

Stock Code : 1735



日勝化工股份有限公司

EVERMORE CHEMICAL INDUSTRIAL CO., LTD.

Handbook for the 2022 Annual General Shareholders' Meeting

Time : June 28 (Tuesday) 2022, 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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One. Meeting Procedures:

EVERMORE CHEMICAL INDUSTRY CO, LTD Procedure for the 2022 Annual General Meeting

- I. Call to Order
- II. Chair's Address
- III. Management Presentation
- IV. Proposals
- V. Discussions
- VI. Questions and Motions
- VII. Adjournment

Two. Agenda of Meeting:

EVERMORE CHEMICAL INDUSTRY CO, LTD Meeting Agenda for the 2022 Annual General Meeting

Time: June 28, 2022 (Tuesday), 9:30 AM

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

Meeting type : physical shareholders meeting

I. Management Presentation:

- (I) Report on annual raising compensation for employees and directors in 2021
- (II) Business and Financial Reports for 2021 and Annual Operating Plan for 2022.
- (III) Review of the report on final accounts for 2021 by Audit Committee
- (IV) Report on the funds lent and endorsement & guarantee provided by the Company
- (V) Amendments to “Board Meeting Rules of Procedure.”

II. Proposals:

- (I) Adoption of the Business Report and Financial Statements for 2021
- (II) Adoption of earning distribution plan in 2021

III. Discussions:

- (I) Amendment of some provisions of the Company's Articles of Incorporation.
- (II) Amendment of some provisions of Procedures for the Acquisition or Disposal of Assets.
- (III) Termination of the non-competition restrictions imposed on directors.

IV. Questions and Motions

V. Adjournment

I. Management Presentation

1st Proposal: Report on annual raising compensation for employees, directors and supervisors in 2021.

Description: In accordance with the Articles of Incorporation, the Company allocates 5% for staff remuneration and 2% for directors in accordance with the Articles of Incorporation. The amounts are NT\$202,663 and NT\$81,064, respectively. All will be paid in cash, and there is no difference with the number of accounts in 2021.

2nd Proposal: Business and Financial Reports for 2020 and Annual Operating Plan for 2022.

Note: Please refer to Appendix I (Pages 5-9).

3rd Proposal: Review of the report on final accounts for 2021 by Audit Committee

Note: Please refer to Appendix II (Page 10).

4th Proposal: Report on the funds lent and endorsement & guarantee provided by the Company.

Note: The funds lent and endorsement & guarantee provided by the Company as of December 31, 2021 are as follows:

1. Endorsements and guarantees:

Endorser & guarantor	Endorsee & guaranteed company	Endorsement & guarantee limit (NT\$ 1,000)	Actual amount of expenditure (NT\$ 1,000)
EVERMORE CHEMICAL INDUSTRY CO, LTD	LIBERTY BELL INVESTMENTS LTD.	NTD415,200 (USD 15,000)	NTD13,840 (USD 500)
	TOP WELL ELASTIC TECHNOLOGY CO., LTD.	NTD13,840 (USD 500)	NTD13,840 (USD 500)

2. Fund lending:

Lender(s)	Borrower(s)	Credit line for fund lending (NT\$ 1,000)	Actual amount of expenditure (NT\$ 1,000)
EVERMORE CHEMICAL INDUSTRY CO, LTD	U-BEST VIETNAM POLYMER INDUSTRY COMPANY LIMITED	NTD13,840 (USD 500)	NTD13,840 (USD 500)
U-BEST VIETNAM POLYMER INDUSTRY COMPANY LIMITED	VIET NAM SUMYAD TECHNOLOGY LIMITED	NTD6,070 (VND5,000,000)	NTD6,070 (VND5,000,000)

5th Proposal: Amendments to “Board Meeting Rules of Procedure.”

Description: In response to the establishment of an Audit Committee to take on the responsibilities of supervisors, it is proposed to amend some provisions. Please refer to Appendix V for a comparison table of provisions before and after the amendments (Page 33).

II. Proposals

1st Proposal: Adoption of the Business Report and Financial Statements for 2021 submitted for approval. (Proposed by the Board of Directors)

Description: 1. The accountants from Deloitte Taiwan, *i.e.* Hsin-Wei Tai and Ting-Chien Su, CPAs, have audited the Company's parent company only financial statements and consolidated financial statements for 2021, and issued the external auditor's report accordingly. In addition, the financial statements, Business Report, distribution of earnings contained in the preceding paragraph which were approved upon review by the Audit Committee, for which the Audit Committee

issued an audit report, are submitted for approval.

2. Please refer to Appendix I (Pages 5-9), Appendix 1 (Page 10) and Appendix III (Pages 11-31) for the records & statements and external auditor's report referred to in the preceding paragraph.

Resolutions:

2nd Proposal: Adoption of earning distribution plan in 2021 submitted for approval. (Proposed by the Board of Directors)

Description: 1. The Company's net profit after tax was NTD10,057,280 in 2021. After setting aside the legal reserve and special reserve, totaling NTD13,694,518, the Company resolved that no stock dividends should be distributed in 2021.

2. Please refer to Appendix IV (Page 32) for the Company's distribution of earnings for 2021.

Resolutions:

III. Discussions

1st Proposal: 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: According to the amended Company Act as promulgated, the Company plans to amend certain provisions of its "Articles of Incorporation" In response to the establishment of an Audit Committee to take on the responsibilities of supervisors, it is proposed to amend some provisions. Please refer to Appendix VI (page 34~35) for a comparison table of provisions before and after the amendments.

Resolutions:

2nd Proposal: 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 Regulations Governing the Acquisition and Disposal of Assets by Public Companies amended and promulgated by Financial Supervisory Commission ("FSC") on January 28, 2022, the Company plans to amend certain provisions of its "Procedure for Acquisition or Disposal of Assets." Please refer to Appendix VII for a comparison table of provisions before and after the amendments (Pages 36~39).

Resolutions:

3rd Proposal: The proposal for termination of the non-competition restrictions imposed on directors is submitted for resolution. (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 order to terminate the non-competition restrictions imposed on the directors for any other companies engaged in the business lines identical with or similar to the Company's, as invested or managed by themselves or on behalf of others, the motion for termination of the non-competition restrictions was proposed to the general shareholders' meeting for approval.
3. For a list of newly appointed directors concurrently holding other positions, please refer to Appendix VIII (Page 40).

Resolutions:

IV. Questions and Motions

V. Adjournment

Three. Appendices

Appendix I: Business Report for 2021

I. Operating Results for 2021

(I) Results of Business Plans

The Company's consolidated net revenue for 2021 is NTD3,201,106 thousand. Consolidated net profit after tax was NTD10,057 thousand and consolidated basic earnings per share after tax was NTD0.1 per share. Please refer to the table below.

The COVID-19 epidemic spreading in 2020 resulted in the poor overall operating revenue. In 2021, the persisting epidemic causes the overall economic activities to become unstable. The rising crude oil price and shortage of containers caused the price of raw materials and supplies to keep rising. In 2021, despite the increase in sale volume and in selling price, it was still impossible to reflect the level of increase in the price of raw materials and supplies. Besides, due to the impact posed by the epidemic, certain customers suspended work and, therefore, delayed their payment of goods. The Company had to provide the allowance for bad debt pursuant to its accounting policy, thus causing the Company's operating expenses to increase. In terms of overall results, the gross profit in 2021 decreased by 5.26% compared to 2020. Net profit after tax decreased by 86.41% compared to 2020.

Operating Performance:

Unit: NTD Thousand

Item	2021	2020	Growth Rate
Operating Revenue	3,201,106	2,363,415	35.4%
Operating Profits	31,289	137,490	-77.2%
Net profits before tax	6,408	77,584	-91.7%

(II) Budget Implementation

The Company has not disclosed the financial forecasts for the year of 2021.

(III) Financial Revenue and Expenditure

As of December 31, 2021, total assets were NTD3,716,818 thousand, total liabilities were NTD2,284,600 thousand, debt ratio was 61%, and current ratio was 114.7%.

(IV) Analysis of Profitability

Item	2021	2020
Return on assets (%)	0.69	2.79
Return on equity (%)	0.68	5.01
Income before tax/paid-in capital (%)	0.64	7.8
Net profit margin (%)	0.31	3.13
Earnings per share (NT\$)	0.10	0.74

(V) Status of Research and Development

1. R & D expenses spent in this year:

Item	2021
Amount (NT\$ 1,000)	70,427
Proportion to operating revenue (%)	2.20%

2. The technologies or products developed successfully:

A.Sports industry:

- i.Polyurethane midsole material for sports shoes with high physical properties and hydrolysis resistance.
- ii.Low density and high rebound polyurethane midsole material.
- iii.Thermoplastic polyurethane for polyether calendared leather.
- iv.Polyurethane coating for fluorine-free water-repellent treatment textiles.

B.Construction industry:

- i.High-strength environmentally friendly solvent-free polyurethane hot-melt adhesive for woodworking special-shaped coating.
- ii.Environmentally friendly solvent-free polyurethane hot-melt adhesive with high operability for woodworking flat sticking.
- iii.Environmentally friendly solvent-free single-component foaming adhesive for woodworking.
- iv.High weather resistance, environmentally friendly, solvent-free laminated polyurethane adhesive for structures.

C.Green materials:

- i.Polyester plasticizer for PVC with high value and migration resistance.
- ii.Thermoplastic polyurethane for polyether extrusion pipes.
- iii.Polyurethane coating for new carbon source textiles using carbon dioxide as a raw material.
- iv.Polyurethane coating of bio-materials for textiles.
- v.Bio-material polyurethane insoles.
- vi.Use of recycled PET to produce recycled polyurethane midsole materials.
- vii.Bio-material shock-absorbing protective gear made of polyurethane foam.

D.High-value added materials:

- i.PU cross-linking agent for laser label transfer ink
- ii.High-functioning special polyester polyol
- iii.High-intensity boiling and steam-resistant solvent-based adhesive for flexible packaging

II. Summary of Annual Business Plan for 2022

(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. Strengthen the competitive advantage in the UV hardening coatings market and continue the investment in the production and sales of UV paper glazing coatings and functional oligomers, in order to further expand the Group's integration and synergy in UV and 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	37,036	5,903	2,465

The above-mentioned expected quantities are based on the annual sales in 2021, with reference to the estimate of the overall economic situation for 2022.

(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; in response to the heightening environment protection awareness of each country driven by the environmental changes which limits the development of chemical industry, 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.

At the beginning of 2022, certain countries or territories are still suffering from the impact posed by COVID-10. Therefore, enterprises' operations still remain unstable and there is still difficulty in mobilization. Besides, the outbreak of Russia-Ukraine War at the end of February is very likely to affect the economic development too. Given this, 2022 is still a year full of challenges. The Company uses its best effort to coordinate various factories' production capacity to mitigate the impact and achieve the business budget this year.

Thank all of you for attending the meeting today. Wish you good health and good luck!

Chairman: Ho Wen-Chieh

Manager: Huang Chang-Tze

Accounting Manager: Chen Hsiang-Li

EVERMORE CHEMICAL INDUSTRY CO, LTD

Audit Committee's Review Report

The Company's parent company only financial statements and consolidated financial statements prepared and submitted by the Board of Directors for 2021 have been audited, and determined as sufficient to appropriately reflect the Company's financial position, business results and cash flow by the accountants from Deloitte Taiwan, i.e. Hsin-Wei Tai and Ting-Chien Su, CPAs. The Audit Report together with the Business Report and earning distribution plan are determined as qualified after review by the Audit Committee. The Committee hereby issue the Report in accordance with the provisions of Article 219 of the Company Act.

Best Regards

2022 General Annual Meeting of EVERMORE CHEMICAL INDUSTRY CO, LTD

Convener of Audit Committee: Chun-Cheng Chen

March 15, 2022

Appendix III 2021 Parent Company Only Financial Statements and Consolidated Financial Statements

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. (“the Company”) as at December 31, 2021 and 2020, 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 Company as at December 31, 2021 and 2020, 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.”

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 Company's individual financial statements of the year 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2021 individual financial statements are stated as follows:

Authenticity of revenue recognition for specific customers

The main source of the Company's revenue is the sales of resins, and the sales locations are mainly located in markets such as Asia. Operating revenue in 2021 increased compared to the previous year. The amount of transactions with specific customers were critical to the overall operating revenue. Meanwhile, subject to the epidemic and changes in the economic environment, there was a significant risk to the authenticity of their revenue and, therefore, the authenticity of revenue recognition for specific customers was 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 Audit Committee, 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 the governance unit, we have determined key audit matters of the Company's 2021 parent company only 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

Dai Hsin-Wei, CPA

Su Ting-Chien, CPA

Approval reference of the Securities and
Futures Bureau

Tai-Tsai-Cheng (VI) No. 0930128050

Approval reference of the Financial
Supervisory Commission

SFB Shenzi No. 1070323246

March 15, 2022

Evermore Chemical Industry Co., Ltd.

BALANCE SHEETS

December 31, 2021 and 2020

Unit: NTD thousand

Code	ASSETS	March 31, 2021		31-Dec-20 (Re-prepared and audited)	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash (Notes IV and VI)	\$ 80,623	2	\$ 49,458	2
1136	Financial assets measured at amortized cost - current (Notes IV, VII and XXIV)	70,765	2	68,158	3
1150	Notes receivable (Notes IV, VIII, and XXIII)	98,617	3	64,562	2
1170	Accounts receivable due from non-related parties (Notes IV and VIII)	278,906	8	164,420	6
1180	Accounts receivable due from related parties (Notes IV, IV, and XXIII)	100,820	3	101,744	4
1200	Other receivables (Note XXIII)	21,002	1	32,746	1
1220	Current tax assets (Notes IV and XVIII)	2,691	-	-	-
1300	Inventories (Notes IV and IX)	399,112	12	257,473	9
1479	Other current assets	18,789	1	6,448	-
11XX	Total current assets	<u>1,071,325</u>	<u>32</u>	<u>745,009</u>	<u>27</u>
	NON-CURRENT ASSETS				
1550	Investment accounted for using the equity method (Notes IV and X)	1,137,415	34	1,283,529	46
1600	Property, plant, and equipment (Notes IV, XI, and XXIV)	1,070,480	32	685,823	25
1760	Investment real estate (Notes IV and XII)	1,007	-	1,094	-
1801	Computer software (Note IV)	2,490	-	606	-
1840	Deferred tax assets (Notes IV and XVIII)	24,442	1	22,236	1
1915	Prepayments for equipment	46,541	1	29,658	1
1920	Refundable deposits	894	-	129	-
15XX	Total non-current assets	<u>2,283,269</u>	<u>68</u>	<u>2,023,075</u>	<u>73</u>
1XXX	TOTAL	<u>\$ 3,354,594</u>	<u>100</u>	<u>\$ 2,768,084</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term borrowings (Notes XIII and XXIV)	\$ 903,123	27	\$ 560,965	20
2110	Short-term bills payable (Note XIII)	129,926	4	129,855	5
2150	Notes payable	25,843	1	73,095	3
2170	Accounts payable (Note XXIII)	273,643	8	2021,497	4
2200	Other payables (Notes XIV and XXIII)	59,127	2	63,434	2
2230	Current tax liabilities (Notes IV and XVIII)	2,845	-	24,120	1
2322	Long-term borrowings due within one year (Notes XIII and XXIV)	56,500	1	64,000	2
2399	Other current liabilities- Other	11,639	-	5,785	-
21XX	Total current liabilities	<u>1,462,646</u>	<u>43</u>	<u>1,031,751</u>	<u>37</u>
	Noncurrent liabilities				
2541	Long-term borrowings (Notes XIII and XXIV)	430,617	13	207,117	7
2570	Deferred tax liabilities (Notes IV and XVIII)	29,113	1	44,636	2
25XX	Total non-current liabilities	<u>459,730</u>	<u>14</u>	<u>251,753</u>	<u>9</u>
2XXX	Total liabilities	<u>1,922,376</u>	<u>57</u>	<u>1,283,504</u>	<u>46</u>
	EQUITY				
3110	Share capital from common stock	993,880	30	993,880	36
3200	Capital surplus	98,017	3	98,017	3
	Retained earnings				
3310	Statutory reserves	222,026	7	214,625	8
3320	Special reserve	11,624	-	21,610	1
3350	Undistributed earnings	130,984	4	168,036	6
3400	Other equity	(24,313)	(1)	(11,588)	-
3XXX	Total equity	<u>1,432,218</u>	<u>43</u>	<u>1,484,580</u>	<u>54</u>
	TOTAL	<u>\$ 3,354,594</u>	<u>100</u>	<u>\$ 2,768,084</u>	<u>100</u>

The attached notes form part of this parent-company only financial report

Chairman: Ho Wen-Chieh

Manager: Huang Chng-Tze

Chief Accountant: Chen Hsiang-Li

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

January 1to December 31, 2021 and 2020

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

Code		2021		2020 (Re-prepared and audited)	
		Amount	%	Amount	%
4000	NET SALES REVENUES (Notes IV and XVIII)	\$ 1,660,798	100	\$ 1,219,612	100
5000	Operating costs (Notes IX, XVII and XXIII)	<u>1,460,364</u>	<u>88</u>	<u>1,001,883</u>	<u>82</u>
5900	Gross profit	200,434	12	217,729	18
5910	UNREALIZED GROSS PROFIT ON SALES TO SUBSIDIARIES	(1,840)	-	(5,223)	-
5920	REALIZED GROSS PROFIT ON SALES TO SUBSIDIARIES	<u>5,223</u>	<u>-</u>	<u>5,451</u>	<u>-</u>
5950	REALIZED GROSS PROFIT	<u>203,817</u>	<u>12</u>	<u>217,957</u>	<u>18</u>
	Operating expenses (Note XVII)				
6100	Selling and marketing expenses	57,154	3	48,011	4
6200	Management expenses	61,955	4	60,496	5
6300	Research and development expenses	46,902	3	46,191	4
6450	Expected credit loss (Notes IV and VIII)	<u>1,445</u>	<u>-</u>	<u>3,150</u>	<u>-</u>
6000	Total operating expenses	<u>167,456</u>	<u>10</u>	<u>157,848</u>	<u>13</u>
6900	Operating profit	<u>36,361</u>	<u>2</u>	<u>60,109</u>	<u>5</u>
	Non-operating revenue and expenditure				
7010	Other income (Note XXIII)	10,464	1	18,214	1
7020	Other gains and losses (Note X)	(678)	-	(25,919)	(2)
7070	Share of profits and losses of subsidiaries and affiliates using the equity method (Note IV)	(22,996)	(1)	38,180	3

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Code		2021		2020 (Re-prepared and audited)	
		Amount	%	Amount	%
7100	Interest income (Note XXIII)	\$ 364	-	\$ 291	-
7510	Interest fees	(13,082)	(1)	(8,621)	(1)
7630	Net loss from foreign exchange	(6,664)	(1)	(14,889)	(1)
7000	Total non-operating income and expenses	(32,592)	(2)	7,256	-
7900	PROFIT BEFORE INCOME TAX	3,769	-	67,365	5
7950	Income tax gain (Notes IV and XVIII)	(6,288)	(1)	(6,645)	(1)
8200	Net income	10,057	1	74,010	6
	OTHER COMPREHENSIVE INCOME (LOSS) (Note IV)				
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	(15,642)	(1)	11,013	1
8399	Income tax relating to items that may be reclassified subsequently to profit or loss (Note XIX)	2,917	-	(2,066)	-
8300	Other comprehensive income (loss) for the year, net income tax	(12,725)	(1)	8,947	1
8500	Total comprehensive income	(\$ 2,668)	-	\$ 82,957	7
	Earnings per share (Note XIX)				
9710	Basic	\$ 0.10		\$ 0.74	
9810	Diluted	\$ 0.10		\$ 0.74	

The attached notes form part of this parent-company only financial report

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, 2021 and 2020

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

Code		Ordinary Shares	Capital Surplus	Retained earnings (Note XVI)			Exchange differences on translating the financial statements of foreign operations	Total Equity
		(Note XVI)	(Note XVI)	Statutory reserve	Special Reserve	Unappropriated Earnings		
A1	Balance on January 1, 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 (re-prepared and audited)	-	-	-	-	74,010	-	74,010
D3	Other comprehensive income 2020 (re-prepared and audited)	-	-	-	-	-	8,947	8,947
D5	Total comprehensive income 2020 (re-prepared and audited)	-	-	-	-	74,010	8,947	82,957
M3	Proceeds from investments accounted for using equity method	-	-	-	-	-	1,075	1,075
Z1	Balance on December 31, 2020 (re-prepared and audited)	993,880	98,017	214,625	21,610	168,036	(11,588)	1,484,580
	Earnings allocation and distribution for 2020							
B1	Statutory reserves	-	-	7,401	-	(7,401)	-	-
B3	Special reserve	-	-	-	(9,986)	9,986	-	-
B5	Cash dividends distributed by the Company - NT\$ 0.5 per share	-	-	-	-	(49,694)	-	(49,694)
D1	2021 net profit	-	-	-	-	10,057	-	10,057
D3	Other comprehensive income after tax for 2021	-	-	-	-	-	(12,725)	(12,725)
D5	Total comprehensive income for 2021	-	-	-	-	10,057	(12,725)	(2,668)
Z1	Balance on December 31, 2021	<u>\$ 993,880</u>	<u>\$ 98,017</u>	<u>\$ 222,026</u>	<u>\$ 11,624</u>	<u>\$ 130,984</u>	<u>(\$ 24,313)</u>	<u>\$ 1,432,218</u>

The attached notes form part of this parent-company only financial report

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, 2021 and 2020

Unit: NTD thousand

Code		2021	2020 (Re-prepared and audited)
	CASH FLOW FROM OPERATING ACTIVITIES		
A10000	Income before tax	\$ 3,769	\$ 67,365
A20000	Adjustments for:		
A20100	Depreciation expense	62,976	59,292
A20200	Amortization expense	757	520
A20300	Expected credit loss	1,445	3,150
A20900	Interest fees	13,082	8,621
A21200	Interest income	(364)	(291)
A22300	Share of profits and losses of subsidiaries and affiliates using the equity method	22,996	(38,180)
A22500	Loss (gain) on disposal of property, plant, and equipment	28	(128)
A23100	Loss on disposal of investments	-	25,513
A23700	(Reversal of) impairment loss on non-financial assets	(7,369)	4,091
A23900	Unrealized (realized) profit from subsidiaries	(3,383)	(228)
A24100	Foreign exchange losses (gains)	(2,148)	5,507
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	(34,055)	12,235
A31150	Accounts receivable	(113,780)	(35,479)
A31180	Other receivables	2,110	(1,888)
A31200	Inventories	(134,270)	5,257
A31240	Other current assets	(12,341)	(1,211)
A32130	Notes payable	(47,252)	2,280
A32150	Accounts payable	162,953	22,935
A32180	Other payables	(3,906)	(581)
A32230	Other current liabilities	5,854	(161)
A33000	Cash generated from operations	(82,898)	138,619
A33100	Interest received	363	290
A33300	Interest paid	(12,781)	(8,587)
A33500	Income tax paid	(32,490)	(7,235)
AAAA	Net cash generated from (used in) operating activities	(127,806)	123,087

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Code		2021	2020 (Re-prepared and audited)
	CASH FLOW FROM INVESTING ACTIVITIES		
B00040	Increase in financial assets measured at amortized cost	(\$ 79,746)	(\$ 126,250)
B00050	Disposal of financial assets measured at amortized cost	77,634	58,643
B01800	Investments acquired and accounted for using equity method	-	(267,880)
B02700	Payments for property, plant, and equipment	(404,504)	(33,716)
B02800	Proceeds from disposal of property, plant, and equipment	25	313
B03700	Increase in refundable deposits	(825)	-
B03800	Decrease in refundable deposits	60	119
B04400	Decrease (increase) in other receivables from related parties	10,459	(24,363)
B04500	Payments for intangible assets	(2,641)	(360)
B07100	Increase in prepayments for equipment	(60,732)	(62,409)
B07600	Dividends received from subsidiaries	110,859	135,600
BBBB	Net cash used in investing activities	(<u>349,411</u>)	(<u>320,303</u>)
	CASH FLOW FROM FINANCING ACTIVITIES		
C00100	Proceeds from short-term borrowings	5,742,005	4,481,600
C00200	Repayments of short-term borrowings	(5,400,000)	(4,389,293)
C00500	Proceeds (repayments) from short-term bills payable	71	(12)
C01600	Proceeds from long-term borrowings	280,000	270,000
C01700	Repayments of long-term borrowings	(64,000)	(80,968)
C04500	Dividends paid to owners of the Company	(<u>49,694</u>)	(<u>64,602</u>)
CCCC	Net cash inflow from financing activities	<u>508,382</u>	<u>216,725</u>
EEEE	Net increase in cash for the year	31,165	19,509
E00100	CASH AT THE BEGINNING OF THE YEAR	<u>49,458</u>	<u>29,949</u>
E00200	CASH AT THE END OF THE YEAR	<u>\$ 80,623</u>	<u>\$ 49,458</u>

The attached notes form part of this parent-company only financial report

Chairman: Ho Wen-Chieh

Manager: Huang Chng-Tze

Chief Accountant: Chen Hsiang-Li

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

For the year 2021 (January 1 - December 31, 2021), the Company complies with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises in that the companies that should be included in the preparation of the consolidated financial statements of the affiliated companies are the same as the companies that should be included in the preparation of the consolidated financial statements of the parent and subsidiary companies in accordance with IFRS 10. In addition, the relevant information that should be disclosed in the consolidated financial statements of the associated companies has been disclosed in the consolidated financial statements of the parent and subsidiary companies of the former disclosure. Therefore, there is no need to prepare the consolidated financial statements of associated companies separately.

Hereby declared by

Evermore Chemical Industry Co., Ltd.

Chairman: Ho Wen-Chieh

March 15, 2022

INDEPENDENT AUDITORS' REPORT

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

Audit Opinion

We have completed our review of Evermore Chemical Industry Co., Ltd. and Subsidiaries (Evermore Group) Consolidated Balance Sheet for December 31, 2021 and 2020; and Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows, and Notes to the Consolidated Financial Statements (including a summary of significant accounting policies) for January 1 – December 31, 2021 and 2020.

In our opinion, the aforementioned consolidated financial statements in all major respects are in compliance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretation, or SIC Interpretation endorsed by the Financial Supervisory Commission. They are sufficient to adequately express the consolidated financial status of Evermore Group as of December 31, 2021 and 2020 and its consolidated financial performance and consolidated cash flow from January 1 through December 31, 2021 and 2020.

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 refer to the most important matters for the audit of Evermore Group's 2021 consolidated financial statements based on our professional judgment. 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 of Evermore Group's 2021 consolidated financial statements are hereby 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 2021 increased compared to the previous year. The amount of transactions with specific customers were critical to the overall operating revenue. Meanwhile, subject to the epidemic and changes in the economic environment, there was a significant risk to the authenticity of their revenue and, therefore, the authenticity of revenue recognition for specific customers was 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.

Miscellaneous

Evermore Chemical Industry Co., Ltd. has prepared parent company only financial statements for 2021 and 2020, 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 Audit Committee, 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 2021 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
Dai Hsin-Wei, CPA

Su Ting-Chien, CPA

Approval reference of the Securities and
Futures Bureau
Tai-Tsai-Cheng (VI) No. 0930128050

Approval reference of the Financial
Supervisory Commission
SFB Shenzi No. 1070323246

March 15, 2022

EVERMORE CHEMICAL INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2021 and 2020

Unit: NTD thousand

Code	ASSETS	March 31, 2021		31-Dec-20 (Re-prepared and audited)	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes IV and VI)	\$ 228,045	6	\$ 306,389	10
1136	Financial assets measured at amortized cost - current (Notes IV and VII)	70,765	2	68,158	2
1150	Notes receivable (Notes IV and VIII)	187,325	5	117,381	4
1170	Accounts receivable due from non-related parties (Notes IV and VIII)	745,825	20	579,323	19
1180	Accounts receivable due from related parties (Notes IV, IV, and XXVII)	24,403	1	23,107	1
1200	Other receivables	11,608	-	9,840	-
1220	Current tax assets (Notes IV and XXI)	2,691	-	3	-
130X	Inventories (Notes IV and IX)	752,571	20	622,491	20
1410	Prepayments	50,673	2	52,990	2
1479	Other current assets	854	-	1,650	-
11XX	Total current assets	<u>2,074,760</u>	<u>56</u>	<u>1,781,332</u>	<u>58</u>
	NON-CURRENT ASSETS				
1600	Property, plant and equipment (Notes IV, XII, and XXVIII)	1,352,143	37	982,514	32
1755	Right-of-use assets (Notes IV and XIII)	160,550	4	169,921	6
1760	Investment real estate (Notes IV and XIV)	1,007	-	1,094	-
1780	Intangible assets (Note IV)	7,988	-	7,110	-
1805	Goodwill (Notes IV, XV, and XXIII)	40,715	1	44,960	2
1840	Deferred tax assets (Notes IV and XXI)	31,834	1	28,866	1
1915	Prepayments for equipment	46,541	1	37,953	1
1920	Refundable deposits	1,280	-	1,349	-
15XX	Total non-current assets	<u>1,642,058</u>	<u>44</u>	<u>1,273,767</u>	<u>42</u>
1XXX	TOTAL	<u>\$ 3,716,818</u>	<u>100</u>	<u>\$ 3,055,099</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short term borrowings (Notes XVI and XXVIII)	\$ 1,139,045	31	\$ 649,647	21
2110	Short-term notes and bills payable (Note XVI)	129,926	3	129,855	4
2150	Notes payable	26,128	1	73,369	2
2170	Accounts payable (Note XXVII)	325,595	9	204,682	7
2200	Other payables (Notes XVII and XXVII)	110,516	3	135,609	5
2230	Current tax liabilities (Notes IV and XXI)	6,372	-	28,064	1
2322	Long-term borrowings due within one year (Notes XVI and XXVIII)	56,500	1	64,000	2
2399	Other current liabilities- Other	14,394	-	11,429	-
21XX	Total current liabilities	<u>1,808,476</u>	<u>48</u>	<u>1,296,655</u>	<u>42</u>
	Noncurrent liabilities				
2541	Long term borrowings (Notes XVI and XXVIII)	430,617	12	207,117	7
2570	Deferred tax liabilities (Notes IV and XXI)	45,073	1	66,310	2
2645	Guarantee deposits	434	-	437	-
25XX	Total non-current liabilities	<u>476,124</u>	<u>13</u>	<u>273,864</u>	<u>9</u>
2XXX	Total liabilities	<u>2,284,600</u>	<u>61</u>	<u>1,570,519</u>	<u>51</u>
	EQUITY				
3110	Share capital from common stock	993,880	27	993,880	33
3200	Capital surplus	98,017	3	98,017	3
	Retained earnings				
3310	Statutory reserves	222,026	6	214,625	7
3320	Special reserve	11,624	-	21,610	1
3350	Undistributed earnings	130,984	4	168,036	5
3400	Other equity	(24,313)	(1)	(11,588)	-
3XXX	Total equity	<u>1,432,218</u>	<u>39</u>	<u>1,484,580</u>	<u>49</u>
	TOTAL	<u>\$ 3,716,818</u>	<u>100</u>	<u>\$ 3,055,099</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

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 1to December 31, 2021 and 2020

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

Code		2021		2020 (Re-prepared and audited)	
		Amount	%	Amount	%
4000	Operating revenue, net (Notes IV and XXVII)	\$ 3,201,106	100	\$ 2,363,415	100
5000	Operating costs (Notes IX, XX, and XXVII)	<u>2,767,913</u>	<u>86</u>	<u>1,906,186</u>	<u>81</u>
5900	Gross profit	<u>433,193</u>	<u>14</u>	<u>457,229</u>	<u>19</u>
	OPERATING EXPENSES (Note XX)				
6100	Selling and marketing expenses	158,756	5	133,159	5
6200	Management expenses	141,419	5	137,961	6
6300	Research and development expenses	70,427	2	70,287	3
6450	Expected credit loss (gain) (Notes IV and VIII)	<u>31,302</u>	<u>1</u>	<u>(21,668)</u>	<u>(1)</u>
6000	Total operating expenses	<u>401,904</u>	<u>13</u>	<u>319,739</u>	<u>13</u>
6900	Operating profit	<u>31,289</u>	<u>1</u>	<u>137,490</u>	<u>6</u>
	Non-operating revenue and expenditure				
7010	Other revenue: (Note XVII)	13,996	-	21,468	1
7020	Other gains and losses (Notes XV and X)	<u>(6,042)</u>	<u>-</u>	<u>(39,484)</u>	<u>(2)</u>
7060	Share of profits and losses of affiliated companies using the equity method (Note IV)	-	-	<u>(1,674)</u>	<u>-</u>
7100	Interest income	798	-	556	-
7510	Interest fees	<u>(17,369)</u>	<u>(1)</u>	<u>(11,673)</u>	<u>(1)</u>
7630	Net loss from foreign exchange (Note XX)	<u>(16,264)</u>	<u>-</u>	<u>(29,099)</u>	<u>(1)</u>
7000	Total non-operating income and expenses	<u>(24,881)</u>	<u>(1)</u>	<u>(59,906)</u>	<u>(3)</u>

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Code		2021		2020 (Re-prepared and audited)	
		Amount	%	Amount	%
7900	PROFIT BEFORE INCOME TAX	\$ 6,408	-	\$ 77,584	3
7950	Income tax expense (gain) (Notes IV and XXI)	(3,649)	-	3,574	-
8200	Net income	10,057	-	74,010	3
	OTHER COMPREHENSIVE INCOME (LOSS) (Note IV)				
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	(15,642)	-	11,013	1
8399	Income tax related to items that may be reclassified to profit or loss (Note XXI)	2,917	-	(2,066)	-
8300	Current other comprehensive income (net after tax)	(12,725)	-	8,947	1
8500	Total comprehensive income	(\$ 2,668)	-	\$ 82,957	4
	EARNINGS PER SHARE (Note XXII)				
9750	Basic	\$ 0.10		\$ 0.74	
9850	Diluted	\$ 0.10		\$ 0.74	

The accompanying notes are an integral part of the consolidated financial statements.

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, 2021 and 2020

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

Code		EQUITY					Exchange differences on translating the financial statements of foreign operations	Total Equity
		Share capital from common stock (Note 19)	Capital Surplus (Note 19)	Retained Earnings (Note 19)		Unappropriated Earnings		
				Legal Reserve	Special Reserve			
A1	Balance on January 1, 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 (re-prepared and audited)	-	-	-	-	74,010	-	74,010
D3	Other comprehensive income 2020 (re-prepared and audited)	-	-	-	-	-	8,947	8,947
D5	Total comprehensive income 2020 (re-prepared and audited)	-	-	-	-	74,010	8,947	82,957
M3	Proceeds from investments accounted for using equity method	-	-	-	-	-	1,075	1,075
Z1	Balance on December 31, 2020 (re-prepared and audited)	993,880	98,017	214,625	21,610	168,036	(11,588)	1,484,580
	Earnings allocation and distribution for 2020							
B1	Statutory reserves	-	-	7,401	-	(7,401)	-	-
B3	Special reserve	-	-	-	(9,986)	9,986	-	-
B5	Cash dividends distributed by the Company - NT\$ 0.5 per share	-	-	-	-	(49,694)	-	(49,694)
D1	2021 net profit	-	-	-	-	10,057	-	10,057
D3	Other comprehensive income after tax for 2021	-	-	-	-	-	(12,725)	(12,725)
D5	Total comprehensive income for 2021	-	-	-	-	10,057	(12,725)	(2,668)
Z1	Balance on December 31, 2021	<u>\$ 993,880</u>	<u>\$ 98,017</u>	<u>\$ 222,026</u>	<u>\$ 11,624</u>	<u>\$ 130,984</u>	<u>(\$ 24,313)</u>	<u>\$ 1,432,218</u>

The accompanying notes are an integral part of the consolidated financial statements.

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, 2021 and 2020

Unit: NTD thousand

Code		2021	2020 (Re-prepared and audited)
	CASH FLOW FROM OPERATING ACTIVITIES		
A10000	Income before tax	\$ 6,408	\$ 77,584
A20000	Adjustments for:		
A20100	Depreciation expense	100,503	103,832
A20200	Amortization expense	1,197	976
A20300	Expected credit loss (reversal)	31,302	(21,668)
A20900	Interest fees	17,369	11,673
A21200	Interest income	(798)	(556)
A22300	Share of profits and losses of affiliated companies using the equity method	-	1,674
A22500	Loss (gain) on disposal of property, plant, and equipment	623	(501)
A23100	Loss on disposal of investments	-	25,513
A23800	Impairment loss recognized on non-financial assets (reversal gains)	(12,462)	16,931
A24100	Net loss from foreign exchange	1,687	2,763
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	(69,944)	11,870
A31150	Accounts receivable	(200,735)	136,840
A31180	Other receivables	(1,772)	1,571
A31200	Inventories	(117,415)	7,946
A31230	Prepayments	2,317	(17,511)
A31240	Other current assets	796	(488)
A32130	Notes payable	(47,241)	1,818
A32150	Accounts payable	121,253	9,570
A32180	Other payables	(21,595)	(11,171)
A32230	Other current liabilities	<u>2,965</u>	<u>(6,354)</u>
A33000	Cash generated from (used in) operations	(185,542)	352,312
A33100	Interest received	374	556
A33300	Interest paid	(16,643)	(11,660)
A33500	Income tax paid	<u>(41,764)</u>	<u>(21,989)</u>
AAAA	Net cash generated from (used in) operating activities	<u>(243,575)</u>	<u>319,219</u>

(Continued on the next page)

(Continued from previous page)

Code		2021	2020 (Re-prepared and audited)
	CASH FLOW FROM INVESTING ACTIVITIES		
B00040	Increase in financial assets measured at amortized cost	(\$ 79,746)	(\$ 126,250)
B00050	Disposal of financial assets measured at amortized cost	77,634	58,643
B02200	Acquisition of subsidiaries	-	(200,409)
B02700	Payments for property, plant, and equipment	(423,237)	(45,663)
B02800	Proceeds from disposal of property, plant, and equipment	91	678
B03700	Increase in refundable deposits	(872)	(124)
B03800	Decrease in refundable deposits	931	8,604
B04500	Payments for intangible assets	(2,641)	(360)
B07100	Increase in prepayments for equipment	(60,693)	(66,238)
BBBB	Net cash used in investing activities	(488,533)	(371,119)
	CASH FLOW FROM FINANCING ACTIVITIES		
C00100	Proceeds from short-term borrowings	6,410,580	6,136,566
C00200	Repayments of short-term borrowings	(5,915,942)	(6,235,833)
C00500	Proceeds (repayments) from short-term bills payable	71	(12)
C01600	Proceeds from long-term borrowings	280,000	270,000
C01700	Repayments of long-term borrowings	(64,000)	(80,968)
C04500	Dividends paid to owners of the Company	(49,694)	(64,602)
CCCC	Net cash inflow from financing activities	661,015	25,151
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(7,251)	10,502
EEEE	Decrease in cash and cash equivalents	(78,344)	(16,247)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>306,389</u>	<u>322,636</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 228,045</u>	<u>\$ 306,389</u>

The accompanying notes are an integral part of the consolidated financial statements.

Chairman: Ho Wen-Chieh

Manager: Huang Chng-Tze

Chief Accountant: Chen Hsiang-Li

Appendix IV Earnings Distribution Plan

EVERMORE CHEMICAL INDUSTRY CO, LTD

Statement for Distribution of Earnings

2021

Unit: NT\$

Item	Amount	
	Subtotal	Total
Earnings undistributed in the previous year		120,926,657
Net profits after tax in 2021	10,057,280	
Less: provision for 10% of statutory surplus reserves	(1,005,728)	
Less: Special surplus reserves listed in accordance with the law	(12,688,790)	
		(3,637,238)
Earnings distributable for this period		117,289,419
Distributed items:		
Bonus paid to shareholders - cash dividends (Note 1)		0
Earnings undistributed at the end of the reporting period		120,926,657

Notes:

1. No stock dividends were distributed in 2021.

Chairman: Ho Wen-Chieh

Manager: Huang Chang-Tze

Chief Accountant: Chen Hsiang-Li

Appendix V. Comparison Table of Amendments to "Board Meeting Rules of Procedure"

EVERMORE CHEMICAL INDUSTRY CO, LTD Comparison Table for Amendments to Board Meeting Rules of Procedure

November 9, 2021

Revised Provisions	Original Provisions	Description
<p>Article 3: The Company's Board of Directors meeting shall be convened at least once per quarter. When the Board of Directors meeting is convened, the reasons should be stated and directors shall have notice seven days beforehand. However, in an emergency, the meeting must be called at any time. 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. The Rules....</p>	<p>Article 3: The Company's Board of Directors meeting shall be convened at least once per quarter. When the Board of Directors meeting is convened, the reasons should be stated and <u>directors and supervisors</u> shall have notice seven days beforehand. However, in an emergency, the meeting must be called at any time. 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. The Rules....</p>	<p>An Audit Committee has been set up to replace supervisors, and certain terms have been revised.</p>
<p>Article 17: The deliberations of the board of directors of the Company shall be recorded into the meeting minutes, which shall record the following matters in detail: Paragraphs I~VI: Omitted. VII. Agenda items: The method of resolution and the result for each proposal; a summary of the comments made by directors, experts or other persons, etc. VIII. Questions and Motions: The name of the mover; the method of resolution and the result for each proposal; a summary of the comments made by directors, experts or other persons, etc. IX. Other matters to be recorded. Any of the following matters in relation to a resolution passed at a meeting of the Board of Directors.... The meeting minutes must be signed or sealed by the chair of the meeting and the recording staff and distributed to the directors within 20 days after the meeting. Furthermore, they should be included in the company's important files and retained permanently at the company. The production and distribution of the proceedings can be done electronically.</p>	<p>Article 17: The deliberations of the board of directors of the Company shall be recorded into the meeting minutes, which shall record the following matters in detail: Paragraphs I~VI: Omitted. VII. Agenda items: The method of resolution and the result for each proposal; a summary of the comments made by directors, <u>supervisors</u>, experts or other persons, etc. VIII. Questions and Motions: The name of the mover; the method of resolution and the result for each proposal; a summary of the comments made by directors, <u>supervisors</u>, experts or other persons, etc. IX. Other matters to be recorded. Any of the following matters in relation to a resolution passed at a meeting of the Board of Directors.... Proceedings of the meeting must be signed or sealed by the chair of the meeting and the recording staff and distributed to the directors <u>and supervisors</u> within 20 days after the meeting. Furthermore, they should be included in the company's important files and retained permanently at the company. The production and distribution of the proceedings can be done electronically.</p>	
<p>Article 20 The establishment of the Rules shall be approved by the Board of Directors of the Company and shall be submitted to the shareholders' meeting. <u>Any amendments hereto shall be subject to the resolution by the Board of Directors.</u></p>	<p>Article 20 The establishment and amendment of the Rules shall be approved by the Board of Directors of the Company and shall be submitted to the shareholders' meeting.</p>	<p>Adjust the approving procedure referred to herein.</p>

Appendix VI. Comparison Table for Amendments to Articles of Incorporation

EVERMORE CHEMICAL INDUSTRY CO, LTD Comparison Table of Amendments to the Articles

March 15, 2022

Revised Provisions	Original Provisions	Description
<p>Article 8: When the Company prints share certificates, <u>the share certificates shall be affixed with the signatures or personal seals of the director representing the Company, and shall be duly certified or authenticated by the bank which is competent to certify shares under the laws before issuance thereof.</u> The shares issued by the Company are exempt from printing, but shall be registered with the securities centralized storage institutions.</p>	<p>Article 8: The Company shall issue registered shares <u>only. They shall be issued after being signed or sealed by three or more directors in accordance with the law.</u> The shares issued by the Company are exempt from printing, but shall be registered with the securities centralized storage institutions.</p>	<p>Amended in response to Article 162 of the Company Act enforced as of November 1, 2018. The unregistered share system has been abolished.</p>
<p>Article 11: The meetings of shareholders shall be divided into annual general meetings and extraordinary meetings. An annual 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. <u>A shareholders' meeting of the Company can be held by means of visual communication network or other methods promulgated by the central competent authority.</u></p>	<p>Article 11: The meetings of shareholders shall be divided into annual general meetings and extraordinary meetings. An annual 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.</p>	<p>I. Added paragraph. II. Article 172-2 of the Company Act was amended and promulgated on December 29, 2021, which allows public companies to apply virtual shareholders' meetings. In response to the virtual shareholders' meeting policy promoted by the competent authority and in order to deal with the demand for digitalized era, the paragraph is added to provide channels convenient for shareholders to attend a shareholders' meeting.</p>
<p>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 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.</p>	<p>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 <u>director and supervisor</u> 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.</p>	<p>Delete the "supervisor remuneration" in line with Article 17 of the Articles of Incorporation.</p>
<p>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 shareholders' meeting.</p>	<p>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 shareholders' meeting.</p>	

Revised Provisions	Original Provisions	
<p><u>When the Company sets aside the special reserve pursuant to laws, for the deficit in the provisions from the “net increase in fair value of investment-linked property accumulated from the previous period” and “net reductions of other equity accumulated from the previous period”, the special surplus at the same amount shall be set aside from the undistributed earnings in the previous period at first. If there is still a deficit, further provision shall be made from the current net profit after tax plus the items other than current net profit after tax added into the current undistributed earnings.</u></p>		<p>Per the FSC’s order under Jin-Guan-Zheng-Fa-Zi Nos. 10901500221 and 1090150022 dated March 31, 2021</p>
<p>Article 33: These Articles of Incorporation were established on April 24, 1989,....., the 26th amendment was made on June 15, 2020 ,<u>the 27th amendment was made on August 10, 2021, and the 28th amendment is to be made on June 28, 2022.</u></p>	<p>Article 33: These Articles of Articles were established on April 24, 1989,....., the 26th amendment was made on June 15, 2020, and the 27th amendment was made on August 10, 2021.</p>	<p>The revision dates are included.</p>

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

EVERMORE CHEMICAL INDUSTRY CO, LTD

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

March 15, 2022

Amendments	Current Provisions	Description
<p>Article 7: Procedures for Acquisition or Disposal of Real Property, Equipment or Right-of-Use Assets thereof</p> <p>I. Evaluation and Operating Procedures (omitted)</p> <p>II. Procedures for Determination of Transaction Terms and Authorized Limits</p> <p>III. Execution Unit (omitted)</p> <p>IV. Appraisal Report on Real Property or Other Fixed Assets</p> <p>Procedures for Acquisition or Disposal of Real Property, Equipment or Right-of-Use Assets thereof... (omitted):</p> <p>(I) Where due to special circumstances... (omitted).</p> <p>(II) Where the transaction amount...(omitted). The transaction amount herein...(omitted).</p> <p>(III) Where the appraisal results of a professional appraiser falls into any one of the following circumstances, except to the extent that the appraisal price is higher than the transaction amount in acquisition of asset(s), or the appraisal price is lower than the transaction amount in disposal of asset(s), a certified public accountant shall be engaged to express specific opinions regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>1. The discrepancy between the appraisal result... (omitted).</p> <p>2. The discrepancy between the appraisal results of two or more... (omitted).</p> <p>(IV) Where the appraisal results of a professional appraiser... (omitted).</p> <p>(V) Where the Company acquires or disposes of assets through court auction procedures... (omitted).</p>	<p>Article 7: Procedures for Acquisition or Disposal of Real Property, Equipment or Right-of-Use Assets thereof</p> <p>I. Evaluation and Operating Procedures (omitted)</p> <p>II. Procedures for Determination of Transaction Terms and Authorized Limits</p> <p>III. Execution Unit (omitted)</p> <p>IV. Appraisal Report on Real Property or Other Fixed Assets</p> <p>Procedures for Acquisition or Disposal of Real Property, Equipment or Right-of-Use Assets thereof... (omitted):</p> <p>(I) Where due to special circumstances... (omitted).</p> <p>(II) Where the transaction amount...(omitted). The transaction amount herein...(omitted).</p> <p>(III) Where the appraisal results of a professional appraiser falls into any one of the following circumstances, except to the extent that the appraisal price is higher than the transaction amount in acquisition of asset(s), or the appraisal price is lower than the transaction amount in disposal of asset(s), 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 Taiwan's Accounting Research and Development Foundation ("ARDF"), and express specific opinions regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>1. The discrepancy between the appraisal result... (omitted).</p> <p>2. The discrepancy between the appraisal results of two or more... (omitted).</p> <p>(IV) Where the appraisal results of a</p>	<p>Amended per the FSC's order under Jin-Guan-Zheng-Fa-Zi No. 1110380465 dated January 28, 2022,</p> <p>in response to the practices and enhancement of the management of transactions with related parties.</p> <p>(TWSE: Tai-Zheng-Shang-1-Zi No. 1110002112)</p>

Amendments	Current Provisions	Description
	professional appraiser... (omitted). (V) Where the Company acquires or disposes of assets through court auction procedures... (omitted).	
<p>Article 10: Procedures for Acquisition or Disposal of Intangible Assets or Right-of-Use Assets or Memberships</p> <p>(I) Evaluation and Operating Procedures (omitted)</p> <p>(II) Procedures for Determination of Transaction Terms and Authorized Limits (omitted)</p> <p>(III) Execution Unit (omitted)</p> <p>(IV) Expert Evaluation Report on Intangible Assets or Right-of-Use Assets thereof or Memberships</p> <p>1. Where the Company acquires or disposes of... (omitted).</p> <p>2. Whenever the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships, if the transaction amount reaches twenty percent (20%) of the Company's paid in capital or NTD300 million, except for transacting with a domestic government agency, a certified public accountant shall, prior to the Date of Occurrence, be engaged to express opinions in respect of the reasonableness of the transaction price.</p> <p>The transaction amount herein...(omitted).</p>	<p>Article 10: Procedures for Acquisition or Disposal of Intangible Assets or Right-of-Use Assets or Memberships</p> <p>(I) Evaluation and Operating Procedures (omitted)</p> <p>(II) Procedures for Determination of Transaction Terms and Authorized Limits (omitted)</p> <p>(III) Execution Unit (omitted)</p> <p>(IV) Expert Evaluation Report on Intangible Assets or Right-of-Use Assets thereof or Memberships</p> <p>1. Where the Company acquires or disposes of... (omitted).</p> <p>2. Whenever the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships, if the transaction amount reaches twenty percent (20%) of the Company's paid in capital or NTD300 million, except for transacting with a domestic government agency, a certified public accountant shall, prior to the Date of Occurrence, be engaged to express opinions in respect of the reasonableness of the transaction price in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p> <p>The transaction amount herein...(omitted).</p>	
<p>Article 9: Procedures for Acquisition or Disposal of Assets from a Related Party</p> <p>I. Where the Company.....a related party...(omitted).</p> <p>II. Evaluation and Operating Procedures</p> <p>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 Audit Committee for approval and to the Board of Directors for approval before signing the transaction contract and making payment:</p> <p>(I)-(VII): (Omitted)</p> <p>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</p>	<p>Article 9: Procedures for Acquisition or Disposal of Assets from a Related Party</p> <p>I. Where the Company.....a related party...(omitted).</p> <p>II. Evaluation and Operating Procedures</p> <p>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 Audit Committee for approval and to the Board of Directors for approval before signing the transaction contract and making payment:</p> <p>(I)-(VII): (Omitted)</p> <p>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</p>	

Amendments	Current Provisions	Description
<p>been agreed to by the Audit Committee and approved by the Board of Directors in accordance with these Procedures need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between the 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 Chairman of Board to decide such matters when the transaction is within the amount of NTD30 million and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:</p> <p>(I) Acquisition or <u>disposal of the equipment or right-of-use assets thereof for business purpose.</u></p> <p>(II) Acquisition or disposal of real property or right-of-use assets thereof for business purpose.</p> <p><u>When transactions referred to in this provision are conducted between the Company and its subsidiary, which is not a domestic public company, and the transaction amount reaches more than 10 percent of the Company's total assets, the Company may not proceed to enter into a transaction contract or make a payment until the matters prescribed in the subparagraphs of Paragraph 1 have been approved by the shareholders' meeting; however, this requirement does not apply to transactions between the Company and the other subsidiaries of it, or between its subsidiaries.</u></p> <p>III. Evaluation of the Reasonableness of the Transaction Costs (Below omitted)</p>	<p>been agreed to by the Audit Committee and approved by the Board of Directors in accordance with these Procedures need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between the 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 Chairman of Board to decide such matters when the transaction is within the amount of NTD30 million and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:</p> <p>(I) Acquisition or <u>disposal of the equipment or right-of-use assets thereof for business purpose.</u></p> <p>(II) Acquisition or disposal of real property or right-of-use assets thereof for business purpose.</p> <p>III. Evaluation of the Reasonableness of the Transaction Costs (Below omitted)</p>	
<p>Article 14: Procedures for Disclosure of Information</p> <p>I. Matters to be Announced or Reported and the Standards for Announcement and Reporting</p> <p>(I)~(VI): Omitted.</p> <p>(VII) In a transaction of assets, or disposal of receivables by a financial institution or investments made in Mainland China other than any of those referred to in the preceding six subparagraphs, the transaction amount reaches twenty percent (20%) of the Company's paid in capital or NTD 300 million. Provided that, this limitation shall not apply to the following</p>	<p>Article 14: Procedures for Disclosure of Information</p> <p>I. Matters to be Announced or Reported and the Standards for Announcement and Reporting</p> <p>(I)~(VI): Omitted.</p> <p>(VII) In a transaction of assets, or disposal of receivables by a financial institution or investments made in Mainland China other than any of those referred to in the preceding six subparagraphs, the transaction amount reaches twenty percent (20%) of the Company's paid in capital or NTD 300 million. Provided that, this limitation shall not apply to the following</p>	

Amendments	Current Provisions	Description
<p>circumstances:</p> <p>1. Trading of domestic government bonds, <u>or international bonds issued by a foreign central government with a sovereign rating not lower than the sovereign rating of the ROC.</u></p> <p>2. Where done by professional investors - Securities trading on securities exchanges or OTC markets, or subscription for <u>foreign government bonds</u>, or ordinary corporate bonds and general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued, in the primary market, or subscription for or redemption of securities investment trust funds or futures trust funds, <u>or subscription for or reverse sale of ETNs,</u> 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.</p> <p>3. Trading of bonds under repurchase/resale agreements, or subscription or redemption of the money market funds issued by domestic securities, investment and trust enterprises.</p> <p>(VIII) The amount of transactions above... (omitted).</p> <p>II. Public Disclosure Timeframe (omitted)</p> <p>III. Procedures for Public Disclosure (Omitted)</p> <p>IV. Format: Announcements shall be made in such format specified by the relevant regulations.</p>	<p>circumstances:</p> <p>1. Trading of domestic government bonds.</p> <p>2. Where done by professional investors - Securities trading on securities exchanges or OTC markets, or ordinary corporate bonds and general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription for 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.</p> <p>3. Trading of bonds under repurchase/resale agreements, or subscription or redemption of the money market funds issued by domestic securities, investment and trust enterprises.</p> <p>(VIII) The amount of transactions above... (omitted).</p> <p>II. Public Disclosure Timeframe (omitted)</p> <p>III. Procedures for Public Disclosure (Omitted)</p> <p>IV. Format: Announcements shall be made in such format specified by the relevant regulations.</p>	

Appendix VIII List of newly appointed directors concurrently holding other positions

Director	Concurrently held positions in other companies	
Mori Yosuke	Aica Kogyo Co., Ltd.	Finance Department General Manager
Sawada Kenzo	Kushan AICA Kogyo Co., Ltd.	Director
	Shenyang AICA-HOPE Kogyo Co., Ltd.	Director
	Aica Kogyo Co., Ltd.	Overseas Planning Department General Manager

Appendix IX Shareholding by Directors and Supervisors

EVERMORE CHEMICAL INDUSTRY CO, LTD

Shareholding by Directors

Record Date: April 30, 2022

Job title	Name	Number of shares held	
		Number of shares	% of shareholding
Chairman	Ho Wen-Chieh	7,003,532	7.05%
Director	Huang Chang-Tze	93	0.00%
Director	Aica Kogyo Company, Limited Representative: Omura Nobuyuki	49,793,388	50.10%
Director	Aica Kogyo Company, Limited Representative: Sawada Kenzo		
Director	Aica Kogyo Company, Limited Representative: Mori Yosuke		
Director	Yue Dean Technology Co., LTD. Representative: Tsai Nai-Yung	1,786,760	1.80%
Independent director	Higashiyama Mikio	0	0.00%
Independent director	Liang-Wu Chueh	0	0.00%
Independent director	Chun-Cheng Chen	0	0.00%
Number of shares held by all the directors		58,583,773	58.94%

- 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) 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 three (3) independent directors, the ratio of shareholding by the directors (other than such independent directors) 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. 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 shareholders' 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.

Appendix X. Board Meeting Rules of Procedure (Before Amendments)

EVERMORE CHEMICAL INDUSTRY CO, LTD

Board Meeting Rules of Procedure

Amended on March 19, 2020

- Article 1: In order to establish the Company's good board governance system, improve supervision functions, and strengthen management functions, the following shall be complied with in accordance with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies."
- Article 2: The Company's Board of Directors has standardized its procedures, and the main contents of the proceedings, operating procedures, and minutes of the proceedings shall specify the matters, announcements, and other matters to be followed, which should be handled in accordance with the provisions of these procedures.
- Article 3: The Company's Board of Directors shall be convened least once per quarter.
When the Board of Directors meeting is convened, the reasons should be stated and directors shall have notice seven days beforehand. However, in an emergency, the meeting must be called at any time.
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.
For matters under Article 12 of these procedures, they shall be listed as the cause for convening, except for emergencies or other legitimate reasons; no Questions and Motions can be proposed.
- Article 4: The Company's Board of Directors appoints the Accounting Department as the unit in charge of handling affairs.
The deliberation unit shall formulate the content of the board meeting and provide sufficient meeting materials which shall be sent together with the convening notice.
If the directors consider the meeting materials to be insufficient, they may request the deliberation unit to address this. If the directors consider the information for a proposal to be insufficient, they may postpone deliberation after a resolution of the board of directors.
- Article 5: When convening the board of directors of the company, a signature book should be kept for the attending directors to sign in for examination.
Directors should attend the board of directors meeting in person. If one cannot attend in person, he or she may entrust another director to attend in accordance with the Articles of Incorporation of the Company, subject to the authorization of one person. Those who participate in the meeting by video are deemed to be present in person.
In case a director appoints another director to attend a meeting of the board of directors in his/her behalf, he/she shall, in each time, issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting.
- Article 6: The meeting place and time of the board of directors of the company shall be at the place and office hours of the company or the place and time convenient for the directors to attend and suitable for the board meeting.
- Article 7: The Company's Board meetings shall be convened by the Chairman, who shall act as the chair of the meeting. However, the first meeting of every term of the newly elected Board of Directors shall be convened and presided over by the Director who has received the largest number of votes after such election. If there are two or more persons with such convening rights, they shall elect from amongst themselves one person to convene and preside over the meeting.
Where a meeting of the board of directors is called by a majority of directors on their own initiative in accordance with Article 203, paragraph 4 or Article 203-1, paragraph 3 of the Company Act, the directors shall choose one person by and from among themselves to chair the meeting.
When the chairman cannot exercise his duties, he shall be represented by a board member appointed by him. If no such appointment is made, board members will choose among themselves to represent him.
- Article 8: When the board of directors of the company is convened, the deliberative affairs unit shall prepare relevant materials for the directors to check at any time.

The board of directors shall be convened and personnel of relevant departments or subsidiaries shall be notified to attend the meeting depending on the content of the proposal. When necessary, accountants, lawyers or other professionals may also be invited to attend the meeting to explain matters under discussion. However, they should be absent during discussion and voting.

The chair of the board of directors shall announce the meeting when the meeting has been held and more than half of the directors are present. At the meeting time, if half of all directors are absent, the chair may announce the postponement of the meeting. The number of postponements is limited to two. If the number is still insufficient after the second postponement, the chair shall reconvene in accordance with the procedure stipulated in Article 3, Paragraph 2.

Article 9: The company's board of directors should utilize either sound or video recording for the entire meeting and retain this record for at least five years. This retention can be done electronically.

If a lawsuit arises concerning related resolutions by the board of directors before the expiry of the retention period specified in the preceding paragraph, the relevant audio and video recording materials should be kept until the end of the lawsuit.

The video conferencing materials of the video conference participants are part of the proceedings and should be properly maintained through the duration of the company's existence.

Article 10: The contents of the regular board of directors' meetings of the company should include at least the following items:

I. Management Presentation:

- (I) Minutes of the last meeting and implementation.
- (II) Important financial and business reports.
- (III) Internal audit business reports.
- (IV) Other important matters.

II. Discussions:

- (I) Discussions retained from the previous meeting.
- (II) Matters scheduled for discussion at the current meeting.

III. Questions and Motions

Article 11: The board of directors of the company shall proceed in accordance with the procedures set out in the notice of the meeting. However, if more than half of the directors' present agree, they may change it.

The chair shall not announce the adjournment without the approval of more than half of the directors' present.

During the meeting of the board of directors, if more than half of the directors' present do not attend the meeting, upon the proposal of the directors' present, the chair shall announce the suspension of the meeting and shall apply the provisions of Article 8, Paragraph 3.

Article 12: The following matters should be discussed by the board of directors of the company:

- I. The company's operating plan.
- II. Annual financial report.
- III. Establishing or revising internal controls in accordance with Article 14 of the Securities and Exchange Act (hereinafter referred to as the Securities and Exchange Act).
- IV. According to Article 36-1 of the Securities and Exchange Act, stipulating or amending the handling procedures of major financial business activities of acquiring or disposing of assets, derivative commodity transactions, loaning of funds to others, and endorsing or providing guarantees for others.
- V. Raising, issuing, or private placement of equity-type securities.
- VI. Appointment and removal of the head of finance, accounting or internal audit.
- VII. Donations to related parties or significant donations to non-related parties. However, charitable donations for emergency relief due to major natural disasters may be requested to be approved by the board of directors next time.
- VIII. According to Article 14-3 of the Securities and Exchange Act, other matters that should be decided by the shareholders' meeting or proposed by the board of directors or important matters stipulated by the competent authority according to laws and regulations or Articles of Incorporation.

The related parties referred to in paragraph 7 of the preceding paragraph refer to the related parties governed by the securities issuer's financial reporting standards; the term "significant donations to non-related persons" refers to the amount of each donation or the accumulated donation to the same target within one year of more than NT\$100 million or up to 1% of the net operating income of the financial report with accountant certification in the most recent year or more than 5% of the paid-in capital.

The term within one year mentioned in the preceding paragraph is based on the date of the current board meeting, and it is calculated retrospectively one year forward. Some of the resolutions passed by the board of directors are to be exempted.

Article 13: Independent directors shall be subject to the resolution of the board of directors regarding Article 14-3 of the Securities and Exchange Act, and independent directors shall attend in person, or shall be appointed by other independent directors to attend. If an independent director has objections or reservations, they should be stated in the minutes of the board meeting. If independent directors cannot attend the board of directors in person to express their objections or reservations, except in the case of legitimate reasons, a written opinion should be issued in advance and this should also be stated in the minutes of the board meeting.

Article 14: Regarding the chair's discussion of a motion, the chair may announce to end the discussion of any resolution and put it to the vote if he / she deems it appropriate.

When the board of directors of the Company votes at a meeting, if the chair consults all the directors present without objection, it shall be deemed to have passed, and its effectiveness shall be the same as a vote that has passed. If there is any objection after consultation with the chair, the vote shall be withdrawn.

The voting method shall be decided by the chair as per the following paragraphs, but when the participants have objections, they shall be decided by a majority opinion:

I. Voting by a show of hands or voting machine.

II. Roll call.

III. Casting ballots.

Article 15: Except as otherwise provided by the Securities and Exchange Act and the Company Act, a resolution of the board of directors meeting of the company shall be attended by more than half of the directors, and consent shall be obtained from more than half of the directors' present.

When there are amendments or alternatives to the same bill, the chair shall determine the order of voting with the original bill. However, if one of the cases is passed, the other motions will be considered negated and no further voting is required.

If it is necessary to set up review and counting staff for the voting of the bill, the chair shall appoint them, but the reviewers shall have the status of directors. The results of the voting shall be reported on the spot and recorded.

Article 16: When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, a Director, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interests of the Company the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director.

Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.

Per the resolution of the Company's Board of Directors, the provisions of Article 180, Paragraph 2 of the Company Act, as applied mutatis mutandis under Article 206, Paragraph 4 of that Act, apply to resolutions of the Board of Directors meetings when a director is prohibited by the preceding two paragraphs from exercising voting rights.

Article 17: The deliberations of the board of directors of the company shall be recorded into the meeting minutes, which shall record the following matters in detail:

I. The session (or year) and time and place of the meeting.

- II. The name of the chair.
- III. The attendance of directors, including the names and number of attendants, those on leave, and absences.
- IV. The names and job titles of the attendees.
- V. The name of the recording staff.
- VI. Management presentation.
- VII. Discussion items: Resolution methods and results of each resolution, summary of statements made by directors, supervisors, experts and other personnel, names of directors involved in the interests in accordance with the first paragraph of the preceding article, explanation of important contents of the interests, reasons for recusal or non-recusal, recusal circumstances, objections or reservations, and records or written statements and written opinions issued by independent directors in accordance with Article 13.
- VIII. Questions and Motions: The name of the mover, method of resolution and result for each proposal, a summary of the comments made by directors, supervisors, experts or other persons, names of directors involved in the interests in accordance with the first paragraph of the preceding article, explanation of important contents of the interests, reasons for recusal or non-recusal, recusal circumstances, objections or reservations, and records or written statements and written opinions.
- IX. Other matters to be recorded.

For board meeting decisions, if an independent director has objections or reservations and there is a record or written statement, in addition to being stated in the proceedings, within two days from the date of the board of directors an announcement and declaration shall be made on the Market Observation Post System designated by the Financial Supervisory Commission.

Proceedings of the meeting must be signed or sealed by the chair of the meeting and the recording staff and distributed to the directors and supervisors within 20 days after the meeting. Furthermore, they should be included in the company's important files and retained permanently at the company.

The production and distribution of the proceedings can be done electronically.

Article 18: In addition to the matters to be discussed by the board of directors under Article 12, the board of directors may authorize the chair to exercise the functions and powers of the board of directors in accordance with laws or provisions of the company's Articles of Incorporation:

- I. Approve the contents of various important contracts.
- II. Verification of real estate mortgage loans and other loans.
- III. Verification of the contents of the company's general property and real estate purchases and disposals.
- IV. Approval of plans for capital increase or capital reduction record dates, cash dividend record dates, etc.

Article 19: Proceedings of the executive board meeting shall be governed by these rules.

Article 20: The establishment and amendment of the rules of procedure shall be approved by the board of directors of the company and shall be submitted to the shareholders' meeting.

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. The shares issued by the Company are exempt from printing, but shall be registered with the securities centralized storage institutions.

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 shareholders' 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 annual general meetings and extraordinary meetings. An annual 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 Rules 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 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 chair 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 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 chair, 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 the Audit Committee

- Article 17: The Company shall have between 7 and 11 directors. A candidate nomination system is adopted, 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.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, 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: 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 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 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 chair, and distributed to the directors within 20 days after the meeting is dissolved.

Article 24: 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.

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 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 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. Furthermore, the following documents shall be prepared by the Board of Directors and submitted at the annual general meeting for approval: 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 shareholders' 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 Incorporation 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. The 27th amendment hereto was made on August 10, 2021.

Appendix XII Procedures for Acquisition or Disposal of Assets (Before Amendment)

EVERMORE CHEMICAL INDUSTRY CO, LTD

Procedures for Acquisition or Disposal of Assets

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Article 1: Purpose

These Procedures are developed with a view to protecting assets and making information publicly available.

Article 2: Legal Basis

These Procedures are established pursuant to Article 36 of Taiwan's Securities and Exchange Act, and revised in accordance with Taiwan's Regulations Governing the Acquisition or Disposal of Assets of Public Companies (hereinafter referred to as the "Regulations").

Article 3: Scope of Assets

- I. 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 lands, houses and buildings, investment property, and inventories of construction enterprises) 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. Derivative Products.
- VIII. Assets acquired or disposed of in connection with mergers, spin-off, acquisitions or transfer of shares in accordance with the law.
- IX. Other major assets.

Article 4: 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) agreements.
- 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. A "related party" or "subsidiary" as referred to in the Procedures shall be determined in accordance with 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 in accordance with the law to engage in the value appraisal of real property or other fixed assets and equipment.
- V. "Date of Occurrence": Refers to date of contract signing, date of payment, date of consignment trade, date of transfer, date of a resolution adopted by the Board of Directors, or other date that can confirm the counterparty and transaction amount; whichever date is earlier. Provided that, for the investments

required to be approved by the competent authorities, the earlier of the above date or the date of receipt of approval from the competent authorities shall apply.

- VI. Investments made in Mainland China refers to the investments made in Mainland China in accordance with that the licensing regulations of the Investment Commission, MOEA on investments or technical cooperation in Mainland China.
- VII. “Within one year” refers to one year from the actual date when assets are acquired or disposed of. The assets declared in accordance with regulations shall be excluded from calculation.
- VIII. “Latest financial statements” refer to the financial statements verified, certified or audited by a certified public accountant in accordance with the law prior to the acquisition or disposal of the assets by the Company.

Article 5: Limits for Investments in Real Property and Securities not for Business Purpose

The limits for investments in the aforesaid assets acquired by the Company are as follows:

- (I) The total amount of investments in the real property not for business purpose may not exceed ten percent of the Company’s net worth.
- (II) The total amount of investments in securities may not exceed fifty percent of the Company’s net worth.
- (III) The amount of investment in any single security may not exceed forty percent of the Company’s net worth.

Article 6: Professional appraisers and their officers, certified public accountants, attorneys, or securities underwriters that provide the Company with appraisal reports or opinions shall meet the Paragraph 5 of the Regulations. .

Article 7: Procedures for Acquisition or Disposal of Real Property, Equipment or Right-of-Use Assets thereof

I. Evaluation and Operating Procedures

The acquisition or disposal of real property and equipment by the Company shall be subject to the Company’s Internal Control Systems for Procedures of Fixed Asset Cycle.

II. Procedures for Determination of Transaction Terms and Authorized Limits

- (I) When the Company acquires or disposes of real property, the terms and prices for the transaction shall be determined based on the publicly announced current value, appraised value and actual transaction price for adjacent real property. An analysis report on such terms and prices for the transaction shall be produced for approval of the Chairman of the Board. Such transaction shall be adopted by the Board at the next meeting immediately following the transaction where the value of such real property is NTD 30 million or less; where the value of such real property is NTD 30 million, the transaction shall not be conducted unless being adopted by the Board by way of resolution.
- (II) Acquisition or disposal of other fixed assets shall be based on price solicitation, price comparison, negotiation or tender. The approval shall be obtained for transaction amount less than NTD 30 million (inclusive) level by level in accordance with the Company’s authorization rules. Transaction amount of NTD 30 million or more shall be adopted by the Board by way of resolution after being approved by the general manager.

III. Execution

The user department and the administrative department shall be responsible for acquisition or disposal of real property or other fixed assets, provided that the acquisition or disposal thereof is approved within the scope of authorization as set forth in the preceding paragraph.

IV. Appraisal Report on Real Property or Other Fixed Assets

When the Company acquires or disposes of real property, equipment or right-of-use assets thereof, if the transaction amount reaches twenty percent (20%) of the Company's paid-in capital or NTD300 million or more, the Company, except for 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 the facilities or right-of-use assets thereof for business purpose, shall obtain an appraisal report prior to the Date of Occurrence from a professional appraiser, and shall further comply with the following provisions:

- (I) Where it is necessary to take a restrictive price, specified price or special price as a reference basis for the transaction price for special reason, the transaction shall be submitted for approval in advance by the Board; the same procedure shall be followed for any subsequent changes to the terms and conditions of the transaction.
- (II) Where the transaction amount reaches NTD 1 billion or more, two or more professional appraisers shall be engaged to carry out appraisal.
The transaction amount described in this Paragraph shall be calculated pursuant to Article 14.1.8. If the Company has obtained an appraisal report from a professional appraiser or opinions from a certified public accountant in accordance with these Procedures, it shall be exempt from such requirement.
- (III) Where the appraisal results of a professional appraiser falls into any one of the following circumstances, except to the extent that the appraisal price is higher than the transaction amount in acquisition of asset(s), or the appraisal price is lower than the transaction amount in disposal of asset(s), 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 Taiwan's Accounting Research and Development Foundation, and express specific opinions 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 twenty percent or more of the transaction amount.
 - 2. The discrepancy between the appraisal results of two or more professional appraisers is ten percent or more of the transaction amount.
- (IV) The interval between date when a report is issued by the professional appraiser and the date when the contract is entered into shall not exceed three months. However, provided that the publicly announced current value for the same period is used and no more than six months have elapsed, opinions may still be issued by the original professional appraiser.
- (V) A certification issued by a court may substitute for the appraisal report or opinions issued by the certified public accountant if the Company acquires or disposes of assets through judicial foreclosure.

Article 8: Procedures for Acquisition or Disposal of Investments in Securities

- I. Evaluation and Operating Procedures
Purchase or sale of long- and short-term securities shall be subject to the Company's Internal Control Systems for Investment Cycle (if any).
- II. Procedures for Determination of Transaction Terms and Authorized Limits
 - (I) The purchase and sale of the securities which are traded at centralized trading market or over-the-counter markets shall be determined by the responsible unit in light of market conditions. If the transaction amount is NTD 30 million or less, such transaction shall not be conducted unless approved by the Chairman of the Board, and adopted by the Board at the next meeting immediately following the transaction; if the transaction amount is NTD 30 million or more, the transaction shall not be conducted unless being adopted by the Board by way of resolution.
 - (II) For the purchase and sale of the securities which are not traded at centralized trading market or over-the-counter markets, the most recent financial statements of the target company certified or reviewed by a certified public accountant shall be obtained prior to the Date of Occurrence to be used as reference for determining the transaction price. The net value per share, profitability, development potential of the securities in the future, etc. shall be taken into consideration. Such transaction shall not be conducted unless approved by the Chairman of the Board and adopted by

the Board by way of resolution.

III. Execution

The accounting unit shall be responsible for making investments in long- and short-term securities for the Company, provided that the investments are approved within the scope of authorization as set forth in the preceding paragraph.

IV. Expert Opinions

- (I) If the transactional amount reaches twenty percent (20%) of the Company's paid-in capital or NTD 300 million, the opinions from a certified public account shall be obtained prior to the Date of Occurrence in respect of the reasonableness of the transaction price. However, if there is a public offer for the securities in the active market or unless otherwise provided for by the Financial Supervisory Commission, such limits do not apply.

The transaction amount described in this Paragraph shall be calculated pursuant to Article 14.1.8. If the Company has obtained an appraisal report from a professional appraiser or opinions from a certified public accountant in accordance with these Procedures, it shall be exempt from such requirement.

- (II) A certification issued by a court may substitute for appraisal report or opinions issued by the certified public accountant in acquisition or disposal of assets through judicial foreclosure.

Article 9: Procedures for Acquisition or Disposal of Assets from a Related Party

- 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. Evaluation 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 Audit Committee for approval and to the Board of Directors for approval before signing the transaction contract and making payment:

- (I) The purpose, necessity and anticipated benefits of the assets acquired or disposed of.
- (II) The reason for choosing the related party as a trading counterpart.
- (III) In acquisition of real property or right-of-use assets thereof from a related party, the information regarding the reasonableness of the proposed transaction terms shall be evaluated in accordance with the Paragraph 3(1) to (5) of this Article.
- (IV) The date and price at which the related party originally acquired the real property, the original trading counterpart, and the relationship among trading counterpart, 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) An appraisal report from a professional appraiser or opinions from a certified public accountant where the Company intends to acquire or dispose of real property or right-of-use assets thereof from a related party, the transactional amount reaches twenty percent (20%) of the Company's paid-in capital or NTD300 million or more, or where the Company intends to acquire or dispose of any assets other than real property or right-of-use assets thereof from a related party, the transaction amount reaches 20% of the Company's paid-in capital, or 10% of the Company's total assets, or NTD300 million or more.
- (VII) Restrictive conditions and other important matters agreed upon in 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 agreed to by the Audit Committee and approved by the Board of Directors 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 the 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 Chairman of Board to decide such matters when the transaction is within the amount of NTD30 million and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:

- (I) Acquisition or disposal of the equipment or right-of-use assets thereof for business purpose.
- (II) Acquisition or disposal of real property or right-of-use assets thereof for business purpose.

III. Evaluation of the Reasonableness of the Transaction Costs

- (I) In acquisition of real property or right-of-use assets thereof from a related party, the reasonableness of the transaction costs shall be evaluated by the following means:
 - 1. Based upon the related party's transaction price plus necessary interest on funds and the costs to be duly borne by the buyer in accordance with the law. "Necessary interest on funds" is imputed as the weighted average interest rate for the borrowed funds in the year the Company purchases the assets; provided that, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
 - 2. Where the related party has previously created a mortgage on the assets as security for loans from a financial institution, total loan value of the assets shall be appraised by the financial institution; provided that, the actual cumulative amount loaned by the financial institution shall reach seventy percent (70%) or more of the appraised loan value of the assets, and the term of the loans shall be over one year or more. However, this clause shall not apply where the financial institution is a related party of one of the trading counter parties.
- (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) In acquiring real property or right-of-use assets thereof from a related party, the Company shall appraise the cost of the real property or right-of-use assets thereof in accordance with the provisions of the preceding subparagraphs (1) and (2) of this Article, and shall also engage a certified public accountant to check the appraisal and express specific opinions.
- (IV) Acquisition of real property from a related party, where the costs appraised in accordance with Subparagraphs 3(1) and 3(2) of this Article are both lower than transaction prices, shall be subject to Subparagraph 3(5) of this Article, except that under one of the following circumstances, objective evidence has been submitted, and specific opinions on reasonableness have been obtained from a professional real property appraiser and a certified public accountant:
 - 1. Where a related party acquired undeveloped land or leased land for development, it shall submit proof evidencing that it complied with one of the following conditions:
 - (1) Where the undeveloped land is appraised by the means set forth in the preceding Article, and the structures based on the related party's construction costs plus reasonable construction profits are valued in excess of the actual transaction prices. The "reasonable construction profits" shall be based on the average gross operating profit margin of the related party's construction division over the last three 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) The cases of transactions completed by unrelated parties within the preceding year involved with 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 marketing or lease 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. The cases of transactions completed for neighboring or closely valued parcels of land described in the preceding paragraph in principle refers to the parcels on the same or an adjacent block and within a distance of no more than 500 meters or the parcels close in publicly announced current value; the cases of transactions for similarly sized parcels in principle refers to the transactions completed by unrelated parties for parcels with a land area of no less than fifty percent (50) of the property in the planned transaction; “within one year” refers to one year from the actual date of acquisition of the real property or its right-of-use assets thereof.
- (V) When the Company acquires or disposes of real property or right-of-use assets from a related party, if the results appraised in accordance with Subparagraphs 3(1) and 3(2) of this Article are both lower than transaction prices, the following matters shall be addressed: If the Company and the public company that measures the investments in the Company by employing the equity method makes a provision for special surplus reserves in accordance with the preceding paragraph, they shall purchase or lease the assets for which losses from falling prices have been recognized or which have been disposed of or for which the lease has been terminated or which have been appropriately compensated or restored the status quo ante at a high price, or if there is other evidence indicating that the transaction is reasonable, the special surplus reserves may not be used unless with the consent of the competent authorities.
1. Special surplus reserves shall be set aside in accordance with the Paragraph 1 of Article 41 of Taiwan’s Securities and Exchange Act against the difference between the transaction price and the appraised costs for real property or right-of-use assets, and may not be distributed or used for capital increase or issuance of bonus shares. If the investor who measures the investments in the Company by employing the equity method is a public company, it shall also make a provision for special surplus reserves pro rata to the shareholding in accordance with Paragraph 1 of Article 41 of Taiwan’s Securities and Exchange Act against the amount set aside.
 2. The Audit Committee shall comply with Article 14-4, Paragraph 3 of the Securities and Exchange Act to apply the provisions of Article 280 of the Company Act.
 3. Actions taken pursuant to preceding two subparagraphs of this Article shall be reported to at a shareholders’ meeting, and the details of the transaction shall be disclosed in the annual report and the prospectus.
- (VI) If acquisition of real property or right-of-use assets thereof from a related party falls into one of the following circumstances, the real property shall be acquired in accordance with the provisions of Paragraphs 1 and 2 of this Article in connection with evaluation and operating procedures, and Subparagraphs (1), (2) and (3), Paragraph 3 of this Article in connection with evaluation of the reasonableness of the transaction costs shall not apply:
1. The related party acquired the real property or right-of-use assets through inheritance or as a gift.
 2. More than five years will have elapsed from the time the related party signed the contract for acquisition of the real property or right-of-use assets thereof to the signing date for the current transaction.
 3. The real property is acquired by entering into a joint development contract with the related party.
 4. A public company acquires the real property or its right-to-use assets for business purpose

from its parent company, a subsidiary, or a subsidiary in which the company holds, directly or indirectly, 100% of the issued shares or total capital.

- (VII) If there is other evidence indicating that the acquisition of real property or right-of-use assets thereof from a related party by the Company is not consistent with the business practice, such acquisition shall be subject to Subparagraph 3(5) of this Article.

Article 10: Procedures for Acquisition or Disposal of Intangible Assets or Right-of-Use Assets or Memberships

(I) Evaluation and Operating Procedures

The acquisition or disposal of intangible assets or right-of-use assets thereof or memberships shall be subject to the Company's Internal Control Systems for Procedures of Fixed Asset Cycle.

(II) Procedures for Determination of Transaction Terms and Authorized Limits

1. When the Company acquires or disposes of a membership, the terms and prices for the transaction shall be determined based on the fair market value of such membership. An analysis report on such terms and prices for the transaction shall be produced for approval of the general manager. Such transaction shall be adopted by the Board at the next meeting immediately following the transaction where the value of such membership is NTD 3 million or less; where the value of such membership is NTD 3 million, the transaction shall not be conducted unless being adopted by the Board by way of resolution.
2. When the Company acquires or disposes of intangible assets or right-of-use assets thereof, the terms and prices for the transaction shall be determined with reference to expert evaluation reports or the fair market value. An analysis report on such terms and prices for the transaction shall be produced for approval of the Chairman of the Board. Such transaction shall be adopted by the Board at the next meeting immediately following the transaction where the value of such intangible assets is NTD20 million or less; where the value of such intangible assets is NTD20 million, the transaction shall not be conducted unless being adopted by the Board by way of resolution.

(III) Execution

The user department and the financial or administrative department shall be responsible for acquisition or disposal of intangible assets or right-of-use assets thereof or memberships, provided that the acquisition or disposal thereof is approved within the scope of authorization as set forth in the preceding paragraph.

(IV) Expert Evaluation Report on Intangible Assets or Right-of-Use Assets thereof or Memberships

1. An expert shall be engaged to issue an evaluation report where the transaction amount of the intangible assets or right-of-use assets thereof acquired or disposed of by the Company reaches NTD20 million or more.
2. Whenever the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships, if the transaction amount reaches twenty percent (20%) of the Company's paid in capital or NTD300 million, except for transacting with a domestic government agency, a certified public accountant shall, prior to the Date of Occurrence, be engaged to express opinions in respect of the reasonableness of the transaction price in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

The transaction amount described in this Paragraph shall be calculated pursuant to Article 14.1.8. If the Company has obtained an appraisal report from a professional appraiser or opinions from a certified public accountant in accordance with these Procedures, it shall be exempt from such requirement.

Article 11: Procedures for Acquisition or Disposal of Claims of Financial Institutions

In principle, the Company is not engaged in acquisition or disposal of the claims of financial institutions. If the Company subsequently intends to engage in such transaction, after the transaction is approved by the Board, the evaluation and operating procedures shall be adopted.

Article 12: Procedures for Acquisition or Disposal of Derivative Products

I. Trading Principles and Guidelines

(I) Transaction Type

1. See Article 4 hereof for the definition of the derivative financial products.
2. Matters relating to transactions for guarantee deposit on securities shall be handled in accordance with the relevant provisions of these Procedures. For the trading of bonds subject to the conditions for repurchase, the provisions of these Procedures do not apply.

(II) Strategies for Business (Mitigation of Risks)

The trading in derivative financial products by the Company shall be aimed at mitigation of risks. The trading commodities necessary for mitigation of the risks from the business operations of the Company shall be selected. The currency held shall satisfy the demand for the foreign currency used by the Company for actual import and export transactions, based on the principle of balancing revenue and expenditure (only limited to income and expenses in foreign currency), with a view to mitigating the overall foreign exchange risks and cutting foreign exchange costs. Other transactions for specific purpose shall be carefully evaluated and submitted to the Board for approval before proceeding.

(III) Division of Powers and Responsibilities

1. Financial Department

(1) Traders

- A. Responsible for drawing up the strategy for the financial commodity transactions in the Company.
- B. Traders shall calculate the positions every two weeks, collect market information, pass judgment on trends, carry out risk assessment, and draw up operation strategies. After being approved within the scope of authorization, such information shall be used as the basis for trading.
- C. Transactions are conducted within the scope of authorization and in accordance with the existing strategies.
- D. When a trader determines that the existing strategy is not applicable due to major changes in the financial market, he/she shall submit an assessment report at any time, and draw up a new strategy. After being approved by the general manager, such assessment report shall be used as the basis for trading.

(2) Accountants

- A. Confirm transactions.
- B. Review whether or not a transaction is based on the scope of authorization and the existing strategies.
- C. Carry out evaluation on a monthly basis, and submit the evaluation report to the general manager.
- D. Accounting.
- E. Make declaration and announcement in accordance with the regulations of the competent authorities.

(3) Closing personnel: perform closing tasks.

(4) Scope of authorization for derivative products

A. Scope of authorization for transactions aimed at mitigation of risks

Approver	Daily trading permissions	Trading authority of net accumulative positions
General manager	Less than US\$1M	Less than US\$3M (inclusive)
Chairman	More than US\$1M	Less than US\$10M (inclusive)

B. Other transactions for specific purpose shall be submitted to the Board for approval before proceeding.

2. Audit Department

The Audit Department is responsible for understanding the appropriateness of internal control over derivative product transactions and checking the compliance of the procedures for disposal of derivative products by the trading department, analyzing the trading cycle, preparing an audit report, and reporting to the Board of Directors when there is a major deficiency.

(IV) Performance Evaluation

1. Transactions for Mitigation of Risks

- (1) Performance evaluation shall be based on the exchange rate costs and the profits and losses from the derivative financial transactions shown in the accounting books of the Company.
- (2) In order to fully understand and reflect the evaluation risks from transactions, the Company evaluates the profits and losses on a monthly basis.
- (3) The Financial Department shall provide the information on evaluation of foreign exchange positions, trends in the foreign exchange market and market analysis to the general manager as management reference and instructions.

2. Transactions for Specific Purpose

Performance evaluation is based on actual profits and losses, and the accountants shall prepare financial statements at regular interval for reference by the management.

(V) Total Contract Amount and Upper Limit on Losses

1. Total Contract Amount

(1) Limit on Transactions for Mitigation of Risks

The Financial Department shall learn about the overall position of the Company to avoid trading risks. The amount of risk-avoiding transactions shall not exceed two-thirds of the Company's overall net position. If more than two-thirds, the total amount shall be reported to the general manager for approval.

(2) Transactions for Specific Purpose

Based on the forecast of changes in the market conditions, the Financial Department may develop strategies in light of needs, and report them to the general manager and the Chairman of the Board for approval. Total contract amount of net accumulative positions for the transactions for specific purpose conducted by the Company is limited to US\$10 million. Any overruns are subject to the approval of the Board of Directors, and are not permitted unless otherwise directed by policies.

2. Upper Limit on Losses

- (1) With respect to the transactions for mitigation of risks, the losses of the transaction contract and the benefits from the transactions with entities shall be offset in the financial statements. When the amount of a transaction contract reaches the following upper limit on losses, reports shall be made to the general manager and the Chairman of the Board of Directors for discussions about response measures.

A. The upper limit on the losses from a single contract is US\$ 20,000 or 5 percent of the transaction contract amount, whichever is lower.

B. The upper limit on the losses from all the contracts is US\$300,000.

- (2) In the case of the contracts for transactions for special purpose, after the position is established, a stop loss point shall be set to prevent excessive losses. The stop loss point shall be subject to 10% of the upper limit on the transaction contract amount. If the loss amount exceeds 10% of the transaction amount, overruns shall be reported immediately to the general manager and the Board of Directors for discussions about response measures.

II. Measures for Risk Management

(I) Management of Credit Risks:

As the market is affected by changes in various factors, derivative financial products are easily exposed

to operational risks. Therefore, management of market risks shall be conducted in accordance with the following principles:

- (1) Trading counter parties: mainly including domestic and foreign well-known financial institutions.
- (2) Trading commodities: limited to the goods provided by well-known financial institutions at home and abroad.
- (3) Transaction amount: The amount of transactions not written off with the same counter party shall not exceed 10% of the total authorized amount, unless otherwise approved by the general manager.

(II) Management of Market Risks:

It is based on the open foreign exchange market for banks, without regard to the futures market.

(III) Management of Liquidity Risks:

In order to ensure market liquidity, when selecting financial products, priorities are given to the products with higher liquidity (they can be offset at any time in the market), and the financial institutions entrusted with transactions shall have sufficient information and the ability to conduct transactions in any market at any time.

(IV) Management of Cash Flow Risks

In order to ensure the stability of the Company's working capital, the source of funds used by the Company for trading in derivative products is limited to its own funds. The forecast demand for funds covering the cash revenue and expenditure for the next three months shall be taken into consideration in such trading.

(V) Management of Operational Risks:

1. The Company's authorization quota, and operating procedures shall be followed and incorporated into internal audit to avoid operational risks.
2. Traders engaged in derivative products shall not concurrently serve as operators, such as the person in charge of confirmation and closing.
3. The risk measurement, supervision and control personnel shall be in different departments from the those described in the preceding paragraph, and shall report to the Board of Directors or senior executives who are not responsible for the decision-making of transactions or positions.

(VI) Management of Commodity Risks

Internal traders shall have complete and correct professional knowledge of financial products, and require banks to fully disclose risks to avoid the risks from financial products.

(VII) Management of Legal Risks:

Documents to be signed with financial institutions shall not be formally signed unless reviewed by special personnel in charge of foreign exchange and legal affairs or a legal counsel, so as to avoid legal risks.

III. Internal Audit Systems

- (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, the Audit Committee shall be notified in writing.
- (II) Internal auditors shall submit the audit report to and report on the annual audit of operations to the competent authorities by the end of February of the following year, and report the improvements in abnormalities to the competent authorities for reference at the latest by the end of May of the following year.

IV. Periodic Evaluation

- (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 instruct senior executives to pay attention to the supervision and control of the risks from derivative commodity transactions at any time. The management principles are as follows:
 - 1. Assess whether or not the risk management measures currently taken are appropriate and in accordance with the Principles and the Company's procedures for dealing with derivative products on a regular basis.
 - 2. Supervise transactions and the profits and losses therefrom, if any abnormal circumstances are found, the necessary countermeasures shall be taken, and such circumstances shall be reported to the Board of Directors immediately. If the Company has appointed independent directors, the Board of Directors shall have independent directors to attend the meeting convened for such circumstances and express their opinions.
- (II) Assess whether or not the performance of the trading in derivative products is in line with the existing business strategy and whether or not the risks assumed are within the Company's tolerance range on a regular basis.
- (III) When the Company is engaged in the derivative commodity transactions, it shall authorize the relevant personnel to conduct such transactions in accordance with the procedures for dealing with derivative products, and shall report to the Board at the next meeting immediately following the transaction.
- (IV) The Company shall establish a memorandum book for derivative commodity transactions, and keep records of the type and amount of derivative commodity transactions, the date when such transactions are adopted by the Board of Directors, and the matters to be prudently evaluated in accordance with Paragraph 4(2), and Paragraphs 5(1) and (2) of this Article or future reference.

Article 13: Procedures for Merger, Spin-off, Acquisition, or Transfer of Shares

I. Evaluation and Operating Procedures

- (I) In case of a merger, spin-off, acquisition, or transfer of shares, the Company is advised to appoint an attorney, certified public accountant and securities underwriter to discuss and establish a timetable in accordance with the statutory procedures, and shall organize a special project team for execution thereof in accordance with the statutory 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, for the mergers of a public company with its subsidiary in which such company holds, directly or indirectly, 100% of the issued shares or total capital, or the mergers between the subsidiaries in which such company holds, directly or indirectly, 100% of the issued shares or total capital, it is unnecessary to obtain opinions from the aforesaid experts.
- (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. However, where the Company is exempt from convening a shareholders' meeting to approve the merger, spin-off, or acquisition pursuant to provisions of other laws, the above requirement shall not apply. If a company who participates in a merger, spin-off, or acquisition fails to convene a shareholders' meeting or to pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal of such company is rejected by the Members, such company shall

immediately explain the reason, the follow-up measures, and the expected date of the next shareholders' meeting to the public.

II. Other Important Matters

- (I) **Board Meeting Date:** A company that participates in a merger, spin-off, or acquisition shall convene the meeting of the Board and shareholders' meeting on the same day to resolve on the matters relevant to the merger, spin-off, or acquisition, unless otherwise specified by other laws or approved by the competent authorities in advance under extraordinary circumstances. A company that participates in transfer of shares shall convene the meeting of the Board on the same day when the shares are transferred, unless otherwise specified by other laws or approved by the competent authorities in advance under extraordinary circumstances.
- (II) **Non-Disclosure:** Every person participating in or privy to the Company's plan for merger, spin-off, acquisition, or transfer of shares shall issue a written undertaking of confidentiality. Such person shall not disclose the contents of the plan prior to public disclosure of the information, nor shall him/her trade in his/her own name or on behalf of another person, in any shares or other equity based securities of any company concerning the plan for merger, spin-off, acquisition, or transfer of shares.
- (III) **Determination of or changes to share exchange ratio or purchase price:** Prior to convening the meetings of the Board to resolve on the aforesaid matters, two companies who are parties to merger, spin-off, acquisition, or transfer of shares shall engage certified public accountants, attorneys, or securities underwriters to offer opinions on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to the Members, and submit such opinions to their Boards for deliberation and approval. No changes shall be made to share exchange ratios or purchase prices in principle, except for the conditions of changes specified in contracts and those made publicly available. The conditions of changes to share exchange ratios or purchase prices are as follows:
 - 1. Capital increase in cash, 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 prices.
 - 4. An adjustment to the treasury stock repurchased by any of the companies participating in the merger, spin-off, acquisition, or transfer of shares from another company.
 - 5. An increase or decrease in the number of entities or companies participating in the merger, spin-off acquisition, or transfer of shares.
 - 6. Other conditions of changes specified in contracts and made publicly available.
- (IV) **Contents of the contract:** A contract for merger, spin-off, acquisition, or transfer of shares shall state the following provisions in addition to the matters set forth in Article 317(1) of the Taiwan's Company Act and Article 22 of the Enterprise Merger and Acquisition Law:
 - 1. Provisions for breach of contract.
 - 2. Principles for disposal of the equity-based securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is divided up.
 - 3. The number of the treasury stock to be bought back by the participating companies to the extent permitted by law after the record date for calculation of the share exchange ratio, and the principles for disposal thereof.
 - 4. The means by which changes in the number of participating entities or companies are handled.
 - 5. Estimated progress on the plan, and anticipated completion date.
 - 6. Scheduled date for convening the shareholders' meeting in accordance with the law if the plan is not completed by the deadline, and the relevant procedures.
- (V) **Changes in the number of the companies participating in the merger, spin-off, acquisition or transfer of shares:** If any company who participates in a merger, spin-off, acquisition, or transfer of shares intends

further to carry out another merger, spin-off, acquisition, or share transfer with another company after public disclosure of the information, the Company shall carry out anew the procedures or legal actions that were originally required for the former merger, spin-off, acquisition, or transfer of shares, and may be exempted from calling another shareholders' meeting to resolve on the matter anew; except to the extent that the number of participating companies is decreased and the shareholders' meeting has resolved on authorizing the Board to alter the limits of authority.

- (VI) Where any of the companies participating in a merger, spin-off, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company, and be engaged in the merger, spin-off, acquisition, or transfer of shares by the Board Meeting Date set forth in Subparagraph 2(1) of this Article in accordance with the Non-Disclosure Undertaking set forth in Subparagraph 2(2) of this Article, and the provisions of the changes in the number of companies participating in the merger, spin-off, acquisition or transfer of shares in Subparagraph 2(5) of this Article.
- (VII) The companies participating in a merger, spin-off, acquisition, listing or purchase and sale of shares at over-the-counter markets shall keep complete written records of the following information for five (5) years for future verification:
 - 1. Basic personnel information: Including the title, name, and identity card number (or the passport number, if he/she is a foreigner) of every person participating in or privy to the Company's plan for merger, spin-off, acquisition, or transfer of shares prior to public disclosure of the information.
 - 2. Date of important matters: Including the dates of signing a letter of intent or memorandum, entrusting financial or legal counsel, signing a contract and a meeting of the Board of Directors.
 - 3. Significant books and meeting minutes: Including a plan for mergers, spin-offs or acquisition, letters of intent or memorandums, important contracts and meeting minutes of the Board of Directors.
- (VIII) The companies participating in a merger, spin-off, acquisition, listing or purchase and sale of shares over-the-counter markets shall issue a disclosure report in the designated format within two days from the resolution on the merger, spin-off, acquisition, listing or purchase and sale of shares is adopted by the Board of Directors:
- (IX) If a company participating in a merger, spin-off, or acquisition is not a listed company or has no shares traded at over-the-counter markets, it shall enter into an agreement with a listed company or a company with shares traded at over-the-counter markets, and conduct the merger, spin-off, or acquisition in accordance with Subparagraphs 2(VII) and (VIII) of this Article.

Article 14: Procedures for Disclosure of Information

I. Matters to be Announced or Reported and the Standards for Announcement and Reporting

- (I) When the Company acquires or disposes of real property or right-of-use assets thereof from a related party, or when the Company intends to acquire or dispose of any assets other than real property or right-of-use assets thereof from a related party, the transaction amount reaches 20% of the Company's paid-in capital, or 10% of the Company's total assets, or NTD300 million or more. However, 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 and trust enterprises is excluded.
- (II) Merger, spin-off, acquisition, or transfer of shares.
- (III) Losses from derivatives trading reach the limits on aggregate losses or losses of individual contracts set out in the relevant procedures adopted by the Company.
- (IV) The trading counterpart of the equipment or right-of-use assets thereof to be acquired or disposed of for business purpose is not a related party, and the transaction amount complies with one of the following provisions:
 - 1. A public company whose paid in capital is below NTD 10 billion, and the transaction amount reaches NTD 500 million or more;

2. A public company whose paid in capital is NTD 10 billion or more, and the transaction amount reaches NTD 1 billion or more.
- (V) Where the Company is engaged in the construction business, the trading counterpart of the real property or right-of-use assets thereof acquired or disposed of for construction purpose is not a related party, and the transaction amount is less than NTD500 million; the paid in capital is more than NTD10 billion, the trading counterpart of the real property disposed of for construction is not a related party, and the transaction amount is less than NTD1 billion.
- (VI) Where real property is acquired through an arrangement for commissioned construction on the self-owned land or rented land, joint construction and allocation of housing units, joint construction and allocation of ownership, or joint construction and separate sales, the trading counterpart is not a related party, the amount of funds the Company expects to invest in the transaction is less than NTD500 million.
- (VII) In a transaction of assets, or disposal of receivables by a financial institution or investments made in Mainland China other than any of those referred to in the preceding six subparagraphs, the transaction amount reaches twenty percent (20%) of the Company's paid in capital or NTD 300 million. Provided that, this limitation 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 ordinary corporate bonds and general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription for 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/resale agreements, or subscription or redemption of the money market funds issued by domestic securities, investment and trust enterprises.
- (VIII) The amount of transactions described above shall be calculated as follows. "Within one year" refers to one year from the actual date of the transaction. The amount declared in accordance with regulations shall be excluded from calculation.
 1. The amount of any individual transaction.
 2. The cumulative transaction amount of the same type of the assets acquired from or disposed of with the same trading counterpart within one year.
 3. The cumulative transaction amount of the real property or right-of-use assets thereof acquired or disposed of (cumulative amount, respectively) for the same development project within one year.
 4. The cumulative transaction amount of the same securities acquired or disposed of (cumulative amount, respectively) within one year.
- II. Public Disclosure Timeframe

When the Company acquires or disposes of assets, if one of the foregoing conditions has been met and the transaction amount reaches the public announcement threshold, a disclosure report shall be made in accordance with the Procedures within two days from the day of occurrence of the fact:
- III. Procedures for Public Disclosure
 - (I) The Company shall submit the relevant information to the reporting website designated by the competent authorities.
 - (II) The Company shall on a monthly basis submit the relevant information in respect of the derivative products transactions conducted by the Company with a subsidiary which is not a public company in China by the end of last month to the reporting website designated by the competent authorities prior to the tenth day of each month.
 - (III) When the Company at the time of public announcement is required to correct any error or omission made in an item required by the Procedures to be publicly announced, all the items shall be publicly announced and reported again within two days from the date when such error or omission is found.

- (IV) When acquiring or disposing of assets, the Company shall keep all the relevant contracts, meeting minutes, memorandum books, appraisal reports and the opinions from certified public accountants, attorneys, and securities underwriters at the Company's headquarters for at least five years unless otherwise set forth in other laws.
- (V) After a public disclosure is made pursuant to the preceding paragraph, a report on the relevant information shall be made within two days from the day of occurrence of the fact on the information reporting website designated by the competent authorities, in case of:
 - 1. Changes to, termination, or rescission of a contract signed in regard to the original transaction.
 - 2. The merger, spin-off, acquisition, or transfer of shares not completed by the scheduled date set forth in the contract.
 - 3. Amendments to or changes in the report previously made to the information reporting website.
- IV. Format: Announcements shall be made in such format specified by the relevant regulations.

Article 15: The subsidiaries of the Company shall be subject to the following provisions:

- I. A subsidiary of the Company shall also establish the Procedures for Acquisition or Disposal of Assets in accordance with Taiwan's Regulations Governing the Acquisition or Disposal of Assets of Public Companies. Such procedures as well as any amendment thereto shall be adopted by its board and further approved at a shareholders' meeting of its members.
- II. The acquisition or disposal of assets by a subsidiary of the Company shall be subject to the Procedures.
- III. If a subsidiary of the Company who is not a public company reaches the threshold for public disclosure as stipulated in Chapter III of Taiwan's Regulations Governing the Acquisition or Disposal of Assets of Public Companies, the Company shall make the relevant disclosure on behalf of the subsidiary.
- IV. For purposes of determining whether or not disclosure is required from a subsidiary, the "paid-in capital or aggregate amount of assets" refer to the paid-in capital or the aggregate amount of assets of the Company (parent company).

Article 16: Sanctions

If a manager or undertaker of the Company violates these Procedures, report on and assessment of such violation shall be carried out depending on the seriousness of the case, and the losses caused to the Company, and with reference to the personnel management regulations and Employee Handbook of the Company. Such manager or undertaker shall be subject to punishment depending on the seriousness of the case.

Article 17: Implementation and Amendments

The Procedures for Acquisition or Disposal of Assets established by the Company as well as any amendment thereto, and the transactions for acquisition or disposal of assets in accordance with these Procedures or other laws and regulations shall not become effective unless adopted by a majority of the Audit Committee members, resolved by the Board of Directors, and approved at a shareholders' meeting. The same shall apply where the Procedures are amended. 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 the Audit Committee.

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.

When the Company submits the Procedures for the Acquisition or Disposal of Assets 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.

XIII. Rules of Procedure for Shareholders' Meetings (Before Amendment)

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

Made effective as of August 15, 1997
Amended on August 10, 2021

- Article 1: Unless otherwise provided for by the relevant laws and regulations or the Company's Articles of Incorporation, the shareholders' 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 shareholders' 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 shareholders' meeting; the place of registration shall be clearly marked and appropriate qualified personnel shall be put in charge thereof. A shareholder shall attend the shareholders' 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 shareholders' 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 are elected, such materials shall be accompanied by a ballot. If a shareholder is a government or legal person, the representative attending a shareholders' meeting is not limited to one person. When a legal person is entrusted to attend a shareholders' meeting, only one representative may be appointed to attend such meeting.
- Article 3: A shareholders' 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 shareholders' 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 Vice Chairman shall act on his/her behalf, if the Company has no Vice Chairman or the Vice 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 chair of the meeting. Any managing director or a director acting on behalf of the chair 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 chair of a shareholders' meeting, such director shall also meet such requirements. If a shareholders' 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 shareholders' meeting minutes. If a shareholders' 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 chair 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 shareholders' 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 proceeding 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 shareholders' meeting, the chair 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 chair adjourns a shareholders' 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 chair to continue the meeting.

For motions and amendments or Questions and Motions proposed by shareholders, the chair 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 chair 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 annual general 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 an annual general 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 shareholder 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 annual 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 shareholders' meeting;
- 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 annual 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 an annual 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 an annual 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 shareholders' 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 electronic form.

The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting. 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 chair 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 shareholders' 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 chair may put the tentative resolution to the vote at the shareholders' meeting again in accordance with Article 174 of the Taiwan's Company Act.

Article 9: When a shareholder present at the shareholders' 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 chair.

If any shareholder present at the shareholders' 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 chair, 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 chair may stop the speech of such shareholder.

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

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

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

Article 10: Voting at a shareholders' 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 shareholders' 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 shareholders' 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 shareholders' 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 proposing Questions and Motions and amendments to the original proposal.

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 shareholders' meeting.

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

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 announced on-site at the meeting, and a record made of the vote.

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.

Article 13: If there is amendment to or substitute for an original proposal, the chair 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 shareholders' meeting is not completed for a reason, the time for the shareholders' meeting may be postponed or the time for intermission may be set to the extent determined by the chair, without regard to Article 172 of the Taiwan's Company Act.

Article 15: During the meeting, the chair may, at his/her discretion, set time for intermission. In case of a *force majeure* event, the chair may decide to temporarily suspend a shareholders' 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 chair 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 chair.

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

Article 17: The shareholders attending the shareholders' 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 Rules shall be subject to Taiwan's Company Act, Securities and Exchange Act and other relevant regulations.

Article 19: The Rules as well as any amendment hereto shall become effective as soon as adopted at a shareholders' meeting.