	Note
"	ETSH	"	"	218,902	3.92%	OA 90	"	"	54,264	5.98%	Note
"	ADSH	"	"	192,721	2.57%	OA 120	"	"	91,313	10.06%	Note
"	ETGZ	"	"	133,554	1.78%	OA 90	"	"	31,209	3.44%	Note
"	EVHK	"	"	106,407	1.42%	OA 90	"	"	7,630	0.84%	Note
TTI	EVSZ	Associated company	"	139,259	1.85%	OA 90	"	"	32,781	3.61%	Note

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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8. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Ending balance (note)	Turnover rate	Overdue		Amounts received in subsequent period (As of March 24, 2022)	Loss allowance
					Amount	Action taken		
ECIC	EVUS	Subsidiary	157,722	4.53	-	-	62,760	-
"	ELITE	"	118,496	4.53	-	-	89,711	-

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

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

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

Number (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentages of the consolidated net revenue or total assets
0	ECIC	EVUS	1	Account receivable	157,722	No material differences from those of third parties	8.56%
0	"	ELITE	1	"	118,496	"	6.43%
0	"	EVEU	1	Operating revenue	648,072	"	7.07%
0	"	EVUS	1	"	470,086	"	5.11%
0	"	ELITE	1	"	457,628	"	4.97%
0	"	EVSZ	1	"	245,915	"	2.67%
0	"	ETSH	1	"	223,669	"	2.43%
0	"	EVSH	1	"	218,902	"	2.38%
0	"	ADSH	1	"	192,721	"	2.09%
0	"	ETGZ	1	"	133,554	"	1.45%
0	"	EVHK	1	"	106,407	"	1.16%
1	TTI	EVSZ	2	"	139,259	"	1.51%

Note 1: Company numbering as follows:
 Parent company - 0
 Subsidiary starts from 1

Note 2: The numbering of the relationship between transaction parties as follows:
 Parent company to subsidiary - 1
 Subsidiary to subsidiary - 2

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

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

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

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance of December 31, 2021			Highest balance during the year	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value				
				Units in Thousands								
ECIC	EVUS	America	Selling chemical product and related raw materials	88,868	88,868	300	100.00%	121,268	300	11,391	11,391	(Note 2)
"	EVHK	Hong Kong	Selling chemical product and related raw materials	34,579	34,579	1,000	100.00%	40,390	1,000	4,748	4,748	(Note 2)
"	EVSG	Singapore	Investing business	779,115	779,115	24,300	100.00%	936,576	24,300	12,541	12,541	(Note 2)
"	EVEU	Netherland	Selling chemical product and related raw materials	7,890	7,890	1	100.00%	64,093	1	25,380	25,380	(Note 2)
"	TTI	Hsinchu City	Manufacturing and selling toners of laser printer, copier and fax machine	242,192	242,192	44,906	76.15%	577,782	44,906	(13,910)	(10,851)	(Note 2)
"	ELITE	Turkey	Selling chemical product and related raw materials	45,016	45,016	22	50.00%	101,293	22	15,002	7,500	(Note 2)
"	GOODTV	Taipei City	Cable TV channels	19,000	19,000	1,900	22.35%	20,208	1,900	(336)	(385)	(Note 1)
"	TAK	Taoyuan City	Manufacturing of inductance core and cathode materials of Lithium ion battery	58,600	58,600	4,856	16.78%	43,542	10,000	34,070	6,314	(Note 1)
"	DCBM	Taoyuan City	Manufacturing of medical supplies and providing service of biological technology	62,555	62,555	6,325	91.26%	8,340	6,325	-	-	(Note 2)
"	GLTP	Taipei City	Investing business	100,000	100,000	10,000	100.00%	24,649	10,000	(50)	(50)	(Note 2)
	Unrealized gross profit on sales			-	-			(102,780)			-	
				1,437,815	1,437,815			1,835,361			56,588	

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

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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(c) Information on investment in mainland China:

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

Units in Thousands

Name of investee	Main businesses and products	Total amount of paid-in capital		Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021		Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021		Net income (losses) of the investee	Percentage of ownership	Highest balance during the year	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period	
		USD	NTD		USD	NTD	Outflow	Inflow	USD	NTD						USD	TWD
ETSH (Note 8)	Selling chemical product and related raw materials	1,700	47,056	(Note 6)	700	19,376			700	19,376	13,217	100.00%	100.00%	13,217	159,330	2,961	81,960
ETGZ (Note 8)	Selling chemical product and related raw materials	700	19,376	(Note 6)	200	5,536			200	5,536	15,573	100.00%	100.00%	15,573	91,497	1,523	42,157
EVSH (Note 8)	Selling chemical product and related raw materials	1,250	34,600	(Note 6)	1,100	30,448			1,100	30,448	1,129	100.00%	100.00%	1,129	148,960	950	26,296
EVSZ (Note 8)	Manufacturing and selling color chemical, toners and electronic high tech chemical product	23,650	654,632	(Note 1)	18,600	514,848			18,600	514,848	(11,923)	100.00%	100.00%	(11,923)	853,225	-	-
ANDA (Note 8)	Selling electronic high tech chemical product	1,200	33,216	(Note 1)	650	17,992			650	17,992	10,689	56.25%	56.25%	6,012	21,821	-	-
ADSH (Note 8)	Selling electronic high tech chemical product	157	4,346	(Note 5)	-	-			-	-	13,642	56.25%	56.25%	7,674	15,420	-	-
3ESZ	Manufacturing and selling chemical product and related raw materials	6,600	182,688	(Note 1)	2,490	68,923			2,490	68,923	13,325	40.00%	40.00%	5,330	60,413	-	-

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

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

Note 3: Exchange rate: NTD vs USD (1:27.68). Expressed in thousands of New Taiwan Dollars unless otherwise specified.

Note 4: EVSG invested in EVSH USD 150 thousand, EVSZ USD 1,470 thousand, ANDA USD 25 thousand and 3ESZ USD 150 thousand by owned funds.

Note 5: ANDA invested in ADSH amounted to RMB 1,000 thousand (USD 157 thousand) by owned funds.

Note 6: EVSZ invested in ETSH 1,700 thousand USD, ETGZ 700 USD thousand and EVSH 1,250 thousand USD by issuing shares.

Note 7: Included the capital increasing amounted to USD 1,000 thousand from earning.

Note 8: The amounts of the transaction and the ending balance had been eliminated in the consolidated financial statements.

(ii) Limitation on investment in mainland China:

Accumulated Investment in mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
704,096 (USD 25,437)	640,681 (USD 23,146)	5,463,764

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

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

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

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

(iii) Significant transactions:

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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(d) Major shareholders :

(In Shares)

Shareholding Shareholder's Name	Shares	Percentage
CHEN,DING-CHUAN	63,000,000	11.50%
ETHICAL INVESTMENT CORPORATION	43,000,000	7.58%

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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(14) Segment information:

(a) General information

The reportable segments and its operating were as follows:

- (i) Color chemicals: manufacturing textile dye, leather dye, inkjet dye, metal dye, paper dye, textile functional chemicals, digital textile printing ink, dye for DSSC, colors pigments and etc.
- (ii) Specialty chemicals: manufacturing of weatherability HALS, plastic HALS, PU/TPU anti-yellowing materials and cosmetic sun-screening materials.
- (iii) Pharmaceuticals: manufacturing of prostaglandin API, cardiovascular disease API and Parkinson disease API.
- (iv) Electronic chemicals: manufacturing of industrial photoresist for IC, LCD, LED and TP, developers, slurry and functional surface nano coating.
- (v) Toner: manufacturing and sale of toner for laser printer, copier and fax machine.

(b) Information about reportable segments and their measurement and reconciliations

Taxation, are managed on a group basis, and hence they are not able to be allocated to each reportable segment. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in note 4 "summary of significant accounting policies". The Group uses operating segment profit or loss as the basis to determine resource allocation and make a performance evaluation. The Group treated intersegment sales and transfers as third-party transactions.

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

	2021							Total
	Color chemicals	Specialty chemicals	Electronic chemicals	Toner	Pharmaceuticals	Others	Reconciliation and elimination	
Revenue from external customers	\$ 4,195,530	2,364,908	1,229,065	1,170,367	241,118	-	-	9,200,988
Intersegment revenue	-	-	-	-	-	-	-	-
Interest revenue	-	-	-	-	-	4,115	-	4,115
Total revenue	<u>\$ 4,195,530</u>	<u>2,364,908</u>	<u>1,229,065</u>	<u>1,170,367</u>	<u>241,118</u>	<u>4,115</u>	<u>-</u>	<u>9,205,103</u>
Interest expense	<u>\$ 20,286</u>	<u>9,143</u>	<u>6,823</u>	<u>10,676</u>	<u>1,652</u>	<u>-</u>	<u>-</u>	<u>48,580</u>
Depreciation and amortization	<u>\$ 313,735</u>	<u>120,521</u>	<u>43,677</u>	<u>114,224</u>	<u>101,846</u>	<u>6,447</u>	<u>-</u>	<u>700,450</u>
Gains on investment	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,259</u>	<u>-</u>	<u>11,259</u>
Reportable segment profit (loss)	<u>\$ 473,450</u>	<u>224,884</u>	<u>48,382</u>	<u>(65,105)</u>	<u>(134,760)</u>	<u>50,589</u>	<u>-</u>	<u>597,440</u>

(Continued)

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

	2020							Total
	Color chemicals	Specialty chemicals	Electronic chemicals	Toner	Pharmaceuticals	Others	Reconciliation and elimination	
Revenue from external customers	\$ 3,557,854	1,772,638	1,136,424	1,097,974	201,755	2,421	-	7,769,066
Intersegment revenue	-	-	-	-	-	-	-	-
Interest revenue	-	-	-	-	-	3,601	-	3,601
Total revenue	<u>\$ 3,557,854</u>	<u>1,772,638</u>	<u>1,136,424</u>	<u>1,097,974</u>	<u>201,755</u>	<u>6,022</u>	<u>-</u>	<u>7,772,667</u>
Interest expense	<u>\$ 28,307</u>	<u>11,856</u>	<u>7,667</u>	<u>13,562</u>	<u>2,531</u>	<u>2</u>	<u>-</u>	<u>63,925</u>
Depreciation and amortization	<u>\$ 319,857</u>	<u>112,038</u>	<u>48,367</u>	<u>119,952</u>	<u>101,388</u>	<u>6,701</u>	<u>-</u>	<u>708,303</u>
Gains on investment	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,102</u>	<u>-</u>	<u>8,102</u>
Reportable segment profit (loss)	<u>\$ 290,341</u>	<u>166,489</u>	<u>37,275</u>	<u>(97,657)</u>	<u>(165,676)</u>	<u>34,004</u>	<u>-</u>	<u>264,776</u>

(c) Information for the entity as a whole

- (i) Product and service information: the information is disclosed in Note (14)(b), the Group's operating segment information and reconciliation.
- (ii) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

Revenue from the external customers:

Area	2021	2020
Taiwan	\$ 1,608,795	1,478,331
Europe	1,495,350	1,255,795
China	4,915,443	4,199,730
America	972,915	649,267
Other	208,485	185,943
	<u>\$ 9,200,988</u>	<u>7,769,066</u>

Non-current assets

Area	December 31, 2021	December 31, 2020
Taiwan	\$ 4,911,975	5,249,659
Europe	11,900	15,678
China	393,921	436,827
America	14,661	17,912
	<u>\$ 5,332,457</u>	<u>5,720,076</u>

Non-current assets included property, plant and equipment, intangible assets and other assets, not including investments accounted for using equity method financial instruments, deferred tax assets, and rights arising from an contract (non-current).

(iii) Major customers

There is no revenue from the external customers greater than 10% of net revenue.