Stock Code: 1711

Everlight Chemical

Handbook for the
2021 General Shareholders Meeting
Everlight Chemical Industrial Corporation

Time: May 27, 2021

Location: 3F., No. 260, Sec. 2, Bade Rd.,
Da'an Dist., Taipei City 104,
Taiwan (R.O.C.)
Central Pictures Bade Building

DISCLAIMER

THIS IS A TRANSLATION OF THE HANDBOOK FOR THE 2021 ANNUAL GENERAL SHAREHOLDERS MEETING (THE “HANDBOOK”) OF EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION. (THE “COMPANY”). THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE, THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE AGENDA SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

Table of Contents

Everlight Chemical Industrial Corporation

Meeting Procedure of 2021 General Shareholders Meeting

1. Call the Meeting to Order

2. Chairman's Address

3. Reports

4. Proposals

5. Discussions

6.Election

7.Other Proposals

8. Extemporary Motions

9. Adjournment

Everlight Chemical Industrial Corporation
Meeting Agenda of 2021 General Shareholders Meeting

Time: 9:00 AM, May 27, 2021

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

1. Reports
   (1) The Company’s 2020 Business Report
   (2) The Company’s 2020 Audit Committee’s Review Report
   (3) The Company's 2020 Earnings Distribution Report
   (4) The Company’s 2020 Remuneration to Employees and Directors Report
   (5) The Company’s 2020 Investment Report
   (6) Report on amendment to ” Codes of Ethical Conduct for Directors and Managers”
2. Proposals
   (1) Approval of 2020 closing statements
3. Discussions
   (1) The amendments to ” Rules of Procedure for Shareholders Meetings”
   (2) The amendments to ” Procedures for Election of Directors”
4. Election
   Election of Directors
5. Other Proposals
   Discussion to approve the lifting of the newly elected Directors from non-competition restrictions
6. Extemporary Motions
7. Adjournment

Reports

Reports

1. The Company's 2020 Business Report

(1) Implementation results of operating plan

The Company's consolidated operating revenue in 2020 was NT$ 7,769,066k, which was a decrease of 17%; in terms of operating income, the consolidated net income after tax was NT$ 205,022k, and EPS was NT$ 0.39, which were decrease of 41% respectively.

(2) Budget execution status

Unit: NTD thousand

Account	Plan for the whole year	Actual amount	Achievement rate
Operating revenue	10,000,000	7,769,066	78%
Operating cost	7,730,000	6,200,244	80%
Operating gross profit	2,270,000	1,568,822	69%
Operating expense	1,670,000	1,364,186	82%
Operating profit	600,000	204,636	34%
Net income before tax	600,000	264,776	44%

(3) Analysis on revenue and expense and profitability

Unit: NTD thousand

Item			2020	2019
Financial income and expense	Operating revenue		7,769,066	9,332,076
	Operating cost		6,200,244	7,294,736
	Operating gross profit		1,568,822	2,037,340
	Operating expense		1,364,186	1,633,707
	Operating profit		204,636	403,633
	Net non-operating revenue		60,140	52,437
	Net income before tax		264,776	456,070
	Income tax expense		59,754	106,833
	Net income after tax		205,022	349,237
	EPS (TWD)		0.39	0.66
Profitability Analysis	ROA		1.9%	3.1%
	ROE		2.5%	4.4%
	Percentage of paid-in capital	Operating profit	3.7%	7.4%
		Pre-tax income	4.8%	8.3%
	Profit margin		2.6%	3.7%
	EPS (TWD)		0.39	0.66

(4) R&D status

Developing high-tech, high value-added chemical products and continuously improving ecological benefits are our R&D goals. R&D expense in 2020 was about TWD 370,000,000, which accounted for 4.8% of operating revenue. The specific results of R&D are as follows:

1) Intellectual property right:

In 2020, there were 8 patents granted. As of Feb. 2021, the accumulated patent number was 184.

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

In 2020, the completed items of new products developed by each business are: 70 items of color chemicals, 7 items of specialty chemicals, 10 items of electronic chemicals and 19 items of toner, which are 106 items in total.

(5) Future Corporate Development Strategies

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

Chairman: Chen, Chien-Hsin

General manager: Chen, Wei-Wang

Accounting officer: Wong, Guo-Bin

Reports

2. The Company’s 2020 Audit Committee’s Review Report

Audit Committee’s Review Report, Everlight Chemical Industrial Corporation

The Board of Directors has prepared the Company’s 2020 Business Report, Financial Statements, and proposal for distribution of earnings, The CPAs, Tang Chia-Chien and Chen Ya-Ling, of KPMG Taiwan were retained to audit ECIC’s Financial Statements and have issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and earnings distribution proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of the Company. According to relevant requirements of the Securities and Exchange Act and the Company Law, we hereby submit this report.

Yours sincerely

To

The Company’s 2021 General Shareholders Meeting

Convener of Audit Committee, Wu, Chung-Fern

March 25, 2021

3. The Company's 2020 Earnings Distribution Report

(1) According to Article 28 and Article 29 of the Articles of Incorporation, resolution of the company's board of directors on March 25, 2021, 10% of the earnings or NT$28,211,224 shall be appropriated as legal reserve, followed by the appropriate of cash dividend to shareholders amounting to NT$164,325,668 (at 3% dividend rate). Accordingly, each shareholder shall be entitled to cash dividend of NT$300 for each lot of shareholding. Cash dividend released to the shareholders will be rounded to the nearest dollar and the fraction of a dollar will not be counted. As such, the exact amount of cash dividend will be based on the actual amount paid. In the event of change in the quantity of outstanding shares issued by the Company with consequential change in the dividend rate to shareholders, the Chairman of the Board will be authorized to handle related matters.

(2) The proposal for the distribution of earnings in 2020 will be based on the earnings of the year.

4. The Company's 2020 Remuneration to Employees and Directors Report

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

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

(2) The Company appropriates 5% of profit as the remuneration to employees, totaling NT$14,077,575, 2% of profit as remuneration to directors (excluding independent directors) totaling NT$ 5,631,029, which are both distributed in cash.

(3) The counterparties to be distributed with employee remuneration are those who have been on position before (and during) 2020 and are still on position on the day when the board passes the Motion of Earnings Distribution.

5. The Company's 2020 Investment Report

(1) Disposal of all the 100 thousand shares issued by Hodogaya Chemical Co., Ltd. amounting to NT$131.72 million.

(2) Disposal of the 5,000 thousand shares issued by Chung Hwa Chemical Industrial Works, Ltd. amounting to NT$54.89 million. The accumulated shareholding was 5,500 thousand shares.

(3) Disposal of the 2,000 thousand shares issued by Polytronics Technology Corp. amounting to NT$124.02 million. The accumulated shareholding was 8,000 thousand shares.

(4) Report on Indirect Investment in Mainland China.

The amount that the Company indirectly invested in Mainland China totaled US$25.44 million (equivalent to NT$724.45 million), which accounted for 13.2% of the Company’s paid-in capital of 5.48 billion.

6. Report on amendment to ”Codes of Ethical Conduct for Directors and Managers”

(1) This set of principles is amended in line with the amendment to the “Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies ” announced under Taiwan Stock Exchange Corporation Letter Tai-Zheng-Zhi-Li-Zi No. 1090009468 dated June 3, 2020. The “Table of comparison for the content of amendment to the provisions” is shown in the Appendix.

(2) The amendment to the “Codes of Ethical Conduct for Directors and Managers” of the Company was passed by the 14th session of the 17th Board of Directors of the Company dated August 13, 2020. For further information, refer to the Appendix of the Meeting Handbook (hereinafter, “The Handbook”) on p.49-51.

Everlight Chemical Industrial Corporation

Table of Comparison of the Provisions of Codes of Ethical Conduct for Directors and Managers before and after the amendment

Amended articles	Existing articles	Explanation
Article 2: Policy preventing a conflict of interest Conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall interest of the Company, for example, when a director or managerial officer of the Company is unable to perform their duties objectively and efficiently, or when a person in such a position takes advantage of their position in the Company to obtain improper benefits for either themselves or their spouse or relatives within the second degree of kinship. The Company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which the above said persons work. ……	Article 2: Policy preventing a conflict of interest Conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall interest of the Company, for example, when a director or managerial officer of the Company is unable to perform their duties objectively and efficiently, or when a person in such a position takes advantage of their position in the Company to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the second degree of kinship. The Company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which the above said persons work. ……	Amended in accordance with laws and regulations

Amended articles	Existing articles	Explanation
Article 8: Encouraging reporting on illegal or unethical activities The Company shall raise awareness of ethics internally and encourage employees to report to a company supervisor, managerial officer, chief internal auditor, or other appropriate individuals upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. To encourage employees to report illegal conduct, the Company shall establish a concrete whistle-blowing system <u>allowing anonymous whistle-blowing,</u> and make employees aware that the Company will use its best efforts to ensure the safety of <u>whistle-blowers</u> and protect them from reprisals.	Article 8: Encouraging reporting on illegal or unethical activities The Company shall raise awareness of ethics internally and encourage employees to report to a company supervisor, managerial officer, chief internal auditor, or other appropriate individuals upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. To encourage employees to report illegal conduct, the Company shall establish a concrete whistle-blowing system and make employees aware that the Company will use its best efforts to ensure the safety of <u>informants</u> and protect them from reprisals.	Amended in accordance with laws and regulations
Article 12: Enforcement ...... The first amendment was made on March 26, 2015<u>,</u> <u>The second amendment was made on August 13, 2020.</u>	Article 12: Enforcement ...... The first amendment was made on March 26, 2015<u>.</u>	Date of amendment

Proposals

Proposals

Motion 1 **Proposal of the Board of Directors**

Subject: Approval of 2020 closing statements

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

(2) For information on the Business Report, refer to p.3-4 of The Handbook. The Auditing Committee's Review Report is exhibited on p.5 of The Handbook. The Financial Statements are exhibited on p.12-27. The proposal for the distribution of earnings is exhibited on p.28.

Resolutions:

Independent Auditors' Report

To the Board of Directors of Everlight Chemical Industrial Corporation:

Opinion

We have audited the consolidated financial statements of Everlight Chemical Industrial Corporation and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards(“IFRSs”), International Accounting Standards (“IASs”), Interpretation developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit of the Consolidated financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, the key audit matters we communicated in the auditors' report were are follows:

1. Revenue recognition

   Please refer to Note 4(o) “Revenue” for accounting policy and Note 6(u) to the consolidated financial statements for the disclosure of revenue recognition.

Description of key audit matters

The Group is a listed company in related to public interest, and the investors are highly expecting the financial performance, resulting in revenue recognition is one of the key judgmental areas of our audit.

How the matter was addressed in our audit

Our major audit procedures included testing of the design and implement of controls over sales and collection of receivable transactions; evaluate if there is any significant abnormal changes through performing trend analysis on top 10 customers by comparing the related changes or differences; assessing and testing if the management obtained sufficient external evidence showing that the controls of goods rewards of ownership have been transferred to the customers, to support the timing of revenue recognition; evaluating the adequacy of revenue recognition by testing the sale transactions during the period before and after the balance sheet date.

2. Valuation of accounts receivable

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

Description of key audit matters

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

How the matter was addressed in our audit

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

Other Matter

Everlight Chemical Industrial Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
March 25, 2021

Notes to Readers

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

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

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands New Taiwan Dollars)

	Assets	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets:				
1100	Cash and cash equivalents	$ 1,334,808	10	978,856	7
1110	Financial assets at fair value through profit or loss-current	60,100	1	30,023	-
1136	Financial assets at amortized cost-current	12,896	-	-	-
1150	Notes receivable, net	213,396	2	233,735	2
1170	Accounts receivable, net	1,383,973	10	1,417,891	10
130X	Inventories	3,198,461	24	3,504,183	26
1476	Other current financial assets	26,142	-	25,032	-
1479	Other current assets	114,339	1	112,288	1
	Total current assets	6,344,115	48	6,302,008	46
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income-non-current	994,805	8	1,102,127	8
1550	Investments accounted for using equity method	112,156	1	126,934	1
1600	Property, plant and equipment	5,265,817	40	5,527,737	41
1755	Right-of-use-assets	309,445	2	327,521	2
1780	Intangible assets	119,744	1	122,455	1
1840	Deferred tax assets	51,602	-	75,957	1
1915	Prepayments for equipment	14,511	-	16,860	-
1980	Other non-current financial assets	3,635	-	4,191	-
1990	Other non-current assets	10,559	-	17,572	-
	Total non-current assets	6,882,274	52	7,321,354	54
	Total assets	$ 13,226,389	100	13,623,362	100

	Liabilities and Equity	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities:				
2100	Short-term borrowings	$ 1,871,991	14	2,473,321	18
2322	Long-term borrowings, current portion	40,000	1	470,000	3
2151	Notes payable	181,329	2	152,138	1
2170	Accounts payable	389,570	3	295,375	2
2209	Other payable	407,211	3	428,330	4
2213	Payable on equipment	17,545	-	11,902	-
2230	Current tax liabilities	38,386	-	69,118	1
2280	Lease liabilities-current	35,102	-	34,488	-
2399	Other current liabilities	48,553	-	47,679	-
	Total current liabilities	3,029,687	23	3,982,351	29
	Non-current liabilities:				
2540	Long-term borrowings	1,250,000	9	989,748	7
2570	Deferred tax liabilities	79,074	1	70,208	1
2580	Lease liabilities non-current	258,608	2	274,557	2
2640	Net defined benefit liability	130,566	1	167,779	1
2670	Other non-current liabilities	90,071	1	-	-
	Total non-current liabilities	1,808,319	14	1,502,292	11
	Total liabilities	4,838,006	37	5,484,643	40
	Equity attributable to owners of parent and (w)):				
3100	Common shares	5,477,522	41	5,477,522	40
3200	Capital surplus	474,558	4	474,558	4
3300	Retained earnings	2,019,285	15	1,901,498	14
3400	Other equity	115,939	1	(30,438)	-
	Total equity attributable to owners of parent	8,087,304	61	7,823,140	58
36XX	**Non-controlling interests**	301,079	2	315,579	2
	Total equity	8,388,383	63	8,138,719	60
	Total liabilities and equity	$ 13,226,389	100	13,623,362	100

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

		2020		2019	
		Amount	%	Amount	%
4000	**Operating revenue**	$ 7,769,066	100	9,332,076	100
5000	**Operating costs**	6,200,244	80	7,294,736	78
5950	**Gross profit from operations**	1,568,822	20	2,037,340	22
6000	**Operating expenses:**				
6100	Selling expenses	687,171	9	843,205	9
6200	Administrative expenses	304,015	4	349,277	4
6300	Research and development expenses	371,514	4	434,190	5
6450	Expected credit loss	1,486	-	7,035	-
	Total operating expenses	1,364,186	17	1,633,707	18
6900	**Net operating income**	204,636	3	403,633	4
7000	**Non-operating income and expenses:**				
7100	Interest income	3,601	-	4,363	-
7010	Other income	49,867	1	54,219	1
7020	Other gains and losses	62,495	1	88,159	1
7050	Finance costs	(63,925)	(1)	(96,284)	(1)
7060	Share of gains of associates accounted for using equity method	8,102	-	1,980	-
	Total non-operating income and expense	60,140	1	52,437	1
7900	**Income before income tax**	264,776	4	456,070	5
7951	**Income tax expenses**	59,754	1	106,833	1
8200	**Net income**	205,022	3	349,237	4
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains on remeasurements of defined benefit plans	11,716	-	49,102	1
8316	Unrealized gains from financial assets measured at fair value through other comprehensive income	198,156	3	139,876	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(2,343)	-	(9,820)	-
	Total components of other comprehensive income that will not be reclassified to profit or loss	207,529	3	179,158	2
8360	**Components of other comprehensive income that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	4,286	-	(46,008)	(1)
8370	Share of other comprehensive income of associates accounted for using equity method	(2,847)	-	(395)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income that will be reclassified to profit or loss	1,439	-	(46,403)	(1)
8300	**Other comprehensive income (after tax)**	208,968	3	132,755	1
8500	**Total comprehensive income**	**$ 413,990**	**6**	**481,992**	**5**
	Profit attributable to:				
8610	Owners of parent	$ 213,279	3	362,447	4
8620	Non-controlling interests	(8,257)	-	(13,210)	-
		$ 205,022	**3**	**349,237**	**4**
	Comprehensive income attributable to:				
8710	Owners of parent	$ 428,490	6	496,877	5
8720	Non-controlling interests	(14,500)	-	(14,885)	-
		$ 413,990	**6**	**481,992**	**5**
9750	**Basic earnings per share (expressed in New Taiwan dollars)**	**$**	**0.39**		**0.66**
9850	**Diluted earnings per share (expressed in New Taiwan dollars)**	**$**	**0.39**		**0.66**

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(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, 2019	$ 5,477,522	473,558	998,402	43,346	756,078	1,797,826	(68,420)	(81,347)	(149,767)	7,599,139	314,057	7,913,196
Net income	-	-	-	-	362,447	362,447	-	-	-	362,447	(13,210)	349,237
Other comprehensive income	-	-	-	-	39,209	39,209	(43,634)	138,855	95,221	134,430	(1,675)	132,755
Total comprehensive income	-	-	-	-	401,656	401,656	(43,634)	138,855	95,221	496,877	(14,885)	481,992
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	40,198	-	(40,198)	-	-	-	-	-	-	-
Special reserve	-	-	-	106,421	(106,421)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(273,876)	(273,876)	-	-	-	(273,876)	(7,753)	(281,629)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	24,160	24,160
Donation from shareholders	-	1,000	-	-	-	-	-	-	-	1,000	-	1,000
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(24,108)	(24,108)	-	24,108	24,108	-	-	-
Balance on December 31, 2019	5,477,522	474,558	1,038,600	149,767	713,131	1,901,498	(112,054)	81,616	(30,438)	7,823,140	315,579	8,138,719
Net income	-	-	-	-	213,279	213,279	-	-	-	213,279	(8,257)	205,022
Other comprehensive income	-	-	-	-	9,142	9,142	1,439	204,630	206,069	215,211	(6,243)	208,968
Total comprehensive income	-	-	-	-	222,421	222,421	1,439	204,630	206,069	428,490	(14,500)	413,990
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	37,755	-	(37,755)	-	-	-	-	-	-	-
Special reserve	-	-	-	(119,329)	119,329	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(164,326)	(164,326)	-	-	-	(164,326)	-	(164,326)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	59,692	59,692	-	(59,692)	(59,692)	-	-	-
Balance on December 31, 2020	$ 5,477,522	474,558	1,076,355	30,438	912,492	2,019,285	(110,615)	226,554	115,939	8,087,304	301,079	8,388,383

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from operating activities:		
Income before income tax	$ 264,776	456,070
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	679,301	679,270
Amortization expense	29,086	20,080
Expected credit loss	1,486	7,035
Net gains on financial assets at fair value through profit and loss	(316)	(98)
Interest expense	63,925	96,284
Interest income	(3,601)	(4,363)
Dividend income	(49,867)	(54,219)
Share of gains of associates accounted for using equity method	(8,102)	(1,980)
Losses on disposal of property, plant and equipment	2,258	1,726
Losses on disposal of investment accounted for using equity method	18,553	-
Other	240	(521)
Total adjustments to reconcile profit	732,963	743,214
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	20,991	93,546
Accounts receivable and overdue receivable (under other non-current financial assets)	34,424	13,518
Inventories	342,640	249,955
Other current financial assets	(3,560)	8,312
Other current assets	(418)	37,992
Total changes in operating assets	394,077	403,323
Changes in operating liabilities:		
Notes payable	29,291	(38,301)
Accounts payable	86,799	(129,601)
Other payable	(28,220)	(67,983)
Other current liabilities	(31,005)	(7,141)
Net defined benefit liability	(25,497)	(49,082)
Other non-current liability	(37,333)	-
Total changes in operating liabilities	(5,965)	(292,108)
Total changes in operating assets and liabilities	388,112	111,215
Total adjustments	1,121,075	854,429
Cash inflow generated from operations	1,385,851	1,310,499
Interest received	3,649	4,406
Dividends received	49,867	54,219
Income taxes paid	(33,377)	(78,744)
Net cash flows from operating activities	1,405,990	1,290,380
Cash flows from investing activities:		
Increase in financial assets at amortized cost	(12,896)	-
Acquisition of financial assets at fair value through profit or loss	(255,500)	(30,000)
Proceeds from disposal of financial assets at fair value through profit or loss	225,739	13,632
Proceeds from disposal of financial assets at fair value through other comprehensive income	310,625	73,457
Acquisition of property, plant and equipment	(181,867)	(343,401)
Proceeds from disposal of property, plant and equipment	1,172	12,488
Acquisition of intangible assets	(26,414)	(11,297)
Decrease (increase) in other non-current financial assets	450	(1,527)
Decrease (increase) in other non-current assets	(3,409)	3,818
Increase in prepayments for equipment	(30,468)	(96,306)
Proceeds from capital reduction of investments accounted for using equity method	2,418	-
Net cash outflows from losing control of subsidiary	-	(1,548)
Net cash inflows from business combination	-	16,952
Net cash inflows (outflows) used in investing activities	29,850	(363,732)
Cash flows used in financing activities:		
Increase in short-term borrowings	5,689,206	8,597,082
Decrease in short-term borrowings	(6,294,275)	(8,683,483)
Proceeds from long-term borrowings	200,000	150,000
Repayments of long-term borrowings	(370,000)	(415,000)
Payment of lease liabilities	(35,575)	(34,257)
Cash dividends paid	(164,326)	(273,876)
Donation from shareholders	-	1,000
Interest paid	(68,172)	(104,363)
Subsidiaries distributed cash dividends to non-controlling interests	(7,527)	-
Net cash flows used in financing activities	(1,050,669)	(762,897)
Effect of exchange rate changes on cash and cash equivalents	(29,219)	(23,488)
Net increase in cash and cash equivalents	355,952	140,263
Cash and cash equivalents at beginning of period	978,856	838,593
Cash and cash equivalents at end of period	$ 1,334,808	978,856

Independent Auditors' Report

To the Board of Directors of Everlight Chemical Industrial Corporation:

Opinion

We have audited the financial statements of Everlight Chemical Industrial Corporation(“the Company”), which comprise the balance sheets as of December 31, 2020 and 2019, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit of the financial statements as of and for the ended December 31, 2020 in accordance with Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing, the Ruling No. 1090360805 issued by the FSC, and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

   Please refer to Note 4(o) “Revenue” for accounting policy and Note 6(s) for the disclosure of revenue recognition to the parent-company-only financial statements.

   Description of key audit matters

   The Company is a listed company in related to public interest, and the investors are highly expecting the financial performance, resulting in revenue recognition is one of the key judgmental areas of our audit.

How the matter was addressed in our audit

Our major audit procedures included testing of the design and implement of controls over sales and collection of receivable transactions; evaluate if there is any significant abnormal changes through performing trend analysis on top 10 customers by comparing the related changes or differences; assessing and testing if the management obtained sufficient external evidence showing that the good controls of ownership have been transferred to the customers, to support the timing of revenue recognition; evaluating the adequacy of revenue recognition by testing the sale transactions during the period before and after the balance sheet date.

2. Valuation of accounts receivable

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

Description of key audit matters

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

How the matter was addressed in our audit

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
March 25, 2021

Notes to Readers

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

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

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION

Balance Sheets

December 31, 2020 and 2019

(expressed in thousands New Taiwan dollars)

	Assets	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets:				
1100	Cash and cash equivalents	$ 864,307	7	554,683	5
1110	Financial assets at fair value through profit or loss-current	60,100	1	30,023	-
1136	Financial assets at amortized cost-current	12,869	-	-	-
1150	Notes receivable, net	58,914	-	54,757	1
1170	Accounts receivable, net	701,152	6	718,837	6
1180	Accounts receivable due from related parties, net	482,170	4	450,599	4
1210	Other receivables due from related parties	3,957	-	39,872	-
130X	Inventories	2,234,719	19	2,443,983	20
1476	Other current financial assets	17,886	-	18,613	-
1479	Other current assets	82,357	1	78,076	1
	Total current assets	4,518,431	38	4,389,443	37
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income-non-current	928,694	8	1,031,371	8
1550	Investments accounted for using equity method	1,853,081	16	1,881,566	16
1600	Property, plant and equipment	4,244,980	36	4,407,578	37
1755	Right-of-use-assets	37,176	-	46,669	-
1780	Intangible assets	112,489	1	113,779	1
1840	Deferred tax assets	47,818	1	69,090	1
1915	Prepayments for equipment	12,680	-	15,551	-
1980	Other non-current financial assets	2,192	-	2,430	-
	Total non-current assets	7,239,110	62	7,568,034	63
	Total assets	$ 11,757,541	100	11,957,477	100

	Liabilities and Equity	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities:				
2100	Short-term borrowings	$ 1,172,531	10	1,717,630	14
2322	Long-term borrowings, current portion	-	-	430,000	4
2151	Notes payable	181,329	2	151,828	1
2170	Accounts payable	326,587	3	203,515	2
2209	Other payable	316,660	3	301,733	3
2213	Payable on equipment	15,638	-	8,712	-
2230	Current tax liabilities	30,669	-	57,438	1
2280	Lease liabilities-current	9,856	-	10,181	-
2399	Other current liabilities	41,264	-	41,608	-
	Total current liabilities	2,094,534	18	2,922,645	25
	Non-current liabilities:				
2541	Long-term bank loans	1,250,000	10	949,748	8
2570	Deferred tax liabilities	79,074	1	70,208	1
2580	Lease liabilities non-current	27,957	-	36,939	-
2640	Net defined benefit liability	128,806	1	154,797	1
2670	Other non-current liabilities, others	89,866	1	-	-
	Total non-current liabilities	1,575,703	13	1,211,692	10
	Total liabilities	3,670,237	31	4,134,337	35
	Equity :				
3100	Common shares	5,477,522	47	5,477,522	45
3200	Capital surplus	474,558	4	474,558	4
3300	Retained earnings	2,019,285	17	1,901,498	16
3400	Other equity	115,939	1	(30,438)	-
	Total equity	8,087,304	69	7,823,140	65
	Total liabilities and equity	$ 11,757,541	100	11,957,477	100

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

		2020		2019	
		Amount	%	Amount	%
4000	**Operating revenue**	$ 6,085,544	100	7,203,554	100
5000	**Operating costs**	5,005,499	82	5,801,125	81
5900	**Gross profit from operations**	1,080,045	18	1,402,429	19
5910	Realized profit from sales	17,081	-	8,148	-
5950	**Gross profit from operations**	1,097,126	18	1,410,577	19
6000	**Operating expenses:**				
6100	Selling expenses	424,883	7	532,997	7
6200	Administrative expenses	145,028	2	163,405	2
6300	Research and development expenses	317,463	5	360,357	5
6450	Expected credit gain	(433)	-	(480)	-
	Total operating expenses	886,941	14	1,056,279	14
6900	**Net operating income**	210,185	4	354,298	5
7000	**Non-operating income and expenses:**				
7100	Interest income	1,549	-	1,585	-
7010	Other income	44,731	1	49,939	1
7020	Other gains and losses	68,575	1	77,105	1
7050	Finance costs	(36,654)	(1)	(62,243)	(1)
7060	Share of (losses) gains of associates accounted for using equity method	(26,544)	-	28,387	-
	Total non-operating income and expense	51,657	1	94,773	1
7990	**Income before income tax**	261,842	5	449,071	6
7950	**Income tax expenses**	48,563	1	86,624	1
	Net income	213,279	4	362,447	5
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains on remeasurements of defined benefit plans	10,501	-	48,717	1
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	207,948	3	137,460	2
8330	Share of other comprehensive income of subsidiaries, accounted for using equity method	(2,577)	-	1,630	-
8349	Income tax related to components that may not be reclassified to profit or loss	(2,100)	-	(9,743)	-
	Total components of other comprehensive income that will not be reclassified to profit or loss	213,772	3	178,064	3
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	4,286	-	(43,239)	(1)
8380	Share of other comprehensive income of associates accounted for using equity method	(2,847)	-	(395)	-
8399	Income tax related to components that may be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income that will be reclassified to profit or loss	1,439	-	(43,634)	(1)
8300	**Other comprehensive income(after tax)**	215,211	3	134,430	2
8500	**Total comprehensive income**	**$ 428,490**	**7**	**496,877**	**7**
9750	**Basic earnings per share (expressed in New Taiwan dollars)**	$	**0.39**		**0.66**
9850	**Diluted earnings per share (expressed in New Taiwan dollars)**	$	**0.39**		**0.66**

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(expressed in thousands of New Taiwan dollars)

			Retained earnings				Other equity			
	Common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Total equity
Balance on January 1, 2019	$ 5,477,522	473,558	998,402	43,346	756,078	1,797,826	(68,420)	(81,347)	(149,767)	7,599,139
Net income	-	-	-	-	362,447	362,447	-	-	-	362,447
Other comprehensive income	-	-	-	-	39,209	39,209	(43,634)	138,855	95,221	134,430
Total comprehensive income	-	-	-	-	401,656	401,656	(43,634)	138,855	95,221	496,877
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	40,198	-	(40,198)	-	-	-	-	-
Special reserve	-	-	-	106,421	(106,421)	-	-	-	-	-
Cash dividends	-	-	-	-	(273,876)	(273,876)	-	-	-	(273,876)
Other changes in capital surplus:										
Donation from shareholders	-	1,000	-	-	-	-	-	-	-	1,000
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(24,108)	(24,108)	-	24,108	24,108	-
Balance on December 31, 2019	5,477,522	474,558	1,038,600	149,767	713,131	1,901,498	(112,054)	81,616	(30,438)	7,823,140
Net income	-	-	-	-	213,279	213,279	-	-	-	213,279
Other comprehensive income	-	-	-	-	9,142	9,142	1,439	204,630	206,069	215,211
Total comprehensive income	-	-	-	-	222,421	222,421	1,439	204,630	206,069	428,490
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	37,755	-	(37,755)	-	-	-	-	-
Special reserve	-	-	-	(119,329)	119,329	-	-	-	-	-
Cash dividends	-	-	-	-	(164,326)	(164,326)	-	-	-	(164,326)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	59,692	59,692	-	(59,692)	(59,692)	-
	-	-	37,755	(119,329)	(23,060)	(104,634)	-	(59,692)	(59,692)	(164,326)
Balance on December 31, 2020	**$ 5,477,522**	**474,558**	**1,076,355**	**30,438**	**912,492**	**2,019,285**	**(110,615)**	**226,554**	**115,939**	**8,087,304**

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(expressed in thousands of New Taiwan dollars)

	2020	2019
Cash flows from operating activities:		
Income before income tax	$ 261,842	449,071
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	526,157	503,744
Amortization expense	27,021	18,252
Expected credit gain	(433)	(480)
Net gains on financial assets at fair value through profit and loss	(265)	(23)
Interest expense	36,654	62,243
Interest income	(1,549)	(1,585)
Dividend income	(44,731)	(49,939)
Share of losses (gains) of associates and accounted for using equity method	26,544	(28,387)
Gains on disposal of property, plants and equipment	(31)	(863)
Realized gross profit on sale to subsidiaries	(17,081)	(8,148)
Total adjustments to reconcile profit	552,286	494,814
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	(4,157)	43,093
Accounts receivable and overdue receivable (under other non-current financial assets)	18,118	37,383
Accounts receivable due from related parties	(31,571)	88,978
Other receivable due from related parties	733	1,290
Inventories	209,264	206,819
Other current financial assets	678	6,566
Other current assets	(4,029)	14,078
Total changes in operating assets	189,036	398,207
Changes in operating liabilities:		
Notes payable	29,500	(38,924)
Accounts payable	123,072	(145,384)
Other payable	(7,265)	(79,180)
Other current liabilities	(32,144)	71
Net defined benefit liabilities	(15,490)	(48,765)
Decrease in other non-current liabilities	(37,333)	-
Total changes in operating liabilities	60,340	(312,182)
Total changes in operating assets and liabilities	249,376	86,025
Total adjustments	801,662	580,839
Cash inflow generated from operations	1,063,504	1,029,910
Interest received	1,598	1,601
Dividends received	97,796	54,662
Income taxes paid	(20,908)	(65,137)
Net cash flows from operating activities	1,141,990	1,021,036
Cash flows used in investing activities:		
Acquisition of financial assets at fair value through profit or loss	(240,000)	(30,000)
Proceeds from disposal of financial assets at fair value through profit or loss	210,188	-
Increase in financial assets at amortized cost	(12,869)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	310,625	73,457
Acquisition of property, plant and equipment	(158,197)	(279,680)
Proceeds from disposal of property, plant and equipment	951	2,156
Acquisition of intangible assets	(25,731)	(11,297)
Decrease in other non-current assets	238	422
Increase in prepayments for equipment	(26,805)	(84,589)
Net cash flows from (used in) investing activities	58,400	(329,531)
Cash flows used in financing activities:		
Increase in short-term borrowings	4,100,621	6,587,473
Decrease in short-term borrowings	(4,645,720)	(6,663,103)
Proceeds from long-term borrowings	200,000	150,000
Repayments of long-term borrowings	(330,000)	(370,000)
Payment of lease liabilities	(10,495)	(10,145)
Cash dividends paid	(164,326)	(273,876)
Donation from shareholders	-	1,000
Interest paid	(40,846)	(69,866)
Net cash used in financing activities	(890,766)	(648,517)
Net increase in cash and cash equivalents	309,624	42,988
Cash and cash equivalents at beginning of period	554,683	511,695
Cash and cash equivalents at end of period	**$ 864,307**	**554,683**

Everlight Chemical Industrial Corporation
Table of Earnings Distribution
2020

Unit: NTD

Items of distribution	Dollar amount of distribution	
	Subtotal	Total
Undistributed earnings at the beginning of period		**630,379,133**
Net income before tax for the period	261,842,890	
Less: income tax expense	48,563,474	
Net income after tax for the period		213,279,416
Add: adjustments to the retained earnings from disposing equity tools evaluated at fair value through other comprehensive income	59,691,809	
Add: changes to the re-evaluated amount of defined-benefit program for the period	9,141,015	
Subtotal		282,112,240
Distributable earnings		**912,491,373**
The appropriated and distributed items for the current year		
Less: recognition of legal reserves	28,211,224	
Distribution of cash dividends - NT$ 0.3 per share	164,325,668	
Subtotal		192,536,892
Undistributed earnings at the end of period		**719,954,481**

Chairman: Chen, Chien-Hsin

General manager: Chen, Wei-Wang

Accounting officer: Wong, Guo-Bin

Discussions

Discussions

Motion 1 **Proposal of the Board of Directors**

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

Explanation: (1) This procedure was passed by the regular session of the 2020 Shareholders' Meeting dated 2020.05.28.

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

Appendix: Table of Comparison of the Rules of Procedure for Shareholders Meetings before and after the amendment

Resolutions:

Everlight Chemical Industrial Corporation
Table of Comparison of the Rules of Procedure for Shareholders Meetings before and after the amendment

Amended articles	Existing articles	Explanation
Article 3 …………….. Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the Company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 <u>of the Company Act</u>, <u>Article 26-1 and Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers</u>, shall be set out. The essential contents should explain in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion. …………..	Article 3 …………….. Election or dismissal of directors or supervisors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the Company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion; <u>the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the corporation, and such website shall be indicated in the above notice.</u> ……………..	Amended in accordance with laws and regulations

A shareholder holding one percent or more of the total number of issued shares may submit to this corporation a written proposal for discussion at a regular shareholders' meeting. However, the number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. <u>If specific shareholders present motions pertinent to anything inscribed in Paragraph 4 in Article 172-1 of the Company Act, the Board will not list the proposal as motions. A shareholder proposal for urging the corporation to promote public interests or fulfill its social responsibilities may still be included in the agenda by the board of directors. In addition, complying with any subparagraph of Article 172-1, paragraph 4 of the Company Act. It is limited to one only, and no proposal containing more than one item will be included in the meeting agenda.</u> ……………..	A shareholder holding one percent or more of the total number of issued shares may submit to this corporation a written proposal for discussion at a regular shareholders' meeting. However, the number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. <u>However, if a specific motion involves the prompt for promotion of public interest or recommendation of the performance of corporate social responsibility to its entirety, the Board may still consider listing the motion in the agenda. If specific shareholders present motions pertinent to anything inscribed in Paragraph 4 in Article 172-1 of the Company Act, the Board will not list the proposal as motions.</u> ……………..	
Article 9 …………….. The chair shall call the meeting to order at the appointed meeting time<u>, and announce the related information, such as shares without voting rights and attended shares.</u> However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If there are not enough shareholders representing at least one-third of issued shares attending the meeting after two postponements, the meeting will be announced to be dismissed by the chairman. ……………..	Article 9 …………….. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If there are not enough shareholders representing at least one-third of issued shares attending the meeting after two postponements, the meeting will be announced to be dismissed by the chairman. ……………..	Amended in accordance with laws and regulations
Article 14 The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Company. The voting results shall be announced on-site immediately, including the names of those elected as directors <u>and</u>	Article 14 The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Company. The voting results shall be announced on-site immediately, including the names of those elected as directors.	Amended in accordance with laws and regulations

the numbers of votes with which they were elected, as well as the list of candidates losing the election and their number of votes. ……………..	……………..	
Article 20: The Rules were mandated on Apr. 26, 1988. …………………… The seventh amendment was made on May 28, 2020. The eighth amendment was made on May 27, 2021.	Article 20: The Rules were mandated on Apr. 26, 1988. …………………… The seventh amendment was made on May 28, 2020.	Date of amendment

Discussions

Motion 2 **Proposal of the Board of Directors**

Subject: The amendments to "Procedures for Election of Directors"

Explanation: (1) This procedure was passed by the regular session of the 2015 Shareholders' Meeting dated 2015.06.11.

(2) Amendment to "Procedures for Election of Directors" of the Company in line with applicable laws. The content of the "Table of Comparison of the Procedures for Election of Directors" is shown in the Appendix for discussion on feasibility of implementation.

Appendix: Table of Comparison of the Procedures for Election of Directors before and after the amendment

Resolutions:

Everlight Chemical Industrial Corporation
Table of Comparison of the Procedures for Election of Directors before and after the amendment

Amended articles	Existing articles	Explanation
Article 5: Elections of directors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. ……	Article 5: Elections of directors at this corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act, to review the director candidate's qualifications, academic and industrial background, as well as if the matters specified in Article 30 of the Company Act apply, other supporting documents pertinent to other qualifications shall not be added. The review outcomes shall be furnished to shareholders for their reference for electing suitable directors. ……	Amended in accordance with laws and regulations

Amended articles	Existing articles	Explanation
(Deleted)	Article 10: Shall a candidate be a shareholder, voters shall indicate the candidate's account name and number in the "Candidate" column on the ballot; if a candidate is not a shareholder, his/her name and identity document number shall be specified. However, suppose a candidate is a governmental or institutional shareholder. In that case, the candidate's account name on the ballot shall be the name of such governmental or institutional shareholder or with their representatives in addition. Shall there be several representatives, their names shall be specified individually.	Amended in accordance with laws and regulations
Article 10: A ballot is invalid under any of the following circumstances: 1. The ballot was not prepared by a person with the right to convene. 2. A blank ballot is placed in the ballot box. 3. The writing is unclear and indecipherable or has been altered. 4. The candidate whose name is entered in the ballot does not conform to the director candidate list. 5. Other words or marks are entered in addition to the number of voting rights allotted.	Article 11: A ballot is invalid under any of the following circumstances: 1. The ballot was not prepared by the Board. 2. A blank ballot is placed in the ballot box. 3. The writing is unclear and indecipherable or has been altered. 4. Shall the candidate whose name is entered in the ballot be a shareholder, but his/her account name and number differs from the shareholder registry; or if the candidate whose name is entered in the ballot is not a shareholder, his/her name and identity document number are inconsistent after verification. 5. Other words or marks are entered in addition to the name or account number (or identity document number) of the candidate, and the number of voting rights allotted. 6. The candidate's entered name is identical to the shareholder(s), but no account number or identity document number is provided.	Amended in accordance with laws and regulations

Amended articles	Existing articles	Explanation
Article 11 to Article 13	Article 12 to Article 14	Amendment to the number of provisions
Article 14: …… The fifth amendment was made on June 11, 2015. The fifth amendment was made on May 27, 2021.	Article 15: …… The fifth amendment was made on June 11, 2015.	Date of amendment

Election

Election

Proposal of the Board of Directors

Subject: Election of Directors

Explanation: 1. The current (17th) term of directors will expire on June 5, 2021. It is intended to elect eleven directors for the 18th term (three independent directors included) pursuant to Article 17 of the Articles of Incorporation.

2. The election of directors at the Company shall be conducted in accordance with the candidate nomination system. The directors shall be elected from the candidate list, with a single non-transferable cumulative vote. For the candidate lists of the directors for the next term (independent directors included) and their academic/industrial background, please refer to the attachment.

3. The new directors will inaugurate after the AGM, and the original directors are discharged at the same time. The 18th term is three years from the date of 2021 AGM when the directors are elected, i.e. inauguration on May 27, 2021 to May 26, 2024.

Election Results:

List of board director candidates

Name	Number of shares held	Education	Experience	Current position
Chen,Chien-Hsin	6,730,000	Master of Public Health (MPH), Harvard University	Vice Superintendent, Country Hospital, Taipei, Taiwan Chief, Department of Internal Medicine & ICU, Puli Christian Special Assistant to Chairman, Everlight Chemical Industrial Corp. Vice Chairman of BOD, Everlight Chemical Industrial Corp.	Chairman of BOD, Everlight Chemical Industrial Corp. Chairman of BOD, Everlight Chemicals (Singapore) PTE LTD. Chairman of BOD, Trend Tone Imaging, Inc. Board Director, Elite Foreign Trading Inc. (Turkey) Board Director, GOOD TV Broadcasting Corp.
Ethical Investment Corp. Chen,Ding-Chuan	37,000,000 68,000,000	B.S. in International Trade, Tamkang College of Arts and Sciences Honorary Doctorate in Management, Chang Jung Christian University Honorary Doctorate, Tamkang University	Chairman of BOD, Everlight Chemical Industrial Corp. Supervisor, Chung Hwa Chemical Industrial Works, Ltd.	Board Director, Everlight Chemical Industrial Corp.

Chen,Ding-Chi	14,195,254	Doctor of Christian Education ,Cohen University	Vice Chairman of BOD, Everlight Chemical Industrial Corp. General Manager, Everlight Chemical Industrial Corp. Board Director, GOOD TV Broadcasting Corp.	Board Director, Everlight Chemical Industrial Corp.
Chen,Wei-Wang	6,300,000	Ph.D. in Industrial Engineering, University of Michigan	Deputy General Manager, Everlight Chemical Industrial Corp. Assistant General Manager ,R&D Division, Everlight Chemical Industrial Corp.	Board Director and General Manager, Everlight Chemical Industrial Corp. Chairman of BOD, Everlight U.S.A. Chairman of BOD, Everlight Europe B.V. (Netherlands) Chairman of BOD, Ethical (Shanghai) Ltd. Chairman of BOD, Everlight (Shanghai) Ltd. Chairman of BOD, Ethical (Guangzhou) Ltd. Chairman of BOD, Everlight (Hongkong) Ltd. Board Director, Trend Tone Imaging, Inc. Board Director, Polytronics Technology Corp. Board Director, Elite Foreign Trading Inc. (Turkey) Board Director, Everlight (Suzhou) Advanced Chemicals Ltd. Board Director, Anda Semiconductor Technology (Suzhou) Co., Ltd. Board Director, 3E Chemical (Suzhou) Ltd.
Chen,Chien-Ming	3,923,192	Ph.D. in Mechanical Engineering, University of Michigan	Senior Project Engineer, General Motors Corp. Deputy Director of Supply Chain Management Division, Everlight Chemical Industrial Corp. Deputy General Manager, Trend Tone Imaging, Inc.	Board Director, Everlight Chemical Industrial Corp. Board Director, Trend Tone Imaging, Inc. Board Director and General Manager, Everlight U.S.A.
Lee,Yung-Long	2,281,007	B.S. in Public Administration, National Chung Hsing University	Chairman of BOD, Hangzhou Yuda Technology Company	Board Director, Everlight Chemical Industrial Corp.
Ken,Wen-Yuen	2,951,405	M.S. in Computer System Management, University of San Francisco	Deputy General Manager, Chung Hwa Chemical Industrial Works, Ltd.	Chairman of BOD and General Manager, Chung Hwa Chemical Industrial Works, Ltd. Board Director, Everlight Chemical Industrial Corp. Independent Board Director, VIA Technologies, Inc.
Chao, Rong-Shiang	3,740,500	EMBA, National Taiwan University	Vice President, Formosa Sumco Technology Corp.	Independent Board Director, Brillian Network & Automation Co., Ltd. Member of Remuneration Committee, Marketech International Corp.

List of independent board director candidates				
Name	Number of shares held	Education	Experience	Current position
Wu,Chung-Fern	0	Ph.D. in Accounting and Information Management, UCLA	Commissioner, Financial Supervisory Commission, R.O.C Board Director, Taiwan Cooperative Financial Holding Co., Ltd. Independent Board Director, Chunghwa Telecom Co., Ltd.	Professor, Department of Accounting, National Taiwan University Board Director, Taiwan Stock Exchange Corp. Independent Board Director, Everlight Chemical Industrial Corp. Independent Board Director, Chunghwa Precision Test Tech.Co., Ltd. Independent Board Director, Thai Kin Co., Ltd. Independent Board Director, Taiwan Sugar Corp.
Yang, Way-Wen	0	Doctor of Juridical Science, Duke University	Chairman of BOD, Star Buck Power Corp. Independent & Executive Board Director, Agricultural Bank of Taiwan Co., Ltd.	Associate Prof., Department of Law, Kainan University Municipal Advisor, Taipei City Government
Chang, Yuan-Jan	0	M.S. in Engineering-Economic Systems, Stanford University M.S. in Civil Engineering, Stanford University M.S. in Engineering Management, Southern Methodist University M.S. in Mechanical Engineering, National Chiao Tung University	Independent Board Director, Iron Force Industrial Co., Ltd. Senior Strategic Investment Consultant, CEO Office, Lite-On IT Corp. Senior Vice President, DelSolar Co., Ltd. Development Manager, AES Corp.	Senior Vice President, Industrial Technology Investment Corp. Board Director, Iron Force Industrial Co., Ltd. Board Director, Arch Meter Corp. Board Director, Taiwan Electron Microscope Instrument Corp. Board Director, Taicend Technology Co., Ltd. Board Director, Beseye Cloud Security Co., Ltd. Board Director, Energictek Technology Co., Ltd. Board Director, Alliance Materials, Inc. Board Director, POME Technology Co., Ltd. Board Director, Holdwel, Co., Ltd. Board Director, BELX Bio-Pharmaceutical Co. Ltd. Board Director, Cornucopia innovation Corp.

Other Proposals

Other Proposals

Proposal of the Board of Directors

Subject: Discussion to approve the lifting of the newly elected Directors from non-competition restrictions

Explanation: 1. Pursuant to Article 209 of the Company Act. In the extent where the Company's business is not affected, nor the Company's interests are undermined, it is intended to propose to the 2021 AGM to approve relieving non-competition restrictions for the new directors who are elected in this year.

2. The contents of relieving non-competition restrictions for the new directors are set out in the attachment and will be disclosed as required. Please approve.

Appendix: The contents of relieving non-competition restrictions for the new directors of the 18th term

Resolutions:

Title	Name	Company Name and Concurrent Position
Board Director	Chen,Chien-Hsin	Chairman of BOD, Everlight Chemicals (Singapore) PTE LTD. Chairman of BOD, Trend Tone Imaging, Inc. Board Director, Elite Foreign Trading Inc. (Turkey) Board Director, GOOD TV Broadcasting Corp.
Board Director	Chen,Wei-Wang	Chairman of BOD, Everlight U.S.A. Chairman of BOD, Everlight Europe B.V. (Netherlands) Chairman of BOD, Ethical (Shanghai) Ltd. Chairman of BOD, Everlight (Shanghai) Ltd. Chairman of BOD, Ethical (Guangzhou) Ltd. Chairman of BOD, Everlight (Hongkong) Ltd. Board Director, Trend Tone Imaging, Inc. Board Director, Polytronics Technology Corp. Board Director, Elite Foreign Trading Inc. (Turkey) Board Director, Everlight (Suzhou) Advanced Chemicals Ltd. Board Director, Anda Semiconductor Technology (Suzhou) Co., Ltd. Board Director, 3E Chemical (Suzhou) Ltd.
Board Director	Chen, Chien-Ming	Board Director, Trend Tone Imaging, Inc. Board Director and General Manager, Everlight U.S.A.
Board Director	Ken, Wen-Yuen	Chairman of BOD and General Manager, Chung Hwa Chemical Industrial Works, Ltd. Independent Board Director, VIA Technologies, Inc.
Board Director	Chao, Rong-Shiang	Independent Board Director, Brillian Network & Automation Co., Ltd. Member of Remuneration Committee, Marketech International Corp.

Independent Board Director	Wu, Chung-Fern	Board Director, Taiwan Stock Exchange Corp. Independent Board Director, Chunghwa Precision Test Tech.Co., Ltd. Independent Board Director, Thai Kin Co., Ltd. Independent Board Director, Taiwan Sugar Corp.
Independent Board Director	Chang, Yuan-Jan	Senior Vice President, Industrial Technology Investment Corp. Board Director, Iron Force Industrial Co., Ltd. Board Director, Arch Meter Corp. Board Director, Taiwan Electron Microscope Instrument Corp. Board Director, Taicend Technology Co., Ltd. Board Director, Beseye Cloud Security Co., Ltd. Board Director, Energictek Technology Co., Ltd. Board Director, Alliance Materials, Inc. Board Director, POME Technology Co., Ltd. Board Director, Holdwel, Co., Ltd. Board Director, BELX Bio-Pharmaceutical Co. Ltd. Board Director, Cornucopia innovation Corp.

Extemporary Motions

Extemporary Motions

Appendices

Everlight Chemical Industrial Corporation
Rules of Procedure for Shareholders Meetings

The draft was passed by the Board on Mar 25, 2021 & August 13, 2020

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

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

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

The Company shall prepare electronic versions of the Shareholders' Meeting Notice, proxy forms, the reasons and explanatory materials relating to all proposals such as proposals for ratification, matters for deliberation, and the election or dismissal of directors, etc., and upload them to the Market Observation Post System (MOPS) 30 days before the general shareholders' meeting or 15 days before the ad hoc shareholders' meeting. Electronic versions of the Shareholders' Meeting Agenda and supplementary information shall be prepared and transmitted to the MOPS 21 days before the general shareholders' meeting or 15 days before the ad hoc shareholders' meeting. The Shareholders' Meeting Agenda and supplementary information shall be made available for shareholders to review at any time 15 days before the shareholders' meeting. The agenda and supplementary materials shall be displayed at the Company, and its professional shareholder service agency, and shall be distributed on the shareholders' meeting.

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

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

It is explicitly stated that the election of a new Board of Directors as the cause of the convention of the Shareholders' Meeting. The date of office of the member of the Board is also stated. After the successful election held in the Shareholders'

Meeting, the date of office cannot be changed in the same session through extemporary motions or any other means.

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

The Company shall stop all transactions of shares, announce the motions presented by the shareholders, acceptance of motions in writing or by electronic mean, places for accepting the motion and the duration for processing prior to the convention of the Shareholders' Meeting in regular session. At least 10 days should be allowed for the processing.

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

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

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

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

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

Article 5: The venue for a shareholders' meeting shall be where the Company is located, or a place that is convenient to shareholders and suitable for the shareholders' meeting.

The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. When choosing the location and time of the meeting, the opinions of independent directors shall be fully considered.

Article 6: The Company shall specify in the Shareholders' Meeting Notice the shareholder registration time, registration location, and any other relevant matters.

Shareholder registration shall be accepted at least 30 minutes before the start of the meeting. The registration location shall be clearly marked and a sufficient number of competent personnel shall be assigned to handle the registration.

Shareholders and their proxies (hereafter referred to as "shareholders") shall attend shareholders' meetings based on attendance passes, sign-in card, or other attendance documentation. The Company shall not require for any additional documents for the attendance of shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

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

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

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

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

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

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

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

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

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

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

Article 9: Shareholder attendance shall be calculated on the basis of shares. The number of shares in attendance shall be calculated based on the attendance book or the registration passes handed in as well as the number of shares with voting right by correspondence or in electronic form.

The chair shall call the meeting to order at the appointed meeting time, and announce the related information, such as shares without voting rights and attended shares. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If there are not enough shareholders representing at least one-third of issued shares attending the meeting after two postponements, the meeting will be announced to be dismissed by the chairman.

If there are not enough shareholders representing at least one-third of issued shares attending the meeting after two postponements, tentative resolutions may be passed in accordance with Article 175, Paragraph 1 of the Company Act. Shareholders shall be notified of the tentative resolutions, and another shareholders' meeting will be convened within one month.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

If a shareholder wants to attend the shareholders' meeting in person after exercising the voting right by correspondence or electronically, he/she shall cancel the representation of the voting right mentioned in the previous paragraph in the same way with exercising the voting right 2 days before the shareholders' meeting. For the cancellations overdue, the voting right made by correspondence or electronically will prevail. If the shareholder exercises the voting right by correspondence or electronically and appoints a proxy with a proxy form to attend the shareholders' meeting, the voting right exercised by the attending proxy on the meting shall prevail.

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

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

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

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

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

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

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

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

The minutes of meeting on record shall contain information on the year, month, day, venue, name of the presiding officer, method of voting, the summary of discussion on motions, and voting result (including the statistics on the votes). If an election of Directors and Supervisors is held, disclose the votes earned by each candidate. The minutes of meeting on record shall be kept within the perpetuity of the Company.

Article 16: On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make a clear disclosure at the place of the shareholders' meeting.

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

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

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

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

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

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

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

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

Article 19: The Rules shall be implemented after being adopted by the shareholders' meeting. Amendments shall also follow the same procedure.

Article 20: The Rules were mandated on Apr. 26, 1988.

The first amendment was made on May 22, 1998.

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

The third amendment was made on May 24, 2011.

The fourth amendment was made on May 24, 2012.

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

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

The seventh amendment was made on May 28, 2020.

The eighth amendment was made on May 27, 2021.

Everlight Chemical Industrial Corporation
Codes of Ethical Conduct for Directors and Managers

Passed by the Board on August 13, 2020.

Article 1 : Purpose of and basis for adoption

These Guidelines are adopted to encourage directors and managerial officers of the Company (including general managers or their equivalents, assistant general managers or their equivalents, deputy assistant general managers or their equivalents, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of a company) to act in line with ethical standards, and to help interested parties better understand the ethical standards of the Company.

Article 2: Prevention of conflicts of interest

Conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall interest of the Company, for example, when a director or managerial officer of the Company is unable to perform their duties objectively and efficiently, or when a person in such a position takes advantage of their position in the Company to obtain improper benefits for either themselves or their spouse or relatives within the second degree of kinship.

The Company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which the above said persons work.

The Company shall establish a policy aimed at preventing conflicts of interest and shall offer appropriate means for directors and managerial officers to voluntarily explain any potential conflict between them and the Company.

Article 3: Minimizing incentives to pursue personal gain

When the Company has an opportunity for profit, it is the directors and managerial officers' responsibility to maximize the reasonable and proper benefits that can be obtained by the Company.

The Company shall prevent its directors, supervisors, or managerial officers from engaging in any of the following activities: (1) Seeking an opportunity to pursue personal gain by using company property or information or taking advantage of their positions. (2) Obtaining personal gain by using company property or information or taking advantage of their positions.

Article 4: Confidentiality

The Company's directors and managerial officers shall be bound by the obligation to maintain the confidentiality of any information regarding the Company itself or its suppliers and customers, except when authorized or required by law to disclose such information.

Confidential information includes any undisclosed information that could result in damage to the Company or the suppliers and customers if exploited by a competitor or disclosed.

Article 5: Fair trade

Directors and managerial officers shall treat all suppliers and customers, competitors, and employees fairly and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions or misrepresentation of important matters, or through other unfair trading practices.

Article 6: Safeguarding and proper use of company assets

All directors and managerial officers are responsible for safeguarding company assets and ensuring that they can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of the assets will all directly impact the Company's profitability.

Article 7: Compliance to the laws and regulations

The Company shall strengthen its compliance with the Securities and Exchange Act and other applicable laws, regulations, and bylaws.

Article 8: Encouraging reporting on illegal or unethical activities

The Company shall raise awareness of ethics internally and encourage employees to report to a managerial officer, chief internal auditor, or other appropriate individuals upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct.

To encourage employees to report illegal conduct, the Company shall establish a concrete whistle-blowing system allowing anonymous whistle-blowing and make employees aware that the Company will use its best efforts to ensure the safety of whistle-blowers and protect them from reprisals

Article 9: Disciplinary measures

When a director or managerial officer violates the code of ethical conduct, the Company shall handle the matter in accordance with the disciplinary measures prescribed in the code and shall without delay disclose on the Market Observation Post System (MOPS) the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. The Company should establish a relevant complaint system to provide the violator with remedies.

Article 10: Procedures for exemption

The code of ethical conduct adopted by the Company must require that any exemption for directors or managerial officers from compliance with the code be adopted by a resolution of the board of directors. That information on the date on which the board of directors adopted the resolution for exemption, objections or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the code and to safeguard the interests of the Company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.

Article 11: Procedures for exemption

The Company shall disclose the code of ethical conduct it has adopted and any amendments to it, on its company website, in its annual reports and prospectuses and on the MOPS.

Article 12: Enforcement

The Company's code of ethical conduct, and any amendments to it, shall enter into force after being adopted by the board of directors, delivered to each supervisor, and submitted to a shareholders meeting.

The Guidelines were instituted on December 23, 2010.

The first amendment was made on March 26, 2015.

The second amendment was made on August 13, 2020.

Everlight Chemical Industrial Corporation
Procedures for Election of Directors

Passed by the Board on August 13, 2020.

Article 1

To ensure a just, fair, and open election of directors, these Procedures are adopted pursuant of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2

Except as otherwise provided by law and regulation or by this Corporation's articles of incorporation, elections of directors shall be conducted in accordance with these Procedures.

Article 3

The overall composition of the board of directors shall be taken into consideration in the selection of this Corporation's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

1.Basic requirements and values: Gender, age, nationality, and culture.

2.Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

The board of directors of this Corporation shall consider adjusting its composition based on the results of performance evaluation.

Article 4

The qualifications for the independent directors of this Corporation shall comply with Articles 2, 3, and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

The election of independent directors of this Corporation shall comply with Articles 5, 6, 7, 8, and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be conducted in accordance with Article 24 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 5
Elections of directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.
When the number of directors falls below five due to the dismissal of a director for any reason, this Corporation shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one third of the total number prescribed in this Corporation’s articles of incorporation, this Corporation shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.
When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Article 6
The cumulative voting method shall be used for election of the directors at this Corporation. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 7
The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 8
The number of directors will be as specified in this Corporation's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 9
Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

Article 10
A ballot is invalid under any of the following circumstances:
1. The ballot was not prepared by a person with the right to convene.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.

4. The candidate whose name is entered in the ballot does not conform to the director candidate list.
5. Other words or marks are entered in addition to the number of voting rights allotted.

Article 11

The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site.
The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 12

The board of directors of this Corporation shall issue notifications to the persons elected as directors.

Article 13

These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Article 14

The Procedures were established on April 26, 1988.
The first amendment was made on Jun. 21, 2002.
The second amendment was made on May. 24, 2011.
The third amendment was made on Jun. 20, 2014.
The fourth amendment was made on Jun 11, 2015.
The fifth amendment was made on May. 27, 2021.

.

Articles of Incorporation,
Everlight Chemical Industrial Corporation

Passed by the Shareholders' Meeting on May 30, 2019

Chapter 1 General Rules

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

Article 2: The Company engages in the following businesses:

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

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

Article 4: The publishing of the Company is conducted in accordance with Article 28 of the Company Act.
The total investment amount of the Company is not limited to the restriction of 40% of the Company's paid-in capital as defined in the Company Act.

Chapter 2 Shares

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

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

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

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

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

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

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

Chapter 3 Shareholders’ Meeting

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

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

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

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

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

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

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

Chapter 4 Directors and Audit Committee

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Chapter 5 Managers

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

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

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

Chapter 6 Accounting

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

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

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

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

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

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

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

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

Chapter 7 Additional provisions

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

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

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

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

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

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

The fourth amendment was made on May 28, 1977.

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

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

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

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

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

Mar.29 , 2021

Title	Name	The shareholding listed on the shareholders name list as of the book closure date	
		Shareholding	Shareholding ratio %
Chairman	Chen, Chien-Hsin	6,730,000	1.23%
Director	Chen, Ding-Chuan	68,000,000	12.41%
Director	Chen, Ding-Chi	14,195,254	2.59%
Director	Chen, Wei-Wang	6,300,000	1.15%
Director	Chen, Chien-Ming	3,923,192	0.72%
Director	Lee, Yung-Long	2,281,007	0.42%
Director	Ken, Wen-Yuen	2,951,405	0.54%
Director	Tsai, Kuang-Feng	312,636	0.06%
Independent director	Wang, Hsiu-Chun	0	0%
Independent director	Hung, Ying-Cheng	0	0%
Independent director	Wu, Chung-Fern	0	0%
Total shareholding of all directors		104,693,494	19.12%

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

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

Better Chemistry
Better Life