



東聯化學

Oriental Union Chemical Corp.

Handbook for 2024
Annual Shareholders Meeting

... 敏捷韌性
打造永續競爭力 ...

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Oriental Union Chemical Corporation (OUCC)

2024 Annual Shareholders Meeting

Convening Method: Hybrid Shareholders Meeting (Physical Shareholders Meeting Supported by Video-Conferencing)

Time/Date: 9:00 am (Taipei time) on Tuesday, 12 June 2024

Place: Auditorium in the Taipei Hero House, No. 20, Changsha Street, Section 1, Taipei, Taiwan

E-Meeting Platform: Taiwan Depository & Clearing Corporation/ Stockvote Platform
(<https://www.stockvote.com.tw>)

Meeting Agenda

Call the meeting to order

Chairperson takes chair

Chairperson remarks

Reporting items:

1. 2023 Business Report
2. 2023 Financial Statements
3. The Audit Committee's review report on 2023 Business Report and Financial Statements
4. To report 2023 Directors' Remuneration and Employees' Compensation

Approval items:

1. To accept 2023 Business Report and Financial Statements
2. To approve the proposal for 2023 profit allocation

Discussion & election items:

1. To approve Board of Directors' reelection (including Independent Directors)
2. To approve the release of relevant Directors of OUCC from non-competition restrictions

Extemporaneous motion

Meeting Adjourned

Reporting items

1. 2023 Business Report

I. Foreword

In view of 2023, the impact from high interest rate, intensified inflation, and China's unexpected post-pandemic economic performance set back the global economy, weakened the end-product demands, and stagnated the manufacturing industry activities. Same as to the domestic economy, the hugely cut import & export orders enabled Taiwan's economic growth rate spiral down to 1.4%.

In despite of the impact aforementioned, the 2023 petrochemical industry in general dimmed as enormous additional capacity hit the market. Taking the upstream ethylene glycol (EG) as an example, the 2023 EG global capacity reached 58 million MT, yet the demand totaled only 34 million MT. The overall EG operating rate of the year was 60%, and the market remained oversupplied. Same as to the domestic petrochemical industry, the total 2023 production valued NT\$1.6 trillion, a 14% decline from the previous year.

Though the Company's EG product line encountered the succession of global new capacity and low market demand, the management team sustained persistent and perceptive to cope with the world development trend, retained control of its overall cost and customer relationships; and, developed niche products of green, electronic, and new materials, based on the core vantage of ethylene oxide (EO), to maintain stable and advanced operation.

In 2023, the consolidated revenue of the Company reached NT\$20.8 billion, a decrease of 6% from the previous year, and the operating net profit totaled NT\$0.27 billion, of earnings per share (EPS) NT\$0.30.

II. Operating Performance Review

(1) Safety, Health and Environment

Aiming at the green and sustainable development, the Company practices circular economy and attaches great importance to issues such as industrial safety, health and environmental protection, as well as improves persistently the process design and equipment investment, and recycles homogeneous waste to reduce the impact on environment.

Not only has the Company developed, at its early stage, the carbon capture and utilization (CCU) technology by way of recycling CO₂ from production to produce the high purity CO₂ for industrial, food and electronic businesses, then further processed to produce ethylene carbonate (EC) for manufactures of polycarbonate (PC), composite materials, and electrolyte of lithium battery. The Company also supplies and benefits its downstream customers with its outstanding carbon-captured solvents ethanolamine (EA) and ethylenediamine (EDA) series, and strives to develop the CO₂ contained chemicals, technologies and products of plastic recycling and biodegradability to counteract the global issue of CO₂ emission.

In addition, to conform with the large power user terms, the Company has procured the 10% contractual capacity of green power, readjusted the ratio of heat to electricity to meet the energy demand of its new specialty chemical plants, and planned the installment of the cogeneration device to achieve its goal in optimal emission, power saving and carbon reduction.

(2) EG Business

The unbalanced supply and demand of EG in 2023, caused by China's newly launched capacity, triggered the plunge of the Company's EG prices. The EG total output across the strait was 460,000 MT in 2023, a decrease of 2% over 2022, while sales of 480,000 MT, of 3% decrease; the ethylene oxide (EO) total output 330,000 MT, an increase of 18% over 2022, sales of 210,000 tons, of 27% increase.

(3) GAS Business

To counteract the change in applications of downstream industries, the company secured its gas vantage in autonomous pipeline supply to the Linyuan Industrial Park, in line with its liquefied gas business expansion to multiple industries, which resulted in an equal or partly less sales volume in 2023 than that of 2022. The sales volume of LCO₂, on the other hand, though diminished remarkably by virtue of the CPC scheduled overhaul and the ensued insufficient supply of ethylene, the LCO₂ prices were provided a steady boost as the supply of LCO₂ the by-product was short from the low operating rates of domestic chemicals.

In 2023, the oxygen sold on both sides, apart from its own use, totaled 84,000 MT, an increase of 6% over 2022; the total nitrogen sold was 336,000 MT, a decrease of 7%; while sales of CO₂ 33,000 MT, of 19% decrease.

(4) Specialty Chemicals Business

The slowdown effect of global economy resulted in the decreased demands on volume and prices of the specialty chemicals in 2023. Given that EO derivatives were supplied to the downstream industries such as daily chemicals, electronics, resin synthesis, textile auxiliary and concrete, EODs were highly correlative to the overall economy growth.

As to solvent and amine chemicals, the launched additional capacity of EA, EB and EC reduced China's domestic reliance on the import of EA series, yet intensified, however, the competition of EC supply & demand, as the market demand on the lithium battery electrolyte increased. To enhance the hedge against risks, the Company optimized its product channels, sustained its technical edge, and extended high purity product applications, securing its domestic sales and product differentiation strategy, resulting in a better performance in both sales volume and prices in comparison with the associates worldwide.

In sum, the Specialty Chemicals business in 2023 across the strait totaled 200,000 MT, an increase of 5% over 2022; sales of 190,000 MT, of 3% increase. The overall prices, revenue and profit, however, lessened due to the unpromising global market.

III. 2024 Business Goals and Future Outlook

(1) Overview of 2024 Business Plan

1. EG Business

Looking into 2024, with the expected oversupply of EG, the Company prioritizes to fulfill the needs of its domestic clients, optimize the product portfolios of EG and EO derivatives. As the EG plants from the both sides employ high-efficiency catalysts for operation, implement thermal integration system for the reduction of process energy consumption; and, further relieved by its coastal ethylene storage tank for operative flexibility, the operation of EG plant in Linyuan shall maintain optimal, with manufacturing costs reduced, and product competitiveness enhanced.

2. Gas Business

Based on the existing pipeline and the liquefied gas customers, the gas business formulates its sales strategy according to the prosperity change of the industries, to promote the niche products to develop new customers; and, provides its end customers directly with extra high purity CO₂ credited to its vantages in CCU and purification technologies, and adjusts strategic product portfolios to increase the supply volume of electronic- and semiconductor-grade customers for profit improvement, showcasing its strength in low carbon process.

3. Specialty Chemical Business

To maintain its domestic leading position, the Company continues developing electronic chemicals of EA and EB product lines, and expanding semiconductor-grade customers. The EC product line, based on the polycarbonate market, shall undertake the development in high value-added applications of high purity ethylene carbonate (HPEC) and polycarbonatediol (PCDL), with the market vantage of the lithium battery electrolyte.

In respect to the daily chemicals, the Company continues promoting its biomass products, and collaborating with customers on the low carbon chemicals from recycled plastics (rPET), CCU, as well as the formulated functional products, in the hope of strengthening the concept of green products and striving for eco-friendly and sustainable operation in line with customers.

As construction related businesses start to feature the development of carbon reduction products, in view of the highlighted awareness of eco-friendliness and the arousing issues of carbon emission reduction. The company's development in the series of carbon reduction and extra high functional concrete admixtures well aligns with its global pre-positioning.

Additionally, with the technical vantage and broad product applications, the fine chemicals of ethylenediamines (EDAs) and polyetheramine (PEA), coupled with the excellent carbon capture solvents of EA series, provide the markets with solutions to the carbon reducing technology and formulated chemicals, which are widely applied to the downstream of chelating agent, agricultural additive, papermaking additive, textile additive, and electronics cleansing agent. The Company stipulates its sales strategies according to the business cycle of industries, to develop electronics customers with its high-spec amine series or formulations, and adapts to the worldwide market stimulation strategies and downstream destocking in H2/2024, which may inspire a slowly upward demand of the amine series.

In general, the Company shall take advantage of its edge in the high value development of ethylene and propylene oxides for the new specialty chemicals, to ensure a promising start for the high-valued and new functional products in 2024.

(2) Future Operation Outlook

With regard to the overall challenges, the Company shall adhere to its continuous development in technology and new products; and, render its operation further flexibility and adjustment by means of advanced digital management; and, as business-oriented, to provide customers with one stop services in conformity with its targets in green, electronic, and new materials.

At last, the Company shall implement circular economy, energy transformation, and low-carbon production, to become a world-class diversified business enterprise, to achieve the sustainable goal of 35% carbon emission deduction by 2035 and carbon neutral by 2050; and, to keep pace with the global technology trend, strive for robust operation, pursuing profit, growth and green technology for advanced chemical materials, constantly creating sustainable advantages for shareholders, customers and employees.

2. 2023 Financial Statements

The 2023 independent auditors' reports and financial statements by Deloitte & Touche are attached as follows. (The 2023 financial report can be downloaded at <https://mops.twse.com.tw>)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Oriental Union Chemical Corporation

Opinion

We have audited the accompanying consolidated financial statements of Oriental Union Chemical Corporation and its subsidiaries (the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of material accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (“IFRS”), International Accounting Standards (“IAS”), IFRIC Interpretations (“IFRIC”), and SIC Interpretations (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission (“FSC”) of the Republic of China (“ROC”).

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the ROC, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the consolidated financial statements for the year ended December 31, 2023 are as follow:

The Impairment Loss of Property, Plant and Equipment

The consolidated balances of property, plant and equipment amounted to \$11,378,230 thousand as of December 31, 2023. On each balance sheet date, the Group reviews its tangible assets for indications of impairment. If any indication thereof exists, the Group then estimates the recoverable amount of the assets. If it is not possible to determine the recoverable amount (fair value less cost to sell and

value in use) for the individual asset, then the Group will determine the recoverable amount for the asset's cash-generating unit. Because the aforementioned tangible assets represent 35% of total consolidated assets and the calculation for recoverable amount involves several assumptions and estimations, which directly impact the amount recognized as impairment losses, we deem the review of impairment of assets a key audit matter.

Corresponding audit procedures:

1. We obtained an understanding of management's estimation of asset impairment and of the design and execution for relevant controls.
2. We evaluated the rationality of management's identification of impairment indicators and the appropriateness of the assumptions. Given that there are impairment indications, we performed:
 - a. Obtained the asset impairment valuation form produced by the management for each cash-generating unit.
 - b. Consulted Deloitte firm internal experts regarding the appropriateness of the assumptions, including the classification of cash-generating units, forecast of cash flows, and discount rate.

Other Matter

We have also audited the parent company only financial statements of Oriental Union Chemical Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified report.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud

or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Hsin-Wei Tai and Li-Wen Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 1, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023		2022	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,917,016	6	\$ 2,145,428	6
Financial assets at fair value through profit or loss	66,595	-	48,707	-
Financial assets at amortized cost	-	-	352,755	1
Notes receivable, net	110,852	-	147,865	-
Trade receivables, net	911,145	3	910,342	3
Trade receivables from related parties	80,746	-	68,344	-
Other receivables	563,784	2	572,852	2
Inventories	1,397,180	4	1,264,508	4
Prepayments for purchases	364,188	1	275,762	1
Other prepayments	66,911	-	59,321	-
Non-current assets held for sale	-	-	308,622	1
Other current assets	177,571	1	333,001	1
Total current assets	5,655,988	17	6,487,507	19
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income	7,103,068	22	7,384,643	21
Financial assets at amortized cost	64,942	-	64,523	-
Investments accounted for using the equity method	138,109	-	187,675	-
Property, plant and equipment	11,378,230	35	12,389,916	35
Construction in progress	3,113,584	9	2,346,572	7
Right-of-use assets	376,973	1	385,495	1
Investment properties	1,682,742	5	1,682,742	5
Intangible assets	48,857	-	40,815	-
Deferred tax assets	525,309	2	548,518	2
Other non-current assets	2,926,529	9	3,389,398	10
Total non-current assets	27,358,343	83	28,420,297	81
TOTAL	\$ 33,014,331	100	\$ 34,907,804	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 6,126,925	19	\$ 7,727,567	22
Short-term bills payable	199,936	1	-	-
Notes payable	151,733	-	145,512	-
Trade payables	1,333,301	4	1,195,524	4
Other payables	453,256	1	618,928	2
Other payables to related parties	89,875	-	77,092	-
Lease liabilities	6,629	-	4,233	-
Other current liabilities	262,355	1	212,264	1
Total current liabilities	8,624,010	26	9,981,120	29
NON-CURRENT LIABILITIES				
Long-term borrowings	9,014,232	27	9,598,259	28
Deferred tax liabilities	718,463	2	730,928	2
Lease liabilities	14,998	-	9,765	-
Net defined benefit liabilities	158,090	1	168,584	-
Guarantee deposits	40,530	-	54,375	-
Other non-current liabilities	53,250	-	70,038	-
Total non-current liabilities	9,999,563	30	10,631,949	30
Total liabilities	18,623,573	56	20,613,069	59
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION				
Ordinary shares	8,857,031	27	8,857,031	25
Capital surplus	1,087,752	3	1,085,930	3
Retained earnings				
Legal reserve	1,619,080	5	1,615,037	5
Special reserve	1,911,129	6	1,911,129	5
Unappropriated earnings	301,938	1	214,458	1
Total retained earnings	3,832,147	12	3,740,624	11
Other equity				
Exchange differences on translating foreign operations	(545,606)	(2)	(477,924)	(2)
Unrealized loss on financial assets at fair value through other comprehensive income	(1,324,205)	(4)	(1,090,401)	(3)
Total other equity	(1,869,811)	(6)	(1,568,325)	(5)
Treasury shares	(124,373)	-	(124,373)	-
NON-CONTROLLING INTERESTS	2,608,012	8	2,303,848	7
Total equity	14,390,758	44	14,294,735	41
TOTAL	\$ 33,014,331	100	\$ 34,907,804	100

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales revenue	\$ 20,792,927	100	\$ 22,036,389	100
Other operating revenue	<u>24,004</u>	<u>-</u>	<u>44,710</u>	<u>-</u>
Total operating revenue	<u>20,816,931</u>	<u>100</u>	<u>22,081,099</u>	<u>100</u>
OPERATING COST				
Cost of goods sold	<u>20,480,005</u>	<u>98</u>	<u>22,136,114</u>	<u>100</u>
GROSS PROFIT (LOSS)	<u>336,926</u>	<u>2</u>	<u>(55,015)</u>	<u>-</u>
OPERATING EXPENSES				
Selling and marketing expenses	530,363	3	646,613	3
General and administrative expenses	277,035	1	263,738	1
Research and development expenses	209,604	1	193,876	1
Expected credit loss (gain)	<u>402</u>	<u>-</u>	<u>(1,513)</u>	<u>-</u>
Total operating expenses	<u>1,017,404</u>	<u>5</u>	<u>1,102,714</u>	<u>5</u>
LOSS FROM OPERATIONS	<u>(680,478)</u>	<u>(3)</u>	<u>(1,157,729)</u>	<u>(5)</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	40,222	-	40,732	-
Rental income	33,631	-	39,554	-
Dividend income	67,886	-	83,019	-
Other income	50,015	-	49,600	-
Gain (loss) on disposal of property, plant and equipment	4,352	-	(2,362)	-
Gain on disposal of investments	-	-	1,093,973	5
Gain on disposal of non-current asset held for sale	743,178	4	-	-
Foreign currency exchange gain	16,629	-	16,318	-
Gain (loss) on financial assets at fair value through profit or loss	3,254	-	(1,753)	-
Interest expense	(375,387)	(2)	(306,808)	(1)
Other expenses	(52,320)	-	(55,342)	-
Share of loss of associates accounted for using the equity method	<u>(47,357)</u>	<u>-</u>	<u>(574,220)</u>	<u>(3)</u>
Total non-operating income and expenses	<u>484,103</u>	<u>2</u>	<u>382,711</u>	<u>1</u>

(Continued)

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
LOSS BEFORE INCOME TAX	\$ (196,375)	(1)	\$ (775,018)	(4)
INCOME TAX EXPENSE	<u>27,923</u>	-	<u>15,007</u>	-
NET LOSS FOR THE YEAR	<u>(224,298)</u>	<u>(1)</u>	<u>(790,025)</u>	<u>(4)</u>
OTHER COMPREHENSIVE LOSS				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	3,675	-	1,955	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(233,804)	(1)	(363,519)	(1)
Income tax relating to items that will not be reclassified subsequently to profit or loss	(735)	-	(391)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statement of foreign operations	<u>(92,832)</u>	<u>(1)</u>	<u>67,003</u>	-
Other comprehensive loss for the year, net of income tax	<u>(323,696)</u>	<u>(2)</u>	<u>(294,952)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>\$ (547,994)</u>	<u>(3)</u>	<u>\$ (1,084,977)</u>	<u>(5)</u>
NET PROFIT (LOSS) ATTRIBUTED TO:				
Owners of the Corporation	\$ 265,724	1	\$ 38,873	-
Non-controlling interests	<u>(490,022)</u>	<u>(2)</u>	<u>(828,898)</u>	<u>(4)</u>
	<u>\$ (224,298)</u>	<u>(1)</u>	<u>\$ (790,025)</u>	<u>(4)</u>
TOTAL COMPREHENSIVE LOSS ATTRIBUTED TO:				
Owners of the Corporation	\$ (32,822)	-	\$ (305,003)	(1)
Non-controlling interests	<u>(515,172)</u>	<u>(3)</u>	<u>(779,974)</u>	<u>(4)</u>
	<u>\$ (547,994)</u>	<u>(3)</u>	<u>\$ (1,084,977)</u>	<u>(5)</u>
EARNINGS PER SHARE				
Basic	<u>\$ 0.30</u>		<u>\$ 0.04</u>	
Diluted	<u>\$ 0.30</u>		<u>\$ 0.04</u>	

(Concluded)

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation											Total Equity
	Ordinary Shares	Capital Surplus			Retained Earnings			Other Equity		Treasury Shares	Non-controlling Interests	
		Paid-in Capital in Excess of Par Value	Treasury Shares	Other	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income			
BALANCE AT JANUARY 1, 2022	\$ 8,857,031	\$ 470,767	\$ 373,329	\$ 162,732	\$ 1,526,813	\$ 1,911,129	\$ 882,237	\$ (496,003)	\$ (726,882)	\$ (124,373)	\$ 3,083,822	
Legal reserve	-	-	-	-	88,224	-	(88,224)	-	-	-	-	
Cash dividends distributed by the Corporation	-	-	-	-	-	-	(619,992)	-	-	-	-	
Net profit (loss) for the year ended December 31, 2022	-	-	-	-	-	-	38,873	-	-	-	(828,898)	
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	1,564	18,079	(363,519)	-	48,924	
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	40,437	18,079	(363,519)	-	(779,974)	
Change in capital surplus from dividends distributed to subsidiary	-	-	6,376	-	-	-	-	-	-	-	-	
Changes in capital surplus from investments accounted for using the equity method	-	-	-	72,726	-	-	-	-	-	-	-	
BALANCE AT DECEMBER 31, 2022	8,857,031	470,767	379,705	235,458	1,615,037	1,911,129	214,458	(477,924)	(1,090,401)	(124,373)	2,303,848	
Legal reserve	-	-	-	-	4,043	-	(4,043)	-	-	-	-	
Cash dividends distributed by the Corporation	-	-	-	-	-	-	(177,141)	-	-	-	-	
Net profit (loss) for the year ended December 31, 2023	-	-	-	-	-	-	265,724	-	-	-	(490,022)	
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	2,940	(67,682)	(233,804)	-	(25,150)	
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	268,664	(67,682)	(233,804)	-	(515,172)	
Change in capital surplus from dividends distributed to subsidiary	-	-	1,822	-	-	-	-	-	-	-	-	
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	819,336	
BALANCE AT DECEMBER 31, 2023	\$ 8,857,031	\$ 470,767	\$ 381,527	\$ 235,458	\$ 1,619,080	\$ 1,911,129	\$ 301,938	\$ (545,606)	\$ (1,324,205)	\$ (124,373)	\$ 2,608,012	

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$ (196,375)	\$ (775,018)
Adjustments:		
Depreciation expenses	1,064,480	1,082,425
Amortization expenses	14,454	13,674
Expected credit loss (gain)	402	(1,513)
(Gain) loss on financial assets at fair value through profit or loss, net	(3,254)	1,753
Interest expense	375,387	306,808
Interest income	(40,222)	(40,732)
Dividend income	(67,886)	(83,019)
Share of loss of associates accounted for using the equity method	47,357	574,220
(Gain) loss on disposal of property, plant and equipment	(4,352)	2,362
Gain on disposal of non-current assets held for sale	(743,178)	-
Gain on disposal of inventories	-	(1,093,973)
Write-downs of inventories	9,271	8,156
Unrealized loss (gain) on foreign currency exchange	19,258	(11,854)
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(14,634)	10,983
Notes receivable	36,880	75,090
Trade receivables	(1,072)	93,073
Trade receivables from related parties	(12,402)	44,238
Other receivables	(1,705)	(6,939)
Inventories	(152,482)	140,994
Prepayments	(96,292)	(81,408)
Other current assets	155,430	(141,216)
Notes payable	6,221	145,512
Trade payables	137,777	(361,077)
Other payables	(118,337)	(589,575)
Other current liabilities	50,091	(75,458)
Net defined benefit liabilities	(6,819)	(59,943)
Other non-current liabilities	(16,788)	16,041
Cash generated from (used in) operations	441,210	(806,396)
Interest received	42,678	41,137
Interest paid	(425,636)	(280,424)
Income tax (paid) received	(23,249)	83
Net cash generated from (used in) operating activities	35,003	(1,045,600)

(Continued)

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ -	\$ (573,959)
Proceeds from the capital reduction of financial assets at fair value through other comprehensive income	19,350	13,500
Decrease in financial assets at amortized cost	353,499	61,276
Proceeds from disposal of non-current assets held for sale	1,051,800	-
Payments for property, plant and equipment	(26,737)	(19,519)
Proceeds from disposal of property, plant and equipment	5,553	720
Payments for intangible assets	(17,415)	-
Proceeds from disposal of intangible assets	-	21
Decrease (increase) in other non-current assets	430,770	(422,808)
Increase in construction in progress	(886,920)	(1,119,339)
Other dividends received	<u>67,886</u>	<u>83,019</u>
Net cash generated from (used in) investing activities	<u>997,786</u>	<u>(1,977,089)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments of) proceeds from short-term borrowings	(1,503,384)	2,190,084
Proceeds from short-term bills payable	199,936	-
Proceeds from long-term borrowings	23,254,523	15,960,000
Repayments of long-term borrowings	(23,838,259)	(14,491,139)
(Decrease) increase in guarantee deposits	(13,845)	14,944
Repayment of the principal portion of lease liabilities	(5,340)	(10,284)
Dividends paid to owners of the Corporation	(175,319)	(613,616)
Changes in non-controlling interests	<u>819,336</u>	<u>-</u>
Net cash (used in) generated from financing activities	<u>(1,262,352)</u>	<u>3,049,989</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>1,151</u>	<u>14,561</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(228,412)	41,861
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,145,428</u>	<u>2,103,567</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,917,016</u>	<u>\$ 2,145,428</u>

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Oriental Union Chemical Corporation

Opinion

We have audited the accompanying financial statements of Oriental Union Chemical Corporation (the "Corporation"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the ROC, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the financial statements for the year ended December 31, 2023 are as follow:

The Impairment Loss of Property, Plant and Equipment

The balances of property, plant and equipment amounted to \$4,513,098 thousand as of December 31, 2023. On each balance sheet date, the Corporation reviews its tangible assets for indications of impairment. If any indication thereof exists, the Corporation then estimates the recoverable amount of the assets. If it is not possible to determine the recoverable amount (fair value less cost to sell and

value in use) for the individual asset, then the Corporation will determine the recoverable amount for the asset's cash-generating unit. Because the aforementioned tangible assets represent 20% of total assets and the calculation for recoverable amount involves several assumptions and estimations, which directly impact the amount recognized as impairment losses, we deem the review of impairment of assets a key audit matter.

Corresponding audit procedures:

1. We obtained an understanding of management's estimation of asset impairment and of the design and execution for relevant controls.
2. We evaluated the rationality of management's identification of impairment indicators and the appropriateness of the assumptions. Given that there are impairment indications, we performed:
 - a. Obtained the asset impairment valuation form produced by the management for each cash-generating unit.
 - b. Consulted Deloitte firm internal experts regarding the appropriateness of the assumptions, including the classification of cash-generating units, forecast of cash flows, and discount rate.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the Corporation audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Hsin-Wei Tai and Li-Wen Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 1, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

ORIENTAL UNION CHEMICAL CORPORATION

BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 356,473	2	\$ 344,876	2
Notes receivable, net	77,743	-	55,704	-
Trade receivables, net	704,106	3	646,029	3
Trade receivables from related parties	53,192	-	66,724	-
Other receivables	1,842	-	331	-
Inventories	784,494	4	656,156	3
Prepayments for purchases	99,593	1	9,011	-
Other prepayments	21,680	-	17,377	-
Non-current assets held for sale	-	-	308,622	1
Other current assets	98,761	-	185,275	1
Total current assets	2,197,884	10	2,290,105	10
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income	4,326,158	19	3,920,805	17
Financial assets at amortized cost	64,942	-	64,523	-
Investments accounted for using the equity method	5,697,426	25	6,320,201	28
Property, plant and equipment	4,513,098	20	4,948,718	22
Construction in progress	2,805,814	12	2,232,242	10
Right-of-use assets	21,350	-	14,046	-
Investment properties	1,682,742	8	1,682,742	7
Intangible assets	5,311	-	6,941	-
Deferred tax assets	239,808	1	258,129	1
Other non-current assets	1,200,547	5	1,180,387	5
Total non-current assets	20,557,196	90	20,628,734	90
TOTAL	\$ 22,755,080	100	\$ 22,918,839	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables	\$ 782,049	3	\$ 494,261	2
Other payables	350,860	2	301,589	1
Lease liabilities	6,629	-	4,233	-
Other current liabilities	175,589	1	122,857	1
Total current liabilities	1,315,127	6	922,940	4
NON-CURRENT LIABILITIES				
Long-term borrowings	8,700,000	38	8,999,258	39
Deferred tax liabilities	698,046	3	708,247	3
Lease liabilities	14,998	-	9,765	-
Net defined benefit liabilities	158,090	1	168,584	1
Guarantee deposits	32,823	-	49,120	-
Other non-current liabilities	53,250	-	70,038	1
Total non-current liabilities	9,657,207	42	10,005,012	44
Total liabilities	10,972,334	48	10,927,952	48
EQUITY				
Ordinary shares	8,857,031	39	8,857,031	39
Capital surplus	1,087,752	5	1,085,930	5
Retained earnings				
Legal reserve	1,619,080	7	1,615,037	7
Special reserve	1,911,129	9	1,911,129	8
Unappropriated earnings	301,938	1	214,458	1
Total retained earnings	3,832,147	17	3,740,624	16
Other equity				
Exchange differences on translating foreign operations	(545,606)	(2)	(477,924)	(2)
Unrealized loss on financial assets at fair value through other comprehensive income	(1,324,205)	(6)	(1,090,401)	(5)
Total other equity	(1,869,811)	(8)	(1,568,325)	(7)
Treasury shares	(124,373)	(1)	(124,373)	(1)
Total equity	11,782,746	52	11,990,887	52
TOTAL	\$ 22,755,080	100	\$ 22,918,839	100

ORIENTAL UNION CHEMICAL CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales revenue	\$ 10,347,248	100	\$ 12,770,275	100
OPERATING COSTS				
Cost of goods sold	<u>9,345,111</u>	<u>90</u>	<u>11,426,269</u>	<u>90</u>
GROSS PROFIT	<u>1,002,137</u>	<u>10</u>	<u>1,344,006</u>	<u>10</u>
OPERATING EXPENSES				
Selling and marketing expenses	494,204	5	617,342	5
General and administrative expenses	139,349	1	106,355	1
Research and development expenses	168,427	2	156,500	1
Expected credit loss (gain)	<u>402</u>	<u>-</u>	<u>(1,513)</u>	<u>-</u>
Total operating expenses	<u>802,382</u>	<u>8</u>	<u>878,684</u>	<u>7</u>
PROFIT FROM OPERATIONS	<u>199,755</u>	<u>2</u>	<u>465,322</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	8,978	-	2,899	-
Rental income	33,739	-	39,662	-
Dividend income	67,886	1	83,019	1
Other income	27,687	-	34,605	-
Gain (loss) on disposal of property, plant and equipment	5,553	-	(1,314)	-
Gain on disposal of non-current assets held for sale	743,178	7	-	-
Foreign currency exchange gain	5,876	-	7,334	-
Interest expense	(147,455)	(1)	(78,666)	-
Other expenses	(30,480)	-	(33,256)	-
Share of loss of subsidiaries accounted for using equity method	<u>(619,149)</u>	<u>(6)</u>	<u>(463,590)</u>	<u>(4)</u>
Total non-operating income and expenses	<u>95,813</u>	<u>1</u>	<u>(409,307)</u>	<u>(3)</u>
PROFIT BEFORE INCOME TAX	295,568	3	56,015	-
INCOME TAX EXPENSE	<u>29,844</u>	<u>-</u>	<u>17,142</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>265,724</u>	<u>3</u>	<u>38,873</u>	<u>-</u>

(Continued)

ORIENTAL UNION CHEMICAL CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE LOSS				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 3,675	-	\$ 1,955	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	424,703	4	(248,734)	(2)
Income tax relating to items that will not be reclassified subsequently to profit or loss	(735)	-	(391)	-
Share of the other comprehensive loss of subsidiaries accounted for using equity method	(658,507)	(6)	(114,785)	-
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive income (loss) of subsidiaries accounted for using equity method	<u>(67,682)</u>	<u>(1)</u>	<u>18,079</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(298,546)</u>	<u>(3)</u>	<u>(343,876)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>\$ (32,822)</u>	<u>-</u>	<u>\$ (305,003)</u>	<u>(2)</u>
EARNINGS PER SHARE				
Basic	<u>\$ 0.30</u>		<u>\$ 0.04</u>	
Diluted	<u>\$ 0.30</u>		<u>\$ 0.04</u>	

(Concluded)

ORIENTAL UNION CHEMICAL CORPORATION

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Ordinary Shares	Paid-in Capital in Excess of Par Value	Capital Surplus		Retained Earnings			Other Equity		Treasury Shares	Total Equity
			Treasury Shares	Other	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2022	\$ 8,857,031	\$ 470,767	\$ 373,329	\$ 162,732	\$ 1,526,813	\$ 1,911,129	\$ 882,237	\$ (496,003)	\$ (726,882)	\$ (124,373)	\$ 12,836,780
Legal reserve	-	-	-	-	88,224	-	(88,224)	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	-	(619,992)	-	-	-	(619,992)
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	38,873	-	-	-	38,873
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	1,564	18,079	(363,519)	-	(343,876)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	40,437	18,079	(363,519)	-	(305,003)
Change in capital surplus from dividends distributed to subsidiary	-	-	6,376	-	-	-	-	-	-	-	6,376
Changes in capital surplus from investments accounted for using the equity method	-	-	-	72,726	-	-	-	-	-	-	72,726
BALANCE AT DECEMBER 31, 2022	8,857,031	470,767	379,705	235,458	1,615,037	1,911,129	214,458	(477,924)	(1,090,401)	(124,373)	11,990,887
Legal Reserve	-	-	-	-	4,043	-	(4,043)	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	-	(177,141)	-	-	-	(177,141)
Net profit for the year ended December 31, 2023	-	-	-	-	-	-	265,724	-	-	-	265,724
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	2,940	(67,682)	(233,804)	-	(298,546)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	268,664	(67,682)	(233,804)	-	(32,822)
Change in capital surplus from dividends distributed to subsidiary	-	-	1,822	-	-	-	-	-	-	-	1,822
BALANCE AT DECEMBER 31, 2023	<u>\$ 8,857,031</u>	<u>\$ 470,767</u>	<u>\$ 381,527</u>	<u>\$ 235,458</u>	<u>\$ 1,619,080</u>	<u>\$ 1,911,129</u>	<u>\$ 301,938</u>	<u>\$ (545,606)</u>	<u>\$ (1,324,205)</u>	<u>\$ (124,373)</u>	<u>\$ 11,782,746</u>

ORIENTAL UNION CHEMICAL CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 295,568	\$ 56,015
Adjustments:		
Depreciation expenses	530,787	538,401
Amortization expenses	7,491	7,950
Expected credit loss (gain)	402	(1,513)
Interest expense	147,455	78,666
Interest income	(8,978)	(2,899)
Dividend income	(67,886)	(83,019)
Share of loss of subsidiaries accounted for using equity method	619,149	463,590
(Gain) loss on disposal of property, plant and equipment	(5,553)	1,314
Gain on disposal of non-current assets held for sale	(743,178)	-
Write-downs of inventories	27,023	18,337
Unrealized loss (gain) on foreign currency exchange	372	(10,732)
Changes in operating assets and liabilities		
Notes receivable	(22,172)	21,640
Trade receivables	(44,814)	230,433
Other receivables	(362)	85
Inventories	(155,361)	(47,831)
Prepayments	(95,161)	2,307
Other current assets	86,514	(16,226)
Trade payables	287,788	(622,849)
Other payables	21,745	(65,005)
Other current liabilities	52,732	(30,526)
Net defined benefit liabilities	(6,819)	(59,943)
Other non-current liabilities	(16,788)	16,041
Cash generated from operations	909,954	494,236
Interest received	8,892	2,829
Interest paid	(152,256)	(69,677)
Income tax (paid) received	(23,246)	83
Net cash generated from operating activities	743,344	427,471

(Continued)

ORIENTAL UNION CHEMICAL CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	-	(409,517)
Proceeds from the capital reduction of financial assets at fair value through other comprehensive income	19,350	13,500
(Increase) decrease in financial assets at amortized cost	(419)	22,694
Acquisition of subsidiaries	(720,741)	-
Proceeds from disposal of non-current assets held for sale	1,051,800	-
Proceeds from disposal of property, plant and equipment	5,553	720
Increase in other non-current assets	(24,201)	(265,733)
Increase in construction in progress	\$ (632,567)	\$ (1,052,082)
Dividends received	<u>67,886</u>	<u>83,019</u>
Net cash used in investing activities	<u>(233,339)</u>	<u>(1,607,399)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	21,490,000	13,100,000
Repayments of long-term borrowings	(21,789,258)	(11,700,313)
(Decrease) increase in guarantee deposits	(16,297)	13,737
Repayment of the principal portion of lease liabilities	(5,340)	(10,284)
Dividends paid to owners of the Corporation	<u>(177,141)</u>	<u>(619,992)</u>
Net cash (used in) generated from financing activities	<u>(498,036)</u>	<u>783,148</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(372)</u>	<u>10,732</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,597	(386,048)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>344,876</u>	<u>730,924</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 356,473</u>	<u>\$ 344,876</u>

(Concluded)

3. Audit Committee's review report on the 2023 Business Report and Financial Statements

To the 2024 Annual Shareholders' Meeting of Oriental Union Chemical Corporation,

In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we have examined the Business Report, Financial Statements, and the Resolution for Allocation of Surplus Profit submitted by the Board of Directors for the year ending 2023, which have been audited by the CPAs, Hsin-Wei Tai and Li-Wen Kuo of Deloitte & Touche, and found them in order.

The Convener of the Audit Committee: Walt Cheng

A handwritten signature in black ink, appearing to read 'Walt Cheng', written in a cursive style.

March 1, 2024

4. To report 2023 Directors' remuneration and employees' compensation

- (1) In accordance with the Article 33 of Article of Incorporation of Oriental Union Chemical Corporation, in which it is stated "Should the Company have profit for the current year, the proportioned 1%-2% of the profit shall be allocated as employees' bonuses, and less than 1% as Directors' remuneration."
- (2) The company's 2023 compensation to employees is calculated as NT\$6,094,182, whereas remuneration to Directors as NT\$3,047,091. Total calculated amount of the above comply with Article of Incorporation of Oriental Union Chemical Corporation, and shall be distributed all in cash.
- (3) The 2023 Directors' remuneration and employees' compensation were approved by the 12th Board meeting of the 16th term and shall be reported to the 2024 Annual Shareholders Meeting.
- (4) Please accept the aforesaid report.

Approval items

1. To accept 2023 Business Report and Financial Statements

The Board of Directors proposes and recommends that each shareholder vote FOR the acceptance of 2023 Business Report and Financial Statements.

Explanatory notes:

- (1) OUCC's 2023 Business Report and Financial Statements (including consolidated balance sheets, consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows, and balance sheets, statements of comprehensive income, statements of changes in equity, statements of cash flows, please refer to p2 – p26) have been audited by independent auditors, Mr. Hsin-Wei Tai and Mrs. Li-Wen Kuo of Deloitte & Touche, and have been examined and determined to be correct and accurate by Audit Committee of OUCC. We thereby submit this report.
- (2) Please accept the aforesaid Business Report and Financial Statements.

2. To approve the proposal for the 2023 profit allocation

The Board of Directors proposes and recommends that each shareholder vote FOR the 2023 profit allocation.

Explanatory notes:

- (1) OUCC's 2023 financial statements have been completed and audited by the CPAs of Deloitte & Touche. The 2023 profit allocation, pursuant to Article 34 of Articles of Incorporation, is proposed as follows: (Unit: NT\$)

(A) Beginning of unappropriated earnings	\$ 33,273,245
(B) 2023 net income	265,724,314
(C) Confirmed reevaluated amount of welfare plan for retained earnings	2,940,018
(D) Yearly net income with other item besides net income included as unappropriated earnings (B)+(C)	268,664,332
(E) Legal reserve appropriation	(26,866,433)
(F) Retained earnings available for distribution (A)+(D)+(E)	275,071,144
(G) Shareholders' dividend (NT\$ 0.2/share in cash)	(177,140,606)
(H) Unappropriated earnings after distribution (F)+(G)	\$ 97,930,538

- (2) After being approved at the 2024 Annual Shareholders Meeting, the cash dividend to common shareholders will be distributed on an ex-dividend date to be determined by the Board of Directors, and round down to dollar, with total round off allotted to other income of the company. Should OUCC subsequently repurchase its common shares or issue new common shares according to the relevant regulations, the total number of common shares outstanding may change, and the ultimate cash to be distributed to each common share may need to be adjusted accordingly. It is proposed that the Board of Directors of OUCC be authorized to adjust the cash to be distributed to each common share based on the total amount of profits resolved to be distributed and the number of actual common shares outstanding on the ex-dividend date for distribution.
- (3) Please accept the aforesaid proposal.

Discussion & Election Items

1. To elect the Board of Directors (including Independent Directors)

The Board of Directors proposes and recommends that each shareholder vote FOR the re-election of Directors (including Independent Directors).

Explanatory notes:

- (1) Upon the expiration of the Directors of the 16th term, the Board of Directors resolves to conduct the re-election at this annual general shareholders' meeting.
- (2) According to Article 16 and Article 17 of the Articles of Incorporation of the OUCC, eleven Directors (including three Independent Directors) shall serve the tenure of three years starting 12th June 2024.
- (3) The re-election of Directors and Independent Directors are conducted according to the candidate nomination system, which allows the candidate to be nominated by Board of Directors or shareholders with shareholding over 1%. The nomination of Directors and Independent Directors starts from 9 April till 18 April 2024, during which time OUCC acknowledged the nominated candidates of eight Directors and three Independent Directors from Far Eastern New Century Corporation, which nominees listed in the roster of candidates were submitted to the Board of Directors Meeting held at 30th April for approval. The candidates list is enclosed as attachment.

List of Director (including Independent Director) Candidates

Type	Candidate	Education	Major Experiences	Current Position	Quantity of Shares Held	Name of Institutional Shareholder
Director	Douglas Tong Hsu	Honorable PhD in Management, NCTU	Chairman of Oriental Union Chemical Corp., Far Eastern New Century Corp., Asia Cement Corp., Far Eastern Department Stores, Fetnet, and U-Ming Marine Transport Corp. Vice Chairman of Far Eastern International Bank	Chairman of Oriental Union Chemical Corp., Far Eastern New Century Corp., Asia Cement Corp., Far Eastern Department Stores, Fetnet, and U-Ming Marine Transport Corp. Vice Chairman of Far Eastern International Bank	1,664,781	N/A
Director	Johnny Shih	Master in Computer Science, Columbia University, USA	Chairman of Everest Textile Co., Ltd. Vice Chairman of Oriental Union Chemical Corp., Far Eastern New Century Corp. Director of Asia Cement Corp., and CTCI Corp.	Chairman of Everest Textile Co., Ltd. Vice Chairman of Oriental Union Chemical Corp., Far Eastern New Century Corp. Director of Asia Cement Corp., and CTCI Corp.	560,871	Far Eastern New Century Corp of shares
Director	Humphrey Cheng	EMBA of National Taiwan University	President of Administration HQ of Far Eastern New Century Corp. Director of Oriental Union Chemical Corp., Far Eastern International Bank	President of Administration HQ of Far Eastern New Century Corp. Director of Oriental Union Chemical Corp., Far Eastern International Bank	941	
Director	Kao-Shan Wu	Bachelor in Chemistry, Chinese Culture University	President of Petrochemical HQ of Far Eastern New Century Corp. Director of Oriental Union Chemical Corp., Everest Textile Co., Ltd., and Oriental Petrochemical (Taiwan) Co., Ltd. Chairman of Far Eastern Industries (Shanghai) Ltd., Far Eastern Union Petrochemical (Yangzhou) Ltd.	President of Petrochemical HQ of Far Eastern New Century Corp. Director of Oriental Union Chemical Corp., Everest Textile Co., Ltd., and Oriental Petrochemical (Taiwan) Co., Ltd. Chairman of Far Eastern Industries (Shanghai) Ltd., Far Eastern Union Petrochemical (Yangzhou) Ltd.	0	

Type	Candidate	Education	Major Experiences	Current Position	Quantity of Shares Held	Name of Institutional Shareholder
Director	Justin Tsai	EMBA of National Chengchi University	President & Director of Oriental Union Chemical Corp. Director of Oriental Union Chemical Corp., Far Eastern Union Petrochemical (Yangzhou) Ltd., and Feng Tay Enterprises Co., Ltd.	President & Director of Oriental Union Chemical Corp. Director of Oriental Union Chemical Corp., Far Eastern Union Petrochemical (Yangzhou) Ltd., and Feng Tay Enterprises Co., Ltd.	0	Yue Ming Trading Co., Ltd.
Director	Eric Chueh	EMBA of National Chengchi University	President & Director of Oriental Petrochemical (Taiwan) Co., Ltd. Director of Oriental Union Chemical Corp., Far Eastern Industries (Shanghai) Ltd., Far Eastern Union Petrochemical (Yangzhou) Ltd.	President & Director of Oriental Petrochemical (Taiwan) Co., Ltd. Director of Oriental Union Chemical Corp., Far Eastern Industries (Shanghai) Ltd., Far Eastern Union Petrochemical (Yangzhou) Ltd.	0	Da Chu Chemical Fiber Co.
Director	Alan Tsai	EMBA, Master in Laws of National Chengchi University	Director of Ding Yuan International Co. Ltd., Yuan Ding Investment Co. Ltd., Far Eastern Union Petrochemical (Yangzhou) Ltd., and Far Eastern Industries (Shanghai) Ltd. Sr. Vice President of Far Eastern New Century Corp.	Director of Ding Yuan International Co. Ltd., Yuan Ding Investment Co. Ltd., Far Eastern Union Petrochemical (Yangzhou) Ltd., and Far Eastern Industries (Shanghai) Ltd. Sr. Vice President of Far Eastern New Century Corp.	0	Yu Li Investment Co.
Director	Bing Shen	MBA of Harvard University, USA	Vice President/Executive Director of Morgan Stanly Vice President of China Development Industrial Bank President of CDIB & Partners Investment Holding Corp.	Director of Oriental Union Chemical Corp., ECOVE Environment Corp. Independent Director of Elite Material Co. Ltd.	0	

Type	Candidate	Education	Major Experiences	Current Position	Quantity of Shares Held	Name of Institutional Shareholder
Independent Director	Walt Cheng	Bachelor in Chemical Engineering, National Cheng Kung University	Chairman of Yark Technology Co. Ltd, DuPont Taiwan CEO of the Electronics Telecommunication Business of DuPont the Greater China, DuPont MCM global Chairman of Dupont Taiwan	Independent Director of Oriental Union Chemical Corp., TSEC Corporation	0	N/A
Independent Director	An-Ming Wu	Master in Accounting, Soochow University	Partner Accountant of Deloitte & Touche Taiwan	Independent Director of AHOKU Electronic Company	0	N/A
Independent Director	Ping Lih	Master in Accounting, Texas University, USA	Partner Accountant of Deloitte & Touche Taiwan Director of T N Soong Foundation	Independent Director of Oriental Union Chemical Corp. Director of T N Soong Foundation	0	N/A

2. To approve the release of the relevant Directors from the non-competitive restriction under Article 209 of the Company Act

The Board of Directors proposes and recommends that each shareholder vote FOR the release of the relevant Directors from the non-competitive restriction under Article 209 of the Company Act.

Explanatory notes:

- (1) According to Article 209-1 of Company Act “The Director who does anything for himself or on behalf of others that is within the scope of company business, shall explain the essential contents for such an act and obtain the approval from the Shareholders’ Meeting”.
- (2) The newly elected Director of Oriental Union Chemical Corporation invests or operates as Director or Manager of another company which shares the same or similar business scope as the company, shall seek approval at the Shareholders’ Meeting to release new Directors and their representatives from the non-competitive restriction.

Name of Director	Serve as Director/President at other companies in the industry
Douglas Tong Hsu	Chairman, Oriental Petrochemical (Taiwan) Co., Ltd. Director, Air Liquide Far Eastern
Far Eastern New Century Corporation Representative: Johnny Shih	Director, Oriental Petrochemical (Taiwan) Co., Ltd. Director, CTCI Corporation
Far Eastern New Century Corporation Representative: Kao-San Wu	Director, Oriental Petrochemical (Taiwan) Co., Ltd. Chairman, Far Eastern Union Petrochemical (Yangzhou) Ltd. Chairman, Far Eastern Industries (Shanghai) Ltd.
Yue Ming Trading Co., Ltd. Representative: Justin Tsai	Director, Oriental Petrochemical (Taiwan) Co., Ltd. Director, Far Eastern Union Petrochemical (Yangzhou) Ltd.
Da Chu Chemical Fiber Co., Ltd. Representative: Eric Chueh	Director & President, Oriental Petrochemical (Taiwan) Co., Ltd. Director, Far Eastern Union Petrochemical (Yangzhou) Ltd. Director, Far Eastern Industries (Shanghai) Ltd.
Yu Li Investment Co., Ltd. Representative: Bing Shen	Independent Director, Elite Material Co., Ltd. Director, ECOVE Environment Corp. Independent Director, Far Eastern International Bank
Yu Li Investment Co., Ltd. Representative: Alan Tsai	Director, Far Eastern Union Petrochemical (Yangzhou) Ltd. Director, Far Eastern Industries (Shanghai) Ltd.
Walt Cheng	Independent Director, TSEC Corporation
An-Ming Wu	Independent Director, AHOKU Electronic Company

- (3) Please approve the release of the aforesaid non-competitive restriction.

Extemporaneous Motions

General Information

1. Articles of Incorporation of Oriental Union Chemical Corporation

Last updated at June 9, 2022

Chapter 1 General Provisions

- Article 1 The Company is duly incorporated under the provisions of the Company Act of the Republic of China, and shall be called: Oriental Union Chemical Corporation
- Article 2 The Company's businesses are as follows :
1. C801010 Basic Chemicals
 2. C801020 Petrochemical raw material manufacturing
 3. C801060 Synthetic rubber manufacturing
 4. C801100 Synthetic resin and plastic manufacturing
 5. C802060 Animal-use drug manufacturing
 6. CB01010 Mechanical equipment manufacturing
 7. F107070 Wholesale of animal-use drug
 8. F107200 Wholesale of chemical material
 9. F100310 Wholesale of machinery
 10. F401010 International trade
 11. I103060 Management counselling
 12. I501010 Product designing
 13. IC01010 Drug examining
 14. JE01010 Rental & leasing
 15. C802041 Medicine manufacturing
 16. C114010 Food additive manufacturing
 17. ZZ99999 Except where permits are required, to run operations not forbidden or limited by laws and regulations
- Article 3 The Company may provide guarantees for third parties in accordance with the Company bylaw of “Procedures for Endorsements and Guarantees”.
- Article 4 Where the Company invests in other companies and becomes a shareholder with limited liability; its total investment may exceed 40% of its paid-up capital regardless of the stipulated Article 13 of the Company Act, only subject to approval of the Board of Directors.
- Article 5 The Company is incorporated in Taipei, the Republic of China; the Board of Directors may by resolution approve the establishment of domestic and international branches where it deems necessary.

Chapter 2 Share Capital

- Article 6 The Company's total capital shall be Ten Billion New Taiwan Dollar (NT\$10,000,000,000) divided into 1,000,000,000 shares of NT\$10 each. The Board of Directors is authorized to issue separately the un-issued shares.
- Out of the above total capital amount, One Hundred Million New Taiwan Dollar (NT\$100,000,000) shall be divided into 10,000,000 shares of NT\$10 each, to be issued as warrants for employees to subscribe.
- Article 7 Shares issued by the Company are not required to be evidenced by share certificates, provided that they shall be recorded at the Securities Central Depository Enterprises. The Company can issue special stock.

In the event of the Company merging with another company, matters relating to the merger need not be approved by way of a resolution of the special shareholders meeting.

Article 8 Matters relating to the Company's shares shall be dealt with according to the provisions of "Regulations Governing Handling of Stock Affairs by Public Companies" and the relevant laws and regulations.

Article 9 Registration of share transfer shall be closed within 60 days prior to General Shareholders' Meeting, or within 30 days prior to Extraordinary Shareholders' Meeting or within 5 days prior to the record date on which Company distributes the dividends or bonuses.

Chapter 3 Shareholders' Meeting

Article 10 The Shareholders' Meetings shall be General or Extraordinary Shareholders' Meetings:
1. General Shareholders' Meeting shall be held once a year within 6 months of the end of the Company's fiscal year.
2. Extraordinary Shareholders' Meeting shall be convened pursuant to the relevant laws or regulations.

Article 11 The convening of General Shareholders' Meeting shall be notified 30 days before, and 15 days before for the Extraordinary Shareholders' Meeting, to all the shareholders, and announced in accordance with the law. The said notification shall specify the date, place and reasons for calling the shareholders' meeting.

When the shareholders' meeting is held, it may be held by video conference or other methods announced by the central competent authority.

Article 12 Unless otherwise stipulated by the Company Act, a quorum shall be present at the shareholders' meeting with shareholders representing more than half of the shares issued by the Company and resolutions at the said assembly shall be passed if approved by more than half of the shareholders in attendance.

Article 13 Shareholders may by way of power of attorney appoint proxies to attend the said shareholders' meeting. Except for trust enterprises or share registration agencies approved by the securities management authorities, when one shareholder is entrusted by two or more shareholders, the voting right represented by the said shareholder shall not exceed 3% of the voting rights of total shares issued. Where it has so exceeded, the voting right in excess shall not be included.

Unless otherwise stipulated by the Company Act, attendance of shareholder's proxies shall be in accordance with the provisions of "Regulation Governing the Use of Proxies for Attendance of Shareholders' Meeting of Public Companies."

Article 14 Unless otherwise stipulated by the Company Act and the Articles of Incorporation, shareholders' meeting shall be conducted in accordance with the Company's regulations for shareholders' meeting.

Article 15 Minutes and resolutions of shareholders' meeting shall be recorded and signed by or affixed with the seal of the chairman of the meeting. The said minutes and resolutions shall be kept, together with the register of shareholders' attendance and the proxies' powers of attorney, in compliance with the law.

Chapter 4 Board of Directors

Article 16 There shall be 9 to 15 Directors of the Company, who are elected and appointed from the persons with legal capacity at the shareholders' meeting. The total shares number of the registered shares of the Company held by all of the Directors shall be determined

according to the provisions of "Rules and Review Procedures for Director and Supervisor Ownership Ratios at Public Companies".

3 Independent Directors shall be elected from the list of persons with legal capacity.

Directors shall be elected by adopting candidate nomination system in accordance with the Article 192-1 of Company Act. A shareholder shall elect from the nominees listed in the roster of candidates. The election of Independent, Non-Independent Directors should be held together, yet with the elected calculated separately.

Article 16-1 The Audit Committee, which is composed of all the Independent Directors, is installed in accordance with the Article 14-4 of Securities and Exchange Act, in charge of the execution of Company Act, Securities and Exchange Act, and other stipulated functions of Supervisors.

The members of Audit Committee, its functions and other mandates shall follow the relevant laws and regulations or corporate rules. The organization regulations will be enacted by Board of Directors.

Article 17 The appointments of Directors are for a period of 3 years. They may be reappointed following their re-election.

Article 18 Functions of Board or Directors are as follows:

1. The business guideline establishment
2. Inspection of the important rules and stipulations
3. Appointment and discharge of the managers
4. Establishment and removal of the branch institute
5. Inspection of the budget and financial statement
6. Proposal submission to the Shareholders' Meeting in regard to the change in Articles of Incorporation, capital and the dismissal or merge of the company
7. Proposal submission to the Shareholders' Meeting in regard to bonus allocation or rectification to the deficit
8. Inspection of the major procurement of sales agreement besides budget and business plan
9. Inspection of transactions in transference, sale, concession, mortgage, pledge, rental & leasing or other major disposal of assets, including real estate. Product trading under approved budget and business plan, which in compliance with Article 185 of Company Act, is not restricted.
10. Inspection of loaning or other capital raising activity
11. Inspection of reinvestment plan
12. Authorization of obtaining or bestowing relevant patent, technical data & knowledge, or trademark
13. Decision on the company's stock dividend policy
14. Other important issues

The preceding item 8 to item 11 may be approved by Board of Directors with the authorized amount, if needed, and shall be proceeded by the responsible department.

Article 19 Directors are required to select the Chairman among themselves pursuant to Article 208 of Company Act, and the same manner will apply to the Vice Chairman.

Article 20 Chairman is entitled to representing the Company.

Article 21 With the bestowed power, Chairman is fully in charge of all the important issues of the Company, and such power can only be restricted by relevant rules & stipulations, Shareholders' Meeting and Board of Directors' Meeting.

- Article 22 Except for the first Directors' Meeting of each term, which will be called by the Director who received a ballot representing the largest number of votes at the election, rest of the following Board of Directors' Meetings will be convened and presided by Chairman. A notification with the date, time and meeting agenda should be issued seven days before the meeting, however, in the case of emergency, the meeting may be convened at any time.
- A notice to convene a Board Meeting shall be sent to all Directors via postal mail, email or facsimile.
- Article 23 The meeting shall be convened and presided by the Chairman of the Board. If the Chairman of the Board is on leave or unable to exert the rights, the Vice-Chairman shall preside instead, pursuant to Article 208 of Company Act. If the Vice-Chairman is on leave or unable to exert the rights, the Chairman shall designate a Director to preside at the meeting. If no Director is so designated, then one Board member shall be chosen from among themselves to preside at the meeting.
- Article 24 Unless otherwise stipulated by the Company Act, a quorum shall be present at the Board of Directors if it is attended by more than half of the Directors, and a resolution passed if approved by a majority of the Directors in attendance.
- Article 25 In case a Director appoints another Director to attend the meeting in his/her behalf, he/she shall, in each time, issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting. Each Director is limited to accept one appointment to act as a proxy for the other Director.
- Article 26 Directors shall exert the rights in accordance with the Board resolutions.
- Article 27 (Deleted)
- Article 28 (Deleted)

Chapter 5 Managers

- Article 29 The Company shall have a President, a number of Vice Presidents, Assistant Vice Presidents and Managers. Appointment and discharge shall be approved by the Board of Directors with the attendance of more than half of the Directors and the consent of more than half of the Directors present.
- Article 30 President as the Chief Operating Officer shall carry out the tasks assigned by Board of Directors' Meeting. If no such tasks, assignments from the Chairman shall be attended and fulfilled. Managers shall fulfill the tasks assigned by their superiors as of Vice Presidents, President, Chairman or Board of Directors.
- Article 31 Chairman shall designate the candidate of an additional post which he deems necessary and assign his/her tasks.
- Article 31-1 The Company shall purchase the liability insurance for Directors and important staff according to respective business scopes and liabilities pursuant to laws.

Chapter 6 Financial Statements

- Article 32 The Company's fiscal year shall commence on the First of January of each year, and ends on the Thirty-first of December of the same year. The final accounts are settled at the end of the Company's fiscal year. The Board of Directors shall in accordance with law furnish various documents and statements and submit to the General Shareholders' Meeting for approval.
- The said documents and statements will be inspected by CPAs, whose designation, discharge, and remuneration shall be approved by the Board of Directors.

Article 33 Should the Company have profit for the current year, the proportioned 1%-2% of the profit shall be allocated as employees' bonuses, and less than 1% as Directors' remuneration. However, if the Company has accumulated losses, the profit shall be prioritized for deficit offset. Employees' bonuses could be in form of cash or stocks. The actual ratio, amount, form and number of stock are to be proposed to the Board of Directors, with over two thirds of the Directors in attendance, and passed and approved by the majority of Directors in attendance, prior to reporting to the General Shareholders' Meeting. Same shall be applied to the Directors' remuneration, the ratio and amount will be approved by the Board prior to the General Shareholders' Meeting.

Article 34 Apart from paying all its income taxes in the case where there are profits at the end of the year, the Company shall make up for accumulated losses in past years. Where there is still balance, 10% of the unappropriated earnings from the yearly net income shall be set aside by the Company as legal reserve. In respect to certain business conditions, the Company may retain a portion of the special reserve as required by law coupled with undistributed profits from the previous years, and distribute evenly the remainder to the shareholders. When there is a share capital increase, the allocated bonuses of the year for the new shares shall be dealt with according to the resolution of the General Shareholders' Meeting.

The allocation of dividends shall take into consideration the changes in the outlook for the Company's businesses, the lifespan of the various products or services that have an impact on future capital needs and taxation. Dividends shall be distributed at the ratio as set forth in these Articles of Incorporation aimed at maintaining the stability of dividend distributions, improving the financial structure, reinvestments, production expansion or other capital expenditures in which capital is required. The dividends distributed shall be no less than 50% of the balance of net profit after tax and deduction of deficits offset, legal reserve and special reserve, and the cash dividends shall be not less than 10% of the aggregate sum of dividends and bonus distributed in the same year.

Chapter 7 Supplementary Provisions

Article 35 Whichever the party the Company is signing the contract with, the terms of the contract shall be based on fair competitiveness and interests of the Company.

Article 36 The internal organization and operational bylaw of the Company shall be determined by Board of Directors' Meeting.

Article 37 All matters not covered herein shall be undertaken in accordance with the Company Act of the Republic of China and the other relevant law and regulations.

Article 38 These Articles of Incorporation came into effect on November 7, 1975;

First amendment on January 26, 1976;

Second amendment on June 25, 1976;

Third amendment on September 28, 1978;

Fourth amendment on May 19, 1979;

Fifth amendment on June 26, 1980;

Sixth amendment on July 22, 1982;

Seventh amendment on December 6, 1982;

Eighth amendment on July 11, 1984;

Ninth amendment on May 22, 1985;

Tenth amendment on June 25, 1986;

Eleventh amendment on March 19, 1987;
Twelfth amendment on May 2, 1987;
Thirteenth amendment on May 18, 1988;
Fourteenth amendment on May 11, 1989;
Fifteenth amendment on March 22, 1990;
Sixteenth amendment on May 30, 1991;
Seventeenth amendment on April 17, 1992;
Eighteenth amendment on May 27, 1993;
Nineteenth amendment on May 23, 1994;
Twentieth amendment on April 19, 1995;
Twenty-first amendment on May 8, 1996;
Twenty-second amendment on May 16, 1997;
Twenty-third amendment on May 7, 1998;
Twenty-fourth amendment on April 30, 1999;
Twenty-fifth amendment on March 10, 2000;
Twenty-sixth amendment on May 3, 2001;
Twenty-seventh amendment on May 24, 2002;
Twenty-eighth amendment on May 13, 2004;
Twenty-ninth amendment on May 30, 2006;
Thirtieth amendment on June 3, 2009;
Thirty-first amendment on June 3, 2011;
Thirty-second amendment on June 5, 2012;
Thirty-third amendment on June 6, 2014
Thirty-fourth amendment on June 7, 2016
Thirty-fifth amendment on June 8, 2017
Thirty-sixth amendment on June 8, 2018
Thirty-seventh amendment on June 16, 2020
Thirty-eighth amendment on June 9, 2022

2. Meeting Rules of Shareholders for Oriental Union Chemical Corporation

Last updated by June 9, 2022

Article 1 The shareholders meeting of the Company shall be held according to the rules herein.

Article 2 The location for shareholders meeting shall be the Company's place of business or a place convenient for attendance by shareholders (or by proxies) that is suitable to holding of this meeting. The meeting shall be held between 9:00AM and 3:00PM.

The Company's changes to the method of convening the stockholders meeting shall be subject to the resolution of Board of Directors, which should be held no later than the dispatch of the stockholders' meeting notice.

The meeting notice of the stockholders shall state the registration time, location and other important information. The aforesaid registration time shall start at least thirty minutes before the beginning of the meeting. The registration desk shall be featured with clear instructions and competent staffs. For the video conference of the stockholders meeting, registration should be conducted on the video conference platform of the meeting 30 minutes before the meeting starts. Stockholders who have completed the registration shall be deemed to have attended the stockholders meeting in person.

When convening shareholders meeting, the Company shall incorporate electronic vote casting as one of the alternative ways to cast the vote, and the procedure of electronic casting shall be written in the notice of shareholders meeting. Shareholders who vote via electronic casting is deemed as presented in person. If a stockholder does not revoke his intention to exercise his voting rights, but attends the stockholders meeting on the spot or registers to participate via video conference on the day of the stockholders meeting, he or she may not exercise the voting rights on the original proposals, or propose or exercise the voting rights on amendment to the original proposal, except to propose an interim motion and exercise the voting right.

Shareholders (or by proxies) attending the Meeting shall have attendance card, sign-in card or other certificate of attendance issued by the Company. The proxy solicitor shall provide ID document for verification purpose. The shareholders (or by proxies) when attending the meeting shall hand in signed attendance form.

Attendance of the stockholders meeting shall be calculated on the basis of shares. The number of attended shares is calculated based on the sign-in card and the number of shares registered on the video conference platform, plus the number of voting shares via electronic casting.

The Company may appoint lawyers, accountants or related personnel to attend the shareholders' meeting.

The personnel in charge of handling the affairs of the meeting shall wear identification badge or armband.

For a shareholders meeting convened by the Board of Directors, the Chairman of the Board of Directors shall preside at the meeting. If the Board Chairman is on leave or unable to exert the rights, the Vice-Chairman of the Board shall preside instead. If the position of Vice-Chairman is vacant or the Vice-Chairman is on leave or unable to exert the rights, the Board Chairman shall designate a Director to preside at the meeting. If no Director is so designated, the Chairman of the meeting shall be elected by the Board of Directors from among themselves. If a Director or a representative of Institutional Director presides at the meeting, he/she shall be appointed at least 6 months and familiar with the financial performance and operations of the Company. For a stockholders' meeting convened by any other person having the convening right, he/she shall act as the

chairman of that meeting; if there are two or more conveners, the chairman of the meeting shall be elected from among themselves.

The complete processes of the meeting shall be recorded by voice and video recorders and all the records shall be kept by the Company for a minimum period of at least one year. If a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the video and audio records shall be retained until the conclusion of the litigation. If the stockholders meeting is held by video conference, the Company shall make continuous and uninterrupted audio and video recordings of the entire video conference, and properly keep the relevant materials and audio and video recordings during the period of existence.

- Article 3 The Chairperson shall announce starting of the meeting when the attending shareholders (or proxies) represent more than half of the total shares issued in public. The Chairperson may announce postponement of meeting if the legal quorum is not present after the designated meeting time. Such postponement is limited to two times and the aggregated postponed time shall not exceed one hour. If quorum is still not present after two postponements but the attending shareholders (or proxies) represent more than one third of the total shares issued in public, tentative resolution/s may be passed with respect to ordinary resolution/s by a majority of those present.

After proceeding with the aforesaid tentative resolutions, the Chairperson may put the tentative resolutions for re-voting over the meeting if and when the shares represented by the attending shareholders (or proxies) reached the legal quorum.

- Article 4 If the shareholders meeting is convened by the Board of Directors, the agenda shall be designated by the Board. The meeting shall proceed in accordance with the designated agenda and shall not be amended without resolutions.

If the meeting is convened by person, having the convening right, other than the Board of Directors, the provision set out in the preceding paragraph shall apply mutatis mutandis.

Except with shareholders' resolution, the Chairperson shall not declare adjournment of the meeting before the first two agendas aforementioned (including extemporary motions) are concluded. During the meeting, if the Chairperson declares adjournment of the meeting in violation of the preceding rule, a new Chairperson may be elected by a resolution passed by majority of the attending shareholders to continue the meeting.

When the meeting is adjourned by resolution, the shareholders shall not elect another Chairperson to continue the meeting at the same location or another venue.

- Article 5 The shareholders (or proxies) shall complete statement slip setting out the number of his/her attendance card, name and statement brief before speaking, and the Chairperson will designate the order in which each person is to speak during the session.

No statement will be considered to have been made if the shareholders (or proxies) merely completes the statement slip without speaking at the meeting. If there are any discrepancies between the content of the statement slip and the speech made, the statement to be adopted shall be the statement confirmed.

- Article 6 Any proposal to be submitted shall be in written form. Except for the proposals set out in the agenda, any proposal by the shareholders (or proxies) to amend, substitute or to initiate extemporary motions with respect to the original proposal shall be seconded by other shareholders (or proxies). The same rule shall apply to any proposal to amend the agenda and motion to adjourn the meeting. The shares represented by the proponents and the seconders shall reach 100,000.

- Article 7 The explanation of proposal shall be limited to 5 minutes. The statement of inquiry and reply shall be limited to 3 minutes per person. The time may be extended for 3 minutes with the Chairperson's permission.
- The Chairperson may restrain shareholders (or proxies) from speaking if the shareholders (or proxies) speak overtime, speak beyond the allowed frequency or content of the speech is beyond the scope of the proposal.
- When a shareholder (or proxy) is speaking, other shareholders (or proxies) shall not interrupt without consent of the Chairperson and the speaking shareholders (or proxy). Any disobedient of the preceding rule shall be prohibited by the Chairperson. Article 15 of this meeting rule shall apply if the disobedient do not follow the Chairperson's instructions.
- Article 8 For the same proposal, each person shall not speak more than 2 times.
- When a juristic person is a stockholder, only one representative shall be appointed to attend the meeting. If more than two representatives were appointed to attend the meeting, only one representative is allowed to speak.
- Article 8-1 If the shareholders meeting is held by video conference, the shareholders participating by video conference may raise questions in text form on the video conference platform, with limits of two times for each proposal and text length 200 words, after the Chairperson announces the meeting and before the meeting is adjourned. The provisions of Articles 5, 7 and 8 are not applicable.
- Article 9 After speaking by the attending shareholders (or proxy), the Chairperson may reply in person or assign relevant officer to reply. Over the proposal discussion, the Chairperson may conclude the discussion in a timely manner and where necessary announce discussion is closed.
- Article 10 For proposal in which discussion has been concluded or closed, the Chairperson shall submit it for voting.
- No discussion or voting shall proceed for matters unrelated to the proposal.
- The personnel responsible for overseeing and counting of the votes for resolutions shall be appointed by the Chairperson. The person responsible for vote overseeing shall be of the stockholder status.
- Article 11 If the shareholders meeting is held by video conference, the shareholders participating via video shall conduct voting on various resolutions and election proposals through the video conference platform after the Chairperson announces the meeting, and shall complete the voting before the Chairperson announces the close of voting. If not, it shall be deemed a waiver.
- In regards to the resolution of proposals, unless otherwise provided for in the relevant law and regulation or Company's Articles of Incorporation, resolution shall be passed by a majority of the voting rights represented by the shareholders (or proxies) attending the meeting.
- All the proposals for resolutions or election shall be conducted via one-off voting. After the Chairperson announces the close of voting, the one-off votes shall be counted.
- If there are amendments or substitute proposals for the same proposal, the sequence of which to be put to vote shall be decided by the Chairperson. If one of the two proposals has been approved, the other shall be deemed rejected without requirement to put it to vote.
- The results of voting and election shall be announced after the vote calculation on the spot and kept for records.

If the shareholders meeting is held by video conference, the Company shall immediately disclose the voting results of various proposals and election on the video conference platform in accordance with the regulations, and remain disclosed for at least 15 minutes after the Chairperson announces adjournment of the meeting.

Article 12 During the meeting, the Chairperson may at his/her discretion declare time for break.

Article 13 If the shareholders meeting is held by video conference, in addition to the announcement of the meeting, the Chairperson may announce the continuation or resumption of the meeting according to the law and regulations, as well as announcement of the date of the postponed or resumed meeting within five days when the video conference platform or the participation via video is blocked for more than 30 minutes due to natural disasters, incidents or other force majeure events.

Should the force majeure be encountered during the meeting, the meeting shall be adjourned under ruling of the Chairman, who will also announce according to the circumstances when the meeting shall resume.

Article 14 The Chairperson may maintain the meeting order by instructing the security guards. The security guards shall wear the armband for identification when helping maintaining the venue order.

Article 15 The shareholders (or proxies) shall obey the instructions of the Chairperson and security guards in terms of maintaining the order. The Chairperson or security guards may exclude the persons disturbing the shareholders meeting from the meeting.

Article 16 For matters not governed by the rules specified herein, shall be governed according to Company Act, Stock Exchange Law and the other related laws and regulations.

Article 17 The rules herein take effect after approval at the shareholders meeting, the same apply for any amendments.

3. Election Procedures of Board of Directors of Oriental Union Chemical Corporation

Last updated by June 9, 2022

- Article 1 The election of Board of Directors shall be pursued in accordance with the procedures herein.
- Article 2 The election of Board of Directors adopts the method of accumulated vote-counts. The attendance card number of the voters shall be used on the ballot instead of the name of the voters. The ballots shall be prepared by the Board of Directors, numbered according to the attendance card numbers and noted with share number represented for voting.
- Article 3 The election of Board of Directors shall be pursued according to the number of position required; provided, however, that the independent and non-independent Directors elected shall be calculated separately. The candidates that obtain more number of votes shall be elected. If there are more than two candidates obtaining the same number of vote but the number of position offered is limited, a draw shall be made amongst the two candidates to determine. The chairperson shall conduct the drawing for the candidate who is absent. Directors shall be elected by adopting the candidate nomination system specified in Article 192-1 of Company Act. Moreover, the professional qualifications, the assessment of independence and other matters of the Independent Directors shall be in compliance with the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” or other relevant regulations of ROC.
- Article 4 In the beginning of the election, the chairperson shall assign two personnel for vote overseeing and vote counting respectively. The personnel for vote overseeing shall be of the stockholder status.
- Article 5 The responsibility of the vote-overseeing personnel’s responsibility shall be as follows:
1. Check and seal the ballot box in public before ballot casting.
 2. Maintain the order and check for any negligence and illegality for voting.
 3. Unseal the ballot box and check the ballot number after ballot casting.
 4. Check for any invalid ballots and hand in the valid ballots to the vote-counting personnel.
 5. Oversee the vote-counting personnel recording the ballot numbers received by each candidate.
- Article 6 If the candidate is a natural person, the voters shall fill out the ballot with the name of the candidate. If the candidate is the government or institutional stockholder, the ballot shall be filled out with the name of government or institution. If the candidate is the representative of the government of institutional stockholder, the name of the government or institutional stockholder and its representative shall be filled out.
- Article 7 The ballot shall be considered invalid in any of the following situations:
1. Not the ballot provided under the rules herein
 2. One ballot with more than two candidate names listed
 3. Blank ballot
 4. Ballot not filled out with not only candidate’s number of voting rights allocated, but including also other words
 5. Written characters blurred and not legible

6. The candidate filled in on the ballot inconsistent with the listed candidate
7. The voter's total number of voting rights allocated on the ballot exceeds the number of voting rights he/she holds.

Article 8 There shall be one ballot box for Director's election. The ballot shall be examined by vote-overseeing personnel in public prior to voting.

Article 9 When all the ballots are cast in the box, the personnel of vote overseeing and counting shall simultaneously unseal the ballot boxes.

Article 10 The vote-overseeing personnel shall be present for vote counting.

Article 11 If there is any question about the ballot, the vote-overseeing personnel shall check whether it is invalid. The invalid ballots shall be collected and kept separately. The vote-overseeing personnel shall designate them as the invalid with signature and seal after ballot counting.

Article 12 For the results of ballot counting, the vote-overseeing personnel shall make sure of correctness of the total ballot number after combining the numbers of the valid and invalid ballots. The numbers of the valid and invalid ballots shall be recorded separately and the chairperson shall announce the elected.

Article 13 The rules herein take effect after approval at the shareholders meeting. The same apply for any amendments.

Appendix

1. Current Shareholding of Directors

Book closure date: 14 April 2024

Title	Name of persons or companies	Representative	Shareholdings	Ratio of shareholding
Directors	Douglas T. Hsu	—	1,664,781	0.19%
	Far Eastern New Century Corporation	Johnny Shih	81,217,005	9.16%
		Humphrey Cheng		
		Kao Shan Wu		
	Yue Ming Trading Co., Ltd.	Justin Tsai	440,000	0.05%
	Fu Da Transport Corporation	Eric Chueh	3,254,125	0.36%
	Ta Chu Chemical Fiber Co., Ltd.	Thomas Chou	1,000,000	0.11%
	Yu Li Investment Corporation	Bing Shen	4,861,781	0.55%
Independent Directors	Walt Cheng		—	—
	C.T. Chan		—	—
	Ping Lih		—	—
The combined shareholding of all Directors on the book closure date			92,437,692	10.42%
The minimum required combined shareholding of all Directors by law			28,342,496	3.20%

2. Impact of the Stock Dividend Distribution on Operating Results, EPS and Shareholders' Return on Investment

Not applicable.



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