

Stock Code : 1735



日勝化工股份有限公司

EVERMORE CHEMICAL INDUSTRIAL CO., LTD.

Handbook for the 2023 Annual General Shareholders' Meeting

Time : June 27 (Tuesday) 2023, 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.

One. Meeting Procedures:

EVERMORE CHEMICAL INDUSTRY CO., LTD. Procedure for the 2023 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. Meeting Agenda:

EVERMORE CHEMICAL INDUSTRY CO., LTD. Meeting Agenda for the 2023 Annual General Meeting

Time: June 27, 2023 (Tuesday), 9:30 AM

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

Form of Shareholders' Meeting: Physical

I. Management Presentation:

- (I) Report on allocation of remuneration to employees and directors for 2022.
- (II) Business and financial reports for 2022 and annual operating plan for 2023.
- (III) The Audit Committee's review report on the 2022 financial statements.
- (IV) Report on the funds lent and endorsement & guarantee provided by the Company
- (V) Report on the Company's 2022 directors' remuneration.

II. Proposals:

- (I) Ratification of the 2022 business report and financial statements.
- (II) Ratification of 2022 earnings distribution plan.

III. Discussions:

- (I) Termination of the non-competition restrictions imposed on directors.

IV. Questions and Motions

V. Adjournment

I. Management Presentation

1st Proposal: Report on allocation of remuneration to employees and directors for 2022.

Description: In accordance with the Articles of Incorporation, the Company allocates 5% for employee remuneration and 2% for director remuneration. The amounts are NT\$2,352,799 and NT\$941,119, respectively. All will be paid in cash, and there is no difference with the number of accounts in 2022.

2nd Proposal: Business and financial reports for 2022 and annual operating plan for 2023.

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

3rd Proposal: The Audit Committee's review report on the 2022 financial statements.

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

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

Description: The funds lent and endorsement & guarantee provided by the Company as of December 31, 2022 are as follows:

1. Endorsements and guarantees:

Endorser & guarantor	Endorsee & guaranteed company	Endorsement & guarantee limit (NT\$ 1,000/ USD 1,000)	Actual amount of expenditure (NT\$ 1,000/ USD 1,000)
EVERMORE CHEMICAL INDUSTRY CO, TD	TOP WELL ELASTIC TECHNOLOGY CO., LTD.	NT\$15,355 (USD 500)	NT\$15,355 (USD 500)
	POU CHIEN CHEMICAL CO., LTD.	NT\$261,035 (USD8,500)	-

2. Loaning of fund: No loaning of fund has arisen by December 31, 2022.

5th Proposal: Report on the Company's 2022 directors' remuneration.

Description: (I) Policies, systems, standards, and structure by which the compensation was paid to the general directors and independent directors, and its association with business performance and future risks:

1. According to the Articles of Incorporation, when directors of the Company carry out business for the Company, regardless of the operating profits and losses, the Company shall pay traffic allowance to them at such amount as determined by the Board of Directors. The remuneration for the directors of the Company shall be determined by the Board of Directors based on their level of participation in the Company's business operations and contribution to the Company, and in reference to the pay level among peer companies. For a director of the Company who 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 in reference to the pay level among peer companies.
2. The remuneration to directors shall be paid in accordance with the Company's "Regulations Governing Remuneration to Directors and Functional Committee Members." It consists of fixed traffic allowance, remuneration to directors equivalent to no more than 2% of the earnings defined under the Articles of Incorporation, and remuneration to directors who are also employees. The directors' performance evaluation indicators consist of business, governance and financial results. The evaluation covers profitability, compliance with laws when exercising the Board of Directors' powers loyally, provision of fine-quality decision making suggestions and participation in the Board of Directors. Relevant performance evaluation and reasonableness of remuneration have been reviewed and approved by Remuneration Committee and Board of Directors.

(II) For the details about the directors' remuneration, please refer to Appendix III

(Page 11).

II. Proposals

1st Proposal: The proposal for ratification of the 2022 business report and financial statements is presented for ratification. (Proposed by the Board of Directors)

Description: 1. The accountants from Deloitte & Touche, *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 2022, and issued the external auditor's report accordingly. Meanwhile, the financial statements, business report and earnings distribution plan referred to in the preceding paragraph have been reviewed and approved by the Audit Committee, for which the Audit Committee issued an audit report accordingly.

2. Said statements and external auditor's report are enclosed herewith. Please refer to Appendix I (Pages 5-9), Appendix II (Page 10) and Appendix IV (Pages 12-29) for details.

Resolutions:

2nd Proposal: The proposal for ratification of 2022 earning distribution plan is presented for ratification. (Proposed by the Board of Directors)

Description: 1. Enclosed please find the Company's 2022 earnings distribution plan. Please refer to Appendix V (page 30) for details.

2. Cash dividend: NT\$ 49,694,000, distributed pro rata to the shareholders on the shareholder register as of record date at NT\$ 0.5 per share (round down to NT\$ 1). The fractional amount of dividends less than NT\$ 1 is summed and recognized as other income of the Company. After the approval of the general meeting, the Board of Directors is authorized by the shareholders to fix record date and date for dividend distribution.

3. If there is a change in dividend payout ratio due to changes in the number of outstanding shares of the Company prior to the record date, the Board of Directors shall be authorized by the shareholders to make adjustments.

Resolutions:

III. Discussions

Report No. 1: Proposal of Release the Prohibition on Directors from Participation in Competitive Business (submitted for approval by way of a 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 the list of directors concurrently holding other positions, please refer to Appendix VI (Page 31).

Resolutions:

IV. Questions and Motions

V. Adjournment

Three. Appendices

Appendix I: Business Report for 2022

I. Operating Results for 2022

(I) Results of Business Plans

The Company's consolidated net revenue for 2022 is NT\$2,957,191 thousand. Consolidated net profit after tax was NT\$35,210 thousand and consolidated basic earnings per share after tax was NT\$0.35 per share. Please refer to the table below.

In 2022, the negative factors emerging in 2021 remained as to the entire economic condition. Given the regional war factor, such as Russia-Ukraine War, in addition to the COVID-19 epidemic, the entire economic activities still didn't recover. Though the crude oil price declined, the other costs and transportation price increased due to the inflation. The declining sales volume and selling price in 2022 resulted in the entire operating revenue decline by 7.62% from 2021, thus generating operating losses. Meanwhile, the USA adopted the lift rate policy in order to suppress the inflation domestically, resulting in the appreciation of USD. Therefore, the Company generated larger exchange gains in 2022. In terms of overall results, the gross profit in 2022 decreased by 10.89% compared to 2021. Net profit after tax increased from 2021.

Operating Performance:

Unit:NTD Thousand

Item	2022	2021	Growth Rate
Operating Revenue	2,957,191	3,201,106	-7.62%
Operating gains (loss)	(3,293)	31,289	-110.52%
Net profits before tax	43,222	6,408	574.50%
Profit after tax	35,210	10,057	250.10%

(II) Budget Implementation

The Company has not disclosed the financial forecasts for the year of 2022.

(III) Financial Revenue and Expenditure

As of December 31, 2022, total assets were NT\$3,388,842 thousand, total liabilities were NT\$1,893,343 thousand, debt ratio was 55.87%, and current ratio was 117.92%.

(IV) Analysis of Profitability

Item	2022	2021
Return on assets (%)	1.59	0.69
Return on equity (%)	2.40	0.68
Income before tax/paid-in capital (%)	4.34	0.64
Net profit margin (%)	1.19	0.31
Earnings per share (NT\$)	0.35	0.10

(V) Status of Research and Development

1. R & D expenses spent in this year:

Item	2022
Amount (NT\$ 1,000)	71,174
Proportion to operating revenue (%)	2.41%

2. The technologies or products developed successfully:

A. Sports industry:

- i. Supercritical nitrogen foamed thermoplastic polyurethane material for shoes.
- ii. Supercritical nitrogen foamed thermoplastic polyurethane material for bicycles.
- iii. Polyurethane midsole materials for sports shoes developed based on raw materials derived by carbon capture technology
- iv. Polyurethane insole materials for footwear developed based on raw materials derived by carbon capture technology

B. Construction industry:

- i. Glass fiber reinforced resin surface treatment agent for construction work
- ii. Floor waterproof coatings with low toxicity and low hazard to health
- iii. Ultra-low TVOC-grade polyurethane hot melt adhesive for woodworking
- iv. High weather-resistant structural adhesives and sealants

C. Automotive industry:

- i. Low-free bridging agent for high-physical non-yellowing automotive refinishing paint.

D. Green materials:

- i. Water-based polyurethane ink for footwear
- ii. Wet polyurethane materials developed based on raw materials derived by carbon capture technology
- iii. Polyurethane coating materials for textiles renewed by recycling of the PET raw materials
- iv. Reactive hot melt adhesive for bonding of waterproof and breathable textiles renewed by recycling of the PET raw materials
- v. Eco-friendly polyurethane biomass binding agent for wooden walkways

E. High-value added materials:

- i. Thermoplastic polyurethane extrusion pipe with high-temperature dimensional stability
- ii. Bridging agent for semiconductor-grade electronic tape
- iii. High purity light curing acrylate monomer
- iv. Special light curing acrylate monomer

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 response to the 2050 zero-net GHG target under the Paris Agreement, the Company focuses on development and promotion of recyclable, bio-based and sustainable and carbon-reduction products.
5. For integration of the Group's resources, the Company exercises the consolidated effect strategies among various subsidiaries to maximize the effect of production, marketing and research complementing each other, and also combines the strategies of AICA and other subsidiaries to deepen the consolidated effects, by reproducing the successful case in reactive hot melt adhesive to other products, e.g. co-development and marketing of the fields including industrial film materials.
6. Focus on the development in the Southeast Asia market, especially the shoes materials market in Vietnam and ink market in 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.
8. Improve the development of the TPU market to increase production volume and maximize the market share.

(II) Expected Sales Volume and Its Basis

Unit:MT			
Type of Products	PU resin	PE resin	Other products
Quantity	30,271	5,097	2,039

The above-mentioned expected quantities are based on the annual sales in 2022, in reference to the estimate of the overall economic situation for 2023.

(III) Significant Policies for Production and Sales

1. Continue 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. Improve the consolidated effect of the subsidiaries in various territories and also maximize the synergy between the subsidiaries and AICA.

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 integrate and make full use of internal resources to maximize the value of the consolidate effects produced by various subsidiaries.
- 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 and film materials, 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.
- Focus on development of green and eco-friendly products and also on the development and promotion based on the three major themes including Recycle, Sustainability and CO2 reduction.
- Promotion the ESG practices.

(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.

Enterprises' operations became poor because of the COVID-19 epidemic. Meanwhile, the problems derived from the Russia-Ukraine War continued to bother the economic development. Therefore, 2023 is still full of challenges. The Company will continue to optimize the Group's consolidated effect, make every endeavor to mitigate the impact to the minimum and also aim to achieve the budget target 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 2022 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 & Touche, 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

2023 General Annual Meeting of EVERMORE CHEMICAL INDUSTRY CO, LTD.

Audit Committee convener:

March 14, 2023

Appendix III. Directors' Remuneration

December 31, 2022

Unit:NTD Thousand

Job title	Name	Remuneration to directors								Sum of A, B, C, and D as percentage of income after tax		Remuneration from concurrently servings as employees								Sum of A, B, C, D, E, F and G as percentage of income after tax		Remuneration from investees other than subsidiaries	
		Remuneration (A)		Pension upon retirement (B)		Remuneration to directors (C)		Professional practice expenses (D)				Wages, bonuses, and special allowances, etc. (E)		Pension upon retirement (F)		Remuneration to employees (G)							
		The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company		Companies included into the financial statement		The Company	Companies included into the financial statement		
																Cash	Stock	Cash	Stock				
Chairman	Ho Wen-Chieh	0	0	0	0	941,119	941,119	3,030,000	3,040,000	3,971,119/1.2784%	3,981,119/1.3068%	5,151,674	5,151,674	0	0	115,488	0	115,488	0	9,238,281/26.2377%	9,248,281/26.2661%	0	
Director	Huang Chang-Tze																						
Director	Aica Kogyo Company, Limited																						
	Representative :Nishino Go (Note 1)																						
	Representative :Omura Nobuyuki																						
	Representative:Mori Yosuke (Note 2)																						
Director	Yue Dean Technology Co., LTD.																						
	Representative :Shih Chih-Hung (Note 3)																						
Independent director	Higashiyama Mikio																						
Independent director	Chen Chun-Cheng																						
Independent director	Chueh Liang-Wu																						
<p>1. Regarding independent directors' remuneration payment policies, systems, standards and structure, and in accordance with their responsibilities, risks, time invested and other factors, describe the relevance to the amount of remuneration:Independent directors of the Company bear the same responsibilities and risks as ordinary directors. According to the Company's "Regulations Governing Remuneration to and Performance Evaluation on Directors and Functional Committee Members," the remuneration is divided into fixed amounts and the amount allocated according to the Articles of Association is distributed subject to the degree of contribution. The part allocated according to degree of contribution is calculated based on the ratio of the number of board attendances by the independent director to the number of attendances by all independent directors.</p> <p>2. In addition to the disclosure above, in the most recent year, the directors of the company have received remuneration for providing services to all companies in the financial report (for example, as a consultant who is not an employee):None.</p> <p>3. Proposed employee compensation amount.</p> <p>4. Note 1: The original elected was Ichikawa Toyoake. On April 18, 2022, Sawada Kenzo was re-appointed. On November 1, 2022, Nishino Go was re-appointed. Note 2: The original elected was Kenji Ebihara. On April 18, 2022, Mori Yosuke was re-appointed. Note 3: The original elected was Tsai Nai-Yung. On May 11, 2022, Shih Chih-Hung was re-appointed.</p>																							

Appendix IV. 2022 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, 2022 and 2021, 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 parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and reports of other independent accountants, the accompanying parent company only financial statements present fairly, in all material respects, the individual financial position of the Company as at December 31, 2022 and 2021, 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. 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 parent company only financial statements of the year 2022. 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 2022 parent company only 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. In the operating revenue in 2022, 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 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, 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 2022 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 & Touche
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 14, 2023

Evermore Chemical Industry Co., Ltd.
BALANCE SHEETS
December 31, 2022 and 2021

Unit: NTD thousand

Code	ASSETS	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash (Notes IV and VI)	\$ 42,611	2	\$ 80,623	2
1136	Financial assets measured at amortized cost - current (Notes IV, VII and XXIV)	59,784	2	70,765	2
1150	Notes receivable (Notes IV, VIII, and XXIII)	67,851	2	98,617	3
1170	Accounts receivable due from non-related parties (Notes IV and VIII)	164,182	5	278,906	8
1180	Accounts receivable due from related parties (Notes IV, IV, and XXIII)	102,575	3	100,820	3
1200	Other receivables (Note XXIII)	5,664	-	21,002	1
1220	Current tax assets (Notes IV and XVIII)	2,691	-	2,691	-
1300	Inventories (Notes IV and IX)	356,545	11	399,112	12
1479	Other current assets	<u>7,504</u>	<u>1</u>	<u>18,789</u>	<u>1</u>
11XX	Total current assets	<u>809,407</u>	<u>26</u>	<u>1,071,325</u>	<u>32</u>
	NON-CURRENT ASSETS				
1550	Investment accounted for using the equity method (Notes IV and X)	1,167,342	37	1,137,415	34
1600	Property, plant, and equipment (Notes IV, XI, and XXIV)	1,107,538	35	1,070,480	32
1755	Right-of-use assets (Notes IV and XXII)	37,345	1	-	-
1760	Investment real estate (Note IV)	1,007	-	1,007	-
1780	Intangible assets (Note IV)	5,999	-	2,490	-
1840	Deferred tax assets (Notes IV and XVIII)	17,975	-	24,442	1
1915	Prepayments for equipment	26,079	1	46,541	1
1920	Refundable deposits	<u>909</u>	<u>-</u>	<u>894</u>	<u>-</u>
15XX	Total non-current assets	<u>2,364,194</u>	<u>74</u>	<u>2,283,269</u>	<u>68</u>
1XXX	TOTAL	<u>\$ 3,173,601</u>	<u>100</u>	<u>\$ 3,354,594</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term borrowings (Notes XIII and XXIV)	\$ 809,852	26	\$ 903,123	27
2110	Short-term bills payable (Note XIII)	109,860	4	129,926	4
2150	Notes payable	4,338	-	25,843	1
2170	Accounts payable (Note XXIII)	164,552	5	273,643	8
2200	Other payables (Notes XIV and XXIII)	67,911	2	59,127	2
2230	Current tax liabilities (Notes IV and XVIII)	8,280	-	2,845	-
2280	Lease liabilities - current (Notes IV and XII)	3,866	-	-	-
2322	Long-term borrowings due within one year (Notes XIII and XXIV)	54,000	2	56,500	1
2399	Other current liabilities- Other	<u>10,608</u>	<u>-</u>	<u>11,639</u>	<u>-</u>
21XX	Total current liabilities	<u>1,233,267</u>	<u>39</u>	<u>1,462,646</u>	<u>43</u>
	Noncurrent liabilities				
2541	Long-term borrowings (Notes XIII and XXIV)	376,617	12	430,617	13
2570	Deferred tax liabilities (Notes IV and XVIII)	34,583	1	29,113	1
2580	Lease liabilities - non-current (Notes IV and XII)	<u>33,635</u>	<u>1</u>	<u>-</u>	<u>-</u>
25XX	Total non-current liabilities	<u>444,835</u>	<u>14</u>	<u>459,730</u>	<u>14</u>
2XXX	Total liabilities	<u>1,678,102</u>	<u>53</u>	<u>1,922,376</u>	<u>57</u>
	EQUITY				
3110	Share capital from common stock	993,880	31	993,880	30
3200	Capital surplus	98,017	3	98,017	3
	Retained earnings				
3310	Statutory reserves	223,032	7	222,026	7
3320	Special reserve	24,313	1	11,624	-
3350	Undistributed earnings	152,499	5	130,984	4
3400	Other equity	<u>3,758</u>	<u>-</u>	<u>(24,313)</u>	<u>(1)</u>
3XXX	Total equity	<u>1,495,499</u>	<u>47</u>	<u>1,432,218</u>	<u>43</u>
	TOTAL	<u>\$ 3,173,601</u>	<u>100</u>	<u>\$ 3,354,594</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 1 to December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2022		2021	
		Amount	%	Amount	%
4000	NET SALES REVENUES (Notes IV and XXIII)	\$ 1,882,582	100	\$ 1,660,798	100
5000	Operating costs (Notes IX, XVII and XXIII)	<u>1,679,993</u>	<u>89</u>	<u>1,460,364</u>	<u>88</u>
5900	Gross profit	202,589	11	200,434	12
5910	UNREALIZED GROSS PROFIT ON SALES TO SUBSIDIARIES	(4,166)	-	(1,840)	-
5920	REALIZED GROSS PROFIT ON SALES TO SUBSIDIARIES	<u>1,840</u>	<u>-</u>	<u>5,223</u>	<u>-</u>
5950	REALIZED GROSS PROFIT	<u>200,263</u>	<u>11</u>	<u>203,817</u>	<u>12</u>
	Operating expenses (Note XVII)				
6100	Selling and marketing expenses	68,710	4	57,154	3
6200	Management expenses	66,613	4	61,955	4
6300	Research and development expenses	47,730	2	46,902	3
6450	Expected credit impairment loss (gain on reversal) (Notes IV and VIII)	(<u>2,696</u>)	<u>-</u>	<u>1,445</u>	<u>-</u>
6000	Total operating expenses	<u>180,357</u>	<u>10</u>	<u>167,456</u>	<u>10</u>
6900	Operating profit	<u>19,906</u>	<u>1</u>	<u>36,361</u>	<u>2</u>
	Non-operating revenue and expenditure				
7010	Other income (Note XXIII)	10,750	-	10,464	1
7020	Other gains and losses	(560)	-	(678)	-
7100	Interest income (Note XXIII)	1,240	-	364	-
7230	Foreign currency exchange net gains (loss)	33,733	2	(6,664)	(1)

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Code		2022		2021	
		Amount	%	Amount	%
7510	Interest fees	(\$ 19,080)	(1)	(\$ 13,082)	(1)
7775	Share of losses of subsidiaries and affiliates using the equity method (Note IV)	(2,226)	-	(22,996)	(1)
7000	Total non-operating income and expenses	23,857	1	(32,592)	(2)
7900	Net profits before tax	43,763	2	3,769	-
7950	Income tax expense (gain) (Notes IV and XVIII)	8,553	-	(6,288)	(1)
8200	Net income	35,210	2	10,057	1
	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	34,709	2	(15,642)	(1)
8399	Income tax relating to items that may be reclassified subsequently to profit or loss (Note XVIII)	(6,638)	(1)	2,917	-
8300	Other comprehensive income (loss) for the year, net income tax	28,071	1	(12,725)	(1)
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 63,281</u>	<u>3</u>	<u>(\$ 2,668)</u>	<u>-</u>
	Earnings per share (Note XIX)				
9750	Basic	<u>\$ 0.35</u>		<u>\$ 0.10</u>	
9850	Diluted	<u>\$ 0.35</u>		<u>\$ 0.10</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 CHANGES IN EQUITY
January 1 to December 31, 2022 and 2021

(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, 2021	\$ 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)	-	-
B5	Cash dividends distributed by the Company - NT\$ 0.5 per share	-	-	-	-	(49,694)	-	(49,694)
B17	Reversal of special reserve	-	-	-	(9,986)	9,986	-	-
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	993,880	98,017	222,026	11,624	130,984	(24,313)	1,432,218
	Earnings allocation and distribution for 2021							
B1	Statutory reserves	-	-	1,006	-	(1,006)	-	-
B3	Special reserve	-	-	-	12,689	(12,689)	-	-
D1	2022 net profit	-	-	-	-	35,210	-	35,210
D3	Other comprehensive income after tax for 2022	-	-	-	-	-	28,071	28,071
D5	Total comprehensive income for 2022	-	-	-	-	35,210	28,071	63,281
Z1	Balance on December 31, 2022	<u>\$ 993,880</u>	<u>\$ 98,017</u>	<u>\$ 223,032</u>	<u>\$ 24,313</u>	<u>\$ 152,499</u>	<u>\$ 3,758</u>	<u>\$ 1,495,499</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, 2022 and 2021

Unit: NTD thousand

Code		2022	2021
	CASH FLOW FROM OPERATING ACTIVITIES		
A10000	Income before tax	\$ 43,763	\$ 3,769
A20000	Adjustments for:		
A20100	Depreciation expense	67,109	62,976
A20200	Amortization expense	1,317	757
A20300	Expected credit loss (reversal)	(2,696)	1,445
A20900	Interest fees	19,080	13,082
A21200	Interest income	(1,240)	(364)
A22300	Share of losses of subsidiaries and affiliates using the equity method	2,226	22,996
A22500	Loss on disposal and scrapping of property, plant, and equipment	9	28
A23700	Loss for market price decline and obsolete and slow-moving inventories	11,076	-
A23800	Gains on reversal of market price decline and obsolete and slow-moving inventories	-	(7,369)
A23900	Unrealized (realized) profit from subsidiaries	2,326	(3,383)
A24100	Gain on foreign exchange, net	(9,433)	(2,148)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	30,766	(34,055)
A31150	Accounts receivable	118,278	(113,780)
A31180	Other receivables	1,517	2,110
A31200	Inventories	31,491	(134,270)
A31240	Other current assets	11,285	(12,341)
A32130	Notes payable	(21,505)	(47,252)
A32150	Trade payables	(108,515)	162,953
A32180	Other payables	8,073	(3,906)
A32230	Other current liabilities	(1,031)	5,854
A33000	Cash generated from operations	203,896	(82,898)
A33100	Interest received	1,214	363
A33300	Interest paid	(17,904)	(11,780)
A33500	Income tax refunded (paid)	2,181	(32,490)
AAAA	Net cash generated from (used in) operating activities	189,387	(126,805)
	CASH FLOW FROM INVESTING ACTIVITIES		
B00040	Acquisition of financial assets measured at amortized cost	-	(79,746)

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Code		2022	2021
B00050	Disposal of financial assets measured at amortized cost	16,900	77,634
B01800	Investments acquired and accounted for using equity method	(29,814)	-
B02700	Payments for property, plant, and equipment	(42,058)	(404,504)
B02800	Proceeds from disposal of property, plant, and equipment	36	25
B03700	Increase in refundable deposits	(120)	(825)
B03800	Decrease in refundable deposits	105	60
B04400	Decrease in other receivables due from related parties	13,909	10,459
B04500	Acquisition of intangible assets	(4,826)	(2,641)
B07100	Increase in prepayments for equipment	(37,946)	(60,732)
B07600	Dividends received from subsidiaries	<u>30,044</u>	<u>110,859</u>
BBBB	Net cash used in investing activities	(<u>53,770</u>)	(<u>349,411</u>)
CASH FLOW FROM FINANCING ACTIVITIES			
C00100	Proceeds from short-term borrowings	6,435,916	5,742,005
C00200	Repayments of short-term borrowings	(6,529,000)	(5,400,000)
C00600	Net decrease in short-term notes and bills payable	(21,173)	(930)
C01600	Proceeds from long-term borrowings	-	280,000
C01700	Repayments of long-term borrowings	(56,500)	(64,000)
C04020	Payments of lease liabilities	(2,872)	-
C04500	Dividends paid to owners of the Company	<u>-</u>	(<u>49,694</u>)
CCCC	Net cash generated from (used in) financing activities	(<u>173,629</u>)	<u>507,381</u>
EEEE	NET INCREASE (DECREASE) IN CASH	(38,012)	31,165
E00100	CASH AT THE BEGINNING OF THE YEAR	<u>80,623</u>	<u>49,458</u>
E00200	CASH AT THE END OF THE YEAR	<u>\$ 42,611</u>	<u>\$ 80,623</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

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, 2022 and 2021; 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, 2022 and 2021.

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, 2022 and 2021 and its consolidated financial performance and consolidated cash flow from January 1 through December 31, 2022 and 2021.

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. 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 2022 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 2022 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. In the operating revenue in 2022, 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 2022 and 2021, 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 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, 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 2022 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 & Touche
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 Shenzhi No. 1070323246

March 14, 2023

EVERMORE CHEMICAL INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2022 and 2021

Unit: NTD thousand

Code	ASSETS	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash (Notes 4 and 6)	\$ 172,219	5	\$ 228,045	6
1136	Financial assets measured at amortized cost - current (Notes IV, VII and XXIV)	59,784	2	70,765	2
1150	Notes receivable (Notes IV and VIII)	278,809	8	187,325	5
1170	Accounts receivable due from non-related parties (Notes IV and VIII)	412,679	12	745,825	20
1180	Accounts receivable due from related parties (Notes IV, IV, and XXIII)	37,284	1	24,403	1
1200	Other receivables	1,950	-	11,608	-
1220	Current tax assets (Notes IV and XIX)	2,691	-	2,691	-
130X	Inventories (Notes IV and IX)	680,911	20	752,571	20
1410	Prepayments	49,391	2	50,673	2
1479	Other current assets	<u>628</u>	<u>-</u>	<u>854</u>	<u>-</u>
11XX	Total current assets	<u>1,696,346</u>	<u>50</u>	<u>2,074,760</u>	<u>56</u>
	NON-CURRENT ASSETS				
1600	Property, plant, and equipment (Notes IV, XI, and XXIV)	1,373,046	41	1,352,143	37
1755	Right-of-use assets (Notes IV and XXII)	206,047	6	160,550	4
1760	Investment real estate (Note IV)	1,007	-	1,007	-
1780	Intangible assets (Note IV)	11,351	-	7,988	-
1805	Goodwill (Notes IV and XIII)	43,708	1	40,715	1
1840	Deferred tax assets (Notes IV and XIX)	24,503	1	31,834	1
1915	Prepayments for equipment	31,580	1	46,541	1
1920	Refundable deposits	<u>1,254</u>	<u>-</u>	<u>1,280</u>	<u>-</u>
15XX	Total non-current assets	<u>1,692,496</u>	<u>50</u>	<u>1,642,058</u>	<u>44</u>
1XXX	TOTAL	<u>\$ 3,388,842</u>	<u>100</u>	<u>\$ 3,716,818</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term bank loans (Notes XIV and XXIV)	\$ 909,553	27	\$ 1,139,045	31
2110	Short term notes and bills payable (Note XXIV)	109,860	3	129,926	3
2150	Notes payable	25,427	1	26,128	1
2170	Accounts payable (Note XXIII)	205,193	6	325,595	9
2200	Other payables (Notes XV and XXIII)	108,185	3	110,516	3
2230	Current tax liabilities (Notes IV and XIX)	9,703	-	6,372	-
2280	Lease liabilities - current (Notes IV and XII)	3,866	-	-	-
2322	Long-term bank loans due within one year (Notes XIV and XXIV)	54,000	2	56,500	1
2399	Other current liabilities- Other	<u>12,715</u>	<u>1</u>	<u>14,394</u>	<u>-</u>
21XX	Total current liabilities	<u>1,438,502</u>	<u>43</u>	<u>1,808,476</u>	<u>48</u>
	Noncurrent liabilities				
2541	Short-term bank loans (Notes XIV and XXIV)	376,617	11	430,617	12
2570	Deferred tax liabilities (Notes IV and XIX)	44,148	1	45,073	1
2580	Lease liabilities - non-current (Notes IV and XII)	33,635	1	-	-
2645	Guarantee deposits	<u>441</u>	<u>-</u>	<u>434</u>	<u>-</u>
25XX	Total non-current liabilities	<u>454,841</u>	<u>13</u>	<u>476,124</u>	<u>13</u>
2XXX	Total liabilities	<u>1,893,343</u>	<u>56</u>	<u>2,284,600</u>	<u>61</u>
	EQUITY				
3110	Share capital from common stock	993,880	29	993,880	27
3200	Capital surplus	98,017	3	98,017	3
	Retained earnings				
3310	Statutory reserves	223,032	7	222,026	6
3320	Special reserve	24,313	1	11,624	-
3350	Undistributed earnings	152,499	4	130,984	4
3400	Other equity	<u>3,758</u>	<u>-</u>	<u>(24,313)</u>	<u>(1)</u>
3XXX	Total equity	<u>1,495,499</u>	<u>44</u>	<u>1,432,218</u>	<u>39</u>
	TOTAL	<u>\$ 3,388,842</u>	<u>100</u>	<u>\$ 3,716,818</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 1 to December 31, 2022 and 2021

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

Code		2022		2021	
		Amount	%	Amount	%
4000	NET SALES REVENUES (Notes IV and XXIII)	\$ 2,957,191	100	\$ 3,201,106	100
5000	Operating costs (Notes IX, XVIII and XXIII)	<u>2,571,177</u>	<u>87</u>	<u>2,767,913</u>	<u>86</u>
5900	Gross profit	<u>386,014</u>	<u>13</u>	<u>433,193</u>	<u>14</u>
	OPERATING EXPENSES (Note XVIII)				
6100	Selling and marketing expenses	157,367	5	158,756	5
6200	Management expenses	149,807	5	141,419	5
6300	Research and development expenses	71,174	3	70,427	2
6450	Expected credit loss (Notes IV and VIII)	<u>10,959</u>	<u>-</u>	<u>31,302</u>	<u>1</u>
6000	Total operating expenses	<u>389,307</u>	<u>13</u>	<u>401,904</u>	<u>13</u>
6900	PROFIT (LOSS) FROM OPERATIONS	(<u>3,293</u>)	<u>-</u>	<u>31,289</u>	<u>1</u>
	Non-operating revenue and expenditure				
7010	Other income (Note XXIII)	33,723	1	13,996	-
7020	Other gains and losses	(1,993)	-	(6,042)	-
7100	Interest income	1,557	-	798	-
7230	Foreign exchange net gain (loss) (Note XVIII)	40,005	1	(16,264)	-
7510	Interest fees	(<u>26,777</u>)	(<u>1</u>)	(<u>17,369</u>)	(<u>1</u>)
7000	Total non-operating income and expenses	<u>46,515</u>	<u>1</u>	(<u>24,881</u>)	(<u>1</u>)
7900	Net profits before tax	43,222	1	6,408	-
7950	Income tax expense (gain) (Notes IV and XIX)	<u>8,012</u>	<u>-</u>	(<u>3,649</u>)	<u>-</u>
8200	Net income	<u>35,210</u>	<u>1</u>	<u>10,057</u>	<u>-</u>

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Code		2022		2021	
		Amount	%	Amount	%
	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	\$ 34,709	1	(\$ 15,642)	-
8399	Income tax related to items that may be reclassified to profit or loss	(<u>6,638</u>)	-	<u>2,917</u>	-
8300	Other comprehensive income (loss) for the year, net income tax	<u>28,071</u>	<u>1</u>	(<u>12,725</u>)	-
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>\$ 63,281</u></u>	<u><u>2</u></u>	(<u><u>\$ 2,668</u></u>)	<u><u>-</u></u>
	EARNINGS PER SHARE (Note XX)				
9750	Basic	<u><u>\$ 0.35</u></u>		<u><u>\$ 0.10</u></u>	
9850	Diluted	<u><u>\$ 0.35</u></u>		<u><u>\$ 0.10</u></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 CHANGES IN EQUITY
January 1 to December 31, 2022 and 2021

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

		EQUITY					Exchange differences on translating the financial statements of foreign operations	Total Equity
Code		Share capital from common stock	Capital Surplus	Retained Earnings (Note XVII)		Unappropriated Earnings		
		(Note XVII)	(Note XVII)	Legal Reserve	Special Reserve			
A1	Balance on January 1, 2021	\$ 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)	-	-
B5	Cash dividends distributed by the Company - NT\$ 0.5 per share	-	-	-	-	(49,694)	-	(49,694)
B17	Reversal of special reserve	-	-	-	(9,986)	9,986	-	-
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	993,880	98,017	222,026	11,624	130,984	(24,313)	1,432,218
	Earnings allocation and distribution for 2021							
B1	Statutory reserves	-	-	1,006	-	(1,006)	-	-
B3	Special reserve	-	-	-	12,689	(12,689)	-	-
D1	2022 net profit	-	-	-	-	35,210	-	35,210
D3	Other comprehensive income after tax for 2022	-	-	-	-	-	28,071	28,071
D5	Total comprehensive income for 2022	-	-	-	-	35,210	28,071	63,281
Z1	Balance on December 31, 2022	<u>\$ 993,880</u>	<u>\$ 98,017</u>	<u>\$ 223,032</u>	<u>\$ 24,313</u>	<u>\$ 152,499</u>	<u>\$ 3,758</u>	<u>\$ 1,495,499</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, 2022 and 2021

Unit: NTD thousand

Code		2022	2021
	CASH FLOW FROM OPERATING ACTIVITIES		
A10000	Income before tax	\$ 43,222	\$ 6,408
A20000	Adjustments for:		
A20100	Depreciation expense	104,083	100,503
A20200	Amortization expense	1,742	1,197
A20300	Expected credit loss	10,959	31,302
A20900	Interest fees	26,777	17,369
A21200	Interest income	(1,557)	(798)
A22500	Loss on disposal of property, plant, and equipment	543	623
A23700	Loss for market price decline and obsolete and slow-moving inventories	11,439	-
A23800	Gains on reversal of market price decline and obsolete and slow-moving inventories	-	(12,462)
A24100	Foreign exchange losses (gains)	(10,123)	1,687
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	(90,119)	(69,944)
A31150	Accounts receivable	321,749	(200,735)
A31180	Other receivables	9,769	(1,772)
A31200	Inventories	68,804	(117,415)
A31230	Prepayments	2,302	2,317
A31240	Other current assets	226	796
A32130	Notes payable	(701)	(47,241)
A32150	Trade payables	(120,221)	121,253
A32180	Other payables	(6,909)	(21,595)
A32230	Other current liabilities	(1,679)	2,965
A33000	Cash generated from operations	370,306	(185,542)
A33100	Interest received	1,557	374
A33300	Interest paid	(25,594)	(15,642)
A33500	Income tax paid	(5,368)	(41,764)
AAAA	Net cash generated from (used in) operating activities	<u>340,901</u>	<u>(242,574)</u>
	CASH FLOW FROM INVESTING ACTIVITIES		
B00040	Acquisition of financial assets measured at amortized cost	\$ -	(\$ 79,746)

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Code		2022	2021
B00050	Disposal of financial assets measured at amortized cost	16,900	77,634
B02700	Payments for property, plant, and equipment	(48,003)	(423,237)
B02800	Proceeds from disposal of property, plant, and equipment	1,602	91
B03700	Increase in refundable deposits	(120)	(872)
B03800	Decrease in refundable deposits	151	931
B04500	Acquisition of intangible assets	(4,826)	(2,641)
B07100	Increase in prepayments for equipment	(43,447)	(60,693)
BBBB	Net cash used in investing activities	(77,743)	(488,533)
CASH FLOW FROM FINANCING ACTIVITIES			
C00100	Proceeds from short-term borrowings	6,796,580	6,410,580
C00200	Repayments of short-term borrowings	(7,031,361)	(5,915,942)
C00600	Net decrease in short-term notes and bills payable	(21,173)	(930)
C01600	Proceeds from long-term borrowings	-	280,000
C01700	Repayments of long-term borrowings	(56,500)	(64,000)
C04020	Payments of lease liabilities	(2,872)	-
C04500	Dividends paid to owners of the Company	-	(49,694)
CCCC	Net cash generated from (used in) financing activities	(315,326)	660,014
DDDD	Effects of exchange rate changes on cash	(3,658)	(7,251)
EEEE	Net decrease in cash for the year	(55,826)	(78,344)
E00100	CASH AT THE BEGINNING OF THE YEAR	228,045	306,389
E00200	CASH AT THE END OF THE YEAR	<u>\$ 172,219</u>	<u>\$ 228,045</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 V. Earnings Distribution Plan

EVERMORE CHEMICAL INDUSTRY CO., LTD.

Statement for Distribution of Earnings

2022

Unit:NT\$

Item	Amount	
	Subtotal	Total
Earnings undistributed in the previous year		117,289,419
Net profit after tax in 2022	35,209,361	
Less:provision for 10% of statutory surplus reserves	(3,520,936)	
Less:Reversal of special reserve in accordance with the law	24,313,441	
		56,001,866
Earnings distributable for this period		173,291,285
Distributed items:		
Dividends paid to shareholders - cash dividends (Note 2)		(49,694,000)
Earnings undistributed at the end of the reporting period		123,597,285

Notes:

1. The Board of Directors is authorized by the shareholders to fix the dividend date after the payment of cash dividends is approved at the annual general meeting by way of resolution.
2. Currently based on the issue of 99,388,000 shares, a cash dividend of NT\$0.5 per share is allocated. (The cash dividends distributed are round down to NT\$ 1. Therefore, the total amount of cash dividends is subject to the actual amount distributed.)
3. Letter under Jing-Shang-Zi No. 10802432410 dated January 9, 2020.
In response to the reform of domestic accounting standards, when the Company provides the legal reserve in accordance with Article 237 of the Company Act, the legal reserve shall be provided based on the "current net profit after tax" plus items other than the current net profit after tax stated into the undistributed earnings for the current year, provided that the Company may not apply the same until distributing the earnings in 2020 financial statements. It is not necessary to adjust the legal reserves provided in the past years retroactively.
4. The Company had no items other than the current net profit after tax stated into the undistributed earnings for the current year in 2022.

Chairman:Ho Wen-Chieh

Manager:Huang Chang-Tze

Chief Accountant:Chen Hsiang-Li

Appendix VI. List of directors concurrently holding other positions

Director	Concurrently held positions in other companies	
Shih Chih-Hung	Vice President of Pou Chen Corporation	Vice President
	Eagle Nice (International) Holdings Limited	Executive Director
	Elitegroup Computer Systems Co., Ltd.	Director
	Yangzhou Baoyi Shoe Making Co., Ltd.	Director
	Ka Yuen (Vietnam) Rubber Factory Ltd.	Director
	Diamond Islands Limited	Director
	Famous Eagle Limited	Director
	Venture Well Holdings Limited	Director
	PT. Recycle Center Indonesia	Director
	Yue Yuen Industrial (Holdings) Limited	Executive Director
	Yue Yuen Industrial (Holdings) part Limited	Director

Appendix VII. Shareholding by Directors

EVERMORE CHEMICAL INDUSTRY CO., LTD. Shareholding by Directors

Record Date: April 29, 2023

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: Nishino Go		
Director	Aica Kogyo Company, Limited Representative: Mori Yosuke		
Director	Yue Dean Technology Co., LTD. Representative: Shih Chih-Hung	1,786,760	1.80%
Independent director	Higashiyama Mikio	0	0.00%
Independent director	Chueh Liang-Wu	0	0.00%
Independent director	Chen Chun-Cheng	0	0.00%
Number of shares held by all the directors		58,583,773	58.95%

- I. The paid-in capital of the Company is NT\$ 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.

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 activities 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: When the Company prints share certificates, 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.
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.
A shareholders' meeting of the Company can be held by means of visual communication network or other

methods promulgated by the central competent authority.

- 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 made 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 V 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 VI 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.

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.

Chapter VII 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 VIII 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. The 28th amendment hereto was made on June 28, 2022.

Appendix IX. Rules of Procedure for Shareholders' Meetings

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 proceedings in accordance with Article 189 of Taiwan's Company Act, the relevant audio or video recordings shall be retained until the legal proceedings are concluded.
- Article 6: If the shareholders' meeting is convened by the board of directors, its agenda shall be set by the board of directors, and the relevant proposals shall be voted by case (including Questions and Motions and amendments to the original motion). The meeting shall be conducted according to the scheduled agenda, and shall not be changed without the resolution of the shareholders' meeting.
- The above provision applies mutatis mutandis to the cases where the meeting is convened by any person, other than a member of the Board of Directors, who is entitled to convene such meeting.
- Unless otherwise resolved at the 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 a 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 electric 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.