



東聯化學股份有限公司
Oriental Union Chemical Corp.

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2013 年報

Annual Report

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One. Message to shareholders

I. Foreword

The global economy showed sluggish recovery during 2013 although a stable recovery through transformation in 2012 had been expected, despite the impact of the US fiscal cliff in Q1. In the meantime, Abenomics caused fluctuations of the monetary market. Termination of the related governmental subsidy policies in Mainland China resulted in a less than expected global economic recovery in the first half of 2013. In the second half, the economy in the US continued to recover, as showed the economic data from the Eurozone. However, the news about possible withdrawal of the Quantitative Easing (QE) implied by the Fed, again caused fluctuation in the global financial market and affected economic growth. According to the IMF, the global economic growth rate was expected to be 2.9% in 2013. Domestically, the strength of economic recovery has lagged behind that of the main global economies and Taiwan has suffered economic regression for more than 27 months. According to the Directorate-General of the Budget, Accounting and Statistics, the economic growth rate in Taiwan was only 2.11% in 2013.

Although the QE related supply and demand of crude oil remained, the price of international crude oil fluctuated, due to the complicated and changeable global economy, unstable geo-politics and market speculation. With the rising competition from the expansion of production capacity in Mainland China and threats from increasing operating rate of the Middle East petrochemical industry, Taiwan petrochemical industry confronts still a rigid operating environment. According to IEK, the petrochemical industry output was NT\$1.88 trillion in 2013, a minor increase of 3.6% over 2012. In other words, development almost ceased.

Due to the poor economics in the chemical fiber industry in the first half of 2013 (the Company's down-stream supplier) the price of the main Company product, Ethylene Glycol (EG), declined on account of excessive inventory. However, profitability in the first half of 2013 was maintained as a result of events in the Middle East, other suppliers maintenance/repair operations, and of stable demand. The profit made by gas products declined as a result of the supply over market demand and cost increase from the raising electricity price. The sale of Ethanolamine (EA) remained low owing to the slumped sales of down-stream products and excessive international production capacity. However, the Company had established cooperative relationships for Ethoxylates with leading international chemicals manufacturers and thereof set its operation into the right track.

In 2013, the Company implemented multiple reform programs in Linyuan site. Expansion of EO capacity, development of high value-added chemical products and improvement on the energy-saving program of the EA Factory all proceeded smoothly. Overall operations in the wholly owned Specialty Chemical subsidiary, Oriental Petrochemical (Yangzhou) Corporation, have been improved. The Ethylene Glycol factory operation of our investee, the Far Eastern Union Petrochemical (Yangzhou) Ltd., also progressed as planned.

II. Operating performance review

The Company's operating revenue was NT\$13,729,130,000 in 2013, an increase of 12% over 2012. The consolidated operating revenue was NT\$15,433,937,000 increasing by 15% from 2012. The net profit before tax was NT\$1,538,767,000, and the income after tax was NT\$1,265,296,000, an increase of 18% and 10% from 2012. The Earning per Share (EPS) was NT\$1.45. The 8th meeting of 13th term of the Board of Directors resolved to distribute a cash dividend of NT\$1.2 per share.

The operating performance was as following:

(I) Safety, health and environment

The Company places very high value on worker safety, health and environmental protection, and believes that the petrochemical factory operations should be firmly based on such. The Company continues to implement the "OHSAS-18001 Occupational Safety Management System" to fulfill all the necessary safety requirements and ensure worker safety. There were no significant accidents in 2013. The Company was honored by SGS the "Management System Continuous Improvement Benchmarking Award" and received a certificate of merit for "Excellence in Management System Operation Performance." The Company continues to apply the "ISO-14001 Environmental Protection Management System" and has also

boosted and improved the pollution prevention system. The Oriental Petrochemical (Yangzhou) Corporation, also abides strictly by all the fair labor safety and health requirements and received the "Advanced Safety Work Entity 2013" and "Advanced Environmental Protection Entity 2013" awards from the local competent authority.

(II) Ethylene Glycol operations

In 2013, totals of 211,027 tons of Monoethylene Glycol (MEG), 75,912 tons of refined EO and 20,662 tons of Diethylene Glycol (DEG) were produced, of which 254,323 tons of MEG, 30,216 tons of EO and 19,093 tons of DEG were sold.

Over the past five years the operation load on the EG factory has been unprecedented. The total output of EG reached also its highest for the past decade. The average EG price in 2013 rose slightly over that of 2012. The Ethylene Glycol turnover was NT\$9,705,577,000 in 2013, an increase of 8% over that of 2012, and profit rose by 9%. Several improvement programs to upgrade EG production efficiency and reliability of equipment were implemented and pollution emission was mitigated.

(III) Gas operations

In 2013, a total of 184,787 tons of oxygen were produced, of which 18,422 tons were sold. 261,293 tons of nitrogen were produced, of which 242,623 tons were sold. Also, 4,902 tons of argon were produced, of which 4,850 tons were sold.

The gas factory operates primarily to supply internal demand, and sold only the surplus to domestic customers. Operation of the factory in 2013 was successful. However, it was not possible for the price to reflect the range of increased cost of electricity with the supply over demand, as well as the decrease in its on-site user. Gas operating revenue dropped by 12% compared to 2012 resulting in a 32% decline in operating income.

(IV) Specialty Chemicals operations

In 2013, the Company produced 26,060 tons of Ethanolamine series, and 29,423 tons were sold; 35,249 tons of Ethylene Carbonate (EC) were produced, of which 34,918 tons were sold. Also, 12,491 tons of Polyethylene Glycol (PEG), Alcohol Ethoxylates (AEO) and Methoxy Polyethylene Glycol (MPEG) were produced and 12,653 tons were sold. The Oriental Petrochemical (Yangzhou) Corporation produced 22,348 tons of Ethanolamine, and 25,341 tons were sold; 28,958 tons of Ethoxylates were produced, and 29,794 tons were sold.

Due to excessive supply of EA, the market condition in 2013 was less than expected. The EA Factory in Linyuan produced primarily to meet basic customers demand. Despite of the stagnated down-stream industry of EC which had resulted in customer's closedown and less expected volume demand, EC profit maintained stable. Since the market launch of Ethoxylates, customer authentication and marketing have been continued. The Company also established supply relationships with several leading Specialty Chemical manufacturers, and worked with the down-stream electronics/chemicals/textiles suppliers to develop new products. Company business was expanded successfully and the consolidated turnover of the Specialty Chemicals operations was NT\$5,013,330,000 in 2013, an increase of 38% over that of 2012. The consolidated operating income increased by 230%. Operation of the Oriental Petrochemical (Yangzhou) Corporation's tended to be positive as a result of the stable supply of EO and the substantial increase in the delivery of Ethoxylates.

III. Operating objectives for 2014 and perspective for 2015

(I) Outline of the 2014 business plan

1. Ethylene Glycol operations

A total of 200,972 tons of Monoethylene Glycol, 18,880 tons of Diethylene Glycol and 77,199 tons of refined EO are scheduled for production in 2014, of which 228,000 tons of MEG, 16,526 tons of DEG and 24,800 tons of refined EO are to be sold. The remained EO will serve as feedstock to the Company's other Specialty Chemicals.

Due to the limited new production capacity of EG and the leading Middle East manufacturers' intention to suspend factory operations for maintenance, the outlook appears to be positive and the price may be sustained. The EG Factory is scheduled for maintenance/repair and replacement of catalyst in December, as well as various other engineering operations following the EO expansion project.

2. Gas operations

In 2014, totals of 202,380 tons of oxygen, 278,995 tons of nitrogen and 6,030 tons of argon are to be produced, of which 21,987 tons of oxygen, 260,678 tons of nitrogen and 6,120 tons of argon are to be sold.

Given that the nitrogen demand of CPC No. 3 naphtha cracker is expected to increase in 2014, the new on-site customers' expected operations start in March and the Company plan on new market development for gas, profit in 2014 is expected to exceed that of 2013. To cope with the EO expansion, the Company is to establish an Air Separation Unit (ASU) with a daily production capacity of 420 tons of oxygen to meet its internal demand, and to expand the overall scale of the gas operation.

3. Specialty Chemicals operations

In 2014, the Company will produce a total of 21,360 tons of Ethanolamine series, of which 21,300 tons are to be sold; 42,831 tons of Ethylene Carbonate (EC) to be produced, of which 42,780 tons to be sold, and a total of 26,967 tons of Polyethylene Glycol (PEG), Alcohol Ethoxylates (AEO) and Methoxy Polyethylene Glycol (MPEG) to be produced, of which 26,747 tons are to be sold. The Oriental Petrochemical (Yangzhou) Corporation will produce 30,150 tons of Ethanolamine, of which 30,147 tons are scheduled to be sold; as well as Ethoxylates totaling 61,251 tons to be produced, of which 61,495 tons are to be sold.

In 2014, the established customer-oriented EA operation strategies will continue and production processes will be improved to lower product cost and enhance competitiveness in the EA market. The EC products will be handled according to contract to stabilize profitability. The Company will continue to develop overseas customers for Ethoxylates, and enhance cooperative relationships between the Company and leading Specialty Chemicals manufacturers. The development and promotion of new multi-functional products, including UV solidifier, emulsifiers, water reducers and textile auxiliary, will continue to improve operating revenue and profitability. Oriental Petrochemical (Yangzhou) Corporation expects to increase production in 2014 to help reduce unit cost and operating losses.

(II) Operation perspectives

According to a Global Insight forecast, the global economic growth rate will average about 3.2% per year from 2014 to 2016. The global economy is moving towards a U-shaped recovery, despite a lack of energy, the US budget controversies, doubt over withdrawal of QE, Eurozone inflation and sluggish growth of the emerging market, which are all remained challenging to the global economy. Given the weaker international economic recovery, the localised Taiwanese business supply chains and the autonomization of industries in Mainland China, the cross-strait cooperation has turned into competition, and the economy in Taiwan suffers considerably from the weak domestic demand and sluggish import/export growth. Based on the forecast from the Chung-Hua Institution for Economic Research, the domestic economic growth rate could remain only at 3% in 2014.

The demand for supplies is increasing in Mainland China and the emerging markets in pace with economic recovery. The petrochemical industry is also tending towards recovery given the increase in crude oil price resulting from political unrest in the Middle East. According to an ITRI IEK forecast, the petrochemical industry in Taiwan could grow slightly by 1.5~2.0% in 2014. Despite the fact that mass production in Mainland China is increasing as a result of an improved self-sufficiency ratio and an ample supply of products at a lower cost from the chemical processing of coal; and that the US is engaged in mass production of such down-stream petrochemical raw materials as ethylene from low cost like shale oil and gas, which also mean the long-term development and profitability of the petrochemical industry in Taiwan will be damaged by higher feedstock cost as of naphtha.

As we look forward towards 2014, the Company's supply and demand benefit from the EG market

shall stay healthy while the operations of the other product lines be well remained. The profit of 2014 is expected to be better than that of 2013. To maintain stable production, various environmental protection and labor safety deliverables will be identified as top priority. The following goals have been set for 2014 to enhance operating performance: EO expansion to be completed without affecting Company operation; expansion of the Ethoxylates operation to be carried out; improvement of the EA production process to be implemented to continue enhancement of competitiveness and to further develop other related production processes for new products; a strategic information platform for integration of operation-related information and management efficiency to be well established. In the long run, to cope with the rapid external environmental transformation of the petrochemical industry, the Company will continue to invest in research and development. The production technology and R&D results will be integrated to upgrade company technological competency. The Company will also look for optimal investment locations and opportunities, search for more stable sources of raw materials, enhance competitiveness, and continue to create value for the shareholders, customers and employees to reach its corporate goal.

Chairman of the Board

徐旭東



Two. Company profile

I. Date of incorporation: December 22, 1975

II. Company history

- In 1975,
 - Registration and incorporation of the Company was approved, with the shareholders including Central Investment Holding Co, Executive Yuan Development Fund, the Far Eastern Textile Corporation (now known as Far Eastern New Century), Union Carbide Corporation, USA, and the China Development Corporation; the capital was NTD\$569,250,000.
- In 1978,
 - Construction of the EG plant was completed.
- In 1982,
 - The Union Carbide Corporation, USA withdrew from the Company, and the Union Industrial GAS Company co-invested together with Central Investment Holding Co and CPC was consolidated into the Company; capital increased to NTD\$1,493,658,000.
- In 1986,
 - Office premises at Fushing N Road, Taipei City were purchased and Head Office was relocated to the premises.
- In 1987,
 - The Company was publicly listed on the Taiwan Stock Exchange on October 21.
- In 1988,
 - Land was purchased in the Chienchen District, Kaohsiung City occupying an area of about 5.704 acres at the price of about NT\$1 billion.
- In 1992,
 - An EG waste water treatment plant that meets the national standards for discharge of waste water was completed.
- In 1993,
 - Addition of the 2nd gas plant increased the output of gas products.
- In 1995,
 - About 9% of the equity of ICI Far Eastern Co Ltd (now OPTC) was acquired.
- In 1997,
 - The second LPG plant was added to increase the output of liquid nitrogen and liquid oxygen by a total of 73,000 tons each year.
- In 1998,
 - May: Reinvestment was made to establish the Ton Fu Investment Corporation, a subsidiary wholly owned by OUCC.
 - The Company's Linyuan Plant was certified under ISO-14001 (environmental protection management), and hit the unprecedented record for zero labor safety incidents for 2 million working hours consecutively.
 - December: Issue of the first secured common corporate bonds in the amount of NT\$800 million, valid for 5 years.
- In 1999,
 - January: A branch office was established in the Kaohsiung Nantz Export Zone, and an on-site gas factory was built to expand the gas operation.
 - February: Completed the debottlenecking of EO/EG to increase the output of EO and EG by about 70,000 tons and 40,000 tons per year.
- In 2000,
 - September: Implemented the SAP Enterprise Resource Planning (ERP) System.
 - December: Treasury stock, totaling 5,213 thousand shares was repurchased for the first time to maintain goodwill and shareholder equity.
- In 2001,
 - April: Completed cancellation of the treasury stock repurchased for the first time.
 - April: Repurchased treasury stock, totaling 9,995 thousand shares, for the second time, and completed the cancellation in September.
 - September: Repurchased treasury stock, totaling 7,349 thousand shares, for the third time to transfer shares to the employees.
- In 2002,
 - July: Completed the EA factory dedicated to producing MEA, DEA and TEA, with an annual output of 40,000 tons, to become the factory with the largest output in Asia.
 - July: The Company's Linyuan factory was certified under ISO-9001 (quality management).

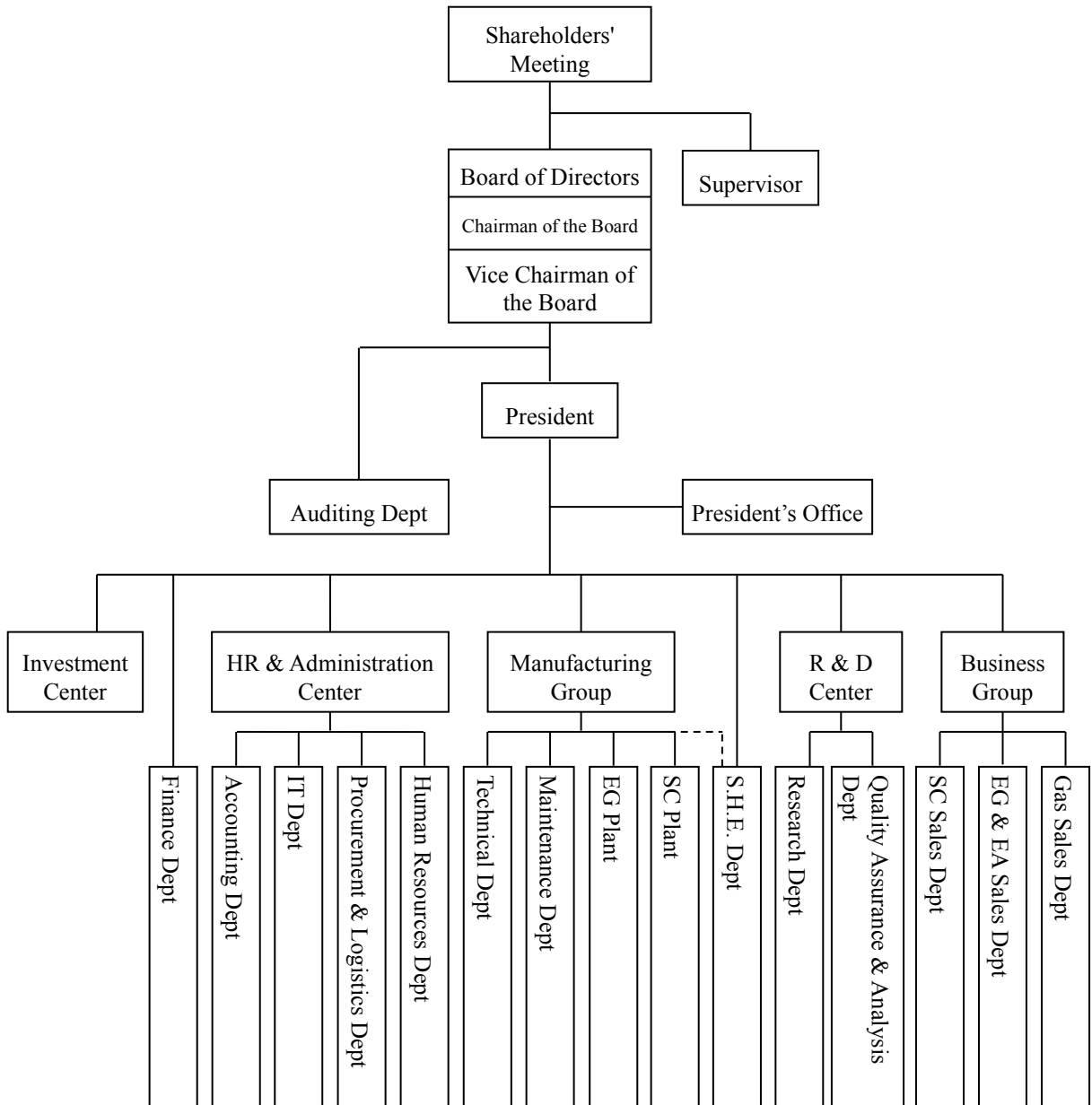
- September: The Company's Lingyuan factory was certified under OHSAS-18001 (occupational safety & health management).
 - November: Completed the EC factory dedicated to the production of EC with an annual output of 40,000 tons. It became the EC factory with the largest output in the world and supplies raw materials to the Chi Mei ASAHI CORPORATION, a joint venture of Chi Mei Corporation and the Asahi Kasei Corporation (consolidated to form the Chi Mei Corporation on April 1, 2009) dedicated to producing PC.
- In 2003,
- February and December: With approval of the Investment Commission, MOEA, Bermuda-based PET Far Eastern (Holding) Ltd. (PETH) and Virgin Islands-based Pacific Petrochemical (Holding) Ltd. (PPL) reinvested in the Oriental Petrochemical (Shanghai) Corporation. The company was engaged in the production and marketing of PTA. The Company acquired about 39% of the equity.
- In 2004,
- August: Completed the transfer of Company shares, repurchased for the third time, to employees.
 - November: The Company won the most honorable award for the industry in Taiwan, the "Sustainable Industry Excellence Award", as a symbol of sustainable development by the enterprise.
- In 2005,
- February: Issue of common stock totaling 60,000,000 shares at NT\$28 per share by a capital increase in cash, which raised the fund to a total of NT\$1,680,000,000.
 - August: Completed the multi-functional pilot plant designed and configured independently by the Company as a base for the development of new technology for OUCC products. As well as for the basic design of production processes and test runs of new products.
- In 2006,
- January: Acquired 20% of the equity of the Kuokuang Petrochemical Technology Company. The company schedules production of various gasoline and chemical products made from crude oil or natural gas.
- In 2008,
- January: Completed the second EA factory with an annual output of 40,000 tons, dedicated to the production of MEA, DEA and TEA.
 - January: Completed debottlenecking EC to increase output by about 20,000 tons per year.
 - October: With the approval of the Investment Commission, MOEA, OUCC (Bermuda) Holding Ltd reinvested in the incorporation of Oriental Petrochemical (Yangzhou) Corporation. The company was primarily engaged in the production and marketing of ethanolamine, EC, AEO, PEG and MPEG.
- In 2009,
- December: Received the "National Industrial Park Safe Partner Excellence Award – Excellent Business Unit 2009" by the Council of Labor Affairs, Executive Yuan.
- In 2010,
- February: Subscribed for PPL shares from Yung Ding Investment Co and Core Pacific Capital Ltd, and sold PETH shares to Far Eastern New Century, and held 100% of the shares of PPL, and 39% of Oriental Petrochemical (Shanghai) Corporation indirectly.
- In 2011,
- April: Completed the Oriental Petrochemical (Yangzhou) Corporation EA factory which has an annual output of 40,000 tons.
 - December: Completed the EOD factory, at the Lingyuan Factory premises, which has an annual output of 40,000 tons.
- In 2012,
- July: Completed the Oriental Petrochemical (Yangzhou) Corporation EOD factory which has an annual output of 60,000 tons.
 - September and December: With the approval of the Investment Commission, MOEA, Pacific Petrochemical (Holding) Ltd (PPL) reinvested in the Far Eastern Union Petrochemical (Yangzhou) Corporation. The company was primarily engaged in production and marketing of EO/EG. The Company held 50% of its shares indirectly.
- In 2013,
- December: Revoked company registration of the Nantz branch office.
- In 2014,
- February: With the approval of the Investment Commission, MOEA, Pacific Petrochemical

(Holding) Ltd. (PPL) reinvested in the Tongda Industrial Gas (Yangzhou) Co Ltd. The company was primarily engaged in the construction of a cryogenic ethylene tank and an Air Separation Unit (ASU).The Company held 50% of its shares indirectly.

Three. Corporate governance report

I. Organization

(I) Organizational chart



(II) Functions & Operations

Department	Functions & Operations
President's Office	The President's Office is dedicated to giving advice, planning investment projects and managing the bio-tech fund.
HR & Administration Center	<ol style="list-style-type: none"> 1. Management of human resources, general affairs and facility affairs. 2. Procurement of raw materials and supplies, awarding of contracts, warehousing and transportation. 3. IT system management and implementation. 4. Taxation, budget and accounting management.
R & D Center	R&D of products, technical support, analysis and testing and quality assurance.
Business Group	<ol style="list-style-type: none"> 1. Sale of EG products (MEG, DEG and EO, etc.) and procurement of major raw materials. 2. Sale of EA 3. New product development, and sale of such special chemicals as EC and EOD. 4. Sale of gas products (oxygen, nitrogen and argon gas)
Manufacturing Group	<ol style="list-style-type: none"> 1. Production of MEG, DEG and EO, etc. 2. Production of EA, EC, EOD and other specialty chemicals 3. Production of gas products (oxygen, nitrogen and argon) 4. Maintenance of instruments, machinery and electrics and mechanics) 5. Improvement and evaluation of production processes, engineering and investment projects related to R&D and technical affairs
S.H.E. Dept	Environmental protection, labor safety and other safety-related matters
Investment Center	Evaluation, planning and execution of domestic/overseas investment projects
Finance Dept	Insurance, shareholders' service, credit investigation and financial management
Auditing Dept	Internal audit

II. Information on the Company Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and heads of all Company Divisions and branch units:

(I) Directors & supervisors

1. Directors & supervisors

April 8, 2014

Job title	Name	Date on which current position was assumed	Term of office	Commencement date of the first term	Shares held when appointed		Shares held currently		Shares held by spouses and minor children		Shares held in another person's name		Work experience (academic degree)	Position(s) held concurrently in the Company and/or in any other company	Other heads, directors, or supervisors as spouse or kin within the second degree		
					Quantity of shares	Shares held Proportion	Quantity of shares	Shares held Proportion	Quantity of shares	Shares held Proportion	Quantity of shares	Shares held Proportion			Job title	Name	Relationship
Chairman of the Board	Douglas T. Hsu	101.6.5	3 years	68.2.10	1,513,438	0.19%	1,664,781	0.19%	0	0.00%	0	0.00%	Honorable PhD in management Science, NCTU; Master of Arts in economics, Columbia University, USA	Chairman of Far Eastern New Century, Asia Cement, Far Eastern Department Stores, Fetnet and U-Ming Marine Transport Corp. and Vice Chairman of Far Eastern International Bank	Vice Chairman of Board	Johnny Shih	A relative by marriage within the second degree
Vice Chairman of the Board	Representative of Yue Ming Trading Co Ltd: Johnny Shih	101.6.5	3 years	77.5.18	400,000	0.05%	440,000	0.05%	0	0.00%	0	0.00%	Master of Science in computer science, Columbia University, USA	Vice Chairman of Far Eastern New Century, Chairman of Everest Textile, and Director of Asia Cement and Fetnet	Chairman of Board	Douglas T Hsu	A relative by marriage within the second degree
					757,156	0.09%	832,871	0.09%	0	0.00%	0	0.00%					
Director	Representative of Yue Ming Trading Co Ltd: Chia-Huei Kuo	101.6.5	3 years	92.5.27	400,000	0.05%	440,000	0.05%	0	0.00%	0	0.00%	PhD in Chemical Engineering, West Virginia University, USA.	N/A	N/A	N/A	N/A
					82,828	0.01%	117,754	0.01%	0	0.00%	0	0.00%					
Director	Representative of Far Eastern New Century: Humphrey Cheng	101.6.5	3 years	80.5.30	73,833,641	9.17%	81,217,005	9.17%	0	0.00%	0	0.00%	Department of Law, National Chung Hsing University	President of Administrative Dept of Far Eastern New Century, supervisor of Far Eastern International Bank, and Chairman & President of Ton Fu Investment Corporation	N/A	N/A	N/A
					856	0.00%	941	0.00%	0	0.00%	0	0.00%					

Job title	Name	Date on which current position was assumed	Term of office	Commencement date of the first term	Shares held when appointed		Shares held currently		Shares held by spouses and minor children		Shares held in another person's name		Work experience (academic degree)	Position(s) held concurrently in the Company and/or in any other company	Other heads, directors, or supervisors as spouse or kin within the second degree		
					Quantity of shares	Shares held Proportion	Quantity of shares	Shares held Proportion	Quantity of shares	Shares held Proportion	Quantity of shares	Shares held Proportion			Job title	Name	Relationship
Director	Representative of Far Eastern New Century: Chung-Yueh Dai	101.6.5	3 years	98.6.3	73,833,641	9.17%	81,217,005	9.17%	0	0.00%	0	0.00%	Department of International Business, Tamkang University	President of Far Eastern Industries (Shanghai) Ltd and COO of Textile Operation Headquarters of Far Eastern New Century	N/A	N/A	N/A
Director	Representative of Far Eastern New Century: Yu-Hsien Tseng	101.6.5	3 years	101.6.5	73,833,641	9.17%	81,217,005	9.17%	0	0.00%	0	0.00%	Chemical Engineering Department, Tunghai University	President of Chemical Fiber Headquarters of Far Eastern New Century	N/A	N/A	N/A
Director	Representative of Asia Cement: Doris Wu	101.6.5	3 years	101.6.5	57,969,566	7.20%	63,766,522	7.20%	0	0.00%	0	0.00%	Accounting Department, California State University	Vice President of Asia Cement Director of Yu Yuan Investment Corporation	N/A	N/A	N/A
Director	Representative of Asia Cement: Roy Wu	101.6.5	3 years	92.5.27	57,969,566	7.20%	63,766,522	7.20%	0	0.00%	0	0.00%	PhD in Materials Engineering, Monash University	Vice President of R&D Center of Far Eastern New Century Director of Oriental Resources Development Limited	N/A	N/A	N/A
Director	Representative of Asia Cement: Kao-Shan Wu	101.6.5	3 years	98.6.3	57,969,566	7.20%	63,766,522	7.20%	0	0.00%	0	0.00%	Department of Chemistry, Private Chinese Culture University	President of Petrochemical Headquarters of New Eastern New Century; Director of Everest Textile and Oriental Petrochemical Corporation	N/A	N/A	N/A

Job title	Name	Date on which current position was assumed	Term of office	Commencement date of the first term	Shares held when appointed		Shares held currently		Shares held by spouses and minor children		Shares held in another person's name		Work experience (academic degree)	Position(s) held concurrently in the Company and/or in any other company	Other heads, directors, or supervisors as spouse or kin within the second degree		
					Quantity of shares	Shares held Proportion	Quantity of shares	Shares held Proportion	Quantity of shares	Shares held Proportion	Quantity of shares	Shares held Proportion			Quantity of shares	Shares held Proportion	Job title
Supervisor	Representative of Yu Li Investment Corporation: Paul Chuang	101.6.5	3 years	98.6.3	4,419,801	0.55%	4,861,781	0.55%	0	0.00%	0	0.00%	Department of Chemical Engineering, National Cheng Kung University	President of Oriental Petrochemical (Shanghai) Corporation	N/A	N/A	N/A
					7,270	0.00%	7,997	0.00%	0	0.00%	0	0.00%					
Supervisor	Representative of Yu Li Investment Corporation: Eric Chueh	101.6.5	3 years	101.6.5	4,419,801	0.55%	4,861,781	0.55%	0	0.00%	0	0.00%	EMBA, National Cheng Chi University	President of Oriental Petrochemical Corporation	N/A	N/A	N/A
					0	0.00%	0	0.00%	0	0.00%	0	0.00%					
Supervisor	Representative of Far Eastern Y. Z. Hsu Science and Technology Memorial Foundation: Yvonne Li	101.6.5	3 years	92.5.27	3,783,067	0.47%	4,161,373	0.47%	0	0.00%	0	0.00%	Master in Accounting, University of Illinois at Urbana-Champaign	President of Fetnet	N/A	N/A	N/A
					0	0.00%	0	0.00%	0	0.00%	0	0.00%					

Oriental Union Chemical Corporation

2. Major shareholders of corporate shareholders

April 8, 2014

Name of corporate shareholders	Major corporate shareholders (shareholding %)
Far Eastern New Century	Asia Cement (24%), Oriental Institute of Technology (5%), Far Eastern Medical Foundation (4%), Far Eastern Y Z Hsu Science and Technology Memorial Foundation (3%), Yuan Ze University (3%), External Investment in Morgan Stanley of Central Bank of Saudi Arabia managed by Chase (2%), Chunghwa Post Co Ltd (2%), Shin Kong Life Insurance Co Ltd (2%), Nan Shan Life Insurance Co Ltd (2%), China Life Insurance Company (2%)
Asia Cement	Far Eastern New Century (22%), Far Eastern Medical Foundation (5%), Fubon Life Insurance Co Ltd (3%), Cathay Life Insurance Co Ltd (3%), Far Eastern Department Stores (2%), China Life Insurance Company (2%), Shin Kong Life Insurance Co Ltd (2%), Yuan Ze University (1%), Worker Pension Management Commission of Far Eastern New Century (1.4%), Labor Insurance Fund (1%)
Yue Ming Trading Co Ltd	Pai Ding Investment Co Ltd (47%), Yuan Ding Investment Co Ltd (45.5%), Yu Ding Industries Co Ltd (5%), Ding Ding Business Consultation Co Ltd (1%), Yuan Ding Co Ltd (1%), Yuan Ding Lease Co Ltd (0.5%)
Yu Li Investment Co Ltd	U-Ming Marine Transport Corp (68%), U-Ming Marine Transport (Singapore) Pte Ltd (32%)

3. Major shareholders who are corporations

April 8, 2014

Name of corporation	Major corporate shareholders (shareholding %)
Asia Cement	Far Eastern New Century (22%), Far Eastern Medical Foundation (5%), Fubon Life Insurance Co Ltd (3%), Cathay Life Insurance Co Ltd (3%), Far Eastern Department Stores (2%), China Life Insurance Company (2%), Shin Kong Life Insurance Co Ltd (2%), Yuan Ze University (1%), Worker Pension Management Commission of Far Eastern New Century (1.4%), Labor Insurance Fund (1%)
Chunghwa Post Co Ltd	Ministry of Transportation and Communications (100%)
Shin Kong Life Insurance Co Ltd	Shin Kong Financial Holding Co Ltd (100%)
Nan Shan Life Insurance Co Ltd	Ruen Chen Holdings Co Ltd investment trust account held under the Custody of First Bank (83%), Ruen Chen Investment Holding (8%), Du Ying-Tsung (3%), Nan Shan Life Insurance stock trust property account held under the custody of Tai Shin Bank (1%), KASENSHOKU CO LTD (0.27%), Ruen Tai Lease Co Ltd (0.14%),

Oriental Union Chemical Corporation

Name of corporation	Major corporate shareholders (shareholding %)
	Ji Ping Investment Co Ltd (0.11%), Kuo Wen-Teh (0.11%), Po Chi Investment Co Ltd (0.05%), Po Yi Investment Co Ltd (0.05%)
China Life Insurance Co Ltd	KGI Securities (10%), Morgan Stanley investment account of Central Bank of Saudi Arabic under the custody of Chase (6%). Singapore Government investment account under the custody of Citibank (3%). Labor Pension Fund under the new system (3%), Videoland Inc (2%), New York City Group trust investment account under the custody of Deutsche Bank Taipei Branch (2%), Abu Dhabi Investment Authority investment account under the custody of Chase, Taipei Branch (2%), Fidelity Fund investment account under the custody of Standard Chartered Bank, Tunhua N Road Branch (1%), Chen Shih-Ching (1%), Hai Sheng Investment Co Ltd (1%)
Far Eastern New Century	Asia Cement (24%), Oriental Institute of Technology (5%), Far Eastern Medical Foundation (4%), Far Eastern Y. Z. Hsu Science and Technology Memorial Foundation (3%), Yuan Ze University (3%), External Investment in Morgan Stanley of Central Bank of Saudi Arabic managed by Chase (2%), Chunghwa Post Co Ltd. (2%), Shin Kong Life Insurance Co Ltd (2%), Nan Shan Life Insurance Co Ltd (2%), China Life Insurance Company (2%).
Fubon Life Insurance Co Ltd.	Fubon Financial Holding Co Ltd (100%)
Cathay Life Insurance Co Ltd	Cathay Financial Holding Co Ltd (100%)
Far Eastern Department Stores	Far Eastern New Century (17%), Asia Cement (6%), Yuan Ze University (5%), Yuan Tung Investment Co Ltd (2%), Worker Pension Fund Management Commission of Far Eastern Department Stores (2%), Yu Yuan Investment Co Ltd (2%), Shin Kong Life Insurance Co Ltd (2%), Singapore Government investment account under the custody of Citibank (Taiwan) (2%), Fubon Life Insurance Co Ltd (1%), Kai Yuan International Investment Co Ltd (1%)
Pai Ding Investment Co Ltd	Far Eastern Department Stores (66.66%), Pa Yang Investment Co Ltd (33.34%)
Yuan Ding Investment Co Ltd	Far Eastern New Century (99.4%), An He Apparel Co Ltd (0.3%), Da Chu Chemical Fiber Co Ltd (0.3%)
Yuan Ding Industries Co Ltd	Fu Da Transport Co Ltd (26.95%), Yu Tung Investment Co Ltd (25.36%), An He Apparel Co Ltd (15.66%), Ding Yuan International Co Ltd (13.2%), Ton Fu Investment Corporation (4.61%), Ya Li Precast Pre-stressed Concrete Industries Corp (3.89%), Da Chu Chemical Fiber Co Ltd (3.89%), Yuan Ding Investment Co Ltd (2.59%), Pai Ding Investment Co Ltd (2.31%), Yue Ming Trading Co Ltd(1.53%)

Oriental Union Chemical Corporation

Name of corporation	Major corporate shareholders (shareholding %)
Ding Ding Business Consultation Co Ltd	Yu Tung Investment Co Ltd (40%), Da Chu Chemical Fiber Co Ltd (34%), Fu Da Transport Co Ltd (16%), Asia Engineering Enterprise Co Ltd (5%), Pai Ding Investment Co Ltd (5%)
Yuan Ding Investment Co Ltd	Far Eastern New Century (37.13%), Asia Cement (35.5%), Der Ching Investment Corp (14.5%), Yuan Ding Investment Co Ltd (12.86%), Yue Ming Trading Co Ltd(0.01%)
Yuan Ding Lease Co Ltd	Far Eastern New Century (46%), Asia Cement (44%), Far Eastern Department Stores (9%), Yu Yuan Investment Co Ltd (1%)
U-Ming Marine Transport Corp	Asia Cement (39%), Labor Insurance Fund (3%), Supervisory Board of Public Service Pension Fund (2%), Nan Shan Life Insurance Co Ltd (1%), Vanguard Emerging Markets Stock Index Fund account held under the custody of Standard Chartered Bank (1%), Yu Yuan Investment Co Ltd (1%), Asia Investment Co Ltd (1%), Ya Li Transport Co Ltd (1%), Cathay Life Insurance Co Ltd (1%), Yuan Ding Investment Co Ltd (1%)
U-Ming Marine Transport (Singapore) Pte Ltd	U-Ming Marine Transport Corp (100%)

Oriental Union Chemical Corporation

4. Information of the Independence of Directors & Supervisors

May 15, 2014

Requirements	Over five years of experience and the following professional qualifications			Independence criteria (Note)										Concurrently serving as an Independent Director of another listed company	
	University teaching in areas of commerce, law, finance, accounting or related corporate business	Working as a judge, attorney, lawyer, accountant or other positions that require professional certification	Work experience in commerce, law, finance, accounting or related corporate activities.	1	2	3	4	5	6	7	8	9	10		
Name (Note 1)															
Douglas T Hsu			√			√				√		√	√		0
Johnny Shih			√			√				√		√			0
Chia-Huei Kuo			√	√		√	√	√	√	√	√	√			0
Humphrey Cheng			√			√	√			√	√	√			0
Chung-Yueh Dai			√	√		√	√	√	√	√	√	√			0
Yu-Hsien Tseng			√	√		√	√			√	√	√			0
Doris Wu			√	√		√	√			√	√	√			0
Roy Wu			√	√		√	√			√	√	√			0
Kao-Shan Wu			√	√		√	√			√	√	√			0
Eric Chueh			√	√		√	√	√		√	√	√			0
Paul Chuang			√	√		√	√	√		√	√	√			0
Yvonne Li			√	√		√	√	√	√	√	√	√			0

Note: A "√" is marked in the space beneath a condition number when a director or supervisor has met that condition during the two years prior to election and during his or her period of service. The conditions are as follows:

- (1) Not employed by the Company or any of the Company's affiliates.
- (2) Not a Director or Supervisor of the Company or any of the Company's affiliates (this restriction does not apply to Independent Directors of subsidiaries in which the Company or its parent company directly or indirectly holds over 50% of the shareholder voting rights).
- (3) Not holding over 1% of company shares or being a top 10 natural person shareholder in one's own name, held by a spouse or underage child, or held by nominee agreement.
- (4) Not a spouse, kin at the second pillar under the Civil Code, or a lineal blood relative within the third pillar under the Civil Code as specified in (1) through (3).
- (5) Not a Director, Supervisor or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a director, supervisor or employee of a corporate shareholder who is among the top 5 shareholders.
- (6) Not a Director, Supervisor, Manager or shareholder holding more than 5% of the outstanding shares of specific

Oriental Union Chemical Corporation

- company or institution in business or financial relationship with the Company.
- (7) Not a professional, owner, partner, director, supervisor, manager of proprietorship, partnership, company or institution that provides business, legal, financial and accounting services to the Company or a spouse to the aforementioned persons. Notwithstanding, this shall not apply to the remuneration committee members who perform their duties in accordance with Article 7 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.
 - (8) Not a spouse of or kin at the second pillar under the Civil Code to any other director.
 - (9) Not under any of the categories stated in Article 30 of the Company Law.
 - (10) No government apparatus agency, juristic person or its representative is elected under Article 27 of the Company Law.

(II) Information on the Company Directors, Supervisors, President, Vice President, Assistant Vice President, and heads of all the Company divisions and branch units:

April 8, 2014

Job title	Name	Date on which current position was assumed	Shares held when appointed		Shares held by spouses and minor children		Shares held in another person's name		Work experience (academic degree)	Position(s) held concurrently in the Company and/or in any other company	Managers as spouse or kin within the second degree		
			Quantity of shares	Shares held Proportion	Quantity of shares	Shares held Proportion	Quantity of shares	Shares held Proportion			Job title	Name	Relationship
President	Hsi-Chin Tsai	102.1.1	0	0.00%	0	0.00%	0	0.00%	President of China Petrochemical Development Corporation., MBA from National Cheng Chi Univ, Chemical Engineering Dept, Tunghai University	Director of OUCC (Bermuda), Oriental Petrochemical (Yangzhou), Far Eastern Union Petrochemical (Yangzhou) Ltd, Tong Da Gas Industries (Yangzhou) Ltd and Oriental Resources Development Limited, Supervisor of Kuokuang Petrochemical Technology Company	N/A	N/A	N/A
President's Office Chief Engineer	Peter Pan	103.4.1	768	0.00%	0	0.00%	0	0.00%	Vice President of Technical Dept of OUCC. Chemical Engineering Dept, National Cheng Kung Univ.	Director of Oriental Petrochemical (Yangzhou) and Oriental Resources Development Limited	N/A	N/A	N/A
HR & Administration Center Human Resource Dept Procurement & Logistics Dept IT Dept Accounting Dept Vice President	Victoria Peng	95.9.1	228,258	0.03%	8,333	0.00%	0	0.00%	Assistant Vice President of HR & Administration Center of OUCC. Master in Economic Science of the Ohio State Univ, Economics Dept, NTU	President of Oriental Petrochemical (Yangzhou) Corporation, Director of Far Eastern Union Petrochemical (Yangzhou) Ltd, Tong Da Gas Industries (Yangzhou) Ltd and Ton Fu Investment Corporation, Supervisor of Far Eastern Yihua Petrochemical (Yangzhou) Corp	N/A	N/A	N/A
Business Group EG & EA Business Dept SC Business Dept GAS Business Dept Vice President	C.K. Tsai	97.4.1	375,471	0.04%	276	0.00%	0	0.00%	Assistant Vice President of OUCC. Chemical Engineering Dept, National Central Univ	Director of Oriental Petrochemical (Yangzhou) Corporation	N/A	N/A	N/A
Manufacturing Group EG Plant SC Plant Maintenance Dept S.H.E Dept Technical Dept Vice President	C. H. Lee	101.9.1	1,386	0.00%	0	0.00%	0	0.00%	Vice President of Investment Center of OUCC. Chemical Engineering Dep., National Cheng Kung University	Vice President of Oriental Petrochemical (Yangzhou) Corporation	N/A	N/A	N/A
Assistant Vice President of Finance Dept	Judy Wang	99.1.1	23,672	0.00%	0	0.00%	0	0.00%	Senior Manager of Finance Dept of OUCC. Accounting Dept, National Cheng Chi University	Manager of Finance Dept of Ton Fu Investment Corporation, Supervisor of Far Eastern Union Petrochemical (Yangzhou) Ltd, Tong Da Gas Industries (Yangzhou) Ltd and Oriental	N/A	N/A	N/A

Job title	Name	Date on which current position was assumed	Shares held when appointed		Shares held by spouses and minor children		Shares held in another person's name		Work experience (academic degree)	Position(s) held concurrently in the Company and/or in any other company	Managers as spouse or kin within the second degree		
			Quantity of shares	Shares held Proportion	Quantity of shares	Shares held Proportion	Quantity of shares	Shares held Proportion			Job title	Name	Relationship
										Resources Development Limited			
R & D Center Research Dept Quality Assurance & Analysis Dept Assistant Vice President	C. C. Lin	99.4.1	1,122	0.00%	0	0.00%	0	0.00%	Senior Manager of R&D Center of OUCC. Master in Biotech Science, NTU	N/A	N/A	N/A	N/A
Technical Dept Assistant Vice President	Y. S. Chang	103.4.1	0	0.00%	0	0.00%	0	0.00%	Special Assistant of President's Office of OUCC. Master in Chemical Engineering, National Cheng Kung University	N/A	N/A	N/A	N/A
Special Assistant of President's Office (Assistant Vice President)	Wen-Fan Lu	98.9.1	0	0.00%	0	0.00%	0	0.00%	Assistant Vice President of President's Office of Asia Cement, PhD in Chemical Engineering, Houston Univ	N/A	N/A	N/A	N/A
Senior Manager of Auditing Dept	Amy Cheng	99.1.1	171,348	0.02%	0	0.00%	0	0.00%	Manager of Auditing Dept of OUCC. Accounting Dept, Soochow Univ.	Director of Ton Fu Investment Corporation	N/A	N/A	N/A
Senior Manager of Human Resource Dept	Victor Chen	99.3.1	0	0.00%	0	0.00%	0	0.00%	Director of Human Resource Administration Center of some electronics company. EMBA of National Taiwan Univ. of Science and Technology, Master in Law, Soochow Univ.	N/A	N/A	N/A	N/A
Senior Manager of Procurement & Logistics Dept	Larry Wang	99.4.1	30,000	0.00%	0	0.00%	0	0.00%	Manager of Procurement & Logistics Dept of OUCC. Chemical Engineering Dept, Cheng Shiu Univ.	N/A	N/A	N/A	N/A
Senior Manager of Accounting Dept	Daniel Chen	100.9.1	84	0.00%	0	0.00%	0	0.00%	Accounting Manager of some chemical company. Master in Accounting, National Cheng Chi Univ	Manager of Accounting Dept of Ton Fu Investment Corporation	N/A	N/A	N/A
Manager of IT Dept	Akita Chen	102.6.1	0	0.00%	0	0.00%	0	0.00%	Assistant Manager of IT Dept of OUCC. Master in Information Management, Fong Guang Univ	N/A	N/A	N/A	N/A
Senior Manager of S.H.E. Dept	R. T. Wu	103.4.1	292	0.00%	0	0.00%	0	0.00%	Senior Manager of Project Dept of OUCC. Chemical Engineering Dept,	N/A	N/A	N/A	N/A

Job title	Name	Date on which current position was assumed	Shares held when appointed		Shares held by spouses and minor children		Shares held in another person's name		Work experience (academic degree)	Position(s) held concurrently in the Company and/or in any other company	Managers as spouse or kin within the second degree		
			Quantity of shares	Shares held Proportion	Quantity of shares	Shares held Proportion	Quantity of shares	Shares held Proportion			Job title	Name	Relationship
									Private Chinese Culture Univ				
Senior Director of EG Plant	D. K. Yu	101.3.16	0	0.00%	0	0.00%	0	0.00%	Director of EG Plant of OUCC, Master in Chemical Engineering, Tatung Univ.	N/A	N/A	N/A	
Director of SC Plant	Tom Hsu	99.1.1	0	0.00%	0	0.00%	0	0.00%	Deputy Director of SC Plant of OUCC. Chemical Engineering Dept National Tsing Hua Univ	N/A	N/A	N/A	
Manager of EG & EA Sales Dept	Jason Chen	103.4.1	10,000	0.00%	0	0.00%	0	0.00%	Manager of EG Sales Dept of OUCC. Master in Environmental Science, Univ of Massachusetts	N/A	N/A	N/A	
Manager of SC Sales Dept	Frank Lin	103.4.1	229	0.00%	0	0.00%	0	0.00%	Manager of President's Office of OUCC. Master in Biotech Science, NTU	N/A	N/A	N/A	
Manager of Gas Sales Dept	Alan Chen	102.6.1	0	0.00%	0	0.00%	0	0.00%	Assistant Manager of Gas Sales Dept of OUCC. Business Management Dept, Feng Chia Univ	N/A	N/A	N/A	

Breakdown of remuneration

Breakdown of remuneration of Directors	Name of Director			
	Total (A+B+C+D)		Total (A+B+C+D+E+F+G+J)	
	the Company (Note 9)	Companies included in the financial statement (Note 10) I	the Company (Note 9)	All investees (Note 10)
Less than NT\$2,000,000	Representatives of Far Eastern New Century: Humphrey Cheng, Yu-Hsien Tseng, Chung-Yueh Dai Representatives of Asia Cement: Kao-Shan Wu, Roy Wu, Doris Wu	Representatives of Far Eastern New Century: Humphrey Cheng, Yu-Hsien Tseng, Chung-Yueh Dai Representatives of Asia Cement: Kao-Shan Wu, Roy Wu, Doris Wu	Representatives of Far Eastern New Century: Humphrey Cheng, Yu-Hsien Tseng, Chung-Yueh Dai Representatives of Asia Cement: Kao-Shan Wu, Roy Wu, Doris Wu	
NT\$2,000,000 (inclusive)~NT\$5,000,000	Representatives of Yue Ming Trading Co Ltd: Johnny Shih, Chia-Huei Kuo	Representatives of Yue Ming Trading Co Ltd: Johnny Shih, Chia-Huei Kuo	Representatives of Yue Ming Trading Co Ltd: Johnny Shih, Chia-Huei Kuo	
NT\$5,000,000 (inclusive)~NT\$10,000,000	Douglas T. Hsu	Douglas T. Hsu	Douglas T. Hsu	Representatives of Far Eastern New Century: Humphrey Cheng, Yu-Hsien Tseng, Chung-Yueh Dai; Representatives of Asia Cement: Kao-Shan Wu, Roy Wu, Doris Wu
NT\$10,000,000 (inclusive)~NT\$15,000,000				
NT\$15,000,000 (inclusive)~NT\$30,000,000				Representatives of Yue Ming Trading Co Ltd: Johnny Shih, Chia-Huei Kuo
NT\$30,000,000 (inclusive)~NT\$50,000,000				
NT\$50,000,000 (inclusive)~NT\$100,000,000				
NT\$100,000,000 above				Douglas T. Hsu
Total	9 persons	9 persons	9 persons	9 persons

Note 1: The table identifies Directors' names separately and summarizes the remuneration of Directors. The Director who assumes President or Vice President shall complete the table - remuneration of the President and Vice President.

Note 2: Remuneration of Directors in the recent year (including Directors' salary, duty allowance, severance pay, bonuses and rewards, *et al.*)

Note 3: Remuneration of Directors approved by the Board of Directors prior to the shareholders' meeting in which the motion for allocation of earnings in the recent year is submitted.

Note 4: The relevant professional practice fees of Directors in the recent year (including transportation allowance, special allowance, various allowances, dormitory and business vehicles).

Note 5: This means the salary, duty allowance, severance pay, bonus, reward, transportation allowance, special allowance, various allowances, and provision of such tangible objects as dormitory and car received by the Directors who acted as employees concurrently (including president, vice president, managerial officer and employee) in the recent year.

Note 6: If the Directors who acted as employees concurrently (including President, Vice President, managerial officer and employee) received employee bonus in the recent year, please disclose the employee bonus approved by the Board of Directors prior to the motion for allocation of earnings submitted to the shareholders' meeting in the recent year.

Note 7: The Company did not issue any employee stock options.

Note 8: Please disclose the aggregate remuneration paid to the Company's Directors by all Companies included in the consolidated financial reports (including the Company).

Note 9: The aggregate remuneration of each Director by the Company shall include the Director's name disclosed in the relevant space.

Note 10: The aggregate remuneration paid to each of the Company's Directors by the company included into the consolidated financial reports (including the Company) shall include the Director's name disclosed in the relevant space.

Note 11: The earnings after tax refers to the earnings after tax in the recent year. If the IFRSs are adopted, the earnings after tax shall refer to the earnings after tax identified in the entity or individual financial statement for the recent year.

Note 12: a.To specify whether the Company's Directors have received remuneration from reinvestees other than subsidiaries.

b.If the Company's Directors have received remuneration from reinvestees other than subsidiaries, please include the same into Section J.

c.The remuneration shall refer to the remuneration, compensation, employee bonus and professional practicing fees received by the Company's Directors who acted as the Directors, Supervisors or managerial officers of investees beyond subsidiaries.

Note 13: There were no restricted employee new shares obtained by the Directors who acted as employees concurrently (including President, Vice President, managerial officer and employee) until the date of publication of the annual report.

*The remuneration disclosed herein is conceptually different from the income referred to in the Tax Law. Therefore, the breakdown is only intended for disclosure of information, not for taxation purposes.

2. Remuneration of Supervisors

Currency unit: NTD thousand

Job title	Name (Note 1)	Remuneration of supervisors						The sum of A, B and C in proportion to Earnings (Note 8)		Whether remuneration from any reinvestees other than subsidiaries is received? (D) (Note 9)
		Remuneration (A) (Note 2)		Retained Earnings Distribution (B) (Note 3)		Professional practice (C) (Note 4)				
		the Company	Companies included in the financial statement (Note 5)	the Company	Companies included in the financial statement (Note 5)	the Company	Companies included in the financial statement (Note 5)	the Company	Companies included in the financial statement (Note 5)	
Supervisor	Representatives of Yu Li Investment Corporation: Paul Chuang, Eric Chueh	0	0	1,084	1,084	384	384	0.12%	0.12%	4,850
	Representative of Far Eastern Y. Z. Hsu Science and Technology Memorial Foundation: Yvonne Li									

Breakdown of remuneration

Breakdown of remuneration of Supervisor	Supervisor's Name	
	Total (A+B+C+D)	
	the Company (Note 6)	All investees (Note 7)
Less than NT\$2,000,000	Representatives of Yu Li Investment Corporation: Paul Chuang, Eric Chueh Representative of Far Eastern Y. Z. Hsu Science and Technology Memorial Foundation: Yvonne Li	Representative of Far Eastern Y. Z. Hsu Science and Technology Memorial Foundation: Yvonne Li
NT\$2,000,000 (inclusive)~NT\$5,000,000		Representatives of Yu Li Investment Corporation: Paul Chuang, Eric Chueh
NT\$5,000,000 (inclusive)~NT\$10,000,000		
NT\$10,000,000 (inclusive)~NT\$15,000,000		
NT\$15,000,000 (inclusive)~NT\$30,000,000		
NT\$30,000,000 (inclusive)~NT\$50,000,000		
NT\$50,000,000 (inclusive)~NT\$100,000,000		
NT\$100,000,000 above		
Total	3 persons	3 persons

Note 1: The table identifies Supervisors' names separately and summarizes the remuneration of Supervisors.

Note 2: Remuneration of Supervisors in the recent year (including Supervisors' salary, duty allowance, severance pay, bonuses and rewards, *et al.*)

Note 3: Remuneration of Supervisors approved by the Board of Directors prior to the shareholders' meeting in which the motion for allocation of earnings in the recent year is submitted.

Note 4: The relevant professional practice fees of Supervisors in the recent year (including transportation allowance, special allowance, various allowances, dormitory and business vehicles).

Note 5: Please disclose the aggregate remuneration paid to the Company's Supervisors by all Companies included in the consolidated financial reports (including the Company).

Note 6: The aggregate remuneration of each Supervisor by the Company shall include the Supervisor's name disclosed in the relevant space.

Note 7: The aggregate remuneration paid to each Company Supervisor by the Companies included in the consolidated financial reports (including the Company) shall include the Supervisor's name disclosed in the relevant space.

Note 8: The earnings after tax refers to the earnings after tax in the recent year. If the IFRSs are adopted, the earnings after tax shall refer to the earnings after tax identified in the entity or individual financial statement for the recent year.

Note 9: a.To specify whether the Company's Supervisors have received remuneration from reinvestees other than subsidiaries.

b.If the Company's Supervisors have received remuneration from reinvestees other than subsidiaries, please include the same into Section D.

c.The remuneration shall refer to the remuneration, compensation, employee bonus and professional practicing fees received by the Company's Supervisors who acted as the Directors, Supervisors or managerial officers of the reinvestees other than subsidiaries.

*The remuneration disclosed herein is conceptually different from the income referred to in the Tax Law. Therefore, the breakdown is only intended for disclosure of information, not for taxation purposes.

3. Remuneration of President and Vice Presidents

Currency unit: NTD thousand

Job title	Name (Note 1)	Salary (A) (Note 2)		Pension (B)		Salaries, bonus and special subsidies (C) (Note 4)		Employee bonus allocated from earnings (D) (Note 4)				The sum of A, B, C and D in proportion to Earnings (%) (Note 9)		Quantity of shares entitled under employee stock option (Note 5)		Quantity of restricted employee new shares obtained (Note 11)		Whether remuneration from any reinvestees other than subsidiaries is received? (Note 10)	
		the Company	Companies included in the financial statement (Note 6)	the Company	Companies included in the financial statement (Note 6)	the Company	Companies included in the financial statement (Note 6)	the Company		Companies included in the financial statement (Note 6)		the Company	Companies included in the financial statement (Note 6)	the Company	Companies included in the financial statement (Note 6)	the Company	Companies included in the financial statement (Note 6)		
								Cash dividend	Stock dividend	Cash dividend	Stock dividend								
President	Hsi-Chin Tsai																		
Vice President	Peter Pan (Note 12)	14,215	14,335	0	0	3,757	3,757	1,160	0	1,160	0	1.51%	1.52%	0	0	0	0	33	
	Victoria Peng																		
	C.K. Tsai																		
	C.H. Lee																		

Breakdown of remuneration

Breakdown of remuneration of President and Vice Presidents	Name of President and Vice Presidents	
	the Company (Note 7)	All investees (Note 8) E
Less than NT\$2,000,000		
NT\$2,000,000 (inclusive)~NT\$5,000,000	Hsi-Chin Tsai, Peter Pan, Victoria Peng, C.K. Tsai, C.H. Lee	Hsi-Chin Tsai, Peter Pan, Victoria Peng, C.K. Tsai, C.H. Lee
NT\$5,000,000 (inclusive)~NT\$10,000,000		
NT\$10,000,000 (inclusive)~NT\$15,000,000		
NT\$15,000,000 (inclusive)~NT\$30,000,000		
NT\$30,000,000 (inclusive)~NT\$50,000,000		
NT\$50,000,000 (inclusive)~NT\$100,000,000		
NT\$100,000,000 above		
Total	5 persons	5 persons

Note 1: The table identifies President's and Vice Presidents' names separately and summarizes the remuneration of the Presidents and Vice Presidents. The Director who assumes President or Vice President shall complete the table - remuneration of the Directors.

Note 2: Salary, duty allowance and severance pay of the President and Vice President in the recent year

Note 3: This means the bonus, reward, transportation allowance, special allowance, various allowances, and provision of such tangible objects as dormitory and car and other remuneration received by the President and Vice Presidents in the recent year.

Note 4: Employee bonus paid to President and Vice Presidents approved by the Board of Directors prior to the shareholders' meeting in which the motion for allocation of earnings in the recent year is submitted (including stock dividend and cash dividend).

Note 5: The Company did not issue any employee stock options.

Note 6: Please disclose the aggregate remuneration of the Company's President and Vice Presidents by all Companies included in the consolidated financial reports (including the Company).

Note 7: The aggregate remuneration of each President and Vice President by the Company shall include the President's and Vice President's names disclosed in the relevant space.

Note 8: The aggregate remuneration of each President and Vice President by the Company in the consolidated financial statements shall include the President's and Vice President's names disclosed in the relevant space.

Note 9: The earnings after tax refers to the earnings after tax in the recent year. If the IFRSs are adopted, the earnings after tax shall refer to the earnings after tax identified in the entity or individual financial statement for the recent year.

Note 10: a. To specify whether the Company's President and Vice Presidents have received remuneration from reinvestees other than subsidiaries.

b.If the Company's President and Vice Presidents have received remuneration from reinvestees other than subsidiaries, please include the same into Section E.

c.The remuneration shall refer to the remuneration, compensation, employee bonus and professional practicing fees received by the Company's President and Vice Presidents who acted as the Directors, Supervisors or managerial officers of the reinvestees other than subsidiaries.

Note 11: There was none restricted employee new shares obtained by the Directors who acted as employees concurrently (including President, Vice President, managerial officer and employee) until the date of publication of the annual report.

Note 12: Vice President Peter Pan of Technical Dept was transferred to assume the Chief Engineer of the President's Office as of April 1, 2014. The table discloses the information about remuneration 2013.

*The remuneration disclosed herein is conceptually different from the income referred to in the Tax Law. Therefore, the breakdown is only intended for disclosure of information, not for taxation purposes.

4. Employee bonus amount paid to managerial officers

Currency unit: NTD thousand

	Job title (Note 1)	Name (Note 1)	Stock dividend	Cash dividend	Total	Proportion to Earnings After Tax (%)
Managerial officer	President	Hsi-Chin Tsai	0	1,793	1,793	0.14%
	Chief Engineer, President's Office (Note 2)	Peter Pan				
	Vice President of HR & Administration Center	Victoria Peng				
	Vice President of Business Group	C.K. Tsai				
	Vice President of Manufacturing Group	C.H. Lee				
	Assistant Vice President of R & D Center	C.C. Lin				
	Assistant Vice President of Finance Dept	Judy Wang				
	Assistant Vice President of Technical Dept (Note 3)	Y. S. Chang				
	Special Assistant, President's Office	Wen-Fan Lu				
	Senior Manager of Accounting Dept	Daniel Chen				

Note 1: The scope of managerial officers shall be defined in the following manner, per the Board's decree under Tai-Tsai-Cheng-3-Tze No. 0920001301 dated March 27, 2003.

Please specify the employee bonus (including stock dividend and cash dividend) to be allocated to the managerial officers as approved by the Board of Directors prior to the motion for allocation of earnings submitted to the shareholders' meeting in the most recent year. If it is impossible to impute the same, the amount to be allocated this year shall be based on that allocated physically last year. The stock dividend was calculated at the fair value defined under the Regulations Governing the Preparation of Financial Statements by Securities Issuers (namely, the closing price on the date of the balance sheet).

The earnings after tax refers to the earnings after tax in the most recent year.

Note 2: Vice President Peter Pan of the Technical Dept was transferred to the position of Chief Engineer of the President's Office as of April 1, 2014.

Note 3: Special Assistant of the President's Office, Y. S. Chang (Assistant Vice President), was transferred to the position of Assistant Vice President of the Technical Dept as of April 1, 2014.

The table discloses the information about remuneration in 2013.

(IV) Specify and compare the remuneration of Directors, Supervisors, President and Vice Presidents of the Company in proportion to the earnings after tax from the Company and companies included in the consolidated financial statements over the last two years, and specify the policies, standards, combinations, and procedures of decision-making for remuneration and their relationship to business performance and future risk:

- Specify and compare the remuneration of Directors, Supervisors, President and Vice Presidents of the Company in proportion to the earnings after tax in the entity or individual financial statement of the Company and companies included in the consolidated financial statements over the last two years:

Item	Total remuneration of Directors, Supervisors, President, and Vice Presidents in proportion to the earnings after tax:	
Year	the Company	Consolidated financial statements
102	3.38 %	3.40 %
101	3.69 %	3.71 %

2. The policies, standards, combinations, procedure of decision-making of remunerations and their relation to business performance and future risk:

The remuneration of Directors/Supervisors and employee bonus will be distributed in the manner as required, subject to the Company's business performance each year and at the proportion defined in Article 34 of the Articles of Incorporation.

Other remuneration will be defined by the Company subject to the entire business performance and based on the market salary survey report issued by a professional management consultation company and the investigation of the wage level in the same trade and listed companies, and the risk over the entire finance and operating environment.

III. The Status of Corporate Governance

(I) Operation of the Board of Directors

1. The Board held four meetings during the recent year. The attendance record of directors is listed below:

Job title	Name (Note 1)	Actual attendance (participation)	Attendance by proxy	Actual attendance (participation) (%) (Note 2)	Remark
Chairman of the Board	Douglas T. Hsu	4	0	100%	Reelected. Date of reelection: 2012/6/5
Vice Chairman of the Board	Representative of Yue Ming Trading Co Ltd: Johnny Shih	4	0	100%	Reelected. Date of reelection: 2012/6/5
Director	Representative of Yue Ming Trading Co Ltd: Chia-Huei Kuo	0	2	0%	Reelected. Date of reelection: 2012/6/5
Director	Representative of Far Eastern New Century: Humphrey Cheng	4	0	100%	Reelected. Date of reelection: 2012/6/5
Director	Representative of Far Eastern New Century: Chung-Yueh Dai	3	1	75%	Reelected. Date of reelection: 2012/6/5
Director	Representative of Far Eastern New Century: Yu-Hsien Tseng	2	2	50%	Reelected. Date of reelection: 2012/6/5
Director	Representative of Asia Cement: Doris Wu	4	0	100%	Reelected. Date of reelection: 2012/6/5
Director	Representative of Asia Cement: Roy Wu	4	0	100%	Reelected. Date of reelection: 2012/6/5
Director	Representative of Asia Cement: Kao-Shan Wu	4	0	100%	Reelected. Date of reelection: 2012/6/5

Note 1: For a Director or Supervisor who is a corporation, please specify the corporate shareholder's name and its representative's name.

Note 2: (1) Where a specific Director or Supervisor may be relieved from duties before the end of the fiscal year, please specify their date of discharge in the "Remarks" Section. Their actual attendance rate (%) to the Board session shall be calculated on the basis of the number of meetings called and actual number of sessions he/she attended, during his/her term of office.
 (2) Where an election may be held for filling the vacancies of Director or Supervisor before the end of the fiscal year, please list out both the new and the discharged Directors or Supervisors. Their actual attendance rate (%) of Board meetings shall be calculated on the basis of the number of meetings called and actual number of sessions he/she attended, during his/her term of office.

2. Concerning items listed in Article 14-3 of the Securities and Exchange Act as well as items in board resolutions regarding which independent directors have voiced opposing or qualified opinions on the record or in writing, the minutes shall clearly state the meeting date, period, content of the resolution, opinions of all independent Directors, and the Company's handling of the opinions of the independent Directors: N/A
3. In instances where a Director's dissention due to the conflict of interest, the minutes shall clearly state the Director's name, contents of the motion and resolution thereof, reason for such dissention and the

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voting status: N/A

4. Measures undertaken during the current year and past year in order to strengthen the functions of the Board of Directors (such as the establishment of an audit committee and improvement of information transparency, etc.) and assessment of such implementation:
The 8th meeting of 13th-term Board of Directors (called on March 12, 2014) resolved to amend some provisions of the "Rules for Board of Directors Meetings" to deal with the meeting procedures after the appointment of independent Directors, which will be done at the shareholders' meeting in 2015. The independent Directors will provide objective, independent and professional opinions about the Company's affairs to upgrade the operation and protect equity of the shareholders.

(II) Operation of the Audit Committee or the Supervisors participation on the Board of Directors

1. The Company has not yet established an Audit Committee.
2. The participation of Supervisors in the activities of the Board of Directors

The Board held 4 meetings in the recent year. The attendance record of Supervisors is listed below:

Job title	Name	Actual attendance	Actual attendance rate (%) (Note)	Remark
Supervisor	Representative of Yu Li Investment Corporation: Paul Chuang	4	100%	Reelected. Date of reelection: 2012/6/5
Supervisor	Representative of Yu Li Investment Corporation: Eric Chueh	4	100%	Newly elected. Date of reelection: 2012/6/5
Supervisor	Representative of Far Eastern Y. Z. Hsu Science and Technology Memorial Foundation: Yvonne Li	4	100%	Reelected. Date of reelection: 2012/6/5

Other notes:

1. The organization of Supervisors and their duties:
 - (1) Communications between the Supervisors and the employees and shareholders: The Company's employees and shareholders may communicate with Supervisors at any time.
 - (2) Communication between Supervisors and internal audit officers and CPA: The audit officers will submit an audit report to the Supervisors in the month following completion of the audit. The Company will also hold a Supervisors' meeting to enable the relevant officers, internal audit officers and CPA to report and fairly and openly discuss the Company's finance and business.
2. If a Supervisor, attending a meeting of the Board of Directors, states an opinion, it is necessary for the date, session, motion and resolution of the meeting of the Board of Directors be specified, and the Company's response to the opinion must be stated by the Supervisor: N/A

Note:

- (1) Where a Supervisor may be relieved of their duties before the end of the fiscal year, please specify the date of discharge in the "Remarks" Section. Their actual Board session attendance rate (%) shall be calculated on the basis of the actual number of sessions he/she attended, during his/her term of office.
- (2) Where an election has been held to fill a Supervisor vacancy before the end of the fiscal year, please list both the new and the discharged Supervisors and specify if this is: the former Supervisor, or a newly or reelected one, as well as the date the election. The supervisor's attendance rate (%) of Board sessions shall be calculated on the basis of the actual number of sessions they attended during their term of office.

(III) Status of corporate governance, and deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and reasons thereof

Item	Status	Deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
<p>I. Equity structure and shareholders' equity</p> <p>(I) Handling suggestions and disputes from shareholders</p> <p>(II) Control over the list of major shareholders and the controlling parties of such shareholders</p> <p>(III) Establishment of risk control mechanism and firewalls between the Company and its affiliates</p>	<p>(I) The Chairman's Office is dedicated to handling shareholders' suggestions or questions. The Company also delegates the spokesman and acting spokesman and the Company's shareholders service agent, "Oriental Securities Corporation", to process and respond to the suggestions and questions.</p> <p>(II) The Company examines the list of all the major shareholders and the controlling parties of such shareholders from time to time, and reports any update information in accordance with the Regulations Governing Information Reporting by Listed Companies.</p> <p>(III) The operation management and financial operation between the Company and its affiliates are run independently. The transactions between the Company and its affiliates are carried out in accordance with the "Regulations Governing Transactions With Related Parties", "Procedure for Acquisition or Disposal of Assets", "Procedure for Loaning to Others" and " Procedure for Endorsements/Guarantees". Adequate risk control mechanism and firewalls have been established between the Company and its affiliates</p>	<p>(I) Compliance with the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies</p> <p>(II) Compliance with the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies</p> <p>(III) Compliance with the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies</p>
<p>II. Organization of the Board and its duties:</p> <p>(I) Position of Independent Directors</p> <p>(II) Regular review and assessment of the impartiality and independence of the external auditor</p>	<p>(I) The Company has 9 Directors but no Independent Directors. The Directors exercise their duties in accordance with the Articles of Incorporation, Parliamentary Rules for Directors' Meetings and other relevant laws and regulations.</p> <p>(II) The Company assessed the impartiality and independence of the external auditor 2014 and submitted the assessment report to the Board of Directors.</p>	<p>(I) The Company has not yet appointed independent directors, but will comply with the requirements under the law.</p> <p>(II) Compliance with the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies</p>
<p>III. Communication channels with stakeholders</p>	<p>Any stakeholder may contact Company departments and units from time to time, if necessary. The communication channel runs successfully.</p>	<p>Compliance with the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies</p>
<p>IV. Disclosure</p> <p>(I) The Company has set up a website for the disclosure of its financial and corporate governance status.</p> <p>(II) The Company has also adopted other means for disclosure: an English</p>	<p>(I) The Company website http://www.oucc.com.tw, has been set up and it is run by personnel dedicated to gathering and disclosing Company's information.</p> <p>(II) The Company regularly discloses all new and relevant information at M.O.P.S. and on the Company website, whenever necessary.</p>	<p>Compliance with the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies</p>

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Item	Status	Deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
website, with personnel who gather and disclose relevant data; a proper spokesman system has also been implemented and the minutes of meetings with institutional investors are posted on the website.	(III) The Company has delegated a spokesman who will call meetings with institutional investors from time to time and disclose any information required.	
V. Establishment of nomination committee or other functional committees, and the status of their operations.	The Company has established a remuneration committee.	Compliance with the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
<p>VI. If the Company has established its corporate governance best-practice principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, please clearly describe the functioning of such principles and any discrepancies with the Company's corporate governance best-practice principles:</p> <p>The Company has not yet established its corporate governance best-practice principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies. However, as mentioned above, the Company has operated substantially in the spirit of corporate governance and implemented the relevant corporate governance regulations.</p>		
<p>VII. Other important information facilitating an understanding of the functioning of corporate governance (such as the state of employee interest and rights, concern for employees, investor relations, vendor relations, rights of interested parties, the continuing education of directors and supervisors, implementation of risk management policy and risk assessment criteria, implementation of customer policy, and liability insurance purchased by the Company for directors and supervisors):</p> <p>(I) Employees' interests and rights: The Company protects employees' interests and rights pursuant to the law and provides various benefits. It also has a continuing education and training program, a pension contribution scheme and supervisory systems.</p> <p>(II) Concern for employees: The Company provides employees with an annual health examination, employee group insurance and safety and health training, and encourages several different club activities, offers urgent relief measures, attends to colleagues' physical and mental health and life balance through a Worker Welfare Commission.</p> <p>(III) Investor relations: The Company has delegated personnel who are dedicated to handling suggestions or questions from shareholders to maintain good investor relations. The Company has also delegated a spokesman and acting spokesman and a Company shareholders service agent, the "Oriental Securities Corporation", to process and respond to these suggestions and questions, and holds investors meetings whenever necessary.</p> <p>(IV) Vendor relations: The Company maintains fair partnerships with vendors.</p> <p>(V) The rights of interested parties: Any stakeholder may contact the Company's departments and units at any time, and this communication channel operates very successfully.</p> <p>(VI) The status of implementation of customer policy: The Company adheres to a management philosophy that highlights "Honesty, Diligence, Integrity, Discretion and Innovation, and follows up products and the degree of service satisfaction as a reference for the continuous improvement of business strategies, and also maintains a fair and stable cooperative relationship with customers.</p> <p>(VII) Liability insurance is provided for company Directors and Supervisors: The content of this insurance and the requirement for such is under evaluation, and a proposal will be submitted to the Board of Directors after this has been done.</p> <p>(VIII) The continued advanced education of Directors and Supervisors:</p>		

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Item	Status	Deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
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The continued advanced program of Directors and Supervisors in 2013 is as follows:

Job title	Name	Date of continued education		Organizer	Course name	Hours
		from	to			
Chairman of the Board	Douglas T. Hsu	102.12.20	102.12.20	Taiwan Academy of Banking and Finance (TABF)	Practice of Operation of Board of Directors/ Supervisors and Corporate Governance Workshop	3hrs
Vice Chairman of the Board	Johnny Shih	102.12.20	102.12.20	Taiwan Academy of Banking and Finance (TABF)	Practice of Operation of Board of Directors/ Supervisors and Corporate Governance Workshop	3hrs
Director	Humphrey Cheng	102.12.13	102.12.13	Taiwan Corporate Governance Association	Promotion of Remuneration Committee Establishment of Guidelines	3hrs
	Chung-Yueh Dai	102.12.20	102.12.20	Taiwan Academy of Banking and Finance (TABF)	Practice of Operation of Board of Directors/ Supervisors and Corporate Governance Workshop	3hrs
	Kao-Shan Wu	102.12.20	102.12.20	Taiwan Academy of Banking and Finance (TABF)	Practice of Operation of Board of Directors/ Supervisors and Corporate Governance Workshop	3hrs
	Roy Wu	102.12.20	102.12.20	Taiwan Academy of Banking and Finance (TABF)	Practice of Operation of Board of Directors/ Supervisors and Corporate Governance Workshop	3hrs
	Doris Wu	102.12.20	102.12.20	Taiwan Academy of Banking and Finance (TABF)	Practice of Operation of Board of Directors/ Supervisors and Corporate Governance Workshop	3hrs
Supervisor	Paul Chuang	102.12.20	102.12.20	Taiwan Academy of Banking and Finance (TABF)	Practice of Operation of Board of Directors/ Supervisors and Corporate Governance Workshop	3hrs
	Eric Chueh	102.12.20	102.12.20	Taiwan Academy of Banking and Finance (TABF)	Practice of Operation of Board of Directors/ Supervisors and Corporate Governance Workshop	3hrs
	Yvonne Li	102.12.20	102.12.20	Taiwan Academy of Banking and Finance (TABF)	Practice of Operation of Board of Directors/ Supervisors and Corporate Governance Workshop	3hrs

(IX) The Company's risk management organizational framework

Item	Status	Deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
1.	Organization of the Central Security Commission	
1.1	The Central Security Commission consists of the supreme management unit of the Company's business safety policy.	
1.2	The president shall act as the chairperson of the Central Security Commission, and the supervisor of the S.H.E Dept shall act as the executive secretary.	
1.3	The Central Security Commission may call meetings from time to time, as necessary.	
1.4	Power	
1.4.1	Define the Company's safety policy and long-term, mid-term and short-term safety objectives.	
1.4.2	Establish or improve the safety mechanism to seek the maximum performance.	
1.4.3	Review the suggestions and safety rules of the safety & health commission of the Taipei Office and Linyuan	

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Item	Status	Deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
Factory.		
1.4.4	Review/supervise the safety performance of the Company's departments to decide the orientation and action of improvement.	
2.	Taipei Office and Linyuan Factory Safety & Health Committees	
2.1	The Taipei Office Safety & Health Committee consists of the supervisors, ranking Managers, or above of various departments of the Taipei Office.	
2.2	The Committee chairman is designated by the President, and is responsible for calling and chairing meetings and handling committee affairs.	
2.3	The chairman shall appoint one Executive Secretary, who shall issue the notice for meetings and meeting minutes and execute the committee affairs as per the Chairman's instructions.	
2.4	The Taipei Office Safety & Health Committee shall call a meeting once per quarter. If a committee member cannot attend a meeting, they shall designate a proxy to attend in their place.	
2.5	Power	
2.5.1	Execute the deliverables assigned by the Central Security Committee.	
2.5.2	Define the Committee's long-term, mid-term and short-term objectives and KPI per the general safety objectives defined by the Central Security Committee.	
2.5.3	Review the suggestions and safety rules of the Taipei Office administrative system.	
2.5.4	Monitor the safety performance of the administrative system and establish a safety mechanism.	
2.6	The Linyuan Factory Safety & Health Committee consists of Managers (Assistant Managers) and factory Directors (deputy Directors) of the various factory departments.	
2.7	The Committee Chairman is designated by the President, and is responsible for calling and chairing meetings and handling the committee affairs.	
2.8	The supervisor of the SHE Dept shall act as the Executive Secretary, who shall issue the notice for meeting and meeting minutes and execute the committee affairs as per the Chairman's instructions.	
2.9	The Linyuan Factory Safety & Health Committee shall meet every month. If a committee member cannot attend a meeting, they shall designate a proxy to attend in their place.	
2.10	Power	
2.10.1	Define the Committee's long-term, mid-term and short-term objectives and KPI as per the general safety objectives defined by the Central Security Committee.	
2.10.2	Execute the deliverables assigned by the Central Security Committee.	
2.10.3	The Committee has set up branches for safety auditing the accident investigation, rules and procedures and other things, and placed responsible persons in charge of them.	
2.10.4	Review the suggestions from various permanent branches and administrative system safety meetings, and discuss the safety issues.	
2.11	Organization of the Linyuan Factory permanent branches is as follows:	
2.11.1	The permanent branches consist of the safety audit branch, accident investigation safety branch, office safety branch and rules and procedures safety branch as well as some other special branches.	
2.11.2	A branch consists of one representative delegated from the HR & Administration Center, the Manufacturing Group, the R&D Center and other departments. The member's term of office is two years.	
2.11.3	Each branch has a chairman chosen from the safety committee members of the Linyuan Factory for a term of two years. The chairman shall be responsible for calling and chairing meetings, handling the branch affairs and attending and submitting a report at meetings called by senior members from time to time.	
2.11.4	Each branch shall have one executive secretary appointed by the chairman, who shall issue notices for meetings and prepare the minutes and also execute other committee affairs as per the chairman's instructions.	
2.11.5	If a branch member cannot attend a committee meeting, they shall designate a proxy to attend the meeting on their behalf.	

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Item	Status	Deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
<p>2.12 Power of the Linyuan Factory's permanent branches:</p> <p>2.12.1 Safety Audit Branch</p> <p>2.12.1.1 The branch members shall attend all the scheduled meetings as per the notifications.</p> <p>2.12.1.2 Define the annual audit plan and scope of the objectives set by the superior committee.</p> <p>2.12.1.3 Audit various units to make sure they comply with the Company's safety policy and in-house worker safety requirements.</p> <p>2.12.1.4 Audit various units to make sure the labor safety improvements are performed precisely as required.</p> <p>2.12.1.5 Audit execution of the relevant operating procedures to ensure precision.</p> <p>2.12.1.6 Investigate potentially unsafe site environments and submit proposals for improvement.</p> <p>2.12.1.7 Communicate with employees about unsafe behavior and persuade them to adopt safe working habits.</p> <p>2.12.1.8 Assess the efficacy of the Company's safety policy and safety action plan, and propose suggestions for improvement.</p> <p>2.12.1.9 The suggestions proposed at each meeting shall be recorded and reported to the Linyuan factory safety & health committee.</p> <p>2.12.2 Power of the Investigation Safety Branch</p> <p>2.12.2.1 The branch representative shall attend meetings as scheduled and submit comments or suggests at the meeting on behalf of the department or unit they represent.</p> <p>2.12.2.2 The supervisor of the S.H.E Dept of the committee will be responsible for providing the committee with the knowledge and skills needed for accident investigation, domestic and overseas cases and other related information.</p> <p>2.12.2.3 Where relevant, the committee may invite personnel from other departments of the factory or units to attend the meetings.</p> <p>2.12.2.4 To review the accident investigation reports submitted by various units of the factory, and propose countermeasures against recurrence throughout the factory.</p> <p>2.12.2.5 If necessary, the branch might accept an invitation from the accident investigation unit and delegate representatives to participate in the investigation, and also draft a report and submit it to the Linyuan factory safety & health committee.</p> <p>2.12.3 Power of the Office Safety Branch</p> <p>2.12.3.1 The branch representative shall attend all scheduled meetings and submit comments or suggestions on behalf of the relevant department or unit they represent.</p> <p>2.12.3.2 To discuss the safety-related measures at the offices compared with those at the factory.</p> <p>2.12.3.3 Draft the relevant office safety operating requirements and submit such to the safety & health committee of the Linyuan Factory for review and approval.</p> <p>2.12.4 Power of the Rules and Procedures Safety Branch</p> <p>2.12.4.1 The branch representative shall attend all scheduled meetings and submit comments or suggestions on behalf of the relevant department they represent.</p> <p>2.12.4.2 The representative of the S.H.E Dept on the committee shall be responsible for providing the committee with information about government regulations and relevant safety information.</p> <p>2.12.4.3 To discuss the factory's existing and new safety rules and safety operating procedures.</p> <p>2.12.4.4 To amend the safety rules and submit such to the safety & health committee of the Linyuan Factory for review and approval.</p> <p>(X) Employee code of conduct and ethics</p> <p>All employees joining the company shall sign the "Letter of Undertaking" which shall be included in the employees' personnel file. The Undertaking primarily declares the employees' consent to comply with Company regulations, personnel management rules and non-disclosure with respect to Company business confidentiality. The contents of public information are accessible to all</p>		

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Item	Status	Deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
<p>employees at all times.</p> <p>The employee code of conduct and ethics is summarized as following:</p> <p>The work rules include: (1) general provisions (2) employment (3) service, vacation leave, breaks, special leave (4) application for leave (5) salary and wages (6) year-end bonus (7) safety, health, welfare, pension, occupational disaster compensation (8) discipline (9) performance and reward & punishment (10) resignation, termination of employment, lay-offs (11) retirement (12) supplementary provisions.</p> <p>The non-disclosure agreement consists of: (1) definitions of confidential information (2) non-disclosure obligation (3) legal consequence and liability of default (4) effect of termination of employment (5) concession of rights (6) applicable laws and jurisdiction.</p> <p>(XI) The Company passed the "Procedures for the Reporting of Important Internal Information" at the 4th meeting of the Board of Directors of the 12th term on December 23, 2009. The Company has also propagated the following:</p> <ol style="list-style-type: none"> 1. The "Procedures for the Reporting of Important Internal Information" shall be provided to new Managers upon signing the "Letter of Undertaking". 2. When reporting any changes in equity the Company should already have given the Managers the "Procedures for the Reporting of Important Internal Information" and also the relevant laws and regulations governing insider trading. 3. The Company's Managers and employees shall also sign the non-disclosure agreement when they are appointed and the Company shall provide all employees with the "Procedures for the Reporting of Important Internal Information". <p>(XII) The related certificates and licenses are issued by the competent authority to the personnel related to transparency of the Company's financial information:</p> <p>The R.O.C. CPA: 1 person International internal auditor: 5 persons</p> <p>The R.O.C. bookkeeper: 3 persons International internal control self-assessment specialist: 1 person</p> <p>PMP international project specialist: 1 person Senior securities specialist: 2 persons</p> <p>Securities specialist: 3 persons Securities investment analyzer: 1 person</p> <p>Futures specialist: 1 person Wealth management planner: 2 persons</p> <p>Basic Proficiency Test on Enterprise Internal Controls: 2 persons Trust personnel: 2 persons</p>		
<p>VIII. If the Company conducts a corporate governance self-assessment report or commissions a professional organization to compile a report, the results of self-assessment (or commissioned assessment), major deficiencies (or suggestions), and improvements should be stated: N/A</p>		

(IV) Establishment, functions, and operations of the Remuneration Committee:

The Company has established a Remuneration Committee in accordance with the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company whose Stock is Listed on the Stock Exchange or Traded Over the Counter”, and also defined the Company’s articles of association for the termination Committee.

1. Members of the Remuneration Committee

ID	Requirements Name	Over five years of experience and the following professional qualifications			Independence criteria (Note 1)								Number of other public companies where the person is a paid Committee member	Remark	
		University teaching in areas of commerce, law, finance, accounting or related corporate business	Working as a judge, attorney, lawyer, accountant or other position that requires professional certification	Experience working in commerce, law, finance, accounting or related corporate activities	1	2	3	4	5	6	7	8			
Others	J. W. Huang			√	√	√	√	√	√	√	√	√	√	0	
Others	M. T. Yu	√		√	√	√	√	√	√	√	√	√	√	1	
Director	Kao-Shan Wu			√			√	√				√	√	0	(Note 2)
Others	L. C. Huang		√	√	√	√	√	√	√	√	√	√	√	2	(Note 3)

- Note 1: A “√” is marked in the space beneath a condition number when a member has met that condition during the two years prior to election and during his or her period of service. The conditions are as follows:
 Not employed by the Company or any of the Company’s affiliates.
 Not a Director or Supervisor of the Company or any of the Company’s affiliates. (this restriction does not apply to independent Directors of subsidiaries in which the Company or its parent company directly or indirectly holds over 50% of the shareholder voting rights).
 Not holding over 1% of company shares or being a top 10 natural person shareholder in one’s own name, held by a spouse or underage child, or held by a nominee agreement.
 Not a spouse, kin at the second pillar under the Civil Code, or a lineal blood relative within the third pillar under the Civil Code as specified in (1) through (3).
 Not a Director, Supervisor or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor or employee of a corporate shareholder who is among the top 5 shareholders.
 Not a Director, Supervisor, Manager or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relation with the Company.
 Not a professional, owner, partner, director, supervisor, manager of proprietorship, partnership, company or institution that provides business, legal, financial and accounting services to the Company or the spouse of such a person.
 Not in any of the categories stated in Article 30 of the Company Law.
- Note 2: According to the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company whose Stock is Listed on the Stock Exchange or Traded Over the Counter", no more than one-third of the remuneration committee members may have been general directors within three years of enforcement of these Regulations.
- Note 3: At the 8th meeting of the Board of Directors of the 13th term on March 12, 2014 it was resolved that Ms L. C. Tung who met the independence criteria should succeed Director Kao-Shan Wu as a Remuneration Committee member, from the date of the resolution to expiration of the term of office on the Company Board of Directors of the 13th term.

Oriental Union Chemical Corporation

2. Operation status of the Remuneration Committee

- (1) The Company's Remuneration Committee consists of three members.
- (2) The current term of office: June 5, 2012 ~ June 4, 2015. The Committee held two (A) meetings in the recent year and Committee member attendance is summarized below:

Job title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Convener	J. W. Huang	2	0	100%	
Member	M. T. Yu	2	0	100%	
Member	K. S. Wu	2	0	100%	
<p>Other notes:</p> <ol style="list-style-type: none"> 1. If the Board of Directors does not adopt, or amends, the Remuneration Committee's suggestions, please specify the meeting date, term, contents of the motion, resolution of the Board of Directors, and the Company's handling of the Remuneration Committee's opinions (If the remuneration ratified by the Board of Directors is more than that suggested by the Remuneration Committee, please specify the deviation and reasons thereof): N/A 2. Should committee members voice an opposing or qualified opinion on the record or in writing when a resolution(s) is made by the Remuneration Committee, please state the meeting date, term, contents of motion, opinions of all members and the Company's handling of the said opinions: N/A 					

(V) Implementation of Corporate Social Responsibility:

Item	Implementation Status	Deviation from the Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
<p>I. Promote the implementation of corporate governance</p> <p>(I) Review the implementation and effectiveness of the Company's social responsibility policy and system.</p> <p>(II) Promotion of social responsibility by the Company's full-time (part-time) functional units</p> <p>(III) The Company held regular educational and training activities to raise awareness of business ethics for Directors, Supervisors, and employees, and has integrated a clear and effective system of incentives and disciplinary actions into its employee performance appraisal system.</p>	<p>(I) The President's Office is dedicated to corporate social responsibility, and the various departments will promote the relevant assignments about corporate social responsibility.</p> <p>(II) The Company's Directors, Supervisors and managerial officers will attend the special education training programs about corporate governance periodically planned by the HR Development Center of Far Eastern New Century.</p> <p>(III) The Human Resources Dept has expressly defined the requirements about employee performance, employee training and reward & punishment.</p> <p>(IV) The Company has established the Remuneration Committee to define and periodically review the performance and Remuneration of Directors, Supervisors and Managerial officers.</p>	<p>Compliance with the Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies</p>
<p>II. Development of a sustainable environment</p> <p>(I) The Company is striving to raise its effective use of resources, reduce environmental impact and improve the use of recyclable materials.</p> <p>(II) The Company has established an environmental management system appropriate to the characteristics of its industry.</p> <p>(III) Environmental management unit staff are dedicated to improving the environmental performance of the Company</p> <p>(IV) The Company is mindful of the impact of climate change on its operations, and is developing a strategy to reduce the emission of carbon and other greenhouse gas.</p>	<p>(I) The Company is dedicated to improving production processes and selecting high-efficiency catalysts to upgrade the production performance of the factory and utilization of raw materials and supplies. The Company recycles the CO₂ emitted from the EG Plant and use it as feedstock for the EC Plant to reduce greenhouse gas and mitigate impact on the environment.</p> <p>(II) Fulfilled the "OHSAS-18001 Occupational Safety Management System", and promotion of the "ISO-14001 Environmental Protection Management System" is continuing; set up the safety & health committee and defined the articles of association of environmental safety & health and the S.H.E policy.</p> <p>(III) The new S.H.E Dept is dedicated to managing environmental protection and labor safety issues.</p> <p>(IV) The Company continues to promote the energy-saving and improvement measures.</p>	<p>Compliance with the Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies</p>
<p>III. Social welfare</p> <p>(I) The Company is in full compliance with the relevant labor laws and respects all the basic human rights recognized internationally, protects the legal interests and rights of the employee, is non-discriminatory in its</p>	<p>(I) The Company has established adequate systems for employee management pursuant to the labor laws and regulations.</p> <p>(II) In order to ensure employee safety and health effectively, the Company has set up fire protection measures, as well as a clinic on factory premises with</p>	<p>Compliance with the Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies</p>

Oriental Union Chemical Corporation

Item	Implementation Status	Deviation from the Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
<p>employment policy, and has established and implemented the appropriate management practices and procedures.</p> <p>(II) The Company provides its employees with a safe and healthy work environment, and regularly implements employee safety and health education.</p> <p>(III) A mechanism has been established for periodic communication with employees, to announce the existence of circumstances which might materially affect the operation.</p> <p>(IV) The Company has announced its consumer protection policy, to ensure the transparency and effectiveness of procedures for dealing with consumer complaints about products or services.</p> <p>(V) The Company works with its suppliers to promote corporate social responsibility.</p> <p>(VI) The Company participates in community development and public welfare related events through commercial activities, donations, volunteers or other complementary services.</p>	<p>contracted physicians, professional nursing staff and equipment. A health examination for employees is conducted each year.</p> <p>(III) The Company will communicate with personnel via internal announcements and through periodic formal and informal meetings of the different departments to share changes in Company operations in a timely manner.</p> <p>(IV) The Company values customer comment and sends out periodic questionnaires to measure customer satisfaction.</p> <p>(V) The Company maintains partnerships with its vendors, and proactively attends public social and welfare activities.</p> <p>(VI) The Company, (subject to overview), sponsors some public welfare groups or the charity foundations to feed back to society.</p>	
<p>IV. Reinforcement of information disclosure</p> <p>(I) The disclosure of Company information is related to the relevance and reliability of the Company's commitment to corporate social responsibility.</p> <p>(II) The Company discloses the implementation status of its corporate social responsibility in the CSR report.</p>	<p>The Company has complied with information disclosure requirements by setting up an official website where information about finance, business and corporate governance and related information is made available to the public. The Company also communicates with its stakeholders and investors through traditional channels and meetings.</p>	<p>Compliance with the Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies</p>
<p>V. If the Company has established its corporate social responsibility best-practice principles in accordance with the Corporate Social Responsibility Best-Practice Principles for TSE/GTSM Listed Companies, please clearly describe the functioning of such principles and any discrepancies with the Company's corporate social responsibility best-practice principles:</p> <p>The Company has not yet established its own corporate social responsibility best-practice principles. However, it did promote, attend and fulfill the corporate social responsibility covering corporate governance, environmental protection, social contribution and social public welfare through R&D, public welfare activities and environmental protection certification.</p>		
<p>VI. Other important information to facilitate a better understanding of the Company's corporate social responsibility practices (such as systems and measures that the Company has adopted with respect to environmental protection, community participation, contribution and service to society, social and public interests, consumer rights and interests, human rights, safety and health, and other corporate social responsibilities and activities, and the status of implementation):</p> <p>(I) The working environment and employee's personal safety protection measures:</p> <p>To prevent occupational disasters and ensure employee safety, the Company has established "contingency plans", performs</p>		

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Item	Implementation Status	Deviation from the Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
	<p>practice drills, and can take rapid and systematic measures against fire, leakage, typhoon, earthquake, war, traffic accidents, as well as for evacuation and recovery, to mitigate injury and loss as much as possible.</p> <p>All the substance safety data sheets for raw materials, supplies and products are available throughout the premises, and are also accessible to personnel on line to help them take any necessary corrective action and ensure their personal safety as well as that of the factory.</p> <p>The production process zones are equipped with fire protection equipment such as automatic sprinkler systems which may be automatic, manual or remote controlled, to ensure personal safety as well as that of the factory.</p> <p>Monitoring stations for combustible gas, EO, NH₃, H₂ & boiler flue gas (SO_x, NO_x), and waste water (COD, pH) are installed within the production areas, so that any leakage or abnormal situation may be detected and remedied/ eliminated immediately.</p> <p>Established procedures for hot/hazardous work, and a permit and entry system for confined space to ensure the safety of personnel and equipment.</p> <p>Implement contractor's safety training and requirements according to employee safety criteria to ensure the safety of personnel accessing the factory.</p> <p>Organize health examination for employees to detect health problems as early as possible and take prompt action to protect employee health.</p>	
(II) S.H.E policy	<p>OUCS reviews S.H.E with the highest standards: "zero accidents, zero injuries and zero pollution", to protect the ecological environment and the safety and health of employees, as well as maximizing the benefits for vendors, contractors, customers, shareholders and the general public, and to achieve the vision of sustainability.</p>	
(III) S.H.E. principles	<p>All employees shall take the responsibility to ensure a safe, healthy and environmentally protective environment.</p> <p>Injuries and occupational disease are to be avoided.</p> <p>All levels of supervisors are obliged to continue training employees in work safety.</p> <p>Employees are the most important company asset and so safety is of vital necessity.</p> <p>All deficiencies shall be corrected promptly.</p> <p>Avoidance of injury is a major employee contribution to the Company.</p> <p>Auditing is required.</p> <p>Contractors' safety and management is as important as that of the employees.</p> <p>Employees safety outside the Company and factory shall be taken as another high priority.</p> <p>The Company is obliged to continue improving clean production and to be a good neighbor in the community.</p>	
(IV) Community participation, social service and social public welfare	<p>The company takes its responsibility and obligations as a member of the Taiwan Responsible Care Association very seriously and participates in regular training and other activities.</p> <p>As a member of the Industrial Safety and Health Association of the ROC and TIGA, the Company shares ideas and experience with the promotion of S.H.E. with other members from time to time.</p> <p>The Company organizes blood donation events twice a year and large numbers of personnel take part.</p> <p>The Company subscribes to the good-neighbor fund run jointly by several Linyuan Factories each year and sponsors local celebrations over the Lunar Year holidays, dragon boat and moon festivals, and other social activities (including environmental protection, economic construction and cultural observation).</p>	
VII. Elaboration of the Company's products or the Corporate Social Responsibility Report according to the standards of relevant accreditation institutions, if any:	<p>The Company has been self-disciplined and was enrolled in the TRCA and ERIC dedicated to promoting the responsible care system and establishing six major codes, including management of the production process safety, urgent response safety, logistics safety, contractors' safety, waste management, reduction management, and product safety management guidelines.</p> <p>"Safety and health as a first priority, clean production, continuous improvement and the participation of all employees"</p>	

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Item	Implementation Status	Deviation from the Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
	<p>reflects the utmost determination of OUCC for environmental protection. In order to help the successful production operation, the SHE policy is implemented throughout the factory. The factory has also defined and implemented well-founded labor safety and environmental protection measures, and has delegated full-time staff dedicated to testing air pollution, water pollution, toxic substance and waste. Meanwhile, 19 underground water monitoring wells are installed, and the combustible gas monitoring station is installed to ensure that the environment is free from pollution. The Company also recycles CO₂, adds waste gas to incineration and covers to the various waste water treatment yards for environmental engineering work.</p> <p>The Company has obtained fixed pollution source operating licenses for 8 production processes, which include EO, EG, boiler steam, #1&#2 EA, EC, pilot plant (SI) and the EOD production process.</p> <p>Pollutant emission and control</p> <p>Fixed pollutant operating permit: The Company has obtained the fixed pollutant operating permits for 8 production processes.</p> <p>The Company has installed three sets of waste water treatment systems for water discharged to the industrial park joint waste water treatment plant.</p> <p>The Company has installed two sets of VOC incineration, and completed the RTO1 and RTO2 tests successfully in 2005. THC removal rate >99%.</p> <p>In 2011, the Company installed the CO incineration equipment for the EC production process, and completed the trial run successfully. THC removal rate >99%.</p> <p>Nineteen underground water monitoring wells are installed throughout the factory dedicated to sampling and analysis each month. The monitored water quality appears to be normal.</p> <p>Pollution prevention expenses: The Company pays the pollution prevention expenses on air, water and soil pollution.</p> <p>Personnel of the unit dedicated to environmental protection:</p> <p>Personnel dedicated to air pollution: Class-A and Class-B personnel are employed.</p> <p>Personnel dedicated to water pollution: Class-A and Class-B personnel are employed.</p> <p>Personnel dedicated to toxic substances: The Company has delegated trained competent Class-A personnel to manage toxic substances.</p> <p>Personnel dedicated to waste material: The Company's Linyuan Factory has delegated trained competent personnel to waste management. Oriental Petrochemical (Yangzhou) personnel have environmental protection management certification and environmental protection operation licenses.</p> <p>In response to the government's environmental protection policy, the Company has installed an electric motorcycle charging station for personnel.</p> <p>The Company has installed a storm water collection system and also recycles waste water generated from production for processing by the waste water treatment yard.</p> <p>The Company was honored to receive the "Industrial Sustainable Excellence Award" from the Ministry of Economic Affairs in 2004, and the "Air Quality Excellent Contribution Award" from the Environmental Protection Bureau of Kaohsiung County Government in 2006.</p> <p>The Company was also awarded a medal for "Credit in Prevention of Disaster for Participation in Kaohsiung County Large-Scale Drill of Response to Toxic Chemical Substance Disasters" by Kaohsiung County Government in June 2005.</p> <p>The Company was awarded another medal for "Enterprise Engaged in Using Qualified Gasoline Products for Diesel Vehicles" by the Environmental Protection Bureau of Kaohsiung County Government in March 2006.</p> <p>The Company was awarded a medal for "Active Cooperation in the Promotion of Centralized Burning of Ghost Money to Reduce Air Pollution and Maintain Residential Environmental Quality" by the Environmental Protection Bureau of Kaohsiung County Government in October 2006 and October 2007.</p> <p>The Company was awarded a medal for "Energy Saving Elite, Excellence and Innovation" by Bureau of Energy, Ministry of Economic Affairs in May 2007.</p> <p>The Company was awarded a medal for "Active Promotion of Industrial Safety & Health and Enhancement of Management Mechanism, Upgrading of Enterprise Physical Institution, Demonstration of Safety & Health Performance, Achievement of Outstanding Results and Role Model of Labor Safety & Health" by the Industrial Development Bureau of Ministry of</p>	

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Item	Implementation Status	Deviation from the Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
<p>Economic Affairs in November 2007.</p> <p>The Company was awarded a medal for "Zero Disaster, Zero Loss, Outstanding Performance and Excellence" by the Safety & Health Promotion Commission of the Linyuan Petrochemical Industrial Park Council of Labor Affairs in February 2008.</p> <p>The Company was awarded a medal for "Zero Disaster for 1,810,581 Working Hours" by the Council of Labor Affairs, Executive Yuan in March 2008.</p> <p>The Company was awarded a medal for "Excellent Performance for Promotion of National Workplace Labor Safety Week Activities" by TIGA in March 2008.</p> <p>The Company was awarded a medal for "Benefiting Environmental Protection" by the Environmental Protection Administration, Executive Yuan in October 2010.</p> <p>The Company was awarded a trophy for "Energy-Saving Performance Rating Special Excellence Award" by Environmental Protection Bureau of Kaohsiung City Government in April 2011.</p> <p>The Company received a letter of gratitude from the Industrial Development Bureau, Ministry of Economic Affairs in April and October 2011 to signify the Company's efforts and contribution in promoting regional joint control and anti-flood drill, fulfilling a disaster prevention response support mechanism and upgrading regional safety.</p> <p>The Company was awarded a certificate of merit for "Excellent Supplier Under Air Pollution Reduction Guidance Evaluation" by the Environmental Protection Bureau of Kaohsiung City Government in December 2011.</p> <p>Honored as a model for ethical labor protection in Yangzhou City in 2011.</p> <p>Honored as the advanced environmental protection entity in the chemical industrial park of Yangzhou City in 2012.</p> <p>Honored as the advanced anti-chemical weapon entity in Yangzhou City in 2012.</p> <p>The Linyuan Factory was awarded a trophy for "Management System Continuous Improvement Benchmarking Award" by Vice CEO of SGS Taiwan and the East Asia Region, who visited the factory in August 2013.</p> <p>Honored as the advanced environmental protection entity in the chemical industrial park of Yangzhou City in 2013.</p> <p>Honored as the advanced anti-chemical weapon entity in Yangzhou City in 2013.</p> <p>Honored by a fire protection contest group award in 2013.</p> <p>Honored as the advanced safety work entity in the chemical industrial park of Yangzhou City in 2013.</p> <p>The Linyuan Factory was awarded healthy workplace certification – a health promotion mark by the Health Promotion Administration, Ministry of Health and Welfare in January 2014.</p> <p>Awarded ISO-14001 certification in 1999, and OHSAS-18001 certification in 2002. The two certifications were requested and approved in 2011 and approved upon routine audit in 2013.</p> <p>The Company reviews its SHE work with the highest standards under the objectives of "zero accident, zero injury and zero pollution", in order to protect the environment and employee safety and health, to maximize the benefit to vendors, contractors, customers, shareholders and the public, and achieve the vision of sustainability. The Company is recognized for its dedication to promoting labor safety & environmental protection, saving energy and resources, fulfilling proper business administration, and boosting technical innovation, as the best substantiation of its efforts in defending the earth and fulfilling corporate social responsibility.</p>		

(VI) Implementation of Business Conduct Policy

Item	Implementation Status	Deviation from the Ethical Business Best-Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
<p>I. Establishment of business conduct policy and plan</p> <p>(I) The Company adheres to the business policy explicitly set out in its regulations and external documents, supported by the active commitment of the board of</p>	<p>(I) The Company's ethical business best-practice principles have been announced openly upon resolution of a Directors' meeting on December 21, 2011, and were submitted to a shareholders' meeting in 2012 for approval.</p> <p>(II) Prohibition of unethical business: The</p>	<p>Compliance with the Ethical Business Best-Practice Principles for the TWSE/GTSM Listed Companies</p>

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Item	Implementation Status	Deviation from the Ethical Business Best-Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
<p>directors and management to its implementation.</p> <p>(II) A program for the prevention of unethical behavior has been implemented by the Company, and operating procedures, behavior guidelines, and education and training for the program have been established.</p> <p>(III) An unethical behavior prevention program has been established in the Company, and measures for the prevention of bribery and the acceptance of bribes and illegal political contributions have been implemented for activities with a high risk of unethical behavior.</p>	<p>Company's employees are prohibited from providing, promising, requesting or accepting any unjust enrichment, directly or indirectly, or engaging in unethical or illegal business.</p> <p>(III) The ethical business best-practice principles shall include the following prevention measures:</p> <p>The offering or acceptance of bribes is prohibited.</p> <p>Political donations are prohibited.</p> <p>Illegal or unjust charity donations or sponsorship is prohibited.</p> <p>The offer or acceptance of gifts or entertainment, or any kind of unjust enrichment is prohibited.</p>	
<p>II. Implementation of business conduct</p> <p>(I) The Company's business activities should not be conducted with individuals who have a record of unethical behavior; an ethical code of conduct should be followed for all business contracts.</p> <p>(II) Promotion of ethical business by the Company's full-time (part-time) functional units, and the status of supervision by the Board of Directors.</p> <p>(III) Implementation of the Company conflict of interest prevention policy and appropriate reporting channels.</p> <p>(IV) Establishment of the Company's effective accounting system, internal control system, as well as internal auditing to ensure implementation of proper business conduct.</p>	<p>(I) The Company shall comply with the Company Law, Securities & Exchange Act, Business Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflict of Interest, the relevant laws and regulations governing listed companies and the laws governing other business activities to fulfill ethical business as the first priority.</p> <p>(II) In order to substantiate ethical business management, the Company has made the Human Resources Dept responsible for defining and supervising execution of the ethical business policy and prevention programs, and any related issues are reported to the Board of Directors.</p> <p>(III) The Company's Board of Directors shall urge the Company to avoid unethical business with due diligence, and shall review the implementation result and continue to improve the principles to ensure fulfillment of an ethical business policy.</p> <p>(IV) The Company has established effective accounting and internal control systems as protection against business activities involving high ethical business risk. The Company has no invisible accounts or secret accounts, and will review the systems from time to time to ensure the validity of design and implementation.</p> <p>(V) The Company's internal auditors shall periodically audit compliance with the systems referred to in the preceding paragraph and submit the audit report to</p>	<p>Compliance with the Ethical Business Best-Practice Principles for TWSE/GTSM Listed Companies</p>

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Item	Implementation Status	Deviation from the Ethical Business Best-Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
	the Board of Directors.	
<p>III. The operation of the Company's reporting channel and the unethical behavior disciplinary and appeal system.</p>	<p>(I) Should any employee become aware of an incident of unethical behavior the situation must be reported immediately to a Supervisor, managerial officer, chief internal auditor, the Human Resources Dept or other competent chief officer. The Company will keep the informant's identity and report confidential.</p> <p>(II) The Company adheres to the zero abuse principle. If a Company employee seeks unjust enrichment to their own or other's advantage by using their position in the company and thereby causes loss to the Company, the employee shall be relieved of their post and shall also be obliged to make compensation for any loss suffered by the Company without condition.</p> <p>(III) Company employees who violate the ethical business principles shall be punished in accordance with the Company's reward & punishment rules. An employee whose employment is thus terminated can no longer occupy a post in the Company or an affiliate.</p> <p>(IV) The Company has set up an appeal system so that an employee who is alleged to have breached the rules may seek a remedy according to the relevant requirements.</p>	Compliance with the Ethical Business Best-Practice Principles for TWSE/GTSM Listed Companies
<p>IV. Strengthening information disclosure</p> <p>(I) Corporate website discloses data on Company business.</p> <p>(II) The Company also adopted other means for disclosure; an English website, was set up with personnel dedicated to gathering, disclosing and posting relevant information.</p>	The Company has expressly stated the ethical business policy on the Company's website and in the annual reports. The board of directors and management shall undertake to fulfill the policy actively, and implement the same in the internal management and external business activities.	Compliance with the Ethical Business Best-Practice Principles for the TWSE/GTSM Listed Companies
<p>V. If the Company has established its ethical business best-practice principles in accordance with the "Ethical Business Best-Practice Principles for TWSE/GTSM Listed Companies", clearly describe the function of such principles and any discrepancies in ethical business best-practice principles:</p> <p>(I) Company ethical business best-practice principles were enacted in accordance with the "Ethical Business Best-Practice Principles for the TWSE/GTSM Listed Companies".</p> <p>(II) In view of the Company's sustainable development and culture, the Company, adhering to the management philosophy for integrity, transparency and responsibility, defined the policy based on ethical business, and established fair corporate governance and risk control mechanisms to create and sustain the business environment.</p>		
<p>VI. Other important information regarding the Company's ethical business, such as the Company's declaring its determination and policies for ethical business to the suppliers, inviting them to participate in education and training, reviewing and amending the Company's ethical business principles and so on:</p> <p>(I) The Company engages in business activities fairly.</p> <p>(II) Before engaging in any business transactions, the Company will consider the validity of agents, vendors, customers or other trading partners and whether they have an ethical business record or not. The Company will avoid engaging in</p>		

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Item	Implementation Status	Deviation from the Ethical Business Best-Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
<p>transactions with any party that has an unethical business record.</p> <p>(III) An important contract entered between the Company and another person shall include details of compliance with ethical business policy, and also include clauses stating that should the trading partner be involved in unethical business at any time, the contract may be terminated or revoked with immediate effect.</p>		

(VII) Disclosure of access to Company Corporate Governance Best Practice Principles and related rules and regulations:

1. Information on the Company website <http://www.oucc.com.tw> will be periodically updated.
2. The information posted on the website is collected and maintained by dedicated personnel. The disclosed information about finance and minutes of the meetings with institutional investors will be posted on the website and be accessible to the public.

(VIII) Other information enabling a better understanding of Company corporate governance:

The employee code of conduct and ethics: "Sincerity, Diligence, Thrift, Prudence and Innovation" reflects Company management philosophy, and also constitutes the code of conduct to be followed by each and every employee. These ethical business best-practice principles have been announced publicly upon resolution of a meeting of the Directors on December 21, 2011, and were submitted to a meeting of the shareholder in 2012 for approval. Company employees will comply with these standards and manage the business by following all the ethical business best-practice principles that have been set out.

(IX) Status of the internal control system

1. Internal control declaration

**Oriental Union Chemical Corporation Ltd.
Declaration of the International Control System**

Date: Mar 12, 2014

The Company inspected the 2013 internal control system autonomously with the following results:

- I. The Company is fully aware that the Board of Directors and the management are responsible for the establishment, implementation, and maintenance of the internal control system and it has been established accordingly. The purpose of its establishment was to reasonably ensure the fulfillment of effective operation and efficiency (including profit, performance, and protection of assets safety), and the reliability and compliance of financial reports.
- II. The internal control system design has inherent limitations. No matter how perfect such control is, it can only provide reasonable assurance of the fulfillment of the three objectives referred to above. The effectiveness of such an internal control system could be influenced by changes of the environment and other circumstances. Therefore, the Company internal control system has been designed with a self-monitoring mechanism so that corrective action will be activated immediately upon the identification of any nonconformity.
- III. The Company has assessed the effectiveness of the design and implementation of the internal control system in accordance with criteria provided in the “Regulations Governing the Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as “the Regulations”). The criteria defined in “the Regulations” include five elements that depend on the management control process: (1) environment controls, (2) risk assessment, (3) control processes, (4) information and communications, and (5) supervision. Each of the five elements is then divided into a sub-categories. Please refer to “the Regulations” for details.
- IV. The Company has implemented criteria for inspection of the internal control system referred to above to ascertain its effectiveness, design and implementation.
- V. The Company, based on the inspection results referred to above, concluded (on December 31, 2013) that the internal control system, including the supervision and management of subsidiaries, is reasonably effective and achieves the objectives of operation and efficiency, financial report reliability, and compliance.
- VI. The Declaration of Internal Control System is the main content of the Company’s annual report and published prospectus. Any false statement and concealment of the published content referred to above involves liability set out in Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
- VII. The Declaration of the Internal Control System was resolved at a meeting of the Board of Directors on March 12, 2014 with no objections by any of the nine attending Directors. The contents of the declaration have been accepted without objection.

Oriental Union
Chemical Corporation Ltd.

Chairman: Douglas T. Hsu

President: H.C. Tsai



徐旭素



蔡錦坤



Oriental Union Chemical Corporation

2. The internal control audit report issued by the CPA commissioned to conduct an internal control audit, if any: N/A

(X) Punishment of the Company or its internal personnel in accordance with the law, punishment of internal personnel by the Company for violating internal control system regulations, main deficiencies, and improvements during the recent year and up to the date of publication of this annual report: N/A

(XI) Resolutions reached at a meeting of shareholders or by the board of directors during the recent year and up to the date of publication of this annual report:

1. Shareholders' Meeting

Meeting time	Major resolution	Status
2013.6.7	Report (1) Business report 2012 (2) Financial report 2012 (3) Adjustment of the Company allocable earnings upon adoption of IFRSs and report on special reserve as provided (4) The supervisors' review report 2012 (5) Amendments to the " Rules for Directors' Meetings" Recognition (1) Approval of the Company's financial statement 2012 (2) Approval of the Company's dividends distribution 2012 (NT\$1.2 in cash per share) Discussion (1) Amendments to the "Procedure for Endorsements and Guarantees by Public Company" and "Procedure for Loaning to Others"	July 3, 2013 was set as the ex-dividend date, and cash dividend was distributed on July 24, 2013.

2. Board of Directors

Term of the Board	Meeting time	Major resolution
4th meeting of 13th term	2013.3.15	Financial report 2012 approved Distribution of dividends 2012 approved Financial statement 2012 approved Declaration of Internal Control System 2012 approved Proposal of convening 2013 shareholders' annual general meeting approved The Company's reinvestment of US\$20,000,000 in the Oriental Petrochemical (Yangzhou) Corporation via OUCC (Bermuda) Holding Limited approved.
5th meeting of 13th term	2013.5.15	Capital increase of NT\$720,348,690 to Oriental Petrochemical Corporation approved. Adjustment of the Company organization and personnel promotion approved
6th meeting of 13th term	2013.8.13	Amendments to the Company's "Procedure for Acquisition or Disposal of Assets" and the relevant provisions in the internal audit enforcement rules approved. Projects of EG re-bottlenecking and new ASU in Linyuan approved. Company personnel proposal approved.
7th meeting of 13th term	2013.11.11	Amendments to the Company "Accounting System" approved. The internal Company auditing plan for 2014 approved. Change of the investment portfolio for EG and EO projects in Yangzhou, China approved.

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Term of the Board	Meeting time	Major resolution
8th meeting of 13th term	2014.3.12	Approval of replacement of Remuneration Committee member. Approval of adjustment of Company organization and change of personnel. Approval of the proposal for the 2014 operating and capital budget. Approval of Q1/2014 financial statement of OUCC with FUPY incorporated. Approval of 2013 financial statement (including consolidated reports). Approval of dividends distribution 2013 Approval of the Company financial statement 2013 Approval of the "Declaration of Internal Control System" 2013 Approval of amendments to the Company "Procedure for Acquisition or Disposal of Assets". Approval of amendments to the Company Articles of Incorporation. Approval of amendments to the Company bylaw of "Election of Directors & Supervisors". Approval of amendments to the Company "Rules for Directors' Meetings". Approval of amendments to the Company "Rules for General Shareholders' Meetings". Approval of proposal for convening 2014 shareholders' annual general meeting.

(XII) Recorded or written statements of dissent made by any Director or Supervisor to important resolutions passed by the Board of Directors during the recent year and up to the date of publication of this annual report: N/A

(XIII) Summary of discharge and resignation of parties relating to the annual report (Chairman, President, Chief Accountant, Financial Officer, Chief Internal Auditor and R&D Officer) in the recent year and up to the date of publication of this annual report: N/A

IV. Information of CPA Professional Fee

(I) Breakdown of CPA Professional Fee

1. Information of CPA

Firm Name	CPA Name		Duration of Audit	Remark
Deloitte Touche Taiwan	H. W. Tai, CPA	C. B. Shih, CPA	102.01.01 ~ 102.12.31	

2. CPA Professional Fee

Currency Unit: NTD Thousand

Price Range		Fees	Audit Fees	Non-Audit Fees	Total
1	Less than NT\$2,000 thousand			√	
2	NT\$2,000 thousand (inclusive)~NT\$4,000 thousand		√		√
3	NT\$4,000 thousand (inclusive)~NT\$6,000 thousand				
4	NT\$6,000 thousand (inclusive)~NT\$8,000 thousand				
5	NT\$8,000 thousand (inclusive)~NT\$10,000 thousand				
6	NT\$10,000 thousand (inclusive) or above				

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Currency Unit: NTD Thousand

Firm Name	CPA Name	Audit Fees	Non-Audit Fees					Duration of Audit	Remark
			System design	Commercial and Industrial Registration	Human Resource	Others (Note 1)	Subtotal		
Deloitte Touche Taiwan	H. W. Tai & C. B. Shih	2,730	0	0	0	180	180	102.01.01 } 102.12.31	Note 1: NT\$60 thousand referred to the review comments on the statement of return submitted to the Investment Commission, and NT\$120 thousand referred to the audit report for the certificate of five-year tax exemption.

(II) In the case of a change of CPA firm and the audit fees for the year of the change are less than those of the previous year, please specify the audit fees before and after the change, and the reasons for the change: N/A

(III) In the case of the audit fees being 15% less than that of the previous year, please specify the audit fees before and after the change, and the reasons for the change: N/A

V. Information of CPA Replacement

(I) Former CPA

2013: N/A

2012

Date of change	August 28, 2012		
Reasons for the change and descriptions	The former external auditors were H. W. Tai, CPA and Y. W. Fan, CPA of Deloitte Taiwan. Due to the business arrangement of the Firm, H. W. Tai, CPA and C. B. Shih, CPA of the Firm succeeded to the external auditors as from Q2 in 2012.		
Termination by the appointer or CPA or rejection of the appointment	Client Status	CPA	Appointer
	Voluntary termination of the appointment	N/A	N/A
	Rejection (renewal) of appointment	N/A	N/A
Audit report with opinion other than those audited reports with an unqualified opinion issued in the most recent two years, and reasons for issue of the report.	N/A		
Dissidence with the issuer?	Yes		Accounting principles or practices
			Disclosure of financial statement
			Scope or step of audit
			Others
	N/A	√	

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	Notes
Other notes to be disclosed (Those to be disclosed referred to Article 10-5-1 of the Standards)	N/A

(II) Successive CPA

2013: N/A

2012

Firm Name	Deloitte Taiwan
CPA Name	C. B. Shih
Date of appointment	Approved at the Directors' meeting on August 28, 2012
The accounting treatment of or application of accounting principles to a specified transaction, or the type of audit opinion that might be rendered on the company's financial report, prior to the formal engagement of the successive certified public accountant	N/A
The successive certified public accountant's written opinion regarding the matters on which the Company did not agree with the former certified public accountant	N/A

(III) The written response of the former CPA to Article 10-5-1 and Article 10-5-2-3 of the Standards: N/A

VI. Information regarding the Chairman, President, and Financial or Accounting Manager of the Company who has worked with the CPA firm which conducts the Audit of the Company or an affiliate of said firm in the recent year: N/A

VII. Any transfer of equity interests and pledge of, or change in equity interest, by a Director, Supervisor, managerial officer, or shareholder with a stake of more than 10 percent.

(I) Shareholding variation

Unit: share

Job title (Note 1)	Name	2013		Ending April 8	
		Shares increase (decrease)	Pledge shares increase (decrease)	Shares increase (decrease)	Pledge shares increase (decrease)
Chairman	Douglas T. Hsu	0	0	0	0
Director	Asia Cement	0	0	0	0
Director	Far Eastern New Century	0	0	0	0
Director	Yue Ming Trading Company	0	0	0	0
Supervisor	Yu Li Investment Corporation	0	0	0	0
Supervisor	Far Eastern Y. Z. Hsu Science and Technology Memorial Foundation	0	0	0	0
Managerial officer	H.C. Tsai	0	0	0	0
Managerial officer	Peter Pan	0	0	0	0
Managerial officer	Victoria Peng	0	0	0	0
Managerial officer	C. K. Tsai	0	0	0	0
Managerial officer	C. H. Lee	0	0	0	0
Managerial officer	C. C. Lin	0	0	0	0
Managerial officer	Judy Wang	0	0	0	0
Managerial officer	Y. S. Chang	0	0	0	0
Managerial officer	W.F. Lu	0	0	0	0
Managerial officer	Daniel Chen	0	0	0	0

Note 1: The scope of managerial officers shall be defined according to the Securities and Futures Bureau decree under Tai-Tsai-Cheng-3-Tze No. 0920001301 dated March 27, 2003.

(II) Shareholding transferred (while the counterparty is a related party): N/A

(III) Shareholding pledged: N/A

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VIII. Top 10 shareholders and their relationships:

April 8, 2014 Unit: share

Name	Current shareholding		Spouses and minor children's shareholding		Shareholding in name of others		Name, relationship of top 10 shareholders being the related party as spouse or kin within the second tier under the Civil Code (Note 3)		Remark
	Quantity of shares	Share holding	Quantity of shares	Share holding	Quantity of shares	Share holding	Name	Relationship	
Representative of Far Eastern New Century: Douglas T. Hsu	81,217,005	9.17%	0	0%	0	0%	Yuan Ding Investment Co Ltd Asia Cement Corp Yuan Tung Investment Co Ltd Kai Yuan International Investment Co Ltd Ding Yuan International Co Ltd	Note 1, Note 3 Note 1, Note 2, Note 3 Note 1 Note 1, Note 3 Note 1	
Representative of Yuan Ding Investment Co Ltd: Douglas T. Hsu	73,363,684	8.28%	0	0%	0	0%	Far Eastern New Century Asia Cement Corp Yu Yuan Investment Co Ltd	Note 2, Note 3 Note 1, Note 3 Note 1	
Representative of Asia Cement Corp: Douglas T. Hsu	63,766,522	7.20%	0	0%	0	0%	Far Eastern New Century Yuan Ding Investment Co Ltd Yu Yuan Investment Co Ltd Yuan Tung Investment Co Ltd Kai Yuan International Investment Co Ltd Ding Yuan International Co Ltd	Note 1, Note 2, Note 3 Note 2, Note 3 Note 1 Note 2 Note 2 Note 2	
Representative of Cathay Life Insurance Co Ltd: H. T. Tsai	49,423,400	5.58%	0	0%	0	0%	N/A	N/A	
Representative of Nan Shan Life Insurance Co Ltd: Wen-Teh Kuo	43,673,900	4.93%	0	0%	0	0%	N/A	N/A	
Representative of Yuan Tung Investment Co Ltd: C. C. Wang	41,161,396	4.65%	0	0%	0	0%	Far Eastern New Century Asia Cement Corp	Note 2 Note 1	
Representative of Yu Yuan Investment Corporation: W. K. Chou	33,224,017	3.75%	0	0%	0	0%	Asia Cement Corp Yuan Ding Investment Co Ltd	Note 2 Note 2	
Representative of Kai Yuan International Investment Co Ltd: Humphrey Cheng	30,275,173	3.42%	0	0%	0	0%	Far Eastern New Century Asia Cement Corp	Note 2, Note 3 Note 1	
Representative of Chunghwa Post Co Ltd: W. C. Weng	20,418,800	2.31%	0	0%	0	0%	N/A	N/A	
Representative of Ding Yuan International Co Ltd: M. H. Tsai	16,183,495	1.83%	0	0%	0	0%	Far Eastern New Century Asia Cement Corp	Note 2 Note 1	

Note 1: The investees who are evaluated under the equity method

Note 2: The investors whose investment in the Company is evaluated under the equity method

Note 3: The company of which the chairman or president is the chairman or president of another company, where a spouse or kin within the second tier is employed

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IX. The number of shares held by the Company and Company Directors, Supervisors, managerial officers and the entities directly or indirectly controlled by the Company in a single company, and calculating the consolidated shareholding percentage of the above categories.

April 8, 2014 Unit: 1,000 shares

Investees	Invested by the Company		Invested by Directors, Supervisors, management, and enterprises controlled by the Company directly or indirectly		Combined Investment	
	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding
Tong Fu Investment Corporation	114,299	100%	0	0%	114,299	100%
Pacific Petrochemical (Holding) Ltd	122	100%	0	0%	122	100%
OUC (Bermuda) Holding Ltd	30	100%	0	0%	30	100%
Oriental Resources Development Limited	14,675	30%	0	0%	14,675	30%
Kuokuang Petrochemical Technology Company	10,946	20%	0	0%	10,946	20%

Four. Capital Overview

I. Capital and Shares

(I) Source of Capital

Unit: NTD thousand, 1,000 shares

Year/Month	Issuing Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Capital increased by assets other than cash	Others
89/7	10	560,000	5,600,000	511,115	5,111,150	Recapitalization of capital surplus: 379,972		Note 1
						Capital increase in cash: 30,000		Note 2
90/4	10	560,000	5,600,000	505,902	5,059,020	Cancelled treasury stock: 52,130		Note 3
90/9	10	560,000	5,600,000	495,907	4,959,070	Cancelled treasury stock: 99,950		Note 4
92/7	10	560,000	5,600,000	535,596	5,355,961	Recapitalization of retained earnings : 97,712		Note 5
						Recapitalization of capital surplus: 299,179		
93/7	10	820,000	8,200,000	616,467	6,164,669	Recapitalization of capital surplus: 808,708		Note 6
94/2	10	820,000	8,200,000	676,467	6,764,669	Capital increase in cash: 600,000		Note 7
94/9	10	820,000	8,200,000	746,554	7,465,544	Recapitalization of capital surplus: 700,875		Note 8
95/7	10	820,000	8,200,000	770,721	7,707,212	Recapitalization of capital surplus: 241,668		Note 9
96/7	10	820,000	8,200,000	787,486	7,874,864	Recapitalization of capital surplus: 167,652		Note 10
97/8	10	820,000	8,200,000	805,185	8,051,846	Recapitalization of capital surplus: 176,982		Note 11
101/8	10	1,000,000	10,000,000	885,703	8,857,031	Recapitalization of capital surplus: 805,185		Note 12

Note 1: (89) Tai-Tsai-Cheng (1) No. 28043 dated March 30, 2000

Note 2: (89) Tai-Tsai-Cheng (1) No. 31633 dated April 25, 2000

Note 3: (90) Tai-Tsai-Cheng (3) No. 109337 dated March 9, 2001

Note 4: (90) Tai-Tsai-Cheng (3) No. 143329 dated July 19, 2001

Note 5: (92) Tai-Tsai-Cheng (1) No. 0920126972 dated June 18, 2003

Note 6: (93) Tai-Tsai-Cheng (1) No. 0930123783 dated June 28, 2004

Note 7: (93) Ching-Kuan-Cheng (1) No. 0930145975 dated October 19, 2004

Note 8: (94) Ching-Kuan-Cheng (1) No. 0940123773 dated June 14, 2005

Note 9: (95) Ching-Kuan-Cheng (1) No. 0950124903 dated June 19, 2006

Note 10: (96) Ching-Kuan-Cheng (1) No. 0960032441 dated June 27, 2007

Note 11: (97) Ching Kuan-Cheng (1) No. 09701200670 dated August 13, 2008

Note 12: Ching-Kuan-Fa-Tze No. 1010027826 dated June 22, 2012

Unit: share

Type of share	Authorized Capital Stock			Remark
	Outstanding Shares (listed)	Unissued Shares	Total	
common stock	885,703,029	114,296,971	1,000,000,000	—

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(II) Shelf Registration System: N/A

(III) Composition of Shareholders

April 8, 2014

Composition of Shareholders	Government apparatus	Financial organization	Other juridical persons	Individuals	Foreign institution or foreigner	Total
Quantity						
Number of persons	14	27	150	64,841	137	65,169
Shares held when appointed	20,438,939	144,238,196	415,925,295	230,853,231	74,247,368	885,703,029
Shareholding	2.31%	16.29%	46.96%	26.06%	8.38%	100%

(IV) Distribution Profile of Share Ownership

April 8, 2014

Shareholders Ownership	Number of Shareholders	Number of Shares Owned	Shareholding	
1~999	999	32,853	8,295,142	0.94%
1000~	5,000	22,708	50,926,589	5.73%
5001~	10,000	4,955	35,835,025	4.05%
10001~	15,000	1,882	22,506,330	2.54%
15001~	20,000	801	14,325,123	1.62%
20001~	30,000	827	20,129,979	2.27%
30001~	50,000	546	21,008,671	2.37%
50,001~	100,000	301	21,326,377	2.41%
100,001~	200,000	127	17,227,494	1.95%
200,001~	400,000	70	18,855,056	2.13%
400,001~	600,000	27	13,472,149	1.52%
600,001~	800,000	10	7,252,961	0.82%
800,001~	1,000,000	6	5,284,235	0.60%
1,000,001 and above		56	629,257,898	71.05%
Total		65,169	885,703,029	100.00%

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(V) Major Shareholders

April 8, 2014 Unit: share

Major Shareholders	Quantity of shares	Total shares owned	Shareholding ownership %
Far Eastern New Century		81,217,005	9.17%
Yuan Ding Investment Co Ltd		73,363,684	8.28%
Asia Cement		63,766,522	7.20%
Cathay Life Insurance Co Ltd		49,423,400	5.58%
Nan Shan Life Insurance Co Ltd		43,673,900	4.93%
Yuan Tung Investment Co Ltd		41,161,396	4.65%
Yu Yuan Investment Co Ltd		33,224,017	3.75%
Kai Yuan Int'l Investment Co Ltd		30,275,173	3.42%
China Post Co Ltd		20,418,800	2.31%
Ding Yuan International Co Ltd		16,183,495	1.83%

- Note: 1. Top 10 shareholders
2. A total of 885,703,029 shares

(VI) Market price, net value, earnings and dividends per common share

Year		2012	2013	From 1 Jan 2014 to
Item				31 Mar 2014
Market price per share	Highest	44.80	36.40	32.20
	Lowest	29.50	27.25	29.30
	Average	36.30	31.12	30.55
Net value per share	Before distribution	18.81	19.69	19.70
	After distribution	17.60	(Note 1)	—
Earnings per share (Note 2)	Weighted average shares (Note 4)	871,949 thousand shares	871,949 thousand shares	871,949 thousand shares
	Before adjustment	1.32	1.45	0.06
	After adjustment	1.32	(Note 1)	—
Dividends per share (Note 3)	Cash dividend		2.00	1.20
	Stock dividend	From retained earnings (NT\$)	1.00	—
		From capital surplus (NT\$)	—	—
	Accumulated undistributed dividends		—	—
Analysis on investment return	Price/Earnings Ratio		27.50	21.46
	Price/Dividend Ratio (Note 6)		18.15	25.93
	Cash dividend yield (Note 7)		5.51%	3.86%

Note 1: Confirmed after the motion for allocation of earnings was resolved and approved at the general shareholders' meeting 2014.

Note 2: Based on the weighted average of outstanding shares and the quantity of shares after retroactive adjustment of earnings and recapitalization of capital surplus.

Note 3: The allocation of earnings in the previous year.

Note 4: As of 2002, the Company applied the Statement of Financial Accounting Standards No. 30 "Accounting Standards for Treasury Stock" and identified the parent company's stock held by a subsidiary as treasury stock.

Note 5: Price/Earnings Ratio=Average Closing Price Per Share in current year/Earnings Per Share

Note 6: Price/Dividend Ratio=Average Closing Price Per Share in current year/Cash Dividend Per Share.

Note 7: Cash Dividend Yields=Cash Dividend Per Share/Average Closing Price Per Share in current year.




(VII) Dividend Policy and the Status of Implementation

1. The Company's stock dividend shall be allocated per the proportion set in the Company's Articles of Incorporation, aiming for the stable maintenance of stock dividends, with consideration of the changes in the outlook of Company business, and the life cycles of the various products or services, which have an impact on the future capital needs and taxation. Unless the need should arise for improvement of the financial structure and reinvestment, production expansion or other major capital expenditure, the cash dividend shall be no less than 10% of the total of the stock dividend and shareholder bonuses distributed in the same year.
2. Proposed distribution of 2013 profits to be resolved by the shareholders' meeting: A cash dividend of NT\$1.2 per share.

(VIII) Effect on Business Performance, EPS and ROE resulting from Stock Dividend distribution proposed by the 2014 Shareholders' meeting on operational performance and Earnings Per Share and ROE:

Item		Year	2014 (Projected)
Paid-in capital, beginning (NT\$1,000)			8,857,031
Stock & Cash to be distributed	Cash dividend per share (NT\$)		1.2
	Stock dividend from retained earnings		-
	Stock dividend from capital surplus		-
Changes of business performance	Operating income (NT\$1,000)		N/A (Note)
	Change in operating income from the same period of last year (%)		
	Net income (NT\$1,000)		
	Change in net income from the same period of last year (%)		
	EPS (NT\$)		
	Change in EPS from the same period of last year (%)		
Imputed EPS and price-earnings ratio	When all the retained earnings were distributed as cash dividends instead of being capitalized	Pro forma EPS (NT\$)	N/A (Note)
		Pro forma average ROE	
	When the capital surplus was not capitalized	Pro forma EPS (NT\$)	
		Pro forma average ROE	
	When both retained earnings and capital surplus were distributed as cash dividends instead of being capitalized.	Pro forma EPS (NT\$)	
		Pro forma average ROE	

Note: The Company has neither prepared nor disclosed a financial forecast for 2014. Pursuant to the official letter of Securities and Futures Bureau, Ministry of Finance under (89)Tai-Tsai-Cheng (1) Tze No. 00371 dated February 1, 2000, it is not required that such information be disclosed.

Chairman of the Board:  Managerial officer:  Chief Accountant: 

(IX) Bonuses for Employees, Directors and Supervisors:

1. Pursuant to Article No. 34 of the Company Articles of Incorporation regarding the above it is stated as below:
Article 34:
If the Company retains earnings at the end of the fiscal year, after income tax as pursuant to the law has

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been paid, accumulated losses from past years offset, and with the 10% legal reserves as well as any special reserve set aside as pursuant to the law; then any balance, plus accumulated earnings undistributed from the previous year and a withholding subject to the overview of the business, will be allocated as set out in the manner below:

60% as a stock dividend;

1% as remuneration for Directors and Supervisors;

2% as employee bonuses;

37% as shareholders bonuses.

2. Any discrepancy in accounting, between the estimated base and actual calculation and allocation of the bonuses: Shall be transacted as changes of accounting estimates and adjusted within the year after a resolution made at a shareholders' meeting.
3. The proposed bonuses to employees, Directors and Supervisors as resolved at a Directors' Meeting
 - (1) The cash dividend/stock dividend to be allocated to employees and remuneration of Directors/Supervisors are:
Employee cash dividend: NT\$21,914,302, and employees stock dividend NT\$0
Directors and Supervisors' Remuneration: NT\$10,957,151
 - (2) The discrepancy, cause and treatment thereof, between estimation and actual allocation of bonuses to employees and Directors/Supervisors resolved at a meeting of the Directors: None
 - (3) Proposed percentage of employee stock dividend over the aggregate of earnings after tax and total employee bonus: N/A
 - (4) Proposed EPS to be distributed as bonuses to employees and Directors/Supervisors: NT\$1.45
(bonuses to employees and Directors/Supervisors have been deducted from earnings in the current period).
4. 2012 bonuses to employees and Directors/Supervisors:
 - (1) The actual employees bonuses and remuneration of Directors/Supervisors allocated from the earnings in 2012 were identical with the initial proposal approved at the Directors' Meeting:

Cash dividend to employees	NT\$21,914,302
Remuneration of directors/supervisors	NT\$10,957,151
 - (2) The discrepancy, cause and treatment thereof, between estimation and actual allocation of employee bonus and remuneration of Directors/Supervisors resolved in 2012:
Same

(X) Repurchase of Company stock

None in the recent year and up to the date of publication of the annual report.

II. Issue of Corporate Bonds: None

III. Preferred Stock: None

IV. Issuance of Overseas Depository Receipts: None

V. Employee Stock Options: None

VI. Stock Issued for Mergers and Acquisitions: None

VII. Implementation of Capital Utilization Plan

The issue or private placement of securities not yet completed in the quarter before the date of publication of the annual report, or plans completed in the recent three years with no return on investment: None

Five. Operation Overview

I. Business Activities

(I) Business Scope:

- The Company's business lines are stated as following:

C801010	Basic chemical industry
C801020	Petrochemical engineering raw material manufacture
C801060	Synthetic rubber manufacture
C801100	Synthetic resin and plastics manufacture
C802060	Animal medication manufacture
CB01010	Machinery & equipment manufacture
F107070	Animal medication wholesale
F107200	Chemical raw material wholesale
F113010	Machinery wholesale
F401010	International trading
I103060	Management consultation
I501010	Product design
IC01010	Drug inspection
JE01010	Leasing
C802041	Western medicine manufacturing
ZZ99999	Any business unprohibited or restricted by laws or regulations, except for those that require special permission

- Weight of consolidated company operations

Currency unit: NTD thousand

	2012		2013	
	Turnover	Operation ratio (%)	Turnover	Operation ratio (%)
EG	8,969,243	67	9,705,577	63
Gas	796,545	6	704,539	5
SC	3,645,049	27	5,013,330	32
Investees	—	—	10,491	—
Total	13,410,837	100	15,433,937	100

- Major business operations
 - Manufacture and sale of MEG, EO and DEG, etc.
 - Manufacture and sale of oxygen, nitrogen and argon and liquid gas products
 - Manufacture and sale of such specialty chemicals as EA, EC, AEO, PEG, MPEG, TA, and TM, etc.
- New products under development

The Company plans to develop high value-added customized EOD products, such as Methyl Alcohol Ethoxylate applied to concrete water reducer, and Tristyrylphenol Ethoxylate applied to Dyeing and Finishing auxiliaries and as a pesticide emulsifying agent.

(II) Industrial Overview

- EG
 - Overview of industry and development

The polyester industry in China still needs to import EG in bulk quantities each year. Although the output of EG in China already exceeds 4,000,000 tons, this still cannot meet the down-stream supplier demand now, or in the near future. The import of EG is expected to be more than 8,000,000 tons in China.
 - Correlation between up-, mid- and down-stream

The total global demand for ethylene was about 130 million tons in 2013, of which about 15% was used for the production of EO and EG. As quite a few of the crackers in Asia have been scheduled

Oriental Union Chemical Corporation

for maintenance shutdown in the first half of 2014, the market supply will decrease accordingly. However, the situation is expected to be relieved by the second half. From 2017 to 2018, with new capacity from the expansion of crackers in the US as well as the launch of low-cost ethylene from shale gas, the supply of ethylene as feedstock will become more plentiful.

In 2013, the global consumption of EG was about 24 million tons, of which 85% was primarily used in chemical fiber, polyester for bottles and film slitter, etc.

(3) Development trend and competition of products

With their strength in cost, the Middle Eastern countries have developed a down-stream petrochemical industry with some successful worldwide marketing. However, there will be no additional EG capacity in the Middle East before 2016, while China is working hard on the development of CTMEG, which still needs further improvement and refinement of technique to achieve quality. OUCC will adjust its EG output and continue developing high value EOD to raise profit level.

2. Gas

(1) Overview of industry and development

In 2013, the supply of gas was ample with the successive launch of new capacity onto the domestic market, however, growth in demand remained insignificant under the poor economy and this is expected to last through the first half of 2014. With the benefit of the expected turnaround in the second half of 2014, the Company will continue to increase its profits from Gas.

(2) Correlation between up-, mid- and down-stream

Company gas output not only meets the internal demands of its EG, EA and EC plants, oxygen and nitrogen from the Company are also supplied to customers in the Linyuan and Da Fa industrial parks, while the other liquid products are supplied to the electronics, petrochemical, medical care, food, steel and metal processing companies. In order to promptly respond to customer needs, the gas plant is equipped with a storage capacity of more than 7,000 tons of liquid gas, and offers customers on-site facilities for direct supplies thru pipelines. In order to enhance the quality of customer service, the Company has gradually renewed both tank vehicles and storage tanks, to provide customers with more satisfactory and professional services. In order to meet the laws and regulations promulgated by the DOH with respect to medical oxygen, the Company has acquired a GMP medical license.

(3) Development trend and competition of products

The Company gas plant has an efficient air separation unit installed, and this produces highly competitive products of excellent quality. The oxygen produced by the Company is primary for internal usage, with some quantity available for domestic sale. Furthermore, along with the expansion of EO production, the Company will also establish a gas factory with a daily production capacity of 420 tons to meet internal demand, and expand the scale of its gas operations.

3. SC

(1) Overview of the industry and development

EA:

The consolidated companies' production capacity of EA totaled 120,000 tons, including 40,000 tons of EA from the Oriental Petrochemical (Yangzhou) Corporation. The EA from OUCC Linyuan is commonly used by down-stream dealers for electronics solvents, detergents, resins, printing ink, textiles and cement, and is also exported to Asia-Pacific, Europe and the US. Amongst these, MEA provide a better and more adaptive supply of electronics solvents, while TEA users are now finally exempt from the restraining and complicated procedures for the import of CWC and can obtain a stable supply of raw material to further secure their competitiveness in the detergents, cosmetics and concrete additives industries on the international market. Domestic market demand for electronics solvents and cement additives in China remain stable. The global demand for EA is expected to total 1,720,000 tons in 2014, an increase of 4% over the 1,650,000 tons in 2013. The demand from China is about 305,000 tons, with a growth rate of 33% (including a new demand for Ethylene Amine). However, more EA plants have been established in recent years to enrich the overall supply. The Company will promote marketing via stable channels to seek optimal profit.

EC:

EC is mainly used by polycarbonate (PC) producers as a raw material for compact discs and other

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composite plastics which makes demand stable. The Company owns the EC plant with the largest annual production capacity in the world – 60,000 tons. The plant uses a non-phosgene environmental protective production process using its own EO and recycled CO₂ as feedstocks, by which means the Company is able to reduce its GHG emission and this is recognized by the environmental protection institutions as well as society.

EOD:

The consolidated companies' production capacity of EOD totals 100,000 tons. The business was started in 2012 with trial sales to customers and certifications and now focuses on market expansion and long-term cooperative relationships with leading international manufacturers, as well as the co-development of functional UV solidifiers with some down-stream customers. The sale volume of EOD reached 40,000 tons in 2013. The Company's EOD products are primarily supplied to the down-stream industries who make detergents, electronic chemicals, synthetic resins, textile and cement additives, with immediate and customized services. AEO may be applied to synthetic detergents and formula, as PEG to cosmetics, textile auxiliaries and electronic chemicals, MPEG is used in concrete water reducers and paper pulp auxiliaries. TA is used as auxiliaries in pesticides and textiles, while TM is used in light solidified resin. In recent years, the demand of EOD, which is mostly a commodity, has continued to grow in Asia, especially in the emerging markets in China and South East Asia, following the escalating of the people's consumption level. In addition to the domestic market, the Company is also proactively developing overseas markets for EOD to seek an optimal profit. In 2014, the Company will continue developing overseas customers as well as enhancing existing cooperative relationships with leading international manufacturers to increase sales volume. The Company expects to launch 13 new products onto the market, including a UV solidifier, emulsifier and concrete water reducer, to raise operating revenue and profit. The EOD plant of the Oriental Petrochemical (Yangzhou) Corporation has a production capacity of 60,000 tons/year, and is engaged in the manufacture of major products including AEO, PEG and MPEG. Following the rapid economic development and upgraded standard of living in China, the demand for the surfactant raw material, AEO, as an ingredient of specialty chemicals such as detergents and shampoo, has been increasing. To increase the utilization of production capacity, the EOD plant of the Oriental Petrochemical (Yangzhou) Corporation has worked with down-stream AES customers, to produce AEO2 as an alternative project in 2013, major customers include the top three AES suppliers in China.

(2) Correlation between up-, mid- and down-stream

EA:

With EO as its major feedstock, the cost of EA has become tightly linked to the ethylene market, the up-stream of EO. EA has a variety of applications, primarily as a surfactant in household detergents, electronics solvents, wood preservatives, taurine, insecticides and herbicides, textiles and cement auxiliaries. This is particularly the case in electronics solvents, and specialty chemical auxiliaries, fluorescent whitening agents, insecticides and herbicides and cement auxiliaries. The EA market has been very useful and stable in Asia-Pacific, the Middle East, Africa and Europe, in terms of sales promotion.

EC:

The Company owns the world's largest EC plant, with a production capacity of 60,000 tons/year. EC, made using our own production of EO and CO₂ and using a safe and competitive production process that is not environmentally harmful, is produced mainly to satisfy the stable demand of the down-stream PC supplier, Chi Mei.

EOD:

With EO as its major feedstock, the cost of EOD is also intensively related to the ethylene market the up-stream of EO. EOD is widely used, as a surfactant in detergent formulae and wetting or leveling agent in the textile industry. Others are used also as a wetting agent in the leather industry, an antistatic agent for synthetic fibers and as a chemical dispersant or brightener carrier in metal processing.

(3) Development trends and product competition

EA:

For the time being, the Company is the only domestic producer of EA, which produces also the feedstock EO, and thus makes the product very competitive. The stable demand for EO by the

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electronics industry in Taiwan, results in the Company owning a 50%~60%.40% share of the domestic market. The Company's output of EA is sufficient to meet the domestic demand as well as exports to Asia, Europe and America. The Company's primary rivals include Nippon Shokubai (Japan), Optimal-Petronas (Malaysia), Thia Ethanolamines (Thailand), Kayan (Saudi Arabia), and some other manufacturers in China, Europe and America. The Company's sales objective of 2014 aims at enhancing marketing through domestic and overseas channels to maintain stable demand and supply relations and achieve a higher production rate.

On other hand, the EO feedstock of Oriental Petrochemical (Yangzhou) Corporation relies on the supply from Sinopec China. Though the demand for EA in China continues to grow, the EA market is being overrun by competition. To achieve a higher production rate and reduce cost, it is necessary to secure a sustainable relationship between supply and demand.

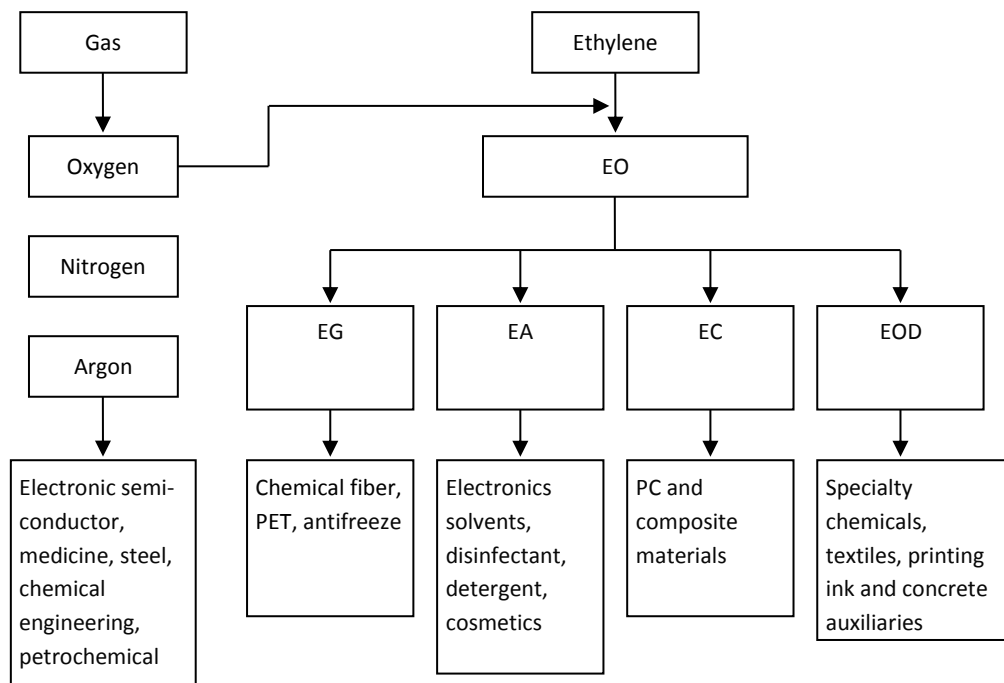
EC:

Due to the stable market demand for PC, OUCC plans to extend collaborately with Chi Mei the other applicabilities of EC. With the strength of safe production, the environmentally protective process and competitiveness, development of the product appears optimistic.

EOD:

The advantage of EO self-supply and the highly efficient facility means EOD production will remain competitive. Currently, it is supplied mainly to domestic customers for use in detergents and textiles in competition with the Pan Asia Chemical Corporation, while the rest is exported to China and South East Asia. Owing to the recent and rapid economic development in China, the people's consumption ability for specialty chemicals such as shampoo and detergents has increased enormously, with a consequent substantial boost in demand for EOD. However, expanded capacity has rotating over the present market demand and foreign competitors are competing with low prices to take market share. It is unlikely that the high cost of domestic manufacture can be transferred to the margin without a struggle. In 2014, the EOD plant of Oriental Petrochemical (Yangzhou) Corporation will maintain its high operation rate, and continue to develop new partners while also planning a technology transfer of the newly developed EOD products from the Company. A market survey will also be conducted for the various new EOD products from the very start so that product requirement control of the customers can be retained.

(4) Industry overview



(III) Technology and R&D overview

The Company has always paid great attention to R&D, and allots a substantial yearly budget for the purpose. The budget for 2012 was 144,593 thousand NTD. R&D expenditure in 2013 was 133,678 thousand NTD and 34,645 thousand NTD in Q1/2014.

With EG as the prime Company product and EO as its the precursor, which is not easy to store or transport, the Company has since concentrated on the development and production of EO derivatives. Given the risk of the economic circulation of raw material as a commodity such as EG, the development of EOD has become a top priority for OUCC as it transforms into a Specialty Chemical company, based on diversified business and risk management. The Company started to develop EOD products oriented toward customization in 2013. Among those products already launched are AEO, PEG and a series of phenol derivatives. These have all been well reviewed by down-stream customers. In the future, the Company will continue to release more customized fine-quality EOD products on existing bases to meet customer requirements.

(IV) Long- and short-term business development plans

1. EG operations
 - Short term: To satisfy domestic market demand
 - Long term: To evaluate and plan for the construction of base locations with economic production capacity in the territories where the energy and raw material are competitive and market demand is large, with the aim of expanding the core business base.
2. Gas operations
 - Short term: To continue developing gas applications to expand sales and enhance the development of customers in niche markets and seek a more substantial profit.
 - Long term: To review the status of demand in the domestic gas market and evaluate the feasibility of additional gas operations.
3. Specialty Chemicals operations

Short term: The quality of products has been successfully certified by the index customers in the domestic specialty chemicals industry and shipping has also been successful. Presently, the Company is promoting the business to increase market share. The Company is also improving its own brand through long-term cooperation with leading international manufacturers. In addition, other customized EOD products are being developed, such as TPEG and Tristyrylphenol Ethoxylate, to prepare for commercialized production and the marketing of future products.

Long term: To proceed with plans for the diversified development of new SC and fine chemicals to enlarge the sales weight of the SC operations.

II. Sales and marketing overview

(I) Market Analysis

1. Major products vs sales territories vs competitors and market share

The MEG and DEG from the EG plant were primarily produced for the domestic market, with Nan Ya Plastics Corp and the China Man-Made Fiber Corporation being prime competitors. The domestic market share of EG is 20%.

The sale of industrial gas is also mainly for the domestic market. Major competitors are Linde LienHwa, Air Products San Fu Co Ltd, Air Liquide Far Eastern and the Taipei Oxygen and Gas Co. Domestic market share is 8%.

The main sales territories for EA include Taiwan, China, Asia, New Zealand and Australia, Africa, the Middle East, Europe and America. The other international vendors include Mitsui Chemicals/Nippon Shokubai (Japan), Optimal-Petronas (Malaysia), Thai Ethanolamines (Thailand), Dow/ Huntsman/ Ineos (US), BASF/Akzo Nobel (Europe & China), Oxiteno (Brazil), NPC (Iran), and Kayan (Saudi Arabia), *et al.*

The EA of the Oriental Petrochemical (Yangzhou) Corporation primarily sells to Eastern China, where the market demand is the largest and customs duty and freight make imported product less competitive. The main EA competitors include BASF-YPC and Shanghai Akzo Nobel. The competing importers include PTT (Thailand), Optima (Malaysia) and SABIC (Middle East). Should vertical integration be realized, EO competitiveness may be further improved.

EC is supplied to Chi Mei for the production of PC, which is primarily used as advanced plastic materials for compact disks. With two PC production lines operating at Chi Mei and further development on the way the consumption of EC may well increase.

The AEO, PEG, MPEG, TA, and TM from the EOD plant have extensive application and accounted for the 40%-50% of domestic market share at the end of 2013. Prime competitors are the Pan Asia Chemical Corporation and Sino-Japan Chemical.

The AEO, PEG and MPEG from the OPYC EOD plant goes mostly to Eastern China, while the rest goes to Northern China. At the moment, the EOD operation rate is above 80%, while the overall market share is 15%. Primary OPYC competition comes from shell, Lotte Chemical and Pan Asia Chemical Corporation overseas, as well as China Sanjiang Fine Chemicals, BASF-YPC and Oxiranchem of China.

2. Future market overview

(1) EG:

The total domestic output was about 2,100,000 tons, imports 300,000 tons, exports 1,300,000 tons, and domestic demand 1,100,000 tons in 2013. The demand in 2014 is expected to be similar to that of 2013.

(2) EO:

The demand for EOD grows by 4% or more each year. The Company's EO sales volume totaled 30,000 tons in 2013, after fulfilling internal demand for EA, EC, and the ongoing development of high value-added EOD.

(3) DEG:

The domestic demand is about 50,000 tons, while the supply is more than 100,000 tons. Export is necessary to balance the domestic DEG supply and demand.

(4) Gas:

The Company competes with Air Products San Fu, Linde LienHwa, Air Liquide Far Eastern and Taipei

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Oxygen and Gas. The Company plans to increase its market share in 2014 by means of establishing new customers to achieve full operation and supply.

- (5) EA:
As the sole domestic manufacturer of EA, 40% of production volume goes to the domestic market, which used to rely totally on imports. The remaining 60% will be exported to China, Asia Pacific, the Middle East, Europe and America.
- (6) EOD:
The Company is seeking long-term cooperation with leading SC manufacturers to further expand its domestic market share; 40% of production will go to the domestic market and 60% to China, South East Asia and the Middle East.

3. Advantages/Disadvantages and Countermeasure in Competitiveness and Future Development

(1) Advantages

With the highly efficient catalyst now in use, the efficiency of the EG plant has improved by 10% each year resulting in cost saving for feedstocks, ethylene and oxygen. The high-purity EO production equipment is not only used to produce EA and EC, but also for the newly developed high value-added EOD.

With the steady domestic demand for oxygen to stabilize production costs, the gas remains unaffected by the external economy which is a unique situation amongst domestic gas producers.

TEA is under the control of CWC of the United Nations and domestic production has relieved local TEA users of the almost inextricable and complicated import application procedures. The domestic demand and supply continue to grow.

In addition to its use as a feedstock for compact disc and composite material, the production of EC under the environmentally protective non-phosgene process and the use of GHG CO₂ as feedstock, have earned the recognition of society and environmental protection institutions. EC is supplied under contract to satisfy the PC marketing requirement of the down-stream customer, Chi Mei.

The Company EOD plant is well equipped with advanced processing equipment to provide the highest quality products. Since the impurity content is lower than most, the Company's products are highly regarded by the customers.

(2) Disadvantages and countermeasures

- a. With CPC as major supplier of ethylene, import is necessary when there is a shortage.
- b. To seek an alliance with professional gas partners to diversify the gas market.

(II) Applications and production processes of the major products

1. Applications of major products

- (1) MEG: this is the raw material for polyester fiber, antifreeze, dehumidifiers, engineering plastics, PET bottles and brake fluid.
- (2) DEG: is the raw material for dehumidifiers, lubricants, dye leveler, PU and unsaturated polyester resins and as a solvent and grinding aid.
- (3) EO: is the major feedstock for EG, glycol ether, EA and non-ionic surfactants and disinfectants.
- (4) Oxygen: is used in the aerospace industry, metal processing, the papermaking and glass industries, chemistry and pharmaceuticals, industrial welding and cutting, waste water treatment, incineration, hospitals and fisheries.
- (5) Nitrogen: is used in refineries, the glass, electronics and semi-conductor industries, the plastics industry, in food preservation and packaging, low-temperature cutting, the chemical industry, metal heat treatment, pharmaceuticals, low-temperature surgery, in printing, metal, rubber and livestock industries as well as in medical research.
- (6) Argon: is used in welding, the aerospace industry, lighting, window heat insulation, the electronics and semi-conductor industry, the metal and alloy manufacturing industry and in laser production and the processing industry.
- (7) MEA: is used in disinfection, is an anti-diarrheic, a fluorescent whitening agent, a surfactant, an anti-corrosive agent, and is used in detergents, paints, and in acid gas scrubbing and as an electronics solvent.
- (8) DEA: is used in insecticides and herbicides, corrosion inhibitors, as a crosslink agent, an engine antirust agent, in detergents, as a surfactant, and in acid gas scrubbing.
- (9) TEA: is used for cutting, cooling and as an anti-corrosion agent in metal processing; emulsion and

neutralization in the cosmetics industry; as a grinding aid in cement processing; as a concrete water reducer, and as a surfactant and electroplate bond.

- (10) EC: is used in the production of PC which is then used for the production of compact discs and other engineering plastics.
 - (11) PEG: is used as a fluorescent brightener in electroplating; in moistening and concentration for cosmetics; as a soldering flux, and as a mold release agent in rubber processing.
 - (12) AEO: is a shampoo ingredient, a lubricant and anti-corrosion additive; is used in textiles; is a moisturizer or dispersant used in the preparation of colored dyes; it is also used in pesticides and as a stabilizer in synthetic latex processing.
 - (13) MPEG: is extensively used in construction, as a raw material for poly-carboxylate cement water reducers, as a thickening agent and lubricant in textiles and specialty chemical processes. It is also used as a pharmaceutical substrate for emulsifying ointment, as a rinsing agent and in suppositories.
 - (14) TA: is non-ionic in an alkali or neutral mediator, and cationic in an acid mediator. They have excellent emulsification properties. Extensively used in pesticides, the leather and textile industries, metal processing and plastics engineering, in pesticides, emulsifiers and metal anti-corrosion agents.
 - (15) TM: Ethoxylated Trimethylolpropane is a tri-functional alcohol with quaternary structure and is a colorless transparent liquid at normal temperatures. TM is frequently used as a cross linker in polyurethanes, a precursor for free radical radiation curing monomers and oligomers.
2. Production processes
- (1) EG plant: After preheating, ethylene goes through the sulfur removal and acetylene removal units and is injected into the recycle gas loop, oxygen is also injected before it is passed over the silver catalyst where ethylene and oxygen react to form ethylene oxide (EO), carbon dioxide (CO₂) and water. EO in the reaction product gases is separated from the recycle gas in the main absorber by water and pumped to the EO stripper and EO recovery system to produce crude EO. Part of this is purified to high purity EO in the HPEO column by removal of aldehydes while the rest of the crude EO is mixed with process water and reacts to glycols in the glycol reactor. The glycol water mixture passes through multiple effect evaporators to remove water. The concentration and purification columns remove impurities to produce high quality mono-, di-, and tri-ethylene glycol (MEG, DEG, TEG) products.
 - (2) Air separation plant: Air is filtered to remove particulates and dust, compressed by the main air compressor passed through molecular sieves to remove water, CO₂, and light hydrocarbons by adsorption. The purified dry air passes through primary heat exchangers to reach liquefying temperature and enters the fractionation column where it is split into high purity oxygen (O₂), nitrogen (N₂) and argon (Ar). Liquid products (LO₂, LN₂, LAr) are produced by compression-expansion of the gaseous O₂/N₂/Ar in the liquefiers.
 - (3) EA plant: EO reacts with ammonia in the ammonia water solution to ethanol-amine mixture. The mixture goes through ammonia and water removal processes and enters the vacuum distillation columns which produce mono- di-, tri- ethanol amines (MEA, DEA, TEA) and heavy TEA (TEAH) products.
 - (4) EC plant: EO and CO₂ react to ethylene carbonate (EC) in liquid EC under catalysis in the high pressure reactor. The EC product mixture from the reactor is subjected to vacuum distillation to reach high purity.
 - (5) EOD plant: EO reacts with various initiators such as methanol, fatty alcohols, DEG, fatty amines, trimethylpropanol etc, in the high pressure autoclaves to produce different Ethoxylates (MPEG, AEOs, PEG, TA, and TM). The batch reaction process undergoes catalyst addition, moisture removal, reaction, curing and neutralization steps in the facility which includes pre-treatment, reaction and post treatment vessels.

(III) Supply of major feedstock

1. Major feedstock of the EG Plant:
 - (1) Ethylene: is primarily supplied by CPC in Taiwan. Any shortages are covered by imports mainly from North East Asia and the Middle East.
 - (2) Oxygen: supplied by the Company gas plant.
2. Gas feedstock is atmospheric air.
3. Feedstock of the EA plant:
 - (1) EO: Supplied by the OUCC EG plant. OPYC is supplied by Sinopec China.
 - (2) Liquid ammonia: OUCC supplied by the Taiwan Fertilizer Co. OPYC is from the local producer.

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4. Feedstock of the EC Plant: the EO and CO₂ are both provided by the Company EG plant.
5. Major feedstock of the EOD plant:
 - (1) EO: from the OUCC EG plant. OPYC is supplied by Sinopec China.
 - (2) Fatty alcohols: OUCC is supplied by the Kao Group or other importers. OPYC is from Eastern China supplier.

(IV) The major suppliers and customers over the last two years

1. The major suppliers over the last two years

Item	2012				2013				Ending Q1 of 2014			
	Name	Amount	Percentage of total net purchase [%]	Affiliation with the issuer	Name	Amount	Percentage of total net purchase [%]	Affiliation with the issuer	Name	Amount	Percentage of total net purchase up to Q1 of the current year [%]	Affiliation with the issuer
1	CPC	4,878,956	47	N/A	CPC	4,335,806	38	N/A	CPC	1,379,478	47	N/A
2	East-China Company, SINOPEC Chemical Commercial Holding Company Limited	1,064,334	10	N/A	MITSUI & CO LTD	1,416,010	13	N/A	East-China Company, SINOPEC Chemical Commercial Holding Company Limited	402,327	14	N/A
	Others	4,443,557	43		East-China Company, SINOPEC Chemical Commercial Holding Company Limited	1,211,666	11		Others	1,132,611	39	
					Others	4,330,731	38					
	Net purchase	10,386,847	100		Net purchase	11,294,213	100		Net purchase	2,914,416	100	

Note 1: Suppliers accounting for 10% or more of the Company's total purchase amount over the last two years, and the respective purchase amount and percentage.

2. The major customers over the last two years

Item	2012				2013				Ending Q1 of 2014			
	Name	Amount (Note 2)	Percentage of total net purchase [%]	Affiliation with the issuer	Name	Amount (Note 2)	Percentage of total net purchase [%]	Affiliation with the issuer	Name	Amount (Note 3)	Percentage of total net sales up to Q1 of the current year [%]	Affiliation with the issuer
1	Tainan Spinning Co Ltd	1,745,814	13	N/A	Tainan Spinning Co Ltd	1,789,365	12	N/A	Tainan Spinning Co Ltd	442,762	12	N/A
2	Shinkong Synthetic Fibers Corporation	1,554,357	12	N/A	Shinkong Synthetic Fibers Corporation	1,698,681	11	N/A	Shinkong Synthetic Fibers Corporation	393,640	11	N/A
3	Others	10,110,666	75		Others	11,935,400	77		Chi Mei Corporation	367,577	10	N/A
									Others	2,400,249	67	
	Net sales	13,410,837	100		Net sales	15,423,446	100		Net sales	3,604,228	100	

Note 1: Customers accounting for 10% or more of the Company's total sale amount in either of the last two years, and the respective sales and percentage.

3. Cause: The major customers remained unchanged in 2013 and 2012.

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(V) Output volume and value over the last two years

Unit: quantity: ton
Value: NTD thousand

Major products	2012			2013		
	Productivity	Output	Output value	Productivity	Output	Output value
EG series	408,600	338,321	7,985,601	408,600	355,942	8,511,820
Gas series	593,560	484,172	621,855	593,560	457,405	649,989
EA series	120,000	49,344	2,456,450	120,000	48,408	2,322,130
EC series	101,250	57,410	781,579	101,250	66,381	809,737
EOD series	100,000	5,941	350,661	100,000	41,449	1,080,904
Total		935,188	12,196,146		969,585	13,374,580

Note: Output volume and value of consolidated companies

(VI) Sales volume and value over the last two years

Unit: quantity: ton
Value: NTD thousand

Major products		2012			2013		
		Quantity	Value		Quantity	Value	
			Amount	%		Amount	%
EG series	Domestic sales	274,235	8,080,493	60	231,727	7,141,930	46
	Export	30,324	888,750	7	86,753	2,563,647	17
Gas series	Domestic sales	303,935	796,545	6	265,915	704,539	5
EA series	Domestic sales	40,407	1,877,099	14	42,462	1,971,486	13
	Export	7,518	350,409	3	12,302	552,480	4
EC series	Domestic sales	39,098	1,238,539	9	46,342	1,355,275	9
	Export	120	5,023	—	415	16,672	—
EOD series	Domestic sales	3,297	143,755	1	37,665	884,047	5
	Export	552	30,224	—	4,782	233,370	1
Others		—	—	—	—	10,491	—
Total			13,410,837	100		15,433,937	100

Note: Sales volume and value of consolidated companies

III. Employees

May 15, 2014

Year	2012	2013	2014 (Note)
Number of employees	493	470	636
Average age	35.98	36.71	34.61
Average seniority	7.95	8.66	5.95
Education Background %	Doctoral	0.81%	0.79%
	Master	14.81%	12.42%
	College	63.49%	68.87%
	Senior high school (inclusive) or below	20.89%	17.92%

Note: The information of consolidated companies is valid up to the date of publication of the annual report (May 15, 2014)

IV. Environmental protection expenditure

(I) Establishment of environmental protection

1. Operator permit application for anti-pollution facility:
The Company Linyuan premises has acquired a fixed pollutant operators permits for 8 production processes pursuant to the Law.
2. Pollutant emission permit:
 - (1) Fixed pollutant operators permit: same as stated in the paragraph 1.
 - (2) Water pollutant emission: The Company and the Oriental Petrochemical (Yangzhou) Corporation have installed waste water treatment yards that comply with the government emission standards, and the emission is discharged to the joint waste water treatment plant of the industrial park.
3. Anti-pollution expenses:
 - (1) Air pollution expenses: The Company will report and pay the expenses to Environmental Protection Administration based on the concentration of SOx/NOx emission and VOC emission per quarter. Total of the air pollution expenses was 1,246 thousand NTD in 2013.
 - (2) Waste water treatment expenses: The Company will pay the waste water treatment expenses based on the discharged volume and its COD/SS concentration per month. The total paid in 2013 was 4,773 thousand NTD. The Oriental Petrochemical (Yangzhou) Corporation paid in the amount of RMB239,000 in 2013.
 - (3) Soil pollution expenses: The Company will report and pay the expenses to the Environmental Protection Administration per quarter. The Company paid a total of 1,942 thousand NTD in 2013. The Oriental Petrochemical (Yangzhou) Corporation paid RMB14,000 to the treatment contractor in 2014.
4. Dedicated environmental protection personnel:
 - (1) Personnel dedicated to air pollution: Three Class-A dedicated workers and one Class-B dedicated worker are delegated.
 - (2) Personnel dedicated to water pollution: Two Class-A dedicated workers and two Class-B workers are delegated.
 - (3) Personnel dedicated to toxic substances: The Company has delegated five trained competent Class-A workers dedicated to toxic substances.
 - (4) Personnel dedicated to waste goods: The Company has delegated one Class-A dedicated worker. The Oriental Petrochemical (Yangzhou) Corporation has retained three workers who have been conferred the environmental protection management personnel certificate by the provincial government in China and ten workers who have been conferred the environmental protection operator permit by the city government in China.
5. The Company has acquired ISO-14001 certification (Environmental Protection Management) as well as OHSAS-18001 certification (Occupational Safety and Health Management), and implements the measures according to the relevant system.
6. The Company has installed 19 underground water monitoring wells. No underground water pollution was

found in samples taken in 2013.

7. Anti-pollution equipment: The Company installed two sets of RTO (waste gas incinerators), and the various emission concentrations all showed normal. The Company has also installed EC production process CO incineration equipment, and completed the test successfully with THC removal rate >99%. The Oriental Petrochemical (Yangzhou) Corporation has installed two scrubbing towers. The emission concentration appeared normal.

(II) Loss of polluted environment and countermeasures

1. Though 2013 until the date of publication of the annual report, the Company's Linyuan premises have been under normal operation. The leakage from the equipment units in September 2013 resulted in a fine of 100 thousand NTD by the Environmental Protection Bureau in 2014.
2. The Company is dedicated to promoting the SHE policies and strives to maintain its common goal with TRCA as zero-disaster and zero-pollution.

(III) The implementation of RoHS and its effect on investors' interests and rights: N/A

V. Labor-Management Relations

(I) Employee fringe benefits and implementation:

1. The Company has established the Worker's Welfare Commission and contributes to welfare benefits in accordance with the Law, calls meetings periodically, attends to worker welfare affairs and organizes various welfare activities. Badminton, softball and fishing clubs have been founded, academic subsidy and travel allowance are provided, and annual health examination for all employees is provided as well as an employee group insurance scheme.
2. Continuing education and training
The Company values the training and development of human resources, and supports and invests in employee education and training. This improves expertise and skill and upgrades Company efficiency and competitiveness. The Company plans and provides employees with the chance to continue their education and training each year by attending competency and executive management development talent programs. These include financial accounting, marketing and computer courses planned by the HR Development Center of Far Eastern New Century, a Group member. The various departments may also recommend that colleagues attend on-job training, labor safety training and training for licenses organized by the governmental apparatus and social organizations. These internal education and training seminars will be continued to enrich employee expertise and achieve the substantial goal for "to learn in order to practice". In 2013 the total number of internal and external education training hours was 756,933.
3. Retirement system
The Company has established a Labor Pension Supervisory Committee to review and monitor the utilization of pensions. The Committee will contribute the pension reserve into a special and exclusive account maintained at the Trust Dept of the Bank of Taiwan, on a monthly basis and pay employee pensions as required to ensure the interests and rights of retired employees.
As of July 1, 2005, employees who chose the pension system under the "Labor Pension Act" shall pay a deposit of 6% of the insured value to the personal pension account at the Labor Insurance Bureau on a monthly basis.
4. Labor-management agreements and employee interests and rights protection measures
The labor-management policies are made in accordance with the relevant laws and regulations and implemented fairly. Additions or amendments to the labor terms and conditions may be implemented after labor-management negotiations to protect the interests and rights of the employees.

(II) Labor-management disputes and response

The Company management rules and systems are well-founded. All measures will be executed in a fair and reasonable manner. The employees may express their opinion and seek communication and resolution of any disputes through the periodic worker-management meetings. Both the workers and management may interact peacefully in the spirit of coexistence and mutual prosperity.

(III) The work environment and employee personal safety protection measures

Oriental Union Chemical Corporation

1. To prevent occupational accidents and disasters and protect the safety of employees, the Company has defined various "urgent contingency plans" and carries out regular drills and has reactive measures in place to handle fire, leakage, typhoon, earthquake, war, traffic accidents, evacuation and recovery, and to limit and mitigate injury and loss caused by an accident or disaster as far as possible and as fast and systematically as possible and also to provide timely reports.
2. The substance safety data sheets for raw materials, supplies and products throughout the factory are accessible to personnel at all times, as well as being posted on-line. This ensures that all personnel have the knowledge, references and the relevant information necessary to take the proper corrective action to ensure the safety of employees and the factory.
3. The production process zones are all equipped with such fire protection equipment and sprinkler systems which may be automatic, manual or remote controlled to ensure the safety of employees and the factory. Auto fire extinguishing systems (F-200) are installed at the 12 sets of MCC to secure the safety of the electronics facility.
4. Monitoring stations for combustible gas, EO, NH₃, H₂ and boiler flue gas (SO_x, NO_x), and waste water (COD, pH) are installed inside the production areas, so that any leakage or abnormal situation may be detected and remedied or eliminated immediately.
5. A hot/hazardous work permit procedure has been established and a permit system and procedure for entry into confined spaces has also been introduced to ensure the safety of personnel and equipment.
6. Safety training for contractors and the safety training requirement for each of their employees has been introduced to ensure the safety of all personnel accessing or passing through the factory area.
7. Health examinations for employees has been set up for the early detection of any health problems so that any necessary treatment may be given as soon as possible.

VI. Major Contracts

Nature	Client	Duration	Summary Content	Restricted clause
(I) Oriental Union Chemical Corporation				
Supply contract	Far Eastern New Century	2013.3-2016.2	EG purchase and sales agreement	Renewed automatically within six months prior to expiration if neither raises an objection.
	Shinkong Synthetic Fibers Corporation	2013-2015		Renewed automatically within six months prior to expiration if neither raises an objection.
	Tainan Spinning Co Ltd	2014		Renewed automatically within three months prior to expiration if neither raises an objection.
	Sino-Japan Chemical Co Ltd	2013-2015	EO purchase and sales agreement	Renewed automatically within six months prior to expiration if neither raises an objection.
	Chimei-Asahi Corporation (Note)	2000-2015	EC purchase and sales agreement	Both parties are engaged in the exclusive purchase and sale of EC.
	Chimei-Asahi Corporation (Note)	2000-2015	Commissioned production of EC with supported production technology	Confidential information about technology shall not be disclosed or transferred.
	CPC	2014	Ethylene Supply Contract	N/A

Oriental Union Chemical Corporation

Nature	Client	Duration	Summary Content	Restricted clause
	Mitsui & Co Ltd	2014	Ethylene Supply Contract	N/A
Long-term loan	Mega Bank	2013-2015	Bank loan	N/A
	Hua Nan Bank	2014-2016	Bank loan	
	Far Eastern International Bank	2014-2017	Bank loan	
	Taiwan Cooperative Bank	2013-2016	Bank loan	
	The Export-Import Bank of the ROC	2013-2018	Bank loan	
	Chang Hwa Bank	2013-2015	Bank loan	
	Industrial Bank of Taiwan	2013-2015	Bank loan	
	Sumitomo Mitsui Banking Corporation	2013-2015	Bank loan	
(II) OUCC (Bermuda) Holding Ltd				
Long-term loan	Mega Bank	2010-2015	Bank loan	N/A
	CTBC Bank	2013-2018	Bank loan	
	Chang Hwa Bank	2014-2019	Bank loan	
(III) The Oriental Petrochemical (Yangzhou) Corporation				
Supply Contract	East-China Company, SINOPEC Chemical Commercial Holding Company Limited	2014	EO Supply Contract	N/A
Long-term loan	Bank of America	2013-2015	Bank loan	N/A

Note: Consolidated into Chimei Corporation on April 1, 2009

VII. SHE policy

(I) SHE policy

OUCC reviews its SHE work with the highest standard and has a clear zero accident, zero injury and zero pollution objective to protect the ecological environment and employee safety and health. This also maximizes the benefit to vendors, contractors, customers, shareholders and the social public, to achieve the Company vision of sustainability.

(II) SHE principles

All employees shall be responsible for maintaining a safe, healthy and environmentally protective environment.

All casualties and occupational diseases are avoidable.

All levels of supervisors are obliged to continue training employees to work safely.

Employees are the Company's most important asset. Safety has become a necessity for employment.

All deficiencies shall be corrected promptly.

Avoiding injury is an employees' major contribution to the Company.

Auditing is required.

The safety and management of contractor's personnel is as important as that of Company employees'.

Oriental Union Chemical Corporation

Employee safety outside the Company and factory premises shall also be a priority.
The Company is obliged to continue improving clean production and to be a good neighbor in the community.

Six. Finance Overview

I. Condensed balance sheet, income statement, and external auditor's opinion for the last five years

(I) Condensed balance sheet and comprehensive income statement - IFRSs

1. Condensed balance sheet - IFRSs

(1) Consolidated balance sheet

Currency unit: NTD thousand

Item	Year		Financial information for the last five years					Financial information available up to March 31, 2014 (Note 1)
	2009	2010	2011	2012	2013			
Current assets				4,206,687	4,441,546		6,393,579	
Property, plant and equipment				6,882,640	6,750,362		8,956,073	
Intangible assets				15,900	17,163		20,733	
Other assets				10,873,295	12,784,395		11,916,162	
Total assets				21,978,522	23,993,466		27,286,547	
Current liabilities	Before distribution			4,302,162	3,546,957		4,177,167	
	After distribution			5,365,006	Note 2		—	
Non-current liabilities				1,271,570	3,281,600		3,619,429	
Total liabilities	Before distribution			5,573,732	6,828,557		7,796,596	
	After distribution			6,636,576	Note 2		—	
Equity attributable to the parent company			N/A	16,404,790	17,164,909		17,178,943	
Capital stock				8,857,031	8,857,031		8,857,031	
Capital surplus				1,304,893	1,321,398		1,321,398	
Retained earnings	Before distribution			6,311,944	6,511,790		6,560,538	
	After distribution			5,249,100	Note 2		—	
Other equities				118,720	662,488		627,774	
Treasury stock				(187,798)	(187,798)		(187,798)	
Non-controlling interest				—	—		2,311,008	
Total equities	Before distribution			16,404,790	17,164,909		19,489,951	
	After distribution			15,341,946	Note 2		—	

Note 1: The financial statement for Q1 of 2014 was reviewed by the external auditor.

Note 2: The motion for allocation of earnings 2013 had not yet been resolved by a shareholders' meeting.

Oriental Union Chemical Corporation

(2) Individual balance sheet

Currency unit: NTD thousand

Item	Year	Financial information for the last five years				
		2009	2010	2011	2012	2013
Current assets					2,409,677	1,976,738
Property, plant and equipment					4,966,258	4,835,021
Intangible assets					14,055	15,441
Other assets					11,695,518	14,260,459
Total assets					19,085,508	21,087,659
Current liabilities	Before distribution				1,843,312	2,245,748
	After distribution				2,906,156	(Note)
Non-current liabilities					837,406	1,677,002
Total liabilities	Before distribution				2,680,718	3,922,750
	After distribution				3,743,562	(Note)
Equity attributable to the parent company			N/A		16,404,790	17,164,909
Capital stock					8,857,031	8,857,031
Capital surplus					1,304,893	1,321,398
Retained earnings	Before distribution				6,311,944	6,511,790
	After distribution				5,249,100	(Note)
Other equities					118,720	662,488
Treasury stock					(187,798)	(187,798)
Non-controlling interest					—	—
Total equities	Before distribution				16,404,790	17,164,909
	After distribution				15,341,946	(Note)

Note: The motion for allocation of earnings 2013 had not yet been resolved by a shareholders' meeting.

Oriental Union Chemical Corporation

2. Condensed comprehensive income statement - IFRSs

(1) Consolidated comprehensive income statement

Currency unit: NT\$ thousand, other than EPS, which shall be stated at NT\$

Item \ Year	Financial information for the last five years					Financial information available up to March 31, 2014 (Note 1)
	2009	2010	2011	2012	2013	
Operating revenue				13,410,837	15,433,937	3,604,228
Gross profit				1,918,559	2,262,550	395,011
Operating income				1,301,041	1,628,662	252,485
Non-operating revenue and expense				4,626	(89,895)	(202,478)
Profit before income tax				1,305,667	1,538,767	50,007
Net income				1,147,394	1,265,296	48,470
Other comprehensive income (net after tax)				(150,235)	541,162	(47,676)
Total comprehensive income				997,159	1,806,458	794
Net income attributable to parent company			N/A	1,147,394	1,265,296	48,748
Net income attributable to non-controlling interest				—	—	(278)
Total comprehensive income attributable to parent company				997,159	1,806,458	14,034
Total comprehensive income attributable to non-controlling interest				—	—	(13,240)
EPS (Note 2)				1.32	1.45	0.06

Note 1: The financial statement for Q1 of 2014 was reviewed by the external auditor.

Note 2: Based on the EPS after the retroactive adjustment on earnings and recapitalization of surplus.

Oriental Union Chemical Corporation

(2) Individual comprehensive income statement

Currency unit: NT\$ thousand, other than EPS, which shall be stated at NT\$

Item	Year	Financial information for the last five years				
	2009	2010	2011	2012	2013	
Operating revenue					12,271,756	13,729,130
Gross profit					2,274,721	2,414,447
Operating income					1,745,302	1,849,271
Non-operating revenue and expense					(457,942)	(310,504)
Profit before income tax					1,287,360	1,538,767
Net income					1,147,394	1,265,296
Other comprehensive income (net after tax)					(150,235)	541,162
Total comprehensive income				N/A	997,159	1,806,458
Net income attributable to parent company					1,147,394	1,265,296
Net income attributable to non-controlling interest					—	—
Total comprehensive income attributable to parent company					997,159	1,806,458
Total comprehensive income attributable to non-controlling interest					—	—
EPS (Note 1)					1.32	1.45

Note 1: Based on the EPS after the retroactive adjustment on earnings and recapitalization of surplus.

Oriental Union Chemical Corporation

(II) Condensed balance sheet and income statement - ROC GAAP

1. Condensed balance sheet - ROC GAAP

(1) Consolidated balance sheet

Currency unit: NTD thousand

Item \ Year	Financial information for the last five years					
	2009	2010	2011	2012	2013	
Current assets	3,825,315	3,333,013	4,581,835	4,202,318	N/A (Note)	
Fund and investment	7,262,900	7,611,505	8,259,570	8,228,753		
Fixed assets	3,948,960	4,869,455	6,967,366	6,882,640		
Intangible assets	227,123	208,690	218,348	216,866		
Other assets	1,657,883	1,632,614	1,639,707	1,627,719		
Total assets	16,922,181	17,655,277	21,666,826	21,158,296		
Current liabilities	Before distribution	1,837,926	2,263,423	4,034,328		4,454,495
	After distribution	3,206,740	4,195,866	5,644,697		5,517,339
Long-term liabilities	—	343,734	454,125	261,360		
Other liabilities	295,509	513,785	865,730	715,786		
Total liabilities	Before distribution	2,133,435	3,120,942	5,354,183		5,431,641
	After distribution	3,502,249	5,053,385	6,964,552		6,494,485
Capital stock	8,051,846	8,051,846	8,051,846	8,857,031		
Capital surplus	1,268,369	1,289,624	1,319,631	1,344,647		
Retained earnings	Before distribution	4,108,539	4,836,352	5,786,732		4,523,932
	After distribution	2,739,725	2,903,909	3,371,178		3,461,088
Cumulated translation adjustment	142,270	(231,525)	166,757	(51,096)		
Unrealized gain (loss) from financial assets	123,230	587,276	151,045	224,561		
Unrealized revaluation increment	137,715	137,715	985,545	985,545		
Unrecognized net loss on pension cost	(44,782)	(46,597)	(58,557)	(67,609)		
Treasury stock	(90,356)	(90,356)	(90,356)	(90,356)		
Minority interest	1,091,915	—	—	—		
Total shareholders' equities	Before distribution	14,788,746	14,534,335	16,312,643		15,726,655
	After distribution	13,419,932	12,601,892	14,702,274	14,663,811	

Note: The Company has adopted the IFRSs as of 2013. Please refer to the financial statements prepared in accordance with the IFRSs.

Oriental Union Chemical Corporation

(2) Individual balance sheet

Currency unit: NTD thousand

Item	Year	Financial information for the last five years				
		2009	2010	2011	2012	2013
Current assets		2,476,193	1,806,591	2,295,479	2,409,677	N/A (Note)
Fund and investment		7,295,163	9,065,642	9,697,639	9,312,424	
Fixed assets		3,681,837	3,471,444	5,093,833	4,966,258	
Intangible assets		9,532	7,546	4,307	14,055	
Other assets		1,638,469	1,630,162	1,568,738	1,562,868	
Total assets		15,101,194	15,981,385	18,659,996	18,265,282	
Current liabilities	Before distribution	1,108,854	933,265	1,481,623	1,822,841	
	After distribution	2,477,668	2,865,708	3,091,992	2,885,685	
Long-term liabilities		—	—	—	—	
Other liabilities		295,509	513,785	865,730	715,786	
Total liabilities	Before distribution	1,404,363	1,447,050	2,347,353	2,538,627	
	After distribution	2,773,177	3,379,493	3,957,722	3,601,471	
Capital stock		8,051,846	8,051,846	8,051,846	8,857,031	
Capital surplus		1,268,369	1,289,624	1,319,631	1,344,647	
Retained earnings	Before distribution	4,108,539	4,836,352	5,786,732	4,523,932	
	After distribution	2,739,725	2,903,909	3,371,178	3,461,088	
Cumulated translation adjustment		142,270	(231,525)	166,757	(51,096)	
Unrealized gain (loss) from financial assets		123,230	587,276	151,045	224,561	
Unrealized revaluation increment		137,715	137,715	985,545	985,545	
Unrecognized net loss on pension cost		(44,782)	(46,597)	(58,557)	(67,609)	
Treasury stock		(90,356)	(90,356)	(90,356)	(90,356)	
Total shareholders' equities	Before distribution	13,696,831	14,534,335	16,312,643	15,726,655	
	After distribution	12,328,017	12,601,892	14,702,274	14,663,811	

Note: The Company has adopted the IFRSs as of 2013. Please refer to the financial statements prepared in accordance with the IFRSs.

Oriental Union Chemical Corporation

2. Condensed income statement - ROC GAAP

(1) Consolidated income statement

Currency unit: NT\$ thousand, other than EPS, which shall be stated at NT\$

Item \ Year	Financial information for the last five years				
	2009	2010	2011	2012	2013
Operating revenue	9,809,064	12,448,834	14,934,221	13,424,701	N/A (Note 1)
Gross profit	1,494,821	2,311,917	3,262,186	1,992,857	
Operating gain	906,267	1,558,630	2,587,518	1,366,259	
Non-operating revenue and gain	1,297,395	1,125,872	1,038,370	312,801	
Non-operating expense and loss	106,689	67,787	111,577	367,911	
Profit before income tax	2,096,973	2,616,715	3,514,311	1,311,149	
Net income	1,777,132	2,157,297	2,882,823	1,152,754	
Net profit attributable to parent company	1,434,703	2,096,627	2,882,823	1,152,754	
Net profit attributable to non-controlling interest	342,429	60,670	—	—	
EPS (Note 2)	1.81	2.64	3.31	1.32	

Note 1: The Company has adopted the IFRSs as of 2013. Please refer to the financial statements prepared in accordance with the IFRSs.

Note 2: Based on the EPS after the retroactive adjustment on earnings and recapitalization of surplus.

(2) Individual income statement

Currency unit: NT\$ thousand, other than EPS, which shall be stated at NT\$

Item \ Year	Financial information for the last five years				
	2009	2010	2011	2012	2013
Operating revenue	9,661,680	12,410,221	13,874,758	12,271,756	N/A (Note 1)
Gross profit	1,347,437	2,273,491	3,564,645	2,274,721	
Operating income	803,688	1,621,290	2,984,101	1,736,222	
Non-operating revenue and gain	1,051,817	991,169	555,723	257,913	
Non-operating expense and loss	100,961	56,414	79,741	701,293	
Profit before income tax	1,754,544	2,556,045	3,460,083	1,292,842	
Net income	1,434,703	2,096,627	2,882,823	1,152,754	
EPS (Note 2)	1.81	2.64	3.31	1.32	

Note 1: The Company has adopted the IFRSs as of 2013. Please refer to the financial statements prepared in accordance with the IFRSs.

Note 2: Based on the EPS after the retroactive adjustment on earnings and recapitalization of surplus.

(III) CPA Name and audit opinion

Year	CPA Name	Audit opinion
2009	Y. W. Fan and H. W. Tai	Unqualified opinion
2010	H. W. Tai and Y. W. Fan	Unqualified opinion
2011	H. W. Tai and Y. W. Fan	Unqualified opinion
2012	H. W. Tai & C. P. Shih	Unqualified opinion
2013	H. W. Tai & C. P. Shih	Unqualified opinion

II. Financial analysis for the last five years

(I) Financial analysis - IFRSs

1. Consolidated financial analysis

Item		Year	Financial analysis for the last five years					March 31, 2014 (Note 1)	
			2009	2010	2011	2012	2013		
Financial structure (%)	Liabilities to assets					25.36	28.46	28.57	
	Long-term fund for property, plant and equipment					256.83	302.90	258.03	
Liquidity analysis (%)	Current ratio					97.78	125.22	153.06	
	Quick ratio					57.40	91.40	115.76	
	Interest coverage ratio					2,779.34	3,360.65	434.21	
Operation performance analysis	Receivables turnover (times)					14.67	17.40	15.74	
	Average collection days					24.88	20.97	23.19	
	Inventory turnover (times)					12.30	14.02	16.24	
	Payables turnover (times)					10.27	11.29	9.29	
	Average inventory turnover days					29.67	26.03	22.48	
	Property, plant and equipment turnover (times)					1.94	2.26	1.84	
	Total assets turnover (times)					0.60	0.67	0.56	
Profitability	ROA (%)					5.34	5.67	0.23	
	ROE (%)					6.87	7.54	0.26	
	Ratio to paid-in capital (%)	Operating income					14.69	18.39	2.85
		Pre-tax income					14.74	17.37	0.56
	Net income margin (%)					8.56	8.20	1.34	
	EPS (NT\$) (Note 2)					1.32	1.45	0.06	
Cash flow(%)	Cash flow ratio (%)					33.61	81.78	2.71	
	Cash flow adequacy ratio (%)					77.35	91.76	82.69	
	Cash flow reinvestment ratio (%)					(0.55)	6.43	0.36	
Leverage	Operating leverage					2.87	3.03	2.08	
	Financial leverage					1.04	1.03	1.06	

The cause of changes of more than 20% in financial rates over the last two years:
 The increase in the current and quick ratios resulted from a decrease in short-term loan 2013.
 The increase in interest coverage ratio resulted from the increase in pre-tax income 2013.
 The increase in the operating income to paid-in capital was a result of an increase in sales volume and price of major products and an increase in operating income.
 The increase in the cash flow and cash flow reinvestment ratios resulted from an increase in the net cash inflow from operating activities in 2013.

Note 1: The financial statement for Q1 of 2014 was reviewed by the external auditor.

Note 2: Based on the EPS after the retroactive adjustment on earnings and recapitalization of surplus.

Oriental Union Chemical Corporation

2. Individual financial analysis

Item		Year	Financial analysis for the last five years					
			2009	2010	2011	2012	2013	
Financial structure (%)	Liabilities to assets					14.05	18.60	
	Long-term fund for property, plant and equipment					347.19	389.70	
Liquidity analysis (%)	Current ratio					130.73	88.02	
	Quick ratio					69.51	53.80	
	Interest coverage ratio					31,777.17	12,208.65	
Operation performance analysis	Receivables turnover (times)					13.42	15.48	
	Average collection days					27.19	23.58	
	Inventory turnover (times)					13.89	15.25	
	Payables turnover (times)					9.96	10.19	
	Average inventory turnover days					26.28	23.93	
	Property, plant and equipment turnover (times)					2.44	2.80	
	Total assets turnover (times)			N/A		0.64	0.68	
Profitability	ROA (%)					5.97	6.35	
	ROE (%)					6.87	7.54	
	Ratio to paid-in capital (%)	Operating gain					19.71	20.88
		Net profit before tax					14.53	17.37
	Net income margin (%)					9.35	9.22	
	EPS (NT\$) (Note)					1.32	1.45	
Cash flow (%)	Cash flow ratio (%)					86.60	127.31	
	Cash flow adequacy ratio (%)					97.71	112.23	
	Cash flow reinvestment ratio (%)					(0.06)	6.64	
Leverage	Operating leverage					2.19	2.48	
	Financial leverage					1.00	1.01	
<p>The cause of changes of more than 20% in financial rates over the last two years: The increase in liabilities to assets resulted from an increase in loan and payable accounts 2013. The decrease in the current and quick ratios resulted from an increase in payable accounts and income tax liabilities 2013. The decrease in the interest coverage ratio resulted from an increase in loan and interest expenses in 2013. The increase in the cash flow and cash flow reinvestment ratios resulted from an increase in the net cash inflow from operating activities in 2013.</p>								

Note: Based on the EPS after the retroactive adjustment on earnings and recapitalization of surplus.

Oriental Union Chemical Corporation

The financial analysis formula:

1. Financial structure

- (1) Liabilities to assets = Total liabilities/total assets
- (2) Long-term fund for property, plant and equipment = (total equity+non-current liabilities)/net property, plant and equipment

2. Liquidity analysis

- (1) Current ratio = current assets/current liabilities
- (2) Quick ratio = (current assets-inventory-prepaid expense)/current liabilities
- (3) Interest coverage ratio = earnings before interest and tax/interest expenses

3. Operation performance analysis

- (1) Receivables (including accounts receivable and notes receivable resulting from operation) turnover = net sales/ average accounts receivable (including accounts receivable and notes receivable resulting from operation)
- (2) Average collection days = 365/accounts receivable turnover
- (3) Inventory turnover = cost of sales/average inventory
- (4) Payables (including accounts payable and notes payable resulting from operation) turnover = cost of sales/ average accounts payable (including accounts payable and notes payable resulting from operation)
- (5) Average inventory turnover days = 365/inventory turnover
- (6) Property, plant and equipment turnover = net sales/average net property, plant and equipment
- (7) Total assets turnover rate = net sales/average total assets

4. Profitability

- (1) ROA = [net income +interest expense*(1-tax rate)]/average total assets.
- (2) ROE = net income/average total equity
- (3) Net income margin = net income/net sales
- (4) Earning Per Share = (income attributable to parent company - preferred stock dividend)/weighed average number of shares outstanding

5. Cash flow

- (1) Cash flow ratio = Net cash flow from operating activities/current liabilities
- (2) Cash flow adequacy ratio = Net cash flow from operating activities over the last five years/(capital expenditures + increase in inventory + cash dividends) over the last five years
- (3) Cash flow reinvestment ratio = (Net cash flow from operating activities-cash dividends)/(gross property, plant and equipment+long-term investment+other non-current assets+working capital)

6. Leverage:

- (1) Operating leverage = (Net sales-variable operating costs and expenses)/operating income
- (2) Financial leverage = Operating income/(operating income-interest expenses)

(II) Financial analysis for the last five years - ROC GAAP

1. Consolidated financial analysis

Item		Year	Financial analysis for the last five years				
		2009	2010	2011	2012	2013	
Financial structure (%)	Liabilities to assets	12.61	17.68	24.71	25.67	N/A (Note 1)	
	Long-term fund for fixed assets	381.98	316.09	253.07	242.69		
Liquidity analysis (%)	Current ratio	208.13	147.26	113.57	94.34		
	Quick ratio	181.29	109.14	85.71	55.13		
	Interest coverage ratio	20,220.64	22,749.66	12,434.81	2,790.59		
Operation Performance analysis	Receivables turnover (times)	16.07	17.85	18.30	14.68		
	Average collection days	22.71	20.45	19.95	24.86		
	Inventory turnover (times)	24.98	31.46	20.67	12.24		
	Average inventory turnover days	14.61	11.60	17.66	29.82		
	Payables turnover (times)	11.00	12.10	13.17	11.45		
	Fixed assets turnover (times)	2.47	2.82	2.52	1.94		
	Total assets turnover (times)	0.62	0.72	0.76	0.63		
Profitability	ROA (%)	11.21	12.53	14.78	5.57		
	ROE (%)	12.77	14.71	18.69	7.20		
	Ratio to paid-in capital (%)	Operating income (%)	11.26	19.36	32.14		15.43
		Pre-tax income (%)	26.04	32.50	43.65		14.80
	Net income margin (%)	18.12	17.33	19.30	8.59		
	EPS (NT\$) (Note 2)	1.65	2.40	3.31	1.32		
Cash flow (%)	Cash flow ratio (%)	120.06	66.93	85.06	29.95		
	Cash flow adequacy ratio	112.61	111.82	98.62	76.68		
	Cash flow reinvestment ratio	6.25	0.72	5.92	(0.99)		
Leverage	Operating leverage	3.68	2.75	1.91	2.75		
	Financial leverage	1.01	1.01	1.01	1.04		

Descriptions of changes of more than 20% in financial rates over the last two years: N/A

Note 1: The Company has adopted the IFRSs as of 2013. Please refer to the financial analysis made in accordance with the IFRSs.

Note 2: Based on the EPS after the retroactive adjustment on earnings and recapitalization of surplus.

Oriental Union Chemical Corporation

2. Individual financial analysis

Item		Year	Financial analysis for the last five years					
			2009	2010	2011	2012	2013	
Financial structure (%)	Liabilities to assets		9.30	9.05	12.58	13.90	N/A (Note 1)	
	Long-term fund to fixed assets		372.94	419.67	326.94	323.54		
Liquidity analysis(%)	Current ratio		223.31	193.58	154.93	132.22		
	Quick ratio		179.14	113.32	106.36	69.48		
	Multiple of interest protection		38,534.70	103,793.51	119,578.00	31,912.06		
Operation Performance analysis	Receivables turnover (times)		15.83	17.79	16.99	13.41		
	Average collection days		23.05	20.51	21.48	27.21		
	Inventory turnover (times)		24.98	31.46	20.89	13.89		
	Average inventory turnover days		14.61	11.60	17.47	26.27		
	Payables turnover (times)		12.11	14.73	14.53	11.16		
	Fixed assets turnover (times)		2.52	3.47	3.24	2.44		
	Total assets turnover (times)		0.67	0.80	0.80	0.66		
Profitability	ROA (%)		10.01	13.50	16.66	6.26		
	ROE (%)		11.05	14.85	18.69	7.20		
	Ratio to paid-in capital (%)	Operating income (%)		9.98	20.14	37.06		19.60
		Pre-tax income (%)		21.79	31.74	42.97		14.60
	Net income margin (%)		14.85	16.89	20.78	9.39		
	EPS (NT\$) (Note 2)		1.65	2.40	3.31	1.32		
Cash flow (%)	Cash flow ratio (%)		176.16	181.44	227.66	87.27		
	Cash flow adequacy ratio		119.53	127.99	117.98	97.51		
	Cash flow reinvestment ratio		5.05	1.34	5.39	(0.08)		
Leverage	Operating leverage		3.97	2.62	1.72	2.20		
	Financial leverage		1.01	1.00	1.00	1.00		
Descriptions of changes of more than 20% in financial rates over the last two years: N/A								

Note 1: The Company has adopted the IFRSs as of 2013. Please refer to the financial analysis made in accordance with the IFRSs.

Note 2: Based on the EPS after the retroactive adjustment on earnings and recapitalization of surplus.

Oriental Union Chemical Corporation

The financial analysis formula:

1. Financial structure
 - (1) Liabilities to assets = Total liabilities/total assets
 - (2) Long-term fund to fixed assets = (total shareholders' equity+long-term liabilities)/net fixed assets
2. Liquidity analysis
 - (1) Current ratio = current assets/current liabilities
 - (2) Quick ratio = (current assets-inventory-prepaid expense)/current liabilities
 - (3) Interest coverage ratio = earnings before interest and tax/interest expenses
3. Operation performance analysis
 - (1) Receivables (including accounts receivable and notes receivable resulting from operation) turnover = net sales/ average accounts receivable (including accounts receivable and notes receivable resulting from operation)
 - (2) Average collection days = 365/ receivable turnover
 - (3) Inventory turnover = cost of sales/average inventory
 - (4) Payables (including accounts payable and notes payable resulting from operation) turnover = cost of sales/ average accounts payable (including accounts payable and notes payable resulting from operation)
 - (5) Average inventory turnover days = 365/inventory turnover
 - (6) Total fixed assets turnover rate = net sales/net total fixed assets
 - (7) Total assets turnover rate = net sales/average total assets
4. Profitability
 - (1) ROA = [net income+interest expense*(1-tax rate)]/average total assets.
 - (2) ROE = net income/net average shareholders' equity
 - (3) Net income margin = net income/net sales
 - (4) Earnings Per Share = (net profit after tax - preferred stock dividend)/weighed average number of shares outstanding
5. Cash flow
 - (1) Cash flow ratio = Net cash flow from operating activities/current liabilities
 - (2) Cash flow adequacy ratio = Net cash flow from operating activities over the last five years/(capital expenditures + increase in inventory + cash dividends) over the last five years
 - (3) Cash flow reinvestment ratio = (Net cash flow from operating activities-cash dividends)/(gross fixed assets+long-term investment+other assets+working capital)
6. Leverage:
 - (1) Operating leverage = (Net sales-variable operating costs and expenses)/operating income
 - (2) Financial leverage = Operating income/(operating income-interest expenses)

III. Supervisor's Audit Report on the Financial Statement for the Last Year

Oriental Union Chemical Corporation

The Accounts Report 2013 audited by Supervisors

The preparation of the 2013 business report, financial statement, and motion for allocation of earnings of the Company is the responsibility of the Board of Directors, in which the financial statement audited by H. W. Tai, CPA and C. P. Shih, CPA of Deloitte & Touche with an audit report was issued.

In our opinion, the said report, statement and motion for allocation of earnings are presented fairly; therefore, a report is furnished in accordance with Article 219 of Company Law.

To:

The General Shareholders' Meeting 2014

Supervisor: Yvonne Li



Supervisor: Paul Chuang



Supervisor: Eric Chueh



March 12, 2014

IV. In the case of insolvency of the Company and its affiliates: N/A

V. Consolidated financial statements and external auditor's audit report for the recent year

(For the complete financial statements, please see the attachment to the annual report or view the MOPS on <http://mops.twse.com.tw/>)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Oriental Union Chemical Corporation

We have audited the accompanying consolidated balance sheets of Oriental Union Chemical Corporation (the "Corporation") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2013, December 31, 2012 and January 1, 2012, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2013 and 2012. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Oriental Union Chemical Corporation and its subsidiaries as of December 31, 2013, December 31, 2012 and January 1, 2012, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2013 and 2012, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of Oriental Union Chemical Corporation as of and for the years ended December 31, 2013 and 2012 on which we have issued an unqualified report.

March 12, 2014

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2013		December 31, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 4, 6 and 30)	\$ 1,480,652	6	\$ 835,109	4	\$ 1,513,243	7
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	53,897	-	44,781	-	153,081	1
Available-for-sale financial assets - current (Notes 4 and 8)	59,273	-	108,163	1	208,642	1
Notes receivable, net (Notes 4 and 11)	64,234	1	74,114	-	98,028	-
Trade receivables, net (Notes 4 and 11)	827,001	4	783,572	4	755,766	3
Trade receivables - related parties (Notes 4, 11 and 30)	12,784	-	11,802	-	105,356	-
Other receivables (Notes 4, 11 and 30)	744,120	3	611,918	3	626,777	3
Inventories (Notes 4 and 12)	744,119	3	1,134,402	5	733,927	3
Prepayments for lease (Note 16)	2,233	-	4,415	-	4,929	-
Prepayments for purchase	219,738	1	294,394	1	190,722	1
Other current assets (Note 17)	233,495	1	304,017	1	195,907	1
Total current assets	4,441,546	19	4,206,687	19	4,586,378	20
NONCURRENT ASSETS						
Available-for-sale financial assets - non-current (Notes 4, 8 and 31)	2,583,734	11	2,343,551	11	2,393,303	11
Financial assets measured at cost - non-current (Notes 4 and 9)	2,495,839	10	1,777,130	8	1,621,130	7
Debt investment with no active market - non-current (Notes 4, 10, 30 and 31)	73,096	-	56,849	-	53,618	-
Investments accounted for using equity method (Notes 4 and 13)	5,065,159	21	4,108,072	19	4,245,137	19
Property, plant and equipment (Notes 4 and 14)	6,330,678	26	6,503,763	29	6,549,302	29
Construction in progress (Note 14)	419,684	2	378,877	2	418,064	2
Investment properties (Notes 4, 15 and 27)	1,992,068	8	1,992,151	9	1,992,233	9
Computer software (Note 4)	17,163	-	15,900	-	4,804	-
Deferred tax assets (Notes 4 and 24)	27,452	-	26,929	-	22,614	-
Long-term prepayments for lease (Note 16)	97,588	1	196,597	1	209,001	1
Other non-current assets (Note 17)	449,459	2	372,016	2	382,718	2
Total noncurrent assets	19,551,920	81	17,771,835	81	17,891,924	80
TOTAL	\$ 23,993,466	100	\$ 21,978,522	100	\$ 22,478,302	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 18)	\$ 1,743,641	7	\$ 2,926,306	13	\$ 2,140,443	10
Short-term bills payable	-	-	27,086	-	30,188	-
Trade payables (Notes 19 and 31)	993,133	4	700,748	3	715,618	3
Other payables (Notes 20 and 31)	301,841	1	338,557	2	482,729	2
Current tax liabilities (Notes 4 and 24)	213,879	1	90,770	-	425,475	2
Current portion of long-term borrowings (Note 18)	178,830	1	174,240	1	-	-
Other current liabilities (Note 20)	115,633	1	44,455	-	71,340	-
Total current liabilities	3,546,957	15	4,302,162	19	3,865,793	17
NONCURRENT LIABILITIES						
Long-term borrowings (Note 18)	2,283,120	9	261,360	1	454,125	2
Deferred tax liabilities (Notes 4 and 24)	554,993	2	593,961	3	760,111	3
Deferred revenue - non-current (Notes 4 and 26)	173,958	1	172,804	1	188,404	1
Accrued pension liabilities (Notes 4 and 21)	158,390	1	158,405	1	136,331	1
Guarantee deposits (Note 27)	85,311	-	82,882	-	80,545	-
Other non-current liabilities	25,828	-	2,158	-	-	-
Total noncurrent liabilities	3,281,600	13	1,271,570	6	1,619,516	7
Total liabilities	6,828,557	28	5,573,732	25	5,485,309	24
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Notes 4 and 22)						
Common stock	8,857,031	37	8,857,031	40	8,051,846	36
Capital surplus	1,321,398	6	1,304,893	6	1,279,886	6
Retained earnings						
Legal reserve	2,319,813	10	2,204,538	10	1,916,256	9
Special reserve	1,911,129	8	1,911,129	9	1,911,129	8
Unappropriated earnings	2,280,848	9	2,196,277	10	3,773,187	17
Total retained earnings	6,511,790	27	6,311,944	29	7,600,572	34
Other equities						
Exchange differences on translating foreign operations	99,192	1	(203,283)	(1)	-	-
Unrealized gain (loss) on available-for-sale financial assets	563,296	2	322,003	2	248,487	1
Total other equity	662,488	3	118,720	1	248,487	1
Treasury stock	(187,798)	(1)	(187,798)	(1)	(187,798)	(1)
Total equities	17,164,909	72	16,404,790	75	16,992,993	76
TOTAL	\$ 23,993,466	100	\$ 21,978,522	100	\$ 22,478,302	100

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

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Years Ended December 31			
	2013		2012	
	Amount	%	Amount	%
OPERATING REVENUES				
Sales revenue (Notes 4 and 31)	\$ 15,423,446	100	\$ 13,410,837	100
Other operating revenue	<u>10,491</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating revenues	<u>15,433,937</u>	<u>100</u>	<u>13,410,837</u>	<u>100</u>
OPERATING COSTS				
Cost of goods sold (Notes 12, 21, 23 and 31)	13,171,387	85	11,431,844	85
Other operating cost	<u>-</u>	<u>-</u>	<u>60,434</u>	<u>1</u>
Total operating costs	<u>13,171,387</u>	<u>85</u>	<u>11,492,278</u>	<u>86</u>
GROSS PROFIT	<u>2,262,550</u>	<u>15</u>	<u>1,918,559</u>	<u>14</u>
OPERATING EXPENSES (Notes 21, 23 and 31)				
Selling and marketing expenses	322,102	2	288,860	2
General and administrative expenses	178,108	1	184,065	2
Research and development expenses	<u>133,678</u>	<u>1</u>	<u>144,593</u>	<u>1</u>
Total operating expenses	<u>633,888</u>	<u>4</u>	<u>617,518</u>	<u>5</u>
OPERATING INCOME	<u>1,628,662</u>	<u>11</u>	<u>1,301,041</u>	<u>9</u>
NONOPERATING INCOME AND EXPENSE				
Interest income (Note 4)	21,766	-	32,604	-
Rental income (Notes 4 and 15)	31,526	-	28,218	-
Dividend income (Note 4)	66,472	-	67,776	-
Other income (Notes 4 and 16)	69,037	-	84,813	1
Gain on disposal of investments (Note 4)	7,398	-	77,917	1
Foreign currency exchange gain (Note 4)	100,826	1	6,911	-
Gain on financial assets at fair value through profit or loss (Note 4)	11,416	-	74,298	-
Interest expense	(46,845)	-	(48,731)	-
Other expenses (Note 4)	(48,216)	-	(25,605)	-
Impairment loss (Notes 4 and 9)	(20,000)	-	-	-
Share of losses of associates and joint ventures (Notes 4 and 13)	<u>(283,275)</u>	<u>(2)</u>	<u>(293,575)</u>	<u>(2)</u>
Total non-operating income and expenses	<u>(89,895)</u>	<u>(1)</u>	<u>4,626</u>	<u>-</u>

(Continued)

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Years Ended December 31			
	2013		2012	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 1,538,767	10	\$ 1,305,667	9
INCOME TAX EXPENSE (Notes 4 and 24)	<u>273,471</u>	<u>2</u>	<u>158,273</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>1,265,296</u>	<u>8</u>	<u>1,147,394</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME				
Exchange differences on translating foreign operations	47,466	-	(33,973)	-
Unrealized gain on available-for-sale financial assets	241,293	2	73,516	-
Actuarial loss arising from defined benefit plans	(3,075)	-	(24,660)	-
Share of other comprehensive income (loss) of associates and joint ventures	254,955	2	(169,310)	(1)
Income tax relating to components of other comprehensive income	<u>523</u>	<u>-</u>	<u>4,192</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>541,162</u>	<u>4</u>	<u>(150,235)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,806,458</u>	<u>12</u>	<u>\$ 997,159</u>	<u>7</u>
NET PROFIT ATTRIBUTED TO:				
Owners of the Corporation	<u>\$ 1,265,296</u>	<u>8</u>	<u>\$ 1,147,394</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTED TO:				
Owners of the Corporation	<u>\$ 1,806,458</u>	<u>12</u>	<u>\$ 997,159</u>	<u>7</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 1.45</u>		<u>\$ 1.32</u>	
Diluted	<u>\$ 1.45</u>		<u>\$ 1.31</u>	

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

(Concluded)

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Par Value)

	Equity Attributable to Owners of the Parent						Other Equities			Total Equity
	Capital Stock	Capital Surplus		Legal Reserve	Retained Earnings		Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Treasury Stock	
		Paid-in Capital in Excess of Par Value	Treasury Stock		Special Reserve	Unappropriated Earnings				
BALANCE AT JANUARY 1, 2012	\$ 8,051,846	\$ 1,090,760	\$ 189,126	\$ 1,916,256	\$ 1,911,129	\$ 3,773,187	\$ -	\$ 248,487	\$ (187,798)	\$ 16,992,993
Appropriation of 2011 earnings										
Legal reserve	-	-	-	288,282	-	(288,282)	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	(1,610,369)	-	-	-	(1,610,369)
Share dividends distributed by the Corporation	805,185	-	-	-	-	(805,185)	-	-	-	-
Balance after appropriations	8,857,031	1,090,760	189,126	2,204,538	1,911,129	1,069,351	-	248,487	(187,798)	15,382,624
Net profit for the year ended December 31, 2012	-	-	-	-	-	1,147,394	-	-	-	1,147,394
Other comprehensive income (loss) for the year ended December 31, 2012	-	-	-	-	-	(20,468)	(203,283)	73,516	-	(150,235)
Total comprehensive income (loss) for the year ended December 31, 2012	-	-	-	-	-	1,126,926	(203,283)	73,516	-	997,159
Change in capital surplus from dividends distributed to subsidiary	-	-	25,007	-	-	-	-	-	-	25,007
BALANCE AT DECEMBER 31, 2012	8,857,031	1,090,760	214,133	2,204,538	1,911,129	2,196,277	(203,283)	322,003	(187,798)	16,404,790
Appropriation of 2012 earnings										
Legal reserve	-	-	-	115,275	-	(115,275)	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	(1,062,844)	-	-	-	(1,062,844)
Balance after appropriations	8,857,031	1,090,760	214,133	2,319,813	1,911,129	1,018,158	(203,283)	322,003	(187,798)	15,341,946
Net profit for the year ended December 31, 2013	-	-	-	-	-	1,265,296	-	-	-	1,265,296
Other comprehensive income (loss) for the year ended December 31, 2013	-	-	-	-	-	(2,606)	302,475	241,293	-	541,162
Total comprehensive income (loss) for the year ended December 31, 2013	-	-	-	-	-	1,262,690	302,475	241,293	-	1,806,458
Change in capital surplus from dividends distributed to subsidiary	-	-	16,505	-	-	-	-	-	-	16,505
BALANCE AT DECEMBER 31, 2013	\$ 8,857,031	\$ 1,090,760	\$ 230,638	\$ 2,319,813	\$ 1,911,129	\$ 2,280,848	\$ 99,192	\$ 563,296	\$ (187,798)	\$ 17,164,909

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

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,538,767	\$ 1,305,667
Adjustments for:		
Depreciation expenses	537,042	569,567
Amortization expenses	22,552	19,449
Impairment loss recognized (reversal of impairment loss) on trade receivables	209	(510)
Gain on financial assets at fair value through profit or loss	(11,416)	(74,298)
Interest expenses	46,845	48,731
Interest income	(21,766)	(32,604)
Dividend income	(66,472)	(67,776)
Share of loss of associates and joint ventures	283,275	293,575
(Gain) loss on disposal of property, plant and equipment	(3,180)	1,383
Gain on disposal of investment, net	(4,556)	(9,603)
Impairment loss on financial assets	20,000	-
Write-down of inventories	-	44,412
Reversal of write-down of inventories	(54,141)	-
Net (gain) loss on foreign currency exchange	(10,775)	63,556
Amortization of prepayment for leases	4,562	4,770
Changes in operating assets and liabilities		
(Increase) decrease in financial assets held for trading	(542)	114,275
Decrease in notes receivable	9,939	24,027
(Increase) decrease in trade receivable	(44,679)	66,145
(Increase) decrease in other receivable	(131,775)	13,229
Decrease (increase) in inventories	442,123	(443,562)
Decrease in prepayments	76,084	269,041
Decrease (increase) in other current assets	70,522	(108,110)
Increase (decrease) in trade payable	292,385	(14,870)
Decrease in other payables	(8,094)	(175,459)
Increase (decrease) in other current liabilities	71,178	(26,885)
Decrease in accrued pension liabilities	(3,090)	(2,586)
Decrease in deferred revenue	(8,710)	(8,473)
Cash generated from operations	3,046,287	1,873,091
Interest received	21,339	34,234
Dividend received from associates	69,191	246,043
Interest paid	(46,690)	(48,307)
Income tax paid	(189,330)	(659,251)
Net cash generated from operating activities	2,900,797	1,445,810

(Continued)

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2013	2012
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale financial assets	\$ -	\$ (23,841)
Proceeds on sale of available-for-sale financial assets	54,712	324,122
Increase in debt investments with no active market	(16,247)	(3,231)
Purchase of financial assets measured at cost	(750,349)	(156,000)
Proceeds on sale of financial assets measured at cost	14,326	-
Acquisition for investments accounted for using equity method	(1,002,784)	(502,583)
Payments for property, plant and equipment	(361,741)	(903,208)
Proceeds from disposal of property, plant and equipment	153,049	-
Payments for intangible assets	-	(14,412)
Increase in other non-current assets	<u>(92,623)</u>	<u>(5,054)</u>
Net cash used in investing activities	<u>(2,001,657)</u>	<u>(1,284,207)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments of) proceeds from short-term borrowings	(1,248,380)	785,863
Repayments of short-term bills payable	(27,086)	(3,102)
Proceeds from long-term borrowings	2,183,747	-
Repayments of long-term borrowings	(178,133)	(3,825)
Increase in guarantee deposits	2,429	2,337
Increase in other non-current liabilities	23,670	2,158
Dividends paid to owners of the Corporation	<u>(1,046,339)</u>	<u>(1,585,362)</u>
Net cash used in financing activities	<u>(290,092)</u>	<u>(801,931)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>36,495</u>	<u>(37,806)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	645,543	(678,134)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>835,109</u>	<u>1,513,243</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,480,652</u>	<u>\$ 835,109</u>

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

VI. Individual financial statements and external auditor's audit report for the recent year

(For the complete financial statements, please see the attachment to the annual report or view the MOPS on <http://mops.twse.com.tw/>)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Oriental Union Chemical Corporation

We have audited the accompanying individual balance sheets of Oriental Union Chemical Corporation (the "Corporation") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2013, December 31, 2012 and January 1, 2012, and the related individual statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2013 and 2012. These individual financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these individual financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the individual financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the individual financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall individual financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the individual financial statements referred to above present fairly, in all material respects, the individual financial position of Oriental Union Chemical Corporation and its subsidiaries as of December 31, 2013, December 31, 2012 and January 1, 2012, and their individual financial performance and their individual cash flows for the years ended December 31, 2013 and 2012, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of Oriental Union Chemical Corporation as of and for the years ended December 31, 2013 and 2012 on which we have issued an unqualified report.

March 12, 2014

ORIENTAL UNION CHEMICAL CORPORATION

BALANCE SHEETS

(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	December 31, 2013		December 31, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents	\$ 232,633	1	\$ 288,669	2	\$ 408,014	2
Available-for-sale financial assets - current	59,273	-	108,163	1	208,642	1
Notes receivables, net	64,234	-	74,114	-	98,028	-
Trade receivable, net	827,001	4	783,572	4	755,766	4
Trade receivable - related parties	12,784	-	11,802	-	105,356	1
Other receivables	12,302	-	15,032	-	420	-
Inventories	636,440	3	847,856	5	591,739	3
Prepayment for purchases	124,390	1	228,138	1	112,494	1
Other current assets	7,681	-	52,331	-	15,020	-
Total current assets	<u>1,976,738</u>	<u>9</u>	<u>2,409,677</u>	<u>13</u>	<u>2,295,479</u>	<u>12</u>
NONCURRENT ASSETS						
Available-for-sale financial assets - non-current	2,182,598	10	1,996,791	11	2,077,269	11
Financial assets measured at cost - non-current	2,071,914	10	1,353,205	7	1,323,205	7
Debt investment with no active market - non-current	73,096	-	56,849	-	53,618	-
Investments accounted for using equity method	7,528,332	36	5,962,428	31	6,297,165	32
Property, plant and equipment	4,416,426	21	4,587,511	24	4,918,443	25
Construction in progress	418,595	2	378,747	2	175,390	1
Investment properties	1,992,068	10	1,992,151	10	1,992,233	10
Computer software	15,441	-	14,055	-	4,307	-
Deferred tax assets	27,452	-	26,929	-	22,614	-
Other non-current assets	384,999	2	307,165	2	311,749	2
Total noncurrent assets	<u>19,110,921</u>	<u>91</u>	<u>16,675,831</u>	<u>87</u>	<u>17,175,993</u>	<u>88</u>
TOTAL	<u>\$ 21,087,659</u>	<u>100</u>	<u>\$ 19,085,508</u>	<u>100</u>	<u>\$ 19,471,472</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings	\$ 751,134	4	\$ 742,500	4	\$ -	-
Trade payables	979,476	5	679,124	4	680,207	4
Other payables	262,937	1	298,321	2	349,735	2
Current tax liabilities	213,879	1	90,770	-	425,475	2
Other current liabilities	38,322	-	32,597	-	46,075	-
Total current liabilities	<u>2,245,748</u>	<u>11</u>	<u>1,843,312</u>	<u>10</u>	<u>1,501,492</u>	<u>8</u>
NONCURRENT LIABILITIES						
Long-term borrowings	852,480	4	-	-	-	-
Deferred tax liabilities	554,993	3	593,961	3	760,111	4
Accrued pension liabilities	158,390	1	158,405	1	136,331	1
Guarantee deposits	85,311	-	82,882	-	80,545	-
Other non-current liabilities	25,828	-	2,158	-	-	-
Total noncurrent liabilities	<u>1,677,002</u>	<u>8</u>	<u>837,406</u>	<u>4</u>	<u>976,987</u>	<u>5</u>
Total liabilities	<u>3,922,750</u>	<u>19</u>	<u>2,680,718</u>	<u>14</u>	<u>2,478,479</u>	<u>13</u>
EQUITY						
Common stock	8,857,031	42	8,857,031	46	8,051,846	41
Capital surplus	1,321,398	6	1,304,893	7	1,279,886	7
Retained earnings						
Legal reserve	2,319,813	11	2,204,538	12	1,916,256	10
Special reserve	1,911,129	9	1,911,129	10	1,911,129	10
Unappropriated earnings	2,280,848	11	2,196,277	11	3,773,187	19
Total retained earnings	<u>6,511,790</u>	<u>31</u>	<u>6,311,944</u>	<u>33</u>	<u>7,600,572</u>	<u>39</u>
Other equities						
Exchange differences on translating foreign operations	99,192	-	(203,283)	(1)	-	-
Unrealized gain (loss) from available-for-sale financial assets	563,296	3	322,003	2	248,487	1
Total other equity	<u>662,488</u>	<u>3</u>	<u>118,720</u>	<u>1</u>	<u>248,487</u>	<u>1</u>
Treasury stock	(187,798)	(1)	(187,798)	(1)	(187,798)	(1)
Total equities	<u>17,164,909</u>	<u>81</u>	<u>16,404,790</u>	<u>86</u>	<u>16,992,993</u>	<u>87</u>
TOTAL	<u>\$ 21,087,659</u>	<u>100</u>	<u>\$ 19,085,508</u>	<u>100</u>	<u>\$ 19,471,472</u>	<u>100</u>

ORIENTAL UNION CHEMICAL CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Years Ended December 31			
	2013		2012	
	Amount	%	Amount	%
OPERATING REVENUES				
Sales revenue	\$ 13,729,130	100	\$ 12,271,756	100
OPERATING COSTS				
Cost of goods sold	<u>11,314,683</u>	<u>83</u>	<u>9,997,035</u>	<u>82</u>
GROSS PROFIT	<u>2,414,447</u>	<u>17</u>	<u>2,274,721</u>	<u>18</u>
OPERATING EXPENSES				
Selling and marketing expenses	316,775	2	283,884	2
General and administrative expenses	114,723	1	100,942	1
Research and development expenses	<u>133,678</u>	<u>1</u>	<u>144,593</u>	<u>1</u>
Total operating expenses	<u>565,176</u>	<u>4</u>	<u>529,419</u>	<u>4</u>
OPERATING INCOME	<u>1,849,271</u>	<u>13</u>	<u>1,745,302</u>	<u>14</u>
NONOPERATING INCOME AND EXPENSE				
Interest income	1,926	-	6,207	-
Rental income	31,634	-	28,326	-
Dividend income	66,472	1	67,776	-
Other income	52,423	-	68,935	1
Gain on disposal of investments	7,398	-	77,917	1
Foreign currency exchange gain	15,453	-	8,760	-
Interest expense	(12,361)	-	(4,064)	-
Other expenses	(46,589)	-	(20,637)	-
Loss on disposal of property, plant and equipment	(10,797)	-	(1,383)	-
Impairment loss	(20,000)	-	-	-
Share of losses of associates and joint ventures	<u>(396,063)</u>	<u>(3)</u>	<u>(689,779)</u>	<u>(6)</u>
Total non-operating income and expenses	<u>(310,504)</u>	<u>(2)</u>	<u>(457,942)</u>	<u>(4)</u>
PROFIT BEFORE INCOME TAX	1,538,767	11	1,287,360	10
INCOME TAX EXPENSE	<u>273,471</u>	<u>2</u>	<u>139,966</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>1,265,296</u>	<u>9</u>	<u>1,147,394</u>	<u>9</u>
OTHER COMPREHENSIVE INCOME				
Unrealized gain from available-for-sale financial assets	186,917	1	42,790	-
Actuarial loss arising from defined benefit plans	(3,075)	-	(24,660)	-

(Continued)

ORIENTAL UNION CHEMICAL CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Years Ended December 31			
	2013		2012	
	Amount	%	Amount	%
Share of other comprehensive income (loss) of associates and joint ventures	\$ 356,797	3	\$ (172,557)	(1)
Income tax relating to components of other comprehensive income	<u>523</u>	-	<u>4,192</u>	-
Other comprehensive income for the year, net of income tax	<u>541,162</u>	4	<u>(150,235)</u>	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,806,458</u>	<u>13</u>	<u>\$ 997,159</u>	<u>8</u>
EARNINGS PER SHARE				
Basic	<u>\$ 1.45</u>		<u>\$ 1.32</u>	
Diluted	<u>\$ 1.45</u>		<u>\$ 1.31</u>	

Pro forma information assuming the Corporation's shares held by its subsidiaries be treated as an investment instead of treasury stock (after income tax):

	2013		2012	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
NET INCOME		<u>\$ 1,265,296</u>		<u>\$ 1,147,394</u>
EARNINGS PER SHARE				
Basic	<u>\$ 1.74</u>	<u>\$ 1.43</u>	<u>\$ 1.45</u>	<u>\$ 1.30</u>
Diluted	<u>\$ 1.74</u>	<u>\$ 1.43</u>	<u>\$ 1.45</u>	<u>\$ 1.29</u>

(Concluded)

ORIENTAL UNION CHEMICAL CORPORATION

STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Par Value)

	Capital Stock	Capital Surplus		Retained Earnings			Other Equities		Treasury Stock	Total Equity
		Paid-in Capital in Excess of Par Value	Treasury Stock	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) from Available-for- sale Financial Assets		
BALANCE AT JANUARY 1, 2012	\$ 8,051,846	\$ 1,090,760	\$ 189,126	\$ 1,916,256	\$ 1,911,129	\$ 3,773,187	\$ -	\$ 248,487	\$ (187,798)	\$ 16,992,993
Appropriation of 2011 earnings										
Legal reserve	-	-	-	288,282	-	(288,282)	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	(1,610,369)	-	-	-	(1,610,369)
Share dividends distributed by the Corporation	805,185	-	-	-	-	(805,185)	-	-	-	-
Balance after appropriations	8,857,031	1,090,760	189,126	2,204,538	1,911,129	1,069,351	-	248,487	(187,798)	15,382,624
Net profit for the year ended December 31, 2012	-	-	-	-	-	1,147,394	-	-	-	1,147,394
Other comprehensive income for the year ended December 31, 2012	-	-	-	-	-	(20,468)	(203,283)	73,516	-	(150,235)
Total comprehensive income (loss) for the year ended December 31, 2012	-	-	-	-	-	1,126,926	(203,283)	73,516	-	997,159
Change in capital surplus from dividends distributed to subsidiary	-	-	25,007	-	-	-	-	-	-	25,007
BALANCE AT DECEMBER 31, 2012	8,857,031	1,090,760	214,133	2,204,538	1,911,129	2,196,277	(203,283)	322,003	(187,798)	16,404,790
Appropriation of 2012 earnings										
Legal reserve	-	-	-	115,275	-	(115,275)	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	(1,062,844)	-	-	-	(1,062,844)
Balance after appropriations	8,857,031	1,090,760	214,133	2,319,813	1,911,129	1,018,158	(203,283)	322,003	(187,798)	15,341,946
Net profit for the year ended December 31, 2013	-	-	-	-	-	1,265,296	-	-	-	1,265,296
Other comprehensive income for the year ended December 31, 2013	-	-	-	-	-	(2,606)	302,475	241,293	-	541,162
Total comprehensive income (loss) for the year ended December 31, 2013	-	-	-	-	-	1,262,690	302,475	241,293	-	1,806,458
Change in capital surplus from dividends distributed to subsidiary	-	-	16,505	-	-	-	-	-	-	16,505
BALANCE AT DECEMBER 31, 2013	\$ 8,857,031	\$ 1,090,760	\$ 230,638	\$ 2,319,813	\$ 1,911,129	\$ 2,280,848	\$ 99,192	\$ 563,296	\$ (187,798)	\$ 17,164,909

ORIENTAL UNION CHEMICAL CORPORATION

STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,538,767	\$ 1,287,360
Adjustments for:		
Depreciation expenses	437,048	457,754
Amortization expenses	17,061	14,112
Impairment loss recognized (reversal of impairment loss) on trade receivables	209	(510)
Interest expenses	12,361	4,064
Interest income	(1,926)	(6,207)
Dividend income	(66,472)	(67,776)
Share of loss of associates and joint ventures	396,063	689,779
Loss on disposal of property, plant and equipment	10,797	1,383
Gain on disposal of investment, net	(7,398)	(77,926)
Impairment loss on financial assets	20,000	-
Write-down of inventories	-	10,390
Reversal of write-down of inventories	(10,051)	-
Net (gain) loss on foreign currency exchange	(6,379)	6,687
Changes in operating assets and liabilities		
Decrease in notes receivable	9,939	24,027
(Increase) decrease in trade receivable	(44,679)	66,145
Decrease (increase) in other receivable	3,081	(14,272)
Decrease (increase) in inventories	221,467	(266,507)
Decrease in prepayments	97,298	174,605
Decrease (increase) in other current assets	44,650	(37,311)
Increase (decrease) in trade payable	300,352	(1,083)
Increase (decrease) in other payables	17,571	(82,377)
Increase (decrease) in other current liabilities	5,725	(13,478)
Decrease in accrued pension liabilities	(3,090)	(2,586)
Cash generated from operation	<u>2,992,394</u>	<u>2,166,273</u>
Interest received	1,575	5,867
Dividend received from associates	69,191	69,159
Interest paid	(14,671)	(3,964)
Income tax paid	<u>(189,330)</u>	<u>(640,944)</u>
Net cash generated from operating activities	<u>2,859,159</u>	<u>1,596,391</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale financial assets	-	(23,841)
Proceeds on sale of available-for-sale financial assets	54,712	324,122
Increase in debt investments with no active market	(16,247)	(3,231)
Purchase of financial assets measured at cost	(750,349)	(30,000)
Proceeds on sale of financial assets measured at cost	14,326	-
Acquisition for investments accounted for using equity method	(1,591,384)	(502,583)

(Continued)

ORIENTAL UNION CHEMICAL CORPORATION

STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Years Ended	
	December 31	
	2013	2012
Payments for property, plant and equipment	\$ (377,702)	\$ (590,866)
Proceeds from disposal of property, plant and equipment	710	-
Payments for intangible assets	-	(13,252)
Increase in other non-current assets	<u>(80,009)</u>	<u>(6,024)</u>
Net cash used in investing activities	<u>(2,745,943)</u>	<u>(845,675)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	8,634	742,500
Proceeds from long-term borrowings	852,480	-
Increase in guarantee deposits	2,429	2,337
Increase in other non-current liabilities	23,670	2,158
Dividends paid to owners of the Corporation	<u>(1,062,844)</u>	<u>(1,610,369)</u>
Net cash used in financing activities	<u>(175,631)</u>	<u>(863,374)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>6,379</u>	<u>(6,687)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(56,036)	(119,345)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>288,669</u>	<u>408,014</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 232,633</u>	<u>\$ 288,669</u>

(Concluded)

Seven. Review and analysis of the financial position and performance and risk management

I. Review and analysis of the financial position

Review and analysis of consolidated financial position

Currency unit: NTD thousand

Item	Year	2013	2012	Variance	
				Amount	%
Current assets		\$ 4,441,546	\$ 4,206,687	\$ 234,859	5.58
Property, plant and equipment		6,750,362	6,882,640	(132,278)	(1.92)
Intangible assets		17,163	15,900	1,263	7.94
Other assets		12,784,395	10,873,295	1,911,100	17.58
Total assets		23,993,466	21,978,522	2,014,944	9.17
Current liabilities		3,546,957	4,302,162	(755,205)	(17.55)
Non-current liabilities		3,281,600	1,271,570	2,010,030	158.07
Total liabilities		6,828,557	5,573,732	1,254,825	22.51
Capital stock		8,857,031	8,857,031	—	—
Capital surplus		1,321,398	1,304,893	16,505	1.26
Retained earnings		6,511,790	6,311,944	199,846	3.17
Other equities		662,488	118,720	543,768	458.03
Treasury stock		(187,798)	(187,798)	—	—
Total equities		17,164,909	16,404,790	760,119	4.63

Note: The causes of changes in analysis of more than 20%:

1. The increase in non-current liabilities and total liabilities was a result of the increase in long-term loans.
2. The increase in other equities was a result of the increase in the exchange differences from translation of the financial statement of foreign operating entities and unrealized gain from available-for-sale financial assets.

II. Analysis on financial performance

Analysis on consolidated financial performance

Currency unit: NTD thousand

	2013	2012	Increase (decrease)	Ratio (%)
Operating revenue	\$ 15,433,937	\$ 13,410,837	\$ 2,023,100	15.09
Operating cost	<u>13,171,387</u>	<u>11,492,278</u>	<u>1,679,109</u>	14.61
Gross profit	2,262,550	1,918,559	343,991	17.93
Operating expenses	<u>633,888</u>	<u>617,518</u>	<u>16,370</u>	2.65
Operating income	1,628,662	1,301,041	327,621	25.18
Non-operating revenue and expense	<u>(89,895)</u>	<u>4,626</u>	<u>(94,521)</u>	(2,043.26)
Profit before income tax	1,538,767	1,305,667	233,100	17.85
Income tax expense	<u>273,471</u>	<u>158,273</u>	<u>115,198</u>	72.78
Net income	1,265,296	1,147,394	117,902	10.28
Other comprehensive income	<u>541,162</u>	<u>(150,235)</u>	<u>691,397</u>	(460.21)
Total comprehensive income	<u>\$ 1,806,458</u>	<u>\$ 997,159</u>	<u>\$ 809,299</u>	81.16

1. Notes to increase/decrease:

- (1) The increase in gross profit/operating income was a result of the increase in sales volume and price of products.
 - (2) The decrease in non-operating revenue and expense was a result of the decrease in the gain from financial assets at fair value through profit or loss and decrease in the gain from the disposal of investment recognized in 2013.
 - (3) The increase in income tax expenses was a result of the increase in profit before income tax in 2013 from 2012 and the increase in tax expenses.
 - (4) The increase in net profit was a result of the increase in sales volume and price of products and the increase in gain from foreign currency exchange.
 - (5) The increase in other comprehensive income was a result of the increase in unrealized gain from available-for-sale financial assets, and an increase in the share of other comprehensive income of affiliates and joint ventures.
2. Continuous growth or decline is based on sales for the next year and the main contributory factor is the sales volume expected by the Company: The Company's EG, gas and SC products will operate at maximum capacity to create optimal profit, in consideration of overall operating strategy. Please refer to "A Message to Shareholders".

III. Review and analysis of cash flow

(I) Analysis of Change in Cash Flow for the last year

Currency unit: NTD thousand

Year	Balance of cash – beginning	Net cash flow from operating activities over the year	Cash outflow over the year	Surplus (deficit)	Remedy for deficit in cash	
					Investment plan	Financing plan
2013	835,109	2,900,797	(4,687,907)	(952,001)	222,807	2,209,846

1. Analysis of changes in cash flow

- (1) Operating activities: primarily from funding inflow.
- (2) Net cash outflow in the year: primarily capital expenditure and equity investment.
- (3) Financing activities: primarily for the issue of cash dividends.

2. Analysis of liquidity:

Analysis of liquidity (Please refer to the analysis of cash flow referred to in the financial analysis for the last five years on Pages 89~94.)

The increase in cash flow reinvestment ratio in the most recent year from the previous year was a result of the increase in the net cash inflow from operating activities in 2013.

(II) Analysis of Changes in Cash Flow for the next year

Currency unit: NTD thousand

Year	Balance of cash – beginning	Net cash flow from operating activities over the year	Cash outflow over the year	Surplus (deficit)	Remedy for cash deficit	
					Investment plan	Financing plan
2014	1,480,652	4,559,659	(14,044,809)	(8,004,499)	—	8,039,499

1. Analysis of changes in cash flow

- (1) Cash flow from operating activities: It is expected that the net cash inflow from operating activities will be 4,559,659 thousand NTD this year.
- (2) Projected cash outflow: primarily capital expenditure and projected distribution of cash dividends; it is expected that the cash outflow from investment and financing activities will be 14,044,809 thousand NTD in 2014.

2. Remedy for deficit in cash: In consideration of Company capital expenditure, capital increase in investees and projected distribution of cash dividends planned in 2014, it is expected that the cash outflow will be higher than cash inflow in 2014. The Company will raise funds from banks to make up the deficit.

IV. Key Performance Indicator (KPI)

KPI	Definitions	Object 2013	Actual achievement 2013	KIP achievement ratio
Market share	Domestic market share of the major product, EG	20%	20%	100%
Operation ratio	Operation ratio of the major product, EG	8000 hr/Y	8,401 hr/Y	105%

V. The effect of major capital expenditure on the financial position and operation of the Company

(I) Status of utilization of major capital expenditure and source of capital

Domestic capital expenditure

Currency unit: NTD thousand

Item	Project	Actual source of capital	Date of completion	Total capital expenditure	Status of utilization of capital					
					2010	2011	2012	2013	2014	2015
(1)	Equipment renovation engineering of EG plant one- to sextuple-effect evaporators (AS-301~AS-306).	Own capital and financing	2013.3	\$31,140	—	\$16	\$20,875	\$10,249	—	—
(2)	EG #1 plant heat exchanger (E-202 and E-209A/B) renovation	Own capital and financing	2013.4	\$15,802	—	—	\$15,233	\$569	—	—
(3)	No. 6 nitrogen compressor for ASU #2 plant	Own capital and financing	2013.5	\$15,926	—	—	\$13,795	\$2,131	—	—
(4)	Replacement of boiler tubes and instrumentation/ control system of EG plant boiler A	Own capital and financing	2013.7	\$34,124	—	\$16,475	\$15,599	\$2,050	—	—
(5)	Construction project for a 10,000 tons raw water tank	Own capital and financing	2014.3	\$75,000	\$96	\$836	\$29,832	\$13,951	\$30,285	—
(6)	EA #2 plant low water in ammonia process modification project	Own capital and financing	2014.12	\$150,000	—	—	—	—	\$100,000	\$50,000
(7)	RTO-1 renovation project	Own capital and financing	2014.12	\$60,000	—	—	—	—	\$43,714	\$16,286
(8)	EO capacity expansion and construction of new ASU #3 plant	Own capital and financing	2015.5	\$2,100,000	—	—	—	\$184,648	\$1,727,581	\$187,771

Overseas capital expenditure

Currency unit: US\$ thousand

Item	Project	Actual source of capital	Date of completion	Total capital expenditure	Status of utilization of capital				
					2011	2012	2013	2014	2015
(1)	Far Eastern Union Petrochemical (Yangzhou) Ltd project for 450 kta MEG and 75 kta of high-purity EO	Own capital and financing	2014.12	\$387,809	—	\$5,704	\$62,448	\$236,670	\$82,987
(2)	Tong Da Gas Industries(Yangzhou) Ltd project for 25,000 m ³ cryogenic ethylene tank and 146,000 Nm ³ /h air separation plant	Own capital and financing	2014.12	\$90,497	—	—	—	\$63,052	\$27,445

(II) Projected potential effects

1. Analysis of effects of this capital expenditure:

Domestic capital expenditure

- (1) Equipment renovation engineering of the EG plant one- to sextuple-effect evaporators (AS-301~AS-306).
The equipment was replaced during annual turnaround at the end of 2012 to ensure the normal and safe operation of the plant.
- (2) EG #1 plant heat exchanger (E-202 and E-209A/B) renovation
The upgrade of equipment has been completed to ensure the safe operation and prevent the production interruption from shutdowns.
- (3) No. 6 nitrogen compressor for ASU #2 plant
The new machine serves as a backup for the No. 5 nitrogen compressor to enhance reliability of operation.
- (4) Replacement of boiler tubes and instrumentation/control system of EG boiler A
The equipment has been put in service to ensure the steam supply to avoid production being affected should outsourced steam become unavailable.
- (5) Construction project for a 10,000 tons raw water tank
This is to increase the safe inventory of raw water to secure normal operation of the plant should the industrial water supply be restricted or the running water pipeline be out of use for maintenance and repair, to reduce the chances of losses from lockout or shutdown.
- (6) EA#2 plant low water in ammonia process modification project
Upon completion of the process modification, the steam required for water removal can be reduced.
- (7) RTO-1 renovation project
Upon completion of the project, the increase in VOC waste gas emission from expansion of EO production will be treated to comply with the environmental protection laws and regulations.
- (8) EO capacity expansion and construction of new ASU #3 plant
The additional EO reactor for EO debottleneck will increase output by approx. 120,000 tons per year. An air separation plant will also be set up to provide the oxygen needed. After this the problem of insufficient EO raw material will be resolved and enough will be available for the production of high value-added EOD.

Overseas capital expenditure

- (1) Far Eastern Union Petrochemical (Yangzhou) Ltd, project for MEG and high-purity EO
Investment in construction of EG and high-purity EO facility at Far Eastern Union Petrochemical (Yangzhou) Ltd (including the relevant utilities) to supply local EG market. The high-purity EO may be supplied to the Oriental Petrochemical (Yangzhou) Corporation directly to reduce the product cost since EO outsourcing will no longer be needed.

- (2) Tong Da Gas Industries (Yangzhou) Ltd, project for the cryogenic ethylene tank and air separation plant
 Tong Da Gas Industries (Yangzhou) Ltd provides ethylene tank service and oxygen as raw materials to Far Eastern Union Petrochemical (Yangzhou) Ltd, and also sells industrial gas products such as oxygen/nitrogen/argon gas and liquid to local market.
2. The proposed capital expenditure would help to secure the source of raw material, stability and safety of the plant's operation. There would be no adverse effect on the financial position and operation of the Company.

VI. Direct investment policy, the main reasons for profit or loss as well as the corrective action plan over past year, and an investment plan for next year

(I) Investment policy

The Company has invested indirectly in the PTA industry in China, via its holding company, to diversify company operations, enhance its competitiveness and expand market share in China.

(II) The main reasons for profit or loss and the corrective action plan over past year (2013)

The share of losses by affiliates and joint ventures recognized under the equity method totaled NT\$280 million in 2013. This was primarily a result of a sluggish market for PTA products. The Company will implement the energy-saving and production process improvement projects, and strictly control inventory to activate cash flow, reduce loss and increase profit.

(III) Substantial investment plans for next year

The Company has invested in the Yangzhou Chemical Industrial Park, Jiangsu Province, and plans to establish new plants for EO, EG, gas and for storage tanks.

VII. Analysis of risk factors

(I) Impact of interest and exchange rate changes and inflation for last year, and the future

1. The impact of interest and exchange rate changes on Company income, and future countermeasures:
 In view of the inactive increase of market interest rate last year, the Company is determined to reduce the cost of its short-term loans and plan for the long-term, stable and low-interest fund to satisfy finance need and prevent changes of interest and exchange rate from affecting income by means of the Company long-term and short-term loans disposal.
2. The impact of foreign exchange rate changes on Company income, and future countermeasures:
 (1) Source of exchange rate income: this was primarily the result of a gain on foreign exchange rate from revaluation of the RMB in 2013. The percentage of operating revenue and operating income ratio are shown below:

Currency unit: NTD thousand

	2013
Foreign exchange income, net (A)	100,826
Operating revenue (B)	15,433,937
To operating revenue (A)/(B)	0.65%
Operating income (C)	1,628,662
To operating income (A)/(C)	6.2%

- (2) Future countermeasures against foreign currency exchange rate changes:

The major products exported by the Company are denominated in US\$. The Company disposes of such transactions in US currency interest rate on frequent basis. The gain or loss from disposal of US\$ exchange is controllable and this policy will remain adhered to in the future. The Company will pay full attention to the foreign currency exchange rates, and adjust the positions of its assets and liabilities subject to the changes of exchange rate to reduce possible impact on Company income. At the same time the Company will outsource raw materials denominated in US\$ to offset the effect of foreign

exchange rate changes.

3. The impact of inflation on Company income, and future countermeasures:

In the future, the Company will carry out energy-saving and production process improvement projects to reduce cost as well as to engage in the development of high gross profit products, control strictly of product and raw materials inventories to reduce the impact of inflation on Company income. The inflation rate in Taiwan was 0.79% in 2013, and had so far no effect on the operation and profitability of the Company.

(II) Policy on high-risk, high-leverage investments, financial derivative transactions, loans, endorsements and guarantees, and other major causes of profit or loss, and future countermeasures:

1. The Company did not engage in any high-risk, high-leverage investments or financial derivatives transactions over past year.
2. The Company defined its "Operating Procedure for Loaning to Others" and "Operating Procedure for Endorsements/Guarantees" in accordance with the "Regulations Governing the Loan of Funds and Making of Endorsements/Guarantees by Public Companies" promulgated and enforced by the competent authority, and this was submitted to the Company Board of Directors and the shareholders' meeting. To comply with risk control and protect the Company from any adverse results, "Operating Procedure for Loaning to Others" and "Operating Procedure for Endorsements/ Guarantees" ratified by the Board of Directors and shareholders' meeting will be followed accordingly.

(III) Future R&D plans and expected R&D expenditure:

In 2014, the Company will strive to develop new EOD product lines and direct R&D towards the following areas:

1. Continue to develop customized high value-added specialty chemical products.
2. Develop glycol ether synthesis technology.
3. Develop concrete water reducer synthesis technology.
4. R&D major capital expenditure projects.

Currency unit: NTD thousand

Name of Project	Budget (NT\$)	Projected completion date
Liter-size high-pressure autoclave	5,000	2014/12
Distillation system	9,000	2014/12
Vapor phase catalyst bed reactor	6,000	2016/12
Pilot plant salt remover and flaker facilities	8,000	2014/9

Descriptions of the various investment projects:

- 4.1 Liter-size high-pressure autoclave: to accelerate the speed of new products sampling.
- 4.2 Distillation system: for the development of glycol ethers.
- 4.3 Vapor phase catalyst bed reactor: to conduct the study on heterogeneous catalytic reactions.
- 4.4 Pilot plant salt remover and flaker facilities: to promote high molecular weight and low reactivity EOD products.
5. Major factors critical to successful R&D:
 - 5.1 Whether or not the selectivity and raw material conversion rate of heterogeneous catalyst can be improved to achieve the lowest cost.

(IV) Changes in important policies and the legal environment at home and abroad, and the effect on Company financial status and operation, and countermeasures:

1. Company management will closely monitor the changes in important policies and the legal environment at home and abroad, and have the professional entity provide suggestions and countermeasures.
2. To urge Taiwan to apply International Financial Reporting Standards (IFRSs), The Financial Supervisory Commission of the Executive Yuan has required that the listed companies shall prepare their financial statements in accordance with the IFRSs translated and released by the Accounting Research and Development Foundation as of 2013.

(V) Technological and industrial changes, and their effect on the financial status and operation of the Company, and countermeasures:

The Company secured the production technology for its EOD products such as AEO, PEG, MPEG, TA and TM in 2013, and has successfully developed new customized products based on this knowledge.

The Company has endeavored to transform itself into a SC company to disperse the business risk, especially in the light of the recent and rapid economic growth on the Mainland. This has increased the average per capita income, and the demand for personal care products, detergents and pesticides is now substantial. In consideration of the source of raw materials, the Company has established EOD plants in Taiwan and Yangzhou, China. The present plant in China is primarily engaged in the production of raw materials for pesticides and cosmetics, while Taiwan plant is in producing high value-added products, as a joint development of the Company towards diversification.

(VI) The Impact of changes in corporate identity on Company crisis management, and countermeasures:

The Company steadfastly adheres to an enterprise spirit that highlights "Sincerity, Diligence, Trift, Prudence and Innovation", and fulfills all their corporate social responsibilities including environmental protection, responsible care and good neighborliness. The business crisis has not resulted in any change of corporate identity.

(VII) The expected benefits and possible risks of merger or acquisition, and countermeasures:

The Company has had no plans for merger or acquisition in recent years.

(VIII) Expected benefits and possible risks of facility expansion, and countermeasures:

Please refer to the statement regarding the effects of major capital expenditure on the financial position and operation of the Company over the last year referred to on Pages 113~115 of the annual report.

(IX) The risks from centralized purchasing or selling, and countermeasures

The primary supply of Ethylene, the raw material of the main Company products (EO/EG) comes from CPC in Taiwan. To ensure a stable source of material, the Company maintains a long-term stable cooperative relationship with CPC, and is seeking proactively other foreign source supply to reduce the risks attendant to single centralized purchase, to maintain normal production and sales.

Most of the Company's products are sold on the Taiwan market, and surplus is exported to other territories. These territories and industries have been adequately dispersed and there is no likelihood of centralization.

(X) The impact and risk associated with large share transfers or changes in shareholdings of Directors, Supervisors, or shareholders who hold more than 10% of the Company's shares, and countermeasures: N/A

(XI) The impact and risk associated with changes in management rights, and countermeasures: N/A

(XII) Litigation and non-litigation matters which might materially affect shareholder equity or the price of securities: N/A

(XIII) Other significant risks: N/A

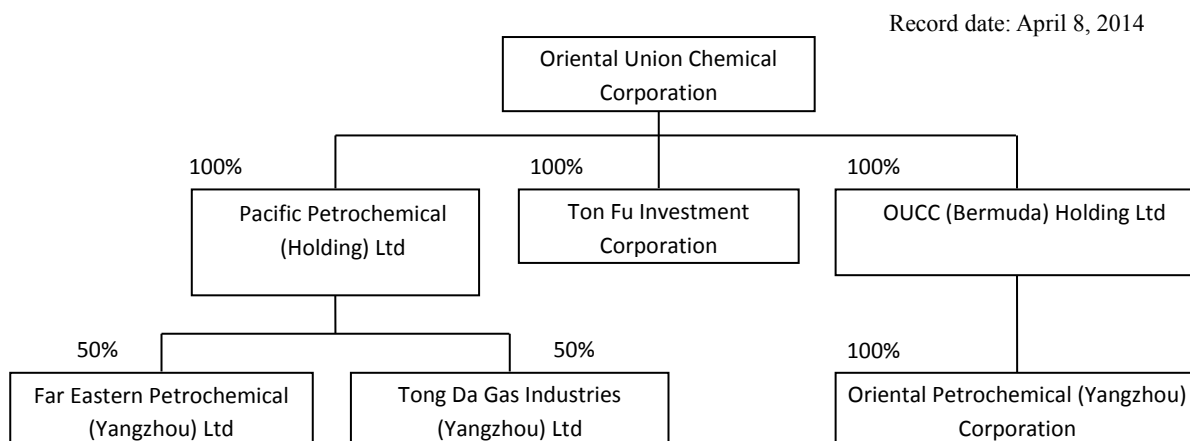
VIII. Other important notes: N/A

Eight. Special Disclosure

I. Information of affiliates

(I) Consolidated financial report on affiliates

1. Organizational chart of affiliations:



2. Profiles of affiliates

Currency unit: NT\$ thousand, unless otherwise noted

Name	Date of incorporation	Address	Paid-in capital	Principal business or product lines
Tong Fu Investment Corporation	May 1998	13F, No. 101, Fuhsing N Road, Taipei City	NTD1,142,993	Investment
Pacific Petrochemical (Holding) Ltd	May 1998	P O Box 3140, Road Town, Tortola, British Virgin Islands	US\$ 122	Investment
OUCC (Bermuda) Holding Ltd	September 2007	Ram Re House, 2nd Flr, 46 Reid Street, Hamilton, HM 12, Bermuda	US\$ 30	Investment
Oriental Petrochemical (Yangzhou) Corporation	September 2008	No. 8, Ya Tung Road, Yi Cheng City, Yangzhou	US\$60,000	Production and sale of EA, EC, AEO, PEG and MPEG

Oriental Union ChemCorporation

Far Eastern Union Petrochemical (Yangzhou) Ltd	May 2012	No. 8, Ya Tung Road, Yi Cheng City, Yangzhou	US\$119,200	Production of chemical engineering products (EG, MEG, DEG, TEG and EO)
Tong Da Gas Industries (Yangzhou) Ltd	December 2013	No. 8, Ya Tung Road, Yi Cheng City, Yangzhou	US\$38,000 (equivalent RMB)	Construction of cryogenic ethylene tank and air separation unit

3. Business lines covered by the industries engaged in by affiliates: Please see the profile of affiliates.
4. The profiles of Directors, Supervisors and Presidents of affiliates

Unit: share; %

Record date: April 8, 2014

Name	Job title	Name or representative	Shares held when appointed	
			Quantity of shares (share)	Shareholding (%)
Tong Fu Investment Corporation	Director	Oriental Union Chemical Corporation Humphrey Cheng (Chairman), Victoria Peng, and Amy Cheng	114,299,328	100
	Supervisor President	C. S. Tu Humphrey Cheng		
Pacific Petrochemical (Holding) Ltd	Director	Oriental Union Chemical Corporation Douglas T. Hsu (Chairman), Johnny Shih, C. K. Tsai, Kao-Shan Wu, Cheng-Yu Cheng	122,497	100
OUC (Bermuda) Holding Ltd	Director	Oriental Union Chemical Corporation Douglas T. Hsu (Chairman), Johnny Shih, H.C. Tsai, K.S. Wu, Humphrey Cheng	29,914	100
Oriental Petrochemical (Yangzhou) Corporation	Director	OUC (Bermuda) Holding Ltd Humphrey Cheng (Chairman) H.C. Tsai, Peter Pan, C.K.Tsai, R H. Shao, K.J. Chen, and James Chou	—	100
	Supervisor President	Brian Lee Victoria Peng		
Far Eastern Union Petrochemical (Yangzhou) Ltd	Director	Far Eastern Petrochemical (Holding) Ltd. Humphrey Cheng (Chairman), K.S. Wu OUC (Bermuda) Holding Ltd H.C. Tsai, Victoria Peng, James Chou	—	50
	Supervisor President	Judy Wang, Mike Wu James Chou		
Tong Da Gas Industries (Yangzhou) Ltd	Director	Far Eastern Petrochemical (Holding) Ltd. Humphrey Cheng (Chairman), K.S. Wu OUC (Bermuda) Holding Ltd H.C. Tsai, Victoria Peng, James Chou	—	50
	Supervisor President	Judy Wang, Mike Wu James Chou		

Oriental Union ChemCorporation

5. Overview of affiliates operation :

Currency unit: NT\$ thousand,
unless otherwise noted

Record date: December 31, 2013

Name	Paid-in capital	Total assets	Total liabilities	Net value	Operating revenue	Operating income	Net Income	EPS (NT\$)
Tong Fu Investment Corporation	1,142,993	1,340,500	530	1,339,970	26,995	25,275	36,549	0.32
Pacific Petrochemical (H) LTD.	3,322	5,868,617	344,422	5,524,195	0	(333,220)	(314,438)	(2,973.13)
OUCB Bermuda (H) LTD.	929	3,092,444	1,977,888	1,114,556	0	(85,352)	(105,501)	(3,526.81)
Oriental Petrochemical (Yangzhou) Corporation	1,799,600 RMB396,766	3,252,145 665,257	2,051,413 419,636	1,200,732 245,621	1,694,316 353,578	(198,757) (41,477)	(84,758) (17,688)	N/A

(II) Consolidated financial statement of affiliates



Declaration of consolidated financial statement of affiliates

The companies to be included by the Company in the consolidated financial statements of affiliates in accordance with the “Regulations Governing Preparation of Consolidated Financial Statements of Public Companies and Their Affiliates” are identical to those included in the consolidated financial statements of the parent company and subsidiaries prepared under IFRS 27. In any case, the information to be disclosed in the consolidated financial statements of affiliates has been disclosed in the consolidated financial statements of the parent company and subsidiaries. Therefore, the Company has not prepared separate consolidated financial statements for affiliates.

Declarant:

Company name: Oriental Union Chemical Corporation

Responsible person: Douglas T. Hsu

March 12, 2014

(III) Affiliate report: N/A

II. Private placement of securities: N/A

III. Status of Company stock held or disposed of by subsidiaries over past year and up to the date of publication of the annual report:

Currency unit: NTD thousand; share; %

Name of subsidiary	Paid-in capital	Source of capital	the Company's shareholding	Date of acquisition or disposal	Quantity of shares and amount	Quantity of shares from disposal and amount	Investment income	Quantity of shares held up to the date of publication of the annual report and amount	Status of pledge	Amount of endorsement/guarantee made by the Company for a subsidiary	Amount loaned by the Company to a subsidiary
Ton Fu Investment Corporation	1,142,993	—	100%	—	—	—	—	Quantity of shares 13,754 thousand shares Amount 408,481 thousand	—	102/12/31: 400,000 103/5/15: 400,000	—

IV. Other supplementary notes: N/A

V. Any matters of material significance that could have affected shareholder equity or securities price last year and up to the date of publication of the annual report: N/A

**Oriental Union Chemical
Corporation**



Chairman of the Board

徐旭東 