Stock Code:1711

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019

Address: 5~6F., No.77, Sec. 2, DunHua S.Rd., Taipei 106, Taiwan
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The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

Table of contents

Representation Letter

The entities that are required to be included in the combined financial statements of Everlight Chemical Industrial Corporation as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Everlight Chemical Industrial Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Everlight Chemical Industrial Corporation
Chairman: Chien-Hsin, Chen
Date: March 25, 2021

安侯建業聯合會計師事務所
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Independent Auditors' Report

To the Board of Directors of Everlight Chemical Industrial Corporation:

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

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

Description of key audit matters

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

How the matter was addressed in our audit

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

2. Valuation of accounts receivable

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

Description of key audit matters

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

How the matter was addressed in our audit

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

Other Matter

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

KPMG

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

Notes to Readers

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

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

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands New Taiwan Dollars)

		December 31, 2020		December 31, 2019	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 1,334,808	10	978,856	7
1110	Financial assets at fair value through profit or loss-current (note 6(b))	60,100	1	30,023	-
1136	Financial assets at amortized cost-current (note 6(b))	12,896	-	-	-
1150	Notes receivable, net (notes 6(c) and (u))	213,396	2	233,735	2
1170	Accounts receivable, net (notes 6(c) and (u))	1,383,973	10	1,417,891	10
130X	Inventories (note 6(d))	3,198,461	24	3,504,183	26
1476	Other current financial assets	26,142	-	25,032	-
1479	Other current assets (note 6(i))	114,339	1	112,288	1
	Total current assets	6,344,115	48	6,302,008	46
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income-non-current (notes 6(b) and (w))	994,805	8	1,102,127	8
1550	Investments accounted for using equity method (note 6(e))	112,156	1	126,934	1
1600	Property, plant and equipment (notes 6(f), (h) and 9)	5,265,817	40	5,527,737	41
1755	Right-of-use-assets (note 6(j))	309,445	2	327,521	2
1780	Intangible assets (note 6(k))	119,744	1	122,455	1
1840	Deferred tax assets (note 6(q))	51,602	-	75,957	1
1915	Prepayments for equipment	14,511	-	16,860	-
1980	Other non-current financial assets (notes 6(c) and (u))	3,635	-	4,191	-
1990	Other non-current assets	10,559	-	17,572	-
	Total non-current assets	6,882,274	52	7,321,354	54
	Total assets	**$ 13,226,389**	**100**	**13,623,362**	**100**

		December 31, 2020		December 31, 2019	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(l))	$ 1,871,991	14	2,473,321	18
2322	Long-term borrowings, current portion (note 6(m))	40,000	1	470,000	3
2151	Notes payable (note 7)	181,329	2	152,138	1
2170	Accounts payable (note 7)	389,570	3	295,375	2
2209	Other payable (note 6(t))	407,211	3	428,330	4
2213	Payable on equipment	17,545	-	11,902	-
2230	Current tax liabilities (note 6(q))	38,386	-	69,118	1
2280	Lease liabilities-current (note 6(n))	35,102	-	34,488	-
2399	Other current liabilities (note 6(o))	48,553	-	47,679	-
	Total current liabilities	3,029,687	23	3,982,351	29
	Non-current liabilities:				
2540	Long-term borrowings (note 6(m))	1,250,000	9	989,748	7
2570	Deferred tax liabilities (note 6(q))	79,074	1	70,208	1
2580	Lease liabilities non-current (note 6(n))	258,608	2	274,557	2
2640	Net defined benefit liability (note 6(p))	130,566	1	167,779	1
2670	Other non-current liabilities (note 6(o))	90,071	1	-	-
	Total non-current liabilities	1,808,319	14	1,502,292	11
	Total liabilities	4,838,006	37	5,484,643	40
	Equity attributable to owners of parent (notes 6(b), (e), (g), (p), (q), (r) and (w)):				
3100	Common shares	5,477,522	41	5,477,522	40
3200	Capital surplus	474,558	4	474,558	4
3300	Retained earnings	2,019,285	15	1,901,498	14
3400	Other equity	115,939	1	(30,438)	-
	Total equity attributable to owners of parent	8,087,304	61	7,823,140	58
36XX	**Non-controlling interests (notes 6(g) and (r))**	301,079	2	315,579	2
	Total equity	8,388,383	63	8,138,719	60
	Total liabilities and equity	**$ 13,226,389**	**100**	**13,623,362**	**100**

See accompanying notes to consolidated financial statements.

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

		2020		2019	
		Amount	%	Amount	%
4000	**Operating revenue (note 6(u))**	$ 7,769,066	100	9,332,076	100
5000	**Operating costs (notes 6(d), (h), (j), (k), (n), (p), (t), 7 and 12)**	6,200,244	80	7,294,736	78
5950	**Gross profit from operations**	1,568,822	20	2,037,340	22
6000	**Operating expenses (notes 6(c), (h), (j), (k), (n), (p), (t), 7 and 12):**				
6100	Selling expenses	687,171	9	843,205	9
6200	Administrative expenses	304,015	4	349,277	4
6300	Research and development expenses	371,514	4	434,190	5
6450	Expected credit loss	1,486	-	7,035	-
	Total operating expenses	1,364,186	17	1,633,707	18
6900	**Net operating income**	204,636	3	403,633	4
7000	**Non-operating income and expenses (notes 6(b), (e), (h), (l), (m), (n) and (v)):**				
7100	Interest income	3,601	-	4,363	-
7010	Other income	49,867	1	54,219	1
7020	Other gains and losses	62,495	1	88,159	1
7050	Finance costs	(63,925)	(1)	(96,284)	(1)
7060	Share of gains of associates accounted for using equity method	8,102	-	1,980	-
	Total non-operating income and expense	60,140	1	52,437	1
7900	**Income before income tax**	264,776	4	456,070	5
7951	**Income tax expenses (note (q))**	59,754	1	106,833	1
8200	**Net income**	205,022	3	349,237	4
8300	**Other comprehensive income (notes 6(e), (p), (q), (r) and (w)):**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains on remeasurements of defined benefit plans	11,716	-	49,102	1
8316	Unrealized gains from financial assets measured at fair value through other comprehensive income	198,156	3	139,876	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(2,343)	-	(9,820)	-
	Total components of other comprehensive income that will not be reclassified to profit or loss	207,529	3	179,158	2
8360	**Components of other comprehensive income that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	4,286	-	(46,008)	(1)
8370	Share of other comprehensive income of associates accounted for using equity method	(2,847)	-	(395)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income that will be reclassified to profit or loss	1,439	-	(46,403)	(1)
8300	**Other comprehensive income (after tax)**	208,968	3	132,755	1
8500	**Total comprehensive income**	**$ 413,990**	**6**	**481,992**	**5**
	Profit attributable to:				
8610	Owners of parent	$ 213,279	3	362,447	4
8620	Non-controlling interests	(8,257)	-	(13,210)	-
		$ 205,022	**3**	**349,237**	**4**
	Comprehensive income attributable to:				
8710	Owners of parent	$ 428,490	6	496,877	5
8720	Non-controlling interests	(14,500)	-	(14,885)	-
		$ 413,990	**6**	**481,992**	**5**
9750	**Basic earnings per share (note 6(s)) (expressed in New Taiwan dollars)**	**$**	**0.39**		**0.66**
9850	**Diluted earnings per share (note 6(s)) (expressed in New Taiwan dollars)**	**$**	**0.39**		**0.66**

See accompanying notes to consolidated financial statements.

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

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

See accompanying notes to consolidated financial statements.

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

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

See accompanying notes to consolidated financial statements.

(1) Company history

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

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

These consolidated financial statements were authorized for issuance by the board of directors on March 25, 2021.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Group has initially adopted the new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2020.

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements.

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

(Continued)

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commission, ROC (hereinafter referred to as "the IFRSs endorsed by the FSC).

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial assets measured at fair value through profit or loss are measured at fair value;

2) Fair value through other comprehensive income are measured at fair value;

3) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in Note 4(p).

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

(ii) Functional and presentation currency

The functional currency is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Group's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. When the Company is exposed to the variable remuneration from investing on other individual or sharing the rights of the remuneration, also, is able to influence the rewards, the Company controls the individual.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholder of parent.

(ii) List of subsidiaries in the consolidated financial statements

			Shareholding percentage		
Name of investor	**Name of subsidiary**	**Principal activity**	**December 31, 2020**	**December 31, 2019**	**Note**
The Company (ECIC)	EVERLIGHT USA, INC. (EVUS)	Selling chemical product and related raw materials	100.00	100.00	-
ECIC	EVERLIGHT (HONG KONG) LIMITED (EVHK)	Selling chemical product and related raw materials	100.00	100.00	-
ECIC	EVERLIGHT CHEMICALS (SINGAPORE) PTE LTD. (EVSG)	Investing business	100.00	100.00	-
ECIC	EVERLIGHT EUROPE B.V. (EVEU)	Selling chemical product and related raw materials	100.00	100.00	-
ECIC	TREND TONE IMAGING, INC. (TTI)	Manufacturing and selling toners of laser printer, copier and fax machine	76.15	76.15	-
ECIC	ELITE FOREIGN TRADING INCORPORATION (ELITE)	Selling chemical product and related raw materials	50.00	50.00	(note 1)
ECIC	DAILYCARE BIOMEDICAL INC. (DCBM)	Manufacturing of medical supplies and providing service of biological technology	91.26	91.26	(note 2)
EVSG	ETHICAL INTERNATIONAL TRADING & WAREHOUSING (SHANGHAI) CO., LTD. (ETSH)	Selling chemical product and related raw materials	100.00	100.00	-

(Continued)

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

Name of investor	Name of subsidiary	Principal activity	Shareholding percentage December 31, 2020	Shareholding percentage December 31, 2019	Note
EVSG	GUANGZHOU ETHICAL TRADING CO., LTD. (ETGZ)	Selling chemical product and related raw materials	100.00	100.00	-
EVSG	SHANGHAI EVERLIGHT TRADING CO., LTD. (EVSH)	Selling chemical product and related raw materials	100.00	100.00	-
EVSG	EVERLIGHT (SUZHOU) ADVANCED CHEMICALS LTD. (EVSZ)	Manufacturing and selling color chemicals, toners and electronic high-tech chemical product	100.00	100.00	-
EVSG	ANDA SEMICONDUCTOR TECHNOLOGY (SUZHOU) CO., LTD. (ANDA)	Selling electronic high-tech chemical product	56.25	56.25	-
ANDA	SHANGHAI ANDA INTERNATIONAL TRADING CO., LTD. (ADSH)	Selling electronic high-tech chemical product	100.00	100.00	-
ECIC	GREATLIGHT INVESTMENT COPRORATION (GLTP)	Investing business	100.00	100.00	-
GLTP	KEYSTONE PHARMACEUTICALS INC. (KEYSTONE)	Research and development and manufacturing pharmaceuticals	-	-	(note 3)

(note 1): The Company has the right to appoint more than half of members of board of directors and has control over the board of directors. The subsidiary is deemed to be consolidated.

(note 2): The Company decided to resolve DCBM. As of December 31, 2020, the related procedure has not been completed.

(note 3): Despite the Company held the stock of KEYSTONE less than 50%, the Company obtained the substantial control of appointing operating policies at June 1, 2019, and therefore regarded KEYSTONE as subsidiary. Hence, its financial statement was combined into the consolidated financial statements since the day of acquisition control. GLTP lost the substantial control of appointing operating policies at December 1, 2019. Since the date the control ceased, the KEYSTONE was excluded from accompanying consolidate financial statements.

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

(d) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- Fair value through other comprehensive income equity investment

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(Continued)

(f) Cash and cash equivalents

Cash comprised of cash on hand and cash in bank. Cash equivalents are those short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits, which meet the above criteria and for the purpose of fulfilling short-term commitments instead of the purpose of investing activities or others, are categorized as cash equivalents.

(g) Financial instruments

Account receivable are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(Continued)

2) Fair value through other comprehensive income (FVOCI)

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets at amortized cost, notes and accounts receivables, other receivable, refundable deposits and other financial assets).

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

· Cash in bank, other receivable, refundable deposits and other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forwardlooking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

(Continued)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The Group holds time deposits for domestic financial institutions, it is considered to be low credit risk.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 365 days past due or the borrower is unlikely to pay its credit obligations to the Group in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit impaired. A financial asset is ‘ credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

· significant financial difficulty of the borrower or issuer;

· a breach of contract such as a default or being more than 365 days past due;

· the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

· it is probable that the borrower will enter bankruptcy or other financial reorganization; or

· the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(Continued)

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities

1) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

2) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(Continued)

(iii) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align their accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. The Group recognizes any changes, proportionately with the shareholding ratio under additional paid in capital, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual controlling power.

Unrealized profits resulting from transactions between the Group and an associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Group's share of losses exceeds its interests in an associate, the carrying amount of the investment, including any long term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent the Group has an obligation or has made payments on behalf of the associate.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1)	Land improvements	20 years
2)	buildings	25~55 years
3)	plant and equipment	3~15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Intangible assets

(i) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1)	REACH registration related expense	5 years
2)	Others	3~5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Site restoration

In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land is recognized when the land is contaminated.

(m) Lease

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the Group has the right to direct the use of the asset throughout the period of use only if either:

- the Group has the right to direct how and for what purpose the asset is used throughout the period of use; or

- the relevant decisions about how and for what purpose the asset is used are predetermined and:
  - the Group has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(ii) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

— there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office equipment and leases of transportation equipment that have a lease term of 12 months or less and leases of low-value asset.

(n) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(Continued)

(o) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over use the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years.

The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(r) Business combinations

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any noncontrolling interests in the acquiree either at fair value or at the noncontrolling interest's proportionate share of the acquiree's identifiable net assets, if the noncontrolling interests are present ownership interests and entitle their holders to a proportionate share of the Group's net assets in the event of liquidation. Other components of noncontrolling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

(s) Earnings per share

The Group discloses the Group's basic and diluted earnings per share attributable to common shareholders of the Group. Basic earnings per share are calculated as the profit attributable to common shareholders of the Group divided by the weighted-average number of common shares outstanding. Diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Group divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employ compensation.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) Judgment of whether the Group has substantive control over its investees

The Group holds 40% of the outstanding voting shares of 3E Chemical Co. (Suzhou) Ltd. and is the single largest shareholder of the investee. Although the remaining 60% of 3E Chemical Co. (Suzhou) Ltd.’ s shares are not concentrated within specific shareholders, the Group still cannot obtain more than half of the total number of 3E Chemical Co. (Suzhou) Ltd.’s directors, and it also cannot obtain more than half of the voting rights at a shareholders’ meeting. Therefore, it is determined that the Group has significant influence but not control over 3E Chemical Co. (Suzhou) Ltd..

(Continued)

(b) Judgment regarding significant influence of investees

The Group holds 16.78% of the outstanding voting shares of TAK Technology Co., Ltd. and is the single largest shareholder of the investee. Although the remaining 83.22% of TAK Technology Co., Ltd.’ s shares are not concentrated within specific shareholders, the Group still cannot obtain more than half of the total number of TAK Technology Co., Ltd.'s directors, and it also cannot obtain more than half of the voting rights at a shareholders’ meeting. Therefore, it is determined that the Group has significant influence but not control over TAK Technology Co., Ltd.

The Group holds 22.35% of the outstanding voting shares of Good TV Broadcasting Corp. and is the single largest shareholder of the investee. Although the remaining 77.65% of Good TV Broadcasting Corp.'s shares are not concentrated within specific shareholders, the Group still cannot obtain more than half of the total number of Good TV Broadcasting Corp.'s directors, and it also cannot obtain more than half of the voting rights at a shareholders’ meeting. Therefore, it is determined that the Group has significant influence but not control over Good TV Broadcasting Corp.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) Impairment of accounts receivable

The Group has estimated the loss allowance of accounts receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumption to be used in calculating the impairments and the selected inputs. The prevent assumptions and input values, please refer to Note 6(c).

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to Note 6(d) for further description of the valuation of inventories.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2020	December 31, 2019
Cash on hand	$	2,396	2,418
Cash in bank		1,229,687	917,374
Time deposits		102,725	59,064
Cash and cash equivalents	**$**	**1,334,808**	**978,856**

(Continued)

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

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

(b) Financial assets and liabilities

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

		December 31, 2020	December 31, 2019
Financial assets mandatorily measured at fair value through profit or loss:			
Monetary market fund	$	60,100	30,023

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

		December 31, 2020	December 31, 2019
Stocks listed on domestic markets	$	944,615	1,040,091
Domestic unlisted common shares		50,190	62,036
Total	$	994,805	1,102,127

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

For the years ended December 31, 2020 and 2019, the Group has sold the partial of financial assets at fair value through other comprehensive income for strategic purposes. The shares sold had a fair value of $310,625 thousand and $73,457 thousand, respectively, and the Group realized a gains (losses) of $59,692 thousand and a loss of $(24,108) thousand, respectively, which is already included in other comprehensive income. The gains (losses) has been transferred to retained earnings.

(iii) Financial assets at amortized cost-current

Due to the Group’s foreign deposits which applied for the "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act" has not been engaged in investment yet, therefore, recognized in financial assets at amortized cost-current as follows:

		December 31, 2020	December 31, 2019
Financial assets at amortized cost-current	$	12,896	-

(iv) For credit risk and market risk, please refer to Note 6(w).

(v) The aforementioned financial assets were not pledged.

(vi) Derivative financial instruments—not hedge

The Group hold derivative financial instruments to hedge its foreign currency and interest rate exposures. However, the derivative financial instruments can' t meet the criteria for hedge accounting. The Group recognized gain on forward exchange contracts and foreign currency options amounted to $3,315 thousand and $6,489 thousand in 2020 and 2019, respectively.

(c) Receivables

	December 31, 2020	December 31, 2019
Notes receivable	$ 213,396	233,771
Accounts receivable	1,410,922	1,443,937
Overdue receivable (under other non-current financial assets)	39,567	46,414
Less: loss allowance	(66,516)	(72,496)
	$ 1,597,369	1,651,626

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provisions were determined as follows:

	December 31, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 1,502,202	0.01%~0.27%	3,848
1 to 90 days past due	103,378	1.97%~15.98%	16,522
91 to 365 days past due	18,738	22.94%~65.56%	6,579
More than 365 days past due	39,567	100%	39,567
Total	$ 1,663,885		66,516

	December 31, 2019		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 1,475,486	0.01%~0.73%	5,470
1 to 90 days past due	183,764	6.81%~19.36%	13,346
91 to 365 days past due	18,458	33.46%~100%	7,266
More than 365 days past due	46,414	100%	46,414
Total	$ 1,724,122		72,496

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

The detail of loss allowance were as follows:

	December 31, 2020	December 31, 2019
Notes receivable	$ -	36
Accounts receivable	26,949	26,046
Overdue receivable	39,567	46,414
	$ 66,516	**72,496**

The movement in the allowance for receivables was as follows:

	2020	2019
Balance on January 1, 2020	$ 72,496	96,594
Impairment losses recognized	1,486	7,035
Amounts written off	(7,783)	(29,922)
Effect of movements in exchange rates	317	(1,211)
Balance on December 31, 2020	**$ 66,516**	**72,496**

The aforementioned financial assets were not pledged.

(d) Inventories

	December 31, 2020	December 31, 2019
Raw materials	$ 756,595	786,128
Supplies	19,831	18,296
Work in progress	603,687	709,057
Finished goods	1,698,193	1,907,798
Materials in transit	120,155	82,904
	$ 3,198,461	**3,504,183**

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

	2020	2019
Losses on valuation of inventories	$ 2,792	4,246
Losses (gains) on inventory count	(984)	2,434
Unallocated production overheads	191,246	212,863
Losses on obsolescence	7,878	10,075
Scrap income	(1,326)	(1,712)
	$ 199,606	**227,906**

For the year ended December 31, 2019, the expense resulted from obtaining the certificated of GMP for pharmaceuticals division was included in unallocated production overhead. There was no such transaction for the year ended December 31, 2020.

As of December 31, 2020 and 2019, the inventories were not pledged.

(e) Investments accounted for using equity method

(i) The components of investments accounted for using the equity method at the reporting date were as follows:

	December 31, 2020	December 31, 2019
Associates	$ 112,156	126,934

(ii) Associates

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

	December 31, 2020	December 31, 2019
Carrying amount of individually insignificant associates	$ 112,156	126,934

	2020	2019
Attributable to the Group:		
Profit from continuing operations	$ 8,102	1,980
Other comprehensive income	(2,847)	(395)
Total comprehensive income	$ 5,255	1,585

(iii) Pledge

As of December 31, 2020 and 2019, the aforementioned investment accounted for using equity method were not pledged.

Investment accounted for using equity method (KEYSTONE) has been liquidated in 2019. Repayment cost of investment by shareholding ratio is amounting to 2,418 thousand, the difference with the book value recognized in disposal of investments accounted for using equity method is amounting to 18,553 thousand.

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

(f) Acquisition of subsidiary and losing control of subsidiary

(i) On June 1, 2019, the Group obtained the control of KEYSTONE, which is major in research and development and manufacturing pharmaceuticals, by acquiring substantial control of appointing operating policies of KEYSTONE. Therefore, KEYSTONE have been consolidated into the consolidated financial statements.

(ii) The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date.

Cash and cash equivalents	$	16,952
Other current assets		31,311
Plant, property, and equipment (Note 6(h))		39,144
Prepayments for equipment		3,796
Other non-current financial assets		844
Other non-current assets		301
Notes payables		(1,058)
Other payables		(4,664)
Other current assets		(165)
Total identifiable net assets acquired	**$**	**86,461**

(iii) Losing control of subsidiary

The Group lost the substantial control of appointing operating policies over KEYSTONE on December 1,2019. There was no profit or loss on the aforementioned transaction.

The following table summarizes the recognized amounts of assets and liabilities assumed on December 1, 2019.

Cash and cash equivalents	$	1,548
Other current assets		15,609
Plant, property, and equipment (Note 6(h))		59,012
Other non-current assets		500
Short-term borrowing		(14,500)
Other payables		(77)
Other current liabilities		(533)
Total identifiable net assets acquired	**$**	**61,559**

There was no such transaction in 2020.

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

(g) Material non-controlling interest of subsidiaries

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

Subsidiaries	Main operation place	Percentage of non-controlling interests December 31, 2020	Percentage of non-controlling interests December 31, 2019
TTI	Taiwan	23.85 %	23.85 %

The following information of the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intra-group transactions were not eliminated in this information.

	December 31, 2020	December 31, 2019
Current assets	$ 554,032	644,051
Non-current assets	906,387	986,336
Current liabilities	(501,960)	(533,445)
Non-current liabilities	(186,096)	(242,426)
Net assets	**$ 772,363**	**854,516**
Non-controlling interest	**$ 184,179**	**203,769**

	2020	2019
Operating revenues	**$ 738,561**	**1,050,047**
Net income (loss)	(77,561)	6,168
Other comprehensive income	(4,592)	4,588
Total comprehensive income	**$ (82,153)**	**10,756**
Profit (loss), attributable to non-controlling interests	**$ (18,498)**	**1,471**
Comprehensive income, attributable to non-controlling interests	**$ (19,593)**	**2,565**

	2020	2019
Net cash flows from operating activities	$ 65,624	157,167
Net cash flows used in investing activities	(1,992)	(17,301)
Net cash flows used in financing activities	(45,980)	(72,617)
Net increase in cash and cash equivalents	**$ 17,652**	**67,249**
Cash dividend distributed to non-controlling interests	**-**	**-**

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

(h) Property, plant and equipment

The detail of movement of the property, plant and equipment for the Group were as follows:

		Land	Land Improvements	Buildings and construction	Equipment	Construction in progress and equipment to be inspected	Total
Cost:							
Balance on January 1, 2020	$	894,063	-	4,408,204	9,627,222	183,082	15,112,571
Additions		-	127,200	4,662	69,896	105,002	306,760
Disposals		-	-	(7,051)	(62,311)	-	(69,362)
Reclassification (note)		-	31,800	9,444	140,801	(111,154)	70,891
Effect of movements in exchange rates		(186)	-	3,713	10,725	275	14,527
Balance on December 31, 2020	$	**893,877**	**159,000**	**4,418,972**	**9,786,333**	**177,205**	**15,435,387**
Balance on January 1, 2019	$	894,153	-	4,312,840	9,182,889	409,611	14,799,493
Additions		-	-	20,333	150,021	146,252	316,606
Disposals		-	-	(2,855)	(98,084)	-	(100,939)
Reclassification (note)		-	-	90,823	429,460	(372,596)	147,687
Effects of changes in consolidated entities		-	-	-	(8,138)	-	(8,138)
Effect of movements in exchange rates		(90)	-	(12,937)	(28,926)	(185)	(42,138)
Balance on December 31, 2019	$	**894,063**	**-**	**4,408,204**	**9,627,222**	**183,082**	**15,112,571**
Accumulated depreciation and impairment:							
Balance on January 1, 2020	$	-	-	2,396,146	7,188,688	-	9,584,834
Depreciation		-	4,638	168,793	467,480	-	640,911
Disposals		-	-	(6,848)	(59,084)	-	(65,932)
Effect of movements in exchange rates		-	-	2,108	7,649	-	9,757
Balance on December 31, 2020	$	**-**	**4,638**	**2,560,199**	**7,604,733**	**-**	**10,169,570**
Balance on January 1, 2019	$	-	-	2,234,410	6,810,518	-	9,044,928
Depreciation		-	-	170,387	470,934	-	641,321
Disposals		-	-	(2,855)	(83,870)	-	(86,725)
Reclassification		-	-	-	11,730	-	11,730
Effect of movements in exchange rates		-	-	(5,796)	(20,624)	-	(26,420)
Balance on December 31, 2019	$	**-**	**-**	**2,396,146**	**7,188,688**	**-**	**9,584,834**
Carrying amounts:							
Balance on December 31, 2020	$	**893,877**	**154,362**	**1,858,773**	**2,181,600**	**177,205**	**5,265,817**
Balance on January 1, 2019	$	**894,153**	**-**	**2,078,430**	**2,372,371**	**409,611**	**5,754,565**
Balance on December 31, 2019	$	**894,063**	**-**	**2,012,058**	**2,438,534**	**183,082**	**5,527,737**

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

(i) For the years ended December 31, 2020 and 2019, the Group capitalized the interest expenses on construction in progress amounted to $2,481 thousand and $6,407 thousand respectively, and the monthly interest rate used for capitalization calculation were 0.08%~0.12% and 0.13~0.15%, respectively.

(ii) As of December 31, 2020 and 2019, the property, plant and equipment of the Group had not been pledged.

(i) Other current assets

	December 31, 2020	December 31, 2019
Prepayments	$ 71,196	69,188
Offset against business tax payable and input taxes	29,821	32,925
Payment on behalf of others	12,337	9,157
Others	985	1,018
	$ 114,339	**112,288**

(j) Right-of-use assets

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

	Land	Buildings and construction	Equipment	Total
Cost:				
Balance on January 1, 2020	$ 217,042	127,648	17,306	361,996
Acquisitions	-	24,668	3,241	27,909
Disposals	-	(10,795)	(4,509)	(15,304)
Effect of changes in foreign exchange rates	362	1,396	105	1,863
Balance on December 31, 2020	**$ 217,404**	**142,917**	**16,143**	**376,464**
Balance on January 1, 2019	$ -	-	-	-
Effects of retrospective application for IFRS16	218,355	124,950	13,060	356,365
Acquisitions	-	16,620	4,320	20,940
Disposals	-	(10,851)	-	(10,851)
Effect of changes in foreign exchange rates	(1,313)	(3,071)	(74)	(4,458)
Balance on December 31, 2019	**$ 217,042**	**127,648**	**17,306**	**361,996**
Accumulated depreciation:				
Balance on January 1, 2020	$ 5,712	25,109	3,654	34,475
Depreciation	5,709	28,449	4,232	38,390
Disposals	-	(3,445)	(2,880)	(6,325)
Effect of changes in foreign exchange rates	23	421	35	479
Balance on December 31, 2020	**$ 11,444**	**50,534**	**5,041**	**67,019**
Balance on January 1, 2019	$ -	-	-	-
Depreciation	5,735	28,551	3,663	37,949
Disposals	-	(1,869)	-	(1,869)
Effect of changes in foreign exchange rates	(23)	(1,573)	(9)	(1,605)
Balance on December 31, 2019	**$ 5,712**	**25,109**	**3,654**	**34,475**
Carrying amount:				
Balance on December 31, 2020	**$ 205,960**	**92,383**	**11,102**	**309,445**
Balance on January 1, 2019	**$ -**	**-**	**-**	**-**
Balance on December 31, 2019	**$ 211,330**	**102,539**	**13,652**	**327,521**

(Continued)

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

(k) Intangible assets

The movement in intangible assets were as followers:

		REACH registration related expenses	Others	Total
Cost：				
Balance on January 1, 2020	$	165,165	18,782	183,947
Additions		25,731	683	26,414
Disposals		-	(1,638)	(1,638)
Effect of movement in exchange rate		-	(2,421)	(2,421)
Balance on December 31, 2020	**$**	**190,896**	**15,406**	**206,302**
Balance on January 1, 2019	$	153,868	18,978	172,846
Additions		11,297	-	11,297
Effect of movement in exchange rate		-	(196)	(196)
Balance on December 31, 2019	**$**	**165,165**	**18,782**	**183,947**
Accumulated amortization:				
Balance on January 1, 2020	$	52,089	9,403	61,492
Amortization		26,703	2,383	29,086
Disposals		-	(1,638)	(1,638)
Effect of movement in exchange rate		-	(2,382)	(2,382)
Balance on December 31, 2020	**$**	**78,792**	**7,766**	**86,558**
Balance on January 1, 2019	$	34,064	7,512	41,576
Amortization		18,025	2,055	20,080
Effect of movement in exchange rate		-	(164)	(164)
Balance on December 31, 2019	**$**	**52,089**	**9,403**	**61,492**
Carrying amounts:				
Balance on December 31, 2020	**$**	**112,104**	**7,640**	**119,744**
Balance on January 1, 2019	**$**	**119,804**	**11,466**	**131,270**
Balance on December 31, 2019	**$**	**113,076**	**9,379**	**122,455**

(i) Amortization expense

For the years ended December 31, 2020 and 2019, the amortization of intangible assets are included in the statement of comprehensive income as follows:

		2020	2019
Operating costs	$	2,096	1,863
Operating expense		26,990	18,217
	$	**29,086**	**20,080**

(ii) Pledge

As of December 31, 2020 and 2019, the intangible assets of the Group not pledged as collateral.

(l) Short-term borrowings

	December 31, 2020	December 31, 2019
Unsecured bank loans	$ 1,782,108	2,403,358
Short-term notes and bills payable	89,883	69,963
Total	**$ 1,871,991**	**2,473,321**
Unused credit lines	**$ 3,723,243**	**3,411,117**
Range of interest rate	**0.74%~5.15%**	**1.00%~5.15%**

As of December 31, 2020 and 2019, the Group issued short-term notes and bills payable through Dah-Chung Bills Finance Corp. to obtain funds from the currency market.

(m) Long-term borrowings

	December 31, 2020			
	Currency	**Rate**	**Maturity year**	**Amount**
Unsecured bank loans	NTD	1.14%~1.75%	2022.5~2023.6	$ 1,290,000
Less: long-term borrowings, current portion				(40,000)
Total				**$ 1,250,000**
Unused credit lines				**$ 310,000**

	December 31, 2019			
	Currency	**Rate**	**Maturity year**	**Amount**
Unsecured syndicated bank loan	NTD	1.7895%	2015.4~2020.4	$ 179,748
Unsecured bank loans	NTD	1.33%~1.79%	2020.3~2022.6	1,280,000
Less: long-term borrowings, current portion				(470,000)
Total				**$ 989,748**
Unused credit lines				**$ 437,010**

As of March 5, 2015, the Group entered into a five-year syndicated loan agreement with CTBC Bank and other six banks. The total credit line under this loan agreement is $1,800,000 and is due in five years when the first draw on the loan. The first draw on the loan must be within three months after the date of the contract signed. Every draw on the loan, the amount was restricted to exceed $50,000 and the portion of exceeding $50,000 or unused credit line shall be a multiple of $10,000.

The credit line will be diminished by seven period from the date, that lasted twenty-four months from first draw on the loan and thereafter every six months. The diminished periods and diminished percentage are as follows:

(i) Period 1 to period 3: 10%,

(ii) Period 4 and period 5: 15%,

(iii) Period 6 and period 7: 20%.

When the credit line is diminished, the Group had to redeem the loans if the loan outstanding amount is exceeding to the credit line.

The related financial covenants and restrictions for the syndicated loans mentioned above were as follows:

(i) Current ratio (current assets/current liabilities): shall not be lower than 120%.

(ii) Liability ratio (liabilities/tangible net assets value): shall not be higher than 100%.

(iii) Interest coverage ratio (profit before tax + depreciation + amortization + interest expense) / (interest expense): shall not be lower than 4 time.

(iv) Tangible net assets value (equity minus intangible assets): shall not be lower than $6,000,000 thousand.

The aforementioned ratio and criteria shall be reviewed semi-annually from 2015 based on the year-end consolidated financial statements audited by certified public accountant, and the semi-annual consolidated financial statements reviewed by certified public accountant. The Group was in compliance with the above financial covenants and restrictions.

The aforementioned syndicated loan were repaid in 2020.

The Group had not pledged the assets as collateral for bank loans.

(n) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	December 31, 2020	December 31, 2019
Current	$ 35,102	34,488
Non-current	$ 258,608	274,557

For the maturity analysis, please refer to Note 6(w).

The amounts recognized in profit or loss were as follows:

	2020	2019
Interest on lease liabilities	$ 7,175	7,612
Expenses relating to short-term leases	$ 2,567	7,429

(Continued)

The amounts recognized in the statement of cash flows for the Group was as follows:

	2020	2019
Total cash outflow for leases	$ 45,317	49,298

(i) Land, buildings and constructions, and equipment lease

For the years ended December 31, 2020 and 2019, the Group leases land, buildings and constructions, and equipment for its warehouses and office space. The leases of warehouses and office typically run for a period from 3 to 20 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) The Group leases office equipment whose lease periods are 1 to 3 years, are recognized as short-term or lower-price lease. The Group elected to apply practical expedients not recognizing relative right-of-use assets and lease liabilities.

(o) Provisions

The movements of the provisions were as follows:

	2020
Balance on January 1, 2020	$ -
Additions	159,000
Decreases	(39,750)
Balance on December 31, 2020	$ 119,250

A provision of $159,000 thousand was made in respect of the Group' s obligation to rectify environmental damage which recognized in other current liabilities and other non-current liabilities. There was no such transaction for the year ended December 31, 2020.

(p) Employee benefits

(i) Defined benefit plans

Reconciliations of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2020	December 31, 2019
Present value of the defined benefit obligations	$ 831,966	882,465
Fair value of plan assets	(701,400)	(714,686)
Net defined benefit liabilities	$ 130,566	167,779

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan and Insurance account with Bank of Nan Shan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employees to received retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

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

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance and Insurance account with Bank of Nan Shan amounted to $701,400 thousand as of December 31, 2020. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

For the years ended December 31, 2020 and 2019, the movement in present value of the defined benefit obligations for the Group were as follows:

		2020	2019
Defined benefit obligations as of January 1	$	882,465	909,407
Current service costs and interest cost		19,185	23,070
Net remeasurements of defined benefit liabilities:			
—Actuarial losses (gains) arising from changes in financial assumptions		8,188	(27,948)
Benefits paid by the plan		(77,872)	(22,064)
Defined benefit obligations as of December 31	**$**	**831,966**	**882,465**

3) Movements of defined benefit plan assets

For the years ended December 31, 2020 and 2019, the movement in the fair value of the plan assets were as follows:

		2020	2019
Fair value of plan assets as of January 1	$	714,686	643,444
Return on plan assets (excluding the interest expense)		7,110	7,316
Net remeasurements of the defined benefit assets:			
—Actuarial gains arising from changes in financial assumptions		19,904	21,154
Contributions paid by employer		19,363	59,818
Benefits paid		(59,663)	(17,046)
Fair value of plan assets as of December 31	**$**	**701,400**	**714,686**

(Continued)

4) Expenses recognized in profit or loss

For the years ended December 31, 2020 and 2019, the expenses recognized in profit or losses for the Group were as follows:

	2020	2019
Current service costs	$ 10,516	12,884
Net interest expense of net defined benefit liabilities	1,559	2,870
	$ 12,075	**15,754**

	2020	2019
Operating costs	$ 6,994	9,054
Operating expenses	5,081	6,700
	$ 12,075	**15,754**

5) comprehensive income

The Group's re-measurement of the net defined benefit liabilities (assets) recognized in other comprehensive income for the years ended December 31, 2020 and 2019, were as follows:

	2020	2019
Accumulated amount as of January 1	$ (127,015)	(176,117)
Recognized during the period	11,716	49,102
Accumulated amount as of December 31	**$ (115,299)**	**(127,015)**

6) Actuarial assumptions

At the reporting date, the principal actuarial assumptions were as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.625%~0.750%	1.000%~1.125%
Future salary increasing rate	1.200%~1.270%	1.200%~1.270%

The Group expects to make contributions of $16,620 thousand to the defined benefit plans in the next year starting from December 31, 2020.

The weighted-average lifetime of the defined benefits plans is 11.42～16.08 years.

7) Sensitivity analysis

As of December 31, 2020 and 2019, if the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	The impact of defined benefit obligations	
	Increased	**Decreased**
December 31, 2020		
Discount rate decreased (increased) 0.25%	$ 19,193	(18,563)
Future salary increasing rate increased (decreased) 0.25%	18,613	(18,589)
December 31, 2019		
Discount rate decreased (increased) 0.25%	23,255	(17,853)
Future salary increasing rate increased (decreased) 0.25%	17,353	(22,794)

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

The method and assumptions used on current sensitivity analysis is the same as those of the prior year.

(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The foreign entities of the Group have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the local regulations. Other than the monthly contributions, the Group has no further obligations.

The pension costs incurred from the contributions to the Bureau of Labor Insurance amounted to $52,150 thousand and $66,480 thousand for the years ended December 31, 2020 and 2019, respectively.

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

(q) Income taxes

(i) Income tax expense

The components of income tax expenses (benefit) for the years ended December 31, 2020 and 2019 were as follows:

		2020	2019
Current tax expense (benefit)			
Current period	$	33,097	79,013
Adjustment for prior periods		(4,221)	(7,400)
		28,876	71,613
Deferred tax expense			
Origination and reversal of temporary differences		30,878	35,220
		30,878	35,220
Income tax expense	$	**59,754**	**106,833**

The amount of income tax expenses (benefit) recognized in other comprehensive income for the years ended December 31, 2020 and 2019 were as follows:

		2020	2019
Components that with not be reclassified to profit or loss:			
Re-measurements of defined benefit plans	$	**(2,343)**	**(9,820)**

Reconciliation of income tax expense and profit before tax for 2020 and 2019 were as follows:

		2020	2019
Profit before tax	$	**264,776**	**456,070**
Income tax using the Company's domestic tax rate	$	52,955	91,214
Effect of tax rates in foreign jurisdiction		(9,520)	10,002
Disposal of investment		(10,806)	-
Dividend revenue		(9,833)	(10,565)
Current-year losses for which no deferred tax assets was recognized		30,923	10,162
Change in unrecognized temporary difference		(1,232)	(1,283)
Undistributed earnings additional tax		-	232
Tax credit of investment		(10,235)	(11,279)
Other		17,502	18,350
Total	$	**59,754**	**106,833**

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

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following item:

		December 31, 2020	December 31, 2019
The carryforward of unused tax losses	$	308,277	158,438
Others		-	1,380
	$	**308,277**	**159,818**

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilized the benefits therefrom.

As at December 31, 2020, the information of the Group's unutilized business losses, for which no deferred tax assets were recognized, are as follow:

Year of loss		Unutilized business loss	Expiry date
2011	$	7,462	2021
2012		9,353	2022
2013		8,986	2023
2014		15,986	2024
2015		14,077	2025
2016		17,667	2026
2017		27,417	2027
2018		28,492	2028
2019		24,220	2029
2020		154,617	2030
	$	**308,277**	

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2020 and 2019 were as follows:

Deferred tax assets:

		Allowance for impairment of receivables	Allowance for valuation of inventories	Defined benefit plans	Other	Total
Balance as of January 1, 2020	$	5,750	3,839	34,560	31,808	75,957
Recognized in profit or loss		(960)	(261)	(4,156)	(16,635)	(22,012)
Recognized in other comprehensive income		-	-	(2,343)	-	(2,343)
Balance as of December 31, 2020	**$**	**4,790**	**3,578**	**28,061**	**15,173**	**51,602**

(Continued)

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

		Allowance for impairment of receivables	Allowance for valuation of inventories	Defined benefit plans	Other	Total
Balance as of January 1, 2019	$	16,629	6,099	60,579	36,415	119,722
Recognized in profit or loss		(10,879)	(2,260)	(16,199)	(4,607)	(33,945)
Recognized in other comprehensive income		-	-	(9,820)	-	(9,820)
Balance as of December 31, 2019	$	**5,750**	**3,839**	**34,560**	**31,808**	**75,957**

Deferred tax liabilities:

		Unrealized investment income under equity method	Unrealized foreign exchange gains	Total
Balance as of January 1, 2020	$	(68,099)	(2,109)	(70,208)
Recognized in profit or loss		(6,323)	(2,543)	(8,866)
Balance as of December 31, 2020	$	**(74,422)**	**(4,652)**	**(79,074)**
Balance as of January 1, 2019	$	(67,008)	(1,925)	(68,933)
Recognized in profit or loss		(1,091)	(184)	(1,275)
Balance as of December 31, 2019	$	**(68,099)**	**(2,109)**	**(70,208)**

(iii) The Company's income tax return for the years through 2018 were assessed and approved by the tax authorities, except 2017.

(r) Capital and other equity

(i) Common share

As of December 31, 2020 and 2019, the Company's authorized share capital consisted of 800,000 thousand shares of common share, with $10 dollars par value per share, of which 547,752 thousand shares, respectively, were issued and outstanding.

(ii) Capital surplus

The balance of capital surplus as of December 31, 2020 and 2019, were as follows:

		December 31, 2020	December 31, 2019
Cash subscription in excess of par value of shares	$	462,559	462,559
Treasury share transactions		10,999	10,999
Donation from shareholders		1,000	1,000
	$	**474,558**	**474,558**

According to the ROC Group Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

In accordance with amendment to Company's article of incorporation on May 30, 2019, it stipulates that the Company's net earning should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance is to appropriated as follows:

1) Legal reserve should be at 10%.

2) Special reserve should be appropriated (reversed) in accordance with related rules.

3) Remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The Company's dividend policy is as follows:

In order for the requirement of future investment, the cash dividend ratio should not exceed 50% of total dividends. However, if the dividend of current year is not exceeded $1 dollar per share, the dividend policy is not restricted by aforementioned restriction.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and the distribution amount is limited to the portion of legal reserve which exceeds 25% of the paid-in capital.

2) Special reserve

The Company adopted to exemptions of IFRS 1 First-time Adoption of International Financial Reporting Standards of first time adoption in accordance with the IFRSs approved by the FSC. Based on the exemptions, the Company increased retained earnings amounted to $132,824 thousand from reserve for revaluation increment and cumulative translation adjustments (gains). In accordance with Rule No. 1010012865 issued by the FSC on April 6, 2012, the Company shall reserve a special reserve amounted to $18,752 thousand, which is same as the increased amount at first time adoption of IFRSs. The Company shall reverse to distribute of earnings proportionately based on the prior special reserve when the related assets had been used, disposal or reclassified. As of December 31, 2020 and 2019, the special reserve is amounted to $18,646 thousand.

(Continued)

According to the aforementioned ruling, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve to account for cumulative changes to other shareholders' equity, and does not qualify for earnings distribution. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(iv) Distribution of earnings

On May 19, 2020, the Company board of directors resolved to appropriate the 2019 earning. On May 30, 2019, the shareholders's meeting resolved to distribute the 2018 earnings. These earning were appropriated as follows:

	2019		2018	
	Amount per share	**Amount**	**Amount per share**	**Amount**
Dividends distributed to ordinary shareholders:				
Cash	$ 0.30	$ 164,326	0.50	273,876

On March 25, 2021, the Company's Board of Directors proposed to resolved to appropriate the 2020 earnings. These earnings will be appropriated as follows:

	2020	
	Amount per share	**Amount**
Dividends distributed to ordinary shareholders:		
Cash	$ 0.30	$ 164,326

(v) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Non-Controlling interest	Total
Balance on January 1, 2020	$ (112,054)	81,616	534	(29,904)
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	204,630	(1,327)	203,303
Exchange differences on translation of foreign financial statements	4,286	-	(5,147)	(861)
Exchange differences on associates accounted for using equity method	(2,847)	-	-	(2,847)
Disposal of equity instruments designated at fair value through other comprehensive income	-	(59,692)	-	(59,692)
Balance on December 31, 2020	$ (110,615)	226,554	(5,940)	109,999

(Continued)

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

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Non-Controlling interest	Total
Balance on January 1, 2019	$ (68,420)	(81,347)	2,282	(147,485)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	138,855	1,021	139,876
Exchange differences on translation of foreign financial statements	(43,239)	-	(2,769)	(46,008)
Exchange differences on associates accounted for using equity method	(395)	-	-	(395)
Disposal of equity instruments designated at fair value through other comprehensive income	-	24,108	-	24,108
Balance on December 31, 2019	**$ (112,054)**	**81,616**	**534**	**(29,904)**

(s) Earning per share

The calculation of basic earnings per share and diluted earnings per share for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Basic earning per share		
Profit attributable to common shareholders of the Company	**$ 213,279**	**362,447**
Weighted-average number of common shares outstanding	**$ 547,752**	**547,752**
Basic earnings per share (express in New Taiwan Dollar)	**$ 0.39**	**0.66**

	2020	2019
Diluted earning per share		
Profit attributable to common shareholders of the Company	**$ 213,279**	**362,447**
Weighted-average number of common shares outstanding (basic)	$ 547,752	547,752
Effect of employee compensation	1,264	1,917
Weighted-average number of common shares outstanding (diluted)	**549,016**	**549,669**
Diluted earnings per share (express in New Taiwan Dollar)	**$ 0.39**	**0.66**

(t) Employees compensation and directors' remuneration

In accordance with the articles of incorporation, the Company should contribute 5% of the profit as employee compensation and a maximum of 2% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients may include the employees of the Company's affiliated companies who meet certain conditions.

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

For the years ended December 31, 2020 and 2019, the Company estimated its employee compensation amounting to $14,077 thousand and $24,143 thousand, and directors' remuneration amounting to $5,631 thousand and $9,658 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses for each period. Related information would be available at the Market Observation Post System website. The amounts, as stated in the parent-company-only financial statements, are identical to those of the actual distributions for 2020 and 2019.

(u) Revenue from contract with customers

(i) Disaggregation of revenue

	2020						
	Color chemicals	**Specialty chemicals**	**Electronic chemicals**	**Toners**	**Pharmaceuticals**	**Other**	**Total**
Primary geographical markets:							
Taiwan	$ 373,621	235,036	821,912	37,055	8,286	2,421	1,478,331
America	217,321	268,417	-	121,021	42,508	-	649,267
Asia	2,335,019	823,890	314,512	681,675	44,634	-	4,199,730
Europe	563,031	398,612	-	228,966	65,186	-	1,255,795
Other	68,862	46,683	-	29,257	41,141	-	185,943
	$ 3,557,854	**1,772,638**	**1,136,424**	**1,097,974**	**201,755**	**2,421**	**7,769,066**
Major products:							
Chemicals	$ 3,557,854	1,772,638	1,136,424	-	-	-	6,466,916
Toners	-	-	-	1,097,974	-	-	1,097,974
Other	-	-	-	-	201,755	2,421	204,176
	$ 3,557,854	**1,772,638**	**1,136,424**	**1,097,974**	**201,755**	**2,421**	**7,769,066**

	2019						
	Color chemicals	**Specialty chemicals**	**Electronic chemicals**	**Toners**	**Pharmaceuticals**	**Other**	**Total**
Primary geographical markets:							
Taiwan	$ 472,004	254,807	715,240	40,716	7,303	4,556	1,494,626
America	321,379	418,956	-	220,435	23,275	-	984,045
Asia	3,061,226	865,122	249,995	889,084	41,841	-	5,107,268
Europe	645,390	516,115	-	337,928	77,351	-	1,576,784
Other	102,178	-	-	27,659	39,516	-	169,353
	$ 4,602,177	**2,055,000**	**965,235**	**1,515,822**	**189,286**	**4,556**	**9,332,076**
Major products:							
Chemicals	$ 4,602,177	2,055,000	965,235	-	-	-	7,622,412
Toners	-	-	-	1,515,822	-	-	1,515,822
Other	-	-	-	-	189,286	4,556	193,842
	$ 4,602,177	**2,055,000**	**965,235**	**1,515,822**	**189,286**	**4,556**	**9,332,076**

(ii) Contract balance

	December 31, 2020	December 31, 2019	January 1, 2019
Receivables	$ 1,663,885	1,724,122	1,900,512
Less: loss allowance	(66,516)	(72,496)	(96,594)
Total	**$ 1,597,369**	**1,651,626**	**1,803,918**

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

(v) Non-operating income and expenses

(i) Interest income

	2020	2019
Interest income from bank deposits	**$ 3,601**	**4,363**

(ii) Other income

	2020	2019
Dividend income	**$ 49,867**	**54,219**

(iii) Other gains and losses

	2020	2019
Foreign exchange losses	$ (15,520)	(451)
Losses from disposal of investment accounted for using equity method	(18,553)	-
Net gains on financial assets and liabilities at fair value through profit or loss	316	98
Losses on disposal of property, plant and equipment	(2,258)	(1,726)
Subsidy revenue	10,372	10,620
Gains on writing off overdue payment	21,143	-
Others	66,995	79,618
	$ 62,495	**88,159**

(iv) Finance costs

	2020	2019
Interest expense	**$ 63,925**	**96,284**

(w) Financial instruments

(i) Credit risk

1) Credit risk exposure

As of December 31, 2020 and 2019, the Group's exposure to credit risk and the maximum exposure were mainly from:

a) The carrying amount of financial assets recognized in the balance sheet; and

b) The amounts of liabilities as a result from the Company providing financial guarantees were $56,960 thousand and $59,960 thousand , respectively.

2) Concentration of credit risk

The Group has exposure to credit risk of individual counterparty or group of counterparties with similar credit characteristics. Those related parties of which having transactions with the Group are regarded as group of counterparties with similar credit characteristics. There was no concentration of credit risk.

3) Receivables securities

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

Other financial assets at amortized cost includes other receivables and refundable deposits. There were no loss allowance provision for the year ended December 31, 2020 and 2019. All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. (Regarding how the financial instruments are considered to have low credit risk, please refer to Note 4(g).

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	within 1 year	1~2 years	2~5 years	Over 5 years
December 31, 2020						
Non-derivative financial liabilities						
Short-term borrowings	$ 1,871,991	1,874,141	1,874,141	-	-	-
Notes payable	181,329	181,329	181,329	-	-	-
Accounts payable	389,570	389,570	389,570	-	-	-
Lease liabilities	293,710	368,784	41,390	46,065	53,220	228,109
Other payable	407,211	407,211	407,211	-	-	-
Payables on equipment	17,545	17,545	17,545	-	-	-
Long-term borrowings (including current portion)	1,290,000	1,315,642	40,342	1,074,168	201,132	-
	$ 4,451,356	4,554,222	2,951,528	4,453,355	4,588,835	228,109

(Continued)

	Carrying amount	Contractual cash flows	within 1 year	1~2 years	2~5 years	Over 5 years
December 31, 2019						
Non-derivative financial liabilities						
Short-term borrowings	$ 2,473,321	2,476,739	2,476,739	-	-	-
Notes payable	152,138	152,138	152,138	-	-	-
Accounts payable	295,375	295,375	295,375	-	-	-
Lease liabilities	309,045	387,974	41,091	48,986	64,669	233,228
Other payable	252,252	252,252	252,252	-	-	-
Payables on equipment	11,902	11,902	11,902	-	-	-
Long-term borrowings (including current portion)	1,459,748	1,488,574	474,236	410,116	604,222	-
	$ 4,953,781	5,064,954	3,703,733	459,102	668,891	233,228

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

	December 31, 2020			December 31, 2019		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD	$ 38,208	28.48	1,088,159	31,506	29.98	944,551
JPY	198,631	0.28	55,617	229,189	0.28	64,173
RMB	74,740	4.38	327,363	74,855	4.31	322,007
Non-monetary items						
JPY	-	-	-	423,000	0.28	116,748
Financial liabilities						
Monetary items						
USD	33,857	28.50	964,247	33,955	30.00	1,018,650
JPY	139,703	0.28	39,117	153,310	0.28	42,927
RMB	8,032	4.40	35,179	1,792	4.33	7,759

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, loans and borrowings, and accounts payable that are denominated in foreign currency. A strengthening (weakening) 1% of appreciation (depreciation) of the NTD against the USD, JPY and RMB for the years ended December 31, 2020 and 2019, would have changed the profit by $3,461 and $2,091 thousand, respectively, and equity by $0 thousand and $1,168 thousand, respectively. The analysis is performed on the same basis for 2020 and 2019.

3) Foreign exchange gains and losses on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the years ended December 31, 2020 and 2019, foreign exchange losses (including realized and unrealized portions) are exchange losses amounted to $15,520 and $451 thousand, respectively.

(iv) Interest rate analysis

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

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

If the interest rate had increased/decreased by 1%, the Group's profit would have changed by $25,296 thousand and $31,465 thousand, respectively, for the years ended December 31, 2020 and 2019, with all other variable factors that remain constant. This is mainly due to the Group's borrowing at floating rates.

(v) Other price risk

For the years ended December 31, 2020 and 2019, the sensitivity analyses for changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	2020		2019	
Prices of securities at reporting day	**Other comprehensive income after tax**	**Net income**	**Other comprehensive income after tax**	**Net income**
Increase 1%	$ 9,948	-	11,021	-
Decrease 1%	$ (9,948)	-	(11,021)	-

(Continued)

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

(vi) Fair value of financial instruments

1) Categories and fair values of financial instruments

The fair value of financial assets and liabilities at fair value through profit and loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows, however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

	December 31, 2020				
		Fair value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets mandatorily measured at fair value through profit or loss					
Monetary market fund	$ 60,100	60,100	-	-	60,100
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	944,615	944,615	-	-	944,615
Domestic unlisted common shares	50,190	-	-	50,190	50,190
Subtotal	994,805	944,615	-	50,190	994,805
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 1,334,808	-	-	-	-
Financial assets at amortized cost	12,896	-	-	-	-
Notes and accounts receivable	1,597,369	-	-	-	-
Other financial assets	29,777	-	-	-	-
Subtotal	2,974,850	-	-	-	-
Total	**$ 4,029,755**	**1,004,715**	**-**	**50,190**	**1,054,905**
Financial liabilities measured at amortized cost					
Bank loans	$ 3,161,991	-	-	-	-
Notes and accounts payable	570,899	-	-	-	-
Lease liabilities	293,710	-	-	-	-
Other payable	407,211	-	-	-	-
Payables on equipment	17,545	-	-	-	-
Total	**$ 4,451,356**	**-**	**-**	**-**	**-**

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	December 31, 2019				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss					
Monetary market fund	$ 30,023	30,023	-	-	30,023
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic and foreign markets	1,040,091	1,040,091	-	-	1,040,091
Domestic unlisted common shares	62,036	-	-	62,036	62,036
Subtotal	1,102,127	1,040,091	-	62,036	1,102,127
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 978,856	-	-	-	-
Notes and accounts receivable	1,651,626	-	-	-	-
Other financial assets	29,223	-	-	-	-
Subtotal	2,659,705	-	-	-	-
Total	**$ 3,791,855**	**1,070,114**	**-**	**62,036**	**1,132,150**
Financial liabilities measured at amortized cost					
Bank loans	$ 3,933,069	-	-	-	-
Notes and accounts payable	447,513	-	-	-	-
Lease liabilities	309,045	-	-	-	-
Other payable	252,252	-	-	-	-
Payables on equipment	11,902	-	-	-	-
Total	**$ 4,953,781**	**-**	**-**	**-**	**-**

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative instruments

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

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

i) the bid-ask spread is increasing; or

ii) the bid-ask spread varies significantly; or

iii) there has been a significant decline in trading volume.

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

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

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

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

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

b) Derivative financial instruments

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

3) Transfers between Level 1 and Level 2

The Group didn't have any fair value transfer between levels for the years ended December 31, 2020 and 2019.

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
Balance on January 1, 2020	$ 62,036
Total gains or losses:	
Recognized in other comprehensive income	(11,846)
Balance on December 31, 2020	**$ 50,190**

	Fair value through other comprehensive income
	Unquoted equity instruments
Balance on January 1, 2019	$ 92,769
Total gains or losses:	
Recognized in other comprehensive income	(30,733)
Balance on December 31, 2019	**$ 62,036**

The aforementioned total gains or losses were included "unrealized gains (losses) on equity investment measured at fair value through other comprehensive income", which related to holding assets on December 31, 2020 and 2019 were as follows:

	2020	2019
Recognized in other comprehensive income	**$ (11,846)**	**(30,733)**

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

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

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

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through other comprehensive income- equity investments without an active market	Comparable Listed companies approach	• Price-Book Ratio (as of December 31, 2020 and 2019 were 3.35~4.46 and 3.57~4.03, respectively) • Market liquidity discount rate (as of December 31, 2020 and 2019 were all 20%)	• The estimated fair value would increase if the multiplier was higher. • The estimated fair value would decrease if market liquidity discount rate was higher.

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

The Group's measurements of financial instruments' fair value were reasonable, only if using different variables leading different results. For the fair value measurements in level 3, if changing valuation variables, would have the following effects on other comprehensive income on December 31, 2020 and 2019:

		Fair value variation on other comprehensive income			
		Favorable		Unfavorable	
Inputs	Upwards or Downwards	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Price-book ratio	5%	2,557	2,958	(2,557)	(2,958)
Market liquidity discount rate	5%	2,483	3,205	(2,483)	(3,205)

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

(x) Financial risk management

(i) Overview

The Group have exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

Detailed information about exposure risk arising from the aforementioned risk and the Group's objective, policies and process for managing risks have been stated below. Further quantitative disclosures have been disclosed as notes to the consolidated financial statements.

(ii) Risk management framework

The Group's inter departmental management and committee, which consists of general manager and managers from all departments, including manufacturing, research and development, environment, health and safety, financial and audit, is responsible to hold a meeting regularly for monitoring the Group's risk management policies.

The executive and responsible departments of risk management are as follows:

1) Financial risk, liquidity risk, credit risk and legal risk: based on regulations, government policy and analysis of market change, financial division and legal division make the strategy to reflect, then execute the strategy. The internal auditor reviews the risks control and procedures for the aforementioned risks.

2) Market risk: the Group's SBUs and functional division are responsible to make the strategy to identify risk based on regulation, government policy and analysis of market change, then execute the strategy. In order to manage the risk of market change dramatically, management with SBUs managers will establish a task force when it is necessary.

3) Operating strategy risk: in order to monitor the operating strategy in compliance with the Group's vision and meet the operating goals, general manager division with management of SBUs will evaluate the risk of operational policy through performance evaluation periodically.

The Group's Audit Committee oversees how management monitors counterparty with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Audit Committee is assisted in its oversight role by the internal auditor. The internal auditor undertakes both regular and exceptional reviews of risk management controls and the procedures, and the result of which are reported to the Audit Committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet it contractual obligations that arises principally from the Group's accounts receivable and investments in securities.

1) Accounts receivable and other receivable

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. According to the credit policy, the Group analyze each new customer individually for their credit worthiness before granting the new customer standard payment terms. Credit lines are established for each customer and reviewed periodically.

The Group did not require any collateral for accounts receivable and other receivable.

2) Investments

The credit risk exposure in the bank deposits, and equity instruments are measured and monitored by the Group's finance department. Since the Group's transactions resulted from the external parties with good credit standing highly rated financial institutions, publicly-traded stock companies and unlisted companies with good reputation, there are no incompliance issues and therefore no significant credit risk.

3) Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries.

(Continued)

(iv) Liquidity risk

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

Loans and borrowings from the bank form an important source of liquidity for the Group. As of December 31, 2020 and 2019, the Group's unused credit line were amounted to $4,033,243 thousand and $3,848,127 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risk. All such transactions are carried out within the guidelines of derivative transaction management set by the board of directors and general meeting of shareholders and the related financial transactions are under oversight by internal auditor. The management of the Group's market risk are as follows:

1) Currency risk

The Group is exposed to currency risk on foreign currency assets and liabilities resulted from operating, financing and investing activities. The Group hedges the currency risk by derivatives. Most of the foreign exchange gains and losses arising from foreign currency assets and liabilities will be offset by the gains or losses on derivative instruments. The Group may reduce the currency risk through derivative instruments but do not avoid all of the currency influence resulted from foreign currency exchange.

The Group monitors the exposure of individual foreign currency assets and liabilities periodically. When necessary, the Group uses foreign currency options and forward exchange contracts to hedge above currency risk exposure. The duration of foreign currency options and forward exchange contracts are within one year and do not meet the criteria for hedge accounting.

2) Interest rate risk

The Group's exposure of interest rate risk is mainly from floating-rate loans. Any change in interest rates will cause influence in the effective interest rates of loans and thus cause the alternation of future cash flows. The Group enters into and designates interest rate swaps and other capital market financing as hedges of the variability in cash flows by continuing to review the interest rate variability in order to control the financial cost at the relatively low in market interest rate.

3) Other market price risk

The Group monitors the risk arising from its available-for-sale security instruments, which are held for monitoring cash flow requirements and unused capital. The management of the Group monitors the combination of equity securities in its investment portfolio based on cash flow requirements. Material investments within the portfolio are managed on an individual basis, and all buy-and-sell decisions are approved by the Board of Directors.

(y) Capital management

The Board's policy is to keep a strong capital base in order to maintain investor, creditor and market confidence, and to sustain future development of the business. Capital consists of ordinary shares, paid-in capital, retained earnings and non-controlling interest of the Company. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

	December 31, 2020	December 31, 2019
Total liability	$ 4,838,006	5,484,643
Less: cash and cash equivalents	1,334,808	978,856
Net liability	**$ 3,503,198**	**4,505,787**
Total equity	**$ 8,388,383**	**8,138,719**
Debt-to-equity ratio	**42 %**	**55 %**

There were no change in the Group's approach to capital management for the year ended December 31, 2020.

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

Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes		
	January 1, 2020	Cash flows	Foreign exchange movement	Others	December 31, 2020
Short-term borrowings	$ 2,473,321	(605,069)	3,739	-	1,871,991
Long-term borrowings	1,459,748	(170,000)	-	252	1,290,000
Lease liabilities	309,045	(35,575)	1,070	19,170	293,710
Total liabilities from financing activities	**$ 4,242,114**	**(810,644)**	**4,809**	**19,422**	**3,455,701**

			Non-cash changes		
	January 1, 2019	Cash flows	Foreign exchange movement	Others	December 31, 2019
Short-term borrowings	$ 2,589,403	(86,401)	(29,681)	-	2,473,321
Long-term borrowings	1,723,988	(265,000)	-	760	1,459,748
Lease liabilities	333,450	(34,257)	(820)	10,672	309,045
Total liabilities from financing activities	**$ 4,646,841**	**(385,658)**	**(30,501)**	**11,432**	**4,242,114**

(7) Related-party transactions:

(a) Names and relationship with related parties

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

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

(b) Significant transactions with related parties

(i) Purchase

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

	2020	2019
CHCIW	$ 33,079	36,439

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

(ii) Payables to related parties

Account	Name of related party	December 31, 2020	December 31, 2019
Notes and accounts payable	CHCIW	$ 14,751	11,829

(c) Key management personnel compensation

	2020	2019
Short-term employee benefits	$ 31,055	33,529
Post-employment benefits	560	904
	$ 31,615	34,433

(8) Pledged assets: None.

(9) Commitments and contingencies:

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

	December 31, 2020	December 31, 2019
Acquisition of property, plant and equipment	$ 58,272	106,770

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other:

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

By function / By item	2020			2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	662,769	561,473	1,224,242	750,709	608,364	1,359,073
Labor and health insurance	66,786	53,721	120,507	71,813	58,893	130,706
Pension	34,143	30,082	64,225	45,092	37,142	82,234
Remuneration of directors	-	14,694	14,694	-	18,717	18,717
Others	26,747	19,651	46,398	33,119	28,714	61,833
Depreciation (note)	515,635	163,582	679,217	515,968	163,302	679,270
Amortization	2,096	26,990	29,086	1,863	18,217	20,080

Note: For the year ended December 31, 2020, depreciation expenses recognized were $679,301 thousand, less deferred gains of $84 thousand.

(13) Other disclosures:

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the year ended December 31, 2020:

1. Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Related Party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 1)	Maximum limit of fund financing (Note 1)
													Item	Value		
0	ECIC	EVSZ	Other receivable from related parties	Yes	151,125	142,400	-	-	2	-	Short-term operation financing	-	NA	-	808,730	3,234,921

Note1：According to the Company's Operating Procedures of Fund Lending and Guarantee, the amount of loaned fund shall be limited to 40% of the lending company's net worth. The individual lending amount shall not exceed 10% of the lending company's net worth.

Note2：The nature of financing as follow:

1. Business transaction calls for a loan arrangement.
2. The need for short-term financing.

2. Guarantees and endorsements for other parties

Number	Name of guarantor	Counter -party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements Amount	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1)	Parent company endorsements/guarantees to subsidiary	Subsidiary endorsements/guarantees to parent company	Endorsements/guarantees to the companies in mainland China
		Name	Relationship with the Company (Note 2)										
0	ECIC	EVUS	Subsidiary	808,730	60,500	56,960	19,936	-	0.70%	2,021,826	Yes	No	No

Note1：According to the Company's Operating Procedures of Fund Lending and Guarantee, the amount of guarantees shall be limited to 25% of the Company's net worth. The individual guarantee amount shall not exceed 10% of the Company's net worth.

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

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

(Continued)

3. Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of Shares/Units)

Name of holder	Category and name of security	Relationship with company	Account	Ending balance				Highest balance during the year	Note
				Shares/Units	Carrying value	Percentage of Ownership	Fair value		
ECIC	Jin Sun Money Market Fund	-	Financial assets at fair value through profit or loss-current	2,010	30,051	-	30,051	2,010	
"	Franklin Templeton Sinoam Money Market Fund	-	"	2,881	30,049	-	30,049	2,881	
	Total				60,100		60,100		
ECIC	Polytronics Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	8,000	440,606	10%	764,000	10,000	
"	Chung Hwa Chemical Industrial Works, LTD	-	"	5,500	92,217	5%	60,775	10,500	
"	General Plastic Industrial Co., Ltd.	-	"	2,140	74,900	2%	59,920	2,140	
"	Andros Pharmaceuticals Co., Ltd.	-	"	3,880	77,800	15%	43,999	3,880	
GLTP	Taiwan Bio Therapentics Co., Ltd.	-	"	414	11,400	3%	6,191	414	
TTI	General Plastic Industrial Co., Ltd.	-	"	2,140	74,900	2%	59,920	2,140	
			Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	222,982		-		
	Total				994,805		994,805		

4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.
5. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.
6. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

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

Name of company	Counter-party	Nature of relationship	Purchase/Sale	Transaction details			Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
				Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
ECIC	EVUS	Subsidiary	Sale	165,271	2.72%	OA 100	Non material differences from those of third-parties	Non material differences from those of third-parties	49,959	6.41%	Note
”	ELITE	"	"	348,880	5.73%	OA 100	"	"	83,474	10.70%	Note
”	EVEU	”	"	580,529	9.54%	OA 90	"	"	85,289	10.94%	Note
”	EVSH	”	"	215,232	3.54%	OA 90	"	"	32,825	4.21%	Note
”	EVSZ	”	"	231,133	3.80%	OA 90	"	"	46,617	5.98%	Note
”	ETGZ	”	"	131,737	2.16%	OA 90	"	"	65,653	8.42%	Note
”	ETSH	”	"	177,289	2.91%	OA 90	"	"	38,825	4.98%	Note

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

8. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

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

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

Number (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentages of the consolidated net revenue or total assets
0	ECIC	EVEU	1	Operating revenue	580,529	No material differences from those of third parties	9.54%
0	〃	ELITE	1	〃	348,880	〃	5.73%
0	〃	EVSZ	1	〃	231,133	〃	3.80%
0	〃	EVSH	1	〃	215,232	〃	3.54%
0	〃	EVUS	1	〃	165,271	〃	2.72%
0	〃	ETSH	1	〃	177,289	〃	2.91%
0	〃	ETGZ	1	〃	131,737	〃	2.16%
0	〃	ADSH	1	〃	98,112	〃	1.61%
0	〃	EVHK	1	〃	77,903	〃	1.28%
1	TTI	EVSZ	2	〃	95,581	〃	1.57%

Note 1: Company numbering as follows:
Parent company - 0
Subsidiary starts from 1

Note 2: The numbering of the relationship between transaction parties as follows:
Parent company to subsidiary - 1
Subsidiary to subsidiary - 2

Note 3: These accounts are disclosed based on the amounts represented to 1% of consolidated net sales.

(Continued)

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

The following are the information on investees for the nine months ended December 31, 2020 (excluding investment in mainland China):

Units in Thousands

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance of December 31, 2020			Highest balance during the year	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (thousands)	Percentage of ownership	Carrying value				
ECIC	EVUS	America	Selling chemical product and related raw materials	88,868	88,868	300	100.00%	113,192	300	1,961	1,961	(Note 3)
〃	EVHK	Hong Kong	Selling chemical product and related raw materials	34,579	34,579	1,000	100.00%	40,634	1,000	3,743	3,743	(Note 3)
〃	EVSG	Singapore	Investing business	779,115	779,115	24,300	100.00%	931,109	24,300	35,695	35,695	(Note 3)
〃	EVEU	Netherland	Selling chemical product and related raw materials	7,890	7,890	1	100.00%	44,858	1	2,783	2,783	(Note 3)
〃	TTI	Hsinchu City	Manufacturing and selling toners of laser printer, copier and fax machine	242,192	242,192	44,906	76.15%	587,963	44,906	(77,561)	(59,033)	(Note 3)
〃	ELITE	Turkey	Selling chemical product and related raw materials	45,016	45,016	22	50.00%	103,714	22	10,629	5,315	(Note 3)
〃	GOODTV	Taipei City	Cable TV channels	19,000	19,000	1,900	22.35%	20,593	1,900	430	96	(Note 1)
〃	TAK	Taoyuan City	Manufacturing of inductance core and cathode materials of Lithium ion battery	58,600	58,600	10,000	16.78%	36,064	10,000	19,143	3,736	(Note 1)
〃	DCBM	Taoyuan City	Manufacturing of medical supplies and providing service of biological technology	62,555	62,555	6,325	91.26%	8,340	6,325	(2,479)	(2,263)	(Note 3)
〃	GLTP	Taipei City	Investing business	100,000	100,000	10,000	100.00%	22,256	10,000	(18,577)	(18,577)	(Note 3)
	Unrealized gross profit on sales			-	-			(55,642)			-	
				1,437,815	1,437,815			1,853,081			(26,544)	
GLTP	KEYSTONE	Taipei City	Research and development and manufacturing pharmaceuticals	-	75,000	-	0.00%	-	7,500	-	-	(Note 2)

Note 1: These companies are the investees of investments accounted for using equity method. Investment income (loss) arisen from these companies were included in share of profit of subsidiaries accounted for using equity method of the Company.

Note 2: KEYSTONE has been dissolved and liquidated in 2020, and the related procedure has been completed.

Note 3: The amounts of the transactions and the ending balance had been eliminated in the consolidated financial statements.

(Continued)

(c) Information on investment in mainland China:

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

Units in Thousands

Name of investee	Main businesses and products	Total amount of paid-in capital		Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020		Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020		Net income (losses) of the investee	Percentage of ownership	Highest balance during the year	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period	
		USD	NTD		USD	NTD	Outflow	Inflow	USD	NTD						USD	TWD
ETSH (Note 7)	Selling chemical product and related raw materials	1,700 (Note 6)	48,416	(Note 1)	700	19,936			700	19,936	11,804	100.00%	100.00%	11,804	147,218	2,961	84,329
ETGZ (Note 7)	Selling chemical product and related raw materials	700 (Note 4)	19,936	(Note 1)	200	5,696			200	5,696	11,330	100.00%	100.00%	11,330	80,871	1,523	43,375
EVSH (Note 7)	Selling chemical product and related raw materials	1,250 (Note 4)	35,600	(Note 1)	1,100	31,328			1,100	31,328	5,510	100.00%	100.00%	5,510	148,955	950	27,056
EVSZ (Note 7)	Manufacturing and selling color chemical, toners and electronic high tech chemical product	20,000 (Note 4)	569,600	(Note 1)	18,600	529,728			18,600	529,728	(3,631)	100.00%	100.00%	(3,631)	481,316	-	-
ANDA (Note 7)	Selling electronic high tech chemical product	1,200 (Note 4)	34,176	(Note 1)	650	18,512			650	18,512	11,751	56.25%	56.25%	6,610	15,927	-	-
ADSH (Note 7)	Selling electronic high tech chemical product	157 (Note 5)	4,471	(Note 5)	-	-			-	-	10,654	56.25%	56.25%	5,993	7,802	-	-
3ESZ	Manufacturing and selling chemical product and related raw materials	6,600 (Note 4)	187,968	(Note 1)	2,490	70,915			2,490	70,915	10,675	40.00%	40.00%	4,270	55,499	-	-

Note 1: Reinvest in mainland China through third place (EVSG).
Note 2: These financial statements are audited by the same auditor of the Taiwan parent company and accounted for equity method.
Note 3: Exchange rate: NTD vs USD (1:28.48). Expressed in thousands of New Taiwan Dollars unless otherwise specified.
Note 4: EVSG invested in ETGZ USD 500 thousand, EVSH USD 150 thousand, EVSZ USD 1,400 thousand, ANDA USD 25 thousand and 3ESZ USD 150 thousand by owned funds.
Note 5: ANDA invested in ADSH amounted to RMB 1,000 thousand (USD 157 thousand) by owned funds.
Note 6: Included the capital increasing amounted to USD 1,000 thousand from earning.
Note 7: The amounts of the transaction and the ending balance had been eliminated in the consolidated financial statements.

(ii) Limitation on investment in mainland China:

Accumulated Investment in mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
724,446 (USD 25,437)	659,198 (USD 23,146)	5,033,029

As of December 31, 2020, the difference between accumulated investment in mainland China and investment amounts authorized by Investment Commission, MOEA was amounted to USD (2,291) thousand, including the follows:

(i) ETSH: capital increasing amounted to USD 1,000 thousand from earning.

(ii) EVSG: investment amounted to USD 2,425 thousand by owned funds.

(iii) EVSG: remittance of earnings amounted to USD (5,716) thousand.

(iii) Significant transactions:

For the year ended December 31, 2020, the information on direct or indirect significant transactions with investees in mainland China, which had been eliminated in the consolidated financial statements, is disclosed in Note (13)(a) Information on significant transactions.

(Continued)

(d) Major shareholders：

(In Shares)

Shareholding / Shareholder's Name	Shares	Percentage
CHEN,DING-CHUAN	68,000,000	12.41%
ETHICAL INVESTMENT CORPORATION	36,900,000	6.73%

(14) Segment information:

(a) General information

The reportable segments and its operating were as follows:

(i) Color chemicals: manufacturing textile dye, leather dye, inkjet dye, metal dye, paper dye, texitile functional chemicals, digital texitile printing ink, dye for DSSC, colors pigments and etc.

(ii) Specialty chemicals: manufacturing of weatherability HALS, plastic HALS, PU/TPU anti-yellowing materials and cosmetic sun-screening materials.

(iii) Pharmaceuticals: manufacturing of prostaglandin API, cardiovascular disease API and Parkinson disease API.

(iv) Electronic chemicals: manufacturing of industrial photoresist for IC, LCD, LED and TP, developers, slurry and functional surface nano coating.

(v) Toner: manufacturing and sale of toner for laser printer, copier and fax machine.

(b) Information about reportable segments and their measurement and reconciliations

Taxation, are managed on a group basis, and hence they are not able to be allocated to each reportable segment. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in note 4 "summary of significant accounting policies". The Group uses operating segment profit or loss as the basis to determine resource allocation and make a performance evaluation. The Group treated intersegment sales and transfers as third-party transactions.

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

	2020							
	Color chemicals	Specialty chemicals	Electronic chemicals	Toner	Pharmaceuticals	Others	Reconciliation and elimination	Total
Revenue from external customers	$ 3,557,854	1,772,638	1,136,424	1,097,974	201,755	2,421	-	7,769,066
Intersegment revenue	-	-	-	-	-	-	-	-
Interest revenue	-	-	-	-	-	3,601	-	3,601
Total revenue	$ 3,557,854	1,772,638	1,136,424	1,097,974	201,755	6,022	-	7,772,667
Interest expense	$ 28,307	11,856	7,667	13,562	2,531	2	-	63,925
Depreciation and amortization	$ 319,857	112,038	48,367	119,952	101,388	6,701	-	708,303
Gains on investment	$ -	-	-	-	-	8,102	-	8,102
Reportable segment profit (loss)	$ 290,341	166,489	37,275	(97,657)	(165,676)	34,004	-	264,776

(Continued)

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

	2019							
	Color chemicals	Specialty chemicals	Electronic chemicals	Toner	Pharmaceuticals (Note)	Others	Reconciliation and elimination	Total
Revenue from external customers	$ 4,602,177	2,055,000	965,235	1,515,822	189,286	4,556	-	9,332,076
Intersegment revenue	-	-	-	-	-	-	-	-
Interest revenue	-	-	-	-	-	4,363	-	4,363
Total revenue	$ 4,602,177	2,055,000	965,235	1,515,822	189,286	8,919	-	9,336,439
Interest expense	$ 46,673	18,747	8,016	18,808	4,038	2	-	96,284
Depreciation and amortization	$ 300,883	105,199	44,566	135,185	94,849	18,668	-	699,350
Gains on investment	$ -	-	-	-	-	1,980	-	1,980
Reportable segment profit (loss)	$ 448,345	230,045	5,252	(41,160)	(201,701)	15,289	-	456,070

Note: The expense resulted from obtaining the certification of GMP for Pharmaceuticals division, please refer to Note 6(d).

(c) Information for the entity as a whole

(i) Product and service information: the information is disclosed in Note (14)(b), the Group's operating segment information and reconciliation.

(ii) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

Revenue from the external customers:

Area	2020	2019
Taiwan	$ 1,478,331	1,494,626
Europe	1,255,795	1,576,784
China	4,199,730	5,107,268
America	649,267	984,045
Other	185,943	169,353
	$ 7,769,066	9,332,076

Non-current assets

Area	December 31, 2020	December 31, 2019
Taiwan	$ 5,249,659	5,499,609
Europe	15,678	10,446
China	436,827	480,208
America	17,912	21,882
	$ 5,720,076	6,012,145

Non-current assets included property, plant and equipment, intangible assets and other assets, not including investments accounted for using equity method financial instruments, deferred tax assets, and rights arising from an contract (non-current).

(iii) Major customers

There is no revenue from the external customers greater than 10% of net revenue.