Stock Code 1711

Everlight Chemical

2021 Annual Report

Everlight Chemical Industrial Corporation

March 30, 2022

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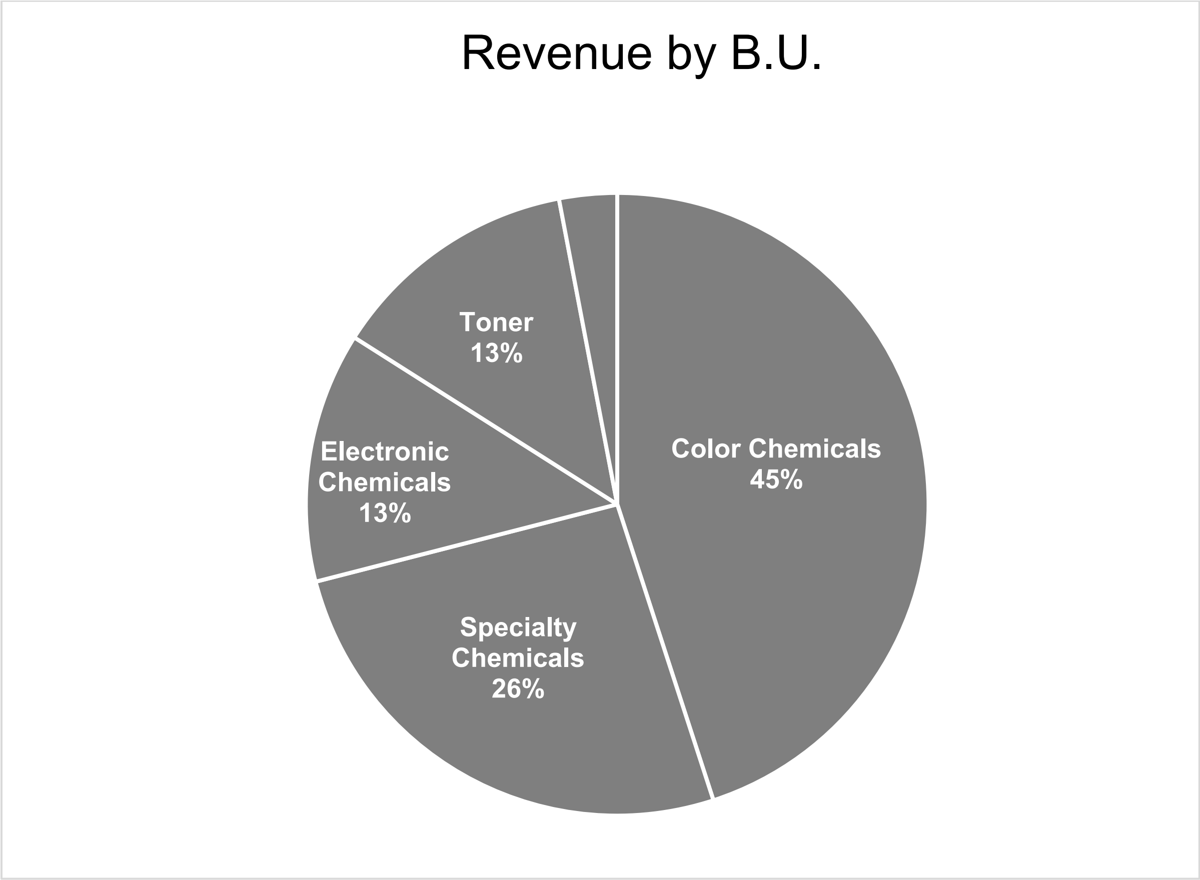
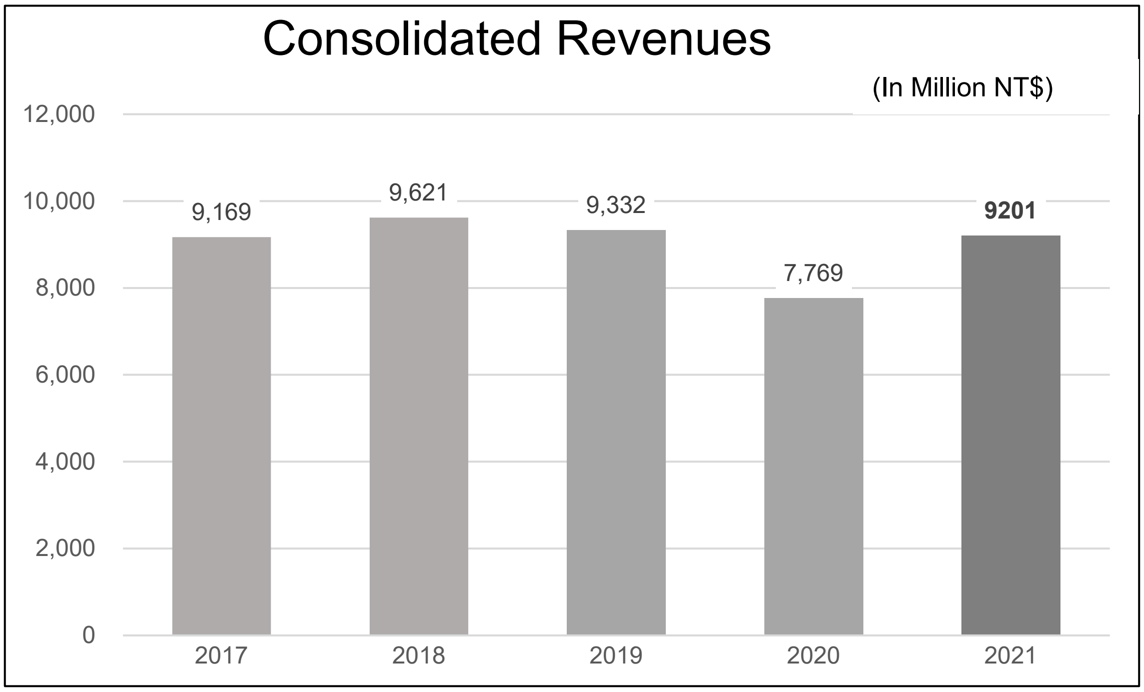
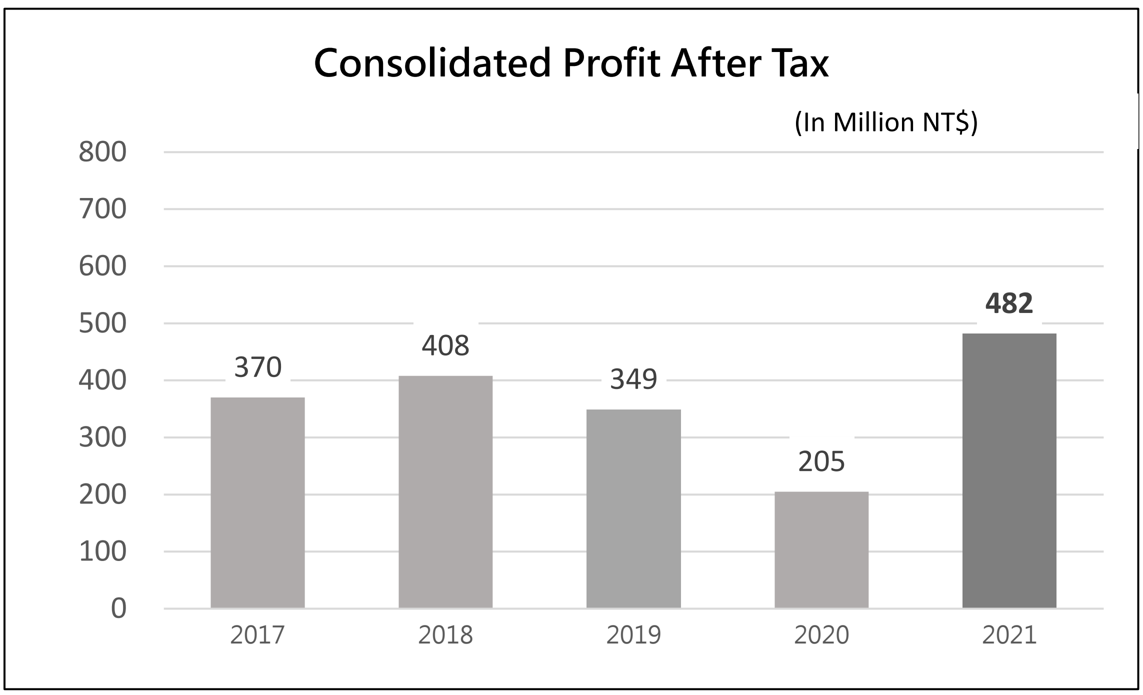
Financial Highlights



In Million NT$

Item	2020	2021
Revenues	7,769	9,201
Profit After Tax	205	482
Total Assets	13,226	14,136
Shareholder’s Equity	8,388	9,106
Earnings Per Share (in NT$)	0.39	0.86


Consolidated Revenues
(In Million NT$)
12,000
10,000
8,000
6,000
4,000
2,000
0
9,169
9,621
9,332
7,769
9201
2017
2018
2019
2020
2021


Consolidated Profit After Tax
(In Million NT$)
800
700
600
500
400
300
200
100
0
370
408
349
205
482
2017
2018
2019
2020
2021

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Letter To Shareholders

Dear shareholders,

For Everlight Chemical, 2021 was a year full of and challenges. With the world living with COVID-19 for 2 years, Taiwan entered its “national epidemic alert Level 3” from middle of May to July, impacting the work and lives of many people. The Company made preparations for our operations to continue and because of these measures, our business activities were uninterrupted. We brought internet tools into play by continuing to provide online technical services and holding various online product presentations and participation in exhibitions. In doing so, we aimed to seize business opportunities while the global economy was on its way to recovery. With God’s blessing and guidance, our annual operating revenue rebounded to NT$9.2 billion and net income after tax totaled NT$480 million, an increase of 18% and 135%, respectively compared to 2020, with an annual EPS of NT$0.86%. Revenues of the 5 major businesses grew compared to the previous year: Color Chemicals, Specialty Chemicals, Electronic Chemicals, Toner, Pharmaceuticals grew by 18%, 33%, 8%, 7%, and 20% respectively.

As required by the competent authority, the Company has disclosed its sustainable development and related information. More ESG information is detailed in the Company's “Sustainability Report”.

The following is a review and outlook of each business:

Sales revenue of the Color Chemicals Business amounted to NT$4.19 billion, accounting for 45.6%, and saw an annual increase of 18%. This was mainly due to the global economic recovery, increasing consumer demand. Looking ahead to this year, the market is full of uncertainty with increasing global political and economic risks and demand variables. To be prepared, we will quickly respond to market changes, continue to make an effort on supply chain management, and online technical service ability as well as cloud promotion capabilities. Meanwhile, we will strive to launch new differentiated products that meet environmental protection, safety, energy and water saving standards in an array of fields. Our business scale in all application industries of color chemicals is also expected to be expanded.

Sales revenue of the Specialty Chemicals Business is NT$2.36 billion, accounting for 25.7%, an annual increase of 33%. The increase in sales was mainly due to a large increase in global demand for coatings, marine coatings, and automotive coatings for industrial and architectural use. However, from Q2, 2021, rising raw material prices, constant problems of congestion at container ports in Europe and the U.S. have caused delays in shipping schedules and price spikes in air transportation. We have taken approaches to respond to the unstable supply chain, and will do our utmost to maintain a stable supply. Furthermore, we will also strive to expand new markets and products in the fields of engineering plastics and films, and medical materials. By doing this, we will further increase the overall scale of our operations. On March 10, 2022, a fire broke out at Plant 3 where UV-absorbers are manufactured. It was fortunate that the fire was put out within a short period of time and there were no causalities. The overall production capacity of Plant 3 was not affected. The management team is making every effort to adopt various strategies to reduce the impact of the fire on sales.

Sales revenue of the Electronic Chemicals Business is NT$1.23 billion, accounting for 13.4%, an annual increase of 8%. Our international foundry revenue was flat but the promotion of our self-developed products was effective. In Taiwan and China, the demand for high-end photoresists for Micro LED has increased and revenue for I-line photoresists for semiconductors and OC photoresists for panels is also growing. Due to the fact that

COVID-19 has affected business activities, contactless economy and remote communication have driven the demand in the semiconductor and optoelectronics industries. In addition, we have also constructed our supply chain in China to seize business opportunities to further promote a variety of products. In terms of new product development, we continue to develop thick film photoresists for IC packaging, photoresists for photosensitive polyimide (PSPI), and photoresists with low temperature flexibility. In 2021, we passed IATF 16949 automotive industry quality management system certification, posing benefits for us to promote automotive IC and electric car IC process materials. At the same time, we have also successfully launched a polishing solution with a circular economy concept for SiC substrates. Silicon carbide is a Class 3 compound semiconductor widely applied in automotive electronics and 5G communications.

Sales revenue of the Toner Business was NT$1.17 billion, accounting for 12.7%, an annual increase of 7%. This was mainly due to the slowdown of the pandemic and work and schools resuming, increasing demand for OA printing. Although there were still many restriction as to travels and visits, we made good use of online platforms and held a number of online technical seminars, enhancing our brand and customer services. In the coming year (2022), business is expected to be more challenging. At Everlight Chemicals, we will work hard to control various expenses and gradually increase the price of toner to reasonably respond to costs and overcome challenges including price spikes in raw materials and packaging materials, soaring transportation costs, shortages in containers and labor. As demand for color toner continues to increase, we will invest in a new production line for color toner this year hoping to expand our scale, delivering good results.

Sales revenue of the Pharmaceuticals Business was NT$241 million, accounting for 2.6%, an annual increase of 20%. In addition to the sales of our own raw material medicinal products, we will continue to approach new pharmaceutical companies and proactively develop our OEM business. Meanwhile, we will establish a dedicated area for in-Group specialty chemicals. In doing this, we hope to increase the utilization rate to quickly increase revenue and eliminate losses as soon as possible.

With the world facing the emergence of a new variant, Omicron, in the beginning year, the approach of many countries' to stop the spreading have been somewhat different. China has adopted strict control measures, causing great instability in production in places with high infection rates and impacting the transportation of goods in many countries, resulting in a greater impact on the global supply chain. As well as this, the war between Russia and Ukraine that began at the end of February has caused shortages in food, oil and natural gas worldwide, leading to inflation. In addition, we are also in the crisis of manpower and talent shortage. In summary, these are difficult challenges we must conquer. Regardless of drastic changes and uncertainties in the external environment, we hold an optimistic attitude because of our faith in God. By joining hands with everyone in the Group to welcome Everlight Chemical's 50th birthday, we march forward to become a 100-year enterprise. I hope you all

stay safe and healthy

Chairman：Chen, Chien-Hsin

I. 2021 Operating Performance

(I) Implementation results of operating plan

The Company's consolidated operating revenue in 2021 was TWD 9,200,988,000 which was a increase of 18%; in terms of operating income, the consolidated net income after tax was TWD 481,829,000, and EPS was TWD 0.86, an increaseof 135% and 121% respectively comparing to previous year.

(II) Budget execution status

Unit: TWD thousand

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

(III) Analysis on revenue and expense and profitability

Unit: TWD thousand

Item			2021	2020
Revenue and expense	Operating revenue		9,200,988	7,769,066
	Operating cost		6,987,506	6,200,244
	Operating gross profit		2,213,482	1,568,822
	Operating expense		1,660,706	1,364,186
	Operating profit		552,776	204,636
	Net non-operating revenue		44,664	60,140
	Net income before tax		597,440	264,776
	Income tax expense		115,611	59,754
	Net income after tax		481,829	205,022
	EPS (TWD)		0.86	0.39
Profitability Analysis	ROA		3.8%	1.9%
	ROE		5.5%	2.5%
	To paid-in capital	Operating profit	10.1%	3.7%
		Pre-tax income	10.9%	4.8%
	Profit margin		5.2%	2.6%
	EPS (TWD)		0.86	0.39

(IV) R&D status

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

1. Intellectual property right:

   In 2021, there were 9 patents granted. By the end of Feb. 2022, the cumulative number of patents was 192.

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

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

II. Summary of 2022 Operation Plan

(I) Operation goals for the current year

The Company adopts "Celebrating 50, Surpassing 10B" as its annual business policy, and implements the following strategies:

1. Problem Solving
2. Organization Resilience
3. Supply Continuity
4. ESG Obligations

(II) Expected sales volume and its reference

According to the assessment of industrial environment and future market supply and demand, the expected sales targets of various products of the Company in 2021 are as follows:

Business and product type		Expected sales volume in 2022	Sales volume in 2021
Color chemicals		22,100 tons	20,732 tons
Specialty chemicals		5,000 tons	4,621 tons
Toner		6,220 tons	5,802 tons
Electronic chemicals	Photoresist	645 tons	584 tons
	Others	7,500 tons	10,680 tons
Pharmaceuticals	Prostaglandin	26,670 g	24,118 g
	Other material medicines	745 kg	964 kg

(III) Important production and sales policy

1. Production and sales coordination:

   (1) The person in charge of the business is responsible for keeping close communication between management and research of production and sales to ensure smooth production, management and orders.

   (2) Prevent and respond to logistical bottlenecks by increasing the inventory of raw materials to maintain supply demand.

2. Sales policy:

   (1) Optimize product price to quickly respond to costs.

   (2) Virtual and real integration of digital marketing to optimize customer experience.

   (3) Promoting "Green Chemical Solution," strengthening "Better Chemistry Better Life" to enhance brand recognition.

   (4) Develop strategic customer management solutions to build longstanding partnerships.

3. Production policy
   (1) Safety: Promote safety culture and reduce disaster risk.
   (2) Resilience: No shortage of raw materials by integrating the production system to ensure that supply is not interrupted.
   (3) Innovation: Innovate production technologies, and move towards smart manufacturing.
   (4) Environment: Promote green chemistry, and initiate zero carbon transition.

III. Impacts of External Environment

(I) External competitive environment

1. As the scarcity and fragility of the supply chain has resulted in the increased risk of a broken chain due to the current long chain supply model, the development of "local production and short chain revolution" has been accelerated.
2. Regional supply chain resilience is strengthened through regional trade agreements and bilateral collaboration initiatives. The Southeast Asia area will gradually become Asia's secondary production center catering to the needs of dispersing production bases.
3. Net zero carbon emission commitment, circular economy, commitment to zero emissions of harmful chemicals to the environment, and other similar initiatives to promote sustainability and environmental protection will affect major global brands and their supply chain manufacturers. They will adjust their strategy and reallocation of resources with low carbon emissions, zero waste and high value becoming the business trend, bringing a new round of competition.
4. Many countries are tightening environmental protection and industrial safety regulations on chemical industry. The pressure becomes the "new norm," accelerating the survival of the fittest within the industry and leading to changes in the industrial pattern on the supply side. In the short term, small and medium-sized chemical plants will be driven out one after another. Limited and halted production will cause a reduction in supply and a rise in prices. In the long term, medium and large-sized chemical plants that succeed in upgrading themselves will acquire strong competitive advantages and expand market share.

(II) Regulatory environment:

1. Countries have successively promulgated the Chemicals Management Act and strengthened management measures, in order to achieve the vision of the United Nations 2023 Sustainable Development Goals,SDGs.
2. With the advent of the global anti-tax avoidance era, multinational corporations must conduct tax management with a more highly-integrated thinking, and face the challenges in different aspects set by tax bureaus in each country in a stable manner, in order to reduce global tax risk.
3. To implement the "UN Guiding Principles on Business and Human Rights" (UNGPs), the Executive Yuan adopted its "National Action Plan (NAP) on Business and Human Rights" at the end of 2020. The NAP encourages companies to follow standards relating to international organizations, respect human and employee rights and interests as well as stakeholder views to help enhance corporate information transparency. Companies are also encouraged to take the initiative to propose and implement human rights polices and strengthen the disclosure of non-financial information.
4. In September 2020, the competent authority (Securities and Futures Bureau, Financial Supervisory Commission) made an effort to promote the "Corporate Governance 3.0 - Sustainable Development Roadmap" 3-year plan, requiring companies to implement corporate governance. As well as this, companies should also build a robust ecological system for ESG sustainable development, further improving Taiwan's competitiveness internationally.
5. The competent authority also requires listed companies to, in addition to taking reference from the GRI (Global Reporting Initiative) upon preparation of their 2022 Sustainability Report issued in 2023, also refer to relevant requirements of the TCFD (The Task Force on Climate-Related Financial Disclosures) and SASB (Sustainability Accounting Standards Board) with respect to the disclosure of information.

(III) Macroeconomic operating environment:

1. The de-globalization of the industrial supply chain. Highly internationalized companies have inherent advantages within this trend. On the contrary, companies with concentrated production may face survival threats. It is advised that they should actively use new technologies and partnerships with multinational industries to enhance the resilience of the supply chain.

2. With climate change and global net zero coalition becoming an issue around the world, companies should strengthen their ability to adapt their resilience to a low-carbon transition.
3. China Government does not give up its threat to unify Taiwan by armed force, and continues to compress Taiwan’s space on the international stage and in international trade. Taiwan’s government takes the national security needs and the leverages of existing advantages of the industry into account, by focusing on promoting the six core strategic industries, namely information, information security, medical care, green energy, national defense, and war preparation, as well as the Southbound Policy, in an attempt to lead Taiwan industries’ break-through the siege.
4. As Taiwan is entering its fast investment boom, striving for resources such as talent, funds and land have created a crowding out effect in industries, making the “five shortages” (water, power, labor, land and talent shortage) even more challenging.
5. The advent of the “low-contact economy, high-tech solutions” era. Information security risks have also risen, such as network interruptions, hacking, ransomware, leakage of confidential and sensitive data, negative comments over the Internet, and news of which the authenticity is difficult to verify.

IV. Future Corporate Development Strategies

Everlight Chemical’s vision is to “become the high-tech chemistry industrial group contributing to people’s lives.” To enhance the life quality and health of people, we have strived to research and develop forward-looking chemicals and to produce high-tech products to enable outstanding chemicals to enrich peoples’ lives, contribute to the life quality of our employees, product competitiveness, and sustainable future, and implement the brand promise of “Better Chemistry Better Life”.

Company Profile

I. Date of Establishment: September, 1972

II. Company History:

1972· The Company was established with capital amount of TWD 4 million.

1976· Purchased the land of Dayuan Industry Park in Taoyuan City and set up the 1st Plant.

1986· Purchased the CTCI Building on Dunhua S. Rd. in Taipei City as the Group's headquarters.

1987· Purchased the land of Guanyin Industry Park in Taoyuan City and set up the 2nd Plant.

1988· Stocks went publicly listed with capital amount of TWD 0.5 billion.

1989· Established the company, Elite in Turkey.

1991· Established Everlight U.S.A.

1992· Purchased the land of Guanyin Industry Park in Taoyuan City and set up the 3rd Plant.

· Established Everlight (Hongkong) Ltd.

1993· Passed the Quality Management System Examination of ISO 9002.

1994· Passed the Quality Management System Examination of ISO 9001.

1995· Won the Excellent Prize of the 3rd Premium Industry and Technology Development Award of MOEA.

1996· Passed the Environment Management System Examination of ISO 14001.

· Established Everlight Europe B.V. (Netherlands).

· Established the factory for raw material medicine.

· Won the Excellent Manufacturer Prize of Energy Saving Award of Bureau of Energy, MOEA.

1997· Established the electronic chemicals factory.

· Established Everlight (Singapore) Ltd.

· Merged Trend Tone Imaging, Inc.

· Won the Excellent Manufacturer Prize of Pollution Prevention Award of EPA.

1998· Established Ethical (Shanghai) Ltd.

2000· Won the 8th Premium Industry and Technology Development Award of MOEA.－ Excellent Prize

2001· Passed the Vocational Safety and Hygiene Management System Examination of OHSAS 18001.

2002·Established Ethical (Guangzhou) Ltd.

· Established Business Unit of Nanomaterial.

· The material medicine of Prostaglandin, Misoprostol, passed the inspection of US FDA.

2003· Approved by the MOEA to establish the headquarters of business operation.

2012· Established Qingdao Branch of Everlight (Shanghai) Ltd.

· Established Suzhou Branch of Everlight (Shanghai) Ltd.

· Established Zhuhai Branch of Everlight (Suzhou) Advanced Chemicals Ltd.

· Passed the Business Continuity Management System (BCMS) Examination of BS 25999.

· Introduced the inventory of product carbon footprint and passed the inspection of PAS 2050 and ISO/TS 14067.

· Trend Tone Imaging won the Safety and Hygiene Role Model Award of MOEA.

2013·Established Evershine Investment Corp.

· Won the 1st Potential Mittelstand Award of MOEA.

· The material medicine of Prostaglandin, Bimatoprost and Misoprostol-HPMC, passed the inspection of US FDA.

· Won the Safety and Hygiene Role Model Award of MOEA.

· Passed the Quality Management System Examination of ISO/TS16949.

· Continually won the Excellence in Corporate Social Responsibility Award for seven years.

· Everlight (Suzhou) Advanced Chemicals Ltd. passed the examinations of ISO 14001 and OHSAS 18001.

· Trend Tone Imaging passed the examinations of TOSHMS CNS15066 and OHSAS 18001.

2014· Passed the CG6008 General-Edition Corporate Governance System Evaluation of Taiwan Corporate Governance Association.

· Passed the Business Continuity Management System Examination of ISO 22301.

· Trend Tone Imaging passed the examination of ISO 14001.

· Trend Tone Imaging passed the greenhouse gas inventory inspection of ISO 14064-1.

2015· Won the National Invention and Innovation Award of MOEA.

· Established Audit Committee and Nomination Committee.

2016· Reactive dye (Everzol Black-B 133%) passed the Material Flow Cost Accounting inspection of ISO 14051 MFCA.

· The 3rd Plant won the Work-Life Balance Award of MOL.

2017· The Plant IV was awarded the Green Building Label certificate from the Ministry of the Interior.

· 2016 CSR Report passed the inspection of British Standards Institution (BSI).

· Won the Taiwan TOP50 Business Sustainability Award and Business Sustainability Report Award.

· Trend Tone Imaging passed the Talent Quality-Management System (TTQS) Examination.

2018· We signed the Safe Partner Declaration with the Occupational Safety and Health Administration, Ministry of Labor.

- Approved by the MOEA to establish High-Tech Chemicals Research and Development Division.

2004 · Won the Outstanding Corporate Citizen Award of MOEA.
- Trend Tone Imaging passed the examination of ISO 9001.
- DailyCare BioMedical Inc. passed the examinations of ISO 9001, ISO 13485, GMP for pharmaceuticals and equipment and CAMCAS.

2005 · Established Everlight (Shanghai) Ltd.

2006 · Established Everlight (Suzhou) Advanced Chemicals Ltd.
- Won the Industry Innovation Award of MOEA.

2007 · The material medicine for cardiovascular disease, Felodipine, passed the inspection of US FDA.

2009 · Won the National Invention and Innovation Award of MOEA.
- Won the Safety and Hygiene Role Model Award of MOEA.
- Everlight (Suzhou) Advanced Chemicals Ltd. passed the examination of ISO 9001.

2010 · The 2nd Plant, also the bonded factory, went listed and formally began operation.
- Passed the examination of Taiwan Intellectual Property Management System (TIPS).
- Approved by the MOEA to establish Green Energy High-Tech Chemicals Research and Development Division.

2011 · Merged Anda Semiconductor Technology (Suzhou) Co., Ltd.
- The material medicine of Prostaglandin, Misoprostol-HPMC, passed the inspection of EU GMP.
- Elected as one of the Top 100 Taiwan Brands.
- The 3rd Plant, also the bonded factory, went listed and formally began operation.
- Established Tianjin Branch of Everlight (Shanghai) Ltd.
- Elected into the special edition of Taiwan Ethical Corporate Management Stories.
- The first company to pass the GMP examination for food additives in Taiwan.
- Purchased the land of Taoyuan Technology Park in Taoyuan City and set up the 4th Plant.
- The Plant IV obtained the Certificate of Cleaner Production Assessment and Green Factory Label from the Industrial Development Bureau.
- We passed the verification of Taiwan Intellectual Property Management System (TIPS) Grade A (Version 2016).
- We won the China Dyestuff Centennial Merit Award, Outstanding Entrepreneur Award, Science and Technology Contribution Award and Outstanding Enterprise Award of the China Dyestuff Industry Association.

2019 · Won the 1st Green Chemical Application and Innovation Award held by Environmental Protection Agency (EPA).
- Passed the third party inspection for ISO 45001.
- The administration building of the 1st Plant was awarded the Green Building Label certificate from the Ministry of the Interior (for the renovation of existing buildings category).
- The 1st Plant passed the Cleaner Production Assessment by the MOEA.

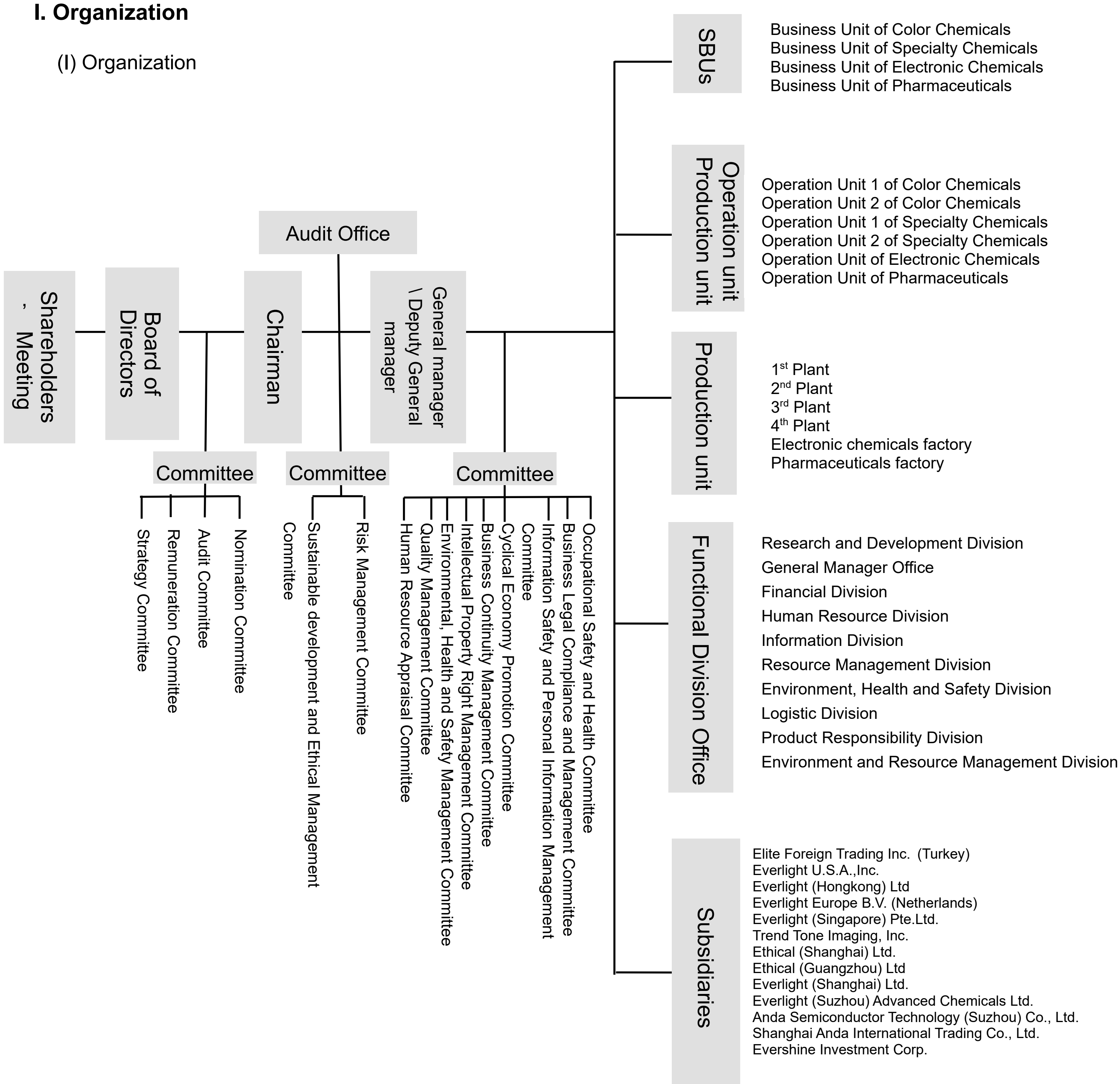
2020 · Won the 2st Green Chemical Application and Innovation.

2021 · Passed the examinations of ISO 27001 information security management system.

Corporate Governance

I. Organization

(I) Organization



(II) Business of major department

Department	Responsibility
Audit Office	Internal control audit business
Business Unit of Color Chemicals	Operational business of products related to color chemicals
Business Unit of Specialty Chemicals	Operational business of products related to specialty chemicals
Business Unit of Electronic Chemicals	Operational business of products related to electronic chemicals
Business Unit of Pharmaceuticals	Operational business of products related to pharmaceuticals
Operation Unit 1 of Color Chemicals	Sales business of color chemicals in the Greater China area
Operation Unit 2 of Color Chemicals	Sales business of color chemicals in Europe, USA, Japan and Korea
Operation Unit 1 of Specialty Chemicals	Sales business of UV-stabilizer in the Greater China and East Asia
Operation Unit 2 of Specialty Chemicals	Sales business of UV-stabilizer in Europe, USA, Middle East, South Asia and Africa
Operation Unit of Electronic Chemicals	Sales business of electronic chemicals
Operation Unit of Pharmaceuticals	Sales business of pharmaceuticals
1st Plant	Production business of color chemicals and other products
2nd Plant	Production business of color chemicals and other products
3rd Plant	Production business of UV-stabilizer and other products
4th Plant	Production business of green materials and other products
Electronic chemicals factory	Production business of electronic chemicals
Pharmaceuticals factory	Production business of pharmaceuticals
Research and Development Division	Business of product development and R&D in applied technology
General Manager Office	Planning for corporate development, and business of legal affairs and projects
Financial Division	Business related to financial, accounting, investment management and shareholder service
Human Resource Division	Business related to human resource
Information Division	Business of information and Internet planning and maintenance
Resource Management Division	Business of raw material and equipment procurement
Environment, Health and Safety Division	Business of environmental safety and hygiene
Logistic Division	Business related to delivery management of color chemicals finished goods
Product Responsibility Division	Business of product safety
Environment and Resource Management Division	Businesses related to promoting environmental protection, energy, and resources management.

II. Directors, General ManageVrs, Deputy General Managers, Associates and Managers of Each Department and Branch

(I) Director information

Mar. 28, 2022

Title	Nationality or registration place	Name	Gender	age				Date Elected / Appointed	Term period	Date elected for the 1st time	Shareholding when elected		Share number held currently		Shareholdings of spouse and minor children		Shares held with other person's name		Major working (educational) experience (Note)	Positions concurrently served in the Company and other companies	Other managers, directors or supervisors with relationship of spouse or within the kinship of the second-degree relatives		
				51-60	61-70	71-80	81-90				Share number	Shareholding ratio	Share number	Shareholding ratio	Share number	Shareholding ratio	Share number	Shareholding ratio			Title	Name	Relationship
Chairman	Taiwan R.O.C	Chen, Chien-Hsin	Male	V				July 29, 2021	July 29, 2021-July 28 2024	May 26, 1997	6,730,000	1.23	6,745,000	1.23	500,000	0.09	0	0	Master of Public Health (MPH), Harvard University	Chairman of Everlight Chemical Singapore, Director of companies such as Elite Turkey and Good TV Broadcasting Corp, etc.	Director Director and General Manager Associate Manager	Chen, Ding-Chuan Chen, Wei-Wang Jason Ju	Father and son Brothers Brother-in-law
Director	Taiwan R.O.C	Yung-De Investment Co., Ltd.						July 29, 2021	July 29, 2021-July 28 2024	July 29, 2021	37,000,000	6.75	43,000,000	7.85	0	0.00	0	0					
		RepresentativeChen, Ding-Chuan	Male				V	July 29, 2021	July 29, 2021-July 28 2024	Aug. 26, 1972	68,000,000	12.41	63,000,000	11.50	7,000,000	1.28	0	0	Department of International Trade, Tamkang University, Honorary doctorate of Management at Chang, Jung Christian University, Honorary doctorate of Tamkang University, Honorary Doctorate of bussiness at National Taipei University of Business	None	Director Chairman Director and General Manager Associate Manager	Chen, Ding-Chi Chen, Chien-Hsin Chen, Wei-Wang Jason Ju	Brothers Father and son Father and son Father- and son-in-law
Director	Taiwan R.O.C	Chen, Ding-Chi	Male				V	July 29, 2021	July 29, 2021-July 28 2024	Aug. 26, 1972	14,195,254	2.59	14,195,254	2.59	983,659	0.18	0	0	Doctor of Education, Cohen University, USA	None	Director Director	Chen, Ding-Chuan Chen, Chien-Ming	Brothers Father and son
Director	Taiwan R.O.C	Chen, Wei-Wang	Male	V				July 29, 2021	July 29, 2021-July 28 2024	May 26, 2000	6,300,000	1.15	6,300,000	1.15	154,350	0.03	0	0	PhD in Industrial and Operations Engineering, University of Michigan, USA	General Manager of Everlight Chemical, Chairman of companies such as Everlight (Hongkong) Ltd., Ethical (Shanghai) Ltd., Everlight (Shanghai) Ltd., Ethical (Guangzhou) Ltd., Everlight U.S.A., and Everlight Europe B.V. (Netherlands), and Director of companies such as Trend Tone Imaging, Inc., Everlight (Suzhou) Advanced Chemicals Ltd.,Polytronics Technology Corp., Elite, Turkey, Anda Semiconductor Technology (Suzhou) Co., Ltd., and Suzhou Sanyi.	Director Chairman Associate Manager	Chen, Ding-Chuan Chen, Chien-Hsin Jason Ju	Father and son Brothers Brother-in-law
Director	Taiwan R.O.C	Chen, Chien-Ming	Male	V				July 29, 2021	July 29, 2021-July 28 2024	Jun. 8, 2006	3,923,192	0.72	3,923,192	0.72	0	0	0	0	PhD in Mechanical Engineering, University of Michigan, USA	Director and General Manager of Everlight U.S.A. and Director of Trend Tone Imaging, Inc.	Director	Chen, Ding-Chi	Father and son
Director	Taiwan R.O.C	Lee, Yung-Long	Male			V		July 29, 2021	July 29, 2021-July 28 2024	May 26, 1994	2,281,007	0.42	2,281,007	0.42	201,672	0.04	0	0	Department of Public Administration, National Chung Hsing University	None	None	None	None
Director	Taiwan R.O.C	Ken, Wen-Yuen	Male		V			July 29, 2021	July 29, 2021-July 28 2024	May 26, 2000	2,951,405	0.54	2,951,405	0.54	0	0	0	0	Master in Science in Computer Science, University of San Francisco	Chairman and General Manager of Chung Hwa Chemical Industrial Works, Ltd., and Independent Director of via technologies, inc.	None	None	None
Director	Taiwan R.O.C	Chao, Rong-Shiang	Male		V			July 29, 2021	July 29, 2021-July 28 2024	July 29, 2021Jun e 6, 2018	3,740,500	0.68	3,770,500	0.69	680,050	0.12	0	0	EMBA, National Taiwan University	Independent Board Director, Brillian Network & Automation Co., Ltd. Member of Remuneration Committee, Marketech International Corp.	None	None	None

Independent Director	Taiwan R.O.C	Wu, Chung-Fern	Female		V			July 29, 2021	July 29, 2021-July 28 2024	June 11, 2015	0	0	0	0	0	0	0	0	PhD in Accounting and Information Management and Systems, UCLA, USA	Professor in Department of Accounting, Director of TWSE, Independent Director of companies such as Chunghwa Precision Test Tech.Co., Ltd., Thai Kin Co., Ltd. and Taiwan sugar co.	None	None	None
Independent Director	Taiwan R.O.C	Yang, Way-Wen	Male	V				July 29, 2021	July 29, 2021-July 28 2024	July 29, 2021	0	0	0	0	0	0	0	0	Doctor of Juridical Science, Duke University	Associate Prof., Department of Law, Kainan University Municipal Advisor, Taipei City Government	None	None	None
Independent Director	Taiwan R.O.C	Chang, Yuan-Jan	Female	V				July 29, 2021	July 29, 2021-July 28 2024	July 29, 2021	0	0	0	0	0	0	0	0	M.S. in Engineering-Economic Systems, Stanford University M.S. in Civil Engineering, Stanford University M.S. in Engineering Management, Southern Methodist University M.S. in Mechanical Engineering, National Chiao Tung University	Senior Vice President of Industrial Technology Investment Corp. and Director of companies such as Iron Force Industrial Co.,Ltd. Arch Meter Co., Taiwan Electron Microscope Instrument Corporation, Taicend Technology Co., Ltd, Energic Technologies Corporation, Alliance Materials Technology Co., Ltd., Medwel, Inc., Belx Bio-Pharmaceutical (Taiwan) Corporation, Cornucopia Innovation Corporation	None	None	None

Note1: If experiences related to the current position were undertaken in the accounting firm which takes charge of auditing or in affiliates during the period mentioned above, the titles and responsibilities shall be clarified.

Note2: If the Company Chairman and the general manager, or manager of equivalent position (the highest manager) are the same person, or his or her spouse, or the kinship of the first degree, related information regarding the arrangement in term of reasons, rationale, necessity and response measures (e.g. increase the number of independent directors, and more than half of the directors do not concurrently serve as employees or managers and et cetera) shall be provided.

Table 1: Major Shareholders of Corporate Shareholders

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Name of Corporate Shareholder	Major shareholders of corporate shareholders and shareholding ratio	
Yung-De Investment Co., Ltd.	Chen, Ding-Chuan	56%
	Wu, Lee-Ji	10%
	Chen, Ru-Aei	7%
	Chen, Chien-Hsin	6%
	Chen, Wei-Wang	6%
	Jason Ju	1%
	Zheng,Ling	1%
	Chen,Yu-An	1%
	Chen,Jia-En	1%
	Chen,Xin-Rou	1%

Table 2: Significant shareholders of Table 1 who are legal entities: Not applicable.

1.Professional qualifications of directors and information disclosure on the independence of independent directors:

Criteria / Name	Professional qualifications and experience (Note 1)	Status of independence (Note 2)	Number of public-listed companies concurrently served as an independent director
Chen, Chien-Hsin	Ability in business operations, chemical, pharmaceutical, risk management, crisis management, and leadership decision-making Currently serving as Chairman of Everlight Chemical Industrial Corporation Past experience: Deputy General Manager of Country Hospital, Chief of Internal Medicine of Puli Christian Hospital, Special Assistant to Chairman of Everlight Chemical Industrial Corporation and Vice Chairman of Everlight Chemical Industrial Corporation		0
Chen, Ding-Chuan	Ability in business operations, chemical, financial analysis, risk management, crisis management, and leadership decision-making Past experience: Chairman of Everlight Chemical Industrial Corporation, Supervisor of Chung Hwa Chemical Industrial Works Ltd.		0
Chen, Ding-Chi	Ability in business operations, chemical, risk management, crisis management, and leadership decision-making Past experience: General Manager and Vice Chairman of Everlight Chemical Industrial Corporation, Director of Good TV Broadcasting Corp.		0
Chen, Wei-Wang	Ability in business operations, technology, chemical industry, risk management, crisis management, leadership and decision making Currently serving as General Manager of Everlight Chemical Industrial Corporation Past experience: Associate Manager and Deputy General Manager of R&D Division of Everlight Chemical Industrial Corporation		0
Chen, Chien-Ming	Ability in business operations, mechanical, technology, chemical industry, risk management, crisis management, leadership and decision making Currently serving as General Manager of Everlight U.S.A. Past experience: Senior Project Engineer of General Motors, Deputy Director of Resource Management Division, Deputy General Manager of Trend Tone Imaging, Inc.		0
Lee, Yung-Long	Ability in business operations, technology, industry, risk management, crisis management, leadership and decision making Past experience: Chairman of Yuda Technology		0
Ken, Wen-Yuen	Ability in business operation, information , technology, chemical industry, risk management, crisis management, leadership and decision making Currently serving as Chairman and part-time General Manager of Chung Hwa Chemical Industrial Works Ltd. Past experience: Deputy General Manager of Chung Hwa Chemical Industrial Works Ltd.		1
Chao, Rong-Shiang	Ability in business operations, chemical, financial analysis, risk management, crisis management, and leadership decision-making Past experience: Deputy General Manager of Formosa Sumco Technology Corporation		1
Wu, Chung-Fern	Ability in accounting, financial analysis, investment by M&A, risk management and business management education Currently serving as Professor of Department of Accounting at National Taiwan University Past experience: Member of Financial Supervisory Commission, Director of Taiwan Cooperative Financial Holding, Independent Director of Chunghwa Telecom	An independent director, meeting the criteria of independence for independent directors	3

Yang, Way-Wen	Ability in judicial affairs, business operations, investment by M&A, risk management and strategy management Currently serving as Associate Professor, Department of Law at Kai Nan College Past experience: Chairman of Star Buck Power Corporation, Independent Director and part-time, Managing Director of Agricultural Bank of Taiwan Corporation	An independent director, meeting the criteria of independence for independent directors	0
Chang, Yuan-Jan	Ability in business operations, technology, chemical industry, investment by M&A, risk management, crisis management, leadership and decision making Currently serving as Senior Deputy General Manager of ITIC Past experience: Independent Director of Iron Force Industrial Co, Senior Strategic Investment Advisor of Lite-On IT Corporation, Senior Deputy General Manager of DelSolar Co., Ltd., Development Manager of AES	An independent director, meeting the criteria of independence for independent directors	0

Note 1: Professional qualifications and experience: No director has been a person of any conditions defined in Article 30 of the Company Act.

Note 2: For independent directors, their state of independence must be specified, including but not limited to whether they, their spouses, second-degree relatives serve as a director, supervisor or employer in the Company or affiliates; the proportion of shares held by the independent director himself/herself, their spouses or second-degree relatives (or in the name of others); whether the independent director serves as a director, supervisor or an employee of a company with which the Company has a specific relationship (refer to Subparagraphs 5 to 8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and amount of remuneration received for commercial, legal, financial and accounting services provided by the Company or its affiliates in the past two years.

2. Diversity and independence of Board of Directors:

(1) Diversity of Board of Directors:

a. The Company has established the Corporate Governance Principles and Director Election Procedures, which clearly set forth the policy of the diversity of Board of Directors. The Board of Directors ensures that the composition of experts meets business development needs.

b. The Company's 18th Board of Directors has 11 members (including 3 independent directors); those accompanied with operation judgement, business management, crisis handling ability, industry knowledge, international market view and leading and decision-making ability are Chen, Chien-Hsin, Chen, Ding-Chuan, Chen, Ding-Chi, Chen, Wei-Wang, Chen, Chien-Ming, Chao, Rong-Shiang, Ken, Wen-Yuen, Lee, Yung-Long, and Chang, Yuan-Jan; those accompanied with accounting and financial abilities are Chen, Ding-Chuan and Wu, Chung-Fern; the one accompanied with accounting education ability is Wu, Chung-Fern; the one with professional education in law is Yang, Way-Wen; those having contributions to the charity business are Chen, Chien-Hsin, Chen, Ding-Chuan, Chen, Ding-Chi, Chen, Wei-Wang, and Yang, Way-Wen; Wu, Chung-Fern once served as a dedicated commissioner of FSC.

c. The Company's directors with employee status account for 18% of the board; 3 directors are over 70 years old, 3 directors are between 60 and 69 years old, and 5 directors are under 60 years old. In addition, the gender diversity of the Directors is important to the Company. Currently, the target for female Director seats is one, and for the actual status, there is one female Director, which meets the target. It represents 9% of the total number of Directors.

(2) Independence of Board of Directors

a. The 3 independent directors of the Company's Board of Directors account for 27%, with 1 independent director serving for 7-9 years and 2 independent directors serving for 1 to 3 years. Independent directors may not serve for more than 3 consecutive terms.

b. No board member met concerns stated in Subgraphs 3-4, Article 26-3 of the Securities and Exchange Act. Although there are directors who are second-degree relatives of each other: Chen, Ding-Chuan, Chen, Chien-Hsin; Chen and Wei-Wang, accounting for 27%; Chen, Ding-Chi and Chen, Chien-Ming, accounting for 18%; Chen, Ding-Chuan and Chen, Ding-Chi, accounting for 18%. These percentages do not exceed half of the Board of Directors, and has therefore met the criteria of independence.

(II) General Managers, Deputy General Managers, Associates and Managers of Each Department and Branch

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Title (Note 1)	Nationality	Name	Gender	Date Elected / Appointed	Shareholding		Shareholdings of spouse and minor children		Shares held with other person's name		Major working (educational) experience (Note 2)	Positions concurrently served in other companies	Managers with relationship of spouse or within the kinship of the second-degree relatives(Note3)		
					Share number	Shareholding ratio	Share number	Shareholding ratio	Share number	Shareholding ratio			Title	Name	Relationship
General manager	R.O.C	Chen, Wei-Wang	Male	Jan. 1, 2001	6,300,000	1.15	154,350	0.03	0	0	PhD in Industrial and Operations Engineering, University of Michigan, USA	Chairman of companies such as Everlight (Hongkong) Ltd., Ethical (Shanghai) Ltd., Everlight (Shanghai) Ltd., Ethical (Guangzhou) Ltd., Everlight U.S.A., and Everlight Europe B.V. (Netherlands), and Director of companies such as Trend Tone Imaging, Inc., Polytronics Technology Corp., Elite, Turkey, Everlight (Suzhou) Advanced Chemicals Ltd., Anda Semiconductor Technology (Suzhou) Co., Ltd., and Suzhou Sanyi.	Associate Manager	Jason Ju	Brother-in-law
Special Asst. to Chairman	R.O.C	Du, Yi-Zhong	Male	Jan. 1, 2020	13,989	0.00	9,951	0.00	0	0	Master in Chemical Engineering, NTUST	Chairman of companies such as Everlight (Suzhou) Advanced Chemicals Ltd. and Trend Tone Imaging Inc., Director of Evershine Investment Corp.,	None	None	None
Deputy General Manager	R.O.C	Lin, Zhao-Wen	Male	Jan. 1, 2013	71,691	0.01	270	0.00	0	0	Macromolecule Fiber, NTUST Master	None	None	None	None
Deputy General Manager	R.O.C	Chen, Qing-Tai	Male	Jan. 1, 2020	14,037	0.00	0	0	0	0	Master in Chemical Engineering, National Cheng Kung University	None	None	None	None
Deputy General Manager	R.O.C	Chen, Ke-Lun	Male	Nov.1, 2020	0	0	0	0	0	0	PhD in Chemistry, National Tsing Hua University	Director of Evershine Investment Corp.	None	None	None
The 2nd Plant Factory Director	R.O.C	Yeh, Shun-Xing	Male	Jan. 1, 2020	1,157	0.00	43,792	0.01	0	0	MBA, National Central University	None	None	None	None
Deputy General Manager	R.O.C	Lee, Fu-Xing	Male	Mar. 31, 2020	40,647	0.01	11,850	0.00	0	0	MBA, Saint Louis University, USA	Director of companies such as Everlight U.S.A.and Everlight Europe B.V. (Netherlands)	None	None	None
Associate Manager	R.O.C	Wu, Tian-Wang	Male	Jan. 1, 2002	38,107	0.01	0	0	0	0	Department of Chemistry, Tunghai University	None	None	None	None
Associate Manager	R.O.C	Wu, Yao-Ming	Male	Jan. 1, 2004	3,370	0.00	0	0	0	0	Major in Chemical Fiber, NTUT	None	None	None	None
Associate Manager	R.O.C	Jason Ju	Male	Jan. 1, 2005	281,824	0.05	5,966,000	1.09	0	0	PhD in Environmental Engineering, University of Delaware, USA	Director and General Manager of Everlight (Suzhou) Advanced Chemicals Ltd., Director of companies such as Trend Tone Imaging, Anda Semiconductor Technology (Suzhou), Shanghai Anda International Trading, and Supervisor of Suzhou Sanyi.	General manager	Chen, Wei-Wang	Brother-in-law
Associate Manager	R.O.C	Tseng, Kun-Mu	Male	Jan. 1, 2008	26,053	0.00	0	0	0	0	Major in Chemical Engineering, NTUT	None	None	None	None
Associate Manager	R.O.C	Chen, Xin-Zhi	Male	Jan. 1, 2012	0	0	0	0	0	0	MBA, Chang Gung University	None	None	None	None
Associate Manager	R.O.C	Liao, Nan-Ming	Male	Jan. 1, 2013	7,214	0.00	17,717	0.00	0	0	Major in Fiber, NTUT	General Manager of companies such as Ethical (Shanghai) Ltd. and Everlight (Shanghai) Ltd., and Supervisor of Everlight Chemical.	None	None	None
Associate Manager	R.O.C	Chen, Yi-Tang	Male	Nov. 16, 2017	1,577	0.00	0	0.00	0	0	Department of Fiber, NTUST	General Manager of Ethical (Guangzhou) Ltd.	None	None	None
Associate Manager	R.O.C	Huang, Tsung-Wen	Male	Jan. 1, 2018	10,000	0.00	0	0	0	0	Master in Chemistry, National Sun Yat-sen University	Factory Director of Everlight (Suzhou) Advanced Chemicals Ltd.	None	None	None
Associate Manager	R.O.C	Chen, Wen-Zheng	Male	Jan. 1, 2020	1,153	0.00	0	0	0	0	PhD in Fibe, University of Manchester,UK	Director of Chung Hwa Chemical Industrial Works, Ltd.	None	None	None
Associate Manager	R.O.C	Xie,Qing-Xiong	Male	Jan. 1, 2022	257	0.00	0	0	0	0	Master in Chemistry, National Chung Hsing University	Deputy General Manager of Everlight (Suzhou) Advanced Chemicals Ltd.	None	None	None
Head of Operation Unit 1 of Color Chemicals	R.O.C	Hsiao, Chong-Kun	Male	Jan. 1, 2015	11,063	0.00	2,800	0.00	0	0	MBA, Chinese Culture University	Director of companies such as Everlight (Hongkong) Ltd., Ethical (Shanghai) Ltd., Everlight (Shanghai) Ltd., and Ethical (Guangzhou) Ltd., etc.	None	None	None
Head of Technical Marketing Division	R.O.C	Lai, Bao-Kun	Male	Jan. 1, 2002	92,288	0.02	381	0.00	0	0	MBA, Yuan Ze University	None	None	None	None
The 1rd Plant Factory Director	R.O.C	Chen,Kun-Mu	Male	Jan. 1, 2021	10,000	0.00	0	0	0	0	Master in Chemical Engineering, Chung Yuan Christian University	None	None	None	None
Head of Specialty Chemicals	R.O.C	Liang,Jen-Yang	Male	Jan. 1, 2022	0	0.00	0	0	0	0	Master in Chemical Engineering, Chung Yuan Christian University	Director of companies such as Everlight U.S.A.and Everlight Europe B.V. (Netherlands)	None	None	None

Title (Note 1)	Nationality	Name	Gender	Date Elected / Appointed	Shareholding		Shareholdings of spouse and minor children		Shares held with other person's name		Major working (educational) experience (Note 2)	Positions concurrently served in other companies	Managers with relationship of spouse or within the kinship of the second-degree relatives(Note3)		
					Share number	Shareholding ratio	Share number	Shareholding ratio	Share number	Shareholding ratio			Title	Name	Relationship
The 3rd Plant Factory Director	R.O.C	Kang, Yuan-Sheng	Male	Jan. 1, 2017	593	0.00	94,148	0.02	0	0	Department of Chemical Engineering, Chung Yuan Christian University	None	None	None	None
Head of Specialty Chemicals Technics Division	R.O.C	Huang, Yao-Xing	Male	Apr.1, 2016	14,087	0.00	0	0	0	0	PhD in Chemistry, National Tsing Hua University	None	None	None	None
Head of Electronic chemicals	R.O.C	Sun,Che-Jen	Male	Jan. 1, 2022	217	0.00	0	0	0	0	Master in Chemistry, National Cheng Kung University	Director and General Manager of Everlight (Suzhou) Advanced Chemicals Ltd. and Director of Shanghai Anda International Trading Co., Ltd.	None	None	None
Head of Electronic chemicals Q&C Division	R.O.C	Liu,Wen-Zhi	Male	Jan. 1, 2022	456	0.00	0	0	0	0	Master in Chemistry, Fu Jen Catholic University	None	None	None	None
Head of Pharmaceutical Chemicals Q&C Division	R.O.C	Chen, Si-Feng	Male	Jun. 1, 2020	7,018	0.00	0	0	0	0	PhD in Chemistry, University of Maryland, USA	None	None	None	None
Head of Resource Management Division	R.O.C	Sung, Bai-Li	Male	Jul. 16, 2012	148,812	0.03	4,534	0.00	0	0	Major in Chemical Engineering, NTUT	None	None	None	None
Head of Product Responsibility Division	R.O.C	Huang,Hui-Ching	Female	Jan. 1, 2020	3,782	0.00	0	0	0	0	PhD in Chemistry, Central University	Chairman of Evershine Investment Corp.	None	None	None
Audit Office General Auditor	R.O.C	Zhang,Jin-Rong	Male	Jan. 1, 2022	9	0.00	0	0	0	0	Master of Business Administration ,Fu Jen Catholic University	None	None	None	None
Head of Financial Division and Supervisor of Financial and Accounting Department	R.O.C	Weng, Kuo-Pin	Male	Jan. 1, 2010	7,726	0.00	0	0	0	0	Department of Business Administration, Feng Chia University	Director of companies such as Everlight U.S.A., Everlight (Singapore) Ltd., Ethical (Shanghai) Ltd., Everlight (Shanghai) Ltd. and Ethical (Guangzhou) Ltd., and Supervisor of Trend Tone Imaging, Inc., Evershine Investment Corp.	None	None	None
Corporate governance officer	R.O.C	Lee, Ming-Wen	Male	Jan. 1, 2021	0	0.00	0	0	0	0	Master of Business Administration, Temple University, USA	Director of companies such as Everlight (Hongkong) Ltd.,Everlight (Singapore) Ltd. and Supervisor of Ethical (Guangzhou) Ltd., Elite, Turkey.	None	None	None

Note 1: Shall include information of general managers, deputy general managers, associate managers, and supervisors of each department and branch. Those whose positions equivalent with general managers, deputy general managers or associate managers shall also be disclosed no matter what the titles are.

Note 2: If experiences related to the current position were undertaken in the accounting firm which takes charge of auditing or in affiliates during the period mentioned above, the titles and responsibilities shall be clarified.

Note3: If the general manager, or manager of equivalent position (the highest manager) and the Company Chairman are the same person, or his or her spouse, or the kinship of the first degree, related information regarding the arrangement in term of reasons, rationale, necessity and response measures (e.g. increase the number of independent directors, and more than half of the directors do not concurrently serve as employees or managers and et cetera) shall be provided.

(III) Remuneration to Directors, General Managers and Deputy General Managers in the Most Recent Year

1. Remuneration paid to directors (including independent directors):

Unit: TWD thousand; thousand shares

Title	Name	Remuneration to directors								Total remuneration (A+B+C+D) as a percentage of net income (Note 10)		Remuneration received for concurrently serving as employees								Total remuneration (A+B+C+D+E+F+G) as a percentage of net income (Note 10)		Whether receiving remuneration from invested companies other than subsidiaries or parent company (Note 11)
		Remuneration (A)(Note2)		Severance pay and pensions (B)		Remuneration to directors (C) (Note 3)		Business execution expense (D) (Note 4)				Wages, Bonuses and Special Disbursements, etc. (E) (Note 5)		Severance pay and pensions (F)		Remuneration to employees (G) (Note 6)						
		The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company		All companies in the financial statements (Note 7)		The Company	All companies in the financial statements (Note 7)	
																Cash amount	Stock amount	Cash amount	Stock amount			
Chairman	Chen, Chien-Hsin	3,605	3,605	0	0	11,909	11,909	2,151 (說明1)	2,151 (說明1)	4.29	4.29	4451	7384	171 (說明2)	171 (說明2)	189	0	189	0	5.30	5.92	None
Director	Chen, Ding-Chuan																					
Director	Chen, Ding-Chi																					
Director	Chen, Wei-Wang																					
Director	Chen, Chien-Ming																					
Director	Lee, Yung-Long																					
Director	Ken, Wen-Yuen																					
Director	Chao, Rong-Shiang																					
Director	Tsai, Kuang-Feng																					
Independent director	Wang, Hsiu-Chun	0	0	0	0	0	0	2,520	2,520													
Independent director	Yang, Way-Wen																					
Independent director	Chang, Yuan-Jan																					
Independent director	Hung, Ying-Cheng																					
Independent director	Wu, Chung-Fern																					

1. Please state the policy, system, standards and structure of independent directors' remuneration, and describe the relevance to the amount of remuneration according to the responsibilities, risks, and time invested:
The remuneration of the independent directors of the company is given to the board of directors after each new board of directors. After deliberation, it will be reported to the board of directors for approval.
2.In addition to those disclosed in the above statements, the remuneration paid to the Company's directors (if serving as non-employee consultants) for providing service to all companies in the financial statements in the most recent year: None.

Illustration 1: Business execution expenses include automobile and fuel expense; if there is a driver accompanied, the remuneration is TWD 1,198,000.
Illustration 2: Severance pay and pensions belong to the expense recognition amount of severance pay and pensions.

Table of Remuneration Range

Range of the Remuneration Paid to Each Director of the Company	Name of Director			
	Total remuneration (A+B+C+D)		Total remuneration (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies in the financial statements (Note 9) (I)	The Company (Note 8)	All companies in the financial statements (Note 9) (J)
< TWD 1,000,000	Wu, Chung-Fern,Yang, Way-Wen, Chang, Yuan-Jan, Wang, Hsiu-Chun, Hung, Ying-Cheng, Tsai, Kuang-Feng	Wu, Chung-Fern,Yang, Way-Wen, Chang, Yuan-Jan, Wang, Hsiu-Chun, Hung, Ying-Cheng, Tsai, Kuang-Feng	Wu, Chung-Fern,Yang, Way-Wen, Chang, Yuan-Jan, Wang, Hsiu-Chun, Hung, Ying-Cheng,	Wu, Chung-Fern,Yang, Way-Wen, Chang, Yuan-Jan, Wang, Hsiu-Chun, Hung, Ying-Cheng,
TWD 1,000,000 (inclusive) ～ TWD 2,000,000 (exclusive)	Chen, Ding-Chuan, Chen, Chien-Ming,Chen, Ding-Chi, Lee,Yung-Long,Ken,Wen-Yuen, Chao, Rong-Shiang	Chen, Ding-Chuan, Chen, Chien-Ming,Chen, Ding-Chi, Lee,Yung-Long, Ken,Wen-Yuen, Chao, Rong-Shiang	Chen, Ding-Chuan, Chen, Chien-Ming, Chen, Ding-Chi, Lee,Yung-Long, Ken,Wen-Yuen, Chao, Rong-Shiang	Chen, Ding-Chuan, Chen, Ding-Chi, Lee,Yung-Long, Ken,Wen-Yuen, Chao, Rong-Shiang
TWD 2,000,000 (inclusive) ～ TWD 3,500,000 (exclusive)	Chen, Wei-Wang	Chen, Wei-Wang	Tsai, Kuang-Feng	Chen, Chien-Ming, Tsai, Kuang-Feng
TWD 3,500,000 (inclusive) ～ TWD 5,000,000 (exclusive)				
TWD 5,000,000 (inclusive) ～ TWD 10,000,000 (exclusive)	Chen, Chien-Hsin	Chen, Chien-Hsin	Chen, Chien-Hsin, Chen, Wei-Wang	Chen, Chien-Hsin, Chen, Wei-Wang
TWD 10,000,000 (inclusive) ～ TWD 15,000,000 (exclusive)				
TWD 15,000,000 (inclusive) ～ TWD 30,000,000 (exclusive)				
TWD 30,000,000 (inclusive) ～ TWD 50,000,000 (exclusive)				
TWD 50,000,000 (inclusive) ～ TWD 100,000,000 (exclusive)				
> TWD 100,000,000				

Note 1: The names of directors shall be listed separately (for corporate shareholder, the name of the corporate shareholder and its representative shall be listed respectively) and summarized for disclosure of each paid amount.
Note 2: Refer to the remuneration paid to directors in the most recent year (including wage, position bonus, severance pay, and each kind of bonus and reward, etc.)
Note 3: Fill in the director remuneration amount that is resolved to be distributed by the board in the most recent year.
Note 4: Refer to the business execution expense of directors in the most recent year (including transportation, special disbursements, each kind of bonuses, and real objects such as dormitory and company cars, etc.) When houses, automobiles and other transportation tools or personal exclusive expenditure are provided, the characteristics and costs of the assets provided, rent of actual value or evaluated at fair value, fuel expense and other payments shall be disclosed. In addition, if there is a driver accompanied, please clarify the driver's relevant remuneration in footnotes, which is not calculated into total remuneration.
Note 5: Refer to those directors received from serving concurrently as employees (including general managers, deputy general managers, other managers and employees) in the most recent year, including wages, position bonuses, severance pay, each kind of bonuses and rewards, transportation expenses, special disbursements, each kind of bonuses, and real objects such as dormitories and company cars, etc.) When houses, automobiles and other transportation tools or personal exclusive expenditure are provided, the characteristics and costs of the assets provided, rent of actual value or evaluated at fair value, fuel expense and other payments shall be disclosed. In addition, if there is a driver accompanied, please clarify the driver's relevant remuneration in footnotes, which is not calculated into total remuneration. In addition, the wage expense recognized according to IFRS 2 "Share-based Payment", including obtaining employee stock option certificates, employee restricted new shares and participating in share purchases in capital increase by cash, etc., shall be calculated into total remuneration.
Note 6: For the employee remuneration received by directors from serving concurrently as employees (including general managers, deputy general managers, other managers and employees) in the most recent year, the employee remuneration amount resolved to be distributed by the board in the most recent year shall be disclosed.
Note 7: The total remuneration paid to the Company's directors by all companies (including the Company) in the consolidated financial statements shall be disclosed.
Note 8: For the total remuneration paid to each director by the Company, the director's name shall be disclosed in the corresponding ranking.
Note 9: The total remuneration paid to each of the Company's director by all companies (including the Company) in the consolidated financial statements shall be disclosed, and the names of directors shall be disclosed in the corresponding ranking.
Note 10: Net income refers to the net income after tax in the most recent year; for those having adopted IFRS, net income refers to the net income after tax in the individual financial statements in the most recent year.
Note 11: a. This section shall state all forms of remuneration the director has received from the Company's invested businesses other than subsidiaries.
b. For directors who receive remuneration from invested businesses other than subsidiaries, the amount of remuneration from these invested businesses should be added to column I in the table of remuneration ranges, and please change the column name into "All invested businesses" in such cases.
c. The remuneration refers to any returns, compensation (including remuneration to employees, directors and supervisors) and professional fees, etc. which the Company's presidents and vice presidents have received for serving as directors, supervisors, or managers in invested businesses other than subsidiaries.

* The remuneration disclosed in this table is different from the income concept of the Income Tax Act, and thus this table is only for information disclosure but not for taxation.

2. Remuneration to General Managers and Deputy General Managers:

Unit: TWD thousand; thousand shares

Title	Name	Salary (A)		Severance pay and pensions (B)		Bonus and special allowances, etc. (C)		Amount of employee compensation (D)				Total remuneration (A+B+C+D) as a percentage of net income (%)		Whether receiving remuneration from invested companies other than subsidiaries or parent company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
General manager	Chen, Wei-Wang	15,578	15,578	639 (說明1)	639 (說明1)	4,549 (說明2)	4,549 (說明2)	657	0	657	0	4.53	4.53	None
Special Asst. to Chairman	Du, Yi-Zhong													
	Liao, Ming-Zhi													
Deputy General Manager	Tsai, Kuang-Feng													
	Lin, Zhao-Wen													
	Chen, Qing-Tai													
	Chen, Ke-Lun													
	Yeh, Shun-Xing													
	Lee, Fu-Xing													

Illustration 1: Severance pay and pensions belong to the expense recognition amount of severance pay and pensions
Illustration 2: Bonuses and special disbursements include automobiles and fuel expenses.

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Table of Remuneration Range

Range of the compensation paid to each general manager and deputy general manager of the Company	Name of general managers and deputy general managers	
	The Company	All companies in the financial statements
< TWD 1,000,000		
TWD 1,000,000 (inclusive) ～ TWD 2,000,000 (exclusive)		
TWD 2,000,000 (inclusive) ～ TWD 3,500,000 (exclusive)	Du, Yi-Zhong, Liao, Ming-Zhi, Tsai, Kuang-Feng Lin, Zhao-Wen,Chen, Qing-Tai, Chen, Ke-Lun, Yeh, Shun-Xing, Lee, Fu-Xing	Du, Yi-Zhong, Liao, Ming-Zhi, Tsai, Kuang-Feng Lin, Zhao-Wen,Chen, Qing-Tai, Chen, Ke-Lun, Yeh, Shun-Xing, Lee, Fu-Xing
TWD 3,500,000 (inclusive) ～ TWD 5,000,000 (exclusive)	Chen, Wei-Wang	Chen, Wei-Wang
TWD 5,000,000 (inclusive) ～ TWD 10,000,000 (exclusive)		
TWD 10,000,000 (inclusive) ～ TWD 15,000,000 (exclusive)		
TWD 15,000,000 (inclusive) ～ TWD 30,000,000 (exclusive)		
TWD 30,000,000 (inclusive) ～ TWD 50,000,000 (exclusive)		
TWD 50,000,000 (inclusive) ～ TWD 100,000,000 (exclusive)		
> TWD 100,000,000		

3. Name of managers receiving employee compensation and the distribution status:

Title	Name	Stock amount	Cash amount	Total	Total amount as a percentage of net income (%)
For the name list, refer to the information of general managers, deputy general managers, associate managers and supervisors of each department.		0	1,723	1,723	0.36

Note : According to the Commission's regulation of Tai-Qai-Zheng-Zi No. 0920001301 published on Mar. 27, 2003, the applicable range for managers is as follows:
(1) General manager and those with equivalent ranking;
(2) Deputy general manager and those with equivalent ranking;
(3) Associate manager and those with equivalent ranking;
(4) Supervisor of Financial Department;
(5) Supervisor of Accounting Department;
(6) Others with rights of management and signing for the Company.

(IV) The comparison analysis of the ratio of remuneration paid from the Company and from all consolidated entities in the most recent two (2) years to the Company's directors, general managers and deputy general managers to net income in the individual financial statement, and the illustration of remuneration policy, standards and packages, procedures of setting remuneration, and the linkage to operating performance and future risk exposure.

(1) The ratio of total director remuneration to net income after tax increased by 1.73%, due to the drop in net income after tax as compared with the previous year. The ratio of total remuneration of general managers and deputy general manager to net income after tax increased by 3.22%, respectively, due to the drop in net income after tax as compared with the previous year. However, the total remuneration was lower than previous year.

(2) According to the Company's Articles of Incorporation, the Company's director remuneration is authorized to be determined by the Board of Directors based on the director's participation procedure in the Company's operation and the value of contribution, no matter whether the Company has realized profit or loss. The standard of the industry is also taken into consideration when deciding director remuneration. A rational remuneration was approved by the Remuneration Committee and the Board of Directors.The directors are paid with fixed remuneration instead of variable remuneration.

(3) Article 27 of the company's articles of association stipulates that if the company has a profit in the year, 5% should be allocated as employee compensation. According to the Company's standards of remuneration, the wages and bonuses paid to general managers and deputy general managers is individually examined and discussed by the Remuneration Committee periodically and then sent to the Board of Directors for resolution, considering the manager's position, contribution, performance and responsibility undertaken. Among them, performance is considered for evaluation indicators including professional ability, interpersonal ability, conceptual ability, leadership ability, etc., and is included in the basis of year-end bonus and employee remuneration.

III. Status of Corporate Governance

(I) Operation status of the Board of Directors

In 2021, the Board of Directors has convened 8 meetings (A), and the participation status of directors is listed below:

Title	Name	Attendance in person (B)	By proxy	Rate of attendance in person (%)(B/A)	Notes
Chairman	Chen, Chien-Hsin	8	0	100%	re-elected
Director	Chen, Ding-Chuan	8	0	100%	re-elected
Director	Chen, Wei-Wang	8	0	100%	re-elected
Director	Chen, Chien-Ming	8	0	100%	re-elected
Director	Chen, Ding-Chi	8	0	100%	re-elected
Director	Lee, Yung-Long	8	0	100%	re-elected
Director	Ken, Wen-Yuen	8	0	100%	re-elected
Director	Chao, Rong-Shiang	4	0	100%	new
Director	Tsai, Kuang-Feng	4	0	100%	dismissal
Independent director	Wu, Chung-Fern	8	0	100%	re-elected
Independent director	Chang, Yuan-Jan	4	0	100%	new
Independent director	Yang, Way-Wen	4	0	100%	new
Independent director	Wang, Hsiu-Chun	4	0	100%	dismissal
Independent director	Hung, Ying-Cheng	4	0	100%	dismissal

Note: Date of election of the 18th term of Directors: 2021/7/29

Other matters that shall be recorded:

1. The following situations did not occur during Board meetings:
    (1) Matters listed in Article 14-3 of the Securities and Exchange Act.
    (2) In addition to matters mentioned above, others that are opposed or reserved by the Independent Directors and have records or written statements.
2. Implementation status of Director's avoidance of conflict of interest:
    (1) On the 18th meeting of the 17th Board - Regarding the motion for remuneration distributed to managers in accordance with the Securities and Exchange Act: As directors Chen, Wei-Wang and Tsai, Kuang-Feng were part-time managers, they recused themselves from discussion and voting. As directors Chen, Ding-Chuan Chen, Chien-Hsin, and Chen, Wei-Wang were second-degree relatives, they recused themselves from discussion and voting.
    (2) On the 19th meeting of the 17th Board - Regarding the motion for appointment of directors of Trend Tone Imaging: As directors Chen, Wei-Wang and Chen, Chien-Ming were involved in the motion, they recused themselves from discussion and voting. As directors Chen, Ding-Chuan and Chen, Chien-Hsin were second-degree relatives of Chen, Wei-Wang, director Chen, Ding-Chi was second-degree relatives of Chen, Chien-Ming, they recused themselves from discussion and voting.
    (3) On the 1st meeting of the 18th Board - Regarding the motion for appointment of the 5th term of the Remuneration Committee members: As independent directors Wu, Chung-Fern, Yang, Way-Wen and Chang, Yuan-Jan were involved in the motion, they recused themselves from discussion and voting.
    (4) On the 2nd meeting of the 18th Board - Regarding the motion for remuneration to independent directors for this term: As independent directors Wu, Chung-Fern, Yang, Way-Wen and Chang, Yuan-Jan were involved in the motion, they recused themselves from discussion.
    (5) On the 2nd meeting of the 18th Board - Regarding the motion for candidates for the election of Nomination Committee members for the 3rd term: As directors Chen, Chien-Hsin, Chen, Ding-Chuan, Wu, Chung-Fern, Yang, Way-Wen, and Chang, Yuan-Jan were involved in the motion, they recused themselves from discussion and voting. As director Chen, Ding-Chi was a second-degree relative of director Chen, Ding-Chuan, director Chen, Wei-Wang was a second-degree relative of directors Chen, Ding-Chuan and Chen, Chien-Hsin, they recused themselves from discussion and voting.
    (6) On the 2nd meeting of the 18th Board - Regarding the motion for resolution of the establishment of a Strategy Committee: As directors Chen, Ding-Chuan, Chen, Chien-Hsin, Chen, Wei-Wang, Chao, Rong-Shiang, Yang, Way-Wen, and Chang, Yuan-Jan were involved in the motion, they recused themselves from discussion and voting. As director Chen, Ding-Chi was a second-degree relative of director Chen, Ding-Chuan, director Chen, Wei-Wang was a second-degree relative of directors Chen, they recused themselves from discussion and voting.
    (7) On the 4th meeting of the 18th Board - Regarding the motion for appointment of directors of subsidiaries: As directors Chen, Wei-Wang and Chen, Chien-Ming were involved in the motion, they recused themselves from discussion and voting. As directors Chen, Ding-Chuan and Chen, Chien-Hsin were second-degree relatives of Chen, Wei-Wang, director Chen, Ding-Chi was second-degree relatives of Chen, Chien-Ming, they recused themselves from discussion and voting.
    (8) On the 4th meeting of the 18th Board - Regarding the motion for extension of the General Manager of Everlight U.S.A.: As director Chen, Chien-Ming was involved in the motion, he recused himself from discussion and voting. As director Chen, Ding-Chi was second-degree relatives of Chen, Chien-Ming, he recused themselves from discussion and voting.
    (9) On the 4th meeting of the 18th Board - Regarding the motion for adjustment for remuneration to managers in accordance with the Securities and Exchange Act: As directors Chen, Wei-Wang was a part-time manager, he recused himself from discussion and voting. As directors Chen, Ding-Chuan and Chen, Chien-Hsin were second-degree relatives of Chen, Wei-Wang, they recused themselves from discussion and voting.
    (10) On the 4th meeting of the 18th Board - Regarding the motion for year-end bonus of managers as defined in the Securities and Exchange Act: As director Chen, Wei-Wang was a part-time manager, he recused himself from discussion and voting. As directors Chen, Ding-Chuan and Chen, Chien-Hsin were second-degree relatives of Chen, Wei-Wang, they recused themselves from discussion and voting.
3. For self (or peer) evaluation performance results, please visit the company website.
4. Measures undertaken during the current year and the most recent years in order to strengthen the functions of the Board of Directors and assessment of their implementation:

(1) As required by regulations: a corporate governance manager was established on 2021/1/1 (2) Strengthening Board functions: Directors were elected at the shareholders' meeting on 2021/7/29; a brief meeting for newly appointed directors was held on 8/5 where the Chairman, General Manager and persons in charge of each functional unit explained business overviews to new directors. This was to enable them to quickly communicate and understand the situation of the Company. On 8/12, the Board of Directors approved the establishment of a Strategy Committee, made up of 6 members of the Board and 3 outside directors. The Strategy Committee aims to strengthen the Company's operational development and to plan strategies for growth. 2 Strategy Committee meetings were held on 12/1 and 12/14 to fully discuss operational plans for 2022 and make recommendations, which were to be approved by the Board meeting held on 12/16. (3) Enhancing information transparency: 2 investor conferences were held on 2021/4/20 and 9/7. The annual and financial reports in English were uploaded 14 days before the general meeting of shareholders (7 days before the date prescribed by law); the Meeting Handbook in English was uploaded 30 days before the general meeting of shareholders (21 days before the date prescribed by law).

Note: (1) If a director or supervisor resigns before the end of the year, the resignation date shall be indicated in the Remarks field. The actual attendance rate (%) was calculated on the basis of the number of board meetings held during each director's term and the number of meetings actually attended by that director.
(2)If there is a reelection of directors and supervisors before the end of the year, the new and old directors and supervisors must be stated in the Remarks field, and indicated if such director and supervisor is old, new, or reelected, as well as the reelection date. The percentage of actual (proxy) attendance (%) will be calculated based on the number of Board of Directors' meetings held during active duty and the number of actual (proxy) attendance.

The execution status of evaluation on the Board of Directors

Assessment period	Term of assessment	Scope of assessment	Assessment methodology	Content of assessment
Once every year	2021/1/1 ~ 2021/12/31	The Board of Directors, individual Directors, and Functional Committees	The assessment shall be executed by the Secretary of Nomination Committee via internal questionnaire. 1. Self-assessment of the performance evaluation of the Board of Directors: members of Nomination Committee shall individually provide assessment for 45 evaluation items pertaining to five major areas. 2. Self-assessment of Directors on self-evaluation: all Directors shall individually provide assessment for 23 evaluation items pertaining to six major areas. 3. Self-assessment of the performance evaluation of Functional Committees: independent directors shall individually provide assessment for 24 evaluation items pertaining to five major areas.	1. Five major areas of the performance evaluation items of the Board of Directors: (1) Participation level in the Company's operation. (2) Improvement on the quality of decision making of the Board of Directors. (3) Composition and structure of the Board of Directors (4) Election and continued education of the directors. (5) Internal control. 2. Six major areas of self-assessment of directors on self-evaluation: (1) Understanding of the goal and mission of the Company. (2) Understanding of director's responsibilities. (3) Participation level in the Company's operation. (4) Management and communication of internal relationship. (5) Professionalism and continued education of Directors. (6) Internal control. 3. Five major areas of self-assessment on the performance evaluation of Functional Committees (Audit, Nomination, and Remuneration): (1) Participation level in the Company's operation. (2) Understanding of the responsibilities of Functional Committees.

Assessment period	Term of assessment	Scope of assessment	Assessment methodology	Content of assessment
				(3) Improvement on the quality of decision making of Functional Committees. (4) Composition and structure of Functional Committees. (5) Internal control.

(II) Operation of Audit Committee

The Audit Committee of the Company comprises three Independent Directors. The Audit Committee shall assist the Board in fulfilling its overseeing responsibilities in relation to accounting, auditing, financial reporting process and quality and integrity in financial control.

The Audit Committee held 8 meetings in 2021, and the matters reviewed mainly included:

1. Audit of financial statements and accounting policies and procedures
2. Internal control system and related policies and procedures
3. Significant investment transactions
4. Report on the implementation of integrity management
5. Earnings distribution
6. Legal compliance
7. Whether or not the managerial officer and the Director have transactions with related parties and the possible conflicts of interest?
8. Complaint report
9. Fraud prevention plan and fraud investigation report
10. Information security
11. Corporate risk management
12. Qualifications, independence and performance evaluation of Certified Public Accountants
13. Appointment or dismissal of Certified Public Accountants, or remuneration to there to.
14. Implementation of the responsibilities of the Audit Committee
15. Audit Committee performance evaluation self-assessment questionnaire

Review of financial reports

The Board of Directors prepared the Company's 2021 annual business report, financial statements and proposal for distribution of earnings, in which the Financial Statements have been audited by the commissioned CPAs, Chia-Chien Tang and Ya-Ling Chen of KPMG Taiwan, with an Independent Audit Report being issued. The above-mentioned annual business report, financial statements and proposal for distribution of earnings have been reviewed and determined to be correct and accurate by the Audit Committee.

Evaluate the effectiveness of the internal control system

The Audit Committee assesses the effectiveness of the policies and procedures of the Company's internal control system (including finance, operations, risk management, information security, outsourcing, compliance and other control measures) and reviews the Company's Audit Department and Certified Public Accountant, as well as the management's periodic reports, including risk management and legal compliance. Referring to the internal control system issued by the Sponsoring Organizations of the Treadway Commission (COSO)– the Internal Control — Integrated Framework, the Audit Committee considers that the Company's risk management and internal control system are effective and that the Company has adopted the necessary control mechanisms to monitor and correct violations.

Commissioned Certified Public Accountant

The Audit Committee has been given the duty to supervise the CPA firm to ensure the fairness of the financial statements.
In general, other than tax-related services or specially approved items, CPA firm is not allowed to provide other services of the Company. All services provided by CPA firm are required to be approved by the Audit Committee.
To ensure the independence of the CPA firm, the Audit Committee has drawn up an independent assessment form referring to Article 47 of the Certified Public Accountant Act and the “integrity, Impartiality and objectivity and independence” of the Bulletins No. 10 of the Norm of Professional Ethics for Certified Public Accountant. It evaluates whether or not the CPA firm and the Company are related parties, have business with each other or have a relationship

involving financial interests and others based on independence, professionalism and suitability of CPAs. The 4th Meeting of the 3rd Term of the Audit Committee on 2021/2/14 and the 4th Meeting of the 18th Term Board of Directors on 2021/12/16 reviewed and resolved that the two CPAs, Chia-Chien Tang and Ya-Ling Chen of KPMG Taiwan both met the standards for the evaluation of independence and are sufficient to act as CPAs for our financial statements.

In the most recent year, the Audit Committee has held the meeting 8 times (A), with the Independent Directors present and in attendance as follows:

Title	Name	Attendance in person (B)	By proxy	Rate of attendance in person (%) (B/A)(Note)	Notes
Convener	Wu, Chung-Fern	8	0	100%	re-elected
Commissioner	Chang, Yuan-Jan	4	0	100%	new
Commissioner	Yang, Way-Wen	4	0	100%	new
Commissioner	Wang, Hsiu-Chun	4	0	100%	dismissal
Commissioner	Hung, Ying-Cheng	4	0	100%	dismissal

Note: The Audit Committee of the Company was established on 2015/6/11 with 3 Committee members. Term of office of the (3rd Term) Commission members: 2021/7/29 to 2124/7/28.

1.Other matters that shall be recorded:

(I) Matters listed in Article 14-5 of the Securities and Exchange Act.

Date of Audit Committee meeting	Contents of the Motion	Resolution results of Audit Committee	The Company's handling of the opinions expressed
2021/1/25 The 2nd Term The 16th Meeting	Motion for subscription of shares issued by Polytronics Technology for increasing cash capital	After the chair has inquired all attending commissioners, the motion was passed without objection.	The motion was passed by all attending directors at the Board meeting held on 2021/1/25
2021/3/25 The 2nd Term The 17th Meeting	Motion for 2020 remuneration distribution of employees and directors Motion for 2020 business report and financial statements Motion for 2020 earnings distribution Motion for review on the results of the self-evaluation results of internal control Motion for amendment to the Rules of Procedure for Shareholders' Meeting Motion for amendment to the Rules of Procedure for Long-term Equity Investments Motion for disposal of long-term investments of equity	After the chair has inquired all attending commissioners, the motion was passed without objection.	The motion was passed by all attending directors at the Board meeting held on 2021/3/25
2021/5/13 The 2nd Term The 18th Meeting	Motion for land development of the subsidiary Everlight (Suzhou) Advanced Chemicals Motion for participation in cash capital increase of Andros Pharmaceuticals	After the chair has inquired all attending commissioners, the motion was passed without objection.	The motion was passed by all attending directors at the Board meeting held on 2021/5/13
2021/7/8 The 2nd Term The 19th meeting	Motion for equity transfer for subsidiary in Shanghai	After the chair has inquired all attending commissioners, the motion was passed without objection.	The motion was passed by all attending directors at the Board meeting held on 2021/7/8
2021/11/11 The 3rd Term	Motion for lending US$5 million to the subsidiary, Everlight (Suzhou) Advanced	After the chair has inquired all attending	The motion was passed by all

The 3rd Meeting	Chemical	commissioners, the motion was passed without objection.	attending directors at the Board meeting held on 2021/11/11
2021/12/14 The 3rd Term The 4th Meeting	Motion for 2022 internal audit plan	After the chair has inquired all attending commissioners, the motion was passed without objection.	The motion was passed by all attending directors at the Board meeting held on 2021/12/14
	Motion for appointment of 2022 CPAs of financial statements and their compensation		
	Motion for amendment to the Promotion Method for Continuous Education of Directors		
	Motion for appointment of Audit Manager		
	Motion for amendment to the risk management policy	After discussion by all attending members, the amendment was approved and was submitted to the Board meeting for discussion.	The motion was passed by all attending directors at the Board meeting held on 2021/12/14

(II) Other resolutions not approved by the Audit Committee but agreed by more than two-thirds of all Directors: None.

II. Implementation status of Independent Director's avoidance of conflict of interest: None.

III. Communication between Independent Directors and internal audit supervisors and accountants is as follows

(I) Independent Directors review monthly internal audit work reports and quarterly audit tracking reports.

(II) The audit supervisor attended the 2021 of Audit Committee for 7 times, and all conducted separate business reports to Independent Directors, and fully communicated the implementation and effectiveness of the audit business.

Date of Audit Committee meeting	Matters of communication	Results
2021/1/25	2020/12/1 ~ 2020/12/31 Internal Audit Business Execution Report.	Acknowledged.
2021/3/25	2021/1/1 ~ 2021/2/28 Internal Audit Business Execution Report.	Acknowledged.
	Proposal for 2020 Management's Reports on Internal Control to be Discussed.	The motion was passed without objection, and was reported to the Board of Directors for resolution.
2021/5/13	2021/3/1 ~ 4/25 Internal Audit Business Execution Report.	Acknowledged.
2021/7/18	2021/4/26 ~ 6/25 Internal Audit Business Execution Report.	Acknowledged.
2021/8/12	2021/6/26 ~ 7/31 Internal Audit Business Execution Report.	Acknowledged.
2021/11/11	2021/8/1 ~ 10/25 Internal Audit Business Execution Report.	Acknowledged.
2021/12/14	2021/10/26 ~ 11/30 Internal Audit Business Execution Report.	Acknowledged.
	The Company's 2022 Annual Audit Plan Discussion.	The motion was passed without objection, and was reported to the Board of Directors for resolution.

(III) The accountants attended the 2021 Audit Committee for 6 times to report the review or review results and findings on Financial Statements to the Independent Directors.

Date of Audit Committee meeting	Matters of communication	Results
2021/3/25	Report of the Review on 2020 Financial Statements (separate).	Acknowledged.

2021/5/13	Report of the Review on the First Quarter 2021 Financial Statements.	Acknowledged.
2021/8/12	Report of the Review on the Second Quarter 2021 Financial Statements(separate).	Acknowledged.
2021/11/11	Report of the Review on the Third Quarter 2021 Financial Statements.	Acknowledged.
2021/12/14	The annual audit plan (including scope, key fields, and schedule).	The independent directors unanimously expressed that security measures shall be proposed for the Company's internal control process regarding the custody of propert rights and the disposal of assets of subsidiaries.
	Countermeasures for lack of audit in-person due to the pandemic (overseas subsidiaries).	

(IV) In normal times, the audit supervisor and the accountant may directly communicate with the Independent Director as necessary, and the communication goes well.

(V) The Company also makes a disclosure of the communication between Independent Directors and internal audit supervisors and accountants on the Company's website.

(III) The state of the Company's implementation of corporate governance, any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such departure

Evaluation Item	Implementation Status			Departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such departure
	Yes	No	Summary	
I. Does the company follow the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" to establish and disclose its corporate governance practices?	V		The practices were set up on 2010/8/26, , amended on 2022/3/24 and disclosed on the company website and the MOPS.	No discrepancy.
II. Shareholding structure and shareholders' interests				
(I) Does the company set up internal operation procedures for recommendations, concerns, disputes, and litigation raised by shareholders, and implement such matters in accordance with the procedures?	V		(I) The Company has designated dedicated personnel such as the supervisor of Shareholder Service Room and the Company's spokesperson, etc., to handle the suggestions of shareholders or problems such as disputes.	No discrepancy.
(II) Does the company have a roster of its major, actual controlling shareholders as well as the ultimate controllers?	V		(II) The Company's Shareholder Service Room regularly provides reports and statements and relevant information every quarter or during the preparation period of shareholders' meeting.	No discrepancy.
(III) Has the company built and executed risk management and firewall system between the Company and its affiliates?	V		(III) The Company has formulated "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises" and "Rules Governing Transfer Pricing in Affiliated Enterprises" to control the transaction management, endorsements and guarantees, fund lending, etc., with its affiliates. In addition, the Company has defined the operation of "Supervision and Management on Subsidiaries" in the "Internal Control System" and "Rules Governing Subsidiaries", in order to implement its risk control mechanism on subsidiaries.	No discrepancy.
(IV) Has the company established internal rules prohibiting insider trading on undisclosed information?	V		(IV) The Company has formulated "Operating Procedures for Preventing Insider Trading," "Ethical Corporate Management Principles," and "Procedures for Ethical Management and Guidelines for Conduct," and volunteers to instantly publish its revenue and profitability information after clearance every month, which lowers the information gap of shareholders as much as possible and prevents insiders from seizing the opportunities of using unpublished information. The Company will also irregularly conduct reviews to meet the needs of the existing laws and regulations and practical management. The above-mentioned rules can be looked up from the Company's website.	No discrepancy.
III. Composition and responsibilities of the Board of Directors				
(I) Does the Board of Directors have a diversity policy, specific management objectives and implementation?	V		(I)The Company's policy on diversity of board members, specific management objectives and implementation are described on page 13.	No discrepancy.
(II) Other than the Remuneration Committee and the Audit Committee which are established in accordance with laws, does the company plan to set	V		(II) The Company volunteered to establish the Nomination Committee in 2015/6 and the voluntary Strategy Committee in 2021/8.	No discrepancy.

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such departure</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>up other functional committees?
(III) Has the company established methodology for evaluating the performance of its Board of Directors, and conducts performance evaluation annually and regularly, and reported the evaluation result to the Board of Director and used the result as a reference on the consideration of individual directors' remuneration and reelection nomination?
(IV) Has the company regularly evaluate its auditor's independence?</td><td>V

V</td><td></td><td>(III) "Regulations for the Board Performance Evaluation" formulation has been adopted by the Company through Board of Directors resolution on 2015/3/26,. Each year, the regular assessments shall be conducted by the Nomination Committee in accordance with the Regulations for the Board Performance Evaluation, and for at least three years conducted by an external institution. It has added the performance evaluation of the Functional Committee since 2018. In March every year, the evaluation result will be reported by the Convener of Nomination Committee to the Board of Directors and serves as a reference for future reelection nomination.
(IV)Before the Company's Board of Directors resolve to elect CPAs in the end of each year, the independence of CPAs will be examined first, in which the Company will check if they are not the Company's directors, shareholders or receive wages from the Company. At the same time, the CPAs will be checked if they are not stakeholders and have no other financial gains and business relationships with the Company except for receiving the fees for certificating and financial and tax cases. Once all of the above standards for independence have been met and the CPAs have provided the "Confirmation of independence," the audit on the CPAs' hiring and fees are then conducted.</td><td>The remuneration of the company's directors depends on the company's annual operating profit.

No discrepancy.</td></tr>
<tr><td>IV. As a public listed company, has the Company allocated competent managers or sufficient number of managers to be in charge of corporate governance, and designated supervisors thereof to be in charge of corporate governance affairs (including but not limited to providing information required for business execution by directors and supervisors, assisting the Board and supervisors in legal compliance, handling matters related to the Board and shareholder meetings in accordance with laws, and producing handbooks of board meetings and shareholders meetings, and et cetera)?</td><td>V</td><td></td><td>On 2020/12/17, the Board of Directors approved the appointment of Associate Manager Li Ming-Wen as the corporate governance manager. Mr. Li is responsible for protecting the rights and interests of shareholders and strengthening the functions of the Board. Associate Manager Mr. Li has more than 3 years of experience in financial and corporate governance-related affairs in public companies. The main duties of the Corporate Governance Manager is to, in compliance with the law, handle matters associated with meetings of the Board of Directors and shareholders; prepare minutes of meetings of the Board of Directors and shareholders; assist in appointment of directors and their continuous education; and provide the information required for directors in order for them to carry out business and assist directors in regulatory compliance.
Continuous education for the corporate governance manager in 2021:
<table>
<tr><th>Date</th><th>Organizer</th><th>Name of Course</th><th>Hours of Continuous Education</th><th>Total Hours of Continuous Education</th></tr>
<tr><td>2021/04/10 -2021/09/4</td><td>MAPECT</td><td>M&A Talent Training Course: Advanced M&A Course</td><td>24</td><td rowspan="2">30</td></tr>
<tr><td>2021/9/1</td><td>FSC</td><td>13th Taipei Corporate Governance Forum</td><td>6</td></tr>
</table></td><td>No discrepancy.</td></tr>
<tr><td>V. Has the company provided proper communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.), and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders?</td><td>V</td><td></td><td>The Company set up a "Stakeholder Engagement" section on the company website with specific window and contact information disclosed; maintains proper communication channels with suppliers, clients, banks, investors, local government and social group, etc.; actively contact or exchange visits with the parties thereof, to share various information with the stakeholders; and reply the queries of investors and others in correspondences. The Company publishes quarterly journals of Everlight Chemical and Sustainability Report on a regular basis, sharing the updates of the Company and responding to important issues concerning stakeholders.</td><td>No discrepancy.</td></tr>
<tr><td>VI. Has the company appointed a professional shareholders service agent to process the affairs related to shareholders' meetings?</td><td>V</td><td></td><td>Yes; since 2015/4/20, the Company's shareholders' meeting affairs have been outsourced to Share Transfer Agency Department of Mega Securities Co., Ltd.</td><td>No discrepancy.</td></tr>
<tr><td>VII. Information disclosure
(I) Has the company established a company website to disclose information regarding its financial, operational and corporate governance status?
(II) Does the company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, and webcasting investors conference to be put on the company website, etc.)?
(III) Does the Company publicly announce and file the annual financial reports within two months after the accounting year-end, and publicly announce and file the first, second and third quarterly</td><td>V

V</td><td>

V</td><td>(I) Company website: http://www.ecic.com.tw/
(II)The Company has set up dedicated personnel in each department for collection the Company's information and sending to the Company's spokesperson for disclosure; the "Operation Guidelines for Company Spokesperson and Deputy Spokesperson" have been implemented and operated for many years; before investor conferences, important information is released and published in accordance with regulations, and slides prepared in Chinese and English and videos will be uploaded and disclosed on company website.
(III) The annual, first, second and third quarterly financial reports, and the monthly operating status report are all publicly announced and filed within stipulated deadlines.</td><td>No discrepancy.

No discrepancy.

Financial reports are still unable to be made public at earlier dates.</td></tr>
</table>

Evaluation Item	Implementation Status			Departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such departure
	Yes	No	Summary	
financial reports and the monthly operating status report before stipulated deadlines?				
H. Has the company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, rights of stakeholders, training of directors and supervisors, implementation of risk management policies and risk evaluation measures, implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		(I) Employee rights and care: Please refer to the section for labor-employer relationship in the annual report. (II) Investor relationship: 1.The Company published conditions of operation and profitability every month, and has a spokesperson set up for answering the questions asked by shareholders. 2.On the company website (http://www.ecic.com), there is information of investor relationship,ESG sustainability operation and stakeholders, providing information that investors care about. (III) Supplier relationship: The Company establishes long-term, trusting and beneficial relationship with its suppliers based on the Company's quality policy, environmental policy, and safety and hygiene policy; supports the spirit of green procurement and purchases from suppliers doing environmental protection well with priority; integrates the shipping mode of suppliers and utilizes information tools to lower carbon emission of the supply chain, enhance efficiency and transparency of procurement business; holds conferences; video; and educational training programs for suppliers to advocate cyclical economics, green gold vision, sustainability operation and fulfilling CSR; requires contractors to obey the Management Rules in Safety and Hygiene for Contractors, in order to maintain the safety in the work place and the rights of employees. (IV) Rights of related parties: 1.Setting up the Technical Marketing and Service Department, assisting customers in the application of technology and problem solving, and conducting customer satisfaction survey every year. 2.Sticking to the principles of fair competition and reaching business goals with methods not violating business ethics. 3.Others: such as starting up group meetings of risk management to respond to the sudden changes of the economic environment, and continuously communicating with stakeholders such as customers, suppliers, and correspondent banks, etc., in order to maintain the rights of both parties. (V) On-the-job further study of directors: All directors meet the time requirement of on-the-job further study. (VI) Implementation status of risk control policies and risk measuring standards: See the company website. (VII) The Company's purchase of liability insurance for directors: The Company has bought liability insurance for all directors and has reported on the board meeting on 2021/7/18.	No discrepancy.
IX. Please state the corrective actions already taken and also propose the matters to be improved as the first priority and countermeasures against them, based on the corporate governance evaluation results released by the Corporate Governance Center of TWSE in the most recent year. (I)2020 corporate governance evaluation result: The Company is in the top 6% to 20% in the listed company category; top 5% in the net worth of over NT$5 billion to NT$10 billion category. Improvements from the previous year: Reporting to the Board of Directors on the implementation of simultaneous disclosures of material information in both Chinese and English, Risk Management Procedures, information security policies and intellectual property management plans, and disclosing this on the company website. (II)2021 priorities for improvement: The annual reports in both English and Chinese to be uploaded 16 days before the general meeting of shareholders, establish a corporate governance manager for corporate governance-related affairs, and disclose its duties and continuous education on the company website and the annual report.				

(IV) Remuneration Committee

1.Information on members of the Remuneration Committee

The Committee is made up of 3 members. For their professional qualifications and experience, as well as status of independence, please refer to page 13.

2. Information about the operations of Remuneration Committee

(1) The Company's Remuneration Committee consists of 3 members.

(2) The term of the commissioners: Committee members is from 2021/7/29 until 2024/7/28. The Committee has convened 4 meetings (A) during the most recent year. The qualification and participation of the commissioners are listed below:

Title	Name	Attendance in person (B)	By proxy	Rate of attendance in person (%) (B/A)	Number of public-listed companies concurrently served as an Remuneration Committee	Notes
Convener	Chang, Yuan-Jan	3	0	100%	0	new
Convener	Wang, Hsiu-Chun	1	0	100%	1	dismissa
Commissioner	Wu, Chung-Fern	4	0	100%	0	re-elected
Commissioner	Yang, Way-Wen	3	0	100%	0	new
Commissioner	Hung, Ying-Cheng	1	0	100%	0	dismissa

Other items that shall be recorded : none

Operation of the year

Date／Term	Reasons for Discussion	Resolution Results	The Company's handling of Member's Opinions
2021/3/25 The 4th Term The 15th Meeting	Motion for pension payment for Associate Manager Huang, Zheng-Lung Motion for 2020 distribution of remuneration to directors Motion for 2020 employee remuneration of managers as defined in the Securities and Exchange Act	All members agreed and passed the motion.	All attending Directors agreed and passed the motion.
2021/7/29 The 5th Term The 1th Meeting	Motion for election of the convener for the 5th Committee	All members agreed and passed the motion.	All attending Directors agreed and passed the motion.
2021/8/12 The 5th Term The 2nd Meeting	Motion for salary and remuneration to the current directors	All members agreed and passed the motion.	All attending Directors agreed and passed the motion.
2021/12/14 The 5th Term The 3rd Meeting	Motion for pension payment for Deputy General Manager Tsai, Kuang-Feng Motion for pension payment for Special Assistant of the Chairman Liao, Ming-Zhi Motion for salary adjustment of the Company's managers Motion for promotion of the Company's manager and salary adjustment of the person in charge of specialty chemicals Motion for promotion salary adjustment of the Company's managerial officers Motion for salary adjustment of managers as defined in the Securities and Exchange Act;	All members agreed and passed the motion.	All attending Directors agreed and passed the motion.

(V) Nomination Committee

1. Qualifications of the Nomination Committee members and their duties.
   The Committee is made up of 2 members serving a period of 3 years, with Mr. Yang, Way-Wen serving as the convener. At least 2 meetings are held each year and meetings may be convened as needed. All proposed recommendations shall be submitted to the Board of Directors for discussion. Main duties of the Committee
   (1) Develops the criteria required by board members and senior managers to source, vet and nominate candidates.
   (2) Construct and develop the organizational structure of the Board of Directors and committees, conduct performance evaluations of Board of Directors, committees, Directors and senior managers, and evaluate the independence of Independent Directors.
   (3) Set up with regular reviews on the continuing education plan for Directors and the succession plan

for Directors and senior managers.

(4) Lay down the Company’s Code of Practice on Corporate Governance.

2. Professional qualifications and experience of the Nomination Committee and its state of operations:

(1) The Company's Nomination Committee is made up of 5 members. For their professional qualifications and experiences, please refer to page 13.

(2) The term of the commissioners: Committee members is from 2021/8/12 until 2024/7/28. The Nomination Committee has convened 5 meetings (A) during the most recent year. The qualification and participation of the commissioners are listed below:

Title	Name	Attendance in person (B)	By proxy	Rate of attendance in person (%) (B/A)	Notes
Convener	Yang, Way-Wen	3	0	100%	new
Convener	Hung, Ying-Cheng	2	0	100%	dismissal
Commissioner	Chen, Chien-Hsin	5	0	100%	re-elected
Commissioner	Chen, Ding-Chuan	5	0	100%	re-elected
Commissioner	Wu, Chung-Fern	5	0	100%	re-elected
Commissioner	Chang, Yuan-Jan	3	0	100%	new
Commissioner	Wang, Hsiu-Chun	2	0	100%	dismissal

Other matters that shall be recorded:

Date／Term	Reasons for Discussion	Resolution Results	The Company’s handling of Member’s Opinions
2021/3/25 The 2nd Term The 14th meeting	Implementation results of the 2020 Board performance evaluation	All members agreed and passed the motion.	All attending Directors agreed and passed the motion.
	Motion for election of directors	All members agreed and passed the motion.	All attending Directors agreed and passed the motion.
2021/5/13 The 2nd Term The 15th meeting	Motion for appointment of Chairman of the subsidiary Trend Tone Imaging	All members agreed and passed the motion.	All attending Directors agreed and passed the motion.
2021/8/12 The 3rd Term The 1st Meeting	Motion for election of the convener for the 5th Committee	All members agreed and passed the motion.	All attending Directors agreed and passed the motion.
2021/11/11 The 3rd Term The 2nd Meeting	Motion for Organizational Procedures for the Company's Strategy Committee	All members agreed and passed the motion.	All attending Directors agreed and passed the motion.
2021/12/14 The 3rd Term The 3rd Meeting	Motion for promotion of the Company’s managers	All members agreed and passed the motion.	All attending Directors agreed and passed the motion.
	Motion for extension of General Manager’s term of office at Everlight U.S.A.	All members agreed and passed the motion.	All attending Directors agreed and passed the motion.
	Motion for appointment of Chairman of subsidiary	All members agreed and passed the motion.	All attending Directors agreed and passed the motion.
	Motion for promotion of the Company's manager in charge of specialty chemicals	All members agreed and passed the motion.	All attending Directors agreed and passed the motion.

(VI) Implementation of sustainable development promotion and any differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof

Promotion Items	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	yes	no	Summary	
一、Has the Company constructed a governance structure to promote sustainable development and established a dedicated (part-time) unit for the promotion of sustainable development, which is managed by senior management through the authorization of and supervised by the board of directors?	V		1. The Company's Board of Directors is the highest governance body. The "Corporate Governance Committee" was formed in 2012 and changed its name to the "Sustainable Development Committee" (ESG Committee) in 2022. The Committee is responsible for promoting related matters and the Chairman has been authorized to coordinate the Company's sustainable development directions and set objectives. The ESG Committee is chaired by the Chairman. There are also the Governance Team (to construct effective governance structure and related ethical standards to improve corporate governance), Environmental Team (which proposes and promotes environmental management and climate change-related actions plans and is committed to accomplishing to the goal of sustainable environment), Social Team (responsible for labor rights, safety and health, character education, and social welfare) in place which are supervised by three senior executives. 2. The ESG Committee has 2 meetings each year, where the ESG team leaders and the executive secretary submit the ESG work plan, management performance and target achievements. The executive secretary of the Committee reports to the Board of Directors on the annual work plan and implementation results. 3. The ESG Committee identifies sustainability issues concerning the Company's operations and stakeholders for the year and proposes corresponding strategies or concrete improvement approaches to be submitted to the Board of Directors. The Board of Directors supervises the subsequent implementation of sustainable management matters and follows up on their effectiveness, while urging the working team to make adjustments when necessary.	No discrepancy.
二、Has the Company adhered to Materiality Principles to conduct risk assessment son environmental, social and corporate governance issues related to its operations and established relevant risk management policies or strategies? (Note2)	V		1. The information disclosed covers the Company's sustainable development performance in key locations for the entirety of 2021. The risk evaluation boundary is based on the Company's existing locations in Taiwan, China, the Americas and Europe. Based on the degree of influence in the production nature of subsidiaries on materiality topics, Everlight (Suzhou) Advanced Chemicals and Trend Tone Imaging have been included in the scope. 2. In accordance with the Materiality Principle, the Company conducts risk evaluations on important issues, and formulates risk management strategies and action plans according to risk after evaluation has taken place. Please see the following Table (Table 1).	No discrepancy.
III. Environmental Issues (I) Does the Company have an appropriate environmental management system established in accordance with its industrial characteristics?	V		1. An environmental management system has been built in all of the Company's plants (Plants 1-4) and subsidiaries (Trend Tone Imaging and Everlight (Suzhou)) in accordance to ISO 14001. Through the suitability, adequacy and effectiveness of our	No discrepancy.

<table>
<tr><td></td><td></td><td></td><td>continuous enhanced environmental management system, we continue to pass third-party certification. In addition, we have also passed third-party and brand certifications, such as bluesign® and ZDHC. For disclosure of related information, please refer to the Sustainable Report and the company website.
2. ISO 14001 Environmental Management System
<table><tr><th>Certification Unit</th><th>Effective period</th><th>Scope</th></tr><tr><td rowspan="2">DNV・GL</td><td>2019/11/21 ｜ 2022/11/21</td><td>Everlight Chemical Plants 1-4, Everlight (Suzhou) Advanced Chemical</td></tr><tr><td>2020-/7/29 ｜ 2022/7/17</td><td>Trend Tone Imaging, Inc.</td></tr></table></td><td></td></tr>
<tr><td>II) Is the company committed to enhancing the utilization efficiency of resources and using renewable materials with low impact on the environment?</td><td>V</td><td></td><td>In a bid to achieve the objective of GHG reduction, we continue to improve energy use performance through our environmental management system. We strive to improve resource utilization efficiency by continuously replacing, upgrading and selecting efficient and energy-saving equipment and routine energy-saving management. In terms of energy intensity, it was 80 GJ/million output in 2021, reduced by 6% compared to 85 GJ/million output in 2020. We expect to introduce the ISO50001 energy management system and expand investment in renewable energy in 2022. Furthermore, 2021 will be used as a benchmark to gradually improve renewable energy use year on year.
To reduce the environmental burden and decrease the use of raw materials, at Everlight Chemical, we are constantly improving the atomic utilization rate in our manufacturing process and developing products and technologies that are on par with green chemistry. At the same time, we have established a Circular Economy Promotion Committee to continue to promote and develop a variety of circular economy activities. Our efforts have won us the 1st and 2nd Green Chemistry Application and Innovation Awards, from the Environmental Protection Administration Executive Yuan as well as 2021 Circular Economy Achievement Award from the Taiwan Chemical Industry Association. This has shown that our dedication over the years on promoting and implementing green chemistry and a circular economy has paid off.</td><td>No discrepancy.</td></tr>
<tr><td>III) Does the Company assess the present and future potential risk and opportunities of climate change and adopt countermeasures related to climate issues?</td><td>V</td><td></td><td>The Company formed a Climate Change Taskforce in 2021, which is part of the ESG Committee’s Environmental Team responsible for the identification of risks and opportunities and recommendations for management. In 2021,we started to introduce the TCFD framework. We conducted transition and physical climate risk evaluation after taking into account the actual conditions of the market and the Company's current risk management system. Each year, climate change-related work promotions and their effectiveness is reported to the Board of Directors.
According to the risks and opportunities identified by the Climate Change Taskforce evaluation of the TCFD implementation recommendations, there are 4 major transition risks: (1) Using renewable energy will increase costs (2) Carbon tax/carbon tax (3) Shortage of raw materials due to climate change will increase costs (4) Preferences of the market/customers shifting to low-carbon products; 2 main opportunities for transition: (1) The necessity of developing low-carbon transition products (2) Develop sustainable products that prompt carbon reduction benefits for users.
After consideration, 3 strategies have been adopted:
(1)Develop sustainable products and development</td><td>No discrepancy.</td></tr>
</table>

<table>
<tr><td></td><td></td><td></td><td>roadmap in order to increase the proportion of revenue of sustainable products (2) introduce an energy management system to improve energy resources (3) conduct carbon inventory and identify carbon reduction paths to promote low-carbon transition.</td><td></td></tr>
<tr><td>(IV) Has the Company made an inventory of its total GHG emission volume, water consumption and waste volume for the past two years and established relevant management policies for GHG reduction, water conservation and waste management?</td><td>V</td><td></td><td>In addition to the data for the past two years, we have also set improvement indicators and mid-term improvement targets, covering all plants (Everlight Chemical’s Plants 1-4 , Trend Tone Imaging and Everlight (Suzhou) Advanced Chemicals).
(1) GHG emissions:
<table>
<tr><th>Year</th><th>Scope</th><th>Total tCO_2e</th><th>Carbon emission intensity tCO_2e/$million output</th></tr>
<tr><td rowspan="3">2020</td><td>Scope 1</td><td>14,233.22</td><td>1.9</td></tr>
<tr><td>Scope 2</td><td>58,131.91</td><td>7.7</td></tr>
<tr><td>Total</td><td>72,365.13</td><td>9.6</td></tr>
<tr><td rowspan="3">2021</td><td>Scope 1</td><td>19,141.06</td><td>2.1</td></tr>
<tr><td>Scope 2</td><td>63,671.70</td><td>6.8</td></tr>
<tr><td>Total</td><td>82,812.76</td><td>8.9</td></tr>
</table>
In 2021, the GHG emissions of purchased electricity and steam accounted for 76.9% in Scope 2 and 23.1% in Scope 1. Among these, stationary sources of fuels accounted for 15.5%. As a means to continue to improve energy efficiency and reduce carbon emission intensity, the Company is intending to introduce ISO 50001 energy management system in 2022, while also installing green energy generators. As well as this, we have also set the carbon emission intensity at ≦8.6 tons CO_2e/million output for mid-term 2025.
(2) Total water withdrawal
<table>
<tr><th>Year</th><th>Total water withdrawal Million liters</th><th>Water recovery rate %</th></tr>
<tr><td>2020</td><td>688.1</td><td>81</td></tr>
<tr><td>2021</td><td>824.5</td><td>86</td></tr>
</table>
Total water withdrawal increased in 2021 compared to 2020 and was mainly due to an increase in production capacity. With rational use of water and implementation of water-saving measures, the recovery rate reached 86%, an increase of 5% compared to 2020, reaching the mid-term target of ≧84% of 2025.
(3) Total volume of waste
<table>
<tr><th>Year</th><th>Hazardous waste(tons)</th><th>Non-hazardous waste (tons)</th><th>Total (tons)</th><th>Waste recovery rate (%)</th></tr>
<tr><td>2020</td><td>1,670.8</td><td>7,569.3</td><td>9,240.1</td><td>68</td></tr>
<tr><td>2021</td><td>2,029.9</td><td>9,515.5</td><td>11,545.4</td><td>69</td></tr>
</table>
Total waste increased in 2021 compared to 2020 and was mainly due to an increase in production capacity. With the implementation of various improvement measures for waste reduction and circular economy, waste recovery rate improved to 69% in 2021 from 68% in 2020, moving towards the mid-term target of 72% recovery rate for 2025.</td><td>No discrepancy.</td></tr>
<tr><td>IV. Social Issues
(II) Does the Company have the relevant management policies and procedures stipulated in accordance with the applicable laws and regulations and international conventions on human rights?</td><td>V</td><td></td><td>In response to international trends and corporate governance development, and in accordance with the 4 workplace core principles and rights of the International Labour Organization (ILO), we adhere to our corporate cultural core and business concepts, the foundation of developing into a happy company, follow local regulations where we operate, and promulgated the</td><td>No discrepancy.</td></tr>
</table>

			"Everlight Chemical Human Rights Policy" on 2019/8/16. Our global operating bases around the world are required to follow local laws and we conduct regular supplier surveys. On our 3,000 procurement contracts each year, we require suppliers to make sure that there is no "child labor" and only after the supplier signs the reply is a qualified supplier. We provide education and training via the Company's monthly meeting, human resources website and quarterly newsletters. In 2011, a total of 1,174 employees received a "Human Rights Policy Advocacy" course, with a course completion rate of 100%, for a total of 59 training hours.	
(II) Has the Company established and implemented reasonable employee welfare measures (including wages, leaves and other benefits) to reflect its operational performance/successes in employees' remuneration?	V		1. The Company's leave system for employees is handled in accordance with the regulations stipulated in the Labor Standards Act. A Welfare Committee is also in place. For welfare measures, please refer to Labor Relations. In a bid to promote workplace diversity and equal promotion opportunities for both genders, we have gradually increased the ratio of female managers. In 2021, female employees accounted for 22% and female managers accounted for 19%. 2. We take part in salary surveys in the market on a regular basis so as to maintain our overall salary competitiveness. Furthermore, the Company has also established relevant procedures including Procedures for Remuneration, Procedures for Year-End Bonuses, Procedures for Performance Bonuses, and Procedures for Production Bonuses to ensure the Company's management performance is duly reflected in employees' remunerations.	No discrepancy.
(III) Does the company provide employees with a safe and healthy working environment, and regular safety and health training?	V		1. At Everlight Chemical, we are committed to constructing a safe and healthy workplace. To do so, we continue to implement occupational disaster prevention and management to ensure the safety and health of our employees and contractors, achieving the goal of zero disasters. For measures regarding the safety and health of employees in the workplace, policies for employee education and its implementation status, please see Labor Relations. 2. The operating headquarters of Everlight Chemical group, Plants 1-4 of Everlight Chemical and the subsidiary Plants 1-3 of Trend Tone Imaging, and Everlight (Suzhou) Advanced Chemicals have all obtained ISO 45001:2018 certification, which was certified by a third party on August 13, 2021. The certification is continuously effective. 3. In 2021, the total fatal and serious injury (FSI) index was 0.08, excluding 4 occupational accidents due to commuting incidents, including 1 fall injury, 1 cut injury, 2 bump injury and 1 crush injury. Total lost days were 23, involving 4 persons and accounting for 0.23% of the total number of employees at the end of 2021. After investigation, it was found that the accidents were due to the lack of safety measures in the working environment and the workers' lack of awareness for safety. To address this, we immediately adopted improvement measures, such as increasing the pedal area, equipment fixing and labeling, adding warning signs, and implementing personnel talks and training to ensure the safety of colleagues at work.	No discrepancy.

IV) Has the Company established effective career development training plans?	V		After investigation, we found that the reason is insufficient safety measures for the operation environment and equipment, and insufficient safety awareness of personnel. We immediately took improvement measures, such as increasing the pedal area, fixing and labeling equipment, adding warning signs, and implementing personnel safety talks and training to ensure the safety of employees during work. In addition to pre-employment training courses, we have also adopted the “mentor-apprentice” system in which new employees are taught professional knowledge and skills by assigned senior employees. Moreover, new blood is able to learn the required functions through personal instructions and audio-visual aids. In addition, employees may be designated by the Company to study domestically or abroad if necessary for their work or function. As of today, a total of 35 employees have pursued master’s degree or PhD degrees or attended on-the-job training courses. In 2021, 6 colleagues took part in online courses (4 colleagues pursued master’s degrees or PhD degrees), and their main courses included business management and professional work subjects. 2021 employee training implementation Item / Manager / Non-manager Number of people / 419 / 844 Total hours / 65,788 / 64,458 Average hours/persons / 157 / 76	No discrepancy.
(V) In terms of customer health and safety, customer privacy ,marketing and labeling issues for the company’s products and services, has the company adhered to pertinent regulations and international standards and established relevant policies and grievance procedures for the protection of consumers or customer rights?	V		We have set up review operations of “Hazardous Chemical Control Procedures” and “Chemical Registration Review Procedures” from the use of raw materials, R&D and production stages to the final sales of products in order to continue to update, follow up and ensure compliance. For example, management laws and regulations for chemicals in different countries, such as REACH SVHC, RoHS standards, safety requirements of multinational brands and customers, including ZDHC MRSL, Bluesign BSS/BSBL, in order to fulfill our commitment to product safety and chemical safety management. Chemical safety data sheet and product labeling are vital information provided to ensure the safety and health of users. We label chemical products according to Taiwan Regulations for the Labeling and Hazard Communication of Hazardous Chemicals, GHS and REACH CLP regulations in order to meet the regulatory requirements of each country. We have product warranty opening operating processes in place and are striving to obtain third-party environmental product certifications. In doing so, we ensure that customers use our products with peace of mind. Customers may also obtain a product safety certificate from the Company through a built-in process, or report a non-conformity of chemical safety to the Company. The Product Responsibility Division and the security units of quality assurance unit of each business division assist sales colleagues in handling customer grievances and customer complains, protecting their rights and interests.	No discrepancy.
(VI) Has the company established supplier management policies that require suppliers to comply with pertinent regulations relating to issues of	V		1. The Company has established its supplier management policy, with the specific goal of “helping suppliers to fulfill their corporate social responsibilities, follow labor rights standards, and to achieve win-win through solid EHS measures, stable	No discrepancy.

<table>
<tr><td>environmental protection, occupational safety and health, labor rights and so forth and report their status of implementation?</td><td></td><td></td><td>quality, punctual delivery, competitive prices and quality services in the provision of raw materials”.
We use a raw material supplier evaluation form, with issues covering environmental protection (as required by ISO 14001), occupational safety and health (as required by ISO 45001), fulfillment of social responsibility, worker human rights, corporate risk identification and business continuity. The evaluation results are used as an important basis for selecting new key suppliers. At the same time, we also require suppliers to sign the HSF (Hazardous Substance Free) pledge, while continuing to promote the “DGP” (Everlight Green Partner) certification system.
2. We advocate that our suppliers fulfill supplier environmental responsibilities, follow supplier social responsibility standards, and establish a green supply chain through a variety of methods and outlets such as organizing supplier education and training, supplier interviews and visits, visits from suppliers and procurement URLs.
In 2021, we conducted surveys on the performances of “environmental aspects” and “social aspects” with 15 important suppliers; the number of completed surveys (13) reached 100%.
<table>
<tr><th>Year</th><th>2021</th><th>Compliance rate</th></tr>
<tr><td>Number of important suppliers</td><td>15</td><td></td></tr>
<tr><td>Number of suppliers that completed the survey</td><td>13</td><td>87%</td></tr>
<tr><td>Number of suppliers that met environmental standards</td><td>13</td><td>100%</td></tr>
<tr><td>Number of suppliers that met social standards</td><td>13</td><td>100%</td></tr>
</table></td><td></td></tr>
<tr><td>V. Has the company referred to internationally adopted reporting guidelines or initiatives in the preparation of its Sustainability Report and other reports that disclose non-financial information of the company? Has the aforementioned report been assured or guaranteed by a valid 3rd-party validation organization?</td><td>V</td><td></td><td>1. Upon preparation of the framework of our Sustainability Report, apart from following the core options of the Global Reporting Initiative (GRI) and Sustainability Reporting Standards, we also make reference to the SASB requirements for the chemical industry.
2. The Company’s 2021 Sustainability Report was assured by the third-party institution BSI Taiwan under AA1000AS v3; in addition, the four most important environmental safety and health issues in the chemical industry (energy, water resources, waste, occupational safety and health) This year, for the first time, KPMG was entrusted to implement limited assurance procedures for the subject information of confidence in accordance with the Bulletin No. 1 of the Belief Standards Bulletin issued by the Accounting Research and Development Foundation of the Republic of China, the quality of the content of the report meets the requirements of the competent authority.</td><td>No discrepancy.</td></tr>
<tr><td colspan="5">VI. If the company has established sustainable development best practice principles based on the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies ”, please describe any discrepancy between the policies and their implementation: The company has promulgated the "Sustainable Development Code of Practice" in accordance with the " Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies ", and there has been no difference in implementation so far.</td></tr>
<tr><td colspan="5">VII. Other important information that helps understand the promotion of sustainable development implementation:
At Everlight Chemical, we are keen to learn from international rating institutions (e.g., Sustainalytics、FTSE Russell). We continue to improve ESG risk ratings and engage in effective sustainable performance communication with</td></tr>
</table>

outside stakeholders through coaching by external experts on enhancing the disclosure of relevant information (e.g., quality management system certification, environmental management system certification, inclusion/diversity policies, hazardous waste management, sustainable products and services, etc.), continuously improve ESG risk ratings, and effectively communicate sustainable performance with external stakeholders.

Note 1:If "Yes" has been checked as the status of operation, please describe the adopted material policy/strategy/measure and it state of implementation. If "No" has been checked, please provide a reason for its absence and describe the Company's plan to adopt relevant policy/strategy/measure in the future.

Note 2: Material principles refer to issues pertaining to environment, society and corporate governance that stand to create significant impact on the company's investors and other stakeholders.

(Table 1)

Major Issues	Risk Assessment Projects	Risk Management Strategy
Environment (E)	Environmental protection and management	1. The Company's environmental policy is "Prepare environmental risks against environmental sustainability" and we have adopted the following actions: 1) Implement ISO 14001 environmental management system. Each year, we set implementation plans and target values, and regularly follow up and review the progress of each program. By doing this, we are able to ensure the achievement of our target. 2) Process is continuously improved to increase resource utilization rate according to the 12 Principles of Green Chemistry. 3) Promote industrial waste reduction (including waste resources, air pollutants, waste), implement pollution prevention, improve recovery rates, and reduce overall emissions. 4) In line with government policies, the Company actively promotes various energy-saving and carbon-reduction measures with the goal of "saving >1% electricity per year". 5) Research and develop environmental protection technology to improve the efficiency of pollution treatment. 6) Continue to develop products that are friendly to the environment and reduce the impact of product applications on the environment. 7) Implement education and training to enhance the environmental protection awareness and ability of all employees. 2. The Company takes GHG emission issues very seriously, and monitors the GHG emissions of all plants as a proactive approach to manage carbon. Furthermore, we continue to improve the performance GHG emissions in all plants and subsidiaries in accordance with the ISO14064-1 standard. 3. We have introduced the TCFD framework to construct the Company's climate risk identification process. In addition, we also organize education and training to strengthen our personnel's understanding of and abilities on climate change impact. According to the results of interdepartmental discussions on risks and opportunities, 4 risks and 2 opportunities have been identified. 4. We continue to promote the "Everlight Chemical Green Partner Certification System" and conduct green supply chain management while facilitating green procurement. As well as this, our suppliers are required to place emphasis on corporate governance responsibility. 5. Plan and implement the annual internal audit plan and conduct an audit on the Company's compliance with all relevant environmental regulations. In doing so, operational process compliance is ensured. 6. Continue to monitor and disclose regulatory compliance situations and provide a description in accordance with GRI standards.
Society (S)	Occupational safety and health management	1. The Company places a high significance on occupational safety and health, and has imposed a safety and health policy of "respect for life, pursue zero disasters", while implementing the requirements of the occupational safety and health management system, setting various management indicators and target values, and continuing to eradicate hazards and reducing EHS risks to protect employees' and workers' physical and mental health while promoting industrial safety. 2. The Company's operational headquarters as well as each subsidiary production plant were certified by the "ISO 45001 Occupational Safety and Health Management System" in 2021. 3. Each year, fire training/drills and occupational safety education and training are organized to develop employee's emergency response abilities and self-safety management.
	Product management	1. The Company has established "Hazardous Chemical Substance Management" and "Product Safety Assurance System and Management Process, to make products

Major Issues	Risk Assessment Projects	Risk Management Strategy
		compliant with national registration regulations and GHS labeling requirements in various countries. The Company also promises to implement "Zero Discharge of Hazardous Substances" to ensure safe product transportation and use. 2. The Company's quality policy is "caring for customers to jointly create value", and we continue to implement the requirements of the "Quality Management System (ISO 9001 and IATF 16949)" to continuously improve product quality and customer satisfaction.
Corporate Governance (G)	Social Economy and Legal Compliance	1. The Company's core culture is "upright operation, loving management." Through the establishment of a corporate governance organization, implementation of internal control mechanisms, and annual "ethical management" and "whistleblowing system" training, the awareness of personnel is strengthened, to ensure that employees and various operations actually comply with relevant laws and regulations. The Company also rents "Regulations Cloud" software to effectively grasp the latest requirements due to changes in laws and regulations. 2. The Company has passed the Business Continuity Management System Examination of ISO 22301. 3. As one of the Company's main priorities is information security, the "Information Security Management Policy" has been established and obtained ISO 27001 information security management system certification. 4. In 2018, the Company passed the verification of Taiwan Intellectual Property Management System (TIPS) Grade A. In addition to implementing various intellectual property management regulations, complying with government regulations, and respecting the intellectual property of others, the Company also ensures that its own key technologies such as patents, trademarks, copyrights, and trade secrets are properly protected.
	Strengthen Board functions	1. In 2021, the Company appointed a corporate governance manager to provide directors with information needed in order to carry out their duties and the necessary assistance to enhance the efficiency of the Company's Board of Directors. 2. To plan for related continuous education issues for directors and provide them with the latest regulations, system development and policies each year. 3. To conduct a self-evaluation on the performance of the Board as a whole, each Board member and functional committee. Additionally, a third-party evaluation is performed by an outside agency every 3 years and the results of all evaluations are disclosed on the company website.
	Stakeholder communication	1. As the Company values stakeholder interaction and communication, a survey is conducted every 2 years to collect and analyze important stakeholder concerns. The Company publishes an annual Sustainability Report and discloses material topics. Information is also updated on the official website and other social media. 2. According to the types of stakeholders, we have established various communication outlets and frequencies, such as website, telephone, email, meeting visits, and activity participation to engage in proactive communication.

(VI) Implementation Status of ethical corporate management and Departure of such implementation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reason for any such departure

Evaluation Item	Implementation Status			Departure of such implementation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reason for any such departure
	Yes	No	Summary	
I. Formulation of ethical corporate management policies and projects (I) Has the Company enacted ethical management policies as per the motion passed by the Board, and stated in its Memorandum or external correspondences about the said policies, practices and the commitment of the Board and higher management in actively implementing the policies?	V		(I) The Company has issued the "Ethical Corporate Management Principles" and "Procedures for Ethical Management and Guidelines for Conduct," and detailed the policy of the Company's ethical corporate management in the annual report and CSR report. With the business philosophy of integrity, transparency and responsibility, the Company developed a policy based on honesty and establish a good corporate governance and risk control mechanism to create an operating	No discrepancy.

Evaluation Item	Implementation Status			Departure of such implementation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reason for any such departure
	Yes	No	Summary	
			environment of sustainable development; the Board of Directors and the management level actively implement the commitment of ethical corporate management policies, and require all employees of the Group to abide by.	
(II) Has the Company established evaluation mechanism for unethical conduct, analyzed and assessed operating activities that may contain a higher risk of unethical conduct on a regular basis, and provided solutions for prevention of unethical conduct, which at least comprise preventive measures for conducts as listed in Article 7 Section 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	V		(II) The Company has established a risk evaluation mechanism for unethical conduct, analyzed and assessed operating activities that may contain a higher risk of unethical conduct on a regular basis, and provided solutions for prevention of unethical conduct.	No discrepancy.
(III) Has the Company specified relevant operating procedures, behavioral guidelines, disciplinary actions for violations and appeal system in the solutions for the prevention of unethical conduct established, implemented accordingly, and review the aforementioned solution on a regular basis?	V		(III) The Company has specified relevant operating procedures, behavioral guidelines and Reporting System for Violation of Ethical Corporate Management Regulations in the solutions for the prevention of unethical conduct established, and implemented accordingly as stipulated. Those who are found to have violated the regulations are punished according to the Company's rules. The aforementioned solution is reviewed on a regular basis.	No discrepancy.
II. Implementation of ethical corporate management				
(I) Does the company evaluate the integrity of all counterparts it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	V		(I) The Company has assessed the integrity record of the counter party. The terms of ethical behavior are specified in the signed contract. If any act of dishonesty is involved, the Company may terminate or dissolve the terms of the contract at any time.	No discrepancy.
(II) Does the company set up a unit dedicated to or tasked with promoting the company's ethical standards that reports directly to the Board of Directors with periodical updates (at least once a year) on ethical corporate management policies, solutions for the prevention of unethical conduct and the status of supervision and execution thereof?	V		(II) The Human Resources Department is responsible for the promotion of the integrity management system and the prohibition of dishonest practices, and reports to the Board of Directors on a regular basis (at least once a year) and makes recommendations for improvement to ensure the implementation of integrity management.	No discrepancy.
(III) Does the company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	V		(III) The Company has formulated a policy to prevent conflicts of interest to identify, supervise and manage the risks of conflicts of interest that may lead to dishonest behavior. It has also provided appropriate channels for directors and managers and other stakeholders attending the Board of Directors to actively explain whether they have potential conflicts of interest with the Company.	No discrepancy.
(IV) Has the company implemented the ethical management by establishing an effective accounting system and internal control system, and had the internal audit unit devised relevant audit plans according to the evaluation result on risk of unethical conduct, as well as executing the said plan to inspect the compliance of solutions for the prevention of unethical	V		(IV) In response to the risk of higher dishonest behavior, the Company has established an effective accounting and internal control system. The internal audit department shall prepare an annual audit plan based on the risk assessment results, and report to the Board of Directors and the management level about the audit results and subsequent improvement plans, in order to implement audit effectiveness.	No discrepancy.

Evaluation Item	Implementation Status			Departure of such implementation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reason for any such departure
	Yes	No	Summary	
conduct, or appointed an external auditor to conduct audits? (V) Does the company provide internal and external ethical conduct training programs on a regular basis?	V		(V)The Company's dedicated unit to promote ethical corporate management is the Human Resources Division, responsible for facilitating ethical management-related systems and prohibiting dishonest conduct. In March each year (at least once a year), the Human Resources Division reports and makes recommendations for improvement to the Board of Directors, to ensure the implementation of ethical corporate management. Matters promoted to all Board members on the Board meeting held on 2021/3/18:(1) Operating Procedures for Prevention of Insider Trading;(2) Self-Regulatory Rules on Disclosure of Merger and Acquisition Information;(3) Ethical Corporate Management Best Practice Principles;(4) Procedures for Ethical Management and Guidelines for Conduct;(5) Codes of Ethical Conduct for Directors and Managers; and other important regulations. In the third quarter of 2021, via briefings and video clips, we held 40 sessions of promotion on ethical management and grievance, training 5,778 employees, totaling 232 training hours.	No discrepancy.
III. The operating status of the company's reporting system (I) Does the company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?	V		(I) The Company has issued a "Reporting System for Violation of Ethical Corporate Management Regulations," which specifies the details of the reporting hotline：+886-2-2326-3502 and mailbox：informant@ecic.com.tw, and clearly designates dedicated personnel as the responsible person of Ethical Management Team. Also set up the Audit Committee mailbox：AuditCommittee@ecic.com.tw.	After discussion, the Company temporarily excludes reward measures.
(II) Does the company establish standard operating procedures for investigating complaints received, take follow-up measures after investigation, and implement confidentiality protocol?	V		(II) The system of the preceding paragraph clearly defines the procedures for handling reports and the confidentiality measures for relevant personnel.	No discrepancy.
(III) Does the company adopt proper measures to protect a complainant from improper treatment for the filing of the complaint?	V		(III)The Company shall keep the identity of the complainant and the contents of the report confidential, and promise to protect the complainant from being improperly treated due to their report.	No discrepancy.
IV.Strengthening information disclosure (I) Does the company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and the Market Observation Post System (MOPS)?	V		The Company has disclosed the Ethical Corporate Management Best Practice Principles on the company website and MOPS, and has disclosed the promotion results on the company website.	No discrepancy.
V. If the company has established corporate governance policies based on the "Corporate Conduct and Ethics Best Practice Principles for TWSE/GTSM-Listed Companies," please describe any discrepancy between the policies and their implementation: No discrepancy.				
VI. Other important information for facilitating better understanding of the company's implementation of Code of Ethics and Business Conduct: None.				

(VII) If the Company has formulated Corporate Governance Principles and relevant regulations and articles, it shall disclose inquiry methods：

Yes; please refer to the section of corporate governance on the company website (https://ecic.com/governance/regulation/) or Corporate Governance / Rules for Formulating Relevant Regulations of Corporate Governance on the MOPS (http://mops.twse.com.tw/mops/web/t100sb04_1).

(VIII) Other important information that is enough to enhance the understanding of the operation of corporate governance shall be disclosed together：

The Company is a co-founder and permanent member of Taiwan Corporate Governance Association. The Chairman serves as the Supervisor of the Association. All directors of the Company are members of the Director and Supervisor Club founded by Taiwan Corporate Governance Association and definite members of the Association. They actively participate in various courses and forum activities of the Association to enhance their corporate governance concepts and grow from exchanging the experiences of corporate governance practices.

(IX) Execution status of internal control system

1. Statement of internal control:

Everlight Chemical Industrial Corporation
Statement of Internal Control System

Date: March 24, 2022

Based on the findings of the self-auditing, the Company states the following with regard to its internal control system during the year 2021:

I. The Company knows that the board and the management are responsible for establishing, implementing, and maintaining the internal control system. The Company has established the system. It aims at providing reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations (including profitability, performance, and the safeguard of assets), reliability, timeliness and transparency of reporting, and compliance with all the applicable laws and regulations.

II. The internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its above 3 stated objectives. Moreover, the effectiveness of the internal control system may change due to changes in the environment and situations. Nevertheless, the internal control system of the Company contains self-monitoring mechanisms, and corrective action is taken whenever a deficiency is identified.

III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the “Regulations Governing the Establishment of Internal Control Systems of Public Companies” (herein below, the Regulations). The criteria adopted by the “Regulations” identify five components of internal control based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring. Each component further contains several items. Please refer to the “Regulations” for details.

IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the above-mentioned Regulations.

V. Based on the findings of the evaluation mentioned above, the Company believes that, on December 31, 2021, its internal control system (including the supervision on and management of subsidiaries), as well as the design and operations of internal control systems for understanding its operational effectiveness and efficiency, the achievement level of objectives, reliability, timeliness, transparency and regulatory compliance in reporting, and compliance with the applicable laws and regulations, were effective, and the Company can provide reasonable assurance that the above-stated objectives would be achieved.

VI. This Statement is an integral part of the Company’s annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement was passed by the Company’s board in their meeting held on March 24, 2022, with none of the 11 attending directors expressing dissenting opinions, and all of them affirming the content of this Statement.

Everlight Chemical Industrial Corporation

Chairman: Chen, Chien-Hsin

General manager: Chen, Wei-Wang

2. While entrusting an accountant to review the internal control system on project basis, the review report shall be disclosed: None.

(X) In the most recent year, up to the publication date of the annual report, where legal punishment imposed on the Company and its internal personnel, or the punishment imposed by the Company on its internal personnel due to violation of internal control regulations, which would affect the shareholders’ interests and the share price significantly, should have the content of the punishments, the main wrongdoings and improvements thereafter disclosed: None

(XI) Important resolutions of board meetings and shareholders' meetings and the execution status of the resolved matters of shareholders' meetings in the most recent year and up to the publication date of the annual report

1. Resolutions of the Board of Directors:

(1) Resolutions by the Board of Directors on January 25, 2021:
Approved (1) Motion for subscription of shares issued by Polytronics Technology for increasing cash capital

(2)Resolutions by the Board of Directors on March 25, 2021:
Approved (1) Motion for reporting matters at the 2021 general meeting of shareholders, (2) Motion for 2020 remuneration distribution of employees and directors, (3) Motion for 2020 distribution of remuneration to directors, (4) Motion for 2020 employee remuneration of managers as defined in the Securities and Exchange Act, (5) Motion for 2020 financial statements, (6) Motion for 2020 earnings distribution, (7) June 22, 2021 was set as the ex-dividend date for cash dividends to shareholders, distributed on July 14, 2021, (8) Motion for review of self-evaluation result for the 2020 internal control, (9) Motion for election of directors, (10) Lifting the restriction for directors to compete with each other, (11) Motion for amendment to the Rules of Procedure for Shareholders' Meeting, (12) Motion for amendment to the Rules of Procedure for Long-term Equity Investments, (13) Motion for disposal of long-term investments of equity, and (14) Motions for pension payment for managers.

(3) esolutions by the Board of Directors on May 13, 2021:
Approved (1) Motion for business resumption with Taiwan Cooperative Bank, (2) Motion for land development of the subsidiary Everlight (Suzhou) Advanced Chemicals, (3) Motion for participation in cash capital increase of Andros Pharmaceuticals, (4) Motion for appointment of directors for the subsidiary Trend Tone Imaging, (5) Motion for appointment of chairman for the subsidiary Trend Tone Imaging, (6) Motion for appointment of directors for the investment business Chung Hwa Chemical Industrial Works Ltd.

(4) Resolutions by the Board of Directors on July 8, 2021:
Approved (1) Motion for change in 2021 general meeting of shareholders, (2) Motion for equity transfer for subsidiary in Shanghai.

(5) Resolutions by the Board of Directors on July 29, 2021:
Approved (1) Motion for candidates of the chairman, (2) Motion for appointment of Compensation Committee members for the 5th term.

(6) Resolutions by the Board of Directors on August 12, 2021:
Approved (1) Motion for salary and remuneration to the current directors, (2) Motion for remuneration to independent directors for this term, (3) Motion for candidates for the election of Nomination Committee members for the 3rd term, (4) Motion for establishment of a Strategy Committee.

(7) Resolutions by the Board of Directors on November 11, 2021:
Approved (1) Motion for lending US$5 million to the subsidiary, Everlight (Suzhou) Advanced Chemical, (2) Motion for Organizational Procedures for the Company's Strategy Committee.

(8) Resolutions by the Board of Directors on December 16, 2021:
Approved (1) Motion for 2022 operation plan and business budget, (2) Motion for 2022 internal audit plan, (3) Motion for total bank loans for 2022, (4) Motion for appointment of 2022 CPAs of financial statements and their compensation, (5) Motion for convening the May 26, 2022 general meeting of shareholders, (6) Motion for the period to accept shareholder proposals and venue for the 2022 general meeting of shareholders, (7) Motion for amendment to the Promotion Method for Continuous Education of Directors, (8) Motion for pension payment for Deputy General Manager Tsai, (9) Motion for pension payment for Special Assistant of the Chairman Liao, (10) Motion for appointment of Audit Manager, (11) Motion for promotion of the Company's manager of the person in charge of specialty chemicals, (12) Motion for promotion of personnel above Associate Manager level, (13) Motion for appointment of directors of subsidiaries, (14)Motion for extension of General Manager's term of office of Everlight U.S.A., (15) Motion for salary adjustment of managers as defined in the Securities and Exchange Act, (16) Motion for year-end bonus of managers as defined in the Securities and Exchange Act.

(9) Resolutions by the Board of Directors on March 24, 2022:
Approved (1) Motion for reporting matters at the 2022 general meeting of shareholders, (2) Motion for 2020 remuneration distribution of employees and directors, (3) Motion for 2021 distribution of remuneration to directors (4) Motion for 2021 employee remuneration of managers as defined in the Securities and Exchange Act, (5) Motion for 2021 financial statements (6) Motion for 2021 earnings distribution, (7) June 22, 2022 was set as the ex-dividend date for cash dividends to shareholders,

distributed on July 14, 2022, (8) Motion for review of self-evaluation result for the 2020 internal control, (9) Motion for amendment to the Rules of Procedure for Shareholders' Meeting, (10) Motion for amendment to the Procedures for Acquisition or Disposal of Assets, (11) Motion for amendment to the Articles of Incorporation, (12) Motion for amendment to the Code of Practice on Corporate Governance, (13) Motion for amendment to the Corporate Social Responsibility Best Practice Principles, (14) Motion for amendment to the Procedures for Ethical Management and Guidelines for Conduct, (15) Motion for amendment to the Ethical Corporate Management Best Practice Principles, (16) Motion for amendment to internal control system, (17) Motion for amendment to agenda of the 2022 general meeting of shareholders, (18) Motion for reappointment of chairman of Ethical (Shanghai) Ltd. and Everlight (Shanghai) Ltd., (19) Motion for extension of General Manager's term of office of chairman of Ethical (Shanghai) Ltd. and Everlight (Shanghai) Ltd.

2. Resolutions of the 2021 general meeting of shareholders and implementation:
   (1) Approved the 2020 financial statements.
   (2) Approved the motion for amendment to the Rules of Procedure for Shareholders' Meeting and motion for amendment to the Procedure for Election of Directors, which is disclosed on the company website and implemented as amended.
   (3) Approved the election of the 18th Board of Directors; the change of registration was approved by the Ministry of Economy on August 16, 2021.
   (4) Approved to lift the restriction for new directors of the 18th Board to compete with each other.

(XII) Recorded or written statements made by any director who specified dissent to important resolutions passed by the Board of Directors during the most recent year and up to the date of publication of the annual report: None.

(XIII) A summary of the resignation status of Chairman, General Manager, Accounting Supervisor, Financial Supervisor, Internal Audit Supervisor, managing supervisors and R&D Supervisor in the most recent year, up to the publication date of the annual report:

March 30, 2022

Title	Name	Date of appointment	Date of dismissal	Reasons of resignation or dismissal
General	Tzeng, Mei-Rong	1980/3/21	2022/1/1	Retired

Note: Company-related personnel refers to the chairman, general manager, accounting manager, financial manager, internal audit manager, corporate governance manager and R&D manager.

IV. Information of CPA's Professional Fees

Unit: TWD thousand

Name of the accounting firm	Name of the CPA	Audit period of CPA	Audit fee	Non-audit fee	Total	Notes
KPMG	Chia-Chien Tang	Jan. 1, 2021~Dec. 31, 2021	3,250		4,490	
	Ya-Lin Chen					
	Yeh, Wei-Dun			940		
KPMG Business Management Co., Ltd.	Yu, Ji-Long	Jan. 1, 2021~Dec. 31, 2021		300		

Note: Non-audit services: NT$710,000 for transfer pricing service; NT$300,000 for IT system maintenance and technical support; NT$200,000 for tax consulting; and NT$30,000 for human resources.

(II) Whether there is any change of accounting firm and the audit fee paid in the replacement year is less than that paid in the preceding year: None.

(III) Whether the ratio of audit fee for the preceding year decreases by 10% or more: None.

V. **Information of changing accountants**: None.

VI. **Disclosure of any instance of the Company's chairman, general manager, and finance or accounting manager having held a position in the CPA firm or its affiliates in the most recent year**: None.

VII. Equity transfer and equity pledge changes of directors, managers and shareholders with shareholding exceeding 10% in the most recent year and up to the date when this annual report is printed

(I) Equity changes of directors, managers and major shareholders: Unit: shares

Title (Note 1)	Name	2021		The current year as of Mar. 30, 2022		Notes
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged	
Chairman	Chen, Chien-Hsin	0	0	15,000	0	
Director	Yung-De Investment Co., Ltd.	1,000,000	0	0	0	
	RepresentativeChen, Ding-Chuan	0	(10,000,000)	0	0	major shareholder
Director and General Manager	Chen, Wei-Wang	0	0	0	0	
Director	Chen, Ding-Chi	(180,000)	0	0	0	
Director	Chen, Chien-Ming	120,000	0	0	0	
Director	Lee, Yung-Long	0	0	0	0	
Director	Ken, Wen-Yuen	0	0	0	0	
Director	Chao, Rong-Shiang	0	0	0	0	
Independent director	Wang, Hsiu-Chun	0	0	0	0	
Independent director	Hung, Ying-Cheng	0	0	0	0	
Independent director	Wu, Chung-Fern	0	0	0	0	
Independent director	Yang, Way-Wen	0	0	0	0	
Independent director	Chang, Yuan-Jan	0	0	0	0	
Special Asst. to Chairman	Du, Yi-Zhong	0	0	0	0	
Special Asst. to Chairman	Liao, Ming-Zhi	(200,000)	0	0	0	
Deputy General Manager	Tsai, Kuang-Feng	0	0	0	0	
Deputy General Manager	Lin, Zhao-Wen	0	0	0	0	
Deputy General Manager	Chen, Qing-Ta	0	0	0	0	
Deputy General Manager	Chen, Ke-Lun	0	0	0	0	
Factory Director of the 2rd Plant	Yeh,Shun-Xing	0	0	0	0	
Deputy General Manager	Lee, Fu-Xing	0	0	0	0	
Associate Manager	Wu, Tian-Wang	(49,000)	0	0	0	
Associate Manager	Wu, Yao-Ming	0	0	0	0	
Associate Manager	Jason Ju	0	0	0	0	
Associate Manager	Tseng, Kun-Mu	0	0	0	0	
Associate Manager	Chen, Xin-Zhi	0	0	0	0	
Associate Manager	Liao, Nan-Ming	0	0	0	0	
Associate Manager	Chen, Yi-Tang	(15,000)	0	0	0	
Associate Manager	Huang, Tsung-Wen	0	0	0	0	
Associate Manager	Chen, Wen- Zheng	0	0	0	0	
Associate Manager	Xie,Qing-Xiong	0	0	0	0	
Head of Operation Unit 1 of Color Chemicals	Hsiao, Chong-Kun	(2,000)	0	0	0	
Head of Technical Marketing Division	Lai, Bao-Kun	0	0	0	0	
The 1st Plant Factory Director	Chen,Kun-Mu	0	0	0	0	
Head of Specialty Chemicals	Liang,Jen-Yang	0	0	0	0	New in office on 2022/1/1

Title (Note 1)	Name	2021		The current year as of Mar. 30, 2022		Notes
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged	
The 3rd Plant Factory Director	Kang, Yuan-Sheng	0	0	0	0	
Head of Specialty Chemicals Technics Division	Huang, Yao-Xing	0	0	0	0	
Head of Electronic chemicals	Sun,Che-Jen	0	0	0	0	New in office on 2022/1/1
Head of Electronic chemicals Q&C Division	Liu,Wen-Zhi	0	0	0	0	New in office on 2022/1/1
Head of Pharmaceutical Chemicals Q&C Division	Chen, Si-Feng	0	0	0	0	
Head of Resource Management Division	Sung, Bai-Li	0	0	0	0	
Head of Product Responsibility Division	Huang,Hui-Ching	0	0	0	0	
Audit Office General Auditor	Zhang,Jin-Rong	0	0	0	0	New in office on 2022/1/1
Head of Financial Division and Supervisor of Financial and Accounting Department	Weng, Kuo-Pin	0	0	0	0	
Corporate governance officer	Lee, Ming-Wen	0	0	0	0	

Note 1: Those with more than 10% shareholding of the Company shall be noted as a major shareholder, and shall be listed separately.
Note 2: If the counter party of equity transfer or equity pledge is a related party, the following table shall be filled in.

(II) Information of stock transfer

Name	Reasons for transfer	Transfer date	Counter parties	Relationship with the Company's directors, supervisors and shareholders with shareholdings of 10% and more	Share number (shares)	Transfer price
Chen, Ding-Chi	Gift	2021/2/2	Chen, Chien-Ming Chen, Yi-jun	Father and son Father and Daughter	120,000 60,000	15.30

(III) Information of equity pledge: Not applicable.

VIII. Information of the shareholders with top 10 shareholding ratio and are related to each other or spouses or within the kinship of second-degree relatives

Ex-dividend date: Mar. 28, 2022

Rank	Name (Note 1)	Shareholding held by the person		Shareholdings of spouse and minor children		Total shares held with other person's name		Disclosure of information on related parties, spousal relationship or relations within second degree of kinship, among the top ten shareholders, including their names and relationships (Note 3)		Notes
		Share number	Shareholding ratio	Share number	Shareholding ratio	Share number	Shareholding ratio	Name	Relationship	
1	Chen, Ding-Chuan	63,000,000	11.50%	7,000,000	1.28%	0	0	Chen, Ding-Chi Wu, Lee-Ji Chen, Chien-Hsin Chen, Wei-Wang Chen, Ru-Aei	Brothers Spouse Father and son Father and son Father and daughter	
2	Yung-De Investment Co., Ltd.	43,000,000	7.85%	0	0	0	0	None	None	Representative, Chen, Ru-Aei
3	Chen, Ding-Chi	14,195,254	2.59%	983,659	0.18%	0	0	Chen, Ding-Chuan Chen, Chien-Ming	Brothers Father and son	
4	Wu, Lee-Ji	7,000,000	1.28%	63,000,000	11.50%	0	0	Chen, Ding-Chuan Chen, Chien-Hsin Chen, Wei-Wang Chen, Ru-Aei	Spouse Mother and son Mother and son Mother and daughter	
5	Chen, Chien-Hsin	6,745,000	1.23%	500,000	0.09%	0	0	Chen, Ding-Chuan Wu, Lee-Ji Chen, Wei-Wang Chen, Ru-Aei	Father and son Mother and son Brothers Brother and sister	
6	Chen, Wei-Wang	6,300,000	1.15%	154,350	0.03%	0	0	Chen, Ding-Chuan Wu, Lee-Ji Chen, Chien-Hsin	Father and son Mother and son Brothers	

Rank	Name (Note 1)	Shareholding held by the person		Shareholdings of spouse and minor children		Total shares held with other person's name		Disclosure of information on related parties, spousal relationship or relations within second degree of kinship, among the top ten shareholders, including their names and relationships (Note 3)		Notes
		Share number	Shareholding ratio	Share number	Shareholding ratio	Share number	Shareholding ratio	Name	Relationship	
								Chen, Ru-Aei	Brother and sister	
7	Chen, Ru-Aei	5,966,000	1.09%	281,824	0.05%	0	0	Chen, Ding-Chuan Wu, Lee-Ji Chen, Chien-Hsin Chen, Wei-Wang	Father and daughter Mother and daughter Brother and sister Brother and sister	
8	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	5,648,200	1.03%	0	0	0	0	None	None	
9	美商摩根大通銀行台北分行受託保管先進星光基金公司之系列基金先進總合國際股票指數基金投資專戶	5,142,329	0.94%	0	0	0	0	None	None	
10	Chen, Chien-Ming	3,923,192	0.72%	0	0	0	0	Chen, Ding-Chi	Father and son	

Note 1: The top 10 shareholders shall all be listed. For those corporate shareholders, the name of the corporate shareholder and the name of the representative shall be listed separately.

Note 2: The shareholding is calculated as the ratio of the shares held with the person, his or her spouse, minor children or others.

Note 3: The relationship between the above-mentioned shareholders (including legal and natural persons) shall be disclosed in accordance with Regulations Governing the Preparation of Financial Reports by Issuers.

IX. Comprehensive Shareholding Ratio

Shareholdings of the same investment business by the Company, the Company's directors and managers, and businesses directly or indirectly controlled by the Company, and the comprehensive shareholding ratio:

Dec. 31, 2021 Unit: shares; %

Re-invested business (Note)	The Company's investment		Investment by directors, managers and directly- or indirectly-controlled businesses		Comprehensive investment	
	Share number	Shareholding ratio	Share number	Shareholding ratio	Share number	Shareholding ratio
Elite, Turkey	21,900	50%	0	0%	21,900	50%
Everlight U.S.A.	300,000	100%	0	0%	300,000	100%
Everlight (Hongkong) Ltd.	1,000,000	100%	0	0%	1,000,000	100%
Everlight Europe B.V. (Netherlands)	500	100%	0	0%	500	100%
Everlight (Singapore) Ltd.	24,300,000	100%	0	0%	24,300,000	100%
Trend Tone Imaging, Inc.	44,906,400	76%	5,090,788	9%	49,997,188	85%
Evershine Investment Corp.	10,000,000	100%	0	0%	10,000,000	100%
Good TV Broadcasting Corp	1,900,000	22%	0	0%	1,900,000	22%
TAK Technology Co.,Ltd.	4,856,000	17%	1,602,480	6%	6,458,480	22%

Note: The investment made with Equity Method by the Company.

Capital Overview

I. Capital and Shares

(I) Source of capital

1. Shares and types of share in the most recent year and up to the publication date of the annual report:

Unit: shares; TWD thousand

Month/Year	Issuing price	Authorized capital		Paid-up capital		Notes		
		Share number	Dollar amount	Share number	Dollar amount	Source of capital	Paid in properties other than cash	Others
Aug., 2016	10	800,000,000	8,000,000,000	547,752,226	5,477,522,260	Stock dividends from retained earnings 26,083,440 shares	None	Note 1

Note 1: No.10501200760 has been completed registration on Aug.18, 2016.

Unit: shares

Share type	Authorized capital			Notes
	Outstanding shares	Unissued shares	Total	
Registered common shares	547,752,226	252,247,774	800,000,000	Shares of listed companies

2. Relevant information of summary reporting system: Not applicable.

(II) Composition of shareholders:

Stop transfer day: Mar. 28, 2022

Shareholder structure / Amount	Government agency	Financial institution	Other corporations	Individual	Foreign institution and individual	Total
Number of shareholders	0	15	181	72,272	125	72,593
Shareholding	0	861,902	55,938,948	454,148,105	36,803,271	547,752,226
Shareholding ratio	0.00%	0.16%	10.21%	82.91%	6.72%	100.00%

(III) Distribution of shares

1. Common stock:

Stop transfer day: Mar. 28, 2022

Shareholder ownership	Number of shareholders	Shareholding	Shareholding ratio
1 ~ 999	29,112	3,025,364	0.55%
1,000 ~ 5,000	33,400	70,252,204	12.83%
5,001 ~ 10,000	5,238	42,103,555	7.69%
10,001 ~ 15,000	1,480	18,880,925	3.45%
15,001 ~ 20,000	1,049	19,552,463	3.57%
20,001 ~ 30,000	880	22,458,039	4.10%
30,001 ~ 40,000	361	12,890,123	2.35%
40,001 ~ 50,000	255	11,899,387	2.17%
50,001 ~ 100,000	421	30,102,942	5.50%
100,001 ~ 200,000	203	28,542,689	5.21%
200,001 ~ 400,000	95	26,737,805	4.88%
400,001 ~ 600,000	29	13,421,676	2.45%
600,001 ~ 800,000	16	10,892,695	1.99%
800,001 ~ 1,000,000	10	8,969,651	1.64%
1,000,001 above	44	228,022,708	41.62%
Total	72,593	547,752,226	100.00%

2. Preferred stock: Not applicable.

(IV) List of major shareholders: shareholders with shareholding ratio above 5%

Stop transfer day: Mar. 28, 2022

Shares / Name of major shareholders	Share amount	Shareholding ratio
Chen, Ding-Chuan	63,000,000	11.50%
Yung-De Investment Co., Ltd.	43,000,000	7.85%

Note: Information of the shareholders with top 10 shareholding ratio, please refer to page 46.

(V) Information of market price per share, net worth, earnings and dividends

Unit: TWD

Item			Year: 2021	2020	The current year as of Feb. 28, 2022 (Note 8)
Market price per share(Note 1)	Highest		32.45	19.05	29.25
	Lowest		15.10	10.25	23.20
	Average		20.74	15.49	26.35
Net worth per share (Note 2)	Before distribution		16.08	14.76	—
	After distribution		—	14.46	—
EPS	Weighted average shares (thousand shares)		547,752	547,752	—
	EPS (Note 3)	Before retroactive adjustment	0.86	0.39	—
		After retroactive adjustment	—	0.39	—
Dividends per share	Cash dividends		0.5	0.3	—
	Stock grants	Stock dividends from retained earnings	–	–	–
		Stock dividends from capital reserve	–	–	–
	Accumulated undistributed dividend (Note 4)		–	–	–
Analysis of return on investment	P/E Ratio (Note 5)		24	40	—
	P/D Ratio (Note 6)		41	52	—
	Cash dividend yield (Note 7)		0.02	0.02	—

*If new shares of capital increase are issued by earnings or capital surplus, the market price adjusted retrospectively by the issued shares and cash dividends shall also be disclosed.

Note 1: The highest and lowest market price of common shares in each year are listed, and the average market price each year is calculated according to the trading value and volume each year.
Note 2: Please refer to the shares issued at the end of the year and fill in based on the distribution resolved by the shareholders' meeting next year.
Note 3: If there are any numbers not needed to be retrospectively adjusted due to conditions such as stock grants, the EPS before and after adjustment shall be listed.
Note 4: If the issuing condition of equity securities contains the requirement that the undistributed dividends in the current year may be accumulated to the year with earnings, the accumulated undistributed dividends as of the current year shall be disclosed.
Note 5: PE ratio = Average closing price per share of the current year / EPS.
Note 6: PD ratio = Average closing price per share of the current year / cash dividends per share.
Note 6: Cash dividend yield = cash dividends per share / average closing price per share of the current year.
Note 8: Net worth per share and EPS shall be filled in with the data audited by the CPA in the most recent quarter and up to the date when the annual report was printed; the remaining columns shall be filled in with the data in the current year and up to the date when the annual report was printed.

(VI) Dividend policy and its implementation status

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

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

The above dividend policy was passed by the resolution of 2017 Shareholders' Meeting.

On March 24, 2022, the board of directors decided to distribute cash dividends of TWD 0.5 per share to shareholders.

(VII)The impact of the stock grants proposed by the shareholders' meeting on the Company's operating performance and EPS: The Company has no share dividends distributed, and thus is not applicable here.

(VIII) Remuneration to employees and directors

1. The percentages or ranges of remuneration to employees and directors listed in the Articles of Incorporation:

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

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

2. If there is any difference between the estimated basis of remuneration to employees and directors, the calculation basis for the number of shares distributed to employees as remuneration, the actual distribution amount and the estimated numbers in the current period, please state the method of accounting treatment:
   (1) The estimated amount of the remuneration paid to employees and directors in the current period is based on the basis set out in the preceding paragraph, and the distributed amount has been passed by the resolution of the Board of Directors.
   (2) Not applicable. The remuneration to employees and directors are all distributed with cash this period.
3. The remuneration distribution passed by the Board of Directors:
   (1) Amount of remuneration to employees and directors distributed with cash or shares If there is any discrepancy with the estimated amount in the expense recognition year, the difference amount, reasons for the difference and the handling situation shall be disclosed:
   The remuneration amount paid to employees and directors proposed to be distributed in the current period is the same with the estimated amount in the recognition year.
   (2) The amount of employee remuneration paid by stocks and its proportion to the summation of net income after tax in individual financial reports and total amount of employee remuneration in the current period: Not applicable.
4. The actual distribution status of remuneration to employees and directors in the previous year (including number of shares, amount and stock price); if there is any discrepancy with the recognized remuneration to employees and directors, the difference amount, reasons for the difference and the handling situation shall be stated:

   The amount of employee remuneration in 2020 was TWD 14,077,575 and the amount of director remuneration was TWD 5,631,029, which are the same as the original estimated amount recognized as expenses.

(IX) Conditions that the Company buys back its shares: None.

II. Issuance of corporate bonds: None.

III. Issuance of preferred stocks: None.

IV. Issuance of GDRs: None.

V. Issuance of employee stock warrants: None.

VI. Issuance of new restricted employee shares: None.

VII. Issuance of New Shares Upon any Merger and Acquisition With Other Companies: None.

VIII. Implementation of Capital Allocation Plans: None.

Operational Highlights

I. Contents of Business

(I) Scope of business

1. Everlight Chemical is engaged in the research and development, production and sales of specialty chemicals; product applications include textiles, electronics, optoelectronics, automobiles, people's livelihood, medicine and other industries. The company's products are divided into five categories. The main R&D and production bases are mainly in Taiwan, and the products are sold all over the world.

2. Business percentages in 2021:

Business and product type		Sales volume	Sales amount (TWD thousand)	Percentage
Color chemicals		20,732 tons	4,195,530	45.6%
Specialty chemicals		4,621 tons	2,364,908	25.7%
Toner		5,802 tons	1,170,367	12.7%
Electronic chemicals	Photoresist	584 tons	513,967	13.4%
	Others	10,680 tons	715,098	
Pharmaceuticals	Prostaglandin	24,118 g	225,709	2.6%
	Other material medicines	964 kg	15,409	
Total			9,200,988	100.0%

3. Current product items and new products planned to be developed:

Product type	Current products	New products planned to be developed
Color chemicals	● Textile dye ● Leather dye ● High-purity dye used in ink jet printing ● High-purity dye used in digital textile printing ● Ink of digital textile printing ● Anodized aluminum dye ● Paper dye ● Functional chemicals used in textile ● Solar energy dye	● Increasing items of each type of existing products
Specialty chemicals	● UV-absorber ● Hindered amine light stabilizer ● Formulated product ● Functional Masterbatches ● Antioxidants ● High-molecular polymerizable dye	● Increasing items of each type of existing products
Toner	● Colored toner ● Black toner ● Toner finished cartridges ● Carrier and developer ● Ceramic toner	● Increasing items of existing products ● Enhancing the applicable range of existing products
Electronic chemicals	Use in IC, LCD, LED and TP industry ● Photoresist ● Developer	● Increasing items of each type of existing products

	● Slurry ● Wet chemicals ● Functional ink of thermosetting and UV curing ● Electronic functional chemicals ● Photosensitive polyimide	
Pharmaceuticals	● Material medicine for Prostaglandin ● Other material medicines	● Increasing the items of material medicine for Prostaglandin ● Materials medicines for the elderly uses and other purposes

(II) Industry overview

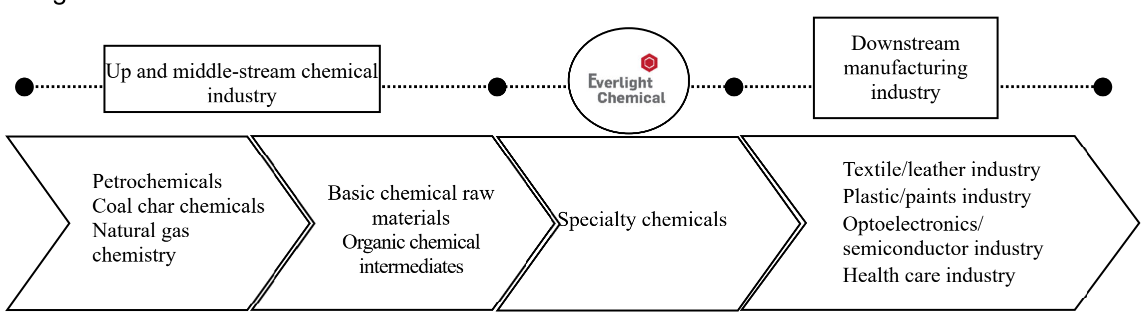
1. The current condition and development of the industry

Chemicals can be broadly classified into three categories: bulk chemicals, fine chemicals and specialty chemicals. Specialty chemicals are mainly used in processes or final products for the purpose of improving product characteristics, and are mostly high value-added products. The products of Everlight Chemical are all specialty chemicals. The demand for global specialty chemicals is growing steadily.

High value is the development direction of Taiwan's chemical industry. The so-called high value development includes the development of existing chemical products in the direction of high value, the development of high-priced or high value-added products, or the development of advanced materials, etc. The key to high value development is to master the core technology, key materials and intellectual property rights, as well as the ability to continuously innovate.

2. Relevance between the up, middle and downstream of industry

The direct upstream of the specialty chemicals industry is basic chemical raw material and organic chemical intermediate, and the next upstream is petrochemical, coal char chemical and natural gas chemistry. The specialty chemicals industry is the most technical and innovative field in the chemical industry, and is also a key industry directly supporting the manufacturing of electronics, optoelectronics, pharmaceuticals, and textile, etc., in the chemical industry. The development of specialty chemicals industry not only requires the strengthening of the upstream chemical industry supply chain and the effective grasping the source of key raw materials, but also needs the crossing of the gap between downstream and other industries and the development of application technology, in order to establish a bridge of technical communication with customers.



3. Product development trends and competition situations

All the products of the Company belong to the "specialty chemicals" with the characteristics of small amount, various type and high value-added, which are generally in a fully-competitive market with many manufacturers. The followings are the development trends of the products in the top four business divisions with the highest operating revenue:

In the Color Chemical business, the dye industry is developing steadily in the direction of environmental protection, energy saving, emission reduction, and green dyeing and finishing. Aside from supply and demand issues of raw materials affecting the price fluctuations of the dye market, post-pandemic era positive and negative developments will change or affect the growth of the downstream textile market. Reactive dye development continues to provide overall solutions for special fastness and differentiated commodity demand. For example: Continue to research and develop products to be applied in Everzol ERC Solution (high efficient energy-saving washing process) and a series of Everzol ERC Dyes to help printing operators reduce resource consumption and save costs, achieving the ultimate green dyeing. Black MWF dyes and textile fastness that meet requirements of multiple wash fastness, cotton knitted fabric in the cold pressure dyeing application process. In the dyeing of nylon fabrics, we continue to develop high-fastness bright color series acidic dye products, such as Everacid PA, S, X-Type. To meet environmental protection and energy saving demands in the market, a series of high purity dyes and inks will be launched for digital textile printing. For the PUR business, we have adhesives for industrial textiles for high temperature lamination with high-viscosity and high bonding strength, and for fabric membranes for low temperature lamination with moderate bonding strength, and PUR glue with resistance to yellowing and fluorescent effects, allowing Evereco PUR series to be widely used in industrial and textile garments, making our product variety more exhaustive.

In the Specialty Chemical industry, the main development direction of polymer additives is the formulation technology to increase the weather resistance, yellowing resistance, easy processing and recyclability of polymer materials. The most potential growth applications include automotive component related industries, green energy, photovoltaic industry, composite materials, and beauty care products, etc.

In the toner business, with the popularity of color machines, color toner will become the mainstream of the market. Capital investment, technological innovation and upstream and downstream integration are the key to beating competitors. Black toner continues to maintain product competitiveness on the market by production management, simplified process and tightly-control costs. We have made a breakthrough in the application technology of ceramic toner and shipped in small quantities.

In the Electronic Chemicals business, focus will be placed on the development of key process materials for the optoelectronics and semiconductor industries as remote business activities have become the new norm. With respect to the development of the semiconductor industry, 5G applications drive the integration of AI and IoT with wearables, in-vehicle applications, and smart home applications. In recent years, we have strengthened the development of thick-film photoresist for IC packaging processes and the demand for photoresist materials for power semiconductor key processes. As these are widely used in power control components with high voltage, high frequency and high temperature IC process and sensor component manufacturing, the demand for MEMS process materials will continue to increase. With respect to the development of the optoelectronic industry, high-end smartphone displays focusing on AMOLED paired with LTPS and embedded touch sensors (In-cell, On-cell) drive the demands for the low temperature processes, commercialization opportunities of new types of Micro/Mini LED display. Moreover, the key process materials of the industry have been developed for many years and has developed a number of advantages of positive and negative photoresist, increasing the competitiveness of the LCD industry.

(III) Overview of technology and R&D

The R&D expenses devoted and successfully developed technology or products in 2021 and up to the publication date of the annual report:

Amount: TWD thousand

Item \ Year		2021	The current year until Feb. 28, 2022
R&D expense devoted		396,708	57,591
R&D results:			
Patent	Patents granted	9	1
	Accumulated patents	191	192
New products developed		67	8

(IV) Development programs for long- and short-term business

1.Long-term development program:

Everlight Chemical’s vision is to “become the high-tech chemistry industrial group contributing to people’s lives.” To enhance the life quality and health of people, we have strived to research and develop forward-looking chemicals and to produce high-tech products to enable outstanding chemicals to enrich peoples’ lives, contribute to the life quality of our employees, product competitiveness, and sustainable future, and implement the brand promise of “Better Chemistry Better Life”.

2.Short-term development program:

(1) Manpower stabilization and cultivation program.
(2) Establishment of automation and smart plants.

(3) Introduction of SAP ERP.
(4) Global production partner network project.
(5) Establishment of marketing offices in Vietnam.
(6) Carbon inventory and carbon reduction roadmap.
(7) Sustainable products inventory and development blueprint.
(8) 50th anniversary project.

II. Market and Production Profile

(I) Market analysis

1. Sales areas of major products:

Unit: TWD thousand

Sales areas	2021		20120	
	Dollar amount	Percentage (%)	Dollar amount	Percentage (%)
Asia	4,915,443	53	4,199,730	54
Taiwan	1,608,795	18	1,478,331	19
Europe	1,495,350	16	1,255,795	16
Americas	972,915	11	649,267	8
Other areas	208,485	2	185,943	3
Total	9,200,988	100	7,769,066	100

2. Market share and supply and demand and growth of the market in the future:

Color Chemicals: In 2021, the total volume of the global dyestuffs market will rebound to 1,350,000 tons due to the impact of the COVID-19 pandemic. The company's market share is approximately 1.30%. Regarding the impact of the pandemic, if the vaccine is effective in suppressing the spread of the virus and the supply is sufficient, it is expected that the global dye demand will return to normal in 2023 and will show a compound growth rate of 4.30% by 2026. in the past decade, the dye capacity of Mainland China and India in the same industry has expanded rapidly and the supply is sufficient. Overall, the market situation is oversupply. However, the supply side of the dye and intermediate industry in the Mainland China has been tightening due to strengthening of chemical safety enforcement brought about by safety accidents, and high environmental compliance requirements. In the long run, there is an opportunity for supply and demand to reach a balance gradually. In the future, dye products will be researched and developed in the direction of high exhaustion, high fixation, water-saving and toxic-free due to the awareness of environmental protection.

Specialty Chemicals: In 2021, the global market for UV absorbers and light stabilizers totaled approximately TWD 34.9 billion, and the market share of Everlight Chemical was approximately 6.8%. The global compound annual growth rate is estimated to be 5.5% in the next five years. The main growth momentum comes from the demand for various types of plastics, including packaging materials, automotive plastics and agricultural films. The second largest growth momentum comes from the coatings industry, such as industrial coatings and construction coatings. Due to the high technical threshold, additive manufacturers are concentrated in a few developed industrial countries. Emerging markets and new application areas have become the most important growth opportunities.

Toner business: In 2021, the global after market (AM, After Market) toner demand shows a slight growth and the total market volume is maintained at 67,000 tons, and our market share is about 9%. In the past two (2) years, with the popularity of color machines, the demand for color toner has gradually increased. Due to the withdrawal of individual manufacturers, the supply of low-level black toner has decreased. However, as the Chinese manufacturers continue to expand the capacity of their facility, the black toner is in oversupply. The launching of black toner products that can protect our market share is advantageous in strengthening our customer base. Expanding the European and US markets, and developing color toner, small packaging products will become the main opportunities for growth in the future.

Electronic Chemicals: In 2021, the global semiconductor photoresist and process chemicals market size was about NTD 150 billion. There will be about 5~6% annual growth rate over the next 3 years The Company's market share has not reached 1%. In the future, electronic consumer products will develop towards the mobile device with a rapid response speed, so FOWLP, FOPLP packaging technology will become the mainstream of the latter segment packaging, and then drive the demand for thick film light resistance and chemical amplified photoresist to grow. The optoelectronics industry is focusing on the development of flexible low-temperature, high-end process materials and high-end photoresists for Mini/Micro LEDs as growth opportunities.

3. Niche for competition:

(1) Through the promotion of corporate brand and brand management, the Company’s market competitiveness will be strengthened.

(2) Continuing to accumulate autonomous key technologies, and continuously developing new products to meet the needs of customers.

(3) The global logistic, marketing channel and technical service network have been established to provide fast and immediate service and increase customer satisfaction, in order to build long-term and stable partnerships.

(4) Technological innovation, competitiveness enhancement and profitability:

① Differentiating products and technologies to increase the market share of products.

② Promoting niche and superior products to increase added value.

(5) Promote full range of online services including online streaming seminars, product marketing and promotion.

4. Favorable and unfavorable factors of development vision and responding measures:

(1) Favorable factors:

① Regional and national chemical-related regulations have been promulgated. Governments such as China have greatly improved the implementation of environmental protection regulations, resulting in higher environmental protection costs, rising entry thresholds and operating costs of the chemical industry. The survival space of low-cost competitors in developing countries will be compressed.

② Governments around the globe pay attention to the development of high-tech chemical materials that are environmentally sustainable.

③ The growth momentum of polymer materials driven by the application of innovation industries: for example, materials needed for smart cars, green electricity and other industries.

④The price of color machines has decreased, and the color toner market has become more popular.

(2) Unfavorable factors:

① Global inflation has hit the economy, protectionism has risen, and market uncertainty has increased.

② The tightening of Chinese environmental protection policies, imposing limitation on chemical industrial park, and forcing factory relocation and close-down, give rise to uncertainty in raw material supply and price increase. The management of supply chain is made more difficult and the control of costs become harder as well.

③Taiwan's major trade competition countries have actively negotiated regional and bilateral free-trade agreements, which has certain degree of influence on Taiwan's export competitiveness.

④Large-scale international chemical counterparts continue to conduct M&As, and the Chinese counterparts are actively expanding capacity to occupy market share with low prices.

⑤The exchange rate has large variations, which causes the exchange gains and losses to fluctuate greatly.

(3) Response measures:

① Developing towards "high-tech knowledge industry" and "green economy industry," we will promote high-tech chemicals of environmental green energy with the core of R&D advantage, technology application and manufacturing capabilities.

② We will grasp the opportunity of global supply chain transfer due to China-US trade war and regionally politically conflicts, progressively developing the potential market.

③ Accelerating the expansion of service energy, extending to the upstream and downstream of the value chain, and becoming a multi-dimensional chemical company with equal emphasis on production and service.

④ Integrating the R&D, sales and production resources of the cross-strait toner business.

(II) Important uses of main products and their production process:

1. Important uses of main products:

Product type	Product name	Purposes
Color chemicals	Textile dye	For cotton, hemp, rayon, wool, silk and nylon
	Leather dye	For leather and fur
	High-purity dye used in ink jet printing	For office supplies, advertisement printing, labeling, and packaging materials
	High-purity dye used in digital textile printing	For textile printing, leather printing, wallpaper, and outdoor advertising
	Digital textile printing Printing ink	
	Anodized aluminum dye	For aluminum metal, 3C housing, bicycle, and screw
	Paper dye	Used in the paper industry
	Functional chemicals used in textile	Used in the textile/leather industry
	Solar energy dye	For solar sensitized dye batteries
Specialty chemicals	UV-absorber	For coatings, adhesives, plastics, polyurethanes, elastomers and cosmetics
	Hindered amine light stabilizer	
	Functional Masterbatches	
	Antioxidants	
	Formulated product	
	High-molecular polymerizable dye	For polyurethane foams, adhesives and elastomers
Toner	Colored toner	For color laser printers, color printers and multifunction printers
	Black toner	For black and white laser printers, black and white printers and multifunction printers
	Toner finished cartridges	For color / black and white printers and multifunction printers
	Carrier and developer	
	Ceramic toners	Used for coloring ceramic ware
Electronic chemicals	Photoresist	Used in yellow lithography process such as IC, LCD, LED, TP and IC assembly
	Developer	For rinsing imaging process
	Slurry	For substrate flattening process
	Wet chemicals	Used in semiconductor and substrate surface cleaning, and process such as electroplating
	Functional ink of thermosetting and UV curing	Used in surface coating for substrates such as metals and glass
	Electronic functional chemicals	Functional chemicals for the electronic assembly industry
Pharmaceuticals	Material medicine for Prostaglandin	Treatment of gastric ulcer, glaucoma, induction of labor, treatment of sexual dysfunction, and animal reproductive management, etc.
	Other material medicines	Treatment of hypertension, Parkinson's disease, allergic conjunctivitis, cancer, and central nervous system, etc.

2. Production process:

The production process of the Group's main products can be roughly divided into the following three categories:

(1) Production process based on chemical reaction:

Material → Intermediate → Semi-finished product → Finished product

Step 1: the basic raw material is formed into an intermediate through one or more chemical reactions.

Step 2: the intermediate is then converted into a semi-finished product by chemical changes.

Step 3: the semi-finished product is made into a product through different processes, such as refining, purification, drying, crushing, and batching, etc.

Products that fall into this type of production process include: various type of dyes, light stabilizers, yellowing resistance agents, and pharmaceuticals, etc.

(2) Production process based on formula mixing:

Main ingredients → Formula mixing → Filtering → Finished good replenishing

Step 1: precisely putting in the required raw materials.

Step 2: mixing and performing a process inspection.

Step 3: conducting precision filtering through the various stages and performing a process inspection.

Step 4: the finished product is replenished and packaged, and then inspected.

Products that fall into this type of production process include: electronic chemicals, inkjet ink dyes, etc.

(3) Production process of toner:

Main ingredients → Formula mixing → Extrusion → Milling →

Mixing → Finished good - replenish

Step 1: precisely putting in the required raw materials.

Step 2: mixing the raw materials with a mixer.

Step 3: the mixing of raw material is carried out by the extruder, so that the raw materials are uniformly dispersed, and then a process inspection is performed.

Step 4: grinding toner to the required particle size and a process inspection is performed.

Step 5: mixing toner and external additives into the mixer, and performing a process inspection.

Step 6: the finished product is replenished and packaged, and then inspected.

Products that fall into this type of production process include: colored toner, black toner, and ceramic toners, etc.

(III) Supply of main raw materials

The main raw materials of various specialty chemicals of the Company are organic chemical intermediates (benzene and naphthalene series, etc.) and basic chemicals (acid, alkali, salt, and solvent, etc.). Mainland China, India and Taiwan are the main sources of the materials. The supply capacity and prices of raw materials are mainly affected by the following factors: due to the tightening of environmental protection and the inspection on environmental protection and work safety is very strict in China and India and due to work safety incidents, production capacity is limited and production costs and supply risks have also increased. Coupled with ice storms in Europe and the U.S. during the winter, production of vendors also encountered problems. With China’s severe smog, the mandatory use of low-sulfur fuel in ports, and the COVID-19 pandemic situation has caused a shortage of labor, containers, ships and tractors, resulting in longer deliveries and a significant increase in cargo transportation costs.

The main raw materials of toner are polymer materials such as acrylic and polyester resins, magnetic iron oxide, carbon black, and color pigments etc. Japan, Europe and the United States are the main sources of supply. Due to an increase in crude oil prices and shipping costs, prices for various raw materials have risen drastically. As a result, we have been importing China-made resins and magnetic iron oxide to balance the price increase. In the future, we will also work with Taiwan manufacturers to improve the problem of long supply chain.

(IV) The name of the customer who has once accounted for more than 10% of the total purchase (sales) of goods in any of the year within the most recent two (2) years, the amount and proportion of the purchase (sales), and the reasons for the increase or decrease: there were no such matters in the most recent two (2) years.

(V) Production volume and value in the most recent two (2) years

Unit: TWD thousand

Year / Production volume and value / Business and product type		2021			2020		
		Production capacity	Production amount	Production value	Production capacity	Production amount	Production value
Color chemicals		37,780tones	20,979tones	3,125,911	35,620tones	17,163tones	2,624,267
Specialty chemicals		5,000tones	4,899tones	1,890,127	5,000tones	3,031tones	1,259,089
Toner		10,500tones	5,759tones	1,022,687	11,000tones	5,705tones	974,291
Electronic chemicals	Photoresist	900tones	621tones	394,014	900tones	449tones	315,014
	Others	18,000tones	9,998tones	591,194	18,000tones	10,528tones	606,270
Pharmac euticals	Prostaglandin	51,000g	22,623g	180,877	48,000g	21,741g	175,938
	Other aterial medicines	3,000kg	638kg	15,466	3,000kg	840kg	16,233
Total				7,220,276			5,971,102

Note 1: Capacity refers to the quantity that can be produced using existing production equipment under normal operation after the Company has evaluated factors such as necessary stoppages and holidays, etc.

Note 2: The production value is calculated at cost.

(VI) Sales volume and value in the most recent two (2) years

Unit: TWD thousand

Year / Sales volume and value / Business and product type		2021				2020			
		Domestic sales		Abroad sales		Domestic sales		Abroad sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Color chemicals		2,734tones	429,034	17,998tones	3,766,496	2,286tones	373,621	14,785tones	3,184,233
Specialty chemicals		545tones	303,044	4,076tones	2,061,864	457tones	235,036	2,827tones	1,537,602
Toner		83tones	38,681	5,719tones	1,131,686	95tones	37,055	5,575tones	1,060,919
Electronic chemicals	Photoresist	416tones	231,562	168tones	282,405	305tones	189,565	119tones	201,327
	Others	8,719tones	598,483	1,961tones	116,615	9,436tones	632,347	1,653tones	113,185
Pharmaceu ticals	Prostaglandin	317g	3,268	23,801g	222,441	223g	2,015	19,245g	182,636
	Other material medicines	162kg	4,723	802kg	10,686	87kg	6,271	206kg	10,833
Others		-	-	-	-	935units	2,421	0units	0
Total			1,608,795		7,592,193		1,478,331		6,290,735

Note: In 2021, the Company's consolidated domestic and foreign sales ratio was 17%: 83%.

III. Information of the employees of the Company and affiliates

Year		2021	2020	The current year as of Mar. 30, 2022
Employee number	Company	304	298	308
	Factory	1,444	1,494	1,453
	Total	1,748	1,792	1,761
Average age		41.3	40.1	41.3
Average service years		12.2	11.6	12.2
Percentages distribution of education (%)	PhD	2	2	2
	Master	23	22	23
	College	56	57	56
	Below (and include) high school	19	19	19

IV. Information of Environmental Protection Expenditure

(I) In the most recent year, up to the publication date of the annual report, losses incurred due to pollution:

1. losses incurred due to pollution (including damages):
2. violation of environmental protection law: none.

(II) Estimated amount of current and future possible losses and countermeasures

Plant 3 was announced as the "Soil and Groundwater Pollution Remediation Site" on December 9, 2016. Its remediation plan was approved by the Taoyuan City Government on January 16, 2020. An annual budget of more than NTD 30 million is expected to be invested in remediation work, and the project is expected to be completed in June 2025.

In 2021, we completed the installation of remediation wells in the entire area according to the plan, and initiated various improvement approaches to perform pollutant removal and disposal. The progress is in line with the checklist target. At the same time, we have built a sewage collection tank in the plant to prevent sewage from leaking and causing pollution.

V. Labor Relations

(I) Employee welfare measures, on-the-job further study, training, retirement system, working environment of the Company and personal safety protection of employees and its implementation, as well as the agreement between labor and employer and the maintenance measures of various employees' rights and interests

1. Welfare measures

The Company focuses on the care of employees, and provides employees with complete salary, reward, bonus and welfare system, so that employees can contribute their efforts in the workplace. Meanwhile, in order to honor the long-term contribution of senior staff and excellent employees to the Company, they will be given commemorative gold coins and awarded trophies respectively. General health checkups for employees and physical examinations for senior staff will be conducted regularly every year. Relevant welfare measures include the followings:

(1) Rewards: year-end bonus / holiday gift / Labor Day bonus / birthday gift

(2) Subsidies: wedding gift / maternity allowance / child education award and subsidy / travel subsidy / injury relief payment / death subsidy

(3) Insurance: labor insurance / health insurance / employee group insurance / voluntary group insurance / business travel insurance

(4) Systems: factory uniform / food stipend / performance bonus / proposal bonus / club activity

(5) Equipment: nursing room / staff dorms / staff transportation vehicle / staff restaurant / gym /

basketball court / library / special store

(6) System of day-offs (vacations): pre-borrowed annual leave / paternity leave / family care leave / menstrual leave / nursing leave

2. Educational training

The Company promotes employee character education in the long run. Based on character education, in management, the supervisors embrace the service spirit of "servant," educate the staff full-heartedly and practice what they preach, in order to deepen the integration and cooperation of employees into the Company's business philosophy and corporate culture. Based on job functional structure, Everlight Chemical conducts talent selection, talents education, talents exertion and performance management. According to the annual training plan, the Company compares the structure with the education and training system (including inspiration training, orientation education, class training, professional training, and project training). The Company provides education and training for employees, in the hope of balancing the sustainable development of talents in the fields of production, R&D, marketing, and management. In addition, employees may be designated by the Company to study domestically or abroad (including retrieving master’s degree or PhD degree or professional technical study) if necessary for their work or tasks.

3. Retirement system

The Company established the "Labor Pension Reserve Supervision Committee" in accordance with the Labor Standards Act, which monthly appropriates pension reserve into the account in Taiwan Bank; employees who meet retirement criteria may be distributed with pension fund, of which the pension base is calculated according to the service years. The Company will reimburse the pension fund by 6% in accordance with laws and remit it into the personal account of an employee who satisfies the new system of retirement. In addition, the Company has also formulated the “Application Rules for Early Retirement of Employees”. Any qualified employees can be retired early if approved by the Company.

4. Working environment and employee personal safety protection and its implementation

The Company manages the corporation with the truth-love inspired by the Bible, shapes the working environment in which employees can exert their abilities, and motivates employees to achieve the mutual goals.

Adhering to the core values of decent management and love management, the Company holds gratitude worships every year to let employees feel a warm and grateful culture. The Company's introduction of the project, "Character First," has entered 24 years, which enables employees to cultivate good character in their work, in families and in lives and to regard character as the goal of lifelong learning.

The Company incorporates related regulations of Act of Gender Equality in Employment into the Work Rules and have reported to Taipei City Government for examination.

The Company adheres to an occupational safety and health policy of “respect for life, pursue zero disasters,” and has been certified pursuant to laws, and implements an occupational safety and health management system (ISO 45001:2018, valid until October 24, 2022), to ensure employee safety and safeguard company assets through a management spirit that subscribes to the Plan-Do-Check-Action (PDCA) cycle.

In accordance with clauses in ISO 45001-6.1 regarding addressing risks and opportunities, we have established control procedures for hazard identification, risk and opportunity evaluation, which are carried out on a regular basis or implemented when there are any changes. Each hazard operational activity is identified step by step by all workers through work arrangement means, social factors, organizational leadership and culture, routine and non-routine activities, past events, potential emergencies, personnel, and changes using the job safety analysis (JSA) method. Afterwards, risks are classified and combined with 5 major control levels, including elimination, substitution, engineering control, administrative control, and personal protective equipment. By taking this approach, high-risk matters can be focused in order to propose improvement measures to eliminate hazards and reduce occupational safety and health risks.

In order to provide a safe and healthy workplace, the Company adopts personal safety protection measures for employees, including formulating work safety regulations and training methods, implementing health protection and promotion measures (For example, an annual employee health examination is performed and managed by level. Health care professionals are hired or contracted to perform services on site, hazard prevention programs for material, human factors, workplace abuse, abnormal workloads are implemented. As well as these, we also facilitate occupational safety protection on night workers, senior and middle-aged workers, and have introduced the GreenScreen® for Safer Chemicals evaluation method to help identify chemicals of high concern to further select safer alternatives, while also adopting respiratory protection programs, and organizing physical and mental health activities, and providing fitness equipment), organizing regular emergency response drills, rewarding health and safety proposals, implementing environmental satisfaction surveys, promoting 5S and zero-disaster activities, safety inspections by senior managers, among other things, to prevent accidents and reduce occupational injuries.

In addition to the occupational safety and health committee’s quarterly meeting, each plant discusses various safety and health issues, and also implements safety and health promotion at the plant’s monthly meeting. The scope includes changes in regulations, defects of self-management, internal and external occupational safety accident cases, safety and health management plans and other matters.

(1) Zero-disaster exercise

Introducing zero-disaster activities. Every day before the start of work, the operation site supervisor will lead colleagues to carry out health confirmation, operational hazards and countermeasures, pointing and calling for single focus, to increase the alertness of employees during operations and reduce mistakes in the work.

(2) Emergency response

Every year, we hold regular training and drills for self-defense firefighting teams, toxic and chemical disaster drills, and specific chemical disaster drills as required by law, and continue to improve and conduct occasional training to ensure that the company can minimize disaster losses in emergency situations.

(3) Monitoring of operation environment

The Company improves the working environment based on the characteristics of the job site, in order to provide a safe and comfortable working environment. To prevent occupational hazards and protect employees' health, the Company teaches and requires workers to properly wear and use personal protective equipment to reduce the exposed harm to an acceptable level.

The Company entrusts qualified institutions to carry out regular operation environment monitoring in accordance with the “Measures for Implementing Labor Operation Environmental Monitoring”. The monitoring contents are all in accordance with statutory requirements (about chemical and physical factors). The unit may also propose an assessment for operations with concern of hazards. If there is any abnormality in the monitoring result, we will improve and correct it immediately to protect the safety of employees.

(4) External training

In accordance with the “Occupational Safety and Health Education and Training Rules,” the personnel for special operations of the Company have completed safety and health education and training for special operations, and obtained operational qualification certificates/licenses. The Company also actively dispatches staff to participate in seminars related to occupational safety and health affairs, and strengthens and cultivates the safety and health awareness of personnel, The Company also actively participates in the operations of the Industrial Zone Safety and Health Promotion Association, to learn from the safety management experience of other factories. In the regards to managing contractors, the workers of contractors entering the Company’s plants require safety and health training, and they are required to observe the Company’s safety and health regulations, to ensure the safety of contracted work. Under the continuous deepening of various business concepts, the Company's corporate value has been significantly improved, which has also been positively recognized by all the staff and customers.

5. Negotiation between labor and employer and the status of each measure for maintaining employee rights:

Business trade unions have been established and will hold labor-management consultation meetings quarterly according to regulations, coordinating the management-union relation, promoting cooperation between management and labor, and improving work efficiency.

(II) In the most recent year and up to the publication date of the annual report, losses due to labor-employer disputes (including violation of Labor Standard Act found in labor inspection, should have details of date of penalty, serial number of penalty, article of statute violated, content of article of statute violated and content of wrongdoings documented), estimated amount of current and future possible losses and response measures: None.

VI. Cyber Security Management

In an attempt to implement the protection management of information security and personal data, we formed an Information Safety and Personal Information Management Committee in 2016. Each year, an information security management review meeting is held with the General Manager acting as the management representative responsible for the effectiveness of the information security management system. The Committee is made up of first-level managers of each business division, functional unit, plant and audit unit with the top manager of the Information Division serving as the executive secretary to assist the management representative in the planning, management and execution of the information security management system. In doing this, the management system is in line with the requirements of international standards listed in external reference documents. Moreover, information security implementation status is also reported to the Board of Directors.

At Everlight Chemical, we understand that information security is an important issue for the sustainability of a company. To ensure the confidentiality, integrity and availability of information, we have formulated an information security management policy as “implementation of protective measures to ensure information security”. In August 2021, we passed ISO 27001:2013 information security management system certification. Through the introduction of ISO27001 management system, we continue to reinforce our response in the event of an emergency, regulatory compliance while also strengthening risk evaluation and management of information assets.

In an effort to strengthen our information security protection capabilities, we have performed the following information security management programs and investment of resources:

1. Each year, an external professional information security vendor is entrusted to perform vulnerability scanning and conduct risk analysis and vulnerability repair.
2. Plan network equipment replacement to reduce the risk of network attacks.
3. Plan virtual host and backup equipment replacement to increase backup and offsite data redundancy capability.
4. Strengthen user and privileged account management by regularly reviewing accounts, changing passwords and account password error alerts.
5. Regularly perform information security-related disaster drills to improve response capabilities.
6. Manage flash drive use to reduce the risk of computer virus and data leakage.
7. Plan computer replacement and install protection programs for operating systems that are no longer supported.
8. The Company promoted information security to all employees through 2 monthly meetings, 2 emails, and 3 hours of education and training for colleagues of the Information Division.

For 2021 and as of the publication date of the annual report, no major information security incidents occurred.

VII. Important Contracts

The contracts that are still valid and will expire in the most recent year as of the date of publication of the annual report are as follows:

Contract characteristics	Litigant	Begin and End Date of contract	Main content	Restrictive covenant
Engineering contrac	Hong-Gang Machinery Co., Ltd.	January 2021 – July 2021	Installation of NF machine at Plant 2	None
Engineering contrac	Boscien System Co., Ltd.	May 2021 – July 2021	Expansion project of T1 production line at Plant 1/installation of second filling system	None
Engineering contrac	Kangchun Technology Co., Ltd.	May 2021 – Novermber 2021	Expansion project of T1 production line at Plant 1/installation of second pure water system	None
Engineering contrac	Marketech International Corp.	May 2021 –December 2021	Expansion project of T1 production line at Plant 1/ production line in L Building	None
Engineering contrac	Yee Kong Chemical Co., Ltd.	August 2021 – Novermber 2021	Resin regeneration automation project at Plant 2	None
Merchandising contract	Waters Asia Ltd., Taiwan Branch	July 2021– December 2021	Liquid chromatography system	None
Merchandising contract	KM3 Scientific Corporation	August 2021 – Novermber 2021	Dynamic axial compression column for large HPLC	None
Engineering contrac	Miura Taiwan Eng Co., Ltd.	December 2021-February 2022	Boiler replacement project at Plant 2	None
Engineering contrac	Hong Xiang Feng Corporation Co., Ltd.	May 2021– May 2022	Photoresist equipment: Freezer	None
Engineering contrac	Yee Kong Chemical Co., Ltd.	Novermber 2021 - May 2022	Photoresist equipment: Mobile filler	None
Engineering contrac	Data Systems Consulting Co., Ltd.	March 2022 – September 2022	MES construction at UT Building at Plant 3	None
Engineering contrac	Sinotech Environmental Technology Ltd.	April 2020 – July 2025	Soil remediation at Plant 3	None
Merchandising contract	Seika Corporation Taipei	Novermber 2021 - May 2022	Photoresist equipment: Diaphragm valve	None
Merchandising contract	Honchan International Corporation	Novermber 2021 - May 2022	Photoresist equipment: Electric diaphragm pump set	None
Merchandising contract	Lai Yi Corporation Co., Ltd.	Novermber 2021 - February 2023	10-ton reactor at Plant 2	None
Procurement contracts	Hua Ya Automobile Co., Ltd	April 2016 – April 2026	Procurement of steam at Plant 3	None

Financial Information, Financial Performance, And Risk Management

I. Condensed Balance Sheet and Comprehensive Income Statement Data in the Most Recent five (5) Years

(I) Condensed Balance Sheet and Comprehensive Income Statement Data

Condensed Balance Sheet - Consolidated

Unit: TWD thousand

Item / Year		Financial data in the most recent 5 years (Note 1)				
		2021	2020	2019	2018	2017
Current assets		7,036,850	6,344,115	6,302,008	6,577,789	6,301,647
Property, plant and equipment (Note 2)		4,891,430	5,265,817	5,527,737	5,754,565	5,789,476
Intangible assets		115,756	119,744	122,455	131,270	119,020
Other assets (Note 2)		2,092,234	1,496,713	1,671,162	1,394,402	1,514,475
Total assets		14,136,270	13,226,389	13,623,362	13,858,026	13,724,618
Current liabilities	Before distribution	3,417,561	3,029,687	3,982,351	4,070,946	3,414,980
	After distribution	—	3,194,013	4,146,677	4,344,822	3,688,856
Non-Current liabilities		1,612,435	1,808,319	1,502,292	1,873,884	2,272,860
Total liabilities	Before distribution	5,029,996	4,838,006	5,484,643	5,944,830	5,687,840
	After distribution	—	5,002,332	5,648,969	6,218,706	5,961,716
Equity attributable to owners of the parent company		8,806,140	8,087,304	7,823,140	7,599,139	7,724,086
Capital stock		5,477,522	5,477,522	5,477,522	5,477,522	5,477,522
Capital surplus		474,558	474,558	474,558	473,558	473,558
Retained earnings	Before distribution	2,248,765	2,019,285	1,901,498	1,797,826	1,673,952
	After distribution	—	1,854,959	1,737,172	1,523,950	1,400,076
Other equity		605,295	115,939	(30,438)	(149,767)	99,054
Treasury stock		—	—	—	—	—
Non-controlling interests		300,134	301,079	315,579	314,057	312,692
Total equity	Before distribution	9,106,274	8,388,383	8,138,719	7,913,196	8,036,778
	After distribution	—	8,224,057	7,974,393	7,639,320	7,762,902

* If the Company has prepared individual financial statements, it shall also prepare the individual condensed balance sheets and comprehensive income statements for the most recent five (5) years separately.
* If the financial information prepared based on IFRSs refers to that for less than the most recent five (5) years, the Company shall also prepare the financial information based on the R.O.C. Financial Accounting Standards as shown in the following Table (2): Not applicable.

Note 1: The years of which data has not been audited by the CPA shall be noted.

Note 2: Those who have applied for asset revaluation in the current year shall list the date of processing and the value of revaluation.

Note 3: As of the date when the annual report is printed, companies that have been listed or whose stocks have been traded in the securities firm's business locations shall be disclosed together if they have the latest financial data audited by the CPA.

Note 4: For the above figures referred to as the number after distribution, please fill in according to the resolution of the shareholders' meeting of the next year.

Note 5: Financial data shall be listed with the corrected or restated numbers and be noted with the circumstances and reasons once the Company has been notified by the competent authority to make corrections or restatements by itself.

Condensed Balance Sheet - Individual

Unit: TWD thousand

Item		Financial data in the most recent 5 years: 2021	2020	2019	2018	2017
Current assets		5,111,590	4,518,431	4,389,443	4,678,231	4,419,149
Property, plant and equipment		3,967,108	4,244,980	4,407,578	4,532,783	4,469,701
Intangible assets		110,565	112,489	113,779	120,734	116,119
Other assets		3,459,076	2,881,641	3,046,677	3,051,516	3,274,997
Total assets		12,648,339	11,757,541	11,957,477	12,383,264	12,279,966
Current liabilities	Before distribution	2,456,307	2,094,534	2,922,645	3,004,070	2,422,266
	After distribution	—	2,258,860	3,086,971	3,277,946	2,696,142
Non-Current liabilities		1,385,892	1,575,703	1,211,692	1,780,055	2,133,614
Total liabilities	Before distribution	3,842,199	3,670,237	4,134,337	4,784,125	4,555,880
	After distribution	—	3,834,563	4,298,663	5,058,001	4,829,756
Equity attributable to owners of the parent company		—	—	—	—	—
Capital stock		5,477,522	5,477,522	5,477,522	5,477,522	5,477,522
Capital surplus		474,558	474,558	474,558	473,558	473,558
Retained earnings	Before distribution	2,248,765	2,019,285	1,901,498	1,797,826	1,673,952
	After distribution	—	1,854,959	1,737,172	1,523,950	1,400,076
Other equity		605,295	115,939	(30,438)	(149,767)	99,054
Treasury stock		—	—	—	—	—
Non-controlling interests		—	—	—	—	—
Total equity	Before distribution	8,806,140	8,087,304	7,823,140	7,599,139	7,724,086
	After distribution	—	7,922,978	7,658,814	7,325,263	7,450,210

Condensed Comprehensive Income Statement - Consolidated

Unit: TWD thousand

Item \ Year	Financial data in the most recent 5 years (Note 1)				
	2021	2020	2019	2018	2017
Operating revenue	9,200,988	7,769,066	9,332,076	9,621,019	9,169,480
Operating gross profit	2,213,482	1,568,822	2,037,340	2,165,218	1,970,272
Operating income	552,776	204,636	403,633	507,464	362,419
Non-operating revenue and expense	44,664	60,140	52,437	12,080	109,973
Net income before tax	597,440	264,776	456,070	519,544	472,392
Net income of going-concern operation unit	481,829	205,022	349,237	407,920	370,244
Loss from discontinued unit	—	—	—	—	—
Net income (loss)	481,829	205,022	349,237	407,920	370,244
Other comprehensive income (Net amount after tax)	407,333	208,968	132,755	(263,835)	(29,590)
Total comprehensive income	889,162	413,990	481,992	144,085	340,654
Net income attributable to owners of the parent company	472,970	213,279	362,447	401,983	366,138
Net income attributable to non-controlling interests	8,859	(8,257)	(13,210)	5,937	4,106
Comprehensive income attributable to owners of the parent company	883,162	428,490	496,877	138,502	344,353
Comprehensive income attributable to non-controlling interests	6,000	(14,500)	(14,885)	5,583	(3,699)
EPS	0.86	0.39	0.66	0.73	0.67

* If the Company has prepared individual financial statements, it shall also prepare the individual condensed balance sheets and comprehensive income statements for the most recent five (5) years separately.

* If the financial information prepared based on IFRSs refers to that for less than the most recent five (5) years, the Company shall also prepare the financial information based on the R.O.C. Financial Accounting Standards as shown in the following Table (2): Not applicable.

Note 1: The years of which data has not been audited by the CPA shall be noted.

Note 2: As of the date when the annual report is printed, companies that have been listed or whose stocks have been traded in the securities firm's business locations shall be disclosed together if they have the latest financial reports audited by the CPA.

Note 3: Loss from discontinued unit is listed with the net value after deducting income tax.

Note 4: Financial data shall be listed with the corrected or restated numbers and be noted with the circumstances and reasons once the Company has been notified by the competent authority to make corrections or restatements by itself.

Condensed Comprehensive Income Statement - Individual

Unit: TWD thousand

Item \ Year	Financial data in the most recent 5 years				
	2021	2020	2019	2018	2017
Operating revenue	7,509,370	6,085,544	7,203,554	7,405,726	6,833,550
Operating gross profit	1,614,716	1,097,126	1,410,577	1,495,962	1,311,488
Operating income	450,009	210,185	354,298	427,447	285,853
Non-operating revenue and expense	103,757	51,657	94,773	66,464	148,585
Net income before tax	553,766	261,842	449,071	493,911	434,438
Net income of going-concern operation unit	472,970	213,279	362,447	401,983	366,138
Loss from discontinued unit	—	—	—	—	—
Net income (loss)	472,970	213,279	362,447	401,983	366,138
Other comprehensive income (Net amount after tax)	410,192	215,211	134,430	(263,481)	(21,785)
Total comprehensive income	883,162	428,490	496,877	138,502	344,353
Net income attributable to owners of the parent company	—	—	—	—	—
Net income attributable to non-controlling interests	—	—	—	—	—
Comprehensive income attributable to owners of the parent company	—	—	—	—	—
Comprehensive income attributable to non-controlling interests	—	—	—	—	—
EPS	0.86	0.39	0.66	0.73	0.67

(II) Name of CPA and audited opinions

Year	Name of CPA		Audited opinions
2017	KPMG	Lily Lu Chun-Hsiu Kuang	Unqualified opinion
2018	KPMG	Ya-Ling Chen Chun-Hsiu Kuang	Unqualified opinion
2019-2021	KPMG	Chia-Chien Tang Ya-Ling Chen	Unqualified opinion

II. Financial analysis for the most recent 5 years

(I) Financial analysis - consolidated financial statements

Analysis items (Note 3) / Year (Note 1)		Financial analysis for the most recent 5 years				
		2021	2020	2019	2018	2017
Financial Structure (%)	Debt ratio	36	37	40	43	41
	Long term fund to property, plant and equipment ratio	219	194	174	170	178
Liquidity analysis (%)	Current ratio	206	209	158	162	185
	Quick ratio	99	100	67	66	81
	Interest coverage	13	5	5	6	7
Operating Performance Analysis	Account receivable turnover (times)	5.4	4.8	5.4	5.3	5.2
	Average collection turnover	68	76	68	69	71
	Inventory turnover (times)	2.1	1.9	2.0	2.1	2.1
	Account payable turnover (times)	12.3	12.2	13.6	11.8	11.3
	Average inventory turnover days	175	197	182	175	172
	PPE turnover (times)	1.8	1.4	1.7	1.7	1.6
	Total assets turnover(times)	0.7	0.6	0.7	0.7	0.7
Profitability	ROA (%)	4	2	3	3	3
	ROE (%)	6	2	4	5	5
	Net income before tax to paid-up capital ratio (%) (Note 7)	11	5	8	9	9
	Net margin (%)	5	3	4	4	4
	EPS (TWD)	0.86	0.39	0.66	0.73	0.67
Cash flow	Cash flow ratio (%)	22	46	32	18	28
	Cash flow adequacy ratio (%)	132	121	97	79	95
	Cash reinvestment ratio (%)	3	6	5	3	4
Leverage	Operating leverage	5	10	6	5	6
	Financial leverage	1.1	1.5	1.3	1.2	1.3

The reasons for the change of each financial ratio in the most recent two years:

1. The increase of interest coverage multiple was mainly due to the increase of net income before tax for the period.
2. The increase of turnover of property, plant and equipment was mainly due to the increase of net sales for the period.
3. The increase of ROA,ROE,Net income before tax to paid-up capital ratio , Net margin and EPS was mainly due to the increase of net income.
4. The decrease of cash flow ratio was mainly due to the decrease of net cash flows from operating activities.
5. The decrease of cash flow adequacy ratio was mainly due to the decrease of net cash flows from operating activities.
6. The decrease of operating leverage and financial leverage was mainly due to the significant increase of operating income.

Financial analysis - individual financial statements

Analysis items (Note 3) \ Year (Note 1)		Financial analysis for the most recent 5 years				
		2021	2020	2019	2018	2017
Financial Structure (%)	Debt ratio	30	31	35	39	37
	Long term fund to property, plant and equipment ratio	257	228	205	207	221
Liquidity analysis (%)	Current ratio	208	216	150	156	182
	Quick ratio	105	105	64	64	83
	Interest coverage	23	8	7	8	9
Operating Performance Analysis	Account receivable turnover (times)	5.5	4.9	5.5	5.2	4.9
	Average collection turnover	67	74	66	71	74
	Inventory turnover (times)	2.5	2.1	2.3	2.4	2.4
	Account payable turnover (times)	11.3	11.6	13.0	11.0	10.6
	Average inventory turnover days	146	171	160	154	152
	PPE turnover (times)	1.8	1.4	1.6	1.7	1.6
	Total assets turnover(times)	0.6	0.5	0.6	0.6	0.6
Profitability	ROA (%)	4	2	3	4	3
	ROE (%)	6	3	5	5	5
	Net income before tax to paid-up capital ratio (%) (Note 7)	10	5	8	9	8
	Net margin (%)	6	4	5	6	5
	EPS (TWD)	0.86	0.39	0.66	0.73	0.67
Cash flow	Cash flow ratio (%)	29	55	35	24	29
	Cash flow adequacy ratio (%)	123	109	90	66	62
	Cash reinvestment ratio (%)	3	5	4	3	2
Leverage	Operating leverage	4	8	5	5	7
	Financial leverage	1.1	1.2	1.2	1.2	1.2

The reasons for the change of each financial ratio in the most recent two years:

1. The increase of interest coverage multiple was mainly due to the increase of net income before tax for the period.
2. The increase of turnover of property, plant and equipment was mainly due to the increase of net sales for the period.
3. The increase of ROA,ROE,Net income before tax to paid-up capital ratio , Net margin and EPS was mainly due to the increase of net income.
4. The decrease of cash flow ratio was mainly due to the decrease of net cash flows from operating activities.
5. The decrease of cash flow adequacy ratio was mainly due to the decrease of net cash flows from operating activities.
6. The decrease of operating leverage and financial leverage was mainly due to the significant increase of operating income

Note 1: The years of which data has not been audited by the CPA shall be noted.

Note 2: As of the date when the annual report is printed, companies that have been listed or whose stocks have been traded in the securities firm's business locations shall be analyzed together if they have the latest financial data audited by the CPA.

Note 3: The following calculation formulas must be listed at the end of the foregoing table:

1. Financial structure
   (1) Debt ratio= Total Liabilities / Total Assets
   (2) Long-term funds to property, plant and equipment = (Total equity + Non-current liabilities) / Property, plant and equipment, net
2. Liquidity analysis
   (1) Current ratio = Current assets / Current liability
   (2) Quick ratio = (Current Assets - Inventories - Prepaid expenses) / Current liability
   (3) Times interest earned = Profit Before Credit for Income Tax / Current interest expense
3. Operating performance analysis
   (1) Average collection turnover (Including Accounts Receivable and Notes Receivable from operation) = Sales / Average trade receivables
   (2) Days to collect accounts receivable = 365 / Average collection turnover
   (3) Average inventory turnover = Cost of goods sold / Average inventories
   (4) Average payment turnover (Including Accounts Payable and Notes Payable from operation) = operating costs / Average trade payables
   (5) Average days to sell inventory = 365 / Average inventory turnover
   (6) Property, plant and equipment turnover rate = Net sales / average property, plant and equipment, net
   (7) Total assets turnover = Sales / Average total assets
4. Profitability
   (1) Rate of return on assets = [Profit + Interest expense x (1 - Tax rate)] / Average assets
   (2) Rate of return on equity = Profit / Average total Equity
   (3) Profit to sales = Profit / Sales
   (4) Earnings per share = (Equity attributable to owners of parent - Dividend-preferred stock) / Weighted average outstanding shares (Note 4)
5. Cash flow
   (1) Cash flow ratio = Net cash provided by operating activities / Current liability
   (2) Cash flow adequacy ratio = 5-year net cash provided by operating activities / 5-year (Capital expense + Increase in inventories + Cash dividend)
   (3) Cash flow reinvestment ratio = (Net cash provided by operating activities - Cash dividend) - (Property, plant and equipment, net + Long-term investments + Other non-current assets + Operating Capital) (Note 5)
6. Leverage:
   (1) Operating Leverage= (Net operating revenue – Variable cost and expense) / Operating income (Note 6)
   (2) Financial leverage = Operating income / (Operating income – Interest expenses)

Note 4: Please note the following when measuring based on said calculation of EPS:

1. Based on the number of weighted average common shares, instead of the number of shares already issued at the end of year.
2. In the event of cash capital increase or exchange of treasury stock, please take the outstanding period into consideration when calculating the weighted average outstanding shares.
3. In the event of recapitalization of earnings or capital surplus, the calculation of annual and semi-annual EPS in the past shall be adjusted retroactively subject to the capital increase ratio, without taking the issuance period for the capital increase into consideration.
4. If the preferred stock refers to non-convertible accumulated preferred stock, the current stock dividend (whether allocated or not) shall be deducted from the net income after tax, or the net loss after tax should be increased. If the preferred stock refers to non-accumulated preferred stock, the preferred stock dividend shall be deducted from the net income after tax, if any, provided that if the Company suffers loss, it is not necessary to make the adjustment.

Note 5: Please note the following when measuring under cash flow analysis:

1. The net cash flow from operating activities means the net cash inflow from operating activities in the statement of cash flow.
2. The capital expenditure means the cash outflow from the capital investment each year.
3. The increase in inventory will be included only when the balance at ending is more than the balance at beginning. If the inventory decreases at the end of year, it should be calculated as 0.
4. The cash dividend includes the cash dividend on common stock and preferred stock.
5. The gross of property, plant and equipment means the total property, plant and equipment before deduction of accumulated depreciation.

Note 6: The issuer shall categorize various operating costs and expenses into fixed and floating ones by nature. If any estimation or subjective judgment is involved, please note the reasonableness and consistency thereof.

Note 7: If the Company’s stock is a no-par-value stock or stock with par value other than TWD10, the paid-in capital ratio mentioned above shall be calculated based on the percentage of the equity attributed to owners of parent company in the balance sheet.

III. Audit Report of Audit Committee

Audit Committee's Review Report, Everlight Chemical Industrial Corporation

The Board of Directors have prepared the Company's 2021 Business Report, financial reports and the Motion of Earnings Distribution, etc., among which the financial reports have been audited by CPAs of KPMG, Chia-Chien Tang and Ya-Ling Chen, who have also prepared the audit reports. After the above Business Report, financial reports and the Motion of Earnings Distribution have been audited, the Audit Committee does not regard them as inappropriate and thus submits the report as above in accordance with the Securities and Exchange Act and Company Act.

Yours sincerely

To

The Company's 2022 General Shareholders' Meeting

Convener of Audit Committee, Wu, Chung-Fern

Commissioner：Yang, Way-Wen

Commissioner：Chang, Yuan-Jan

Mar. 21, 2022

IV. If any financial problems are encountered by the Company and its affiliates which might affect the financial conditions of the Company in the most recent year and until the date of publication of this annual report, their impacts on the Company's financial condition shall be clarified: None.

V. Comparative analysis of financial conditions

Unit: TWD thousand

Item \ Year	2021	2020	Difference	
			Dollar amount	%
Current assets	7,036,850	6,344,115	692,735	11
Property, plant and equipment	4,891,430	5,265,817	(374,387)	(7)
Intangible assets	115,756	119,744	(3,988)	(3)
Other non-current assets	2,092,234	1,496,713	595,521	40
Total assets	14,136,270	13,226,389	909,881	7
Current liabilities	3,417,561	3,029,687	387,874	13
Non-Current liabilities	1,612,435	1,808,319	(195,884)	(11)
Total liabilities	5,029,996	4,838,006	191,990	4
Capital stock	5,477,522	5,477,522	0	—
Capital surplus	474,558	474,558	0	—
Retained earnings	2,248,765	2,019,285	229,480	11
Other equity	605,295	115,939	489,356	422
Non-controlling interests	300,134	301,079	(945)	(0)
Shareholders' equity	9,106,274	8,388,383	717,891	9

1. The main reasons for the significant changes of assets, liabilities and equity in the most recent two (2) years:
   (1) The increase of other non-current assets was mainly due to the increase of “financial assets measured at fair value through other comprehensive income or loss” .
   (2) The increase of other equity was mainly due to the increase of “unrealized gains (loss) on financial assets measured at fair value through other comprehensive income” .

2. Future response plan for matters with significant influence: There are no matters that have significant influence on the Company’s financial condition.

VI. Financial performance

Unit: TWD thousand

Item \ Year	2021	2020	Increase (decrease) dollar amount	Changes %
Operating revenue	9,200,988	7,769,066	1,431,922	18
Operating cost	6,987,506	6,200,244	787,262	13
Operating gross profit	2,213,482	1,568,822	644,660	41
Operating expense	1,660,706	1,364,186	296,520	22
Net operating profit	552,776	204,636	348,140	170
Non-operating revenue and expense	44,664	60,140	(15,476)	(26)
Pre-tax profit of going-concern operation department	597,440	264,776	332,664	126
Income tax expense	115,611	59,754	55,857	93
Net income after tax of going-concern operation department	481,829	205,022	276,807	135

1. The main reasons for the significant changes of operating revenue, operating income and pre-tax income in the most recent two (2) years:
   (1) The increase of operating income was mainly due to the rebound in demand from the global epidemic in 2021 and the lower base period in 2020 due to the impact of the COVID-19 epidemic.
   (2) The increase of operating expenses was mainly due to the increase in ocean freight.
   (3)The increase of net operating profit and Pre-tax profit was mainly due to the significant increase in operating revenue.
2.For expected sales volume and its reference, please refer to Summary of Operation Plan.
3. Possible impacts on the Company’s future financial operations and response measures: There are no significant impacts.

VII. Cash Flows

(I) The analysis of cash flow changes during recent year and corrective measures to be taken in response to illiquidity
1. The decrease of cash flow ratio was mainly due to the decrease of net cash flows from operating activities and the increase of current liabilities compared with last period.
2. The increase of cash flow adequacy ratio was mainly due to the decrease in capital expenditures in the last five years.
3. The decrease of cash reinvestment ratio was mainly due to the decrease of net cash flows from operating activities compared with last period.
4. Corrective measures to be taken in response to insufficient liquidity: Not applicable.

(II) Liquidity analysis for the coming year:

Unit: TWD thousand

Cash - beginning balance (1)	Expected net cash flow from operating activities for the year (2)	Expected cash outflow (3)	Expected cash balance (insufficiency) (1)＋(2)－(3)	Countermeasures against cash insufficiency	
				Investment plan	Wealth management plan
1,449,753	1,333,000	1,591,000	1,191,753	0	0

1. Net cash flows from operating activities: mainly due to the increase of profit, depreciation recognition.
2. Cash outflows: mainly due to the payment of each factory’s capital expenditure , the payment of cash dividends and Inventory increase.

VIII. Impact of major capital expenditures on financial operations in the most recent year

Not applicable; there are no significant impacts on the Company’s financial operations.

IX. Reinvestment policy in the most recent year, the main reasons for the profit or loss, improvement plans and investment plans in the upcoming year：Not applicable

X. Risk Items

(I) Risk management policy and procedures

The Company's risk management policy is "implementing risk management and ensuring sustainability operation," which has been discussed and passed by the Board of Directors on Nov. 14, 2013.

With reference to "ISO 31000:2018 Risk management — Guidelines" and related materials, the Company developed the "Risk Management Procedure," discussed and approved by the Board of Directors on December 17, 2020.

(II) Risk management strategy

1.Establishing risk management strategy for the Group's operation.
2.Implementing educational trainings to strengthen the staff's risk awareness.
3.Providing insight about the fluctuation trend of operation environment.
4.Abiding by international product safety rules.
5.Ensuring industrial safety and environmental protection.

(III) Risk management organization and operation

We have established a Risk Management Committee chaired by the Chairman. The Committee is jointly run by the General Manager and production R&D, safety and health, environmental protection, human resources, information, financial, procurement and audit managers. Each year, 2 Risk Management Committee meetings are held to discuss internal and external risk issues. The results of the Risk Management Committee meetings are reported to the next Board meeting in order to learn about the views of the Board members so that subsequent operating activity is adjusted and implemented accordingly.

For the first meeting of the Risk Management Committee every year, the risk topics are prioritized by referring to the "BCI Horizon Scan Report" for discussing the countermeasures that the Company should adopt; for the second meeting of the Risk Management Committee, the risk assessment outcomes submitted by each unit are reviewed and discussed, to select the risk issues that the whole company needs to address first, and to develop the "Business Continuity Management (BCM) Plan" accordingly.

Every year, the executive secretary of the Risk Management Committee reports to the Board of Directors on the operations of the Risk Management Committee for the year and the results of discussions on various topics. The operations of Risk Management Committee in 2020 were reported to the Board of Directors on November 12.

The Company has established a "Business Continuity Management System (BCMS)" in accordance with ISO 22301.Regular third-party audits are conducted every year to verify the effectiveness of the management system.

(IV) Risk management policy and scope

We classify the risks we face into seven major categories (market risk, political risk, environmental risk, legal risk, financial risk, operational risk, and other risks). The handling strategies/treatment principles for each category of risk are set forth in the "Risk Management Procedures". Each responsible unit oversees the evaluation, reporting and execution of response/preparedness plans within their business scope so as to reduce possible impact or risk hazards.

The risk categories and control mechanisms are as follows:

1.Market risks: Each business division and functional unit conducts annual risk assessments of operating guidelines, analyzes and evaluates changes in laws, policies and the market, to formulate and implement various strategies.
2.Political risks: General Manager's Office will report the latest information and intelligence to the Company's business meeting or Risk Management Committee to discuss and implement countermeasures.
3.Environmental risks: The environmental and resource management unit at the plant site take risk issues such as the external environment and climate change into account and review the Company's internal

weaknesses every year, conduct risk assessments, select and submit risk issues that need to be addressed first, and reduce operational impact.

4.Legal risks: Based on the authorities and responsibilities of each plant division and functional unit, changes in laws and regulations are closely monitored, and various corresponding measures are implemented; the implementation results are reported to the “Compliance Management Committee.”

5.Financial risk, liquidity risk, credit risk and legal risk: The financial accounting and legal units formulate and implement various strategies, and take various response measures according to the analysis of laws, policies and market changes. The Audit Office controls over and audits on the risk items mentioned above.

6.Operational risks: The risk assessment of the annual operating guidelines and the management system is carried out by the management team of each business division each and functional office, to adopt proper strategies and measures and conduct regular performance tracking, to ensure that the operational strategies are in line with the Company’s vision and that operational objectives are achieved.

7. Other risks: Based on their authorities and responsibilities, each unit will be alert at all times, and submit response/pre-response plans for execution upon approval by the responsible supervisor.

(V)Various risk evaluation

The analysis for the risk items in the latest annual report and up to the date when the annual report was printed is as follows:

1. The influence of changes in interest rates and exchange rates and inflation on the Group’s profit and loss and future countermeasures:

(1) Changes in interest rates:

The Group’s main borrowing currencies are US dollar and New Taiwan dollar. The Federal Reserve is tightening monetary policies as the war between Russia and Ukraine has fueled a sharp hike in inflation. Due to this, batting inflation has become FED’s primary mission, hence its proactive approach on combatting inflation by raising interest rates. The FED raised interest rates by 0.25 percentage points this March, which is expected to be raised in the next 6 remaining decision-making meetings, an attempt to allow benchmark rates to gradually return to the level before the COVID-19 outbreak. Due to rising inflation pressures, central banks around the world are expected to follow in the footsteps of the FED. The central bank in Taiwan also raised interest rates by a 0.25 percentage points in March.

The short-term and long-term borrowings of the Group are debts with floating interest rates. Changes in market interest rates will cause the effective interest rates of short-term and long-term borrowings to change, which will cause future cash flows to fluctuate. If market interest rate increases by 1%, the Group’s net profit will decrease by about TWD 20 ~ 30 million.

The Group will continue to closely observe the trend of interest rates, and use interest rate hedging or other capital market financing channels in a timely manner to control the Group's financing costs to a relatively low point of market interest rates.

(2) Exchange rate fluctuation:

The Group's import and export is mainly based on USD and RMB. It is estimated that the appreciation of one NTD will reduce the Group's net profit margin by approximately 1%. The Group's foreign exchange policy is based on the principle that the foreign exchange position is self-squared, and the surplus or needed parts of the account are hedged in a timely manner. In addition, the Group's borrowings of Everlight (Suzhou) Advanced Chemicals Ltd., a subsidiary in Mainland China, was unable to be hedged because they are USD borrowings of foreign debts. The Group has consulted the bank to lend in RMB to facilitate the self-squaring of foreign exchange position to reduce the risk.

(3) Inflation:

According to the prediction of the Directorate General of Budget, Accounting and Statistics, Executive Yuan, the annual rate of increase in consumer price index will be only 2.37% in 2022, and inflation pressure will rise. Meanwhile, the war between Russia and Ukraine has contributed to high global prices of raw materials that were already high, while energy continues to soar, pushing up prices. Being impacted by inflation, the Company's costs are expected to increase. With operating costs continuing to increase, the Company will make timely adjustments on the prices of competitive products to reduce the impact of inflation on operations.

2. The policy, main reasons for the profit or loss, and future response measures of high risk, high leverage

investment, lending of capital, endorsements and guarantees and derivatives tradings:

(1) The Company does not engage in investments of high risk and high leverage.

(2) Lending of capital, endorsements and guarantees: The purpose of the Company's lending of capital and endorsements and guarantees is to deal with the fund transfer within the group, which is handled according to the “Management Rules for Lending of Capital, Endorsements and Guarantees” formulated by the Company in accordance with government regulations. For the Company's lending of capital, endorsements and guarantees in 2020, please refer to XIII. Note Disclosure of Consolidated Financial Report.

(3) Derivatives tradings: The Company's derivatives tradings are for the purpose of hedging (including financial hedging) and the trading commodities should be selected to avoid the risks arising from the Company's business operations, which are based on the Company's “Regulations Governing Derivatives Transactions” in accordance with government regulations. In order to avoid the impact of exchange rate changes, the derivatives business of foreign exchange in 2020 was mainly foreign currency option contracts. For its profit or loss, please refer to the notes VI (2) of Consolidated Financial Report. In addition, since Mar. 1, 2016, the FSC has set up many restrictions on financial derivative products. The Company will continue to pay attention to the exchange rate changes of the foreign currencies held and abide by relevant operational regulations of the competent authority. The restrictions mentioned above have not had a significant impact on the financial operations of the Company.

3. Research and development (R&D) plans to be carried out in the future and the expected R&D expenditures:

For sustainability operation and international development, Everlight Chemical is expected to invest TWD340 million in R&D expense in 2021. For future R&D plans, please refer to the section of Operational Profile about the new products planned to be developed.

4. The influence of important policies and changes in laws at home and abroad on the Company’s financial business and the countermeasures:

The Company has established a compliance management system, and the relevant departments have carried out compliance checks on important policies and legal changes in accordance with internal regulations, while implementing necessary improvement or pre-response measures, such as adjusting internal systems or business activities, in order to comply with important domestic and foreign policies and legal requirements, and to reduce the Company’s financial impact.

5. Effect of technology development and industrial change (including cyber security risks) on the Company's financial operations, and measures to be taken in response:

AI, cloud computing and Industry 4.0 will bring huge changes in the smart technology industry. As we are keen to move toward “digital transformation”, we have introduced ISO 27001 information security management system. By implementing protective measures, we ensure the management of information security and the investments we have made will have an impact on the Company’s financial business.

Based on sustainable development and response to climate change, all businesses have been moving toward a trend of low-carbon environmental protection. Everlight Chemical takes a “low-carbon green energy” as the response strategy for product innovation and R&D. We do not use harmful substances but rather conduct R&D on green chemical processes, providing global customers green solutions, and sustainable new products which customers can safely use.

6. Effect of corporate image change on the Company's crisis management, and measures to be taken in response:

Since its establishment, the Company has been adhering to the business principle of "decent management," doing the right thing in the spirit of honesty, law-abiding and fairness, establishing a good reputation and image, and has been well received by all circles. There are no risks of changing business image.

7. Expected benefits and possible risks associated with any merger and acquisitions, and response measures to be taken:

As of the printed date, there are no plans for merger and acquisition, and thus is not applicable here.

8. Expected benefit and possible risk associated with plant expansion, and measures to be taken in response: None.
9. Risks associated with purchasing or sales consolidation, and measures to be taken in response:

    The amount of single customer or supplier of the Company in 2020 was less than 10% of the total sales or purchase amount, and there was no risk of concentrated sales.

10. Effect upon and risk to the Company in the event a major quantity of shares held by a director or a major shareholder with more than 10% shareholding has been transferred or changed hands, and measures to be taken in response:

    The directors of the Company and the major shareholder holding more than 10% of the shares have no significant transfer of shares and replacement of seats, which has no impacts on the Company and no special response measures are required.

11. Effect upon and risk to Company associated with any change in governance personnel or top management, and measures to be taken in response:

    The major shareholders of the Company all focused on the operation of their own business, and harmoniously and unanimously support the development of the Company's various business development. There should be no risk of changes in management rights, and no special response measures are required.

12. Litigious and non-litigious matters: List major litigious, non-litigious or administrative disputes that involve the Company and/or any of the Company's directors, supervisors, general manager, any persons with actual responsibility for the Company, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the Company and have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the Company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report:

    None of the above-mentioned people of the Company have the conditions mentioned in the previous paragraph.

13. Other important risks and response measures:
    (1) On the night of March 10, 2022, there was a fire incident at Plant 2; aside from minor financial losses, there were no casualties. The fire only affected part of the UV absorber production line. As there was inventory at that time, supply was not immediately affected. We have communicated with customers and suppliers regarding the adoption of appropriate measures to ensure production is not interrupted. At the same time, we also require each plant to carry out thorough safety inventory and improvement on management, personnel, equipment and manufacturing processes. By doing so, we are able to eliminate potential risk of fire and explosion.
    (2) Russia-Ukraine war impact and response:
    The International Monetary Fund (IMF) has warned that the war will have a severe impact on the global economy The Company has held a number of meetings to discuss various response measures. Moreover, we keep abreast of changing times in order to make flexible strategies on sales and accounts receivable. At the same time, we keep a close eye on raw material prices, operating costs, exchange changes imposed by the Russia and Ukraine war and establish backup plans in order to continue operations. As of the publication date of the annual report, short-term risks are manageable.

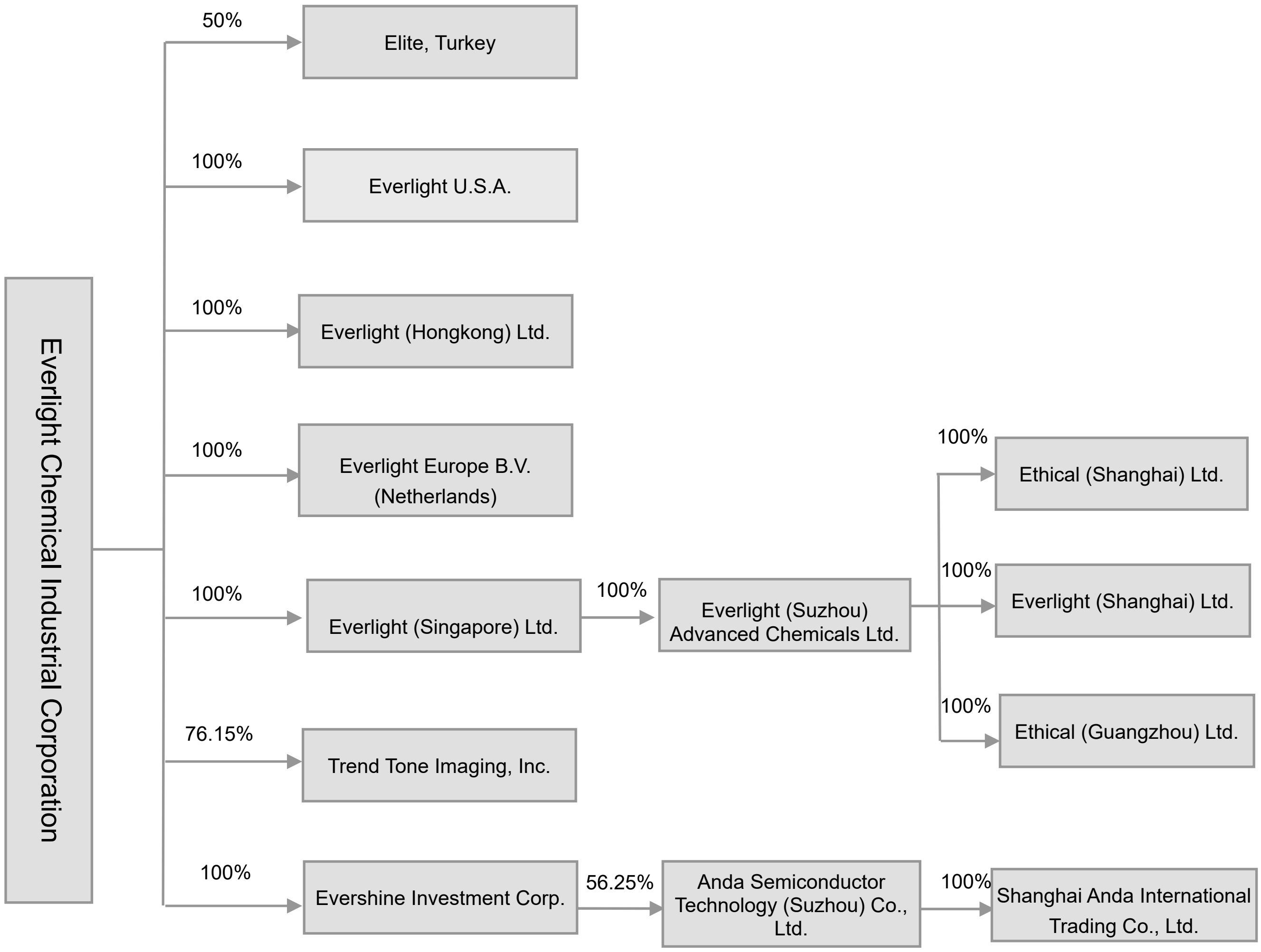
XI. Other important matters: None.

Special Disclosure

I. Information Related to the Company's Affiliates

(I) Overview of affiliates

1. Affiliates' Organizational Chart: Mar. 30, 2022



2. Basic information of affiliates:

Unit: TWD thousand

Name of business	Date of establishment	Address	Paid-in capital	Scope of business/production
Parent company Everlight Chemical Industrial Corporation	Sep. 7, 1972	Taipei City	NTD 5,477,522	Color chemicals, Specialty chemicals, pharmaceuticals, and electronic chemicals
Elite, Turkey	Apr. 24, 1989	Turkey	USD 5,604	Merchandising chemical products and materials
Everlight U.S.A.	Apr. 3, 1991	USA	USD 3,000	Merchandising chemical products and materials
Everlight (Hongkong) Ltd.	Jun. 23, 1992	Hong Kong	HKD 10,000	Merchandising chemical products and materials
Everlight Europe B.V. (Netherlands)	Dec. 18, 1996	Netherlands	EUR 227	Merchandising chemical products and materials
Everlight (Singapore) Ltd.	Dec. 18, 1997	Singapore	USD 24,300	Investment as profession
Trend Tone Imaging, Inc.	Apr. 9, 1990	Hsinchu City	NTD 589,680	Production and sale of toner and cartridges for laser printers, photocopiers and fax machines
Ethical (Shanghai) Ltd.	Apr. 6, 1998	Shanghai	RMB13,024	Merchandising chemical products and materials
Everlight (Shanghai) Ltd.	Nov. 15, 2005	Shanghai	RMB10,091	Merchandising chemical products and materials
Everlight (Suzhou) Advanced Chemicals Ltd.	Mar. 15, 2006	Suzhou	USD 23,650	Production and sale of high-tech chemicals for toner and electronics
Ethical (Guangzhou) Ltd.	Dec. 30, 2001	Guangzhou	RMB 5,700	Merchandising chemical products and materials
Anda Semiconductor Technology (Suzhou) Co., Ltd.	Dec. 18, 2002	Suzhou	USD 1,200	Sale of high-tech chemicals for electronics
Shanghai Anda International Trading Co., Ltd.	Apr. 28, 2011	Shanghai	RMB 1,000	Sale of high-tech chemicals for electronics
Evershine Investment Corp.	Oct. 28, 2013	Taipei City	NTD 100,000	Investment as profession

3. Presumptive reasons for the presumption of control and subordinate relationship and related information of personnel: None.

4. The industries covered by the business operations of overall affiliates and the division of labor:

(1) All the remaining industries are chemical engineering, except that Evershine Investment Corp. is an investment business.

(2) Everlight (Singapore) Ltd. is a holding company that indirectly invests in Mainland China.

(3) Everlight U.S.A., Everlight Europe B.V. (Netherlands), Everlight (Hongkong) Ltd. and Elite, Turkey are overseas subsidiaries of the Company, which mainly engage in the sales of the parent company's products.

(4) Ethical (Shanghai) Ltd., Everlight (Shanghai) Ltd. and Ethical (Guangzhou) Ltd., Everlight (Suzhou) Advanced Chemicals Ltd. and Anda Semiconductor Technology (Suzhou) Co., Ltd. are the Company's reinvested companies of subsidiaries in China; the remaining companies all focus on selling the products of the parent company, except that Everlight (Suzhou) Advanced Chemicals Ltd. produces and sells the parent company's color chemicals, electronic chemicals and the toner of affiliates, and that Anda Semiconductor Technology (Suzhou) Co., Ltd. focuses on the sales of electronic chemicals.

(5) Shanghai Anda International Trading Co., Ltd. is the reinvested company of Anda Semiconductor Technology (Suzhou) Co., Ltd., which focuses on the sales of Anda Semiconductor Technology (Suzhou) Co., Ltd.

5. Information of directors, supervisors and general manager of the Company's affiliates:

Mar. 30, 2022

Name of business	Title	Name or representative	Shareholding	
			Share number (shares)	Shareholding ratio (%)
Elite, Turkey	Chairman and General Manager	SAMİR GÜNAŞTI	3,942	9.00
	Director	DILER GÜNAŞTI	5,685	12.98
	Vice Chairman	Everlight Chemical Industrial Corporation Representative, Chen, Chien-Hsin	21,900	50.00
	Director	Everlight Chemical Industrial Corporation Representative, Chen, Wei-Wang		
	Director	Everlight Chemical Industrial Corporation Representative, Yang, Bao-Tai		
	Supervisor	Everlight Chemical Industrial Corporation Representative, Lee, Ming-Wen		
	Independent Supervisor	SELÇUK YÜCEL	0	0
	Independent Supervisor	FARUK DELEN	0	0
Everlight U.S.A.	Chairman	Everlight Chemical Industrial Corporation Representative, Chen, Wei-Wang	300,000	100.00
	Director	Everlight Chemical Industrial Corporation Representative, Lee, Fu-Xing		
	Director	Everlight Chemical Industrial Corporation Representative, Weng, Kuo-Pin		
	Director and General manager	Everlight Chemical Industrial Corporation Representative, Chen, Chien-Ming		
	Director	Everlight Chemical Industrial Corporation Representative, Liang,Jen-Yang		
Everlight (Hongkong) Ltd.	Chairman	Everlight Chemical Industrial Corporation Representative, Chen, Wei-Wang	1,000,000	100.00
	Director	Everlight Chemical Industrial Corporation Representative, Hsiao, Chong-Kun		
	Director	Everlight Chemical Industrial Corporation Representative, Lee, Ming-Wen		
	Manager	Chen, Yi-Tang	0	0
Everlight Europe B.V. (Netherlands)	Chairman	Everlight Chemical Industrial Corporation Representative, Chen, Wei-Wang	500	100.00
	Director	Everlight Chemical Industrial Corporation Representative, Lee, Fu-Xing		
	Chairman and General manager	Everlight Chemical Industrial Corporation Representative, Yang, Bao-Tai		
	Director	Everlight Chemical Industrial Corporation Representative, Liang,Jen-Yang		
	Director	Everlight Chemical Industrial Corporation Representative, Lee, Ming-Wen		
Everlight (Singapore) Ltd.	Chairman	Everlight Chemical Industrial Corporation Representative, Chen, Chien-Hsin	24,300,000	100.00
	Director	Everlight Chemical Industrial Corporation Representative, Weng ,Kuo-Pin		
	Chairman and Manager	Everlight Chemical Industrial Corporation Representative, Lee, Ming-Wen		
	Director	Tan Hwa Seng	0	0
Trend Tone Imaging, Inc.	Chairman	Everlight Chemical Industrial Corporation Representative, Du, Yi-Zhong	44,906,400	76.15
	Director	Everlight Chemical Industrial Corporation		

Name of business	Title	Name or representative	Shareholding	
			Share number (shares)	Shareholding ratio (%)
		Representative, Chen, Wei-Wang		
	Director	Everlight Chemical Industrial Corporation Representative, Chen, Chien-Ming		
	Director	Everlight Chemical Industrial Corporation Representative, Jason Ju		
	Director	Everlight Chemical Industrial Corporation Representative, Huang, Jian-Sheng		
	Chairman and General manager	Everlight Chemical Industrial Corporation Representative, Chiu, Gui-Ying		
	Director	OuYang, Jin-Kun	46,787	0.08
	Supervisor	Huang, Qing-Yuan	996,317	1.69
	Supervisor	Yung-De Investment Co., Ltd., Representative, Weng ,Kuo-Pin	4,796,150	8.13
Ethical (Shanghai) Ltd.	Chairman	Everlight (Singapore) Ltd., Representative Chen, Wei-Wang	RMB 13,023,830	100.00
	Director	Everlight (Singapore) Ltd., Representative Hsiao, Chong-Kun		
	Director	Everlight (Singapore) Ltd., Representative Weng ,Kuo-Pin		
	Supervisor	Everlight (Singapore) Ltd., Everlight (Singapore) Ltd., Representative Chen, Ru-Aei		
	General manager	Liao, Nan-Ming	0	0
Everlight (Shanghai) Ltd.	Chairman	Everlight (Singapore) Ltd., Representative Chen, Wei-Wang	RMB 10,090,000	100.00
	Director	Everlight (Singapore) Ltd., Representative Hsiao, Chong-Kun		
	Director	Everlight (Singapore) Ltd., Representative Weng, Kuo-Pin		
	Supervisor	Everlight (Singapore) Ltd., Representative Chen, Ru-Aei		
	General manager	Liao, Nan-Ming	0	0
Everlight (Suzhou) Advanced Chemicals Ltd.	Chairman	Everlight (Singapore) Ltd., Representative Du, Yi-Zhong	USD23,650,000	100.00
	Director	Everlight (Singapore) Ltd., Representative Chen, Wei-Wang		
	Director	Everlight (Singapore) Ltd., Representative Chiu, Gui-Ying		
	Director	Everlight (Singapore) Ltd., Representative Cao, Yin		
	Director and General manager	Everlight (Singapore) Ltd., Representative Jason Ju		
	Supervisor	Everlight (Singapore) Ltd., Representative Liao, Nan-Ming		
Ethical (Guangzhou) Ltd.	Chairman	Everlight (Suzhou) Advanced Chemicals Ltd., Representative Chen, Wei-Wang	RMB 5,699,880	100.00
	Director	Everlight (Suzhou) Advanced Chemicals Ltd., Representative Hsiao, Chong-Kun		

Name of business	Title	Name or representative	Shareholding	
			Share number (shares)	Shareholding ratio (%)
	Director	Everlight (Suzhou) Advanced Chemicals Ltd., Representative Weng, Kuo-Pin		
	Supervisor	Everlight (Suzhou) Advanced Chemicals Ltd., Representative Lee, Ming-Wen		
	General manager	Chen, Yi-Tang	0	0
Anda Semiconductor Technology (Suzhou) Co., Ltd.	Chairman	Anda Technology Pte Ltd.,Representative Cao, Yin	USD525,000	43.75
	Director	Anda Technology Pte Ltd.,Representative Tao, Yu-Jui		
	Director	Everlight (Singapore) Ltd., Representative Chen, Wei-Wang	USD675,000	56.25
	Director	Everlight (Singapore) Ltd., Representative Jason Ju		
	Director and General manager	Everlight (Singapore) Ltd., Representative Sun, Zhe-Ren		
	Supervisor	Everlight (Singapore) Ltd., Representative Chen, Ru-Aei		
Shanghai Anda International Trading Co., Ltd.	Chairman	Anda Semiconductor Technology (Suzhou) Representative Cao, Yin	RMB1,000,000	100.00
	Director	Anda Semiconductor Technology (Suzhou)Representative Jason Ju		
	Director	Anda Semiconductor Technology (Suzhou)Representative Tao, Yu-Ju		
	Supervisor	Anda Semiconductor Technology (Suzhou)Representative Chen, Ru-Aei		
	General manager	Sun, Zhe-Ren	0	0
Evershine Investment Corp.	Chairman	Everlight Chemical Industrial Corporation Representative Huang, Hui-Cing	10,000,000	100.00
	Director	Everlight Chemical Industrial Corporation Representative Du, Yi-Zhong		
	Director	Everlight Chemical Industrial Corporation Representative Chen, Ke-lun		
	Supervisor	Everlight Chemical Industrial Corporation Representative Weng ,Kuo-Pin		

(II) Operational highlights of business of various affiliates

Unit: TWD thousand

Dec. 31, 2021

Name of business	Capital amount	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Net income for the current period (after tax)	EPS (TWD) (after tax)
Parent company Everlight Chemical Industrial Corporation	5,477,522	12,648,339	3,842,199	8,806,140	7,509,370	450,009	472,970	0.86
Elite, Turkey	156,320	338,802	136,215	202,587	464,507	18,488	15,002	342.47
Everlight U.S.A.	86,825	336,586	215,318	121,268	556,716	12,401	11,391	37.97
Everlight (Hongkong) Ltd.	34,580	55,782	15,393	40,389	126,379	5,005	4,748	4.75
Everlight Europe B.V. (Netherlands)	7,890	115,610	51,518	64,092	791,026	28,597	25,380	50,760
Everlight (Singapore) Ltd.	779,115	936,649	73	936,576	0	(166)	12,541	0.52
Trend Tone Imaging, Inc.	589,680	1,467,418	708,086	759,332	864,255	(10,925)	(13,910)	(0.24)
Ethical (Shanghai) Ltd.	739,973	1,276,660	423,434	853,226	898,438	(18,033)	(11,923)	–
Everlight (Shanghai) Ltd.	53,326	235,555	76,226	159,329	268,223	17,605	13,217	–
Everlight (Suzhou) Advanced Chemicals Ltd.	39,931	258,582	109,624	148,958	393,460	4,948	1,129	–
Ethical (Guangzhou) Ltd.	22,919	161,520	70,025	91,495	228,643	19,757	15,573	–
Anda Semiconductor Technology (Suzhou) Co., Ltd.	33,216	55,959	17,163	38,796	45,606	(2,069)	10,689	–
Shanghai Anda International Trading Co., Ltd.	4,346	142,427	115,011	27,416	221,513	19,532	13,642	–
Evershine Investment Corp.	100,000	24,698	50	24,648	0	(74)	(50)	(0.01)

Note 1: If affiliates are foreign companies, related numbers are listed with NT dollars exchanged at the rate on the reporting date.

(III) Consolidated financial statements of affiliates

Declaration

The Company is required to prepare consolidated financial statements for year 2021 (from January 1 to December 31, 2021) with its subsidiaries under the “Standards for the Preparation of Consolidated Report on Operation, Consolidated Financial Statements, and Report on Affiliations between Parent and Subsidiaries”. Subsidiaries to be included in the consolidated financial statements are identical to that prepared in accordance with IFRS 10 recognized by the FSC, and operation performance of such subsidiaries has been included in the disclosure of the aforementioned consolidated financial statement between parent and subsidiaries and therefore will not be prepared separately.

Issued by

Company name: Everlight Chemical Industrial Corporation

Chairman: Chen, Chien-Hsin

Date: Mar. 24, 2022

(IV) Affiliation Reports: None.

II. Status of private placement of securities: None.

III. Holding or disposal of shares in the Company by the Company's subsidiaries in the most recent year and until the date of publication of the annual report: None.

IV. Other Necessary Supplementary Explanations: None.

V. Any occurrence of the Matters Defined in Term 2, Provision 2, Article 36 of Securities Exchange Act that Have a Significant Impact on Shareholders’ Equity or Security Price during the most recent year and up to the date of publication of this annual report: None.

Eight. Financial Report

I. Consolid ed Financial Report

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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 are 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)

		December 31, 2021		December 31, 2020	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 1,449,753	10	1,334,808	10
1110	Financial assets at fair value through profit or loss-current (note 6(b))	60,247	-	60,100	1
1136	Financial assets at amortized cost-current (note 6(b))	3,502	-	12,896	-
1150	Notes receivable, net (notes 6(c) and (t))	215,955	2	213,396	2
1170	Accounts receivable, net (notes 6(c) and (t) and 8)	1,626,491	12	1,383,973	10
130X	Inventories (notes 6(d) and 8)	3,530,338	25	3,198,461	24
1476	Other current financial assets	26,809	-	26,142	-
1479	Other current assets (note 6(h))	123,755	1	114,339	1
	Total current assets	7,036,850	50	6,344,115	48
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income-non-current (notes 6(b) and (v))	1,529,864	11	994,805	8
1550	Investments accounted for using equity method (note 6(e))	124,163	1	112,156	1
1600	Property, plant and equipment (notes 6(g) and 9)	4,891,430	34	5,265,817	40
1755	Right-of-use-assets (note 6(i))	284,560	2	309,445	2
1780	Intangible assets (note 6(j))	115,756	1	119,744	1
1840	Deferred tax assets (note 6(p))	109,394	1	51,602	-
1915	Prepayments for equipment	28,808	-	14,511	-
1980	Other non-current financial assets (notes 6(c) and (t))	3,542	-	3,635	-
1990	Other non-current assets	11,903	-	10,559	-
	Total non-current assets	7,099,420	50	6,882,274	52
	Total assets	**$ 14,136,270**	**100**	**13,226,389**	**100**

		December 31, 2021		December 31, 2020	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (notes 6(k) and 8)	$ 2,056,402	15	1,871,991	14
2322	Long-term borrowings, current portion (note 6(l))	-	-	40,000	1
2151	Notes payable (note 7)	238,909	2	181,329	2
2170	Accounts payable (note 7)	329,088	2	389,570	3
2209	Other payable (notes 6(s) and 7)	535,475	4	407,211	3
2213	Payable on equipment	43,062	-	17,545	-
2230	Current tax liabilities	132,267	1	38,386	-
2280	Lease liabilities-current (note 6(m))	29,830	-	35,102	-
2399	Other current liabilities (note 6(n))	52,528	-	48,553	-
	Total current liabilities	3,417,561	24	3,029,687	23
	Non-current liabilities:				
2540	Long-term borrowings (note 6(l))	1,000,000	7	1,250,000	9
2570	Deferred tax liabilities (note 6(p))	86,879	1	79,074	1
2580	Lease liabilities non-current (note 6(m))	241,777	2	258,608	2
2640	Net defined benefit liability (note 6(o))	217,449	2	130,566	1
2670	Other non-current liabilities (note 6(n))	66,330	-	90,071	1
	Total non-current liabilities	1,612,435	12	1,808,319	14
	Total liabilities	5,029,996	36	4,838,006	37
	Equity attributable to owners of parent (notes 6(b), (e), (f), (o), (p), (q) and (v)):				
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	605,295	4	115,939	1
	Total equity attributable to owners of parent	8,806,140	62	8,087,304	61
36XX	**Non-controlling interests (notes 6(f) and (q))**	300,134	2	301,079	2
	Total equity	9,106,274	64	8,388,383	63
	Total liabilities and equity	**$ 14,136,270**	**100**	**13,226,389**	**100**

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 Comprehensive Income

For the years ended December 31, 2021 and 2020

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

		2021 Amount	2021 %	2020 Amount	2020 %
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.

(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"

(Continued)

(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).

(Continued)

(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.

(Continued)

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding percentage December 31, 2021	Shareholding percentage December 31, 2020	Note
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 COPRORATION (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-subsidiary, 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-subsidiary, 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.

(Continued)

(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)

(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.

(Continued)

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.

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.

(Continued)

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.

(Continued)

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.

(Continued)

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.

(Continued)

(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.

(Continued)

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.

(Continued)

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.

(Continued)

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.

(Continued)

(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 reserve, 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.

(Continued)

(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.

(Continued)

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).

(Continued)

(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

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

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:

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

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

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

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.

(Continued)

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

(Continued)

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.

(Continued)

(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
	$ **3,530,338**	**3,198,461**

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)
	$ **148,906**	**199,606**

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	$ **124,163**	**112,156**

(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	$ **124,163**	**112,156**

(Continued)

	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:

		Percentage of non-controlling interests	
Subsidiaries	**Main operation place**	**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**

(Continued)

	2021	2020
Operating revenues	$ 864,255	738,561
Net loss	(13,910)	(77,561)
Other comprehensive income	1,819	(4,592)
Total comprehensive income	$ (12,091)	(82,153)
Loss attributable to non-controlling interests	$ (3,317)	(18,498)
Comprehensive income, attributable to non-controlling interests	$ (2,883)	(19,593)

	2021	2020
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	$ (24,474)	17,652
Cash dividend distributed to non-controlling interests	-	-

(g) Property, plant and equipment

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

	Land	Land improvements	Buildings and construction	Equipment	Construction in progress and equipment to be inspected	Total
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	$ 893,780	159,000	4,460,492	9,972,383	143,367	15,629,022
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	$ 893,877	159,000	4,418,972	9,786,333	177,205	15,435,387
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	$ -	12,588	2,726,137	7,998,867	-	10,737,592
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	$ -	4,638	2,560,199	7,604,733	-	10,169,570
Carrying amounts:						
Balance on December 31, 2021	$ 893,780	146,412	1,734,355	1,973,516	143,367	4,891,430
Balance on January 1, 2020	$ 894,063	-	2,012,058	2,438,534	183,082	5,527,737
Balance on December 31, 2020	$ 893,877	154,362	1,858,773	2,181,600	177,205	5,265,817

(Continued)

(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
	$ 123,755	**114,339**

(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	**$ 217,239**	**136,290**	**15,727**	**369,256**
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	**$ 217,404**	**142,917**	**16,143**	**376,464**
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	**$ 17,153**	**60,000**	**7,543**	**84,696**

(Continued)

		Land	Buildings and construction	Equipment	Total
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	$	11,444	50,534	5,041	67,019
Carrying amount:					
Balance on December 31, 2021	$	200,086	76,290	8,184	284,560
Balance on January 1, 2020	$	211,330	102,539	13,652	327,521
Balance on December 31, 2020	$	205,960	92,383	11,102	309,445

(j) Intangible assets

The movement in intangible assets were as follows:

		REACH registration related expenses	Others	Total
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	$	217,979	15,416	233,395
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	$	190,896	15,406	206,302
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	$	107,577	10,062	117,639
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	$	78,792	7,766	86,558
Carrying amounts:				
Balance on December 31, 2021	$	110,401	5,355	115,756
Balance on January 1, 2020	$	113,076	9,379	122,455
Balance on December 31, 2020	$	112,104	7,640	119,744

(Continued)

(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:

	2021	2020
Operating costs	$ 1,999	2,096
Operating expense	29,110	26,990
	$ 31,109	**29,086**

(ii) Pledge

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

(k) Short-term borrowings

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

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

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

(Continued)

	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				$ **1,250,000**
Unused credit lines				$ **310,000**

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	$ **29,830**	**35,102**
Non-current	$ **241,777**	**258,608**

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	$ **6,270**	**7,175**
Expenses relating to short-term leases	$ **3,647**	**2,567**

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

	2021	**2020**
Total cash outflow for leases	$ **44,408**	**45,317**

(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)

(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	**$ 87,450**	**119,250**

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	**$ 217,449**	**130,566**

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.

(Continued)

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:

		2021	2020
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		(52,272)	(77,872)
Defined benefit obligations as of December 31	**$**	**900,598**	**831,966**

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:

		2021	2020
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		(46,235)	(59,663)
Fair value of plan assets as of December 31	**$**	**683,149**	**701,400**

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:

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

(Continued)

	2021	2020
Operating costs	$ 5,534	6,994
Operating expenses	3,947	5,081
	$ 9,481	**12,075**

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:

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

6) Actuarial assumptions

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

	December 31, 2021	December 31, 2020
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:

	The impact of defined benefit obligations	
	Increased	Decreased
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)

(Continued)

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:

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

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

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

(Continued)

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

	2021	2020
Profit before tax	$ **597,440**	**264,776**
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	11,282	17,502
Total	$ **115,611**	**59,754**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

	December 31, 2021	December 31, 2020
The carryforward of unused tax losses	$ **317,928**	**308,277**

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 utilized 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:

Year of loss	Unutilized business loss	Expiry date
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	12,819	2031
	$ **317,928**	

(Continued)

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	**$**	**3,639**	**3,685**	**43,489**	**58,581**	**109,394**
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	**$**	**4,790**	**3,578**	**28,061**	**15,173**	**51,602**

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	**$**	**(86,734)**	**(116)**	**(29)**	**(86,879)**
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	**$**	**(74,422)**	**(4,652)**	**-**	**(79,074)**

(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 2020the 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.

(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.

(Continued)

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:

	2020		2019	
	Amount per share	**Amount**	**Amount per share**	**Amount**
Dividends distributed to ordinary shareholders:				
Cash	$ 0.30	$ **164,326**	0.30	**164,326**

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:

	2021	
	Amount per share	**Amount**
Dividends distributed to ordinary shareholders:		
Cash	$ 0.50	$ **273,876**

(Continued)

(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	**$ (130,318)**	**735,613**	**(8,575)**	**596,720**

	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	**$ (110,615)**	**226,554**	**(5,940)**	**109,999**

(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	**$ 472,970**	**213,279**
Weighted-average number of common shares outstanding	**547,752**	**547,752**
Basic earnings per share (express in New Taiwan Dollar)	**$ 0.86**	**0.39**

(Continued)

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

(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

	2021						
	Color chemicals	Specialty chemicals	Electronic chemicals	Toners	Pharmaceuticals	Other	Total
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	97,318	65,876	-	18,987	26,304	-	208,485
	$ 4,195,530	**2,364,908**	**1,229,065**	**1,170,367**	**241,118**	**-**	**9,200,988**
Major products:							
Chemicals	$ 4,195,530	2,364,908	1,229,065	-	-	-	7,789,503
Toners	-	-	-	1,170,367	-	-	1,170,367
Other	-	-	-	-	241,118	-	241,118
	$ 4,195,530	**2,364,908**	**1,229,065**	**1,170,367**	**241,118**	**-**	**9,200,988**

(Continued)

		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
	$ 3,557,854	1,772,638	1,136,424	1,097,974	201,755	2,421	7,769,066
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
	$ 3,557,854	1,772,638	1,136,424	1,097,974	201,755	2,421	7,769,066

(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	$ 1,842,446	1,597,369	1,651,626

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	$ 4,115	3,601

(ii) Other income

	2021	2020
Dividend income	$ 39,880	49,867

(Continued)

(iii) Other gains and losses

		2021	2020
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		69,451	66,995
	$	**37,990**	**62,495**

(iv) Finance costs

		2021	2020
Interest expense	**$**	**48,580**	**63,925**

(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.

(Continued)

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.

	Carrying amount	Contractual cash flows	within 1 year	1~2 years	2~5 years	Over 5 years
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	1,000,000	1,019,440	-	617,348	402,092	-
Total	**$ 4,474,543**	**4,559,734**	**3,234,403**	**658,932**	**448,399**	**218,000**
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)	1,290,000	1,315,642	40,342	1,074,168	201,132	-
	$ 4,451,356	**4,554,222**	**2,951,528**	**1,120,233**	**254,352**	**228,109**

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

(Continued)

(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
Financial assets						
Monetary items						
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
Financial liabilities						
Monetary items						
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 expresses 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.

(Continued)

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:

	2021		2020	
Prices of securities at reporting day	**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				
		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	$ 60,247	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**

(Continued)

	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**	**-**	**-**	**-**	**-**

(Continued)

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.

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".

(Continued)

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:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through other comprehensive income- equity investments without an active market	Comparable Listed companies approach	• 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%)	• 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:

		Fair value variation on other comprehensive income			
		Favorable		Unfavorable	
Inputs	Upwards or Downwards	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
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.

(Continued)

(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 it 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 analyze 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.

(Continued)

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 incompliance 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.

(Continued)

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	1,449,753	1,334,808
Net liability	**$ 3,580,243**	**3,503,198**
Total equity	**$ 9,106,274**	**8,388,383**
Debt-to-equity ratio	**39 %**	**42 %**

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

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

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flows	Non-cash changes: Foreign exchange movement	Non-cash changes: Others	December 31, 2021
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	**$ 3,455,701**	**(137,153)**	**(4,622)**	**14,083**	**3,328,009**

	January 1, 2020	Cash flows	Non-cash changes: Foreign exchange movement	Non-cash changes: Others	December 31, 2020
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	**$ 4,242,114**	**(810,644)**	**4,809**	**19,422**	**3,455,701**

(7) Related-party transactions:

(a) Names and relationship with related parties

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

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

(b) Significant transactions with related parties

(i) Purchase

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

	2021	2020
CHCIW	**$ 42,984**	**33,079**

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.

(Continued)

(ii) Payables to related parties

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

(c) Key management personnel compensation

	2021	2020
Short-term employee benefits	$ 32,134	31,055
Post-employment benefits	604	560
	$ 32,738	31,615

(8) Pledged assets: None.

The carrying amounts of pledged assets were as follows:

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

(9) Commitments and contingencies:

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

	December 31, 2021	December 31, 2020
Acquisition of property, plant and equipment	$ 77,954	58,272

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

	December 31, 2021	December 31, 2020
Outstanding standby letter of credit	$ 2,385	-

(10) Losses due to major disasters: None.

(Continued)

(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 function / By item	Year 2021 Operating costs	Year 2021 Operating expenses	Year 2021 Total	Year 2020 Operating costs	Year 2020 Operating expenses	Year 2020 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.

(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.

(Continued)

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 Shares/Units	Carrying value	Percentage of Ownership	Fair value	Highest balance during the year	Note
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 Chemical Industrial Works, LTD	-	"	5,500	92,217	5%	279,400	5,500	
"	General Plastic Industrial Co., 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 Therapentics 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: Amount	Percentage of total purchases/sales	Payment terms	Transactions with terms different from others: Unit price	Payment terms	Notes/Accounts receivable (payable): Ending balance	Percentage of total notes/accounts receivable (payable)	Note
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.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

Name of company	Counter-party	Nature of relationship	Ending balance (note)	Turnover rate	Overdue		Amounts received in subsequent period (As of 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 recievable	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.

(Continued)

(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):

Units in Thousands

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				
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.

(Continued)

(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 (Note 7)	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 (Note 6)	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 (Note 6)	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 (Note 4)	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 (Note 4)	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 (Note 5)	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 (Note 4)	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.

(Continued)

(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%

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

(Continued)

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

(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
	$ 9,200,988	7,769,066

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
	$ 5,332,457	5,720,076

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.

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Independent Auditors' Report

To the Board of Directors of Everlight Chemical Industrial Corporation:

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Valuation of accounts receivable

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

Description of key audit matters

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

How the matter was addressed in our audit

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

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

Notes to Readers

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

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

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION

Balance Sheets

December 31, 2021 and 2020

(expressed in thousands New Taiwan dollars)

	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 990,993	8	864,307	7
1110	Financial assets at fair value through profit or loss-current (note 6(b))	60,247	-	60,100	1
1136	Financial assets at amortized cost-current (note 6(b))	3,502	-	12,869	-
1150	Notes receivable, net (notes 6(c) and (s))	62,721	-	58,914	-
1170	Accounts receivable, net (notes 6(c) and (s))	845,223	7	701,152	6
1180	Accounts receivable due from related parties, net (notes 6(c), (s) and 7)	592,416	5	482,170	4
1210	Other receivables due from related parties (note 7)	9,172	-	3,957	-
130X	Inventories (note 6(d))	2,435,472	19	2,234,719	19
1476	Other current financial assets	15,781	-	17,886	-
1479	Other current assets (note 6(g))	96,063	1	82,357	1
	Total current assets	5,111,590	40	4,518,431	38
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income-non-current (notes 6(b) and (u))	1,459,491	12	928,694	8
1550	Investments accounted for using equity method (note 6(e))	1,835,361	15	1,853,081	16
1600	Property, plant and equipment (notes 6(f) and 9)	3,967,108	31	4,244,980	36
1755	Right-of-use-assets (note 6(h))	27,497	-	37,176	-
1780	Intangible assets (note 6(i))	110,565	1	112,489	1
1840	Deferred tax assets (note 6(o))	107,460	1	47,818	1
1915	Prepayments for equipment	27,072	-	12,680	-
1980	Other non-current financial assets (notes 6(c) and (s))	2,195	-	2,192	-
	Total non-current assets	7,536,749	60	7,239,110	62
	Total assets	$ 12,648,339	100	11,757,541	100

	Liabilities and Equity	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(j))	$ 1,308,863	11	1,172,531	10
2151	Notes payable (note 7)	238,909	2	181,329	2
2170	Accounts payable (note 7)	290,275	2	326,587	3
2209	Other payable (notes 6(r) and 7)	415,083	3	316,660	3
2213	Payable on equipment	43,062	-	15,638	-
2230	Current tax liabilities	113,138	1	30,669	-
2280	Lease liabilities-current (note 6(l))	9,659	-	9,856	-
2399	Other current liabilities (note 6(m))	37,318	-	41,264	-
	Total current liabilities	2,456,307	19	2,094,534	18
	Non-current liabilities:				
2541	Long-term bank loans (note 6(k))	1,000,000	8	1,250,000	10
2570	Deferred tax liabilities (note 6(o))	86,763	1	79,074	1
2580	Lease liabilities non-current (note 6(l))	18,529	-	27,957	-
2640	Net defined benefit liability (note 6(n))	214,833	2	128,806	1
2670	Other non-current liabilities, others (note 6(m))	65,767	-	89,866	1
	Total non-current liabilities	1,385,892	11	1,575,703	13
	Total liabilities	3,842,199	30	3,670,237	31
	Equity (notes 6(b), (e), (n), (o), (p) and (u)):				
3100	Common shares	5,477,522	43	5,477,522	47
3200	Capital surplus	474,558	4	474,558	4
3300	Retained earnings	2,248,765	18	2,019,285	17
3400	Other equity	605,295	5	115,939	1
	Total equity	8,806,140	70	8,087,304	69
	Total liabilities and equity	$ 12,648,339	100	11,757,541	100

See accompanying notes to parent-company-only financial statements.

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

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

See accompanying notes to parent-company-only financial statements.

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(expressed in thousands of New Taiwan dollars)

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

See accompanying notes to parent-company-only financial statements.

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(expressed in thousands of New Taiwan dollars)

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

See accompanying notes to parent-company-only financial statements.

(1) Company history

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

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

These parent-company-only 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 Company has initially adopted the following new amendments, which do not have a significant impact on its 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 Company has initially adopted the following new amendments, which do not have a significant impact on its 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 Company 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 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”

(Continued)

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

The Company 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 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 parent-company-only financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the parent-company-only financial statements.

(a) Statement of compliance

These parent-company-only 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").

(Continued)

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the parent-company-only financial statements have been prepared on a historical cost basis:

1) Financial assets at fair value through profit or loss are measured at fair value;

2) Fair value through other comprehensive income are measured at fair value; and

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 parent-company-only financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transactions

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.

(Continued)

(d) 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.

(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 Company 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.

(e) Cash and cash equivalents

Cash comprises cash on hand and cash in bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Account receivables issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a account 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 account receivable without a significant financing component is initially measured at the transaction price.

(Continued)

(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 Company 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.

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 Company'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 Company 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.

(Continued)

4) Impairment of financial assets

The Company 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 receivable, other receivable, refundable deposits and other financial assets).

The Company 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 account 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 Company 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 Company's historical experience and informed credit assessment as well as forward looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months 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 Company is exposed to credit risk.

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

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

The Company 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 Company 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 Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

(Continued)

At each reporting date, the Company 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.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company 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 Company 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 Company's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Company 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 Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company 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.

(Continued)

(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 Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company 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.

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 Company 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 Company 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.

(Continued)

(g) 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 present 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.

(h) Investment in associates

Associates are those entities in which the Company 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 parent-company-only financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, 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 significant influence.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

(i) Investment in subsidiaries

When preparing the parent-company-only financial statements, investments in subsidiaries which are controlled by the Company, are accounted for using the equity method. Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(Continued)

(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 Company.

(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 and construction	25~55 years
3)	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 Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(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 Company 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 Company' 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 Company 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 Company 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.

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 Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

(Continued)

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 Company'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 Company 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 Company 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.

The Company 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 assets.

(n) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and 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.

(Continued)

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 Company expects to be entitled in exchange for transferring goods or services to a customer. The Company 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 Company's main types of revenue are explained below.

1) Sale of goods

The Company 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 Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2) Financing components

The Company 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 Company does not adjust any of the transaction prices for the time value of money.

(Continued)

(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 Company'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 Company, 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 Company 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 Company 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 Company 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.

(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.

(Continued)

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

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

(i) the Company 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.

(Continued)

(r) Earnings per share

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

(s) Operating segments

The Company discloses its segment reporting in the consolidated financial statements. Therefore, the Company does not disclose segment information in the parent-company-only financial statements.

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

The preparation of the parent-company-only financial statements in conformity with the Regulations 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.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is as follows:

(a) Judgment of whether the Company has substantive control over its investees, please refer to consolidated financial statements for the year ended December 31, 2021.

(b) Judgment regarding significant influence of investees

The Company 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 Company 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 Company has significant influence but not control over TAK Technology Co., Ltd.

The Company 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 Company 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 Company 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

When there is objective evidence of impairment loss, the Company takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. Where the actual future cash flows are less than expected, a material impairment loss may arise. Please refer to Note 6(c) for further description of the impairment of accounts receivable.

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company 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

	December 31, 2021	December 31, 2020
Cash on hand	$ 1,312	1,331
Cash in bank	917,122	801,613
Time deposits	72,559	61,363
Cash and cash equivalents	**$ 990,993**	**864,307**

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

(b) Financial assets

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

	December 31, 2021	December 31, 2020
Financial assets mandatorily measured at fair value through profit and loss:		
Monetary market fund	**$ 60,247**	**60,100**

(Continued)

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

	December 31, 2021	December 31, 2020
Stocks listed on domestic markets	$ 1,388,138	884,695
Domestic unlisted common shares	71,353	43,999
	$ 1,459,491	**928,694**

The Company 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 Company intends to hold for long-term for strategic purposes.

For the year ended December 31, 2020, the Company has sold the partial of financial assets at fair value through other comprehensive income for strategic plan. The shares sold had a fair value of $310,625 thousand, and the Company 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 Company'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**	**12,869**

(iv) For credit risk, please refer to Note 6(u).

(v) The aforementioned financial assets were not pledged.

(vi) Derivative financial instruments－non-hedge

The Company 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 Company recognized gain on forward exchange contracts and foreign currency options amounted to $1,001 thousand and $3,315 thousand in 2021 and 2020, respectively.

(Continued)

(c) Receivables

	December 31, 2021	December 31, 2020
Notes receivable	$ 62,772	58,914
Accounts receivable	860,247	713,622
Accounts receivable from related parties	592,416	482,170
Overdue receivable (under other non-current financial assets)	18,454	19,873
Less: loss allowance	(33,529)	(32,343)
	$ 1,500,360	1,242,236

The Company 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, account 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 were determined as follows:

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 1,501,058	0.00%~0.08%	1,222
1 to 90 days past due	14,377	5.69%~96.35%	13,853
91 to 365 days past due	-	58.33%~100%	-
More than 365 days past due	18,454	100%	18,454
	$ 1,533,889		33,529

	December 31, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 1,241,415	0.00%~0.09%	1,076
1 to 90 days past due	13,099	6.04%~85.52%	11,202
91 to 365 days past due	192	92.68%~100%	192
More than 365 days past due	19,873	100%	19,873
	$ 1,274,579		32,343

The detail of loss allowance were as follows:

	December 31, 2021	December 31, 2020
Notes receivable	$ 51	-
Accounts receivable	15,024	12,470
Overdue receivable	18,454	19,873
	$ 33,529	32,343

(Continued)

The movement in the allowance for receivables were as follows:

	For the years ended December 31,	
	2021	**2020**
Balance on January 1, 2021	$ 32,343	35,889
Impairment losses recognized (reversed)	2,202	(433)
Amounts written off	(1,016)	(3,113)
Balance on December 31, 2021	**$ 33,529**	**32,343**

The aforementioned financial assets were not pledged.

(d) Inventories

	December 31, 2021	**December 31, 2020**
Raw materials	$ 744,042	610,615
Supplies	17,119	12,748
Work in progress	326,442	354,422
Finished goods	1,264,296	1,172,560
Materials in transit	83,573	84,374
	$ 2,435,472	**2,234,719**

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 (gains) on valuation of inventories	$ 535	(838)
Losses on obsolescence	5,389	3,783
Losses (gains) on inventory count	3,424	(991)
Unallocated production overheads	127,934	144,084
Scrap income	(2,268)	(1,278)
	$ 135,014	**144,760**

As of December 31, 2021 and 2020, the Company did not provide any inventories as collateral for its loans.

(Continued)

(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
Subsidiaries	$ 1,771,611	1,796,424
Associates	63,750	56,657
	$ 1,835,361	**1,853,081**

(ii) Subsidiaries

Please refer to consolidated financial statements for the year ended December 31, 2021.

(iii) Associates

Summary of financial information for the individually insignificant investments in associates accounted for using the equity method were as follows. The aforementioned financial information was included in the parent-company-only financial statements of the Company.

	December 31, 2021	December 31, 2020
Carrying amount of individually insignificant associates	**$ 63,750**	**56,657**

	2021	2020
Attributable to the Company:		
Profit from continuing operations	$ 5,929	3,832
Other comprehensive income	1,164	(2,847)
Total comprehensive income	**$ 7,093**	**985**

(iv) The aforementioned investment accounted for using equity method were not pledged.

(f) Property, plant and equipment

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

	Land	Land improvement	Buildings and construction	Equipment	Construction in progress and equipment to be inspected	Total
Cost:						
Balance on of January 1, 2021	$ 890,375	159,000	3,284,943	8,039,901	163,360	12,537,579
Additions	-	-	10,027	67,202	101,333	178,562
Disposals	-	-	-	(48,635)	-	(48,635)
Reclassification (note)	-	-	37,582	147,720	(128,612)	56,690
Balance on of December 31, 2021	**$ 890,375**	**159,000**	**3,332,552**	**8,206,188**	**136,081**	**12,724,196**

(Continued)

	Land	Land improvement	Buildings and construction	Equipment	Construction in progress and equipment to be inspected	Total
Balance on of January 1, 2020	$ 890,375	-	3,277,993	7,886,677	178,336	12,233,381
Additions	-	127,200	4,557	58,802	93,814	284,373
Disposals	-	-	(7,051)	(42,549)	-	(49,600)
Reclassification (note)	-	31,800	9,444	136,971	(108,790)	69,425
Balance on of December 31, 2020	**$ 890,375**	**159,000**	**3,284,943**	**8,039,901**	**163,360**	**12,537,579**
Accumulated depreciation and impairment:						
Balance on of January 1, 2021	$ -	4,638	2,115,082	6,172,879	-	8,292,599
Depreciation	-	7,950	130,873	373,693	-	512,516
Disposals	-	-	-	(48,027)	-	(48,027)
Balance on of December 31, 2021	**$ -**	**12,588**	**2,245,955**	**6,498,545**	**-**	**8,757,088**
Balance on of January 1, 2020	$ -	-	1,991,344	5,834,459	-	7,825,803
Depreciation	-	4,638	130,586	380,252	-	515,476
Disposals	-	-	(6,848)	(41,832)	-	(48,680)
Balance on of December 31, 2020	**$ -**	**4,638**	**2,115,082**	**6,172,879**	**-**	**8,292,599**
Carrying amounts:						
Balance on of December 31, 2021	**$ 890,375**	**146,412**	**1,086,597**	**1,707,643**	**136,081**	**3,967,108**
Balance on of January 1, 2020	**$ 890,375**	**-**	**1,286,649**	**2,052,218**	**178,336**	**4,407,578**
Balance on of December 31, 2020	**$ 890,375**	**154,362**	**1,169,861**	**1,867,022**	**163,360**	**4,244,980**

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

(i) For the years ended December 31, 2021 and 2020, the Company capitalized the interest expenses on construction in progress, amounted to $1,456 thousand and $2,460 thousand, respectively, and the monthly interest rate used for capitalization calculation were 0.08%~0.09% and 0.11%, respectively.

(ii) As of December 31, 2021 and 2020, the property, plant and equipment of the Company had not been pledged.

(g) Other current assets

	December 31, 2021	December 31, 2020
Prepayments	$ 46,886	44,693
Offset against business tax payable and input taxes	39,665	25,327
Payment on behalf of others	9,512	12,337
	$ 96,063	**82,357**

(Continued)

(h) Right-of-use assets

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

	Buildings and construction	Equipment	Total
Cost:			
Balance on January 1, 2021	$ 43,387	12,792	56,179
Acquisitions	-	318	318
Disposals	-	(232)	(232)
Balance on December 31, 2021	**$ 43,387**	**12,878**	**56,265**
Balance on January 1, 2020	$ 43,320	13,945	57,265
Acquisitions	67	1,181	1,248
Disposals	-	(2,334)	(2,334)
Balance on December 31, 2020	**$ 43,387**	**12,792**	**56,179**
Accumulated depreciation:			
Balance on January 1, 2021	$ 15,321	3,682	19,003
Depreciation	7,673	2,324	9,997
Disposals	-	(232)	(232)
Balance on December 31, 2021	**$ 22,994**	**5,774**	**28,768**
Balance on January 1, 2020	$ 7,659	2,937	10,596
Depreciation	7,662	3,019	10,681
Disposals	-	(2,274)	(2,274)
Balance on December 31, 2020	**$ 15,321**	**3,682**	**19,003**
Carrying amount:			
Balance on December 31, 2021	**$ 20,393**	**7,104**	**27,497**
Balance on January 1, 2020	**$ 35,661**	**11,008**	**46,669**
Balance on December 31, 2020	**$ 28,066**	**9,110**	**37,176**

(i) Intangible assets

The movement in intangible assets were as follows:

	REACH registration related expenses	Others	Total
Cost:			
Balance on of January 1, 2021	$ 190,896	2,267	193,163
Additions	27,083	-	27,083
Balance on of December 31, 2021	**$ 217,979**	**2,267**	**220,246**
Balance on of January 1, 2020	$ 165,165	2,267	167,432
Additions	25,731	-	25,731
Balance on of December 31, 2020	**$ 190,896**	**2,267**	**193,163**

(Continued)

	REACH registration related expenses	Others	Total
Accumulated amortization:			
Balance on of January 1, 2021	$ 78,793	1,881	80,674
Amortization	28,786	221	29,007
Balance on of December 31, 2021	$ 107,579	2,102	109,681
Balance on of January 1, 2020	$ 52,090	1,563	53,653
Amortization	26,703	318	27,021
Balance on of December 31, 2020	$ 78,793	1,881	80,674
Carrying amounts:			
Balance on of December 31, 2021	$ 110,400	165	110,565
Balance on of January 1, 2020	$ 113,075	704	113,779
Balance on of December 31, 2020	$ 112,103	386	112,489

(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:

	2021	2020
Operating costs and expenses	$ 29,007	27,021

(ii) Pledge

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

(j) Short-term borrowings

	December 31, 2021	December 31, 2020
Unsecured bank loans	$ 1,308,863	1,172,531
Unused credit lines	$ 2,577,938	2,412,189
Range of interest rate	0.55%~1.10%	0.77%~3.09%

(k) Long-term borrowings

	December 31, 2021			
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	NTD	1.14%~1.15%	2023.1~2024.6	$ 1,000,000
Unused credit lines				$ 250,000

(Continued)

	December 31, 2020			
	Currency	**Rate**	**Maturity year**	**Amount**
Unsecured bank loans	NTD	1.14%~1.2%	2022.5~2023.6	$ 1,250,000
Unused credit lines				$ 150,000

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

(l) Lease liabilities

The carry amount of lease liabilities were as follow:

	December 31, 2021	December 31, 2020
Current	$ 9,659	9,856
Non-current	$ 18,529	27,957

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

The amounts recognized in profit or loss were as follows:

	2021	2020
Interest on lease liabilities	$ 492	634
Expenses relating to short-term leases	$ 1,393	1,449

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

	2021	2020
Total cash outflow for leases	$ 11,828	12,578

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

For the years ended December 31, 2021 and 2020, the Company leases 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 7 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 Company leases office equipment and vehicles whose lease periods are 1 to 3 years, are recognized as short-term or lower-price lease. The Company elected to apply practical expedients not recognizing relative right-of-use assets and lease liabilities.

(Continued)

(m) Provisions

The movements of the provisions were as follows:

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

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

(n) Employee benefits

(i) Defined benefit plans

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

	December 31, 2021	December 31, 2020
Present value of the defined benefit obligations	$ 884,896	817,786
Fair value of plan assets	(670,063)	(688,980)
Net defined benefit liabilities	**$ 214,833**	**128,806**

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan and Nanshan life insurance nonforfeiture values that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee 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 Company 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 Company's Bank of Taiwan labor pension reserve account balance and Nan-shan life insurance nonforfeiture values amounted to $670,063 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.

(Continued)

2) Movements in present value of the defined benefit obligations

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

		2021	2020
Defined benefit obligations as of January 1	$	817,786	851,729
Current service costs and interest cost		13,721	18,712
Net remeasurements of defined benefit liabilities:			
—Actuarial losses arising from changes in financial assumptions		105,661	8,859
Benefits paid by the plan		(52,272)	(61,514)
Defined benefit obligations as of December 31	$	**884,896**	**817,786**

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:

		2021	2020
Fair value of plan assets as of January 1	$	688,980	696,932
Return on plan assets (excluding the interest expense)		4,301	6,958
Net remeasurements of the defined benefit liabilities:			
—Actuarial gains arising from changes in financial assumptions		7,601	19,360
Contributions paid to the plan		15,416	18,775
Benefits paid by the plan		(46,235)	(53,045)
Fair value of plan assets as of December 31	$	**670,063**	**688,980**

4) Expenses recognized in profit or loss

		2021	2020
Current service costs	$	8,665	10,336
Net interest expense of net defined benefit liabilities		755	1,418
	$	**9,420**	**11,754**

		2021	2020
Operating costs	$	5,497	6,814
Administration expenses		2,729	3,400
Research and development expenses		1,194	1,540
	$	**9,420**	**11,754**

(Continued)

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

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

		2021	2020
Accumulated amount as of January 1	$	(106,369)	(116,870)
Recognized during the period		(98,060)	10,501
Accumulated amount as of December 31	**$**	**(204,429)**	**(106,369)**

6) Actuarial assumptions

The principal actuarial assumptions were as follows:

	December 31, 2021	December 31, 2020
Discount rate	0.625 %	0.625 %
Future salary increasing rate	1.500 %	1.200 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $15,465 thousand.

The weighted-average lifetime of the defined benefits plans is 11.04 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:

		The impact of defined benefit obligations	
		Increased	**Decreased**
December 31, 2021			
Discount rate decreased (increased) 0.25%	$	18,761	(19,355)
Future salary increasing rate increased (decreased) 0.25%		18,227	(18,693)
December 31, 2020			
Discount rate decreased (increased) 0.25%		18,668	(18,061)
Future salary increasing rate increased (decreased) 0.25%		18,100	(17,601)

(Continued)

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 Company 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 Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of Labor Insurance amounted to $34,494 thousand and $33,991 thousand for the years ended December 31, 2021 and 2020, respectively.

(o) Income taxes

(i) Income tax expense

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

	2021	2020
Current tax expense		
Current period	$ 114,778	24,746
Adjustment for prior periods	(1,641)	(4,221)
	113,137	20,525
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	(32,341)	28,038
Income tax expense	**$ 80,796**	**48,563**

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

	2021	2020
Components that with not be reclassified to profit or loss:		
Remeasurements from defined benefit plans	**$ (19,612)**	**2,100**

(Continued)

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

	2021	2020
Profit excluding income tax	$ **553,766**	**261,842**
Income tax using the Company's domestic tax rate	$ 110,753	52,368
Dividend revenue	(7,548)	(8,806)
Tax credit of investment	(11,388)	(10,235)
Others	(11,021)	15,236
Income tax expense	$ **80,796**	**48,563**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets and liabilities

As of December 31, 2021 and 2020, the Company has no unrecognized deferred tax assets and liabilities.

2) Recognized deferred tax assets and liabilities

Changes in the amounts of deferred tax assets and liabilities for 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	$ 4,745	2,167	25,761	15,145	47,818
Recognized in profit or loss	(1,106)	107	(2,407)	43,436	40,030
Recognized in other comprehensive income	-	-	19,612	-	19,612
Balance as of December 31, 2021	$ **3,639**	**2,274**	**42,966**	**58,581**	**107,460**
Balance as of January 1, 2020	$ 5,736	2,335	31,963	29,056	69,090
Recognized in profit or loss	(991)	(168)	(4,102)	(13,911)	(19,172)
Recognized in other comprehensive income	-	-	(2,100)	-	(2,100)
Balance as of December 31, 2020	$ **4,745**	**2,167**	**25,761**	**15,145**	**47,818**

(Continued)

Deferred tax liabilities:

	Unrealized investment income under equity method	Unrealized foreign exchange gains	Other	Total
Balance as of January 1, 2021	$ (74,421)	(4,653)	-	(79,074)
Recognized in profit or loss	(12,313)	4,653	(29)	(7,689)
Balance as of December 31, 2021	**$ (86,734)**	**-**	**(29)**	**(86,763)**
Balance as of January 1, 2020	$ (68,098)	(2,110)	-	(70,208)
Recognized in profit or loss	(6,323)	(2,543)	-	(8,866)
Balance as of December 31, 2020	**$ (74,421)**	**(4,653)**	**-**	**(79,074)**

(iii) The Company's tax return for the years through 2019 were assessed and approved by the Taipei National Tax Administration.

(p) 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, were issued and outstanding.

(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 Company 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.

(Continued)

(iii) Retained earnings

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

1) Legal reserve should be at 10%.

2) Special reserve should be appropriated (reversed) in accordance with related rules.

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 only the portion of legal reserve which exceeds 25% of capital may be distributed.

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.

(Continued)

3) Earnings distribution

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:

	2020		2019	
	Amount per share	**Amount**	**Amount per share**	**Amount**
Dividends distributed to common shareholders:				
Cash	$ 0.30	$ **164,326**	0.30	**164,326**

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

	2021	
	Amount per share	**Amount**
Dividends distributed to common shareholders:		
Cash	$ 0.50	$ **273,876**

(iv) 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**	**Total**
Balance on January 1, 2021	$ (110,615)	226,554	115,939
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	505,230	505,230
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income on subsidiaries accounted for using equity method	-	3,829	3,829
Exchange differences on translation of foreign financial statements	(20,867)	-	(20,867)
Exchange differences on associates accounted for using equity method	1,164	-	1,164
Balance on December 31, 2021	$ **(130,318)**	**735,613**	**605,295**

(Continued)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance on January 1, 2020	$ (112,054)	81,616	(30,438)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	207,948	207,948
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income on subsidiaries accounted for using equity method	-	(3,318)	(3,318)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(59,692)	(59,692)
Exchange differences on translation of foreign financial statements	4,286	-	4,286
Exchange differences on associates accounted for using equity method	(2,847)	-	(2,847)
Balance on December 31, 2020	**$ (110,615)**	**226,554**	**115,939**

(q) 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	**$ 472,970**	**213,279**
Weighted-average number of common shares	**$ 547,752**	**547,752**
Basic earnings per share (express in New Taiwan dollar)	**$ 0.86**	**0.39**

	2021	2020
Diluted earning per share		
Profit attributable to common shareholders of the Company	**$ 472,970**	**213,279**
Weighted average number of common shares (basic)	547,752	547,752
Effect of employee compensation	1,287	1,264
Weighted-average number of common shares outstanding (diluted)	**549,039**	**549,016**
Diluted earnings per share (express in New Taiwan dollar)	**$ 0.86**	**0.39**

(r) Employee compensation and directors' remuneration

In accordance with the articles of incorporation, the Company should contribute 5% of the profit as employee remuneration 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.

(Continued)

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. 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.

(s) Revenue from contract with customers

(i) Disaggregation of revenue

	2021				
	Color chemicals	**Specialty chemicals**	**Electronic chemicals**	**Pharmaceuticals**	**Total**
Primary geographical markets:					
Taiwan	$ 429,034	303,044	830,045	7,991	1,570,114
America	269,096	471,831	-	43,935	784,862
Asia	2,429,095	963,632	326,561	67,438	3,786,726
Europe	631,203	451,516	-	95,450	1,178,169
Other	97,319	65,876	-	26,304	189,499
	$ 3,855,747	**2,255,899**	**1,156,606**	**241,118**	**7,509,370**
Major products:					
Chemicals	$ 3,855,747	2,255,899	1,156,606	-	7,268,252
Other	-	-	-	241,118	241,118
	$ 3,855,747	**2,255,899**	**1,156,606**	**241,118**	**7,509,370**

	2020				
	Color chemicals	**Specialty chemicals**	**Electronic chemicals**	**Pharmaceuticals**	**Total**
Primary geographical markets:					
Taiwan	$ 373,502	235,036	821,912	8,286	1,438,736
America	187,359	201,848	-	42,508	431,715
Asia	2,063,744	773,671	226,885	44,634	3,108,934
Europe	518,161	366,126	-	65,186	949,473
Other	68,862	46,683	-	41,141	156,686
	$ 3,211,628	**1,623,364**	**1,048,797**	**201,755**	**6,085,544**
Major products:					
Chemicals	$ 3,211,628	1,623,364	1,048,797	-	5,883,789
Other	-	-	-	201,755	201,755
	$ 3,211,628	**1,623,364**	**1,048,797**	**201,755**	**6,085,544**

(Continued)

(ii) Contract balance

	December 31, 2021	December 31, 2020	January 1, 2020
Receivables	$ 1,533,889	1,274,579	1,260,082
Less: loss allowance	(33,529)	(32,343)	(35,889)
Total	**$ 1,500,360**	**1,242,236**	**1,224,193**

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

(t) Non-operating income and expenses

(i) Interest income

	2021	2020
Interest income for bank deposits	**$ 1,418**	**1,549**

(ii) Other income

	2021	2020
Dividend income	**$ 37,740**	**44,731**

(iii) Other gains and losses

	2021	2020
Foreign exchange losses	$ (52,740)	(19,684)
Net gains on disposal of financial assets and liabilities at fair value through profit or loss	216	265
Gains on disposal of property plant and equipment	1,125	31
Subsidy revenue	20,410	10,372
Gains on writing off over due payment	-	21,143
Others	62,966	56,448
	$ 31,977	**68,575**

(iv) Finance costs

	2021	2020
Interest expense	**$ 23,966**	**36,654**

(u) Financial instruments

(i) Credit risk

1) Credit risk exposure

As of December 31, 2021 and 2020, the Company'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

(Continued)

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 Company 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 Company are regarded as group of counterparties with similar credit characteristics. The concentrations of credit risk on notes and accounts receivables due from subsidiaries resulted that the Company distributed product through subsidiaries. Please refer to Note 7.

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(f).

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	within 1 year	1~2 years	2~5 years	Over 5 years
December 31, 2021						
Non-derivative financial liabilities						
Short-term borrowings	$ 1,308,863	1,310,228	1,310,228	-	-	-
Notes payable	238,909	238,909	238,909	-	-	-
Accounts payable	290,275	290,275	290,275	-	-	-
Other payable	415,083	415,083	415,083	-	-	-
Payables on equipment	43,062	43,062	43,062	-	-	-
Lease liabilities	28,188	28,911	10,004	8,435	9,478	994
Long-term borrowings	1,000,000	1,019,440	-	617,348	402,092	-
	$ 3,324,380	**3,345,908**	**2,307,561**	**625,783**	**411,570**	**994**

(Continued)

	Carrying amount	Contractual cash flows	within 1 year	1~2 years	2~5 years	Over 5 years
December 31, 2020						
Non derivative financial liabilities						
Short-term borrowings	$ 1,172,531	1,174,406	1,174,406	-	-	-
Notes payable	181,329	181,329	181,329	-	-	-
Accounts payable	326,587	326,587	326,587	-	-	-
Other payable	316,660	316,660	316,660	-	-	-
Payables on equipment	15,638	15,638	15,638	-	-	-
Lease liabilities	37,813	39,021	10,345	9,896	16,792	1,988
Long-term borrowings	1,250,000	1,275,300	-	1,074,168	201,132	-
	$ 3,300,558	**3,328,941**	**2,024,965**	**1,084,064**	**217,924**	**1,988**

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

(iii) Currency risk

1) Exposure to foreign currency risk

The Company'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
Financial assets						
Monetary items						
USD	$ 45,018	27.68	1,245,199	34,039	28.48	968,751
JPY	142,221	0.24	33,920	171,904	0.27	47,153
RMB	68,157	4.34	294,372	65,426	4.35	284,735
Financial liabilities						
Monetary items						
USD	41,176	27.70	1,140,568	29,064	28.50	828,319
JPY	87,783	0.24	21,287	61,650	0.28	17,157
RMB	1,808	4.37	7,899	7,914	4.40	34,836

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, account receivable, 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 $3,243 thousand and $3,363 thousand, respectively. The analysis is performed on the same basis for 2021 and 2020.

(Continued)

3) Foreign exchange gains and losses on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the years 2021 and 2020, foreign exchange losses (including realized and unrealized portions) are exchange losses (gains) amounted to $52,740 thousand and $19,684 thousand, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Company'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 expresses as the interest rate increase or decreases by 1% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased/decreased by 1%, the Company's profit would have decreased/increased by $18,471 thousand and $19,380 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 Company's borrowing at floating rates.

(v) Other market price risk

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

	2021		2020	
Prices of securities at the reporting date	**Other comprehensive income after tax**	**Net income**	**Other comprehensive income after tax**	**Net income**
1% increase	$ 14,595	-	9,287	-
1% decrease	$ (14,595)	-	(9,287)	-

(Continued)

(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 Company'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				
		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	$ 60,247	60,247	-	-	60,247
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	1,388,138	1,388,138	-	-	1,388,138
Domestic unlisted common shares	71,353	-	-	71,353	71,353
Subtotal	1,459,491	1,388,138	-	71,353	1,459,491
Financial assets measured at amortized cost					
Cash and cash equivalents	990,993	-	-	-	-
Financial assets at amortized cost	3,502	-	-	-	-
Notes and accounts receivable (included related parties)	1,500,360	-	-	-	-
Other financial assets (included other receivables-related parities)	27,148	-	-	-	-
Subtotal	2,522,003	-	-	-	-
Total	**$ 4,041,741**	**1,448,385**	**-**	**71,353**	**1,519,738**
Financial liabilities measured at amortized cost					
Bank loans	$ 2,308,863	-	-	-	-
Notes and trade payable	529,184	-	-	-	-
Other payable	415,083	-	-	-	-
Lease liabilities	28,188	-	-	-	-
Payables on equipment	43,062	-	-	-	-
Total	**$ 3,324,380**	**-**	**-**	**-**	**-**

(Continued)

	December 31, 2020				
		Fair value			
	Book value	**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 markets	884,695	884,695	-	-	884,695
Domestic unlisted common shares	43,999	-	-	43,999	43,999
Subtotal	928,694	884,695	-	43,999	928,694
Financial assets measured at amortized cost					
Cash and cash equivalents	864,307	-	-	-	-
Financial assets at amortized cost	12,869	-	-	-	-
Notes and accounts receivable (included related parties)	1,242,236	-	-	-	-
Other financial assets (included other receivables-related parities)	24,035	-	-	-	-
Subtotal	2,143,447	-	-	-	-
Total	**$ 3,132,241**	**944,795**	**-**	**43,999**	**988,794**
Financial liabilities measured at amortized cost					
Bank loans	$ 2,422,531	-	-	-	-
Notes and trade payable	507,916	-	-	-	-
Other payable	316,660	-	-	-	-
Lease liabilities	37,813	-	-	-	-
Payables on equipment	15,638	-	-	-	-
Total	**$ 3,300,558**	**-**	**-**	**-**	**-**

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative instruments

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

(Continued)

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 Company 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 Company is traded in an inactive market, its fair value is illustrated by the category and nature as follows:

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

b) Derivative financial instruments

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

3) Transfers between Level 1 and Level 2

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

(Continued)

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
Balance on adjustment January 1, 2021	$ 43,999
Total gains or losses:	
Recognized in other comprehensive income	27,354
Balance on December 31, 2021	**$ 71,353**
Balance on adjustment January 1, 2020	$ 56,764
Total gains or losses:	
Recognized in other comprehensive income	(12,765)
Balance on December 31, 2020	**$ 43,999**

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	**$ 27,354**	**(12,765)**

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

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

Most of the Company'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:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income- equity investments without an active market	Comparable Listed companies approach	• Price-Book Ratio (as of December 31, 2021 and 2020 were 7.25 and 3.99, respectively) • Market liquidity discount rate (as of December 31, 2021 and 2020 were all 20%)	• The estimated fair value would increase if the multiplier was higher. • The estimated fair value would decrease if market liquidity discount rate was higher.

(Continued)

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

The Company'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:

		Fair value variation on other comprehensive income			
	Upwards or	Favorable		Unfavorable	
Inputs	**Downwards**	**December 31, 2021**	**December 31, 2020**	**December 31, 2021**	**December 31, 2020**
Price-book ratio	5%	3,556	2,250	(3,556)	(2,250)
Market liquidity discount rate	5%	3,577	2,173	(3,577)	(2,173)

The favorable and unfavorable effects represent the changes in fair value, and fait 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 inter-relationships with another input.

(v) Financial risk management

(i) Overview

The Company have exposure 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 Company's objective, policies and process for managing risks have been stated below. Further quantitative disclosures have been disclosed as notes to the parent-company-only financial statements.

(ii) Structure of risk management

The Company'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 Company'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.

(Continued)

2) Market risk: the Company'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 Company'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 Company's Audit Committee oversees how management monitors counterparty with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company'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 Company if a customer or counterparty to financial instruments fails to meet it contractual obligations that arises principally from the Company's accounts receivable and investments in securities.

1) Accounts receivable and other receivable

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. According to the credit policy, the Company analyze 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 Company did not have any collateral or other enhancements to avoid credit risk of financial assets.

2) Investments

The credit risk exposure in the bank deposits, and equity instruments are measured and monitored by the Company's finance department. Since the Company'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 incompliance issues and therefore no significant credit risk.

3) Guarantees

The Company's policy is to provide financial guarantees only to wholly owned subsidiaries. As of December 31, 2021 and 2020, the outstanding balance of guarantees were $55,360 thousand and $56,960 thousand, respectively.

(iv) Liquidity risk

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company'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 Company. As of December 31, 2021 and 2020, the Company's unused credit line were amounted to $2,827,938 thousand and $2,562,189 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 Company'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 Company 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 Company's market risk are as follows:

1) Currency risk

The Company is exposed to currency risk on foreign currency assets and liabilities resulted from operating, financing and investing activities. The Company 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 Company may reduce the currency risk through derivative instruments but do not avoid all of the currency influence resulted from foreign currency exchange.

The Company monitors the exposure of individual foreign currency assets and liabilities periodically. When necessary, the Company 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 Company'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 Company 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.

(Continued)

3) Other market price risk

The Company 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.

(w) Capital management

The Company'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 liabilities	$ 3,842,199	3,670,237
Less: cash and cash equivalents	990,993	864,307
Net liabilities	**$ 2,851,206**	**2,805,930**
Total equity	**$ 8,806,140**	**8,087,304**
Debt-to-equity ratio	**32 %**	**35 %**

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

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

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flows	Non-cash changes Other	December 31, 2021
Short-term borrowings	$ 1,172,531	136,332	-	1,308,863
Lease liabilities	37,813	(9,943)	318	28,188
Long-term borrowings	1,250,000	(250,000)	-	1,000,000
Total liabilities from financing activities	**$ 2,460,344**	**(123,611)**	**318**	**2,337,051**

	January 1, 2020	Cash flows	Non-cash changes Other	December 31, 2020
Short-term borrowings	$ 1,717,630	(545,099)	-	1,172,531
Lease liabilities	47,120	(10,495)	1,188	37,813
Long-term borrowings	1,379,748	(130,000)	252	1,250,000
Total liabilities from financing activities	**$ 3,144,498**	**(685,594)**	**1,440**	**2,460,344**

(Continued)

(7) Related-party transactions:

(a) Parent company and ultimate controlling company

The Company is the ultimate controlling party of the Company and its subsidiaries.

(b) Names and relationship with related parties

The following are entities that have had transactions with related party during the periods covered in the parent-company-only financial statements.

Name of related party	Relationship with the Company
EVERLIGHT USA, INC. (EVUS)	Subsidiary
EVERLIGHT (HONG KONG) LIMITED (EVHK)	Subsidiary
EVERLIGHT CHEMICALS (SINGAPORE) PTE LTD. (EVSG)	Subsidiary
EVERLIGHT EUROPE B.V. (EVEU)	Subsidiary
TREND TONE IMAGING, INC. (TTI)	Subsidiary
ELITE FOREIGN TRADING INCORPORATION (ELITE)	Subsidiary
DAILYCARE BIOMEDICAL INC. (DCBM) (Note)	Subsidiary
ETHICAL INTERNATIONAL TRADING & WAREHOUSING (SHANGHAI) CO.,LTD. (ETSH)	Subsidiary
GUANGZHOU ETHICAL TRADING CO., LTD. (ETGZ)	Subsidiary
SHANGHAI EVERLIGHT TRADING CO., LTD. (EVSH)	Subsidiary
EVERLIGHT (SUZHOU) ADVANCED CHEMICALS LTD. (EVSZ)	Subsidiary
ANDA SEMI CONDUCTOR TECHNOLOGY (SUZHOU) CO., LTD. (ANDA)	Subsidiary
GREATLIGHT INVESTMENT CORPORATION (GLTP)	Subsidiary
SHANGHAI ANDA INTERNATIONAL TRADING CO., LTD. (ADSH)	Subsidiary
3E CHEMICAL (SUZHOU) CO., LTD. (3ESZ)	Affiliate
CHUNG HWA CHEMICAL INDUSTRIAL WORKS, LTD. (CHCIW)	The entity's chairman is the director of the Company

Note: The Company decided to resolve DCBM. As of December 31, 2021, the related procedure has not completed.

(Continued)

(c) Significant transactions with related parties

(i) Operating revenue

Significant sales to related parties of the Company were as follow:

	2021	2020
Subsidiary	$ 2,696,954	2,120,879

The payment terms for related parties, except EVUS, ELITE and ADSH are Open Account 120 days, Open Account 100 days and Open Account 120 days, respectively, are same as those of the third-parties sales. There was no collateral on the accounts receivable from related parties. The Company did not recognized allowance of impairment after considerations.

(ii) Purchase

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

	2021	2020
Subsidiary	$ 1,601	1,082
Other related parties	42,984	33,079
	$ 44,585	34,161

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.

(iii) Other

1) The Company had provided a guarantee for loans taken out by related parties were as follows:

	December 31, 2021	December 31, 2020
EVUS	$ 55,360	56,960

2) As of December 31, 2021 and 2020, other receivables of dividends from subsidiaries were $6,945 thousand and $0 thousand, respectively.

3) As of December 31, 2021 and 2020, other receivables of prepayments for subsidiaries were $2,227 thousand and $0 thousand, respectively.

4) As of December 31, 2021 and 2020, other payables of prepayments for subsidiaries were $3,919 thousand and $5,081 thousand, respectively.

(Continued)

(iv) Receivable from related parties

The Company's receivable from related parties were as follows:

Account	Name of Entity	December 31, 2021	December 31, 2020
Accounts receivable due from related parties, net	EVUS	$ 157,722	49,959
	EVEU	19,300	85,289
	Elite	118,496	83,474
	ADSH	91,313	59,501
	Other subsidiaries	205,585	203,947
		592,416	482,170
Other receivables due from related parties	Subsidiaries	9,172	3,957
		$ 601,588	486,127

(v) Payable from related parties

The Company's payable from related parties were as follows:

Account	Name of Entity	December 31, 2021	December 31, 2020
Notes and accounts payable	Other related parties	$ 17,165	14,751
Other payable	Other related parties	2,676	-
Accounts payable	Subsidiaries	513	110
Other payable	Subsidiaries	3,919	4,971
		$ 24,273	19,832

(d) Key management personnel compensation

	2021	2020
Short-term employee benefits	$ 28,903	26,945
Post-employment benefits	604	560
	$ 29,507	27,505

(8) Pledged assets: None.

(Continued)

(9) Commitments and contingencies:

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

	December 31, 2021	December 31, 2020
Acquisition of property, plant and equipment	$ 69,339	58,272

(10) Losses due to major disasters: None.

(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 function / By item	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	590,797	394,011	984,808	525,811	364,367	890,178
Labor and health insurance	58,165	36,971	95,136	56,084	36,454	92,538
Pension	24,413	19,501	43,914	25,031	20,714	45,745
Remuneration of directors	-	20,185	20,185	-	14,694	14,694
Others	23,123	12,445	35,568	23,124	11,466	34,590
Depreciation (note)	428,164	94,099	522,263	420,569	105,504	526,073
Depletion	-	-	-	-	-	-
Amortization	221	28,786	29,007	318	26,703	27,021

Note: For the years ended December 31, 2021 and 2020, depreciation expense recognized were $522,513 thousand and $526,157 thousand, respectively, less deferred gains of $250 thousand and $84 thousand, respectively.

(Continued)

As of December 31, 2021 and 2020, the additional information for employee numbers and employee benefits were as follows:

	2021	2020
Average employee numbers	1,294	1,344
Average directors numbers without serving concurrently as employee	10	9
Average employee benefits	$ 903	796
Average employee salaries	$ 767	667
Average adjustment rate of employee salaries	14.99 %	(5.92)%
Remuneration of supervisor	$ -	-

The Company’s salary and remuneration policy (including directors, managers and employees) were as follows:

Directors:

According to the Company's Articles of Incorporation, the Company’ s director remuneration is authorized to be determined by the Board of Directors based on the director's participation procedure in the Company's operation and the value of contribution, no matter whether the Company has realized profit or loss. The standard of the industry is also taken into consideration when deciding director remuneration. A rational remuneration was approved by the Remuneration Committee and the Board of Directors.

General managers and employees:

The salaries and bonuses of general managers and employees are based on the Company’ s salary standards, taking into their positions, contribution and performance, not due to age, gender, race, religion, political position, marital status or membership in a trade union. The principle is the salary level meet the basic need of maintain basic lives and takes into the motivation and sense of accomplishment. The remuneration board of directors for resolution by the Board of Directors for resolution by the Remuneration Committee.

(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 Company for the year ended December 31, 2021:

1. Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Highest balance of financing to other parties during the period	Actual usage amount 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 (Note 2)	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 operating 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 Investment Amounts Authorized by Investment Commission, MOEA
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.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

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 Shares/Units	Carrying value	Percentage of Ownership	Fair value	Note
ECIC	Jin Sun Money Market Fund	-	Financial assets at fair value through profit or loss-current	2,010	30,125	-	30,125	
"	Franklin Templeton Sinoam Money Fund	-	"	2,881	30,122	-	30,122	
					60,247		60,247	
ECIC	Polytronic Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	8,376	466,173	10%	1,046,999	
"	Chung Hwa Chemical Industrial Works,Ltd.	-	"	5,500	92,217	5%	279,400	
"	General Plastic Industrial Co., Ltd.	-	"	2,140	74,900	2%	61,739	
"	Andros Pharmaceuticals Co., Ltd.	-	"	3,880	77,800	15%	71,353	
GLTP	Taiwan Bio Therapentics Co., Ltd.	-	"	414	11,400	1%	8,634	
TTI	General Plastic Industrial Co., Ltd.	-	"	2,140	74,900	2%	61,739	
			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.

				Transaction details			Transactions with terms different from others		Notes/Accounts receivable (payable)		
Name of company	Counter-party	Nature of relationship	Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	notes/accounts receivable (payable)	Note
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%	
"	EVUS	"	"	470,086	6.26%	OA 120	"	"	157,722	17.37%	
"	ELITE	"	"	457,628	6.09%	OA 100	"	"	118,496	13.05%	
"	EVSZ	"	"	245,915	3.27%	OA 90	"	"	54,856	6.04%	
"	ETSH	"	"	223,669	2.98%	OA 90	"	"	57,626	6.35%	
"	EVSH	"	"	218,902	2.92%	OA 90	"	"	54,264	5.98%	
"	ADSH	"	"	192,721	2.57%	OA 120	"	"	91,313	10.06%	
"	ETGZ	"	"	133,554	1.78%	OA 90	"	"	31,209	3.44%	
"	EVHK	"	"	106,407	1.42%	OA 90	"	"	7,630	0.84%	
TTI	EVSZ	"	"	139,259	1.85%	OA 90	"	"	32,781	3.61%	

(Continued)

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	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	-

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

(b) Information on investments:

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

Units in Thousands

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

Note 1 : The Company decided to dissolved DCBM. As of December 31, 2021, the related procedure has not been completed.

(Continued)

(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	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period	
		USD	NTD		USD	NTD	Outflow	Inflow	USD	TWD					USD	TWD
ETSH	Selling chemical product and related raw materials	1,700 (Note 7)	47,056	(Note 6)	700	19,376			700	19,376	13,217	100.00%	13,217	159,330	2,961	81,960
ETGZ	Selling chemical product and related raw materials	700 (Note 6)	19,376	(Note 6)	200	5,536			200	5,536	15,573	100.00%	15,573	91,497	1,523	42,157
EVSH	Selling chemical product and related raw materials	1,250 (Note 6)	34,600	(Note 6)	1,100	30,448			1,100	30,448	1,129	100.00%	1,129	148,960	950	26,296
EVSZ	Manufacturing and selling color chemical, toners and electronic high tech chemical product	23,650 (Note 4)	654,632	(Note 1)	18,600	514,848			18,600	514,848	(11,923)	100.00%	(11,923)	853,225	-	-
ANDA	Selling electronic high tech chemical product	1,200 (Note 4)	33,216	(Note 1)	650	17,992			650	17,992	10,689	56.25%	6,012	21,821	-	-
ADSH	Selling electronic high tech chemical product	157 (Note 5)	4,346	(Note 5)	-	-			-	-	13,642	56.25%	7,674	15,420	-	-
3ESZ	Manufacturing and selling chemical product and related raw materials	6,600 (Note 4)	182,688	(Note 1)	2,490	68,923			2,490	68,923	13,325	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 EVSZ USD 5,050 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.

(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)	5,463,763

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, is disclosed in Note (13)(a) Information on significant transactions.

(Continued)

(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	7.85%

(Continued)

(14) Segment information:

Please see the consolidated financial statements for the year ended December 31, 2021.

Everlight Chemical Industrial Corporation

Chairman Chen, Chien-Hsin

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