

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

**EVERLIGHT CHEMICAL INDUSTRIAL
CORPORATION AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2023 and 2022**

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

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Independent Auditors' Review Report

To the Board of Directors of Everlight Chemical Industrial Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Everlight Chemical Industrial Corporation and its subsidiaries as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$239,726 thousand and \$263,203 thousand, constituting 1.82% and 1.89% of consolidated total assets as of March 31, 2023 and 2022, respectively, total liabilities amounting to \$35,448 thousand and \$47,042 thousand, constituting 0.80% and 0.92% of consolidated total liabilities as of March 31, 2023 and 2022, respectively, and total comprehensive income (loss) amounting to \$(5,093) thousand and \$1,843 thousand, constituting (3.06)% and 29.17% of consolidated total comprehensive income for the three months ended March 31, 2023 and 2022, respectively.

Furthermore, as stated in note 6(e), the other equity accounted investments of Everlight Chemical Industrial Corporation and its subsidiaries in its investee companies of \$139,941 thousand and \$128,439 thousand as of March 31, 2023 and 2022, respectively, and its equity in net earnings on these investee companies of \$(2,254) thousand and \$1,583 thousand respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Everlight Chemical Industrial Corporation and its subsidiaries as of March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the review resulting in this independent auditors' report are Ming-Hung Huang and Chia-Chien Tang.

KPMG

Taipei, Taiwan (Republic of China)
May 11, 2023

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing as of March 31, 2023 and 2022

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2023, December 31 and March 31, 2022

(Expressed in Thousands New Taiwan Dollars)

Assets		March 31, 2023		December 31, 2022		March 31, 2022		Liabilities and Equity		March 31, 2023		December 31, 2022		March 31, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets :								Current liabilities							
1100	Cash and cash equivalents (note 6(a))	\$ 1,167,613	9	1,215,150	9	1,245,324	9	2100	Short-term borrowings (notes 6(k) and 8)	\$ 1,614,623	12	1,665,417	13	1,926,229	14
1110	Financial assets at fair value through profit or loss-current (note 6(b))	4,033	-	4,020	-	69,714	1	2322	Long-term borrowings, current portion (note 6(l))	21,250	-	12,500	-	-	-
1136	Financial assets at amortized cost-current (note 6(b))	-	-	-	-	33,502	-	2120	Financial liabilities at fair value through profit or loss-current (note 6(b))	1,244	-	-	-	-	-
1150	Notes receivable, net(notes 6(c) and (t))	156,182	1	188,005	2	237,162	2	2151	Notes payable (note 7)	29,669	-	89,065	1	210,282	2
1170	Accounts receivable, net (notes 6(c), (t) and 8)	1,382,285	10	1,346,800	10	1,737,957	12	2170	Accounts payable (note 7)	440,401	4	341,564	3	444,201	3
130X	Inventories(notes 6(d), 8 and 10)	3,950,361	30	3,970,872	30	3,620,966	26	2209	Other payable (notes 6(s) and 7)	349,998	3	502,833	4	397,771	3
1476	Other current financial assets (note 10)	58,363	1	64,518	-	61,214	-	2213	Payable on equipment	11,616	-	36,334	-	12,826	-
1479	Other current assets (note 6(h))	126,465	1	114,841	1	111,624	1	2216	Dividends payable	191,713	2	-	-	273,876	2
	Total current assets	<u>6,845,302</u>	<u>52</u>	<u>6,904,206</u>	<u>52</u>	<u>7,117,463</u>	<u>51</u>	2230	Current tax liabilities	43,046	-	41,077	-	147,712	1
Non-current assets:								2280	Lease liabilities-current (note 6(m))	32,560	-	35,421	-	31,702	-
1517	Financial assets at fair value through other comprehensive income-non-current (notes 6(b) and (v))	1,081,566	8	956,411	7	1,371,820	10	2399	Other current liabilities (note 6(n))	51,376	-	45,038	-	66,924	-
1550	Investments accounted for using equity method (note 6(e))	139,941	1	133,663	1	128,439	1		Total current liabilities	<u>2,787,496</u>	<u>21</u>	<u>2,769,249</u>	<u>21</u>	<u>3,511,523</u>	<u>25</u>
1600	Property, plant and equipment (notes 6(g), 9 and 10)	4,522,209	34	4,541,097	35	4,742,962	34		Non-current liabilities :						
1755	Right-of-use assets (note 6(i))	268,210	2	279,846	2	285,864	2	2540	Long-term borrowings (note 6(l))	1,148,750	8	1,087,500	8	1,000,000	7
1780	Intangible assets (note 6(j))	152,453	1	151,334	2	109,454	1	2570	Deferred tax liabilities	95,327	1	95,327	1	86,879	1
1840	Deferred tax assets	59,464	1	59,464	-	109,394	1	2580	Lease liabilities non-current (note 6(m))	225,530	2	233,814	2	241,323	2
1915	Prepayments for equipment	88,817	1	89,671	1	46,528	-	2640	Net defined benefit liability	73,256	1	75,952	1	182,962	2
1980	Other non-current financial assets (notes 6(c) and (t))	3,397	-	3,387	-	3,558	-	2670	Other non-current liabilities (note 6(n))	90,014	1	63,964	-	66,068	-
1990	Other non-current assets	12,753	-	13,424	-	11,989	-		Total non-current liabilities	<u>1,632,877</u>	<u>13</u>	<u>1,556,557</u>	<u>12</u>	<u>1,577,232</u>	<u>12</u>
	Total non-current assets	<u>6,328,810</u>	<u>48</u>	<u>6,228,297</u>	<u>48</u>	<u>6,810,008</u>	<u>49</u>		Total liabilities	<u>4,420,373</u>	<u>34</u>	<u>4,325,806</u>	<u>33</u>	<u>5,088,755</u>	<u>37</u>
Total assets		<u>\$ 13,174,112</u>	<u>100</u>	<u>13,132,503</u>	<u>100</u>	<u>13,927,471</u>	<u>100</u>		Equity attributable to owners of parent (notes 6(e), (f) and (q)) :						
								3100	Common shares	5,477,522	42	5,477,522	42	5,477,522	39
								3200	Capital surplus	474,558	4	474,558	3	474,558	3
								3300	Retained earnings	2,278,058	17	2,432,588	19	2,094,838	15
								3400	Other equity	194,683	1	70,404	1	482,470	4
									Total equity attributable to owners of parent	<u>8,424,821</u>	<u>64</u>	<u>8,455,072</u>	<u>65</u>	<u>8,529,388</u>	<u>61</u>
								36XX	Non-controlling interests (note 6(f))	328,918	2	351,625	2	309,328	2
									Total equity	<u>8,753,739</u>	<u>66</u>	<u>8,806,697</u>	<u>67</u>	<u>8,838,716</u>	<u>63</u>
									Total liabilities and equity	<u>\$ 13,174,112</u>	<u>100</u>	<u>13,132,503</u>	<u>100</u>	<u>13,927,471</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2023 and 2022

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

	For the three months ended March 31			
	2023		2022	
	Amount	%	Amount	%
4000 Operating revenue (note 6(t))	\$ 1,942,030	100	2,412,233	100
5000 Operating costs (notes 6(d), (g), (i), (m), (o), (s), 7 and 12)	1,542,377	79	1,863,414	77
5950 Gross profit from operations	399,653	21	548,819	23
6000 Operating expenses (notes 6(c), (g), (i), (m), (o), (s), 7 and 12):				
6100 Selling expenses	180,794	9	250,722	10
6200 Administrative expenses	91,301	5	81,040	3
6300 Research and development expenses	79,171	4	85,734	4
6450 Expected credit loss (gain)	(5,130)	-	(1,292)	-
Total operating expenses	346,136	18	416,204	17
6900 Net operating income	53,517	3	132,615	6
7000 Non-operating income and expenses (notes 6(e), (g), (m), (u) and 10) :				
7100 Interest income	624	-	585	-
7020 Other gains and losses	18,456	1	28,344	1
7050 Finance costs	(21,584)	(1)	(11,797)	(1)
7060 Share of gains of associates accounted for using equity method	(2,254)	-	1,583	-
Total non-operating income and expense	(4,758)	-	18,715	-
7900 Income before income tax	48,759	3	151,330	6
7951 Income tax expenses (note 6(p))	8,844	1	26,457	1
8200 Net income	39,915	2	124,873	5
8300 Other comprehensive income (notes 6(e), (q) and (v)) :				
8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8316 Unrealized gains from financial assets measured at fair value through other comprehensive income	125,155	6	(168,113)	(7)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
Total components of other comprehensive income (loss) that will not be reclassified to profit or loss	125,155	6	(168,113)	(7)
8360 Components of other comprehensive income that will be reclassified to profit or loss				
8361 Exchange differences on translation of foreign financial statements	1,854	-	48,964	2
8370 Share of other comprehensive income of associates accounted for using equity method	(259)	-	594	-
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	1,595	-	49,558	2
8300 Other comprehensive income (after tax)	126,750	6	(118,555)	(5)
8500 Total comprehensive income	\$ <u>166,665</u>	<u>8</u>	<u>6,318</u>	<u>-</u>
Profit attributable to:				
8610 Owners of parent	\$ 37,183	2	119,949	5
8620 Non-controlling interests	2,732	-	4,924	-
	\$ <u>39,915</u>	<u>2</u>	<u>124,873</u>	<u>5</u>
Comprehensive income attributable to:				
8710 Owners of parent	\$ 161,462	8	(2,876)	-
8720 Non-controlling interests	5,203	-	9,194	-
	\$ <u>166,665</u>	<u>8</u>	<u>6,318</u>	<u>-</u>
9750 Basic earnings per share (note 6(r)) (expressed in New Taiwan dollars)	\$ <u>0.07</u>		<u>0.22</u>	
9850 Diluted earnings per share (note 6(r)) (expressed in New Taiwan dollars)	\$ <u>0.07</u>		<u>0.22</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing
EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the three months ended March 31, 2023 and 2022
(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, 2022	\$ 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
Net income	-	-	-	-	119,949	119,949	-	-	-	119,949	4,924	124,873
Other comprehensive income	-	-	-	-	-	-	45,417	(168,242)	(122,825)	(122,825)	4,270	(118,555)
Total comprehensive income	-	-	-	-	119,949	119,949	45,417	(168,242)	(122,825)	(2,876)	9,194	6,318
Appropriation and distribution of retained earnings:												
Cash dividends	-	-	-	-	(273,876)	(273,876)	-	-	-	(273,876)	-	(273,876)
Balance on March 31, 2022	\$ 5,477,522	474,558	1,104,566	30,438	959,834	2,094,838	(84,901)	567,371	482,470	8,529,388	309,328	8,838,716
Balance on January 1, 2023	\$ 5,477,522	474,558	1,143,947	30,438	1,258,203	2,432,588	(76,987)	147,391	70,404	8,455,072	351,625	8,806,697
Net income	-	-	-	-	37,183	37,183	-	-	-	37,183	2,732	39,915
Other comprehensive income	-	-	-	-	-	-	2,518	121,761	124,279	124,279	2,471	126,750
Total comprehensive income	-	-	-	-	37,183	37,183	2,518	121,761	124,279	161,462	5,203	166,665
Appropriation and distribution of retained earnings:												
Cash dividends	-	-	-	-	(191,713)	(191,713)	-	-	-	(191,713)	-	(191,713)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(27,910)	(27,910)
Balance on March 31, 2023	\$ 5,477,522	474,558	1,143,947	30,438	1,103,673	2,278,058	(74,469)	269,152	194,683	8,424,821	328,918	8,753,739

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2023	2022
Cash flows from operating activities:		
Income before income tax	\$ 48,759	151,330
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	149,924	162,933
Amortization expense	13,614	9,761
Expected credit gain	(5,130)	(1,292)
Net losses (gains) on financial assets at fair value through profit	1,231	(5,467)
Interest expense	21,584	11,797
Interest income	(624)	(585)
Share of gains of associates accounted for using equity method	2,254	(1,583)
Losses (gains) on disposal of property, plant and equipment	(436)	2,925
Losses on disposal of investment accounted for using equity method	4,834	-
Losses due to disaster	-	30,000
Other	462	(12)
Total adjustments to reconcile profit	<u>187,713</u>	<u>208,477</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	26,289	(15,351)
Accounts receivable and overdue receivable (under other non-current financial assets)	(37,057)	(49,746)
Inventories	117	(79,551)
Other current financial assets	5,130	1,837
Other current assets	(12,072)	12,872
Total changes in operating assets	<u>(17,593)</u>	<u>(129,939)</u>
Changes in operating liabilities:		
Notes payable	(59,301)	(28,627)
Accounts payable	99,273	83,512
Other payable	(147,770)	(135,800)
Other current liabilities	7,777	13,893
Net defined benefit liability	(2,697)	(34,487)
Other non-current liabilities	24,550	(264)
Total changes in operating liabilities	<u>(78,168)</u>	<u>(101,773)</u>
Total changes in operating assets and liabilities	<u>(95,761)</u>	<u>(231,712)</u>
Total adjustments	<u>91,952</u>	<u>(23,235)</u>
Cash inflow generated from operations	140,711	128,095
Interest received	619	575
Income taxes paid	(6,852)	(11,360)
Net cash flows from operating activities	<u>134,478</u>	<u>117,310</u>
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost	-	(30,000)
Acquisition of financial assets at fair value through profit or loss	-	(4,000)
Acquisition of financial assets at fair value through other comprehensive income	-	(10,069)
Acquisition of property, plant and equipment	(112,227)	(63,202)
Proceeds from disposal of property, plant and equipment	537	679
Acquisition of intangible assets	(25,749)	(3,414)
Proceeds from disposal of intangible assets	11,037	-
Decrease (increase) in other non-current financial assets	(7)	12
Decrease in other non-current assets	725	181
Increase in prepayments for equipment	(33,044)	(25,930)
Net cash outflows from losing control of subsidiary	(31,947)	-
Net cash used in investing activities	<u>(190,675)</u>	<u>(135,743)</u>
Cash flows used in financing activities:		
Increase in short-term borrowings	1,218,976	1,469,294
Decrease in short-term borrowings	(1,271,337)	(1,610,693)
Proceeds from long-term borrowings	1,270,000	-
Repayments of long-term borrowings	(1,200,000)	-
Payments of lease liabilities	(8,739)	(8,423)
Interest paid	(21,688)	(12,071)
Subsidiaries distributed cash dividends to non-controlling interests	(3,040)	(6,999)
Net cash used in financing activities	<u>(15,828)</u>	<u>(168,892)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>24,488</u>	<u>(17,104)</u>
Net decrease in cash and cash equivalents	<u>(47,537)</u>	<u>(204,429)</u>
Cash and cash equivalents at beginning of period	<u>1,215,150</u>	<u>1,449,753</u>
Cash and cash equivalents at end of period	<u>\$ 1,167,613</u>	<u>1,245,324</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing as of March 31, 2023 and 2022

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2023 and 2022

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

(1) Company history

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

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

These consolidated financial statements were authorized for issuance by the board of directors on May 11, 2023.

(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. 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, 2022:

- 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”

(Continued)

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

- (b) 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:

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Non-current Liabilities with Covenants”	<p>After reconsidering certain aspects of the 2020 new IAS1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current.</p> <p>Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.</p>	January 1, 2024

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 “Classification of Liabilities as Current or Non-current”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of significant accounting policies

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2022. For the detail information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

(Continued)

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

(a) Statement of compliance

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

(b) Basis of consolidation

(i) Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost ;and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding percentage			Note
			March 31, 2023	December 31, 2022	March 31, 2022	
The Company (ECIC)	EVERLIGHT USA, INC. (EVUS)	Selling chemical product and related raw materials	100.00	100.00	100.00	-
ECIC	EVERLIGHT (HONG KONG) LIMITED (EVHK)	Selling chemical product and related raw materials	100.00	100.00	100.00	(note 1)
ECIC	EVERLIGHT CHEMICALS (SINGAPORE) PTE LTD. (EVSG)	Investing business	100.00	100.00	100.00	(note 1)
ECIC	EVERLIGHT EUROPE B.V. (EVEU)	Selling chemical product and related raw materials	100.00	100.00	100.00	-
ECIC	TREND TONE IMAGING, INC. (TTI)	Manufacturing and selling toners of laser printer, copier and fax machine	76.15	76.15	76.15	-
ECIC	ELITE FOREIGN TRADING INCORPORATION (ELITE)	Selling chemical product and related raw materials	50.00	50.00	50.00	(note 2)
ECIC	DAILYCARE BIOMEDICAL INC. (DCBM)	Manufacturing of medical supplies and providing service of biological technology	-	-	91.26	(note 3)
EVSG	EVERLIGHT (SUZHOU) ADVANCED CHEMICALS LTD. (EVSZ)	Manufacturing and selling color chemicals, toners and electronic high-tech chemical product	100.00	100.00	100.00	-
EVSG	ANDA SEMICONDUCTOR TECHNOLOGY (SUZHOU) CO., LTD. (ANDA)	Selling electronic high-tech chemical product	29.80	29.80	56.25	(note 4) 、 (note 6)
EVSG	SHANGHAI ANDA INTERNATIONAL TRADING CO., LTD. (ADSH)	Selling chemical product and related raw materials	56.25	56.25	-	(note 1) 、 (note 4)

(Continued)

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

Name of investor	Name of subsidiary	Principal activity	Shareholding percentage			Note
			March 31, 2023	December 31, 2022	March 31, 2022	
EVSG	EVERLIGHT CHEMICALS (VIETNAM) COMPANY LIMITED(EVNN)	Selling electronic high-tech chemical product	100.00	100.00	-	(note 1) 、(note 5)
ANDA	SHANGHAI ANDA INTERNATIONAL TRADING CO., LTD. (ADSH)	Selling electronic high-tech chemical product	-	-	100.00	(note 4)
EVSZ	ETHICAL INTERNATIONAL TRADING & WAREHOUSING (SHANGAI) CO., LTD. (ETSH)	Selling chemical product and related raw materials	100.00	100.00	100.00	-
EVSZ	GUANZHOU ETHICAL TRADING CO., LTD. (ETGZ)	Selling chemical product and related raw materials	100.00	100.00	100.00	-
EVSZ	SHANGHAI EVERLIGHT TRADING CO., LTD. (EVSH)	Selling chemical product and related raw materials	100.00	100.00	100.00	-
ECIC	GREATLIGHT INVESTMENT COPORATION (GLTP)	Investing business	100.00	100.00	100.00	(note 1)

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

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

(note 3): The Company decided to resolve DCBM. As of December 15, 2022, the related procedure has been completed.

(note 4): Due to the reorganizational structure of the Company, ANDA transferred 56.25% shares of ADSH to EVSG based on a resolution decided during the Board meeting held on August 11, 2022, resulting in ANDA to no longer be listed in the Group's consolidated financial statements beginning January 2023.

(note 5): As of November 18, 2022, The company issue shares to establish subsidiary EVNN by EVSG.

(note 6): The shareholding percentage decreased to 29.8% due to the Company did not subscribe the new shares contribution of ANDA on November 1, 2022. After re-elected directors on January 5, 2023, which leads to loss control to ANDA; since ANDA is no longer included in the Group's consolidated financial statements, it was recognized as investments accounted for using equity method.

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

(c) Employee benefits

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

(d) Income taxes

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

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

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

(Continued)

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

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

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Significant accounting estimates and assumptions made by the management may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The Group has considered the economic implications of climate change on critical accounting estimates and will continue evaluating the impact on its financial position and financial performance.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2022. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2022.

(6) Explanation of significant accounts

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2022. Please refer to note 6 of the consolidated financial statements for the year ended December 31, 2022.

(a) Cash and cash equivalents

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	\$ 1,763	1,848	2,692
Cash in bank	1,098,499	1,120,733	1,127,446
Time deposits	<u>67,351</u>	<u>92,569</u>	<u>115,186</u>
Cash and cash equivalents	<u><u>\$ 1,167,613</u></u>	<u><u>1,215,150</u></u>	<u><u>1,245,324</u></u>

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

(b) Financial assets and liabilities

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

	March 31, 2023	December 31, 2022	March 31, 2022
Financial assets mandatorily measured at fair value through profit or loss:			
Monetary market fund	\$ 4,033	4,020	64,291
Option contracts	<u>-</u>	<u>-</u>	<u>5,423</u>
Total	<u><u>\$ 4,033</u></u>	<u><u>4,020</u></u>	<u><u>69,714</u></u>

(Continued)

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Held-for-trading financial liabilities:			
Option contracts	\$ <u>1,244</u>	<u>-</u>	<u>-</u>

The Group holds derivative financial instruments to hedge its foreign exchange risk that the Group is exposed to, arising from its operating, financing and investing activities. The following derivative instruments not applied hedge accounting were classified as financial assets mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities on March 31, 2023 and 2022:

	<u>March 31, 2023</u>		
	<u>Contract amount (in thousand)</u>	<u>Currency</u>	<u>Period</u>
Option contracts	\$ <u>1,900</u>	EUR	2023/4/28~2023/12/29
	<u>March 31, 2022</u>		
	<u>Contract amount (in thousand)</u>	<u>Currency</u>	<u>Period</u>
Option contracts	\$ <u>2,000</u>	EUR	2022/4/29~2022/8/31
Option contracts	\$ <u>6,000</u>	USD	2022/12/30

For the fair value recognized in profit and loss, please refer to note 6(u). There was no such transaction for the year ended December 31, 2022.

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Stocks listed on domestic markets	\$ 834,327	716,367	1,277,379
Domestic unlisted common shares	247,239	240,044	94,441
	\$ <u>1,081,566</u>	<u>956,411</u>	<u>1,371,820</u>

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

- (iii) Financial assets at amortized cost-current:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Government bonds	\$ -	-	30,000
Financial assets at amortized cost-current	-	-	3,502
	\$ <u>-</u>	<u>-</u>	<u>33,502</u>

(Continued)

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

- 1) The Group purchased government bonds with a face value of \$30,000 thousand during March 2022. The due date of government bonds were April 11, 2022, and its' effective interest rate were 0.30%. There was no such transaction for the three months ended March 31, 2023 and the year ended December 31, 2022.
- 2) Due to the Group's foreign deposits which applied for the "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act" has not been engaged in investment yet, therefore, recognized in financial assets at amortized cost-current. As of December 31, 2022, the aforementioned investment has been completed.

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

(v) The aforementioned financial assets were not pledged.

(c) Receivables

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable	\$ 156,527	189,088	238,263
Accounts receivable	1,405,036	1,374,869	1,771,379
Overdue receivable (under other non-current financial assets)	38,396	37,518	41,434
Less: loss allowance	<u>(61,492)</u>	<u>(66,670)</u>	<u>(75,957)</u>
	<u>\$ 1,538,467</u>	<u>1,534,805</u>	<u>1,975,119</u>

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. The loss allowance provisions were determined as follows:

	March 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 1,440,839	0.01%~0.31%	4,553
1 to 90 days past due	105,971	0.74%~11.62%	13,060
91 to 365 days past due	14,753	14.94%~48.3%	5,483
More than 365 days past due	<u>38,396</u>	100%	<u>38,396</u>
	<u>\$ 1,599,959</u>		<u>61,492</u>

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

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 1,416,229	0.01%~0.25%	1,595
1 to 90 days past due	136,211	1.61%~11.35%	20,865
91 to 365 days past due	11,517	13.81%~51.44%	6,692
More than 365 days past due	<u>37,518</u>	100%	<u>37,518</u>
	<u>\$ 1,601,475</u>		<u>66,670</u>
	March 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 1,851,646	0.01%~0.47%	7,490
1 to 90 days past due	152,391	1.87%~11.39%	23,813
91 to 365 days past due	5,605	20.92%~58.28%	3,220
More than 365 days past due	<u>41,434</u>	100%	<u>41,434</u>
	<u>\$ 2,051,076</u>		<u>75,957</u>

The detail of loss allowance were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable	\$ 345	1,083	1,101
Accounts receivable	22,751	28,069	33,422
Overdue receivable	<u>38,396</u>	<u>37,518</u>	<u>41,434</u>
	<u>\$ 61,492</u>	<u>66,670</u>	<u>75,957</u>

The movement in the allowance for receivables was as follows:

	For the three months ended March 31	
	2023	2022
Balance on January 1	\$ 66,670	75,815
Impairment losses recognized (reversed)	(5,130)	(1,292)
Effect of movements in exchange rates	<u>(48)</u>	<u>1,434</u>
Balance on March 31	<u>\$ 61,492</u>	<u>75,957</u>

As of March 31, 2022, the aforementioned financial assets of the Group had been pledged as collateral for short-term borrowings, please refer to note 8. As of March 31, 2023 and December 31, 2022, the aforementioned financial assets were not pledged.

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

(d) Inventories

	March 31, 2023	December 31, 2022	March 31, 2022
Raw materials	\$ 1,096,686	1,088,520	1,044,975
Supplies	26,540	24,429	31,107
Work in progress	675,263	626,665	571,528
Finished goods	2,098,386	2,172,424	1,708,495
Materials in transit	53,486	58,834	264,861
	<u>\$ 3,950,361</u>	<u>3,970,872</u>	<u>3,620,966</u>

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

	For the three months ended March 31	
	2023	2022
Losses (gains) on valuation of inventories	\$ 876	(1,189)
Losses (gains) on inventory count	(4)	544
Unallocated production overheads	86,320	36,363
Losses on obsolescence	764	3,703
Scrap income	(353)	(381)
	<u>\$ 87,603</u>	<u>39,040</u>

As of March 31, 2022, the inventories of the Group had been pledged as collateral for short-term borrowings, please refer to note 8. As of March 31, 2023 and December 31, 2022, 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:

	March 31, 2023	December 31, 2022	March 31, 2022
Associates	\$ <u>139,941</u>	<u>133,663</u>	<u>128,439</u>

- (ii) Associates

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

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

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying amount of individually insignificant associates	<u>\$ 139,941</u>	<u>133,663</u>	<u>128,439</u>
		For the three month ended March 31	
		2023	2022
Attributable to the Group:			
Profit from continuing operations		\$ (2,254)	1,583
Other comprehensive income		<u>(259)</u>	<u>594</u>
Total comprehensive income		<u>\$ (2,513)</u>	<u>2,177</u>
 (iii) Loss of control over a subsidiary			

After ANDA has re-elected its new directors on January 5, 2023, the directors' seats representing the Group in ANDA were reduced from 3 to 2 out of the original 5 seats, resulting in a loss of control of the Group over ANDA. Hence, ANDA was no longer included in the preparation of the Group's consolidated financial report beginning January 2023. According to the International Financial Reporting Standards, the original shareholdings of the Group were deemed as disposal and reacquisition of equity, and the fair value on the date of loss of control is reclassified from subsidiary to reacquisition cost of investment in the associate.

The Group delisted the company's assets, liabilities and related equity components, resulting in a disposal loss of \$4,834 thousand to be recognized as other gains and losses.

The carrying amounts of assets and liabilities of ANDA on January 5, 2023 were as follow:

Cash and cash equivalents	\$	31,947
Notes and accounts receivable		16,289
Inventories		315
Other current assets		889
Property, plant and equipment		980
Right-of-use assets		3,397
Accounts payable		(846)
Accounts payable-related parties		(7,610)
Other current liabilities		(430)
Lease liabilities		<u>(3,723)</u>
	\$	<u>41,208</u>

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

(iv) Pledge

As of March 31, 2023, December 31 and March 31, 2022, the aforementioned investment accounted for using equity method were not pledged.

(f) Material non-controlling interest of subsidiaries

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

<u>Subsidiaries</u>	<u>Main operation place</u>	<u>Percentage of non-controlling interests</u>		
		<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
TTI	Taiwan	23.85 %	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.

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Current assets	\$ 774,780	706,102	594,271
Non-current assets	823,921	818,481	828,756
Current liabilities	(397,689)	(413,160)	(468,926)
Non-current liabilities	(328,539)	(268,912)	(183,217)
Net assets	<u>\$ 872,473</u>	<u>842,511</u>	<u>770,884</u>
Non-controlling interest	<u>\$ 208,051</u>	<u>200,906</u>	<u>183,826</u>
		For the three months ended	
		March 31	
		<u>2023</u>	<u>2022</u>
Operating revenues		<u>\$ 239,475</u>	<u>233,962</u>
Net income		15,731	11,017
Other comprehensive income		14,231	535
Total comprehensive income		<u>\$ 29,962</u>	<u>11,552</u>
Profit attributable to non-controlling interests		<u>\$ 3,751</u>	<u>2,627</u>
Comprehensive income, attributable to non-controlling interests		<u>\$ 7,145</u>	<u>2,755</u>

(Continued)

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

	For the three months ended	
	March 31	
	2023	2022
Net cash flows from (used in) operating activities	\$ (70,966)	67,295
Net cash used in investing activities	(6,660)	(1,158)
Net cash flows from (used in) financing activities	65,701	(93,780)
Net decrease in cash and cash equivalents	\$ (11,925)	(27,643)
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, 2023	\$ 894,152	159,000	4,494,950	9,854,921	126,296	15,529,319
Additions	-	34,000	1,516	25,675	26,318	87,509
Disposal	-	-	(111)	(23,136)	-	(23,247)
Reclassification (note)	-	-	1,242	35,476	13,841	50,559
Effects of loss of control of subsidiaries	-	-	-	(4,382)	-	(4,382)
Effect of movements in exchange rates	(32)	-	1,332	3,521	23	4,844
Balance on March 31, 2023	\$ 894,120	193,000	4,498,929	9,892,075	166,478	15,644,602
Balance on January 1, 2022	\$ 893,780	159,000	4,460,492	9,972,383	143,367	15,629,022
Additions	-	-	7,075	17,288	8,603	32,966
Disposals	-	-	(14,912)	(60,684)	-	(75,596)
Reclassification (note)	-	-	6,211	12,903	(7,465)	11,649
Effect of movements in exchange rates	116	-	12,703	28,861	273	41,953
Balance on March 31, 2022	\$ 893,896	159,000	4,471,569	9,970,751	144,778	15,639,994
Accumulated depreciation and impairment:						
Balance on January 1, 2023	\$ -	20,537	2,887,767	8,079,918	-	10,988,222
Depreciation	-	2,145	39,545	99,062	-	140,752
Disposal	-	-	(66)	(23,080)	-	(23,146)
Reclassification	-	-	-	16,468	-	16,468
Effects of loss of control of subsidiaries	-	-	-	(3,402)	-	(3,402)
Effect of movements in exchange rates	-	-	717	2,782	-	3,499
Balance on March 31, 2023	\$ -	22,682	2,927,963	8,171,748	-	11,122,393
Balance on January 1, 2022	\$ -	12,588	2,726,137	7,998,867	-	10,737,592
Depreciation	-	1,988	42,089	109,650	-	153,727
Disposals	-	-	-	(23,992)	-	(23,992)
Effect of movements in exchange rates	-	-	6,925	22,780	-	29,705
Balance on March 31, 2022	\$ -	14,576	2,775,151	8,107,305	-	10,897,032
Carrying amounts:						
Balance on January 1, 2023	\$ 894,152	138,463	1,607,183	1,775,003	126,296	4,541,097
Balance on March 31, 2023	\$ 894,120	170,318	1,570,966	1,720,327	166,478	4,522,209
Balance on January 1, 2022	\$ 893,780	146,412	1,734,355	1,973,516	143,367	4,891,430
Balance on March 31, 2022	\$ 893,896	144,424	1,696,418	1,863,446	144,778	4,742,962

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

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

(i) For the three months ended March 31, 2023 and 2022, the Group capitalized the interest expenses on construction in progress amounted to \$1,932 thousand and \$422 thousand respectively, and the monthly interest rate used for capitalization calculation were 0.14%~0.28% and 0.08%~0.09%, respectively.

(ii) As of March 31, 2023, December 31 and March 31, 2022, the property, plant and equipment of the Group had not been pledged.

(h) Other current assets

	March 31, 2023	December 31, 2022	March 31, 2022
Prepayments	\$ 96,589	92,097	68,875
Offset against business tax payable and input taxes	23,876	22,744	32,245
Temporary payments	6,000	-	10,376
Others	-	-	128
	<u>\$ 126,465</u>	<u>114,841</u>	<u>111,624</u>

(i) Right-of-use assets

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

	Land	Buildings and construction	Equipment	Total
Cost:				
Balance on January 1, 2023	\$ 218,381	162,300	18,513	399,194
Acquisitions	-	1,350	4	1,354
Disposals	-	(3,388)	(1,513)	(4,901)
Effects of loss of control of subsidiaries	-	(8,445)	-	(8,445)
Effect of changes in foreign exchange rates	110	599	31	740
Balance on March 31, 2023	<u>\$ 218,491</u>	<u>152,416</u>	<u>17,035</u>	<u>387,942</u>
Balance on January 1, 2022	\$ 217,239	136,290	15,727	369,256
Acquisitions	-	5,403	2,654	8,057
Disposals	-	(702)	(547)	(1,249)
Effect of changes in foreign exchange rates	809	3,340	76	4,225
Balance on March 31, 2022	<u>\$ 218,048</u>	<u>144,331</u>	<u>17,910</u>	<u>380,289</u>
Accumulated depreciation:				
Balance on January 1, 2023	\$ 22,928	87,542	8,878	119,348
Depreciation	1,439	6,869	864	9,172
Disposals	-	(2,517)	(1,513)	(4,030)
Effects of loss of control of subsidiaries	-	(5,048)	-	(5,048)
Effect of changes in foreign exchange rates	12	249	29	290
Balance on March 31, 2023	<u>\$ 24,379</u>	<u>87,095</u>	<u>8,258</u>	<u>119,732</u>

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	<u>Land</u>	<u>Buildings and construction</u>	<u>Equipment</u>	<u>Total</u>
Balance on January 1, 2022	\$ 17,153	60,000	7,543	84,696
Depreciation	1,432	6,835	939	9,206
Disposals	-	(457)	(548)	(1,005)
Effect of changes in foreign exchange rates	68	1,428	32	1,528
Balance on March 31, 2022	<u>\$ 18,653</u>	<u>67,806</u>	<u>7,966</u>	<u>94,425</u>
Carrying amount:				
Balance on January 1, 2023	<u>\$ 195,453</u>	<u>74,758</u>	<u>9,635</u>	<u>279,846</u>
Balance on March 31, 2023	<u>\$ 194,112</u>	<u>65,321</u>	<u>8,777</u>	<u>268,210</u>
Balance on January 1, 2022	<u>\$ 200,086</u>	<u>76,290</u>	<u>8,184</u>	<u>284,560</u>
Balance on March 31, 2022	<u>\$ 199,395</u>	<u>76,525</u>	<u>9,944</u>	<u>285,864</u>

(j) Intangible assets

	<u>REACH registration related expenses</u>	<u>Software</u>	<u>Others</u>	<u>Total</u>
Carrying amounts:				
Balance on January 1, 2023	<u>\$ 89,837</u>	<u>58,275</u>	<u>3,222</u>	<u>151,334</u>
Balance on March 31, 2023	<u>\$ 88,966</u>	<u>61,513</u>	<u>1,974</u>	<u>152,453</u>
Balance on January 1, 2022	<u>\$ 110,401</u>	<u>-</u>	<u>5,355</u>	<u>115,756</u>
Balance on March 31, 2022	<u>\$ 104,685</u>	<u>-</u>	<u>4,769</u>	<u>109,454</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the three months ended March 31, 2023 and 2022. Information on amortization for the period is discussed in note 12. Please refer to note 6(j) of consolidated financial statements for the year end December 31, 2022 for the other related information.

(k) Short-term borrowings

	<u>Borrowing currency</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Unsecured bank loans	NTD	\$ 1,535,017	1,585,794	1,835,514
Unsecured bank loans	RMB	-	-	10,972
Secured bank loans	USD	-	-	10,972
Short-term notes and bills payable		79,606	79,623	79,743
Total		<u>\$ 1,614,623</u>	<u>1,665,417</u>	<u>1,937,201</u>
Unused credit lines		<u>\$ 4,338,101</u>	<u>3,843,932</u>	<u>3,924,810</u>
Range of interest rate		<u>1.28%~6.91%</u>	<u>1.09%~7.25%</u>	<u>0.63%~4.60%</u>

As of March 31, 2023, December 31 and March 31, 2022, 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.

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(l) Long-term borrowings

March 31, 2023				
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	NTD	1.86%~2.36%	2024.5~2027.06	\$ 1,170,000
Less: long-term borrowings, current portion				(21,250)
Total				<u>\$ 1,148,750</u>
Unused credit lines				<u>\$ 280,000</u>
December 31, 2022				
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	NTD	1.65%~2.22%	2024.1~2027.6	\$ 1,100,000
Less: long-term borrowings, current portion				(12,500)
Total				<u>\$ 1,087,500</u>
Unused credit lines				<u>\$ 350,000</u>
March 31, 2022				
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	NTD	1.14%~1.43%	2023.6~2024.12	\$ 1,000,000
Less: long-term borrowings, current portion				-
Total				<u>\$ 1,000,000</u>
Unused credit lines				<u>\$ 450,000</u>

Please refer note 6(u) for the interest expense. For the other related information, please refer to note 6(l) of the consolidated financial statements for the year ended December 31, 2022. 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:

	March 31, 2023	December 31, 2022	March 31, 2022
Current	<u>\$ 32,560</u>	<u>35,421</u>	<u>31,702</u>
Non-current	<u>\$ 225,530</u>	<u>233,814</u>	<u>241,323</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31	
	2023	2022
Interest on lease liabilities	<u>\$ 1,451</u>	<u>1,517</u>
Expenses relating to short-term leases	<u>\$ 1,063</u>	<u>889</u>

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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The amounts recognized in the statement of cash flows by the Group were as follows:

	For the three months ended	
	March 31	
	2023	2022
Total cash outflow for leases	\$ 11,253	10,829

- (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.

- (n) Provisions

The movements of the provisions were as follows:

	March 31,	December 31,	March 31,
	2023	2022	2022
Balance on January 1	\$ 87,450	87,450	87,450
Additions	34,000	-	-
Decreases	(15,900)	-	-
Balance on March 31	\$ 105,550	87,450	87,450

A provision 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

At the end of the prior fiscal year, there was no material volatility of the market, as well as reimbursement and settlement, or other significant one-time events. As a result, the pension cost in the consolidated interim financial statements was measured and disclosed on a year-to-date basis by using the actuarially determined pension cost rate of December 31, 2022 and 2021.

	For the three months ended	
	March 31	
	2023	2022
Operating costs	\$ 1,320	1,401
Operating expenses	995	1,010
	\$ 2,315	2,411

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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(ii) Defined contribution plans

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

	For the three months ended	
	March 31	
	2023	2022
Operating costs	\$ 6,130	8,926
Operating expenses	6,297	7,906
	\$ 12,427	16,832

(p) Income taxes

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

	For the three months ended	
	March 31	
	2023	2022
Current tax expense	\$ 8,844	26,457

(ii) The Company's income tax returns for all years through 2020 were assessed by the tax authorities.

(q) Capital and other equity

There was no significant change for capital and other equity for the periods from January 1 to March 31, 2023 and 2022. For the related information, please refer to note 6(q) of the consolidated financial statements for the year ended December 31, 2022.

(i) Retained earnings

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

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

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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The Company's dividend policy is as follows:

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

(ii) Distribution of earnings

On March 16, 2023 and March 24, 2022 the Company's board of directors resolved to appropriate the 2022 and 2021 earnings. These earnings were appropriate as follows:

	2022		2021	
	Amount per share (NTD)	Amount	Amount per share (NTD)	Amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 0.35	\$ <u><u>191,713</u></u>	0.50	<u><u>273,876</u></u>

(iii) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Non- controlling interest	Total
Balance on January 1, 2023	\$ (76,987)	147,391	15,489	85,893
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	121,761	3,394	125,155
Exchange differences on translation of foreign financial statements	2,777	-	(923)	1,854
Exchange differences on associates accounted for using equity method	(259)	-	-	(259)
Balance on March 31, 2023	<u><u>\$ (74,469)</u></u>	<u><u>269,152</u></u>	<u><u>17,960</u></u>	<u><u>212,643</u></u>
Balance on January 1, 2022	\$ (130,318)	735,613	(8,575)	596,720
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(168,242)	129	(168,113)
Exchange differences on translation of foreign financial statements	44,823	-	4,141	48,964
Exchange differences on associates accounted for using equity method	594	-	-	594
Balance on March 31, 2022	<u><u>\$ (84,901)</u></u>	<u><u>567,371</u></u>	<u><u>(4,305)</u></u>	<u><u>478,165</u></u>

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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(r) Earning per share

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

	For the three months ended March 31	
	2023	2022
	Basic earning per share	
Profit attributable to common shareholders of the Company	\$ 37,183	119,949
Weighted-average number of common shares outstanding (thousand shares)	547,752	547,752
Basic earnings per share (New Taiwan Dollar)	\$ 0.07	0.22
	For the three months ended March 31	
	2023	2022
Diluted earning per share		
Profit attributable to common shareholders of the Company	\$ 37,183	119,949
Weighted-average number of common shares outstanding (basic, thousand shares)	\$ 547,752	547,752
Effect of employee compensation (thousand shares)	1,200	1,279
Weighted-average number of common shares outstanding (diluted, thousand shares)	548,952	549,031
Diluted earnings per share (New Taiwan Dollar)	\$ 0.07	0.22

(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.

The estimated amounts of remuneration for the Company's employees and directors were as follows:

	For the three months ended March 31	
	2023	2022
	Employees' Compensation	\$ 2,343
Directors' Remuneration	937	2,745
	\$ 3,280	9,607

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's Articles. These remunerations were expensed under operating costs or operating expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholder' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

For the years ended December 31, 2022 and 2021, the employee compensation amounted to \$24,194 thousand and \$29,722 thousand, and directors' remuneration amounting to \$9,678 thousand and \$11,909 thousand, respectively. There were no any difference between the actual disturbed amount and those recognized in the financial statements. The related information would be available at the Market Observation Post System Website.

(t) Revenue from contract with customers

(i) Disaggregation of revenue

		For the three months ended March 31, 2023					
		Color chemicals	Specialty chemicals	Electronic chemicals	Toners	Pharmaceuticals	Total
Primary geographical markets:							
Taiwan	\$	90,877	63,055	166,587	7,665	3,349	331,533
America		41,609	112,147	-	50,456	25,476	229,688
Asia		464,941	209,369	101,568	162,900	12,003	950,781
Europe		122,128	147,552	-	67,927	31,143	368,750
Other		23,891	25,323	-	6,489	5,575	61,278
	\$	<u>743,446</u>	<u>557,446</u>	<u>268,155</u>	<u>295,437</u>	<u>77,546</u>	<u>1,942,030</u>
Major products:							
Chemicals	\$	743,446	557,446	268,155	-	-	1,569,047
Toners		-	-	-	295,437	-	295,437
Other		-	-	-	-	77,546	77,546
	\$	<u>743,446</u>	<u>557,446</u>	<u>268,155</u>	<u>295,437</u>	<u>77,546</u>	<u>1,942,030</u>
		For the three months ended March 31, 2022					
		Color chemicals	Specialty chemicals	Electronic chemicals	Toners	Pharmaceuticals	Total
Primary geographical markets:							
Taiwan	\$	106,628	89,526	227,790	11,864	3,912	439,720
America		51,048	139,071	-	56,365	9,372	255,856
Asia		634,144	310,442	93,890	172,792	4,907	1,216,175
Europe		162,891	182,829	-	58,771	22,805	427,296
Other		13,214	46,028	-	4,421	9,523	73,186
	\$	<u>967,925</u>	<u>767,896</u>	<u>321,680</u>	<u>304,213</u>	<u>50,519</u>	<u>2,412,233</u>
Major products:							
Chemicals	\$	967,925	767,896	321,680	-	-	2,057,501
Toners		-	-	-	304,213	-	304,213
Other		-	-	-	-	50,519	50,519
	\$	<u>967,925</u>	<u>767,896</u>	<u>321,680</u>	<u>304,213</u>	<u>50,519</u>	<u>2,412,233</u>

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(ii) Contract balance

	March 31, 2023	December 31, 2022	March 31, 2022
Receivables	\$ 1,599,959	1,601,475	2,051,076
Less: loss allowance	(61,492)	(66,670)	(75,957)
Total	<u>\$ 1,538,467</u>	<u>1,534,805</u>	<u>1,975,119</u>

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

(u) Non-operating income and expenses

(i) Interest income

	For the three months ended March 31	
	2023	2022
Interest income from bank deposits	\$ <u>624</u>	<u>585</u>

(ii) Other gains and losses

	For the three months ended March 31	
	2023	2022
Foreign exchange gains net	\$ 8,019	30,134
Net gains (losses) on financial assets and liabilities at fair value through profit	(1,231)	5,467
Gains (losses) on disposal of property, plant and equipment	436	(2,925)
Losses on disposal of investment accounted for using equity method	(4,834)	-
Subsidy revenue	2,353	2,986
Disaster loss	-	(30,000)
Others	13,713	22,682
	<u>\$ 18,456</u>	<u>28,344</u>

(iii) Finance costs

	For the three months ended March 31	
	2023	2022
Interest expense	\$ <u>21,584</u>	<u>11,797</u>

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(v) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(v) of the consolidated financial statements for the year ended year end December 31, 2022.

(i) Credit risk

1) Credit risk exposure

There was on concentration of credit risk.

2) Receivables securities

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

Other financial assets at amortized cost include other receivables and refundable deposits. There were no loss allowance provision for the three months ended March 31, 2023 and 2022. All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses.

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>within 1 year</u>	<u>1~2 years</u>	<u>2~5 years</u>	<u>Over 5 years</u>
March 31, 2023						
Non-derivative financial liabilities						
Short-term borrowings	\$ 1,614,623	1,622,446	1,622,446	-	-	-
Financial liabilities at fair value through profit or loss-current	1,244	1,244	1,244	-	-	-
Notes payable	29,669	29,669	29,669	-	-	-
Accounts payable	440,401	440,401	440,401	-	-	-
Lease liabilities	258,090	322,666	37,632	32,189	42,906	209,939
Other payable	349,998	349,998	349,998	-	-	-
Payable on equipment	11,616	11,616	11,616	-	-	-
Dividends payable	191,713	191,713	191,713	-	-	-
Long-term borrowings (including current portion)	<u>1,170,000</u>	<u>1,200,979</u>	<u>25,923</u>	<u>1,009,629</u>	<u>165,427</u>	<u>-</u>
	<u>\$ 4,067,354</u>	<u>4,170,732</u>	<u>2,710,642</u>	<u>1,041,818</u>	<u>208,333</u>	<u>209,939</u>

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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>within 1 year</u>	<u>1~2 years</u>	<u>2~5 years</u>	<u>Over 5 years</u>
December 31, 2022						
Non-derivative financial liabilities						
Short-term borrowings	\$ 1,665,417	1,676,635	1,676,635	-	-	-
Notes payable	89,065	89,065	89,065	-	-	-
Accounts payable	341,564	341,564	341,564	-	-	-
Lease liabilities	269,235	335,112	40,744	44,532	39,651	210,185
Other payable	502,833	502,833	502,833	-	-	-
Payable on equipment	36,334	36,334	36,334	-	-	-
Long-term borrowings (including current portion)	<u>1,100,000</u>	<u>1,137,168</u>	<u>15,197</u>	<u>780,068</u>	<u>341,903</u>	<u>-</u>
	<u>\$ 4,004,448</u>	<u>4,118,711</u>	<u>2,702,372</u>	<u>824,600</u>	<u>381,554</u>	<u>210,185</u>
March 31, 2022						
Non-derivative financial liabilities						
Short-term borrowings	\$ 1,926,229	1,928,063	1,928,063	-	-	-
Notes payable	210,282	210,282	210,282	-	-	-
Accounts payable	444,201	444,201	444,201	-	-	-
Lease liabilities	273,025	341,848	37,301	44,488	44,062	215,997
Other payable	397,771	397,771	397,771	-	-	-
Payable on equipment	12,826	12,826	12,826	-	-	-
Dividends payable	273,876	273,876	273,876	-	-	-
Long-term borrowings	<u>1,000,000</u>	<u>1,024,505</u>	<u>-</u>	<u>421,869</u>	<u>602,636</u>	<u>-</u>
	<u>\$ 4,538,210</u>	<u>4,633,372</u>	<u>3,304,320</u>	<u>466,357</u>	<u>646,698</u>	<u>215,997</u>

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

	<u>March 31, 2023</u>			<u>December 31, 2022</u>			<u>March 31, 2022</u>		
	<u>Foreign currency (thousand dollars)</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency (thousand dollars)</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency (thousand dollars)</u>	<u>Exchange rate</u>	<u>NTD</u>
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 40,356	30.45	1,228,848	37,186	30.71	1,141,981	51,913	28.63	1,486,262
JPY	132,860	0.23	30,558	157,597	0.23	36,247	241,810	0.24	58,034
RMB	60,611	4.43	268,507	79,190	4.41	349,229	70,383	4.50	316,722

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	March 31, 2023			December 31, 2022			March 31, 2022		
	Foreign currency (thousand dollars)	Exchange rate	NTD	Foreign currency (thousand dollars)	Exchange rate	NTD	Foreign currency (thousand dollars)	Exchange rate	NTD
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	30,444	30.45	927,019	29,063	30.71	892,519	59,945	28.65	1,716,238
JPY	255,433	0.23	58,750	222,009	0.23	51,062	227,557	0.24	54,614
RMB	5,308	4.43	23,516	4,060	4.41	17,903	2,615	4.53	11,769

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 weakening or strengthening 1% of the NTD against the USD, JPY and RMB for the three months ended March 31, 2023 and 2022, would have changed the profit by \$4,149 thousand and \$627 thousand, respectively. The analysis is performed on the same basis for 2023 and 2022.

3) Foreign exchange gains and losses on monetary items

Since the Group has many kinds of functional currencies, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the three months ended March 31, 2023 and 2022, foreign exchange losses (including realized and unrealized portions) are exchange gains (losses) amounted to \$8,019 thousand and \$30,134 thousand, respectively.

(iv) Interest rate analysis

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

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

If the interest rate had increased/decreased by 1%, the Group's profit would have changed by \$5,569 thousand and \$5,853 thousand, respectively, for the three months ended March 31, 2023 and 2022, with all other variable factors that remain constant. This is mainly due to the Group's borrowing at floating rates.

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(v) Other price risk

For the three months ended March 31, 2023 and 2022, the sensitivity analyses for changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

Prices of securities at reporting day	For the three months ended March 31, 2023		For the three months ended March 31, 2022	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
1% increase	\$ <u>10,816</u>	<u>-</u>	\$ <u>13,718</u>	<u>-</u>
1% decrease	\$ <u>(10,816)</u>	<u>-</u>	\$ <u>(13,718)</u>	<u>-</u>

(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:

	Carrying amount	March 31, 2023			Total
		Fair value			
		Level 1	Level 2	Level 3	
Financial assets mandatorily measured at fair value through profit or loss					
Monetary market fund	\$ 4,033	4,033	-	-	4,033
Subtotal	4,033	4,033	-	-	4,033
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	834,327	834,327	-	-	834,327
Domestic unlisted common shares	247,239	-	-	247,239	247,239
Subtotal	1,081,566	834,327	-	247,239	1,081,566
Financial assets measured at amortized cost					
Cash and cash equivalents	1,167,613	-	-	-	-
Notes and accounts receivable	1,538,467	-	-	-	-
Other financial assets	61,760	-	-	-	-
Subtotal	2,767,840	-	-	-	-
Total	\$ <u>3,853,439</u>	<u>838,360</u>	<u>-</u>	<u>247,239</u>	<u>1,085,599</u>

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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	March 31, 2023				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 1,244	-	1,244	-	1,244
Financial liabilities measured at amortized cost					
Bank loans (including current portion)	2,784,623	-	-	-	-
Notes and accounts payable	470,070	-	-	-	-
Lease liabilities	258,090	-	-	-	-
Other payable	349,998	-	-	-	-
Payable on equipment	11,616	-	-	-	-
Dividends payable	191,713	-	-	-	-
Subtotal	<u>4,066,110</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>4,067,354</u>	<u>-</u>	<u>1,244</u>	<u>-</u>	<u>1,244</u>
	December 31, 2022				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets mandatorily measured at fair value through profit or loss					
Monetary market fund	\$ 4,020	4,020	-	-	4,020
Subtotal	<u>4,020</u>	<u>4,020</u>	<u>-</u>	<u>-</u>	<u>4,020</u>
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	716,367	716,367	-	-	716,367
Domestic unlisted common shares	240,044	-	-	240,044	240,044
Subtotal	<u>956,411</u>	<u>716,367</u>	<u>-</u>	<u>240,044</u>	<u>956,411</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	1,215,150	-	-	-	-
Notes and accounts receivable	1,534,805	-	-	-	-
Other financial assets	67,905	-	-	-	-
Subtotal	<u>2,817,860</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>3,778,291</u>	<u>720,387</u>	<u>-</u>	<u>240,044</u>	<u>960,431</u>
Financial liabilities measured at amortized cost					
Bank loans (including current portion)	\$ 2,765,417	-	-	-	-
Notes and accounts payable	430,629	-	-	-	-
Lease liabilities	269,235	-	-	-	-
Other payable	502,833	-	-	-	-
Payable on equipment	36,334	-	-	-	-
Total	\$ <u>4,004,448</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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	March 31, 2022				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets mandatorily measured at fair value through profit or loss					
Monetary market fund	\$ 64,291	64,291	-	-	64,291
Derivative financial assets	5,423	-	5,423	-	5,423
Subtotal	<u>69,714</u>	<u>64,291</u>	<u>5,423</u>	<u>-</u>	<u>69,714</u>
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	1,277,379	1,277,379	-	-	1,277,379
Domestic unlisted common shares	94,441	-	-	94,441	94,441
Subtotal	<u>1,371,820</u>	<u>1,277,379</u>	<u>-</u>	<u>94,441</u>	<u>1,371,820</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	1,245,324	-	-	-	-
Financial assets at amortized cost	33,502	-	-	-	-
Notes and accounts receivable	1,975,119	-	-	-	-
Other financial assets	64,772	-	-	-	-
Subtotal	<u>3,318,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,760,251</u>	<u>1,341,670</u>	<u>5,423</u>	<u>94,441</u>	<u>1,441,534</u>
Financial liabilities measured at amortized cost					
Bank loans	\$ 2,926,229	-	-	-	-
Notes and accounts payable	654,483	-	-	-	-
Lease liabilities	273,025	-	-	-	-
Other payable	397,771	-	-	-	-
Payable on equipment	12,826	-	-	-	-
Dividends payable	273,876	-	-	-	-
Total	<u>\$ 4,538,210</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative instruments

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

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

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

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

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

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

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

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

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

- 3) Transfers between Level 1 and Level 2

The Group didn't have any fair value transfer between levels for the three months ended March 31, 2023 and 2022.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
Balance on January 1, 2023	\$ 240,044
Total gains or losses:	
Recognized in other comprehensive income	7,195
Balance on March 31, 2023	\$ 247,239
	Fair value through other comprehensive income
	Unquoted equity instruments
Balance on January 1, 2022	\$ 79,987
Purchase	7,800
Total gains or losses:	
Recognized in other comprehensive income	6,654
Balance on March 31, 2022	\$ 94,441

The aforementioned total gains or losses were included “unrealized gains (losses) on equity investment measured at fair value through other comprehensive income”, which related to holding assets on March 31, 2023 and 2022 were as follows:

	For the three months ended March 31	
	2023	2022
Recognized in other comprehensive income	\$ 7,195	6,654

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

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

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

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets measured at fair value through other comprehensive income- equity investments without an active market	Comparable Listed companies approach	<ul style="list-style-type: none"> • Price-Book Ratio (as of March 31, 2023, December 31 and March 31, 2022 were 2.75~5.93、2.74~5.70 and 2.36~4.36, respectively) • Market liquidity discount rate (as of March 31, 2023, December 31 and March 31, 2022 were all 20%) 	<ul style="list-style-type: none"> • The estimated fair value would increase if the multiplier was higher. • The estimated fair value would decrease if market liquidity discount rate was higher.

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

The Group's measurements of financial instruments' fair value were reasonable, only if using different variables leading different results. For the fair value measurements in level 3, if changing valuation variables, would have the following effects on other comprehensive income on March 31, 2023, December 31 and March 31, 2022:

<u>Inputs</u>	<u>Upwards or Downwards</u>	<u>Fair value variation on other comprehensive income</u>					
		<u>Favorable</u>			<u>Unfavorable</u>		
		<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Price-book ratio	5%	11,742	11,443	4,467	(11,742)	(11,443)	(4,467)
Market liquidity discount rate	5%	11,751	11,514	4,491	(11,751)	(11,514)	(4,491)

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

- (w) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(w) of the consolidated financial statements for the year ended December 31, 2022.

- (x) Capital management

The Group's objectives, policies and processes of capital management were the same as those described in the consolidated financial statements for the year ended December 31, 2022. For the related information, please refer to note 6(x) of the consolidated financial statements for the year ended December 31, 2022.

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

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

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Non-cash changes		March 31, 2023
			Foreign exchange movement	Others	
Short-term borrowings	\$ 1,665,417	(52,361)	1,567	-	1,614,623
Long-term borrowings	1,100,000	70,000	-	-	1,170,000
Lease liabilities	269,235	(8,739)	372	(2,778)	258,090
Total liabilities from financing activities	<u>\$ 3,034,652</u>	<u>8,900</u>	<u>1,939</u>	<u>(2,778)</u>	<u>3,042,713</u>

	January 1, 2022	Cash flows	Non-cash changes		March 31, 2022
			Foreign exchange movement	Others	
Short-term borrowings	\$ 2,056,402	(141,399)	11,226	-	1,926,229
Long-term borrowings	1,000,000	-	-	-	1,000,000
Lease liabilities	271,607	(8,423)	2,040	7,801	273,025
Total liabilities from financing activities	<u>\$ 3,328,009</u>	<u>(149,822)</u>	<u>13,266</u>	<u>7,801</u>	<u>3,199,254</u>

(7) Related-party transactions

(a) Names and relationship with related parties

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

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

(b) Significant transactions with related parties

(i) Purchase

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

	For the three months ended	
	2023	2022
CHCIW	<u>\$ 6,444</u>	<u>11,608</u>

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

(ii) Payables to related parties

Account	Name of related party	March 31, 2023	December 31, 2022	March 31, 2022
Notes and accounts payable	CHCIW	\$ 8,909	14,467	16,906
Other payable	CHCIW	-	-	2,687
		<u>\$ 8,909</u>	<u>14,467</u>	<u>19,593</u>

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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(c) Key management personnel compensation

	For the three months ended March 31	
	2023	2022
Short-term employee benefits	\$ 7,977	8,313
Post-employment benefits	113	130
	\$ 8,090	8,443

(8) Assets pledged as security

The carrying amounts of pledged assets were as follows:

Pledged assets	Pledged to secure	March 31, 2022
Accounts receivable	Short-term borrowings	\$ 98,350
Inventories	Short-term borrowings	8,588
		\$ 106,938

There was no such transaction for the three months ended March 31, 2023 and the year ended December 31, 2022.

(9) Commitments and contingencies

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

	March 31, 2023	December 31, 2022	March 31, 2022
Acquisition of property, plant and equipment	\$ 299,145	172,495	93,583

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

	March 31, 2023	December 31, 2022	March 31, 2022
Outstanding standby letter of credit	\$ -	-	2,333

(10) Losses due to major disasters

A fire accident occurred in building Plant #3 on March 10, 2022, and caused damage to some buildings, equipment and inventories. The aforementioned estimated disaster loss is \$66,851 thousand recognized in other gains and losses in December 31, 2022. The Company has already entered into related property insurance contracts and is currently in the process of negotiation with the insurance company to handle claims. The Company has confirmed with the insurance company and its notary to recognize the virtually certain amount of compensation that can be received from the insurance company as claim receivables, but shall not exceed the disaster loss of each asset. As of March 31, 2023, December 31 and March 31, 2022, the Company recognizes the claim receivable for \$34,000 thousand, as a deduction in other gains and losses.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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(11) Subsequent Events: None.

(12) Other

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

By item	By function	For the three months ended March 31, 2023			For the three months ended March 31, 2022		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits							
Salary		176,201	137,686	313,887	187,162	145,639	332,801
Labor and health insurance		18,788	16,075	34,863	18,236	15,782	34,018
Pension		7,450	7,292	14,742	10,327	8,916	19,243
Remuneration of directors		-	937	937	-	2,475	2,475
Others		6,167	5,694	11,861	6,136	4,430	10,566
Depreciation (note)		120,893	29,031	149,924	129,931	32,940	162,871
Amortization		494	13,120	13,614	550	9,211	9,761

Note: For the three month ended March 31, 2023 and 2022, depreciation expenses recognized were \$149,924 thousand and \$162,933 thousand, respectively, less deferred gains of \$0 thousand and \$62 thousand, respectively.

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(13) Other disclosure

(a) Information on significant transactions

The following were 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 March 31, 2023:

1. Loans to other parties: None.

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	842,482	60,900	60,900	-	-	0.72%	2,106,205	Yes	No	No

Note1 : According to the Company’s Operating Procedures of Fund Lending and Guarantee, the amount of guarantees shall be limited to 25% of the Company’s net worth.

The individual guarantee amount shall not exceed 10% of the Company’s net worth.

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

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

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3. Securities held as of March 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of Shares/Units)

Name of holder	Category and name of security	Relationship with company	Account	Ending balance				Note
				Shares/Units	Carrying value	Percentage of Ownership	Fair value	
GLTP	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss-current	237	4,033	-	4,033	
ECIC	Polytronics Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	8,000	445,247	9%	536,800	
"	Chung Hwa Chemical Industrial Works, LTD	The entity's chairman is the director of the Company	"	5,500	92,217	5%	140,800	
"	General Plastic Industrial Co., Ltd.	-	"	2,140	74,900	2%	77,254	
"	Andros Pharmaceuticals Co., Ltd.	-	"	4,724	103,120	14%	223,304	
GLTP	QISDA Corp.	-	"	70	2,268	-	2,219	
"	Andros Pharmaceuticals Co., Ltd.	-	"	260	7,800	1%	12,290	
"	Taiwan Bio Therapeutics Co., Ltd.	-	"	414	11,400	1%	11,645	
TTI	General Plastic Industrial Co., Ltd.	-	"	2,140	74,900	2%	77,254	
			Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		269,714		-	
	Total				1,081,566		1,081,566	

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

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

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

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

Name of company	Counter-party	Nature of relationship	Purchase/Sale	Transaction details			Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
				Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
ECIC	EVEU	Subsidiary	Sale	118,069	6.06%	OA 90	Non material differences from those of third-parties	Non material differences from those of third-parties	28,078	1.83%	Note

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

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

Name of company	Counter-party	Nature of relationship	Ending balance (note)	Turnover rate	Overdue		Amounts received in subsequent period (As of May 11, 2023)	Loss allowance
					Amount	Action taken		
ECIC	EVUS	Subsidiary	121,180	3.45	-	-	23,306	-

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

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

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

Number (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions				
				Account name	Amount	Trading terms	Percentages of the consolidated net revenue or total assets	
0	ECIC	EVEU	1	Operating revenue	118,069	No material differences from those of third parties	6.08%	
0	"	EVUS	1	"	98,158		"	5.05%
0	"	ELITE	1	"	79,982		"	4.12%
0	"	EVSZ	1	"	37,829		"	1.95%
0	"	ADSH	1	"	32,268		"	1.66%
0	"	EVSH	1	"	20,399		"	1.05%
1	TTI	EVSZ	2	"	38,568		"	1.99%
1	"	EVUS	2	"	25,034		"	1.29%

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 or 1% of consolidated net assets.

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

Units in Thousands

Reports by Securities Issuers	Name of investee	Location	Main businesses and products	Original investment amount		Balance of March 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
ECIC	EVUS	America	Selling chemical product and related raw materials	88,868	88,868	300	100.00%	149,149	1,247	1,247	(Note 2)
"	EVHK	Hong Kong	Selling chemical product and related raw materials	34,579	34,579	1,000	100.00%	39,144	213	213	(Note 2)
"	EVSG	Singapore	Investing business	794,290	794,290	24,800	100.00%	951,659	(12,810)	(12,810)	(Note 2)
"	EVEU	Netherland	Selling chemical product and related raw materials	7,890	7,890	1	100.00%	61,010	1,554	1,554	(Note 2)
"	TTI	Hsinchu City	Manufacturing and selling toners of laser printer, copier and fax machine	242,192	242,192	44,906	76.15%	662,267	15,730	11,359	(Note 2)
"	ELITE	Turkey	Selling chemical product and related raw materials	45,016	45,016	22	50.00%	112,054	(1,936)	(968)	(Note 2)
"	GOODTV	Taipei City	Cable TV channels	19,000	19,000	1,900	22.35%	20,684	570	141	(Note 1)
"	TAK	Taoyuan City	Manufacturing of inductance core and cathode materials of Lithium ion battery	58,600	58,600	4,856	16.78%	41,586	(18,824)	(2,941)	(Note 1)
"	GLTP	Taipei City	Investing business	100,000	100,000	10,000	100.00%	32,219	(1)	(1)	(Note 2)
	Unrealized gross profit on sales			-	-			(71,945)		-	
				1,390,435	1,390,435			1,997,827		(2,206)	
EVSG	EVVN	Vietnam	Selling chemical product and related raw materials	12,140	12,140	-	100.00%	11,589	(396)	(396)	(Note 2)

Note 1: These companies are the investees of investments accounted for using equity method.

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

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(c) Information on investment in mainland China:

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

Units in Thousands

Reports by Securities Issuers	Main businesses and products	Total amount of paid-in capital			Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023		Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2023		Net income (losses) of the investee	Percentage of ownership	Investment income (losses)(Note 2)	Book value	Accumulated remittance of earnings in current period	
		USD/RMB		NTD		Outflow	Inflow	USD		NTD	USD					TWD	
		USD	RMB	NTD				USD	NTD								
ETSH (Note 8)	Selling chemical product and related raw materials	USD	1,700	51,765	(Note 6)	700	21,315			700	21,315	(184)	100.00%	(184)	157,477	2,961	90,162
ETGZ (Note 8)	Selling chemical product and related raw materials	USD	700	21,315	(Note 6)	200	6,090			200	6,090	(481)	100.00%	(481)	96,502	1,523	46,375
EVSH (Note 8)	Selling chemical product and related raw materials	USD	1,250	38,063	(Note 6)	1,100	33,495			1,100	33,495	1,260	100.00%	1,260	150,163	950	28,928
EVSZ (Note 8)	Manufacturing and selling color chemical, toners and electronic high tech chemical product	USD	23,650	720,143	(Note 1)	18,600	566,370			18,600	566,370	(8,060)	100.00%	(8,060)	846,743	-	-
ANDA	Selling electronic high tech chemical product	RMB	15,013	66,523	(Note 1)	650	19,793			650	19,793	(2,126)	29.80%	(633)	7,976	-	-
ADSH (Note 8)	Selling electronic high tech chemical product	RMB	1,000	4,431	(Note 5)	-	-			-	-	(117)	56.25%	(66)	11,330	-	-
3ESZ	Manufacturing and selling chemical product and related raw materials	USD	6,600	200,970	(Note 1)	2,490	75,821			2,490	75,821	2,948	40.00%	1,179	69,695	-	-

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

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

Note 3: Exchange rate: NTD vs USD (1:30.45), NTD vs RMB (1:4.431). 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. In addition, ANDA increased its capital to RMB 15,013 after changing the original registered capital from USD 1,200 to RMB 8,445 due to operation needs.

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 March 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
774,557 (USD 25,437)	704,796 (USD 23,146)	5,252,243

As of March 31, 2023, 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 March 31, 2023, 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.

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(d) Major shareholders :

(In Shares)

Shareholding Shareholder's Name	Shares	Percentage
CHEN,DING-CHUAN	58,000,000	10.58%
ETHICAL INVESTMENT CORPORATION	49,000,000	8.94%

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(14) Segment information

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

	For the three months ended March 31, 2023							
	Color chemicals	Specialty chemicals	Electronic chemicals	Toner	Pharmaceuticals	Others	Reconciliation and elimination	Total
Revenue from external customers	\$ 743,446	557,446	268,155	295,437	77,546	-	-	1,942,030
Intersegment revenue	-	-	-	-	-	-	-	-
Total revenue	<u>\$ 743,446</u>	<u>557,446</u>	<u>268,155</u>	<u>295,437</u>	<u>77,546</u>	<u>-</u>	<u>-</u>	<u>1,942,030</u>
Reportable segment profit or loss	<u>\$ (578)</u>	<u>44,768</u>	<u>18,186</u>	<u>6,700</u>	<u>(16,157)</u>	<u>(4,160)</u>	<u>-</u>	<u>48,759</u>

	For the three months ended March 31, 2022							
	Color chemicals	Specialty chemicals	Electronic chemicals	Toner	Pharmaceuticals	Others	Reconciliation and elimination	Total
Revenue from external customers	\$ 967,925	767,896	321,680	304,213	50,519	-	-	2,412,233
Intersegment revenue	-	-	-	-	-	-	-	-
Total revenue	<u>\$ 967,925</u>	<u>767,896</u>	<u>321,680</u>	<u>304,213</u>	<u>50,519</u>	<u>-</u>	<u>-</u>	<u>2,412,233</u>
Reportable segment profit or loss	<u>\$ 97,555</u>	<u>62,126</u>	<u>28,387</u>	<u>(7,677)</u>	<u>(33,894)</u>	<u>4,833</u>	<u>-</u>	<u>151,330</u>