

Stock Code : 1735



日勝化工股份有限公司
EVERMORE CHEMICAL INDUSTRY CO., LTD.

Handbook for the 2021 Annual General Shareholders' Meeting



Time : June 29 (Tuesday) 2021, 9:30 AM
Place : No. 7, Gongye South 2nd Road, Nantou City
(Evermore Chemical Industry Co., Ltd.)

Notice to readers

This English version handbook is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

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I. Meeting Procedures:

EVERMORE CHEMICAL INDUSTRY CO., LTD. Procedure for the 2021 Annual Meeting of Shareholders

- I. Call to Order
- II. Chairperson Remarks
- III. Management Presentation
- IV. Proposals
- V. Discussions
- VI. Elections
- VII. Other Matters
- VIII. Questions and Motions
- IX. Adjournment

II. Meeting Agenda:

EVERMORE CHEMICAL INDUSTRY CO., LTD. Meeting Agenda for the 2021 Annual Meeting of Shareholders

Time: June 29, 2021 (Tuesday), 9:30 AM

Venue: No. 7, Gongye South 2nd Road, Nantou City (Evermore Chemical Industry Co., Ltd.)

I. Management Presentation:

- (I) Report on allocation of remuneration of employees and remuneration of directors for 2020.
- (II) Business and Financial Report for 2020 and Annual Operating Plan for 2021.
- (III) Review of the report on final accounts for 2020 by supervisors
- (IV) Report on the funds lent and endorsement & guarantee provided by the Company

II. Proposals:

- (I) Acknowledge the 2020 business report and financial statements.
- (II) Acknowledge the 2020 earnings distribution plan.

III. Discussions:

- (I) Amendment of some provisions of the Company's Articles of Incorporation.
- (II) Amendment some provisions of the Rules of Procedure for Shareholders Meetings.
- (III) Amendment of some provisions of Operating Procedures for Fund Loans and Endorsement Guarantees
- (IV) Amendment of some provisions of Procedures for the Acquisition or Disposal of Assets.
- (V) Amendment of some provisions of Procedures for Election of Directors and Supervisors

IV. Elections:

- (I) The Company re-elected all 9 directors (including 3 independent directors).

V. Other Matters:

- (I) Discharge of new directors and representatives of the Company from non-competition restrictions.

VI. Questions and Motions.

VII. Adjournment.

I. Management Presentation

Proposal 1: Report on allocation of remuneration of employees and remuneration of directors for 2020.

Description: In accordance with the Articles of Association, the Company allocates 5% for staff remuneration and 2% for directors and supervisors in accordance with the articles of association. The amounts are NT\$3,621,816 and NT\$1,448,726, respectively. All will be paid in cash, and there is no difference with the number of accounts in 2020.

Proposal 2: Business and Financial Report for 2020 and Annual Operating Plan for 2021.

Description: please refer to Appendix I (Pages 8-11).

Proposal 3: Review of the report on final accounts for 2020 by supervisors.

Description: please refer to Appendix II (Page 12).

Report No. 4: Report on the funds lent and endorsement & guarantee provided by the Company.

Description: The funds lent and endorsement & guarantee provided by the Company as of December 31, 2020 are as follows:

1. Endorsements and guarantees:

| Endorser & guarantor | Endorsee/Guarantee | Endorsement & guarantee limit (NT\$ 1,000) | Actual Borrowing Amount (NT\$ 1,000) |
|--|---|---|---|
| EVERMORE CHEMICAL INDUSTRY CO, LTD | LIBERTY BELL INVESTMENTS LTD. | NTD 453,900 (USD 15,000) | NTD 46,930 (USD 1,648) |
| | TOP WELL ELASTIC TECHNOLOGY CO., LTD. | NTD 14,405 (USD 500) | NTD 14,240 (USD 500) |

2. Fund lending:

| Lender | Borrower(s) | Credit line for fund lending (NT\$ 1,000) | Actual Borrowing Amount (NT\$ 1,000) |
|---|---|--|---|
| EVERMORE CHEMICAL INDUSTRY CO, LTD | U-BEST VIETNAM POLYMER INDUSTRY COMPANY LIMITED | NTD 30,020 (USD 1,000) | NTD 24,208 (USD 850) |
| U-BEST VIETNAM POLYMER INDUSTRY COMPANY LIMITED | VIET NAM SUM YAD TECHNOLOGY LIMITED | NTD 5,342 (VND 4,200,000) | NTD 5,183 (VND 4,200,000) |

II. Proposals

Proposal 1: Approval of 2020 Business Report and Financial Statements; submitted for approval. (Proposed by the Board of Directors)

Description: 1. The accountants from Deloitte Touche Tohmatsu Limited, *i.e.* Ting-Chien Su and Wu Lidong, have audited the Company's annual accounts, individual financial statement and consolidated financial statements for 2020, and issued an Auditor's Report. In addition, the financial statements, Business Report, distribution of earnings contained in the preceding paragraph which were identified as on record upon review by supervisors are submitted for approval.

2. Please refer to Appendix I (pages 8-11) and Appendix III (pages 13-32) for the attached books, statements and Auditor's Report issued by the accountants.

Resolutions:

Proposal 2:

- Description:
1. Please refer to Appendix IV (page 33) for the Company's distribution of earnings for 2020.
 2. Cash dividend:NTD 49,694,000, distributed pro rata to the shareholders on the shareholder register as of record date at NTD 0.5 per share (round down to NTD 1). The fractional amount of dividends less than NTD 1 is summed and recognized as other income of the Company. After the approval of the general meeting, the Board of Directors is authorized by the shareholders to fix record date and date for dividend distribution.
 3. If there is a change in dividend payout ratio due to changes in the number of outstanding shares of the Company prior to the record date, the Board of Directors shall be authorized by the shareholders to make adjustments.

Resolutions:

III. Discussions

Proposal 1: Amendments to some provisions the Articles of Incorporation of the Company (submitted for approval by way of a resolution). (Proposed by the Board of Directors)

Description: In response to the revision of relevant laws and regulations and the establishment of an Audit Committee to take on the responsibilities of supervisors, it is proposed to amend some provisions of the Articles of Incorporation. Please refer to Appendix V for a comparison table of provisions before and after the revisions (page 34-35).

Resolutions:

Proposal 2: Amendments to some provisions of Rules of Procedure for Shareholder Meetings submitted for resolution. (Proposed by the Board of Directors)

Description: In response to the revision of relevant laws and regulations and the establishment of an Audit Committee to take on the responsibilities of supervisors, it is proposed to amend some provisions of the Rules of Procedure for Shareholders Meetings. Please refer to Appendix VI for a comparison table of provisions before and after the revisions (page 36-37).

Resolutions:

Proposal 3: Amendment of some provisions of Operating Procedures for Fund Loans and Endorsement Guarantees, submitted for approval. (Proposed by the Board of Directors)

Description: In response to the establishment of an Audit Committee to take on the responsibilities of supervisors, it is proposed to amend some provisions of the Operating Procedures for Fund Loans and Endorsement Guarantees. Please refer to Appendix VII for a comparison table of provisions before and after the revisions (page 38-39).

Resolutions:

Proposal 4: Amendment of some provisions of Procedures for the Acquisition or Disposal of Assets, submitted for proposal. (Proposed by the Board of Directors)

Description: In response to the establishment of an Audit Committee to take on the responsibilities of supervisors, it is proposed to amend some provisions of the Procedures for the Acquisition or Disposal of Assets. Please refer to Appendix VIII for a comparison table of provisions before and after the revisions (pages 40-42).

Resolutions:

Proposal 5: Amendment of some provisions of Procedures for Election of Directors and Supervisors, submitted for approval. (Proposed by the Board of Directors)

Description: In response to the revision of relevant laws and regulations and the establishment of an Audit Committee to take on the responsibilities of supervisors, it is proposed to revise the Procedures for Election of Directors and Supervisors to the Procedures for Election of Directors, and to amend some provisions. Please refer to Appendix IX for a comparison table of provisions before and after the revisions (page 43-44).

Resolutions:

IV. Elections

Proposal 1: The Company re-elected all 9 directors (including 3 independent directors), submitted for approval. (Proposed by the Board of Directors)

Description: 1. The term of office of the current directors and supervisors will end on June 25, 2021. According to Article 17 of the Articles of Incorporation of the Company, the election of 9 directors is based on the candidate nomination system (including the 3 independent directors). The term of office is from June 29, 2021 to June 28, 2024. The term of office is three years and directors will take office on the date of election.
2. The list of candidates for directors and independent directors and related information are detailed in the following table:

| Category | Nominee | Main educational background and current position | Shares held | Whether he or she has served as an independent director for three consecutive terms |
|----------|----------------|--|-------------|---|
| Director | Ho Wen-Chieh | Education: Department of Chemistry, Tamkang University Experience: Business Manager, Jiehua Chemical Company; Chairperson, Evermore Chemical Industry Co., Ltd. current position: Chairperson, Evermore Chemical Industry Co., Ltd.; Chairperson, Giant Star Trading Co., Ltd.; Chairperson, Chem-Mat Technologies Co., Ltd.; Executive Director, AICA Kogyo Company Limited | 7,003,532 | N/A. |
| Director | Huang Chng-Tze | Education: Master of Chemical Engineering, Tsinghua University Experience: Researcher, Institute of Chemical Engineering, Industrial Technology Research Institute, Deputy Associate, Pou Chen Industrial Co., Ltd. current position: General Manager, Evermore Chemical Industry Co., Ltd. | 93 | N/A. |

| Category | Nominee | Main educational background | Shares held | | Whether he or she has served as an independent director for three consecutive terms |
|----------------------|---|--|------------------|------------|---|
| Director | Yue Dean Technology Co., Ltd. Corporate representative Tsai Nai-Yung | Education:Lukang Junior High Experience:Executive Associate, Pou Chen Industrial Co., Ltd.; Executive Associate, Pou Yuen Technology Co., Ltd.; Executive Associate, Yue Dean Technology Co., Ltd.; Vice President, Pou Chen Industrial Co., Ltd. current position: Vice President, Global Supply Chain Administration of Pou Chen Group. | Corporate entity | 2,290,760 | N/A |
| | | | Individual | 0 | |
| Director | Aica Kogyo Company, Limited Corporate representative Omura Nobuyuki | Education:Faculty of Economics, University of Tokyo Experience:Mitsui & Co., Ltd.; AICA Kogyo Company Limited. current position: Executive Director, AICA Kogyo Company Limited; Chief of Functional Materials Company. | Corporate entity | 49,793,388 | N/A. |
| | | | Individual | 0 | |
| Director | Aica Kogyo Company, Limited Corporate representative Ebihara Kenji | Education:Department of Applied Chemistry, Nagoya Institute of Technology Experience:Executive Director, Managing Director, AICA Kogyo Company Limited. current position:Executive Director, Manager of Chemical Products Company, AICA Kogyo Company Limited. | Corporate entity | 49,793,388 | N/A. |
| | | | Individual | 0 | |
| Director | Aica Kogyo Company, Limited Corporate representative Ichikawa Toyooki | Education:Doshisha University Faculty of Economics Experience:The Tokai Bank, Ltd. (now known as MUFG Bank); AICA Kogyo Company Limited current position: Executive Director, AICA Kogyo Company Limited; Director of Overseas Planning. | Corporate entity | 49,793,388 | N/A. |
| | | | Individual | 0 | |
| Independent director | Higashiyama Mikio | Education:Keio University Department of Commerce Experience: Chairman and General Manager of Taiwan Mitsui & Co., Ltd., and board member of Mitsui & Co., Ltd.. current position: N/A. | 0 | | NO. |
| Independent director | Chen Chun Cheng | Education:Institute of Law, Soochow University Experience: Lawyer of General Law Firm, Lawyer of Huaya Concord Law Firm, Lawyer of Widow International Law Firm. current position: Lawyer of Kuroda Japan Foreign Law Firm | 0 | | NO. |
| Independent director | Chueh Liang Wu | Education:Master of Business Administration, California State University Fullerton Experience: Financial Manager of Litai Electronics Co., Ltd., Financial Manager of Powerchip Semiconductor Co., Ltd., Chief Financial Officer of Ruijing Electronics Co., Ltd., Chief Financial Officer of Taiwan Micron Memory Co., Ltd., and Auditor General of Taiwan current position: N/A. | 0 | | NO. |

Voting Results:

V. Other Matters

- Proposal 1: Discharge of new directors and their representatives of the Company from non-competition restrictions, submitted for approval. (Proposed by the Board of Directors)
- Description:
1. According to Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
 2. In view of the possibility that new directors and representatives may simultaneously serve as directors and managers of other companies with the same business scope as our Company, then without prejudice to the interests of the Company it is proposed to request the shareholders' meeting to approve the lifting of the prohibition on competition for new directors and representatives of the Company.
 3. For a list of newly appointed directors concurrently holding other positions, please refer to Appendix X (page 45).

Resolutions:

VI. Questions and Motions

VII. Adjournment

III. Appendix

Appendix I: Business Report for 2020

I. Operating Results for 2020

(I) Results of Business Plans

The Company's consolidated net revenue for 2020 is NTD 2,363,415 thousand. Consolidated net profit after tax was NTD 74,010 thousand and consolidated basic earnings per share after tax was NTD 0.74 per share; please refer to the table below.

Revenues in 2020 were lower than that in 2019. Due to the rapid and severe outbreak of COVID-19 in early 2020, many governments busied themselves with pandemic prevention measures and this forced some countries to implement border controls. This in turn led to stagnation of economic activity. Overall sales volumes fell, accompanied by a downward trend in sales prices as well. After the downturn in the first three quarters, the prices of some major raw materials bounced back in the fourth quarter, which affected gross profit. Meanwhile, in respect to non-industry expenditures, forecasts were adjusted for the Thailand business to reflect the impact of the COVID-19 pandemic, and a loss of goodwill was included. In terms of overall results, this year's gross profit decreased by 29.46% compared to 2019. Net profit before and after tax decreased by 55.68% compared with 2019.

Operating Performance:

Unit:NT\$ 1,000

| Item | 2020 | 2019 | Growth Rate |
|--------------------------|-----------|-----------|-------------|
| Operating Revenue | 2,363,415 | 3,174,698 | -25.55% |
| Operating Profits | 137,490 | 200,484 | -31.42% |
| PROFIT BEFORE INCOME TAX | 77,584 | 175,061 | -55.68% |

(II) Budget Implementation

The Company has not disclosed the financial forecasts for the year of 2020.

(III) Financial Revenue and Expenditure

As of December 31, 2020, total consolidated assets were NTD 3,055,063, total liabilities were NTD 1,570,519, debt ratio was 51%, and current ratio was 137.38%.

(IV) Analysis of Profitability

| Item | 2020 | 2019 |
|---------------------------------------|------|-------|
| Return on assets (%) | 2.79 | 4.49 |
| Return on equity (%) | 5.01 | 8.27 |
| Income before tax/paid-in capital (%) | 7.80 | 17.61 |
| Net profit margin (%) | 3.13 | 3.71 |
| Earnings per share (NT\$) | 0.74 | 1.19 |

(V) Status of Research and Development

1. R&D expenses spent in this year:

| Item | 2020 |
|-------------------------------------|--------|
| Amount (NT\$ 1,000) | 70,287 |
| Proportion to operating revenue (%) | 2.97% |

2. The technologies or products developed successfully:

- A. ECO solvent-free flexible packaging with medium temperature cooking polyurethane adhesive
- B. Polyester thermoplastic polyurethane for extrusion tubes with high heat resistance and stability
- C. High valuable, anti-yellowing and low free monomer crosslinking agent
- D. ECO solvent-free high moisture permeability polyurethane hot melt adhesive for textile
- E. Highly compatible fast-curing crosslinking agent

F.ECO polyurethane pre-polymer for hydrolysis-resistant casters

G.High stability UV curing epoxy acrylate oligomer material

H.High stability UV curing epoxy acrylate oligomer material

II. Summary of Annual Business Plan for 2021

(I) Business Policies

- 1.In terms of core technology, we focus on polyurethane resins, functional acrylic monomers, oligomers, UV-curable resins, and the development and application of bridging agents and additives for coatings.
- 2.In terms of the application of products in the downstream industry, continuous attention should be paid to sports and leisure sectors, including the demand for functional materials in sports shoes, clothes, bags, equipment, outdoor activities, etc.; the Company plans to integrate upstream development and marketing with downstream development and marketing, and broaden cooperation with international brands; continue to expand the application of traditional woodware to 3C photoelectric coatings, the application of PU resin in construction, electronics and automotive-related industry to explore niche-type industries.
- 3.In the product development section, and in addition to functional requirements, we continue to develop green and environmentally friendly materials in line with modern trends. This includes one solvent-free liquid for textile coating lamination, two-component PU, thermoplastic PU, water-based PU, low-energy UV-curable acrylic resins, and so on, in hopes of contributing to a green Earth.
- 4.In order to be closer to and serve the brand customers of the sports industry, we engage in continuous development with low pollution, with more energy-efficient processing characteristics in the process and products such as solvent-free functional PU films, thereby deeply cultivating functional textile lamination and the application market of solvent-free PU synthetic leather.
- 5.In terms of resource integration by the Group, we will continue to strengthen the complementation of production and sales between the plants located in Nangang, Taiwan and Huangjiang, Guangdong; it is also necessary to combine the marketing channels of AICA and other subsidiaries in the field of optoelectronics and coatings to expand the integration effect in Greater China.
- 6.We will continue to invest resources in the Southeast Asian market. In addition to market development, we also are also investing in the construction plan of the production base in Vietnam, with a view to exerting the comprehensive effect of Taiwan, Dongguan, Vietnam, and Thailand.
- 7.In order to strengthen the competitive advantage in the UV hardening coatings market, investment is planned in the second half of the year in the production and sales of UV paper glazing coatings and functional oligomers. This will be done in order to further expand the Group's integration and synergy in UV, and to increase the Group's business scale.

(II) Expected Sales Volume and Its Basis

Unit:MT

| Type of Products | PU resin | PE resin | Other products |
|------------------|----------|----------|----------------|
| Quantity | 25,217 | 3,726 | 2,140 |

The above-mentioned expected quantities are based on the annual sales in 2020, with reference to the estimate of the overall economic situation for 2021.

(III) Significant Policies for Production and Sales

- 1.To stabilize the quality of products, meet customer requirements, and improve customer loyalty.
- 2.To quickly respond to the customer's demand for special specifications of products and capture the market as soon as possible.

3.To strengthen the development of new products and customers, and take the initiative to pay close attention to the market.

4.Subsidiaries in various regions closely communicate and coordinate with one another in order to cope with the ability of any transnational scheduling production and multinational delivery.

III. The Company's development strategies in the future will be influenced by the external competitive environment, regulatory environment and overall business environment:

(I) The Company's Development Strategies in the Future

- To strengthen the function of the Group:Set up the general manager's office, integrate the executive functions of the Group, and the operational affairs of each business unit, enhance the functional level of the Group, and make full use of internal resources to maximize value.
- To enhance the ability of the dedicated teams to take charge:keep the group's finance, marketing, R&D and supply chain functioned as the group's management center, with each department focused on the operation and management of specific areas, so that they are responsible for their respective goals and strategies, and create profits.
- To continuously review and focus on core competencies:Carry out internal evaluation of the value and scalability of core competencies, and innovate products and sustain core capabilities by exerting the existing capabilities of marketing and R&D.
- To build a service-oriented business model:The key to the future business strategy of EVERMORE CHEMICAL is re-examining the characteristics of the existing industrial value chains with innovative thinking and vision, finding new niche, creating differentiated value, and developing the service-oriented corporate culture of T2.5 generation manufacturing.
- Beginning with the end:Start with meeting the needs of the terminal industry and the market based on the core capabilities of precision chemistry and materials technology, and deeply explore and focus on the niche market. Looking ahead, we will focus on the overall solution in the year, by going beyond the original product application market, integrating the existing technologies of products with innovative thinking, providing customers with higher added value and developing innovative production process that keeps up with the green trends of carbon reduction and low pollution in the future.
- To improve production technology, product quality, yield rate and other related production processes through the cooperation model of international subcontracting.
- To expand the fields of construction, optoelectronics, adhesives, etc. through the AICA cooperation platform to improve business performance and profitability.
- To actively expand the Southeast Asia and emerging markets.
- To continuously recruit and train outstanding talents to achieve medium-and long-term organizational goals.
- To develop new products with high added value and enhance internal core technologies based on industry trends and customer needs.
- In addition to focusing on the development of green and environmentally friendly products, we will also contribute to the construction of green earth by responding to environmental awareness and reducing waste output.

(II) Impact of the external competitive environment, regulatory environment and overall business environment, and countermeasures

The overall business environment, including international prosperity, regional political factors, crude oil prices, trade agreements, environmental regulations of each country and exchange rates, will have impact on

the operation of the chemical industry. In terms of raw materials, with reference to the prices for crude oil and supply of raw materials in the market, we will purchase raw materials with competitive price advantage if appropriate to cut product costs; with respect to trade agreements, by taking into consideration of the status of each production base of the group, and with reference to the terms of the trade agreements for territories, we will take advantage of the Group's supply chain platform and adopt a more flexible marketing strategy; as the development of chemical industry is limited by the heightening environment protection awareness of each country, the Company gradually reduces its dependence on high-pollution energy, promotes lean production and strengthens the recycling of internal wastes, reduces waste emissions, and continues to develop environmentally friendly products in response to market development needs in the future; at the same time, in response to the changes in the business environment, we will overcome excessive dependence on a single market, and gradually strengthen the development of the Southeast Asian market.

The novel coronavirus emerged in January 2020. The start-up status of enterprises in the main affected countries or regions is restricted, and effects persist in the first quarter of this year. The Company has fully coordinated the production capacity of the Nangang and Guangdong Huangjiang plants and is striving to minimize the impact. We will thus strive to achieve this year's operating budget.

Today, ladies and gentlemen, thanks for taking the time to attend the General Meeting of the Company. All employees of the Company will adhere to the consistent business philosophy, and create profits to share with shareholders and give back the society. We wish all the shareholders good health and good luck!

Chairman:Ho Wen-Chieh

Manager:Huang Chang-Tze

Chief Accountant:Chen Hsiang-Li

EVERMORE CHEMICAL INDUSTRY CO, LTD

Supervisor's Review Report

The Company's individual financial statement and consolidated financial statements prepared and submitted by the Board of Directors for 2020 have been audited, and determined as sufficient to appropriately reflect the Company's financial position, business results and cash flows by the accountants from Deloitte Touche Tohmatsu Limited, *i.e.* Ting-Chien Su and Wu Lidong. The Audit Report together with the Business Report and earning distribution plan are determined as qualified after review by supervisors. Reports have been submitted in accordance with the provisions of Article 219 of the Taiwan's Company Act.

Best Regards

General Shareholders' Meeting of EVERMORE CHEMICAL INDUSTRY CO, LTD for 2021

Supervisor:Liu Wei Tung

Supervisor:Lu Hui Pin

Supervisor:Su Yi Hsiu

March 22, 2021

Appendix III. Individual Financial Statements and Consolidated Financial Statements for 2020

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders Evermore Chemical Industry Co., Ltd.

Audit Opinion

We have audited the accompanying individual balance sheets of Evermore Chemical Industry Co., Ltd. and its subsidiaries (the “Group”) as at December 31, 2020 and 2019, and the related individual statements of comprehensive income, of changes in equity and of cash flow for the years then ended, and notes to the individual financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and reports of other independent accountants, the accompanying individual financial statements present fairly, in all material respects, the individual financial position of the Group as at December 31, 2020 and 2019, and its individual financial performance and its individual cash flow for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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 Group's individual financial statements of the year 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.

Key audit matters for the Group's 2020 individual financial statements are stated as follows:

Authenticity of revenue recognition for specific customers

The main source of revenue of Evermore Chemical Industry Co., Ltd. is the sales of resins, and the sales locations are mainly located in markets such as Asia. Operating revenue in 2020 decreased compared to the previous

year, but the operating revenue of some customers grew compared to the previous year. There is a significant risk to the authenticity of their revenue, because the authenticity of revenue recognition for specific customers is listed as a key audit matter. For accounting policies related to revenue recognition, please refer to Note IV of the parent company only financial statements.

The main audit procedures that we have implemented in response to the above key audit matters are as follows:

- 1 Understand and evaluate internal control design related to inspection and risk in the sales and collection cycle, and execute tests of its effectiveness.
- 2 Select samples from the sales details of specific customers, review relevant documents such as shipment orders and export declarations, and check whether collection counterparties are consistent with sales counterparties.

Responsibilities of management and those charged with governance for the parent company only 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 the Company's 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 supervisors, are responsible for overseeing the Company's financial reporting process.

Auditors' 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 parent company only financial statements.

As part of an audit in accordance with the 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 entities or business activities within the Company to express an opinion on the 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 2020 individual financial statements 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.

Deloitte Taiwan
CPA Ting-Chien Su

CPA Li-Tung Wu

Approval reference of the Financial Supervisory
Commission
Jin-Guan-Zheng-Shen-1070323246

Approval reference of the Securities and Futures
Bureau
Tai-Tsai-Cheng (VI) No. 0920123784

March22, 2021

Evermore Chemical Industry Co., Ltd.
BALANCE SHEETS
December31, 2020 and 2019

Unit: NT\$ thousand

| Code | ASSETS | December31, 2020 | | December 31, 2019 | |
|------|--|---------------------|------------|---------------------|--------------|
| | | Amount | % | Amount | % |
| | CURRENT ASSETS | | | | |
| 1100 | Cash (Notes IV and VI) | \$ 49,458 | 2 | \$ 29,949 | 1 |
| 1136 | Financial assets measured at amortized cost - current (Notes IV and VII) | 52,418 | 2 | - | - |
| 1150 | Notes receivable (Notes IV, VIII, and XXIV) | 64,562 | 2 | 76,797 | 3 |
| 1170 | Accounts receivable due from non-related parties (Notes IV and VIII) | 164,420 | 6 | 165,503 | 7 |
| 1180 | Accounts receivable due from related parties (Notes IV, VIII, and XXIV) | 101,744 | 4 | 72,509 | 3 |
| 1200 | Other receivables, net (Note XXIV) | 32,746 | 1 | 7,390 | 1 |
| 1220 | Highest balance of financing to other parties during the period (Note IV and XX) | - | - | 2,249 | - |
| 1300 | Inventories (Notes IV and IX) | 257,473 | 9 | 266,821 | 11 |
| 1476 | Other current financial assets (Notes IV, X, and XXV) | 15,740 | 1 | 1,586 | - |
| 1479 | Other current assets | <u>6,448</u> | <u>-</u> | <u>5,237</u> | <u>-</u> |
| 11XX | Total current assets | <u>745,009</u> | <u>27</u> | <u>628,041</u> | <u>26</u> |
| | NON-CURRENT ASSETS | | | | |
| 1550 | Investment accounted for using the equity method (Notes IV and XI) | 1,283,493 | 46 | 1,038,705 | 42 |
| 1600 | Property, plant and equipment (Notes IV, XII, and XXV) | 685,823 | 25 | 606,200 | 25 |
| 1760 | Investment real estate (Notes IV and XIII) | 1,094 | - | 1,243 | - |
| 1801 | Computer software (Note IV) | 606 | - | 766 | - |
| 1840 | Deferred tax assets (Notes IV and XX) | 22,236 | 1 | 11,111 | - |
| 1915 | Prepayments for equipment | 29,658 | 1 | 71,580 | 3 |
| 1920 | Refundable deposits | 129 | - | 248 | - |
| 1960 | Prepayments for investments (Note XI) | <u>-</u> | <u>-</u> | <u>87,561</u> | <u>4</u> |
| 15XX | Total non-current assets | <u>2,023,039</u> | <u>73</u> | <u>1,817,414</u> | <u>74</u> |
| 1XXX | TOTAL | <u>\$ 2,768,048</u> | <u>100</u> | <u>\$ 2,445,455</u> | <u>100</u> |
| | LIABILITIES AND EQUITY | | | | |
| | CURRENT LIABILITIES | | | | |
| 2100 | Short-term bank loans (Notes XIV and XXV) | \$ 560,965 | 20 | \$ 468,715 | 19 |
| 2110 | Short term notes and bills payable (Note XIV) | 129,855 | 5 | 129,867 | 5 |
| 2150 | Notes payable (Note XXIV) | 73,095 | 3 | 70,815 | 3 |
| 2170 | Accounts payable (Note XXIV) | 2021,497 | 4 | 88,045 | 4 |
| 2200 | Other payables (Notes XV and XXIV) | 63,434 | 2 | 63,138 | 3 |
| 2230 | Current tax liabilities (Notes IV and XX) | 24,120 | 1 | 13,608 | 1 |
| 2250 | Provisions - Current (Notes IV and XVI) | 1,077 | - | 1,077 | - |
| 2322 | Long-term bank loans due within one year (Notes XIV and XXV) | 64,000 | 2 | 54,483 | 2 |
| 2399 | Other current liabilities- Other | <u>4,708</u> | <u>-</u> | <u>4,869</u> | <u>-</u> |
| 21XX | Total current liabilities | <u>1,031,751</u> | <u>37</u> | <u>894,617</u> | <u>37</u> |
| | NON-CURRENT LIABILITIES | | | | |
| 2541 | Long-term bank loans (Notes XIV and XXV) | 207,117 | 7 | 27,602 | 1 |
| 2570 | Deferred tax liabilities (Notes IV and XX) | <u>44,636</u> | <u>2</u> | <u>58,086</u> | <u>2</u> |
| 25XX | Total non-current liabilities | <u>251,753</u> | <u>9</u> | <u>85,688</u> | <u>3</u> |
| 2XXX | Total liabilities | <u>1,283,504</u> | <u>46</u> | <u>980,305</u> | <u>40</u> |
| | EQUITY | | | | |
| 3110 | Share capital from common stock | 993,880 | 36 | 993,880 | 41 |
| 3200 | Capital surplus | 98,017 | 3 | 98,017 | 4 |
| | Retained earnings | | | | |
| 3310 | Statutory reserves | 214,625 | 8 | 202,841 | 8 |
| 3320 | Special reserve | 21,610 | 1 | 2,169 | - |
| 3350 | Unappropriated earnings | 168,036 | 6 | 189,853 | 8 |
| 3400 | Other equity | (<u>11,624</u>) | <u>-</u> | (<u>21,610</u>) | (<u>1</u>) |
| 3XXX | Total equity | <u>1,484,544</u> | <u>54</u> | <u>1,465,150</u> | <u>60</u> |
| | TOTAL | <u>\$ 2,768,048</u> | <u>100</u> | <u>\$ 2,445,455</u> | <u>100</u> |

Chairman: Ho Wen-Chieh

Manager: Huang Chng-Tze

Chief Accountant: Chen Hsiang-Li

Evermore Chemical Industry Co., Ltd.
STATEMENTS OF COMPREHENSIVE INCOME

January 1 through December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| Code | | 2020 | | 2019 | |
|------|--|------------------|-----------|------------------|-----------|
| | | Amount | % | Amount | % |
| 4000 | Operating revenue, net (Notes IV and XXIV) | \$ 1,219,612 | 100 | \$ 1,401,543 | 100 |
| 5000 | Operating costs (Notes XI, XIX and XXIV) | <u>1,001,883</u> | <u>82</u> | <u>1,170,905</u> | <u>84</u> |
| 5900 | GROSS PROFIT | 217,729 | 18 | 230,638 | 16 |
| 5910 | UNREALIZED GROSS PROFIT ON SALES TO SUBSIDIARIES | (5,223) | - | (5,451) | - |
| 5920 | REALIZED GROSS PROFIT ON SALES TO SUBSIDIARIES | <u>5,451</u> | <u>-</u> | <u>3,804</u> | <u>-</u> |
| 5950 | REALIZED GROSS PROFIT | <u>217,957</u> | <u>18</u> | <u>228,991</u> | <u>16</u> |
| | Operating expenses (Note XIX) | | | | |
| 6100 | Selling and marketing expenses | 48,011 | 4 | 50,779 | 4 |
| 6200 | Management expenses | 60,496 | 5 | 62,786 | 4 |
| 6300 | Research and development expenses | 46,191 | 4 | 46,112 | 3 |
| 6450 | Expected credit loss (Notes IV and VIII) | <u>3,150</u> | <u>-</u> | <u>20,990</u> | <u>2</u> |
| 6000 | Total operating expenses | <u>157,848</u> | <u>13</u> | <u>180,667</u> | <u>13</u> |
| 6900 | PROFIT FROM OPERATIONS | <u>60,109</u> | <u>5</u> | <u>48,324</u> | <u>3</u> |
| | NON-OPERATING INCOME AND EXPENSES | | | | |
| 7070 | Share of profits and losses of subsidiaries and affiliates using the equity method (Note IV) | 6,577 | - | 102,825 | 7 |
| 7100 | Interest income (Note XXIV) | 291 | - | 207 | - |
| 7190 | Other revenue: (Note XXIV) | 24,468 | 2 | 2,967 | - |
| 7510 | Interest expense (Note XXIV) | (8,621) | (1) | (8,246) | - |

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| Code | | 2020 | | 2019 | |
|------|--|------------|-------|------------|-------|
| | | Amount | % | Amount | % |
| 7590 | Type of expenditure | (\$ 570) | - | (\$ 661) | - |
| 7630 | Net loss from foreign exchange | (14,889) | (1) | (654) | - |
| 7000 | Total non-operating income and expenses | 7,256 | - | 96,438 | 7 |
| 7900 | PROFIT BEFORE INCOME TAX | 67,365 | 5 | 144,762 | 10 |
| 7950 | Income tax expense (gain) (Notes IV and XX) | (6,645) | (1) | 26,919 | 2 |
| 8200 | NET PROFIT FOR THE YEAR | 74,010 | 6 | 117,843 | 8 |
| | OTHER COMPREHENSIVE INCOME (LOSS) (Note IV) | | | | |
| 8360 | Items that may be reclassified subsequently to profit or loss: | | | | |
| 8361 | Exchange differences on translation of foreign financial statements | 10,977 | 1 | (23,018) | (1) |
| 8399 | Income tax related to items that may be reclassified to profit or loss (Note XX) | (2,066) | - | 3,577 | - |
| 8300 | Other comprehensive income (loss) for the year, net income tax | 8,911 | 1 | (19,441) | (1) |
| 8500 | TOTAL COMPREHENSIVE INCOME FOR THE YEAR | \$ 82,921 | 7 | \$ 98,402 | 7 |
| | Earnings per share (Note XXI) | | | | |
| 9710 | Basic | \$ 0.74 | | \$ 1.19 | |
| 9810 | Diluted | \$ 0.74 | | \$ 1.18 | |

Chairman: Ho Wen-Chieh

Manager: Huang Chng-Tze

Chief Accountant: Chen Hsiang-Li

Evermore Chemical Industry Co., Ltd.
STATEMENTS OF CHANGES IN EQUITY
January 1 to December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| Code | | Ordinary Shares | Capital Surplus | Retained earnings (Note XVIII) | | | Exchange differences on translation of foreign financial statements | Total Equity |
|------|---|-------------------|------------------|--------------------------------|------------------|----------------------------|--|---------------------|
| | | (Note XVIII) | (Note XVIII) | Statutory reserve | Special Reserve | Unappropriated Earnings | | |
| A1 | Balance on January 1, 2019 | \$ 993,880 | \$ 98,017 | \$ 201,804 | \$ 10,054 | \$ 80,070 | (\$ 2,169) | \$ 1,381,656 |
| | Distribution of 2018 consolidated net income: | | | | | | | |
| B1 | Statutory reserves | - | - | 1,037 | - | (1,037) | - | - |
| B5 | Shareholder cash dividend - NTD 0.15 per share | - | - | - | - | (14,908) | - | (14,908) |
| B17 | Reversal of special reserve | - | - | - | (7,885) | 7,885 | - | - |
| D1 | 2019 net income | - | - | - | - | 117,843 | - | 117,843 |
| D3 | 2019 other comprehensive profit and loss after tax | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | (<u>19,441</u>) | (<u>19,441</u>) |
| D5 | 2019 total current comprehensive profit and loss | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>117,843</u> | (<u>19,441</u>) | <u>98,402</u> |
| Z1 | Balance on December 31, 2020 | 993,880 | 98,017 | 202,841 | 2,169 | 189,853 | (21,610) | 1,465,150 |
| | Earnings allocation and distribution for 2019 | | | | | | | |
| B1 | Statutory reserves | - | - | 11,784 | - | (11,784) | - | - |
| B3 | Special reserve | - | - | - | 19,441 | (19,441) | - | - |
| B5 | Shareholder cash dividend - NTD 0.65 per share | - | - | - | - | (64,602) | - | (64,602) |
| D1 | 2020 net profit | - | - | - | - | 74,010 | - | 74,010 |
| D3 | Other comprehensive profit and loss after tax for 2020 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>8,911</u> | <u>8,911</u> |
| D5 | Total comprehensive income for 2020 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>74,010</u> | <u>8,911</u> | <u>82,921</u> |
| M3 | Proceeds from investments accounted for using equity method | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,075</u> | <u>1,075</u> |
| Z1 | Balance on December 31, 2020 | <u>\$ 993,880</u> | <u>\$ 98,017</u> | <u>\$ 214,625</u> | <u>\$ 21,610</u> | <u>\$ 168,036</u> | (<u>\$ 11,624</u>) | <u>\$ 1,484,544</u> |

Chairman: Ho Wen-Chieh

Manager: Huang Chng-Tze

Chief Accountant: Chen Hsiang-Li

Evermore Chemical Industry Co., Ltd.
INDIVIDUAL CASH FLOW STATEMENT
January 1 to December 31, 2020 and 2019

Unit: NT\$ thousand

| Code | | 2020 | 2019 |
|--------|--|----------------|----------------|
| | CASH FLOW FROM OPERATING ACTIVITIES | | |
| A10000 | Income before tax | \$ 67,365 | \$ 144,762 |
| A20000 | Adjustments for: | | |
| A20100 | Depreciation expense | 59,292 | 59,292 |
| A20200 | Amortization expense | 520 | 1,231 |
| A20300 | Expected credit loss | 3,150 | 20,990 |
| A20900 | Interest fees | 8,621 | 8,246 |
| A21200 | Interest income | (291) | (207) |
| A22300 | Share of profits and losses of subsidiaries and affiliates using the equity method | (6,577) | (102,825) |
| A22500 | Loss (gain) on disposal of property, plant, and equipment | (128) | 6 |
| A23100 | Gain on disposal of investments | (6,090) | - |
| A23700 | (Reversal of) impairment loss on non-financial assets | 4,091 | (11,667) |
| A23900 | Unrealized (realized) profit from subsidiaries | (228) | 1,647 |
| A24100 | Foreign exchange losses (gains) | 5,483 | (258) |
| A30000 | Net changes in operating assets and liabilities | | |
| A31130 | Notes receivable | 12,235 | (6,582) |
| A31150 | Accounts receivable | (35,479) | 75,422 |
| A31180 | Other receivables | 761 | 2,727 |
| A31200 | Inventories | 5,257 | 45,720 |
| A31240 | Other current assets | (1,211) | (2,125) |
| A32130 | Notes payable | 2,280 | (8,951) |
| A32150 | Accounts payable | 22,935 | (61,543) |
| A32180 | Other payables | 1,536 | 15,259 |
| A32200 | Provisions | - | 269 |
| A32230 | Other current liabilities | (161) | 1,424 |
| A33000 | Cash generated from operations | 143,361 | 182,837 |
| A33100 | Interest received | 290 | 191 |
| A33300 | Interest paid | (8,587) | (8,255) |
| A33500 | Income tax paid | (7,235) | (712) |
| AAAA | Net cash flow from operating activities | <u>127,829</u> | <u>174,061</u> |

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(Continued from the previous page)

| Code | | 2020 | 2019 |
|--|---|--------------------|--------------------|
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| B00040 | Increase in financial assets measured at amortised cost | (\$ 53,429) | \$ - |
| B01800 | Investments acquired and accounted for using equity method | (267,880) | - |
| B02000 | Increase in prepayments for investments | - | (87,561) |
| B02700 | Payments for property, plant, and equipment | (33,716) | (9,649) |
| B02800 | Proceeds from disposal of property, plant, and equipment | 313 | 104 |
| B03800 | Decrease in refundable deposits | 119 | - |
| B04400 | Decrease (increase) in other receivables from related parties | (27,012) | 8,265 |
| B04500 | Payments for intangible assets | (360) | (714) |
| B06500 | Increase in other financial assets | (14,154) | - |
| B07100 | Increase in prepayments for equipment | (62,409) | (55,922) |
| B07600 | Dividends received from subsidiaries | <u>135,600</u> | <u>-</u> |
| BBBB | Net cash used in investing activities | (<u>322,928</u>) | (<u>145,477</u>) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| C00100 | Proceeds from short-term borrowings | 4,481,600 | 2,285,900 |
| C00200 | Repayments of short-term borrowings | (4,389,293) | (2,207,494) |
| C00600 | Net decrease in short-term notes and bills payable | (12) | (108) |
| C01600 | Proceeds from long-term borrowings | 270,000 | - |
| C01700 | Repayments of long-term borrowings | (80,968) | (34,664) |
| C03800 | Decrease in other payables - related parties | (2,117) | (56,015) |
| C04500 | Dividends paid to owners of the Company | (<u>64,602</u>) | (<u>14,908</u>) |
| CCCC | Net cash generated from (used in) financing activities | <u>214,608</u> | (<u>27,289</u>) |
| EEEE | Net increase in cash for the year | 19,509 | 1,295 |
| E00100 | CASH AT THE BEGINNING OF THE YEAR | <u>29,949</u> | <u>28,654</u> |
| E00200 | CASH AT THE END OF THE YEAR | <u>\$ 49,458</u> | <u>\$ 29,949</u> |

Chairman: Ho Wen-Chieh

Manager: Huang Chng-Tze

Chief Accountant: Chen Hsiang-Li

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

As of 2020 (from January 1 to December 31, 2020), in accordance with “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” if the companies required to be included in the consolidated financial statements of affiliates under these Criteria are all the same as companies required to be included in the consolidated financial statements of the parent and subsidiary companies as provided in IFRS 10, and if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it is not necessary to prepare separate consolidated financial statements for affiliates.

We hereby declare the above statement,

Evermore Chemical Industry Co., Ltd.

Chairman: Wen-Chieh Ho

March 22, 2021

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders Evermore Chemical Industry Co., Ltd.:

Audit Opinion

We have audited the accompanying consolidated balance sheets of Evermore Chemical Industry Co., Ltd. and its subsidiaries (the "Group") for December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity, and of cash flow for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and reports of other independent accountants, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group for December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flow for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 the report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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 Group's consolidated financial statements of the year 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.

Key audit matters for the Group's 2020 consolidated financial statements are stated as follows:

Authenticity of revenue recognition for specific customers

The main source of revenue of Evermore Group is the sales of resins, and the sales locations are mainly located in markets such as Asia. Operating revenue in 2020 decreased compared to the previous year, but the operating revenue of some customers grew compared to the previous year. There is a significant risk to the authenticity of their revenue, because the authenticity of revenue recognition for specific customers is listed as a key audit matter. For accounting policies related to revenue recognition, please refer to Note IV of consolidated financial statements.

The main audit procedures that we have implemented in response to the above key audit matters are as follows:

- 1 Understand and evaluate internal control design related to inspection and risk in the sales and collection cycle, and execute tests of its effectiveness.
- 2 Select samples from the sales details of specific customers, review relevant documents such as shipment orders and export declarations, and check whether collection counterparties are consistent with sales counterparties.

Other Matters

Evermore Chemical Industry Co., Ltd. has prepared parent company only financial statements for 2020 and 2019, and the audit reports with unqualified opinions that we have issued are on file for reference.

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 IFRS, IAS, IFRIC, and 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 operations, disclosing related matters, as well as continuing operations with the basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no feasible alternative but to do so.

Those charged with governance, including the supervisors, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of 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 the 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.
- 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 and appropriate audit evidence regarding the financial information of 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 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 the governance unit, we have determined key audit matters of Evermore Group's 2020 consolidated financial statements. 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.

Deloitte Taiwan
CPA Ting-Chien Su

CPA Li-Tung Wu

Approval reference of the Financial Supervisory
Commission
Jin-Guan-Zheng-Shen- 1070323246

Approval reference of the Securities and Futures
Bureau
Tai-Tsai-Cheng (VI) No. 0920123784

March 27, 2021

EVERMORE CHEMICAL INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2020 and 2019

Unit: NT\$ thousand

| Code | ASSETS | December 31, 2020 | | December 31, 2019 | |
|------|--|---------------------|------------|---------------------|--------------|
| | | Amount | % | Amount | % |
| | CURRENT ASSETS | | | | |
| 1100 | Cash and cash equivalents (Notes IV and VI) | \$ 306,389 | 10 | \$ 322,636 | 11 |
| 1136 | Financial assets measured at amortized cost - current (Notes IV and VII) | 52,418 | 2 | - | - |
| 1150 | Notes receivable (Notes IV and VIII) | 117,381 | 4 | 120,754 | 4 |
| 1170 | Accounts receivable due from non-related parties (Notes IV and VIII) | 579,323 | 19 | 710,778 | 25 |
| 1180 | Accounts receivable due from related parties (Notes IV, VIII, and XXVIII) | 23,107 | 1 | 65,043 | 2 |
| 1200 | Other receivables | 9,840 | - | 11,430 | - |
| 1220 | Highest balance of financing to other parties during the period (Notes IV and XXIII) | 3 | - | 2,385 | - |
| 130X | Inventories (Notes IV and IX) | 622,491 | 20 | 600,250 | 21 |
| 1410 | Prepayments | 52,990 | 2 | 30,338 | 1 |
| 1476 | Other current financial assets (Notes IV, X, and XXIX) | 15,740 | - | 1,586 | - |
| 1479 | Other current assets | <u>1,650</u> | <u>-</u> | <u>1,109</u> | <u>-</u> |
| 11XX | Total current assets | <u>1,781,332</u> | <u>58</u> | <u>1,866,309</u> | <u>64</u> |
| | NON-CURRENT ASSETS | | | | |
| 1550 | Investments accounted for using equity method (Notes IV, XI, and XII) | - | - | 778 | - |
| 1600 | Property, plant and equipment (Notes IV, XIII, and XXIX) | 982,514 | 32 | 821,195 | 28 |
| 1755 | Right of use assets (Notes IV and XIV) | 169,921 | 6 | 17,473 | 1 |
| 1760 | Investment real estate (Notes IV and XV) | 1,094 | - | 1,243 | - |
| 1780 | Intangible assets (Note IV) | 2,639 | - | 3,255 | - |
| 1805 | Goodwill (Notes IV, XVI, and XXV) | 49,395 | 2 | - | - |
| 1840 | Deferred tax assets (Notes IV and XXIII) | 28,866 | 1 | 19,870 | 1 |
| 1915 | Prepayments for equipment | 37,953 | 1 | 75,750 | 3 |
| 1920 | Refundable deposits | 1,349 | - | 9,649 | - |
| 1960 | Prepayments for investments (Note XII) | <u>-</u> | <u>-</u> | <u>87,561</u> | <u>3</u> |
| 15XX | Total non-current assets | <u>1,273,731</u> | <u>42</u> | <u>1,036,774</u> | <u>36</u> |
| 1XXX | TOTAL | <u>\$ 3,055,063</u> | <u>100</u> | <u>\$ 2,903,083</u> | <u>100</u> |
| | LIABILITIES AND EQUITY | | | | |
| | CURRENT LIABILITIES | | | | |
| 2100 | Short-term bank loans (Notes XVII and XXIX) | \$ 649,647 | 21 | \$ 714,136 | 25 |
| 2110 | Short term notes and bills payable (Note XVII) | 129,855 | 4 | 129,867 | 4 |
| 2150 | Notes payable | 73,369 | 2 | 71,516 | 2 |
| 2170 | Accounts payable (Note XXVIII) | 204,682 | 7 | 179,152 | 6 |
| 2200 | Other payables (Notes XVIII and XXVIII) | 135,609 | 5 | 140,538 | 5 |
| 2230 | Current tax liabilities (Notes IV and XXIII) | 28,064 | 1 | 19,875 | 1 |
| 2250 | Provisions - Current (Notes IV and XIX) | 1,077 | - | 1,077 | - |
| 2322 | Long-term bank loans due within one year (Notes XVII and XXIX) | 64,000 | 2 | 54,483 | 2 |
| 2399 | Other current liabilities- Other | <u>10,352</u> | <u>-</u> | <u>16,028</u> | <u>1</u> |
| 21XX | Total current liabilities | <u>1,296,655</u> | <u>42</u> | <u>1,326,672</u> | <u>46</u> |
| | NON-CURRENT LIABILITIES | | | | |
| 2541 | Long-term bank loans (Notes XVII and XXIX) | 207,117 | 7 | 27,602 | 1 |
| 2570 | Deferred tax liabilities (Notes IV and XXIII) | 66,310 | 2 | 83,228 | 3 |
| 2645 | Guarantee deposits | <u>437</u> | <u>-</u> | <u>431</u> | <u>-</u> |
| 25XX | Total non-current liabilities | <u>273,864</u> | <u>9</u> | <u>111,261</u> | <u>4</u> |
| 2XXX | Total liabilities | <u>1,570,519</u> | <u>51</u> | <u>1,437,933</u> | <u>50</u> |
| | EQUITY | | | | |
| 3110 | Share capital from common stock | 993,880 | 33 | 993,880 | 34 |
| 3200 | Capital surplus | 98,017 | 3 | 98,017 | 3 |
| | Retained earnings | | | | |
| 3310 | Statutory reserves | 214,625 | 7 | 202,841 | 7 |
| 3320 | Special reserve | 21,610 | 1 | 2,169 | - |
| 3350 | Unappropriated earnings | 168,036 | 5 | 189,853 | 7 |
| 3400 | Other equity | <u>(11,624)</u> | <u>-</u> | <u>(21,610)</u> | <u>(1)</u> |
| 3XXX | Total equity | <u>1,484,544</u> | <u>49</u> | <u>1,465,150</u> | <u>50</u> |
| | TOTAL | <u>\$ 3,055,063</u> | <u>100</u> | <u>\$ 2,903,083</u> | <u>100</u> |

Chairman: Ho Wen-Chieh

Manager: Huang Chng-Tze

Chief Accountant: Chen Hsiang-Li

EVERMORE CHEMICAL INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

January 1 through December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| Code | | 2020 | | 2019 | |
|------|---|-------------------|--------------|-------------------|--------------|
| | | Amount | % | Amount | % |
| 4000 | Operating revenue, net (Notes IV and XXVIII) | \$ 2,363,415 | 100 | \$ 3,174,698 | 100 |
| 5000 | Operating costs (Notes IX, XX, and XXVIII) | <u>1,906,186</u> | <u>81</u> | <u>2,526,539</u> | <u>79</u> |
| 5900 | GROSS PROFIT | <u>457,229</u> | <u>19</u> | <u>648,159</u> | <u>21</u> |
| | Operating expenses (Note XXII) | | | | |
| 6100 | Selling and marketing expenses | 133,159 | 5 | 160,863 | 5 |
| 6200 | Management expenses | 137,961 | 6 | 155,832 | 5 |
| 6300 | Research and development expenses | 70,287 | 3 | 78,645 | 2 |
| 6450 | Expected credit loss (gain) (Notes IV and VIII) | (<u>21,668</u>) | (<u>1</u>) | <u>52,335</u> | <u>2</u> |
| 6000 | Total operating expenses | <u>319,739</u> | <u>13</u> | <u>447,675</u> | <u>14</u> |
| 6900 | PROFIT FROM OPERATIONS | <u>137,490</u> | <u>6</u> | <u>200,484</u> | <u>7</u> |
| | NON-OPERATING INCOME AND EXPENSES | | | | |
| 7060 | Share of profits and losses of affiliated companies using the equity method (Note IV) | (1,674) | - | (1,089) | - |
| 7100 | Interest income | 556 | - | 1,099 | - |
| 7190 | Other revenue: (Note XXVIII) | 21,468 | 1 | 5,381 | - |
| 7230 | Net loss from foreign exchange (Note XXII) | (29,099) | (1) | (11,297) | - |
| 7510 | Interest fees | (11,673) | (1) | (18,090) | (1) |
| 7590 | Miscellaneous expenditures (Notes XVI and XXII) | (<u>39,484</u>) | (<u>2</u>) | (<u>1,427</u>) | - |
| 7000 | Total non-operating income and expenses | (<u>59,906</u>) | (<u>3</u>) | (<u>25,423</u>) | (<u>1</u>) |

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(Continued from the previous page)

| Code | | 2020 | | 2019 | |
|------|---|------------------|----------|-------------------|--------------|
| | | Amount | % | Amount | % |
| 7900 | PROFIT BEFORE INCOME TAX | \$ 77,584 | 3 | \$ 175,061 | 6 |
| 7950 | Income tax expense (Notes IV and XXIII) | <u>3,574</u> | - | <u>57,218</u> | <u>2</u> |
| 8200 | NET PROFIT FOR THE YEAR | <u>74,010</u> | <u>3</u> | <u>117,843</u> | <u>4</u> |
| | OTHER COMPREHENSIVE INCOME (LOSS) (Note IV) | | | | |
| 8360 | Items that may be reclassified subsequently to profit or loss: | | | | |
| 8361 | Exchange differences on translation of foreign financial statements | 10,977 | 1 | (23,018) | (1) |
| 8399 | Income tax related to items that may be reclassified to profit or loss (Note XXIII) | (<u>2,066</u>) | - | <u>3,577</u> | - |
| 8300 | Other comprehensive income (loss) for the year, net income tax | <u>8,911</u> | <u>1</u> | (<u>19,441</u>) | (<u>1</u>) |
| 8500 | TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>\$ 82,921</u> | <u>4</u> | <u>\$ 98,402</u> | <u>3</u> |
| | Earnings per share (Note XXIV) | | | | |
| 9750 | Basic | <u>\$ 0.74</u> | | <u>\$ 1.19</u> | |
| 9850 | Diluted | <u>\$ 0.74</u> | | <u>\$ 1.18</u> | |

Chairman: Ho Wen-Chieh

Manager: Huang Chng-Tze

Chief Accountant: Chen Hsiang-Li

EVERMORE CHEMICAL INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
January 1 to December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | | EQUITY | | | | | | |
|------|---|--|-------------------------------|------------------------------|------------------|----------------------------|--|---------------------|
| Code | | Share capital from common stock (Note XXI) | Capital Surplus (Note XXI) | Retained earnings (Note XXI) | | | Exchange differences on translation of foreign financial statements | Total Equity |
| | | | | Statutory reserve | Special Reserve | Unappropriated Earnings | | |
| A1 | Balance on January 1, 2019 | \$ 993,880 | \$ 98,017 | \$ 201,804 | \$ 10,054 | \$ 80,070 | (\$ 2,169) | \$ 1,381,656 |
| | Distribution of 2018 consolidated net income: | | | | | | | |
| B1 | Statutory reserves | - | - | 1,037 | - | (1,037) | - | - |
| B5 | Shareholder cash dividend - NTD 0.15 per share | - | - | - | - | (14,908) | - | (14,908) |
| B17 | Reversal of special reserve | - | - | - | (7,885) | 7,885 | - | - |
| D1 | 2019 net income | - | - | - | - | 117,843 | - | 117,843 |
| D3 | 2019 other comprehensive profit and loss after tax | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | (<u>19,441</u>) | (<u>19,441</u>) |
| D5 | 2019 total current comprehensive profit and loss | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>117,843</u> | (<u>19,441</u>) | <u>98,402</u> |
| Z1 | Balance on December 31, 2019 | 993,880 | 98,017 | 202,841 | 2,169 | 189,853 | (21,610) | 1,465,150 |
| | Earnings allocation and distribution for 2019 | | | | | | | |
| B1 | Statutory reserves | - | - | 11,784 | - | (11,784) | - | - |
| B3 | Special reserve | - | - | - | 19,441 | (19,441) | - | - |
| B5 | Shareholder cash dividend - NTD 0.65 per share | - | - | - | - | (64,602) | - | (64,602) |
| D1 | 2020 net profit | - | - | - | - | 74,010 | - | 74,010 |
| D3 | Other comprehensive profit and loss after tax for 2020 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>8,911</u> | <u>8,911</u> |
| D5 | Total comprehensive income for 2020 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>74,010</u> | <u>8,911</u> | <u>82,921</u> |
| M3 | Proceeds from investments accounted for using equity method | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,075</u> | <u>1,075</u> |
| Z1 | Balance on December 31, 2020 | <u>\$ 993,880</u> | <u>\$ 98,017</u> | <u>\$ 214,625</u> | <u>\$ 21,610</u> | <u>\$ 168,036</u> | (<u>\$ 11,624</u>) | <u>\$ 1,484,544</u> |

Chairman: Ho Wen-Chieh

Manager: Huang Chng-Tze

Chief Accountant: Chen Hsiang-Li

EVERMORE CHEMICAL INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOW

January 1 to December 31, 2020 and 2019

Unit: NT\$ thousand

| Code | | 2020 | 2019 |
|--------|---|----------------|----------------|
| | CASH FLOW FROM OPERATING ACTIVITIES | | |
| A10000 | Income before tax | \$ 77,584 | \$ 175,061 |
| A20000 | Adjustments for: | | |
| A20100 | Depreciation expense | 103,832 | 99,575 |
| A20200 | Amortization expense | 976 | 1,706 |
| A20300 | Expected credit loss (reversal) | (21,668) | 52,335 |
| A20900 | Interest fees | 11,673 | 18,090 |
| A21200 | Interest income | (556) | (1,099) |
| A22300 | Share of profits and losses of affiliated companies using the equity method | | |
| | | 1,674 | 1,089 |
| A22500 | Gains from disposal of property, plant, and equipment | (501) | (113) |
| A23100 | Gain on disposal of investments | (6,090) | - |
| A23700 | Impairment loss on non-financial assets (reversal) | | |
| | | 48,533 | (2,007) |
| A24100 | Net loss from foreign exchange | 2,763 | 3,411 |
| A30000 | Net changes in operating assets and liabilities | | |
| A31130 | Notes receivable | 11,870 | 15,704 |
| A31150 | Accounts receivable | 136,840 | 65,145 |
| A31180 | Other receivables | 1,571 | 8,131 |
| A31200 | Inventories | 7,947 | 96,626 |
| A31230 | Prepayments | (17,511) | 7,145 |
| A31240 | Other current assets | (488) | (522) |
| A32130 | Notes payable | 1,818 | (26,482) |
| A32150 | Accounts payable | 9,570 | (98,550) |
| A32180 | Other payables | (11,171) | 34,621 |
| A32200 | Provisions | - | 269 |
| A32230 | Other current liabilities | (6,354) | 6,595 |
| A33000 | Cash generated from operations | 352,312 | 456,730 |
| A33100 | Interest received | 556 | 1,083 |
| A33300 | Interest paid | (11,660) | (18,135) |
| A33500 | Income tax paid | (21,989) | (31,168) |
| AAAA | Net cash flow from operating activities | <u>319,219</u> | <u>408,510</u> |

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(Continued from the previous page)

| Code | | 2020 | 2019 |
|--|---|--------------------|--------------------|
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| B00040 | Increase in financial assets measured at amortised cost | (\$ 53,429) | \$ - |
| B02200 | Acquisition of subsidiaries | (200,409) | - |
| B02000 | Increase in prepayments for investments | - | (87,561) |
| B02700 | Payments for property, plant, and equipment | (45,663) | (23,690) |
| B02800 | Proceeds from disposal of property, plant, and equipment | 678 | 313 |
| B03700 | Increase in refundable deposits | (124) | (8,805) |
| B03800 | Decrease in refundable deposits | 8,604 | 24 |
| B04500 | Payments for intangible assets | (360) | (714) |
| B06500 | Increase in other financial assets | (14,178) | - |
| B07100 | Increase in prepayments for equipment | (<u>66,238</u>) | (<u>60,090</u>) |
| BBBB | Net cash used in investing activities | (<u>371,119</u>) | (<u>180,523</u>) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| C00100 | Proceeds from short-term borrowings | 6,136,566 | 5,412,650 |
| C00200 | Repayments of short-term borrowings | (6,235,833) | (5,477,488) |
| C00500 | Net decrease in short-term notes and bills payable | (12) | (108) |
| C01600 | Proceeds from long-term borrowings | 270,000 | - |
| C01700 | Repayments of long-term borrowings | (80,968) | (34,664) |
| C04500 | Dividends paid to owners of the Company | (<u>64,602</u>) | (<u>14,908</u>) |
| CCCC | Net cash generated from (used in) financing activities | <u>25,151</u> | (<u>114,518</u>) |
| DDDD | EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES | <u>10,502</u> | (<u>27,658</u>) |
| EEEE | Net increase (decrease) in cash and cash equivalents for the year | (16,247) | 85,811 |
| E00100 | CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>322,636</u> | <u>236,825</u> |
| E00200 | CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 306,389</u> | <u>\$ 322,636</u> |

Chairman: Ho Wen-Chieh

Manager: Huang Chng-Tze

Chief Accountant: Chen Hsiang-Li

Appendix IV. Statement for Distribution of Earnings

EVERMORE CHEMICAL INDUSTRY CO., LTD.

Statement for Distribution of Earnings

2020

Unit:NT\$

| Item | Amount | |
|--|-------------|-------------|
| | Subtotal | Total |
| Earnings undistributed in the previous year | | 94,024,378 |
| 2020 net profit after tax | 74,011,183 | |
| Less:provision for 10% of statutory surplus reserves | (7,401,118) | |
| Add:Reversal of special surplus reserves listed in accordance with the law | 9,986,214 | |
| | | 76,596,279 |
| Earnings distributed for this period | | 170,620,657 |
| Distribution: | | |
| Dividends paid to shareholders - cash dividends (Note 2) | | 49,694,000 |
| Earnings undistributed at the end of the reporting period | | 120,926,657 |

Notes:

- 1.The Board of Directors is authorized by the shareholders to fix the dividend date after the payment of cash dividends is approved at the annual general meeting by way of resolution.
- 2.Currently based on the issue of 99,388,000 shares, a cash dividend of NT\$0.5 per share is allocated.
(The cash dividends distributed are round down to NT\$ 1. Therefore, the total amount of cash dividends is subject to the actual amount distributed.)

Chairman:Ho Wen-Chieh

Manager:Huang Chang-Tze

Chief Accountant:Chen Hsiang-Li

EVERMORE CHEMICAL INDUSTRY CO., LTD.

Comparison Table of Amendments to the Articles

2021.3.16 Board of Directors

| Revised Provisions | Original Provisions | Description |
|---|--|---|
| Chapter 4 Directors <u>and the Audit Committee</u> | Chapter IV Directors and <u>Supervisors</u> | The Company plans to re-elect and set up an Audit Committee in 2021 to substitute for supervisors. Therefore, it plans to increase the number of directors. |
| Article 17: The Company shall have between 7 and 11 directors. <u>A candidate nomination system is adopted</u> , and the shareholders' meeting has the ability to select and appoint individuals. The term of office is three years, and re-election is permitted. The number of independent directors in the Board of Directors shall be no less than three persons, <i>i.e.</i> one-fifth of the number of directors to be elected. | Article 17: The Company has seven to eleven directors and <u>three supervisors</u> , <u>all of whom</u> are elected at the meeting of shareholders from capable persons. They will serve for a term of three years, and may be re-elected following appointment. The directors <u>and supervisors</u> shall be elected by way of nomination of candidates. The number of independent directors in the Board of Directors shall be no less than three persons, <i>i.e.</i> one-fifth of the number of directors to be elected. | Relevant content deleted in line with the establishment of the Audit Committee. |
| Article 18: Whenever a vacancy in the Board of Directors is up to one third of members, the Board of Directors shall convene an ad hoc meeting within 60 days for by-election, and the term of office shall be limited to the original term. | Article 18: Whenever a vacancy in the Board of Directors is up to one third of members <u>or all of the supervisors are relieved of their office</u> , the Board of Directors shall convene an ad hoc meeting within 60 days for by-election, and the term of office shall be limited to the original term. | Relevant content deleted in line with the establishment of the Audit Committee. |
| Article 19: In case no election of new directors is effected after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office. | Article 19: When the term of office for a director <u>or supervisor</u> expires without re-election, the term of his/her office shall be extended until the re-elected director <u>or supervisor</u> takes office. | |
| Article 21: Paragraph I:(Omitted) The notice of a meeting of the Board of Directors may be sent to the directors in writing, via E-mail or by fax transmission, indicating the reasons for convening such meeting. | Article 21: Paragraph I:(Omitted) The notice of a meeting of the Board of Directors may be sent to the directors <u>and supervisors</u> in writing, via E-mail or by fax transmission, indicating the reasons for convening such meeting. | |
| Article 24: <u>Established in accordance with the regulations, the Audit Committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise. In addition to the independent exercise of supervisory powers by supervisors in accordance with the Securities and Exchange Act.</u> | Article 24: <u>A supervisor shall, in addition to exercising the power of supervision in accordance with the law, may attend the meetings of the Board of Directors, but may not participate in the voting.</u> | Establishment of new provisions for the Audit Committee, and deletion of narrative provisions on the powers of supervisors. |

| Revised Provisions | Original Provisions | Description |
|---|--|--|
| <p>Article 25: When directors supervisors of the Company carry out business for the Company, regardless of the operating profits and losses, the Company shall pay traffic allowance to them at such amount as determined by the Board of Directors. The remuneration for the directors of the Company shall be determined by the Board of Directors based on their level of participation in the Company's business operations and contribution to the Company, and with reference to the standard practice of the industry.</p> <p>The Company may take out insurance against the liability for damages to be assumed by the directors within the scope of business during their tenure in accordance with the law. Paragraph 4:(Omitted)</p> | <p>Article 25: When directors <u>and supervisors</u> of the Company carry out business for the Company, regardless of the operating profits and losses, the Company shall pay traffic allowance to them at such amount as determined by the Board of Directors. The remuneration for the directors <u>and supervisors</u> of the Company shall be determined by the Board of Directors based on the level of participation of each director <u>and supervisor</u> in the Company's business operations and contributions to the Company, and with reference to the standard practice of the industry.</p> <p>The Company may take out insurance against the liability for damages to be assumed by the directors <u>and supervisors</u> within the scope of business during their tenure in accordance with the law. Paragraph 4:(Omitted)</p> | <p>Relevant content deleted in line with the establishment of the Audit Committee.</p> |
| <p>Article 28: The accounting year of the Company shall commence on January 1 of each year and expire on December 31 of that year, and final accounting shall be conducted at the end of each accounting year. Furthermore, the following documents shall be prepared by the Board of Directors and submitted at the general meeting for approval:I. Business Report; II. Financial statements; and III. Proposal for distribution of earnings or allowance for losses.</p> | <p>Article 28: The accounting year of the Company shall commence on January 1 of each year and expire on December 31 of that year, and final accounting shall be conducted at the end of each accounting year. Furthermore, the following documents shall be prepared by the Board of Directors and submitted at the general meeting for approval <u>after being reviewed by supervisors within 30 days before the date of the general meeting</u>:I. Business Report; II. Financial statements; and III. Proposal for distribution of earnings or allowance for losses.</p> | <p>After the establishment of the Audit Committee, financial statement-related proposals shall be approved by the Audit Committee and then sent to the Board of Directors for resolution, and then sent to the shareholders' meeting for approval.</p> |
| <p>Article 33: These Articles of Association were established on April 24, 1989,....., the 26th amendment was made on June 15, 2020 <u>and the 27th amendment is to be made on June 29, 2021.</u></p> | <p>Article 33: These Articles of Association were established on April 24, 1989,....., the 26th amendment was made on June 15, 2020.</p> | <p>The revision dates are included.</p> |

Appendix VI. Comparison Table of Amendments for Rules of Procedure for Shareholder Meetings

EVERMORE CHEMICAL INDUSTRY CO., LTD.

Comparison Table of Amendments for Rules of Procedure for Shareholder Meetings

2021.03.16

| Revised Provisions | Original Provisions | Description |
|---|---|--|
| <p>Article 2: Paragraph 1:(Omitted) Paragraph 2:(Omitted) Paragraph 3:(Omitted) The Company shall prepare meeting minutes, annual reports, attendance certificates, speech notes, votes for the meeting and the relevant materials, which shall be made available to the attending shareholders. Where directors are elected, such materials shall be accompanied by a ballot. Paragraph 5:(Omitted)</p> | <p>Article 2: Paragraph 1:(Omitted) Paragraph 2:(Omitted) Paragraph 3:(Omitted) The Company shall prepare meeting minutes, annual reports, attendance certificates, speech notes, votes for the meeting and the relevant materials, which shall be made available to the attending shareholders. Where directors <u>or supervisors</u> are elected, such materials shall be accompanied by a ballot. Paragraph 5:(Omitted)</p> | <p>An Audit Committee has been set up to replace supervisors, and relevant terms have been revised.</p> |
| <p>Article 4 Paragraph 1:(Omitted) Paragraph 2:(Omitted) If a general meeting is called by the Board of Directors, the meeting shall be chaired by the chairman of the Board in person, and be attended by half or more of the directors and by one member of each functional committee in proxy, with the information on attendance recorded in the general meeting minutes. Paragraph 4:(Omitted) Paragraph 5:(Omitted)</p> | <p>Article 4 Paragraph 1:(Omitted) Paragraph 2:(Omitted) If a general meeting is called by the Board of Directors, the meeting shall be chaired by the chairman of the Board in person, and be attended by half or more of the directors <u>and at least one supervisor in person</u>, and by one member of each functional committee in proxy, with the information on attendance recorded in the general meeting minutes. Paragraph 4:(Omitted) Paragraph 5:(Omitted)</p> | |
| <p>Article 8: Attendance at a general meeting shall be based on the number of shares. The number of shares held by the shareholders attending the meeting shall be calculated in accordance with the records of the visitors' book or attendance cards submitted by the shareholders, or the number of shares held by the shareholders who have exercised the voting rights in writing or in electric form. The chair shall call the meeting to order at the appointed meeting time <u>and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting</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 the number of one third of outstanding shares represented by the attending shareholders has not constituted the quorum after the meeting was postponed for two times, the chairman shall announce the meeting is dissolved. Paragraph 3:(Omitted) Paragraph 4:(Omitted)</p> | <p>Article 8: Attendance at a general meeting shall be based on the number of shares. The number of shares held by the shareholders attending the meeting shall be calculated in accordance with the records of the visitors' book or attendance cards submitted by the shareholders, or the number of shares held by the shareholders who have exercised the voting rights in writing or in electric form. The chairman shall call a general meeting to order at the time scheduled for the meeting. If the number of shares represented by the shareholders present at the meeting has not yet constituted the quorum at the time scheduled for the meeting, the chairman may postpone the time for the meeting. The postponements shall be limited to two times and meeting shall not be postponed for longer than one hour in the aggregate. If the number of one third of outstanding shares represented by the attending shareholders has not constituted the quorum after the meeting was postponed for two times, the chairman shall announce the meeting is dissolved. Paragraph 3:(Omitted) Paragraph 4:(Omitted)</p> | <p>Amended in accordance with Taiwan Securities Regulatory Commission Letter No. 1100001446 on January 28, 2021. In order to improve corporate governance and safeguard the rights and interests of shareholders, the second paragraph has been amended.</p> |
| <p>Article 12 Paragraph 1:(Omitted) Vote counting for shareholder meeting proposals shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be</p> | <p>Article 12 Paragraph 1:(Omitted) Vote counting for shareholder meeting proposals <u>or elections</u> shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes,</p> | <p>Wording of unified voting and election proposals.</p> |

| Revised Provisions | Original Provisions | Description |
|---|--|---|
| <p>announced on-site at the meeting, and a record made of the vote.</p> <p><u>The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and 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, and the names of directors not elected and number of votes they received.</u></p> | <p>shall be announced on-site at the meeting, and a record made of the vote.</p> | <p>In order to improve corporate governance and safeguard the rights and interests of shareholders, the third paragraph has been added.</p> |

Appendix VII. Comparison Table of Amendments to Operating Procedures for Fund Loans and Endorsement Guarantees

EVERMORE CHEMICAL INDUSTRY CO., LTD.

Comparison Table of Amendments for Operating Procedures for Fund Loans and Endorsement Guarantees

Amended:2021.3.16

| Revised Provisions | Original Provisions | Description |
|---|---|--|
| <p>Article 16</p> <p>The Company's internal auditors shall audit the operating procedures and implementation of fund lending and endorsement guarantees at least quarterly and keep a written record. If a major violation is found, the <u>Audit Committee</u> should be notified in writing immediately. If, due to a change in circumstances, loans and balances exceed their limits, or an endorsement guarantee counterparty does not meet the standards of the <u>Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies</u> or the associated amount exceeds its limits, then an improvement plan should be formulated, the related improvement plan sent to the <u>Audit Committee</u>, and improvements should be completed in accordance with the planned schedule.</p> | <p>Article 16</p> <p>The Company's internal auditors shall audit the operating procedures and implementation of fund lending and endorsement guarantees at least quarterly and keep a written record. If a major violation is found, <u>each supervisor and independent director</u> should be notified in writing immediately. If, due to a change in circumstances, loans and balances exceed their limits, or an endorsement guarantee counterparty does not meet the standards of these guidelines or <u>the</u> associated amount exceeds its limits, then an improvement plan should be formulated, the related improvement plan sent to <u>each supervisor and independent director</u>, and improvements should be completed in accordance with the planned schedule.</p> | <p>An Audit Committee has been set up to replace supervisors, and relevant terms have been revised.</p> <p>Members of the Audit Committee are made up of independent directors.</p> <p>Corrected the designation of the regulations.</p> |
| <p>Article 20</p> <p>Formulation or amendment of these Operating Procedures <u>shall be approved by one-half or more of all Audit Committee members; and after passage of a resolution by the Board of Directors</u>, it shall be submitted to the shareholders' meeting for approval. If a director objects to or expresses reservations about any matter, the Company shall send these objections to the <u>Audit Committee</u> and report this matter to the shareholders' meeting for discussion.</p> <p><u>If the approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the Operational Procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</u></p> <p><u>The terms "all audit committee members" in</u></p> | <p>Article 20</p> <p>After approval by the <u>Board of Directors</u>, <u>these Operating Procedures shall be sent to supervisors</u> and reported to the shareholders' meeting for approval, <u>and then implemented</u>. If a director objects to or expresses reservations about any matter, the Company shall send these objections to <u>each supervisor</u> and report this matter to the shareholders' meeting for discussion. <u>The same applies to amendments.</u></p> <p><u>The Company has appointed</u></p> | <p>The Audit Committee's resolution procedures are established in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.</p> <p>In Article 8 of the Regulations</p> |

| Revised Provisions | Original Provisions | Description |
|---|--|---|
| <u>paragraph 2 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</u> | <u>independent directors. When the Operating Procedures for Fund Loans and Endorsement Guarantees are submitted to the Board of Directors for discussion in accordance with the provisions of the preceding paragraph, or when funds are loaned to others or endorsement guarantees are made for others, full consideration should be made of the opinion of each independent director. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</u> | Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, provisions concerning independent directors are not applicable after the establishment of the Audit Committee and so have been deleted. |

EVERMORE CHEMICAL INDUSTRY CO., LTD.

Comparison Table of Amendments to Procedures for the Acquisition or Disposal of Assets

2021.03.16

| Amended Provision | Current Provision | Description |
|--|---|---|
| <p>Article IX:Procedures for Acquiring or Disposing of Assets with Related Parties</p> <p>I. (Omitted)</p> <p>II. Appraisal and operating procedures When the Company engages in any acquisition or disposal of assets from or to a related party, the following information shall be submitted to <u>the Audit Committee for approval and to the Board of Directors for approval</u> before signing the transaction contract and making payment: (I)-(VII):(Omitted) The calculation of the transaction amounts referred to in the preceding paragraph shall be handled in accordance with the rules stipulated by item 8 of Article 14, Paragraph 1. Items that have been <u>agreed to by the Audit Committee and</u> approved by the Board of Directors in accordance with these Procedures need not be counted toward the transaction amount. Paragraph 3:(Omitted)</p> <p>III. Reasonableness assessments of transaction costs (I)-(IV):(Omitted) (V) . . . (Omitted). 1. (Omitted). 2. <u>The Audit Committee</u> shall comply with <u>Article 14-4, Paragraph 3 of the Securities and Exchange Act</u> to apply the provisions of Article 280 of the Company Act. 3. (Omitted). (VI)-(VII):(Omitted)</p> | <p>Article IX:Procedures for Acquiring or Disposing of Assets with Related Parties</p> <p>I. (Omitted)</p> <p>II. Appraisal and operating procedures When the Company engages in any acquisition or disposal of assets from or to a related party, the following information shall be submitted to the Board of Directors for approval <u>and recognition by supervisors</u> before signing the transaction contract and making payment: (I)-(VII):(Omitted) The calculation of the transaction amounts referred to in the preceding paragraph shall be handled in accordance with the rules stipulated by item 8 of Article 14, Paragraph 1. Items that have been submitted to the Board of Directors for approval <u>and recognized by the supervisors</u> in accordance with these Procedures need not be counted toward the transaction amount. Paragraph 3:(Omitted)</p> <p>III. Reasonableness assessments of transaction costs (I)-(IV):(Omitted) (V) . . . (Omitted). 1. (Omitted). 2. <u>Supervisors</u> shall comply with Article 218 of the Company Act. 3. (Omitted). (VI)-(VII):(Omitted)</p> | <p>An Audit Committee has been set up to replace supervisors, and relevant terms have been revised.</p> |
| <p>Article XII:Procedures for Acquiring or Disposing of Derivatives</p> <p>I. Transaction principles and policies ㄟ 、 Risk management measures.</p> <p>III. Internal audit system. (I) Internal audit personnel shall periodically make a determination of the suitability of internal controls on</p> | <p>Article XII:Procedures for Acquiring or Disposing of Derivatives</p> <p>I. Transaction principles and policies II. Risk management measures III. Internal audit system. (I) Internal audit personnel shall periodically make a determination of the suitability of internal controls on</p> | |

| Amended Provision | Current Provision | Description |
|---|--|---|
| <p>derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading while also analyzing the trading cycle, and shall prepare an audit report. If any material violation is discovered, <u>the Audit Committee</u> shall be notified in writing.</p> <p>(II) Internal Audit Personnel . . . (Omitted).</p> <p>IV. Periodic assessment method</p> <p>V. Supervisory and management principles of the Board of Directors when engaged in derivative transactions</p> | <p>derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading while also analyzing the trading cycle, and shall prepare an audit report. If any material violation is discovered, <u>supervisors and independent directors</u> shall be notified in writing.</p> <p>(II) Internal Audit Personnel . . . (Omitted).</p> <p>IV. Periodic assessment method</p> <p>V. Supervisory and management principles of the Board of Directors when engaged in derivative transactions</p> | |
| <p>Article XVII:Implementation and revisions</p> <p>These Procedures for the Acquisition or Disposal of Assets established by the Company shall be <u>approved by one-half or more of all Audit Committee members</u>; and after the resolution of the Board of Directors, they shall be implemented after submission to the shareholders' meeting for approval. The same shall apply for amendments. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to <u>the Audit Committee</u>.</p> <p><u>If the approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the Operational Procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</u></p> <p><u>The terms "all audit committee members" in paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</u></p> | <p>Article XVII:Implementation and revisions</p> <p>In respect to these Procedures for the Acquisition or Disposal of Assets established by the Company <u>as well as transactions involving assets acquired or disposed of in accordance with these Procedures or other laws and regulations</u>, after approval by the Board of Directors they should be implemented after sending <u>to each supervisor</u> and submitting to the shareholders' meeting for approval. The same shall apply for amendments. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to <u>each supervisor</u>.</p> <p><u>In addition, if the Company has established independent directors, then when submitting the Procedures for the Acquisition or Disposal of Assets as well as transactions related to the acquisition or disposal of assets to the Board of</u></p> | <p>Updated in accordance with Article 6 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies</p> |

| Amended Provision | Current Provision | Description |
|---|--|-------------|
| <p><u>When the Company submits the Procedures for the Acquisition or Disposal of Assets</u> to the Board of Directors for discussion in accordance with the first paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p> | <p>Directors for discussion in accordance with this procedure or other legal regulations, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p> | |

EVERMORE CHEMICAL INDUSTRY CO., LTD.

Comparison Table of Amendments to Procedures for Election of Directors and Supervisors

2021.3.16 Board of Directors

| Revised Provisions | Original Provisions | Description |
|--|---|--|
| Director selection process | <u>Procedures</u> for Election of Directors and <u>Supervisors</u> | Changed designation in response to the revision of relevant laws and regulations and the establishment of an Audit Committee to take on the responsibilities of supervisors. |
| I. Except as otherwise provided by laws and regulations, elections of directors of the Company shall be conducted according to the provisions of these Procedures. | I. Except as otherwise provided by laws and regulations, elections of directors <u>and supervisors</u> of the Company shall be conducted according to the provisions of these Procedures. | An Audit Committee has been set up to replace supervisors, and relevant terms have been revised. |
| II. Elections of directors of the Company shall be conducted according to a candidate nomination system. The name of the elector can be replaced by the number of the attendance card printed on the ballot paper. In elections of the Company's directors, each share has the same voting rights as the number of persons to be elected. One person may be elected collectively or several persons may be elected separately. | II. Elections of directors <u>and supervisors</u> of the Company shall be conducted according to a candidate nomination system. The name of the elector can be replaced by the number of the attendance card printed on the ballot paper. In elections of the Company's directors <u>and supervisors</u> , each share has the same voting rights as the number of persons to be elected. One person may be elected collectively or several persons may be elected separately. | |
| III. In an election of directors, directors shall be selected by the shareholders' meeting from the list of candidates for directors in accordance with <u>relevant laws and regulations</u> . Among them independent directors and non-independent directors are elected together, and the number of elected positions are calculated separately. | III. In an election of directors and <u>supervisors</u> , the Board of Directors shall be selected by the shareholders' meeting from the list of candidates for directors and <u>supervisors</u> in accordance with provisions of the <u>Company Act</u> . Among them independent directors and non-independent directors are elected together, and the number of elected positions are calculated separately. | Modified wording. |
| IV. Out of the number of directors of the Company specified in the company's Articles of Incorporation, voting rights for independent directors and non-independent directors shall be calculated separately. Those with more voting rights represented by the votes obtained shall be elected in turn. If there are two or more people have equal weightings and the number of votes exceeds the specified number, it shall be decided by drawing lots among those having equal weightings. The chair shall draw lots on behalf of those not attending. | IV. Out of the number of directors <u>and supervisors</u> of the Company specified in the company's Articles of Incorporation, voting rights for independent directors and non-independent directors shall be calculated separately. Those with more voting rights represented by the votes obtained shall be elected in turn. If there are two or more people have equal weightings and the number of votes exceeds the specified number, it shall be decided by drawing lots among those having equal weightings. The chair shall draw lots on behalf of those not attending. | |

| Revised Provisions | Original Provisions | Description |
|---|---|--|
| V. <u>Before the election begins, the chair shall appoint a number of monitoring and counting personnel to perform a range of related duties. Among them, monitors should have status as shareholders.</u> | V. Before the election begins, the chair shall appoint a number of monitoring personnel and counting personnel, each having shareholder status, to perform various related duties. | Revised in accordance with practice. |
| VII. <u>This Article deleted</u> | VII. <u>The elector must fill in the name of the electee in the "electee" column of the ballot, and may add the shareholder account number and identification document number. However, when a governmental or corporate shareholder serves as electee, the name of the governmental or corporate entity should be filled in the electee column of the ballot. It is also necessary to fill in the name of the governmental or corporate entity and the name of its representative.</u> | It has been changed to the nomination system, and there is no need to fill in. |
| VIII. A ballot will be invalid in one of the following circumstances: A. <u>The ballot was not prepared by a person with the right to convene.</u> B. A blank ballot is placed in the ballot box. C. The writing is unclear and indecipherable or has been altered. D. <u>The candidate whose name is entered in the ballot does not conform to the director candidate list.</u> E. <u>Other words or marks are entered in addition to the number of voting rights allotted.</u> | VIII. A ballot will be invalid in one of the following circumstances: A. The ballots stipulated in these rules are not used. B. Blank ballots are placed into the ballot box. C. The writing is unclear and indecipherable or has been altered. D. If the filled-in electee is a shareholder and the account name and shareholder account number are not consistent with the shareholder register; or if the filled-in electee is not a shareholder and the name and identification document number are not consistent with each other after verification. E. Other wording is inserted in addition to the account name (name) or shareholder account number (identification document number) of the electee and the number of voting rights allocated. F. The name of the electee filled in is the same as the names of other shareholders, but the shareholder account number or identification document number of the electee is not filled in for identification. G. The name of the electee filled in is wrong. H. A correction has been made but the elector's seal is not stamped in that place. I. The ballot contains two or more electees. | Simplifying the content of the ballot. |
| XI. Ballots will be opened on site after voting, and the list of elected directors as a result of the ballot will be announced on site by the chair. | XI. Ballots will be opened on site after voting, and the list of elected directors <u>and supervisors</u> as a result of the ballot will be announced on site by the chair. | |

Appendix X. List of newly appointed directors concurrently holding other positions

| Director | Concurrently held positions in other companies | |
|---|---|---|
| Ho Wen-Chieh | Giant Star Trading Co., Ltd. | Chairman of Board |
| | Chem-Mat Technologies Co., Ltd. and | Chairman of Board |
| | Aica Kogyo Co., Ltd. | Executive Director |
| Huang Chng-Tze | Giant Star Trading Co., Ltd. | Legal representative director |
| | Chem-Mat Technologies Co., Ltd. and | Legal representative director |
| Yue Dean Technology Co., Ltd. | SAN FANG CHEMICAL INDUSTR CO.,LTD | director |
| Yue Dean Technology Co., Ltd. Corporate representative Tsai Nai-Yung | Global Supply Chain Administration of Pou Chen Group. | Vice President |
| | Chang Yang Materials Co., Ltd. (TWN) | director |
| | Chang Yang Vietnam Plastic Co., Ltd. | director |
| | PT. Ever Tech Plastic | director |
| | PT. DahSheng | director |
| | Dah Sheng Vietnam Co., Ltd. | director |
| | Dah-Chen Shoe Materials Ltd. | director |
| | Zhongshan Huaqing Foam Products Co., Ltd. | director |
| | Jiangxi Huaqing Foam Co., Ltd. | director |
| | Prosper Day Limited | director |
| | Limao Digital Printing Co., Ltd. (TWN) | director |
| | PT. Limao Novatex | director |
| | Yuen Foong Yu Paper Enterprise (VN) Co., Ltd | director |
| | Zhongshan Baoshun Paper Products Co., Ltd. (PRC) | director |
| | TAY NINH KUO YUEN LTD. | director |
| | Nanbao Resin Chemical Factory (Stock) Company | director |
| | Prosperous Industrial (Holdings) Ltd. | director |
| | Prime Glorious Limited | director |
| Aica Kogyo Co., Ltd. | Kunshan Aike Resin Co., Ltd. | director |
| | Shenyang Aikehaobo Chemical Co., Ltd. | director |
| | AICA Asia Pacific Holding Pte. Ltd. | director |
| | PT. AICA INDRIA | director |
| | PT Aica Mugi Indonesia | director |
| | AICA HATYAI CO., LTD. | director |
| | Aica Bangkok Co., Ltd. | director |
| | Thai Chemical Corporation Ltd. | director |
| | Aica Malaysia Sdn. Bhd. | director |
| | Adtek Consolidated Sdn. Bhd. | director |
| | AICA NZ Limited | director |
| | Nishi Tokyo Chemix Corporation | director |
| Aica Kogyo Company, Limited Corporate representative Omura Nobuyuki | Aica Kogyo Co., Ltd. | Managing Director, Chief of Functional Materials Company |
| | Director of NISHI TOKYO CHEMIX Corporation | Director |
| Aica Kogyo Company, Limited Corporate representative Ebihara Kenji | Aica Kogyo Co., Ltd. | Managing Director, Head of Chemical Products Company |
| | Aica Asia Pacific Holding Pte.Ltd. | Director |
| | PT. AICA INDRIA | Director |
| | PT Aica Mugi Indonesia | Director |
| Aica Kogyo Company, Limited Corporate representative Ichikawa Toyoaki | Aica Kogyo Co., Ltd. | Executive Director ;Director of Overseas Planning Department |
| | Aica Asia Pacific Holding Pte.Ltd. | Director |

Appendix XI. Shareholdings by Directors and Supervisors

EVERMORE CHEMICAL INDUSTRY CO., LTD.
Shareholdings of directors and supervisors Base date: May 1, 2021

| Job title | Name | Number of shares held | |
|--|--|-----------------------|-------------------|
| | | Number of shares | % of shareholding |
| Chairman | Ho Wen-Chieh | 7,003,532 | 7.05% |
| Director | Aica Kogyo Company, Limited Representative: | 49,793,388 | 50.10% |
| Director | Aica Kogyo Company, Limited Representative: | | |
| Director | Aica Kogyo Company, Limited Representative: | | |
| Director | Pou Chien Enterprise Co., Ltd. Representative: Tsai Nai-Yung | 3,352,771 | 3.37% |
| Independent director | Chen Chao-Hwei | 0 | 0.00% |
| Independent director | Higashiyama Mikio | 0 | 0.00% |
| Number of shares held by all the directors | | 60,149,691 | 60.52% |
| Supervisors | Liu Ve -Tung | 2,255,412 | 2.27% |
| Supervisors | Lu Hui-Pin | 2,196,193 | 2.21% |
| Supervisors | Su I-Hsiu | 0 | 0.00% |
| Number of shares held by all the supervisors | | 4,451,605 | 4.48% |

- I. The paid-in capital of the Company is NTD 993,880,000, and 99,388,000 shares have been issued.
- II. In accordance with Article 26 of Taiwan's Securities and Exchange Act, and Article 2(1)(2) of and Article 2(2) of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, since the Company has elected two (2) independent directors, the ratio of shareholding by the directors (other than such independent directors) and supervisors shall be reduced to 80%. The minimum number of shares to be held by all the directors of the Company shall be 7,951,040 shares, and the minimum number of shares held by all the supervisors shall be 795,104 shares. The number of shares held by the individual and all directors and supervisors on the shareholder register by the deadline for transfer of shares at the general meeting has been shown in the preceding table, and has met the standards for quota share set out in Article 26 of Taiwan's Securities and Exchange Act.

EVERMORE CHEMICAL INDUSTRY CO., LTD.

Articles

Chapter 1 General Principles

- Article 1: The Company is organized according to Taiwan's Company Act as a company limited by shares, and is named 日勝化工股份有限公司 (English name:EVERMORE CHEMICAL INDUSTRY CO., LTD).
- Article 2: The Company's business is as follows:
C801100 Synthetic Resin and Plastic Manufacturing
C802120 Industrial and Additive Manufacturing
C805010 Manufacture of Plastic Sheets, Pipes and Tubes
C801990 Other Chemical Materials Manufacturing
C802990 Other Chemical Products Manufacturing
F107170 Wholesale of Industrial Catalyst
F107200 Wholesale of Chemical Feedstock
F107990 Wholesale of Other Chemical Products
F401010 International Trade
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 headquartered in Nantou County. If necessary, it may establish branch offices at home and abroad by the resolution of the Board of Directors.
- Article 4: The Company shall make announcements in such manner as set forth in the provisions of Article 28 of Taiwan's Company Act.
- Article 5: The transfer of investments by the Company is not subject to Article 13 of Taiwan's Company Act, and the Board of Directors is authorized to resolve on the matters relevant to transfer of investments.
- Article 6: The Company may deal with the external guarantees between its peers or affiliated enterprises for business needs based on the principle of reciprocity, and in accordance with the Company's procedures for endorsements & guarantees.

Chapter 2 Shares

- Article 7: The total capital of the Company is NT\$1.2 billion, the par value is NT\$10 per share, no shares have been issued, the Board of Directors is authorized to issue shares in installments.
- Article 8: The Company shall issue registered shares only. They shall be issued after being signed or sealed by three or more directors in accordance with the law. Shares issued by the Company are exempted from being in the form of printed stocks, but the centralized securities custodial institution must be contacted for registration.
- Article 9: The matters of the Company in respect of shares shall be handled in accordance with the Criteria Governing Handling of Stock Affairs by Public Companies promulgated by the competent authorities.
- Article 10: The transfer of shares shall be suspended within 60 days prior to the date of each general meeting, or within 30 days prior to the date of an extraordinary meeting, or within 5 days before the record date when the Company decides to distribute dividends and bonuses or other benefits.

Chapter 3 Shareholders' Meeting

- Article 11: The meetings of shareholders shall be divided into general meetings and extraordinary meetings. A general meeting shall be held once a year within six months after the end of each fiscal year. An extraordinary meeting shall be convened according to law when necessary.
- Article 12: When a shareholder is unable to attend the meeting for any reason, he/she shall issue a power of attorney issued by the Company, stating the scope of authorization and designating a proxy to attend on his/her behalf. In addition to the provisions of Article 177 of Taiwan's Company Act, the attendance of a

- shareholder at a meeting in proxy shall be subject to the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies promulgated by the competent authorities.
- Article 13: At the time of a meeting of shareholders, the chairman of the Board shall be preside at the meeting. If the chairman of the Board is absent from the meeting, the chairman of the Board shall appoint one of the directors to act on his/her behalf. If not, the directors present shall elect one of their number to be chairman of the meeting.
- Article 14: Except as otherwise provided for by the Act, each shareholder of the Company has one vote for each share it owns.
- Article 15: Unless otherwise provided for by the Company Act, a resolution shall be adopted at a meeting of shareholders at which the shareholders representing a majority of outstanding shares are present by a majority of the votes represented by the attending shareholders.
- Article 16: The meeting minutes shall be prepared for the resolutions at a meeting of shareholders, signed or sealed by the chairman, and distributed to the shareholders within 20 days after the meeting is dissolved. The production and distribution of the minutes described in the preceding paragraph shall be subject to Article 183 of Taiwan's Company Act.

Chapter 4 Directors and Supervisors

- Article 17: The Company has seven to eleven directors and three supervisors, all of whom are elected at the meeting of shareholders from capable persons. They will serve for a term of three years, and may be re-elected following appointment. The directors and supervisors shall be elected by way of nomination of candidates. The number of independent directors in the Board of Directors shall be no less than three persons, *i.e.* one-fifth of the number of directors to be elected.
- Article 18: Whenever a vacancy in the Board of Directors is up to one third of members or all of the supervisors are relieved of their office, the Board of Directors shall convene an ad hoc meeting within 60 days for by-election, and the term of office shall be limited to the original term.
- Article 19: When the term of office for a director or supervisor expires without re-election, the term of his/her office shall be extended until the re-elected director or supervisor takes office.
- Article 20: The Board of Directors shall be composed of directors, more than two-thirds of directors present at a meeting of the Board of Directors shall elect one of their number to be chairman of the Board by the majority of votes of the directors. The Board of Directors shall manage the Company's affairs in accordance with the Act, Articles, and the resolutions adopted at the meetings of shareholders and the Board of Directors. Without regard to operating profits and losses, the Company has to pay remuneration to the chairman of the Board, at such amount as determined by the Board of Directors authorized by the Company based on the chairman's level of participation in the Company's business operations and contribution to the Company, and with reference to the standard practice of the industry.
- Article 21: The Company's business policies and other important matters shall be resolved by the Board of Directors. Except to the extent that the first meetings of the Board are held in accordance with the provisions of Article 203 of Taiwan's Company Act, the rest of meetings are convened and chaired by the chairman of the Board. When the chairman of the Board is unable to perform his/her duties, he/she shall appoint one of the directors to act on his/her behalf. If not, the directors present shall elect one from them to be chairman of the meeting.
- The notice of a meeting of the Board of Directors may be sent to the directors and supervisors in writing, via E-mail or by fax transmission, indicating the reasons for convening such meeting.
- Article 22: The meetings of the Board of Directors, except as otherwise stipulated in Taiwan's Company Act, requires the attendance by a majority of the directors with unanimous consent of half or more of the attending directors. If a director is unable to attend the meeting for any reason, it shall issue a power of

attorney, indicating the reasons for convening and the scope of authorization, to appoint another director to attend the meeting on his/her behalf, however, provided that only one person shall be appointed.

Article 23: The meeting minutes shall be prepared for the resolutions at a meeting of the Board, signed or sealed by the chairman, and distributed to the directors within 20 days after the meeting is dissolved.

Article 24: A supervisor shall, in addition to exercising the power of supervision in accordance with the law, may attend the meetings of the Board of Directors, but may not participate in the voting.

Article 25: When the directors and supervisors of the Company carry out the business for the Company, regardless of the operating profits and losses, the Company shall pay traffic allowance to them at such amount as determined by the Board of Directors.

The remuneration for the directors and supervisors of the Company shall be determined by the Board of Directors based on their level of participation in the Company's business operations and contribution to the Company, and with reference to the standard practice of the industry.

The Company may take out insurance against the liability for damages to be assumed by the directors and supervisors within the scope of business during their tenure in accordance with the law.

As a director of the Company is also an employee of the Company, he/she shall be paid remuneration regardless of the operating profits and losses, at such amount as determined in accordance with the "Measures for Management of the Compensation for New Hires" of the Company and with reference to the standard practice of the industry.

Chapter 5 Managers and Staff

Article 26: The Company may have a manager for whom the appointment, dismissal and remuneration shall be handled in accordance with the provisions of Article 29 of Taiwan's Company Act.

Article 27: The Company may, by a resolution adopted by the Board of Directors in accordance with Article 22 of the Articles, appoint a consultant and important staff members.

Chapter 6 Accounting

Article 28: The accounting year of the Company shall commence on January 1 of each year and expire on December 31 of that year, and final accounting shall be conducted at the end of each accounting year. The following documents shall be prepared by the Board of Directors and submitted at the general meeting for approval after being reviewed by supervisors within 30 days before the date of the general meeting: I. Business Report; II. Financial statements; and III. Proposal for distribution of earnings or allowance for losses.

Article 29: If the Company makes profits in the year, 3% to 5% of the profits shall be reserved to pay employee remuneration and no more than 2% of the profits reserved to pay director and supervisor remuneration. However, if the Company has accumulated losses, the profits shall be reserved in advance to cover the losses.

The employees to whom the Company pays to remuneration, issues new shares that restrict employees' rights, issues subscription warrants, the acquired shares are transferred and who subscribes new shares issued by the Company include the employees of the affiliated companies that meet the conditions prescribed by the Board of Directors.

Article 29-1: If there are surpluses in the Company's final accounts, taxes and accumulated losses shall be paid out of such surpluses first, 10% of them shall be set aside as statutory surplus reserves, a provision for or reversal of special surplus reserves shall be made according to law, with the balance of such earnings (if any) paid to shareholders as dividends after a resolution is adopted at the general meeting.

Chapter 7 Policy for Declaration of Dividends

Article 30: The Company is engaged in the manufacture and sale of PU resin. It is a technology-intensive, mature

and profitable chemical industry. Due to the need for technological upgrading, it is possible for the Company to expand its factories in the next few years. With reference to the remaining dividend policy and to the extent meeting optimal capital budget and the requirements for dilution of earnings per share, the annual surpluses allocated per year account for at least 50% of the surpluses available for distribution in principle, when dividends are declared to shareholders, the proportion of cash dividends shall not be less than 25%.

Chapter 8 Supplementary Provisions

- Article 31: The organizational procedures and the detailed rules of procedure for the Company shall be determined by the Board of Directors.
- Article 32: The matters not covered by the Articles of Association shall be dealt with in accordance with the provisions of Taiwan's Company Act and other laws and regulations.
- Article 33: These Articles were made effective as of April 24, 1989. The 1st amendment hereto was made on May 9, 1989; The 2nd amendment hereto was made on April 2, 1991; The 3rd amendment hereto was made on October 7, 1992; The 4th amendment hereto was made on November 29, 1994; The 5th amendment hereto was made on October 22, 1995; The 6th amendment hereto was made on June 9, 1996; The 7th amendment hereto was made on June 10, 1997; The 8th amendment hereto was made on August 15, 1997; The 9th amendment hereto was made on September 5, 1997; The 10th amendment hereto was made on June 17, 1998; The 11th amendment hereto was made on June 2, 1999; The 12th amendment hereto was made on May 24, 2000; The 13th amendment hereto was made on May 11, 2001; The 14th amendment hereto was made on April 16, 2002; The 15th amendment hereto was made on June 8, 2005; The 16th amendment hereto was made on June 19, 2006; The 17th amendment hereto was made on June 22, 2007; The 18th amendment hereto was made on June 12, 2008; The 19th amendment hereto was made on June 8, 2010; The 20th amendment hereto was made on June 12, 2012; The 21st amendment hereto was made on June 22, 2015; The 22nd amendment hereto was made on June 23, 2016; The 23rd amendment hereto was made on June 22, 2017, and the 24th amendment hereto was made on March 7, 2018, 25th amendment hereto was made on June 27, 2019. The 26th amendment hereto was made on June 15, 2020.

EVERMORE CHEMICAL INDUSTRY CO., LTD.
Rules of Procedure for Shareholder Meetings

Made effective as of August 15, 1997
Revised on June 15, 2020

Article 1: Unless otherwise provided for by the relevant laws and regulations or the Company's Articles of Association, the general meetings of the Company shall be held in accordance with these Procedural Rules.

Article 2: The Company shall indicate the time for acceptance of registration for attendance by shareholders, the place of registration, and other matters needing attention in the notice of a general meeting.

The time for the acceptance of registration for attendance by shareholders described in the preceding paragraph shall be at least 30 minutes before the start of a general meeting; the place of registration shall be clearly marked and appropriate qualified personnel shall be put in charge thereof.

A shareholder shall attend the general meeting in person or in proxy (hereinafter referred to as the "Shareholders") with the attendance certificate, sign-in card or other certificate of attendance. The Company shall not arbitrarily require a shareholder to provide other supporting documents in addition to those under which a shareholder attends the general meeting; The proxy acting on behalf of the shareholder shall provide ID document for verification.

The Company shall have a visitors' book for the attending shareholders to sign in, or the attending shareholders shall issue the sign-in cards instead.

The Company shall prepare meeting minutes, annual reports, attendance certificates, speech notes, votes for the meeting and the relevant materials, which shall be made available to the attending shareholders. Where directors or supervisors are elected, such materials shall be accompanied by a ballot.

If a shareholder is a government or legal person, the representative attending a general meeting is not limited to one person. When a legal person is entrusted to attend a general meeting, only one representative may be appointed to attend such meeting.

Article 3: A general meeting shall be convened at the place where the Company is located or at such places convenient for attendance by shareholders and suitable for convention. The meeting shall not begin earlier than 9:00 a.m. or later than 3:00 p.m. The opinions of independent directors shall be taken into full consideration when the time and place of a meeting are determined.

Article 4: The chairman of the Board shall chair a general meeting if the meeting is convened by the Board of Directors. In case the chairman is on leave or absent or cannot exercise his/her power and authority for any cause, the deputy chairman shall act on his/her behalf, if the Company has no deputy chairman or the deputy chairman is also on leave or absent or cannot exercise his/her power and authority for any cause, the chairman of the Board shall designate one of managing directors to act on his/her behalf; if the Company has no managing directors, a director shall be designated to chair the meeting. In the absence of such a designation, the managing directors or directors shall elect one of their number to be chairman of the meeting.

Any managing director or a director acting on behalf of the chairman described in the preceding paragraph has served for more than six months and is familiar with the Company's financial position and business operations. If a director as a legal person acts on behalf of the chairman of a general meeting, such director shall also meet such requirements.

If a general meeting is called by the Board of Directors, the meeting shall be chaired by the chairman of the Board in person, and be attended by half or more of the directors and at least one supervisor in person, and by one member of each functional committee in proxy, with the information on attendance recorded in the general meeting minutes.

If a general meeting is convened by any person entitled to convene the meeting other than a member of the Board, such person shall preside at the meeting. However, if there are two or more persons entitled to convene the meeting, the chairman of the meeting shall be elected from themselves.

The Company may appoint the designated counsel, CPA or other related persons to attend the meeting.

Article 5: The Company shall have the entire sign-in process, the process of a general meeting, and the voting and count of votes tape recorded or videotaped from the time of accepting the registration for attendance by shareholders.

These tapes shall be preserved for at least one year. If a shareholder institutes legal proceedings in accordance with Article 189 of Taiwan's Company Act, the relevant audio or video recordings shall be retained until the legal proceedings are concluded.

Article 6: If the shareholders' meeting is convened by the board of directors, its agenda shall be set by the board of directors, and the relevant proposals shall be voted by case. (Including Questions and Motions and amendments to the original motion.) The meeting shall be conducted according to the scheduled agenda, and shall not be changed without the resolution of the shareholders' meeting.

The above provision applies *mutatis mutandis* to the cases where the meeting is convened by any person, other than a member of the Board of Directors, who is entitled to convene such meeting.

Unless otherwise resolved at the general meeting, the chairman may not announce adjournment of the meeting before all the discussions (including Questions and Motions) listed in the agenda are resolved. However, in the event that the chairman adjourns a general meeting in violation of these Procedural Procedures, other members of the Board shall assist the shareholders present thereat in designation of, by a majority of votes represented by the shareholders attending the meeting, one person as chairman to continue the meeting.

For motions and amendments or Questions and Motions proposed by shareholders, the chairman shall offer full explanation and discussion opportunities. When it is determined that a vote can be taken, a cessation of discussion must be announced and the matter shall be put to a vote, and adequate voting time shall be arranged.

The shareholders cannot designate any other person as chairman and continue a general meeting in the same or other place after the meeting is adjourned.

Article 7: Shareholders holding more than one percent of the total issued shares shall be able to make proposals to the company in writing at the regular shareholders' meeting. This shall be limited to one item; if there is more than one proposal, it shall not be included. However, if the shareholder submission is a proposal to urge the company to promote public interest or fulfill its social responsibilities, the board of directors must still include the proposal.

Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce that it will receive shareholder proposals, whether it shall be via written or electronic acceptance, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

The proposal of a shareholders deemed by the Board of Directors as excluded from any of the following circumstances shall be included in the agenda and the reasons for convening of the general meeting shall be stated therein:

I. Where the subject (the issue) of the said proposal cannot be settled or resolved by a resolution to be adopted at a meeting of shareholders;

II. Where the number of shares of the Company in the possession of the shareholder making the said proposal is less than one percent (1%) of the total number of outstanding shares at the time when the share transfer is suspended by the company at the general meeting.

III. Where the said proposal is not submitted by the deadline fixed in the public notice for accepting shareholders' proposals in the preceding paragraph.

IV. Proposed shareholder's proposal exceeds three hundred words (including punctuation).

The Company shall, prior to the date of a general meeting, notify all the shareholders who have made proposals of the proposal screening results, and shall list in the meeting notice the proposals conforming to the requirements set out in this Article. With regard to the proposals submitted by shareholders which are not included in the agenda of a general meeting, the cause of exclusion of such proposals shall be explained by the Board in the meeting minutes. There is no need to include such cause in the agenda or meeting minutes.

Article 8: Attendance at a general meeting shall be based on the number of shares. The number of shares held by the shareholders attending the meeting shall be calculated in accordance with the records of the visitors' book or attendance cards submitted by the shareholders, or the number of shares held by the shareholders who have exercised the voting rights in writing or in electric form.

The chairman shall call a general meeting to order at the time scheduled for the meeting. If the number of shares represented by the shareholders present at the meeting has not yet constituted the quorum at the time scheduled for the meeting, the chairman may postpone the time for the meeting. The postponements shall be limited to two times and meeting shall not be postponed for longer than one hour in the aggregate. If the

number of one third of outstanding shares represented by the attending shareholders has not constituted the quorum after the meeting was postponed for two times, the chairman shall announce the meeting is dissolved.

If after two postponements, the number of shares represented by the attending shareholders has not constituted more than one third of outstanding shares, a tentative resolution may be passed Paragraph 1 of Article 175 of the Taiwan's Company Act, and notified to shareholders for convening a general meeting within one month from the date of notification.

By the end of such meeting, if number of shares represented by the attending shareholders has already constituted more than one half of the outstanding shares, the chairman may put the tentative resolution to the vote at the general meeting again in accordance with Article 174 of the Taiwan's Company Act.

Article 9: When a shareholder present at the general meeting wishes to speak, a speech note shall be filled out with summary of the speech, the shareholder's account number (or the number of attendance certificate) and the account name of the shareholder. The sequence of speeches shall be decided by the chairman.

If any shareholder present at the general meeting submits a speech note but does not speak, no speech shall be deemed to have been made by such shareholder. In case the contents of the speech made by a shareholder are inconsistent with the contents of the speech note, the contents of actual speech shall prevail.

Unless otherwise permitted by the chairman, each shareholder shall not speak more than twice concerning the same item, and each speech shall not last more than 5 minutes. In case the speech of any shareholder violates this Paragraph or exceeds the scope of the agenda, the chairman may stop the speech of such shareholder.

Unless otherwise permitted by the chairman and the speaking shareholder, no shareholder shall interrupt the speeches of the other shareholders, otherwise, the chairman shall stop such interruption.

If a corporate shareholder has designated two or more representatives to attend the general meeting, only one representative can speak for each discussion item.

After the speech of any attending shareholder, the chairman may respond himself/herself or appoint an appropriate person to respond.

Article 10: Voting at a general meeting shall be based on the number of shares.

The shares held by any shareholder without voting rights shall not be included in the total number of outstanding shares while voting on resolutions at the general meeting.

A Shareholder shall abstain from exercise of voting rights for himself/herself or on behalf of another shareholder in respect of any proposed matter for consideration at a general meeting if he/she bears personal interest therein that may conflict with and impair the interest of the Company.

The shares represented by the voting rights contained in the preceding paragraph shall not be counted in the number of votes of the shareholders present at the said meeting.

Article 11: When the Company holds a shareholders' meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. Any shareholder who exercises voting rights in writing or in electronic form shall be deemed to have attended the general meeting in person. However, the Questions and Motions of the shareholders' meeting and the amendment of the original proposal are deemed to be abstentions, therefore, the Company should avoid making Questions and Motions and amendments to the original motion.

Except as otherwise specified in the relevant laws or in the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the general meeting.

Article 12: The person(s) to check and count the ballots during votes on agenda items shall be appointed by the chairman. The person(s) checking the ballots shall be a shareholder(s).

The votes cast at a general meeting or on election proposals shall be publicly counted at any general meeting venue, and the voting results (including statistical weight) shall be announced at the general meeting after the counting is finished, and placed on record.

Article 13: If there is amendment to or substitute for an original proposal, the chairman shall decide on the sequence of voting for such proposal, the amendment or the substitute. However, if any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.

Article 14: If the agenda of a general meeting is not completed for a reason, the time for the general meeting may be

postponed or the time for intermission may be set to the extent determined by the chairman in 5 days, without regard to Article 172 of the Taiwan's Company Act.

Article 15: During the meeting, the chairman may, at his/her discretion, set time for intermission. In case of a *force majeure* event, the chairman may decide to temporarily suspend a general meeting and announce, depending on the situation, when the meeting will resume, or resume the meeting within five days by resolution of the shareholders present at the meeting, without further notice or public announcement.

Article 16: The persons transacting affairs of the Meeting shall wear identification cards or badges.

The chairman may direct inspectors or security guards to assist in keeping order at the meeting venue. Such inspectors or security guards shall wear badges or identification cards marked with "Inspectors" for identification purpose.

For those shareholders who use microphones other than those supplied at the meeting venue may be refrained from speaking by the order of the chairman.

Shareholders who violate the Procedural Rules and refuse to obey the instructions given by the chairman, the chairman may order inspectors or security guards to remove them from the meeting venue.

Article 17: The shareholders attending the general meeting shall have the obligation to observe meeting rules, obey resolutions and maintain order at the meeting venue.

Article 18: The matters not covered by these Procedural Rules shall be subject to Taiwan's Company Act, Securities and Exchange Act and other relevant regulations.

Article 19: The Procedural Rules as well as any amendment hereto shall become effective as soon as adopted at the general meeting.

EVERMORE CHEMICAL INDUSTRY CO., LTD.

Operating Procedures for Fund Loans and Endorsement Guarantees

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Chapter 1: General Provisions

- Article 1 These Operating Procedures are established in accordance with Article 36-1 of the Securities and Exchange Act.
- Article 2 When the Company handles loans of funds to others, or endorsements or guarantees for others, they should be handled in accordance with the provisions of these Operating Procedures. Provided, where financial laws or regulations provide otherwise, such provisions shall govern.
- Article 3 Under Article 15 of the Company Act, the Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:
- I. Where an inter-company or inter-firm business transaction calls for a loan arrangement; or
 - II. Where an inter-company or inter-firm short-term financing facility is necessary (of one year or one business cycle, whichever is longer). The financing amount (cumulative balance of short-term financing) shall not exceed 40% of the company's net value.
- The restriction in paragraph 1, subparagraph 2 shall not apply to inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, nor to loans of fund to the Company by any overseas company in which the Company holds, directly or indirectly, 100% of the voting shares.
- Article 4 Endorsement guarantees in these Operating Procedures refer to the following items:
- I. Financing endorsement/guarantee, including:
 - (I) Bill discount financing.
 - (II) An endorsement or guarantee for the purpose of financing other companies.
 - (III) For the purpose of financing for the Company, another bill is issued to a non-financial enterprise as a guarantee.
 - II. Customs duty endorsement/guarantee; this refers to endorsements or guarantees of the Company or other companies regarding customs duty matters.
 - III. Other endorsement/guarantee; this refers to those which cannot be classified into endorsements or guarantees of the first two subparagraphs.
- Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with these Procedures.
- Article 5 The Company may offer the following companies endorsements/guarantees:
- I. A company with which it does business.
 - II. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
 - III. A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.
- Endorsements and guarantees may be made between two companies in which the Company directly or indirectly holds 90% or more of the voting shares and the amount shall not exceed 10% of the Company's net worth. However, this limitation is not applicable to endorsements or guarantees between two companies in which the Company directly or indirectly holds 100 percent of the voting shares.
- Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for

another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, it is not subject to the restrictions of the previous two items and an endorsement/guarantee may be made.

The capital contribution referred to in the preceding paragraph refers to the company's direct capital contribution or capital contribution through a company in which it holds 100% of the voting shares.

Article 6 Subsidiaries and the parent company mentioned in these Procedures are recognized in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The Company's financial statements are prepared in accordance with International Financial Reporting Standards. "Net value" refers to equity attributable to the owners of the parent company in the balance sheet as per the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 7 The term "announce and report" as used in these Procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission. "Date of occurrence" in these Regulations means the date of transaction contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the loan of funds or endorsement/guarantee, whichever date is earlier.

Chapter 2: Specific Disposition Procedures

Section I. Loans to other parties

Article 8 Relevant operating procedures for loaning funds to others:

- I. Loans and their rationale and necessity:
 - (I) Business dealings: those who have had business dealings with the company for more than one year and have no record of refunds.
 - (II) Short-term financing: subsidiaries of which the company holds more than 50% of shares.
- II. Fund loans and total amount:
 - (I) Business transactions: The loan amount shall not exceed the monthly average amount of transactions in the business (whichever is higher between purchases or sales) in the most recent year.
 - (II) Short-term financing: the loan amount shall not exceed 20% of the company's net value.
 - (III) The total amount of the above two items shall not exceed 40% of the company's net worth.
- III. Limits of loans to individual counterparties:
 - (I) Business dealings: must not exceed the monthly average amount of business dealings with the customer in the most recent year.
 - (II) Short-term financing: shall not exceed 10% of the company's net value.
- IV. Duration of loans and calculation of interest.
 - (I) Financing period: Calculated from the date of loan, not more than one year.
 - (II) Interest calculation method: In principle, not lower than the interest rate of the company's short-term bank loans, and the interest is to be paid monthly
- V. Procedures for handling loans of funds.
 - (I) Credit:
 1. When a borrower applies for a loan from the company, the handling personnel should make preliminary contact to understand the use of funds and recent business and financial status in order to assess the necessity and rationality of the loan. If it is feasible, the negotiation record will be made.

2. If it is a first-time borrower, the borrower should provide basic information and financial information in order to handle the credit investigation work. If it is a continuing borrower, in principle a credit investigation is to be conducted once a year. If it is a major case, a credit investigation will be conducted every six months based on actual needs.
3. If the borrower's financial situation is good, and the annual financial statements have seen the appointment of an accountant to obtain financing certification, it shall be necessary to continue to use the investigation report of more than one year but less than two years, and refer to the accountant to check the certification report to sign the loan case.
4. When handling credit investigations, the handling personnel shall fill in the signatures after ascertaining the above-mentioned matters.
5. After credit investigation and/or evaluation, if the borrower's credit rating is poor and there is not an intention to lend, the handling staff shall give reasons for decline after signing and approving and respond to the borrower as soon as possible.
6. For credit investigation results where the credit evaluation is good and the loan is justified, the handling personnel should fill in the credit report and opinions and propose the loan conditions. It shall be processed after approval by the President and the Board of Directors.

(II) Security:

1. After the loan case is approved, the manager should inform the borrower by letter or cable as soon as possible. He or she should detail the company's borrowing conditions, including quota, term, interest rate, collateral, guarantor, etc. The borrower shall be requested to sign a contract within the time limit. After completing the guarantee quality (mortgage) pledge rights setting and the guarantor's guarantee procedures, the appropriation can be used.
2. In lending cases, the handling staff shall draw up the terms of the IOU. After being reviewed by the supervisor and sent to the legal counsel meeting for verification, the signing procedure can be handled.
3. The content of the IOU should be consistent with the approved borrowing conditions. After the borrower and the joint guarantor have signed the IOU, the handling personnel should complete the guarantee procedures.
4. In order to guarantee that the borrower will indeed repay the loan within the agreed period, the Company may, as necessary, require the borrower to provide the denomination issued by the borrower as the loan and total amount. If the expiry date is not stated, the Company is the payee, and a letter of refusal is not required, and the promissory note with the reminder period extended for one year is submitted to the company for deposit and shall be returned after the loan has been repaid.
5. If there is collateral in a loan case, the borrower shall provide collateral, and go through the pledge or mortgage setting procedures to ensure the company's creditor's rights.
6. Except for land and securities, all collaterals should be insured against fire. Ships and vehicles should be insured against all risks. The insurance amount is to be based on the principle of not less than the pledged value of the collateral, and the insurance policy should note that the company is the beneficiary. The name, quantity, storage location, insurance conditions, and insurance endorsements of the subject matter contained in the insurance policy should be consistent with the Company's original approved loan conditions. If the building has not been assigned a house number when it is set up, its residential address should be marked with the lot and land number where it is located. And before the expiration of the insurance period, the borrower shall be notified to continue the insurance.
7. After the loan case is approved and the borrower signs the contract and submits the deposit

receipt (or installment) promissory note, completes the registration of the collateral pledge (pledge), and all the procedures are verified, the funds can then be allocated.

8. When a reinvested subsidiary that has business dealings with the Company has capital needs, it may draw up the terms of the IOU, which shall be signed and sealed by the borrower, and the necessary approval procedures shall be completed before funding is processed.

(III) Authorization scope:

When the Company's funds are loaned to others, the Board of Directors' resolution is required, and no other person may be authorized to decide.

For loans between the Company and its subsidiaries, or between the Company's subsidiaries, it should be submitted to the Board of Directors for resolution. The Board of Directors may also authorize the Chairman to grant a certain amount of funds to the same loan subject as determined by the Board, and within a period of not more than one year the loan is to be allocated in installments or set as revolving.

Regarding the "certain amount" mentioned in the preceding paragraph, except for those that meet the requirements of Article 3, Paragraph 2, the Company's or subsidiary company's authorized amount of loans to a single enterprise shall not exceed 10% of the Company's most recent net value of financial statements.

(IV) Follow-up control measures:

1. When the borrower repays the loan when the loan is due, the interest payable should be calculated first. After the principal is paid off together, the promissory notes, IOUs and other credit documents can be cancelled and returned to the borrower. If a borrower applies for the cancellation of a mortgage, it is necessary to check the balance of the loan before deciding whether to approve the cancellation of the mortgage.
2. After the loan is allocated, the case handling staff of the loan case shall handle the case personally. IOUs, promissory notes and other creditor's rights certificates, as well as collateral certificates, insurance policies, and correspondence documents, should be sorted in order and placed in a safekeeping bag. After indicating the contents of the storage products and the name of the customer on the bag, it shall be submitted to a supervisor for inspection. It will be sealed upon inspection, and the seals of the contractor and supervisor shall be affixed to the seam, and shall be kept in the storage register after registration.
3. When the Company handles loans and transactions, a log book should be established with items posted in detail for reference regarding loans, the borrower, the amount, Board approval date, the date of the loan, and items that should be carefully evaluated. At the same time, a designated person shall set up an account to track and record interest payments, the agreed repayment date, and other conditions, while also paying close attention to the borrower's use of funds, solvency, and credit status.

(V) Handling delinquent creditor's rights: Once an overdue claim occurs, in addition to actively seeking compensation, the collateral or guarantor provided by it shall be subject to statutory compensation procedures within one month as the situation requires.

VI. Announcing and reporting procedures: The company shall transmit information on lending of funds to others to the information reporting website designated by the Financial Supervisory Commission in accordance with the prescribed format and time limits.

VII. Subsidiaries reinvested by the company, whose funds are loaned to others, shall be handled in accordance with their prescribed operating procedures.

VIII. Other matters to be followed in accordance with the regulations of the competent authority.

Section II. Guarantees and endorsements for other parties:

Article 9 Relevant operating procedures for endorsement/guarantee operations:

- I. The amount of the endorsement guarantee due to the business relationship shall not exceed the quarterly average amount of the business (the higher of the purchase or the sales) in the most recent year.
- II. Amount of endorsement or guarantee:
 - (I) The total amount of the Company's endorsement/guarantee liability to the guaranteed company shall not exceed 70% of the Company's net value. The limit for each guaranteed company's endorsement/guarantee shall not exceed 50% of the Company's net value.
 - (II) The total liability of the Company and its subsidiaries as a whole that can be endorsed and guaranteed is not to exceed 100% of the company's net value. The limit for each guaranteed company's endorsement/guarantee shall not exceed 50% of the Company's net value.
- III. Procedures for making endorsements/guarantees
 - (I) When the Company handles an endorsement/guarantee, it shall assess the risk of the endorsement/guarantee and keep assessment records. Assessment items include necessity and rationality, the engagement of endorsements/guarantees due to business relationships, whether the amount of endorsements/guarantees is equivalent to the amount of business transactions, and the impact on the Company's operational risks, financial conditions and shareholders' equity; and whether to obtain collateral and value assessment of the collateral, etc. Furthermore after approval by the Board of Directors. If the Company deems it necessary, the Board of Directors may first authorize the Chairman to make a decision within a certain amount, and then report to the Board of Directors for ratification. The situation and related matters will be reported to the shareholders' meeting for reference. Where the limits set out in the Operational Procedures for Endorsements/Guarantees must be exceeded in order to satisfy business requirements, this matter shall first gain the approval of the Board of Directors. Furthermore, half or more of the directors shall act as joint guarantors for any loss that may be caused to the company by the excess beyond the limit. It shall also amend the Operational Procedures for Endorsements/Guarantees accordingly and submit the same to the shareholders' meeting for ratification. If the shareholders' meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit.
 - (II) The Company is to use the company seal applied for registration with the Ministry of Economic Affairs as the special seal for endorsements and guarantees. The seal shall be kept by a designated person approved by the Board of Directors. Furthermore, the seal can only be printed or issued in accordance with the prescribed procedures.

If guarantee is made for a foreign company, the letter of guarantee issued by the Company should be signed by a person authorized by the Board of Directors.
 - (III) When the Company handles endorsement guarantee matters, a log book should be established with items posted in detail for reference regarding the objects of endorsement, amount, the date of approval by the Board of Directors or the chairman's decision, the date of endorsement, and matters that should be carefully evaluated in accordance with the first paragraph of the preceding article.
 - (IV) For endorsement guarantee or cancellation, the finance department shall submit such matters for approval. It shall specify the name of the endorsed guarantee object, the promised guarantee items, the amount, and the conditions and date for releasing the endorsement guarantee liability, and submit it to the Chairman of the Board for review. The finance department shall enter the account or publish the endorsement guarantee register in accordance with the nature of the guarantee items. In addition, the finance department shall make a monthly announcement and report endorsement guarantee materials within the time limit specified by the Securities and Futures Commission of the

Ministry of Finance.

- (V) The Company shall evaluate or recognize the contingent loss of the endorsement/guarantee and appropriate disclose the endorsement/guarantee information in the financial statements, and it shall provide relevant information to the CPA for the CPA to implement the necessary audit procedures and issue a proper audit report.
- (VI) If the Company requires related corporate guarantees or mutual guarantees, the draft shall be drafted by a full-time lawyer or finance department, and the Chairman of the Board will send a letter after approval that will be recorded and tracked.
- (VII) For subsidiaries reinvested by the Company, their external endorsements and guarantees shall be handled in accordance with their prescribed operating procedures.
For reinvested companies in which the Company directly or indirectly holds more than 90% of the voting shares, they must report to the Company's Board of Directors for a resolution before making mutual endorsements/guarantees and the amount shall not exceed 10% of the Company's net value. However, this limitation is not applicable to endorsements or guarantees between two companies in which the Company directly or indirectly holds 100 percent of the voting shares.
- (VIII) When a guarantee is made for a foreign company, the letter of guarantee issued by the Company should be signed by a person authorized by the Board of Directors.

IV. Authorization scope:

- (I) When the Company makes endorsements/guarantees for others, the Board of Directors' resolution is required, and no other person may be authorized to decide.
- (II) Where the Company needs to exceed the limits set out in the Operational Procedures for Endorsements/Guarantees to satisfy its business requirements, and where the conditions set out in the Operational Procedures for Endorsements/Guarantees are complied with, it shall obtain approval from the board of directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the company by the excess endorsement/guarantee. It shall also amend the Operational Procedures for Endorsements/Guarantees accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the company shall adopt a plan to discharge the amount in excess within a given time limit.

V. Follow-up control measures:

When the Company endorses a subsidiary with a net worth less than one-half of the paid-in capital, the financial unit of the company shall track the financial, business and credit status of the endorsement/guarantee object quarterly. In the event of a major change, it should be reported to the Chairman of the Board in a timely manner, and an appropriate treatment should be followed according to the instructions.

If the stock of the subsidiary has no par value or the par value per share is not NT\$10, the paid-in capital calculated in accordance with the provisions of the preceding paragraph shall be the total of share capital plus capital reserve-issue premium.

VI. Announcing and reporting procedures: The company shall transmit information on endorsements/guarantees to the information reporting website designated by the Financial Supervisory Commission in accordance with the prescribed format and time limits.

VII. Other matters to be followed in accordance with the regulations of the competent authority.

Chapter 3:Public Disclosure of Information

Section I. Loans to other parties

Article 10 The Company shall make an announcement before the tenth of each month to declare the balance of the loans of the Company and its subsidiaries in the prior month.

Article 11. If the Company's capital loans meet one of the following standards, they shall be announced and reported within two days from the date of occurrence:

- I. The Company and its subsidiaries made loans where the balance reached more than 20% of the Company's most recent net value of financial statements.
- II. The Company and its subsidiaries loaned funds to a single company with a balance of more than 10% of the Company's net value in the most recent financial statements.
- III. The newly-added loans of the Company or its subsidiaries amount to more than NTD 10 million and more than 2% of the net value of the Company's latest financial statements.

If a subsidiary of the company is not a domestic public offering company, if the subsidiary has the matters mentioned in paragraph 3 that should be announced and declared, this should be done by the Company.

Article 12 The Company should assess the lending situation and set an adequate allowance for bad debts, and disclose relevant information in the financial report appropriately, and provide relevant information to the CPA to perform the necessary verification procedures.

Section II. Guarantees and endorsements for other parties

Article 13 The Company shall make an announcement before the tenth of each month to declare the balance of endorsements/guarantees of the Company and its subsidiaries in the prior month.

Article 14. If the Company's endorsements/guarantees meet one of the following standards, they shall be announced and reported within two days from the date of occurrence:

- I. The Company and its subsidiaries made endorsements/guarantees where the balance reached more than 50% of the Company's most recent net value of financial statements.
- II. The Company and its subsidiaries endorsed a single company with a guarantee balance of more than 20% of the Company's net value in the most recent financial statement.
- III. The Company and its subsidiaries have endorsed a single company with a balance of more than NT\$10 million and the total amount of the endorsement/guarantee, book amount of investment using equity the method, and the total amount of capital loans and balances attain more than 30% of the company's net value in the most recent financial statements.
- IV. The newly-added endorsement/guarantee amount of the Company or its subsidiaries amounts to more than NT\$30 million and more than 5% of the net value of the Company's latest financial statements.

If a subsidiary of the Company is not a domestic public offering company, if the subsidiary has the matters mentioned in paragraph 4 that should be announced and declared, this should be done by the Company.

Article 15. The Company should evaluate or recognize the contingent loss of the endorsement/guarantee and disclose the endorsement/guarantee information in the financial report appropriately, and it shall provide relevant information to the CPA to perform the necessary verification procedures.

Chapter IV:Additional Provisions

Article 16. The Company's internal auditors shall audit the operating procedures and implementation of fund lending and endorsement guarantees at least quarterly and keep a written record. If a major violation is found, each supervisor and independent director should be notified in writing immediately. If, due to a change in circumstances, loans and balances exceed their limits, or an endorsement guarantee counterparty does not meet the standards of these guidelines or the associated amount exceeds its limits, then an improvement plan should be formulated, the related improvement plan sent to each supervisor and independent director, and

improvements should be completed in accordance with the planned schedule.

Article 17 When a subsidiary of the Company intends to loan funds to others or to provide endorsements or guarantees for others, the Company shall order the subsidiary company to formulate operating procedures for fund lending or endorsements/guarantees in accordance with the provisions of these Operating Procedures.

Article 18 If the Company's subsidiary is a non-public offering company, the Company will announce on its behalf the relevant information about loans to others or endorsements or guarantees for others.

Article 19 When the Company's managers and organizers incur violations of these Operating Procedures, they should refer to the Company's personnel management measures and employee work rules to submit an assessment based on whether the violations were deliberate, whether there were administrative flaws, and the circumstances that caused losses for the Company; and they shall be punished as necessary based on the severity of the circumstances.

Article 20 After approval by the Board of Directors, these Operating Procedures shall be sent to supervisors and reported to the shareholders' meeting for approval, and then implemented. If a director objects to or expresses reservations about any matter, the Company shall send these objections to each supervisor and report this matter to the shareholders' meeting for discussion. The same applies to amendments.

The Company has appointed independent directors. When the Operating Procedures for Fund Loans and Endorsement Guarantees are submitted to the Board of Directors for discussion in accordance with the provisions of the preceding paragraph, or when funds are loaned to others or endorsement guarantees are made for others, full consideration should be made of the opinion of each independent director. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

EVERMORE CHEMICAL INDUSTRY CO., LTD.
Procedures for the Acquisition or Disposal of Assets

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Article 1: Purpose

These disposition procedures have been specifically formulated to protect assets and implement disclosures of information

Article 2: Legal basis

These Procedures are handled in accordance with Article 36-1 of the Securities and Exchange Act and revised based on the Guidelines for the Acquisition or Disposal of Assets by Public Offering Companies (hereinafter the "Guidelines").

Article 3: Scope of assets

- I. Negotiable securities: including investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
- II. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
- III. Memberships.
- IV. Intangible assets: including patents, copyrights, trademarks, franchise rights, and other intangible assets.
- V. Right of use assets
- VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- VII. Derivatives.
- VIII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
- IX. Other major assets.

Article 4: Term definitions

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

and monetary amount of the transaction, whichever date is earlier. However, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.

- VI. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
- VII. The term "within one year" is based on the date of the acquisition or disposal of assets. It is retrospectively calculated one year before, and items that have been duly announced need not be counted toward the transaction amount.
- VIII. The term "most recent financial statements" refers to the financial statements that the Company has disclosed and that have been verified by an accountant or reviewed in accordance with the law.

Article 5: Investment in real estate and marketable securities not for business use

The Company's individual acquisition of the above-mentioned assets is established as follows:

- (I) For real estate not for business use, the total amount shall not exceed 10% of the net value.
- (II) The total amount of investment securities shall not exceed 50% of the net value.
- (III) The amount of investment in individual securities shall not exceed 40% of the net value.

Article 6: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall comply with Article 5 of the Guidelines. .

Article 7: Procedures for acquiring or disposing of real estate property, equipment or their right-of-use assets

I. Appraisal and operating procedures

The Company's acquisition or disposal of real property and equipment is to be handled in accordance with the fixed assets circulation procedures of the Company's internal control system.

II. Procedures for determining trading conditions and authorization limits

- (I) In acquisition or disposal of real property, reference should be made to the current value of the announcement, the assessed value, the actual transaction price of neighboring real estate, etc.; the transaction conditions and transaction prices should be determined; and an analysis report should be prepared and submitted to the Chairman. If the amount is less than NTD 30 million, it shall be submitted to the Chairman of the Board for approval and shall be afterward reported to the Board at the next upcoming meeting of the Board of Director. If it exceeds NTD 30 million, it must be approved by the Board of Directors.
- (II) In acquisition or disposal of other fixed assets, it should be based on inquiry, price comparison, price negotiation, or bidding. If the amount is less than NTD 30 million (inclusive), it shall be approved level by level in accordance with the authorization method. Those exceeding NTD 30 million should be submitted to the President for approval, and can only be carried out after gaining approval from the Board of Directors.

III. Implementation unit

When the Company acquires or disposes of real estate or other fixed assets, the user department and management department shall be responsible for implementation after the approval is submitted in accordance with the approval authority in the preceding paragraph.

IV. Valuation reporting for real estate or other fixed assets

In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NTD 300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use

assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

- (I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any change to the terms and conditions of the transaction.
- (II) Where the transaction amount is NTD 1 billion or more, appraisals from two or more professional appraisers shall be obtained.

The calculation of the transaction amount in this article shall be done in accordance with the eighth point of Article 14, Paragraph 1,

and the appraisal report or accountant's opinion issued by the person who has obtained a professional appraisal in accordance with the provisions of this procedure is exempt from re-entry.

- (III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - 1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - 2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
- (IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date. However, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

When the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 8: Procedures for obtaining or disposing of securities investments

I. Appraisal and operating procedures

The purchase and sale of the Company's long-term and short-term securities are to handled in accordance with the investment cycle of the Company's internal control system.

II. Procedures for determining trading conditions and authorization limits

- (I) Securities trading in a centralized trading market or on an OTC market shall be determined by the responsible unit based on market conditions. If the amount is less than NTD 10 million (inclusive), the Chairman shall approve it and report it afterwards to the next upcoming Board meeting. If the amount exceeds NTD 10 million, it must be approved by the Board of Directors.
- (II) For trading of securities outside of a centralized trading market or on an OTC market, the most recent financial statements of the target company that have been certified or reviewed by an accountant should be taken before the date of the fact as a reference for evaluating the transaction price, considering its net value per share, profitability and future development potential, etc. It is to be approved by the Chairman and furthermore must be approved by the Board of Directors.

III. Implementation unit

When the Company makes long-term and short-term investments in securities, the financial and accounting unit shall be responsible for execution after approval in accordance with the authority of the preceding paragraph.

IV. Obtaining of expert opinions

- (I) If a transaction amount comes to 20% of the company's paid-in capital or NTD 300 million or more, an accountant should be consulted on the reasonableness of the transaction price before the fact. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission.

The calculation of the transaction amount in this article shall be done in accordance with the eighth point of Article 14, Paragraph 1, and the appraisal report or accountant's opinion issued by the person who has obtained a professional appraisal in accordance with the provisions of this procedure is exempt from re-entry.

- (II) If the Company acquires or disposes of assets through a court auction procedure, the appraisal report or accountant's opinion can be replaced by the certificate issued by the court.

Article 9: Procedures for Acquiring or Disposing of Assets with Related Parties

- I. When the Company acquires or disposes of assets with related parties, in addition to handling in accordance with Article 7, the relevant resolution procedures and the evaluation of the reasonableness of transaction conditions shall also be handled in accordance with the following provisions. In addition, when judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

- II. Appraisal and operating procedures

When the Company engages in any acquisition or disposal of assets from or to a related party, the following information shall be submitted to the Board of Directors for approval and recognition by supervisors before signing the transaction contract and making payment:

- (I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- (II) The reason for choosing the related party as a transaction counterparty.
- (III) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with paragraph 3, sub-paragraphs (I) and (V) of this Article.
- (IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.
- (V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- (VI) In acquiring or disposing of real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20% of the company's paid-in capital or NTD 300 million or more, or acquiring or disposing of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NTD 300 million or more, an appraisal report issued by professional appraisers must be obtained, or an accountant's opinion.
- (VII) Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be handled in accordance with the rules stipulated by item 8 of Article 14, Paragraph 1. Items that have been submitted to the Board of Directors for approval and recognized by the supervisors in accordance with these Procedures need not be counted toward the transaction amount.

With respect to the types of transactions listed below, when to be conducted between a public company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may pursuant to

Article 7, paragraph 1, subparagraph 3 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

(I) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.

(II) Acquisition or disposal of real property right-of-use assets held for business use.

III. Reasonableness assessments of transaction costs

(I) When the Company acquires real property or right-of-use assets thereof from a related party, it shall evaluate the reasonableness of the transaction costs by the following means:

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

(II) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

(III) When the Company acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.

(IV) When the company obtains real estate from related parties in accordance with the provisions of subparagraphs (I) and (II) of this article, the evaluation results shall be lower than the transaction price, it shall be handled in accordance with the provisions of subparagraph (V) of this article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
2. When the Company, in acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels

of land of a similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land in the above paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

- (V) If the Company obtains real estate or its right-of-use assets from related parties, if the evaluation results are lower than the transaction price in accordance with subparagraphs (I) and (II) of paragraph 3 of this article, the following matters should be handled. Furthermore, for the Company and a public company that uses the equity method to evaluate the Company's investment are subject to the aforementioned provisions to set a special reserve. It may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the competent authority has given its consent.
1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property or right-of-use assets transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. When the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, Paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
 2. Supervisors shall comply with Article 218 of the Company Act.
 3. Actions taken pursuant to the preceding two items shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
- (6) Where the Company obtains real estate or its right-of-use assets from related parties, if one of the following situations occurs, it should be handled in accordance with the relevant assessment and operating procedures in paragraphs 1 and 2 of this article and the provisions concerning the assessment of the reasonableness of transaction costs in subparagraphs (I), (II) and (III) of this article are not applicable:
1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
 2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
 3. Real estate is acquired by signing a joint construction contract with a related party.
 4. The real property right-of-use assets for business use are acquired by the public company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.
- (VII) When a public company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction and shall also handle it in accordance with the provisions of paragraph 3, subparagraph (V) of this Article.

Article 10: Procedures for obtaining or disposing of intangible assets or their right-of-use assets or memberships

(I) Appraisal and operating procedures

The Company's acquisition or disposal of intangible assets or its right-of-use assets or membership certificates to be handled in accordance with the Company's internal control system fixed asset cycle procedures.

(II) Procedures for determining trading conditions and authorization limits

1. Acquisition or disposal of memberships should refer to the fair market price in the market, and decide on the transaction conditions and transaction prices, and an analysis report should be prepared and submitted to President. If the amount is less than NTD 1 million, it shall be submitted to the President for approval and afterwards reported to the next upcoming Board meeting. Those exceeding NTD 1 million must be approved by the Board of Directors.
2. In acquisition or disposal of intangible assets or their right-of-use assets, reference should be made to expert evaluation reports or fair market prices; the transaction conditions and transaction prices should be determined; and an analysis report should be prepared and submitted to the Chairman. If the amount is less than NTD 20 million, it shall be submitted to the Chairman of the Board for approval and shall be afterward reported to the Board at the next upcoming meeting of the Board of Directors. If it exceeds NTD 20 million, it must be approved by the Board of Directors.

(III) Implementation unit

When the Company obtains or disposes of intangible assets or its right-of-use assets or memberships, after the approval is submitted in accordance with the approval authority in the preceding paragraph, the user department and the financial department or administrative department are responsible for execution.

(IV) Expert appraisal reports on intangible assets or right-of-use assets or memberships

1. If a company obtains or disposes of intangible assets or the transaction amount of the right-of-use assets exceeds NTD 20 million, an expert shall be asked to issue an appraisal report.
2. Where a public company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NTD 300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation. The calculation of the transaction amount in this article shall be done in accordance with the eighth point of Article 14, Paragraph 1, and the appraisal report or accountant's opinion issued by the person who has obtained a professional appraisal in accordance with the provisions of this procedure is exempt from re-entry.

Article 11: Procedures for obtaining or disposing of claims of financial institutions

In principle, the Company does not engage in transactions for obtaining or disposing of claims of financial institutions. If it is intended to engage in the acquisition or disposition of claims of financial institutions in the future, this will be submitted to the Board of Directors for approval before formulating its evaluation and operating procedures

Article 12: Procedures for Acquiring or Disposing of Derivatives

I. Transaction principles and policies

(I) Transaction types

1. The derivative financial products that the Company is engaged in are as defined in Article 4.
2. Matters related to bond margin trading shall be handled in accordance with the relevant provisions of these Processing Procedures. The provisions of these Processing Procedures may not apply to bond transactions with buy-back conditions.

(II) Operation (hedging) strategy

The Company's trading of derivative financial products shall be for the purpose of hedging risks. Trading commodities should mainly be used to avoid risks arising from the company's business operations. The currency held must match the company's actual foreign currency demand for import and export transactions, based on the principle that the entire internal position of the Company (only foreign currency income and expenses) should be self-offsetting in order to reduce the Company's overall foreign exchange risk and save foreign exchange operating costs. Other transactions for specific purposes must be carefully evaluated and submitted to the Board of Directors for approval before proceeding.

(III) Division of powers and responsibilities

1. Finance Department

(1) Trading personnel

- A. Responsible for the formulation of the entire company's financial commodity trading strategy.
- B. Traders should calculate positions on a regular basis every two weeks, collect market information, make trend judgments and risk assessments, and formulate operational strategies. After being approved by the approval authority, this will be used as the basis for engaging in transactions.
- C. Execute transactions according to authorized responsibilities and established strategy.
- D. When there are major changes in the financial market and traders judge that the established strategy is no longer applicable, an evaluation report should be submitted at any time to reformulate strategies. After being approved by the President, it will serve as the basis for engaging in transactions.

(2) Accounting personnel

- A. Check whether transactions are carried out in accordance with the authorized responsibility and the established strategy.
- B. Execute transactions according to authorized responsibilities and established strategy.
- C. Evaluation is carried out every month, and the evaluation report is submitted to the president for verification.
- D. Accounting treatment.
- E. Disclosure and announcement shall be made in accordance with the regulations of the competent authority.

(3) Delivery personnel: Perform delivery tasks.

(4) Derivative product verification authority

A. Judgment authority for hedging transactions

| Ultimate decision-making authority | Daily trading authority | Net cumulative position trading authority |
|------------------------------------|-------------------------|---|
| President | Below USD 1M | Below USD 3M (inclusive) |
| Chairman of Board | US\$1M or more | Below USD 10M (inclusive) |

- B. Other transactions for specific purposes can only be carried out after being submitted to the Board of Directors for approval.

2. Audit Department:

Responsible for understanding the adequacy of the internal control of derivative transactions and checking the compliance of the transaction department to the operating procedures; as well as analyzing the transaction cycle, preparing an audit report, and reporting to the Board of Directors when there are major deficiencies.

(IV) Renewal evaluation

1. Hedging transactions

- (1). The performance evaluation is based on the exchange rate cost on the company's book and the profit and loss arising from engaging in derivative financial transactions.
- (2). In order to fully grasp and express the evaluation risk of transactions, the Company adopts a monthly evaluation method to evaluate profits and losses.
- (3). The Finance Department shall provide the President with the evaluation of foreign exchange positions and foreign exchange market trends and market analysis as management reference and instructions.

2. Transactions for specific purposes

The performance evaluation is based on the actual profit and loss, and the accountant must prepare reports on a regular basis to provide for management reference.

(V) Determination of the total contract amount and loss ceiling

1. Total contract

(1) Hedging transaction quota

The Finance Department should master the overall position of the company to avoid transaction risks. The amount of hedging transactions is limited to no more than two-thirds of the Company's overall net position. If it exceeds two-thirds, it should be reported to the President for approval.

(2) Transactions for specific purposes

Based on forecasted market changes, the Finance Department may formulate strategies according to needs, and report to the President and the Chairman for approval before proceeding. The total contract amount of the company-wide net accumulation of transactions for specific purposes of the company is limited to USD 10 million. If the above amount is exceeded, the approval of the Board of Directors is required. This can only be done in accordance with policy instructions.

2. Setting of maximum loss limits

- (1) Regarding hedging transactions, they are for the purpose of avoiding risk. The loss of the transaction contract and the benefit of the entity transaction will be offset in the financial statements. When the transaction contract reaches the following maximum loss limits, it will be reported to the President and the Chairman to discuss countermeasures

A. The maximum loss limits of individual contracts are less than USD 2 million or 5% of the transaction contract amount.

B. The maximum loss limits of all contracts are USD 300,000.

- (2) If it is a transaction contract for a specific purpose, after the position is established, a stop loss point should be set to prevent excess loss. The stop loss point is set at a limit that does not exceed 10% of the transaction amount. If the loss exceeds 10% of the transaction amount, it must be reported to the President immediately and reported to the Board of Directors to discuss necessary countermeasures.

II. Risk management measures

(I) Credit risk management:

Because the market is subject to changes in various factors, operational risks of derivative financial products can easily rise as a result. Therefore, in market risk management, the following principles shall be followed:

- (1) Trading partners: Primarily well-known financial institutions at home and abroad.
- (2) Trading commodities: Limited to commodities provided by well-known domestic and foreign financial institutions.
- (3) Transaction amount: The un-offset transaction amount of the same transaction object is limited to no more than 10% of the total authorized amount, except for those approved by the President.

(II) Market risk management:

It is mainly based on the open foreign exchange market provided by the bank, and the futures market is not considered.

(III) Liquidity risk management:

In order to ensure market liquidity, the choice of financial products is based on high liquidity (that is, they can be squared off in the market at any time). Financial institutions entrusted with transactions must have sufficient information and the ability to conduct transactions in any market at any time.

(IV) Cash flow risk management

In order to ensure the stability of the Company's working capital turnover, the source of funds for the Company to engage in derivative transactions is limited to its own funds and its operating amount should take into account the capital needs of the cash income and expenditure forecast in the following three months.

(V) Operational risk management

1. The Company's authorized quota, operating procedures, and internal audits should be strictly followed to avoid operating risks
2. Personnel engaged in the transaction of derivative commodities and operators of confirmation, delivery, etc. shall not serve concurrently.
3. Risk measurement, supervision and control personnel shall belong to different departments from the personnel mentioned in the preceding paragraph. They should also report to the Board of Directors or to senior executives who are not responsible for making decisions on transactions or positions.

(VI) Product risk management

Internal trading personnel should have complete and correct professional knowledge of financial products, and require banks to fully disclose risks to avoid the risks of using financial products.

(VII) Legal risk management:

Documents signed with financial institutions should be reviewed by specialists from foreign exchange and legal affairs or legal advisors before they can be formally signed to avoid legal risks.

III. Internal audit system.

- (I) Internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading while also analyzing the trading cycle, and shall prepare an audit report. If any material violation is discovered, supervisors and independent directors shall be notified in writing.
- (II) The internal auditors shall report the audit report and the annual audit status of internal audit operations to the competent authority before the end of February of the following year. And, no later than the end of May of the following year, report the improvement of abnormal matters to the competent authority for reference.

IV. Periodic assessment method

- (I) The Board of Directors should authorize senior executives to regularly monitor and evaluate whether derivative transactions are indeed handled in accordance with the transaction procedures set by the Company, and whether the risk assumed is within the allowable scope of work, and when there is an abnormal situation in the market valuation report (such as the holding position has exceeded the loss limit). Such conditions should be reported to the Board of Directors immediately, and corresponding measures should be adopted.
- (II) The positions held by derivative exchanges should be evaluated at least once a week. However, if a hedging transaction is required for business, it should be evaluated at least twice a month. The evaluation report shall be sent to the senior executives authorized by the Board of Directors.

V. Supervisory and management principles of the Board of Directors when engaged in derivative transactions

- (I) The Board of Directors shall designate high-level executives to pay attention to the supervision and control of derivative commodity transaction risks at all times. The management principles are as follows:
 1. Regularly assess whether the currently used risk management measures are appropriate and are indeed handled in accordance with the standards and the Company's procedures for dealing with derivatives transactions.
 2. Supervise transactions and profit and loss situations. When an abnormal situation is discovered,

necessary countermeasures shall be taken and reported to the Board of Directors immediately. If the company has established independent directors, the Board of Directors should have independent directors present and have them express their opinions.

- (II) Regularly assess whether the performance of engaging in derivative commodity transactions is in line with the established business strategy and whether the risks assumed are within the scope of the Company's tolerances.
- (III) When the Company is engaged in derivative transactions, those who authorize relevant personnel to handle transactions in accordance with the prescribed procedures for dealing with derivatives transactions shall report to the latest Board of Directors after the event.
- (IV) When the Company engages in derivative transactions, it shall establish a log book. The types and amounts of derivative transactions, the date of approval by the Board of Directors, and the items that should be carefully evaluated in accordance with paragraph 4 (II) and paragraphs 5 (I) and (II) of this Article shall be published in the log book for reference.

When the Company engages in derivative transactions, it shall establish a log book. The types and amounts of derivative transactions, the date of approval by the Board of Directors, and the items that should be carefully evaluated in accordance with paragraph 4 (2) and paragraphs 5 (1) and (2) of this Article shall be published in the log book for reference.

I. Appraisal and operating procedures

- (I) When the Company handles mergers, demergers, acquisitions, or share transfers, it is advisable to appoint lawyers, accountants and underwriters to jointly discuss the estimated timetable for statutory procedures, and organize a task force to implement it in accordance with legal procedures. Furthermore, prior to convening the Board of Directors to resolve on the matter, it shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.
- (II) The Company shall clarify the important agreement content and related matters of merger, demerger or acquisition, preparing public documents for shareholders before the meeting of shareholders, and delivering the expert opinions in paragraph 1 (I) of this Article and the notice of the meeting of shareholders to the shareholders. This will be done as a reference for whether to agree to the merger, division or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Separately, where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, companies participating in the merger, demerger, or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

II. Other matters to be noted

- (I) Date of Board of Directors: When a company participates in a merger, demerger, or acquisition, it shall convene a Board of Directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the competent authority is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a Board of Directors

meeting on the day of the transaction, unless another act provides otherwise or the competent authority is notified in advance of extraordinary circumstances and grants consent.

- (II) Commitment of confidentiality beforehand: Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
- (III) Principles for setting and changing the conversion ratio or purchase price: For companies conducting a merger, demerger, acquisition, or transfer of shares, prior to convening the Board of Directors of both parties, they shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the shareholders' meeting. In principle, the share exchange ratio or purchase price cannot be changed arbitrarily. However, if the conditions have been set in the contract and the conditions have been publicly disclosed, this limitation does not apply. The conditions for changing the share exchange ratio or purchase price are as follows:
 - 1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
 - 2. An action, such as a disposal of major assets, that affects the Company's financial operations.
 - 3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
 - 4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
 - 5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 - 6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- (IV) Required content of the agreement: In addition to the provisions of Article 317 of the Company Act and Article 22 of the Business Mergers and Acquisitions Act, a contract for a merger, demerger, acquisition or share transfer of the company shall specify the following matters.
 - 1. Handling of breach of contract.
 - 2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
 - 3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
 - 4. The manner of handling changes in the number of participating entities or companies.
 - 5. Preliminary progress schedule for plan execution, and anticipated completion date.
 - 6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
- (V) In the event of a change in additions of companies participating in mergers, demergers, acquisitions or share transfers: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority, such

participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

- (VI) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of paragraph 2 of this Article under subparagraph (I) "Date of Board of Directors," subparagraph (II) "Commitment of confidentiality beforehand," and subparagraph (V) "In the event of a change in additions of companies participating in mergers, demergers, acquisitions or share transfers."
- (VII) When participating in a merger, demerger, or acquisition of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:
 - 1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons participating in or having knowledge of the implementation of any merger, demerger, or acquisition of another company's shares prior to disclosure of the information.
 - 2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.
 - 3. Important documents and minutes: Including merger, demerger, and acquisition plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.
- (VIII) When participating in a merger, demerger, or acquisition of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the Board of Directors, announce and report in accordance with the prescribed format.
- (IX) Where any of the companies participating in a merger, demerger, or acquisition of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by paragraph 2, subparagraphs (VII) and (VIII) of this Article.

Article 14: Procedures for information disclosure

I. Items for public declaration and declaration standards

- (I) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NTD 300 million or more. However, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- (II) Merger, demerger, acquisition, or transfer of shares.
- (III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
- (IV) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
 - 1. For a public company whose paid-in capital is less than NTD 10 billion, the transaction amount reaches NTD 500 million or more.
 - 2. For a public company whose paid-in capital is NTD 10 billion or more, the transaction amount reaches NTD 1 billion or more.

- (V) Acquisition or disposal in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NTD 500 million; among such cases, if the public company has paid-in capital of NTD 10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NTD 1 billion or more.
- (VI) Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NTD 500 million.
- (VII) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NTD 300 million. However, this shall not apply to the following circumstances:
 - 1. Trading of domestic government bonds.
 - 2. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
 - 3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- (VIII) The calculation method of the aforementioned transaction amount is as follows, and "within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these rules need not be counted toward the transaction amount.
 - 1. The amount of any individual transaction.
 - 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
 - 3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
 - 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

II. Time limits for the handling of announcements and declarations

When the Company acquires or disposes of assets involving items that should be announced and the transaction amount meets the standards that should be announced and declared under the provisions of this Article, the announcement and declaration shall be handled within two days from the date of the event.

III. Public announcement and regulatory filing procedures

- (I) The Company shall submit the relevant information on the website designated by the competent authority for announcements and declarations.
- (II) The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any non-domestic subsidiaries of the Company and enter the information in the prescribed format into the information reporting website designated by the competent authority by the 10th day of each month.
- (III) When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days

counting inclusively from the date of knowing of such error or omission.

- (IV) When acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company, where they shall be retained for 5 years except where another act provides otherwise.
- (V) Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the competent authority within 2 days counting inclusively from the date of occurrence of the event:
 - 1. Change, termination, or rescission of a contract signed in regard to the original transaction.
 - 2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 - 3. Change to the originally publicly announced and reported information.

IV. Announcement format: To be announced in accordance with the relevant prescribed format.

Article 15: Subsidiaries of the Company shall comply with the following regulations:

- I. Subsidiaries should also formulate their own Procedures for the Acquisition or Disposal of Assets in accordance with the relevant provisions of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. After being approved by the subsidiary's board of directors, this shall be submitted to its shareholders' meeting; the same shall apply for amendments.
- II. When a subsidiary acquires or disposes of assets, this shall also be handled in accordance with the prescribed procedures.
- III. If the subsidiary is not a public company, and if assets obtained or disposed of meet the announcement reporting standards set out in Chapter 3 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, the parent company shall also handle announcements and filings on behalf of the subsidiary.
- IV. In the declaration standards of the subsidiary, "paid-in capital or total assets requirements" shall be based on the paid-in capital or total assets of the parent company (the Company).

Article 16: Penalties

When the Company's managers and organizers incur violations of these Operating Procedures, they should refer to the Company's personnel management measures and employee work rules to submit an assessment depending on the severity of the matter and the circumstances that caused losses for the Company; and they shall be punished as necessary based on the severity of the circumstances.

Article 17: Implementation and revisions

In respect to these Procedures for the Acquisition or Disposal of Assets established by the Company as well as transactions involving assets acquired or disposed of in accordance with these Procedures or other laws and regulations, after approval by the Board of Directors they should be implemented after sending to each supervisor and submitting to the shareholders' meeting for approval. The same shall apply for amendments. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.

In addition, if the Company has established independent directors, then when submitting the Procedures for the Acquisition or Disposal of Assets as well as transactions related to the acquisition or disposal of assets to the Board of Directors for discussion in accordance with this procedure or other legal regulations, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

EVERMORE CHEMICAL INDUSTRY CO., LTD.

Procedures for Election of Directors and Supervisors of the Company

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- I. Except as otherwise provided by laws and regulations, elections of directors and supervisors of the Company shall be conducted according to the provisions of these Procedures.
- II. Elections of directors and supervisors of the Company shall be conducted according to a candidate nomination system. The name of the elector can be replaced by the number of the attendance card printed on the ballot paper. In elections of the Company's directors and supervisors, each share has the same voting rights as the number of persons to be elected. One person may be elected collectively or several persons may be elected separately.
- III. In an election of directors and supervisors, the Board of Directors shall be selected by the shareholders' meeting from the list of candidates for directors and supervisors in accordance with provisions of the Company Act. Among them independent directors and non-independent directors are elected together, and the number of elected positions are calculated separately.
- IV. Out of the number of directors and supervisors of the Company specified in the company's Articles of Incorporation, voting rights for independent directors and non-independent directors shall be calculated separately. Those with more voting rights represented by the votes obtained shall be elected in turn. If there are two or more people have equal weightings and the number of votes exceeds the specified number, it shall be decided by drawing lots among those having equal weightings. The chairman shall draw lots on behalf of those not attending.
- V. Before the election begins, the chair shall appoint a number of monitoring personnel and counting personnel, each having shareholder status, to perform various related duties.
- VI. The voting ballots are to be prepared and issued by the Board of Directors, and the voting rights and attendance card numbers of each ballot are to be filled out.
- VII. The elector must fill in the name of the electee in the "electee" column of the ballot, and may add the shareholder account number and identification document number. However, when a governmental or corporate shareholder serves as electee, the name of the governmental or corporate entity should be filled in the electee column of the ballot. It is also necessary to fill in the name of the governmental or corporate entity and the name of its representative.
- VIII. A ballot will be invalid in one of the following circumstances:
 - A. The ballots stipulated in these rules are not used.
 - B. Blank ballots are placed into the ballot box.
 - C. The writing is unclear and indecipherable or has been altered.
 - D. If the filled-in electee is a shareholder and the account name and shareholder account number are not consistent with the shareholder register; or if the filled-in electee is not a shareholder and the name and identification document number are not consistent with each other after verification.
 - E. Other wording is inserted in addition to the account name (name) or shareholder account number (identification document number) of the electee and the number of voting rights allocated.
 - F. The name of the electee filled in is the same as the names of other shareholders, but the shareholder account number or identification document number of the electee is not filled in for identification.
 - G. The name of the electee filled in is wrong.
 - H. A correction has been made but the elector's seal is not stamped in that place.
 - I. The ballot contains two or more electees.
- IX. When a questionable ballot arises, the ballot monitor shall first be asked to verify whether it is invalid. In the event of a voided ballot, the monitor will be asked to approve the reason given and sign it.
- X. Ballots will be opened on site after voting, and the list of elected directors and supervisors as a result of the ballot will be announced on site by the chair.
- XI. After counting, completed ballots should be sealed in an envelope by the monitor and signed at the seam.
- XII. Matters left unresolved in these Procedures shall be handled in accordance with the Company Act and relevant laws and regulations.

The Procedures are to be implemented after approval by the shareholders' meeting; the same applies to amendments.



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