

東聯化學

ORIENTAL UNION CHEMICAL CORPORATION



Handbook for **2021**
Annual Shareholders' Meeting

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Oriental Union Chemical Corporation (OUCC)

2021 Annual General Shareholders' Meeting

Date: Tuesday, 16 June 2021

Time: 9:00 a.m. Taipei time

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

Meeting Agenda

Call the meeting to order

Chairperson takes chair

Chairperson remarks

Reporting items:

1. 2020 business report
2. 2020 financial statements
3. The Audit Committee's review report on 2020 Business Report and Financial Statements

Approval items:

1. To accept 2020 business report and financial statements
2. To approve the proposal for 2020 deficit offset

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. 2020 Business Report

I. Foreword

Looking back on 2020, with both quantitative easing and stimulus policies to remedy the sluggish consumer demand and the disconnect crisis of supply-chain due to the COVID-19 pandemic worldwide, the global GDP was severely slashed by 4.2%. Bolstered by the transferred orders from the China-US trade war and the effective pandemic control, the 2020 Taiwan economy stood out with a 2.98% growth, slightly higher than the previous year at 2.96%.

As for the petrochemical industry, the pandemic wreaked the recession on the economy growth, resulting in the oil prices slump and the product demand decline; moreover, the new capacity launch of the US shale gas and the China refining-chemical integration deteriorated the disequilibrium of supply and demand, disadvantaging the product pricing.

The company's main product EG, ethylene glycol, unexceptionally, suffered losses due to the curtailed product spreads resulted from the oversupply, weak pricing, as well as the soaring ethylene prices effected by unscheduled shut-down of the naphtha crackers. The company's endeavor in improving essential vantage upon operative strategy in high-valued products, coupled with the development of downstream specialty chemicals and gas products in recent years have restored the profit impetus, resulting in the stable profit and growth in return, to compensate partly the EG losses.

The yearly consolidated turnover of the company totaled NT\$ 18,763,159 thousand, a decrease of 16% from the previous year, with the net loss attributable to the company NT\$ 1,064,698 thousand and the after-tax earnings per share (EPS) NT\$ -1.22.

II. Operating Performance Review

(1) Safety, Health and Environment

OUCC values industrial safety, health, environmental conservation, complies with all the related ISO management regulations, and accomplishes the efficient on-the-job trainings. In 2020, the cumulated safety man-hour in Linyuan plant reached 4.91 million hours in eight successive years, and SHE related projects in process and technology continued at all time.

In addition to improving process design, the company also invests in waste recovery equipment, pursues green production and energy efficiency improvement, striving to minimize the impact of operational production on the environment, to achieve a balanced development of industrial production and environmental protection. The implemented environmental protection projects in 2020 include the waste water recycling system, which recovers 70% of the discharged water upon operation, aiming at the conservation of the environment and water resources; moreover, the clean natural gas in replacement of the traditionally used diesel for the regenerative exhaust incinerator is driving OUCC towards its goals in optimized emission, energy saving and carbon reduction.

(2) Ethylene Glycol Business

In H1/2020, the epidemic impact on global petrochemical products triggered the sluggish demand of downstream polyester, widening loss on ethylene glycol and ethylene spread. In H2/2020, however, the resume of normal operation of the naphtha crackers after the tightened supply and

soaring prices from the hurricane impact on the shutdowns of the Gulf area, and the accidental shutdowns in Asia, conducted to the mitigation of the EG loss following the drop in ethylene prices.

In 2020, the company produced 640,000 tons of EG in total across the Strait, of 2% decline comparing to 2019; sale of 660,000 tons, of 4% decline; ethylene oxide (EO) production totaled 260,000 tons, of 18% increase over 2019, sale of 160,000 tons, of 33% increase.

(3) GAS Business

Unlike the overall recessive domestic industry set back by the pandemic in H1/2020, the increasing export orders in the second half sped up the expansion of semiconductor capacity; the domestic gas market demand grew as the international raw material prices rebound, resulting in the rise of capacity utilization in manufacturing industry. On the other hand, the liquid oxygen and liquid nitrogen in China were over supplied owing to the stagnant manufacturing industry; while the market prices for liquid argon plunged as the export demand decreased. Yet, with the pipeline extending vantages of the nitrogen within the industrial park, and solid liquid business expansion to customers in various industries, the revenue and profit growth of gas business sustained stable throughout the year.

In 2020, the company produced a total of 540,000 tons of oxygen on both sides of the Strait. Besides its internal usage, the sales volume of oxygen totaled 80,000 tons; production of nitrogen 440,000 tons and the sale of 400,000 tons.

(4) Specialty Chemicals Business

Based on the existing product frame, the company strives to enhance the added value of downstream ethylene oxide derivatives (EOD), provide customers with tailored services to meet the market demand. In 2020, the formulated products of high value-added such as mass-produced concrete water reducer, herbicide pelargonic acid emulsifier, refined polyethylene glycol and the like, have further completed the EOD product line.

In addition, the company not only sufficed the needs of the ethanolamine (EA) major customers at home and abroad, implementing the balanced production and sale in terms of stable market supply, but sought also straight customer cooperation for high-value applications and product quality to optimize product allocation; while the ethylene glycol butyl ether (EB) was focused on sales boost to enhance profit contribution; ethylene carbonate (EC) on novel niche market application development.

In 2020, the company produced 150,000 tons of specialty chemicals across the strait, a 17% decline comparing to 2019; sale of 160,000 tons, of 11% decline.

III. 2021 Business Goals and Future Prospects

(1) Overview of 2021 Business Plans

1. Ethylene Glycol Business

In view of the new capacity launch of multiple naphtha crackers in China and the US, the ethylene price in 2021 is expected to maintain low. Looking ahead, with the epidemic well controlled, the demand for EG downstream polyester shall recover, as the product prices remain stable, the spreads improving, the profit impetus reviving. The company's cross-strait EG plants shall continue the high-loading operation for cost down and high production capacity efficiency to advance product competitiveness.

2. GAS Business

Conducive to the booming of global demand for high-tech products in 2021, Taiwan's semiconductor industry, with its leading edge, shall boost the export growth of the electronics industry; on the other hand, the resuming global production activities shall stimulate the rise of international crude oil prices and drive the growth demand of manufacturing industry. In all, the growth trend of gas market demand in H2/2020 is expected to stretch out to 2021.

With the niche and new application products as its main force, the company shall segment the market to increase overall gas business profit, proactively expand pipeline customers, and further approach customers in the semiconductor and electronics industries to enhance pipeline sale and profits. To strive for full production and sale, the company aims to strengthen the product portfolio configuration of liquid oxygen/nitrogen/argon, and improve the sales in food-grade liquid nitrogen, medical-grade oxygen and electronic-grade carbon dioxide.

3. Specialty Chemicals Business

Being keen on new technologies development, products' added value enhancement, innovative transformation implementation of new products, new materials and new applications, the company promotes the new EOD products, strengthens functional lotions, emulsifiers, defoamers, concrete water reducers, water-based synthetic resins, weather-resistant coatings and composite materials, and various high-value products to join the product line, to further increase the production and sales volumes.

To reduce the impact of market changes, the company adopts differential sale, and values product quality and after-sales service. In terms of ethanolamine (EA), the company maintains stable sales channels, and increases sales volume of semiconductor products to maintain leading edge domestically; committed to increasing the domestic market share of ethylene glycol butyl ether (EB) and promoting export sale simultaneously. In addition to the prime polycarbonate (PC) market, the company continues to develop its sales channels for ethylene carbonate, attend to the markets of super absorbent polymers (SAP), oil formulations and electrolyte of lithium batteries, and hopes that the output will reach new highs. Overall, the company's revenue and profit growth for specialty chemicals in 2021 can be predicted.

(2) Prospects for Future Operations

Looking forward to 2021, factors such as the gradual relief of the epidemic from vaccination, the relocation of production lines to Taiwan, and the booming demand for emerging technologies shall conduce to the substantial enhancement of Taiwan's export performance. Additionally, with semiconductor manufacturers continual investment in advanced processes, coupled with the benefit of global supply chain restructuring, the government's vigorous promotion of green energy construction, and the incentives drawing foreign investment to Taiwan, all aid to drive the domestic demand.

In view of the OPEC's commitments to production cut, the slow recovery of downstream market demand, the rising of product pricing of chemical products ensued, resulting in the enlargement of product spreads, contributing to the growth of domestic chemical industry output and margin, of which output value in 2021 is to prevail the previous year, reaching NT\$4.05 trillion, with a growth rate of 9.35%, according to the IEKCQM forecast of the Industrial Technology Research Institute.

The company's relentless endeavor in process efficiency improvement and ethylene import cost reduction is to cushion the impact of the new EG capacity launch in China. Apart from the existing industrial-grade gases, the expanding sale of food-grade and electronic-grade gases strengthen the products value to secure overall profits growth. The specialty chemical business, which is divided into solvent & amine chemicals, surfactants & performance chemicals, construction chemicals and fine chemicals according to product demands, provides customized solutions, such as concrete additives, functional detergents and reactive grade polyols, besides its general products. As the downstream product chain keep rolling out, the specialty chemicals profit can expect to increase accordingly.

In general, the company's efforts in transformation shall continue as always. With technical vantage in ethylene and propylene oxides, the company shall develop the high value-added products of downstream derivatives, and evaluate the development of optoelectronics and electronic specialties of the material application field; advance upon the plastic recycling and biodegradable fields, adhering to the spirit of environmental protection, recycling and reuse as a world-class diversified company with specialty chemicals as its core, in the hopes of pursuing steady operation, profit and growth to constantly create new value for shareholders, customers and employees, and achieve the company's corporate vision of sustainable operation.

2. 2020 Financial Statements

The 2020 independent auditors' reports and financial statements by Deloitte & Touche are attached as follows. (The 2020 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, 2020 and 2019, 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 significant 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, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the ROC. 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, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the consolidated financial statements for the year ended December 31, 2020 are as follow:

The Impairment Loss of Property, Plant and Equipment

The consolidated balances of property, plant and equipment amounted to \$13,837,770 thousand as of December 31, 2020. 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 41% 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, 2020 and 2019 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 auditing standards generally accepted in the ROC will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the ROC, 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, 2020 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 audit resulting in this independent auditors' report are Hsin-Wei Tai and Yu-Wei Fan.

Deloitte & Touche

Taipei, Taiwan

Republic of China

March 18, 2021

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020		2019	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 2,734,878	8	\$ 3,098,554	9
Financial assets at fair value through profit or loss	59,488	-	144,336	-
Financial assets at amortized cost	-	-	462,298	1
Notes receivable, net	193,353	1	253,814	1
Trade receivables, net	860,472	2	648,856	2
Trade receivables from related parties	161,172	-	94,422	-
Other receivables	550,216	2	358,658	1
Inventories	989,670	3	1,279,190	4
Prepayments for purchases	235,263	1	321,185	1
Other prepayments	124,739	-	66,665	-
Other current assets	<u>377,030</u>	<u>1</u>	<u>875,186</u>	<u>2</u>
Total current assets	<u>6,286,281</u>	<u>18</u>	<u>7,603,164</u>	<u>21</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income	5,623,314	17	5,959,862	16
Financial assets at amortized cost	74,204	-	56,043	-
Investments accounted for using the equity method	1,854,779	6	2,362,912	7
Property, plant and equipment	13,837,770	41	13,861,199	38
Construction in progress	734,464	2	1,078,421	3
Right-of-use assets	401,940	1	402,090	1
Investment properties	1,991,488	6	1,991,571	5
Intangible assets	31,431	-	20,235	-
Deferred tax assets	749,996	2	852,711	2
Other non-current assets	<u>2,517,960</u>	<u>7</u>	<u>2,674,908</u>	<u>7</u>
Total non-current assets	<u>27,817,346</u>	<u>82</u>	<u>29,259,952</u>	<u>79</u>
TOTAL	<u>\$ 34,103,627</u>	<u>100</u>	<u>\$ 36,863,116</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 6,885,222	20	\$ 7,923,978	21
Short-term bills payable	-	-	200,000	1
Notes payable	98,209	1	-	-
Trade payables	1,100,550	3	1,315,580	4
Other payables	408,856	1	356,526	1
Other payables to related parties	55,860	-	74,441	-
Current tax liabilities	31,424	-	35,225	-
Lease liabilities	8,103	-	8,996	-
Current portion of long-term borrowings	-	-	600,000	2
Other current liabilities	<u>323,630</u>	<u>1</u>	<u>191,375</u>	<u>-</u>
Total current liabilities	<u>8,911,854</u>	<u>26</u>	<u>10,706,121</u>	<u>29</u>
NON-CURRENT LIABILITIES				
Long-term borrowings	9,249,176	27	8,339,607	23
Deferred tax liabilities	705,372	2	689,556	2
Lease liabilities	7,130	-	14,919	-
Deferred revenue	-	-	102,135	-
Net defined benefit liabilities	259,680	1	263,765	1
Guarantee deposits	34,518	-	23,418	-
Other non-current liabilities	<u>24,091</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-current liabilities	<u>10,279,967</u>	<u>30</u>	<u>9,433,400</u>	<u>26</u>
Total liabilities	<u>19,191,821</u>	<u>56</u>	<u>20,139,521</u>	<u>55</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION				
Common stock	<u>8,857,031</u>	<u>26</u>	<u>8,857,031</u>	<u>24</u>
Capital surplus	<u>956,286</u>	<u>3</u>	<u>825,222</u>	<u>2</u>
Retained earnings				
Legal reserve	2,327,378	7	2,325,353	6
Special reserve	1,911,129	5	1,911,129	5
Unappropriated earnings (accumulated deficits)	<u>(800,565)</u>	<u>(2)</u>	<u>541,859</u>	<u>2</u>
Total retained earnings	<u>3,437,942</u>	<u>10</u>	<u>4,778,341</u>	<u>13</u>
Other equity				
Exchange differences on translating foreign operations	(472,288)	(1)	(556,135)	(1)
Unrealized loss on financial assets at fair value through other comprehensive income	<u>(487,204)</u>	<u>(2)</u>	<u>(192,656)</u>	<u>(1)</u>
Total other equity	<u>(959,492)</u>	<u>(3)</u>	<u>(748,791)</u>	<u>(2)</u>
Treasury stock	<u>(187,798)</u>	<u>-</u>	<u>(187,798)</u>	<u>-</u>
NON-CONTROLLING INTERESTS	<u>2,807,837</u>	<u>8</u>	<u>3,199,590</u>	<u>8</u>
Total equity	<u>14,911,806</u>	<u>44</u>	<u>16,723,595</u>	<u>45</u>
TOTAL	<u>\$ 34,103,627</u>	<u>100</u>	<u>\$ 36,863,116</u>	<u>100</u>

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales revenue	\$ 18,713,712	100	\$ 22,318,452	100
Other operating revenue	<u>49,447</u>	<u>-</u>	<u>22,775</u>	<u>-</u>
Total operating revenue	<u>18,763,159</u>	<u>100</u>	<u>22,341,227</u>	<u>100</u>
COST OF GOODS SOLD	<u>18,245,325</u>	<u>97</u>	<u>22,363,514</u>	<u>100</u>
GROSS PROFIT (LOSS)	<u>517,834</u>	<u>3</u>	<u>(22,287)</u>	<u>-</u>
OPERATING EXPENSES				
Selling and marketing expenses	545,283	3	573,870	3
General and administrative expenses	277,940	1	254,822	1
Research and development expenses	149,965	1	161,393	1
Expected credit loss (gain)	<u>638</u>	<u>-</u>	<u>(1,769)</u>	<u>-</u>
Total operating expenses	<u>973,826</u>	<u>5</u>	<u>988,316</u>	<u>5</u>
LOSS FROM OPERATIONS	<u>(455,992)</u>	<u>(2)</u>	<u>(1,010,603)</u>	<u>(5)</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	62,096	-	80,027	1
Rental income	39,323	-	40,201	-
Dividend income	49,990	-	49,089	-
Other income	208,598	1	390,753	2
Foreign currency exchange gain (loss)	11,088	-	(694)	-
Gain on financial assets at fair value through profit or loss	5,512	-	13,382	-
Other expenses	(214,908)	(1)	(161,538)	(1)
Interest expense	(367,029)	(2)	(347,670)	(1)
Share of (loss) profit of associates accounted for using the equity method	<u>(645,967)</u>	<u>(3)</u>	<u>279,154</u>	<u>1</u>
Total non-operating income and expenses	<u>(851,297)</u>	<u>(5)</u>	<u>342,704</u>	<u>2</u>
LOSS BEFORE INCOME TAX	(1,307,289)	(7)	(667,899)	(3)
INCOME TAX EXPENSE (BENEFIT)	<u>164,358</u>	<u>1</u>	<u>(412,547)</u>	<u>(2)</u>
NET LOSS FOR THE YEAR	<u>(1,471,647)</u>	<u>(8)</u>	<u>(255,352)</u>	<u>(1)</u>

(Continued)

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE LOSS				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (12,488)	-	\$ (16,709)	-
Unrealized (loss) gain on investments in equity instruments designated as at fair value through other comprehensive income	(294,548)	(2)	292,270	1
Income tax relating to items that will not be reclassified subsequently to profit or loss	2,498	-	3,342	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statement of foreign operations	102,767	1	(307,613)	(1)
Share of the other comprehensive income (loss) of associates accounted for using the equity method	<u>23,219</u>	<u>-</u>	<u>(89,940)</u>	<u>(1)</u>
Other comprehensive loss for the year, net of income tax	<u>(178,552)</u>	<u>(1)</u>	<u>(118,650)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>\$ (1,650,199)</u>	<u>(9)</u>	<u>\$ (374,002)</u>	<u>(2)</u>
NET (LOSS) PROFIT ATTRIBUTED TO:				
Owners of the Corporation	<u>\$ (1,064,698)</u>	<u>(6)</u>	<u>\$ 33,618</u>	<u>-</u>
Non-controlling interests	<u>\$ (406,949)</u>	<u>(2)</u>	<u>\$ (288,970)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTED TO:				
Owners of the Corporation	<u>\$ (1,285,389)</u>	<u>(7)</u>	<u>\$ 46,941</u>	<u>-</u>
Non-controlling interests	<u>\$ (364,810)</u>	<u>(2)</u>	<u>\$ (420,943)</u>	<u>(2)</u>
(LOSS) EARNINGS PER SHARE				
Basic	<u>\$ (1.22)</u>		<u>\$ 0.04</u>	
Diluted	<u>\$ (1.22)</u>		<u>\$ 0.04</u>	

(Concluded)

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Corporation							Other Equity				
	Capital Surplus				Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Stock	Non-controlling Interests	Total Equity
	Common Stock	Paid-in Capital in Excess of Par Value	Treasury Stock	Other	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)					
BALANCE AT JANUARY 1, 2019	\$ 8,857,031	\$ 470,767	\$ 294,592	\$ -	\$ 2,150,280	\$ 1,911,129	\$ 2,246,662	\$ (290,555)	\$ (484,926)	\$ (187,798)	\$ 3,620,533	\$ 18,587,715
Legal reserve	-	-	-	-	175,073	-	(175,073)	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(1,549,981)	-	-	-	-	(1,549,981)
Net profit (loss) for the year ended December 31, 2019	-	-	-	-	-	-	33,618	-	-	-	(288,970)	(255,352)
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	(13,367)	(265,580)	292,270	-	(131,973)	(118,650)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	20,251	(265,580)	292,270	-	(420,943)	(374,002)
Change in capital surplus from dividends distributed to subsidiary	-	-	24,069	-	-	-	-	-	-	-	-	24,069
Dividends unclaimed by stockholders	-	-	-	35,794	-	-	-	-	-	-	-	35,794
BALANCE AT DECEMBER 31, 2019	8,857,031	470,767	318,661	35,794	2,325,353	1,911,129	541,859	(556,135)	(192,656)	(187,798)	3,199,590	16,723,595
Legal reserve	-	-	-	-	2,025	-	(2,025)	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(265,711)	-	-	-	-	(265,711)
Net loss for the year ended December 31, 2020	-	-	-	-	-	-	(1,064,698)	-	-	-	(406,949)	(1,471,647)
Other comprehensive (loss) income for the year ended December 31, 2020	-	-	-	-	-	-	(9,990)	83,847	(294,548)	-	42,139	(178,552)
Total comprehensive (loss) income for the year ended December 31, 2020	-	-	-	-	-	-	(1,074,688)	83,847	(294,548)	-	(364,810)	(1,650,199)
Change in capital surplus from dividends distributed to subsidiary	-	-	4,126	-	-	-	-	-	-	-	-	4,126
Changes in percentage of ownership interests in subsidiaries	-	-	-	16,367	-	-	-	-	-	-	(26,943)	(10,576)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	-	110,571	-	-	-	-	-	-	-	110,571
BALANCE AT DECEMBER 31, 2020	<u>\$ 8,857,031</u>	<u>\$ 470,767</u>	<u>\$ 322,787</u>	<u>\$ 162,732</u>	<u>\$ 2,327,378</u>	<u>\$ 1,911,129</u>	<u>\$ (800,565)</u>	<u>\$ (472,288)</u>	<u>\$ (487,204)</u>	<u>\$ (187,798)</u>	<u>\$ 2,807,837</u>	<u>\$ 14,911,806</u>

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$(1,307,289)	\$ (667,899)
Adjustments :		
Depreciation expenses	1,044,194	1,068,913
Amortization expenses	16,888	13,050
Expected credit loss (gain)	638	(1,769)
Gain on financial assets at fair value through profit or loss, net	(5,512)	(13,382)
Interest expense	367,029	347,670
Interest income	(62,096)	(80,027)
Dividend income	(49,990)	(49,089)
Share of loss (profit) of associates accounted for using the equity method	645,967	(279,154)
(Gain) loss on disposal of assets	(6,412)	8,723
Write-downs (reversal of write-downs) of inventories	28,908	(721)
Unrealized loss (gain) on foreign currency exchange	38,026	(177,396)
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	90,360	(52,885)
Notes receivable	60,546	532,047
Trade receivables	(212,339)	515,124
Trade receivables from related parties	(66,750)	(24,239)
Other receivables	(198,176)	(315,012)
Inventories	275,978	352,569
Prepayments	27,848	801,024
Other current assets	498,156	(306,062)
Notes payable	98,209	-
Trade payables	(215,030)	(1,595,374)
Other payables	(31,179)	(267,871)
Other current liabilities	132,255	(23,672)
Net defined benefit liabilities	(16,573)	(3,104)
Deferred revenue	(101,784)	(8,829)
Other non-current liabilities	24,091	-
Cash generated from (used in) operations	1,075,963	(227,365)
Interest received	68,711	65,876
Interest paid	(349,499)	(343,262)
Income tax paid	(43,574)	(242,546)
Net cash generated from (used in) operating activities	<u>751,601</u>	<u>(747,297)</u>

(Continued)

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	-	(360,174)
Proceeds from the capital reduction of financial assets at fair value through other comprehensive income	42,000	-
Proceeds from disposal of (payments for) financial assets at amortized cost	442,734	(441,373)
Payments for property, plant and equipment	\$ (15,052)	\$ (31,274)
Proceeds from disposal of property, plant and equipment	2,612	-
Payments for intangible assets	(10,857)	(23)
Decrease (increase) in other non-current assets	145,854	(77,990)
Increase in construction in progress	(498,259)	(376,298)
Other dividend received	<u>49,990</u>	<u>49,089</u>
Net cash generated from (used in) investing activities	<u>159,022</u>	<u>(1,238,043)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments of) proceeds from short-term borrowings	(1,142,496)	2,947,833
Repayments of short-term bills payable	(200,000)	(100,000)
Proceeds from long-term borrowings	13,330,787	12,451,946
Repayments of long-term borrowings	(13,021,218)	(10,526,250)
Increase (decrease) in guarantee deposits	11,100	(7,460)
Repayment of the principal portion of lease liabilities	(9,274)	(10,522)
Dividends paid to owners of the Corporation	<u>(261,585)</u>	<u>(1,525,912)</u>
Net cash (used in) generated from financing activities	<u>(1,292,686)</u>	<u>3,229,635</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>18,387</u>	<u>(56,241)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(363,676)	1,188,054
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	<u>3,098,554</u>	<u>1,910,500</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
	<u>\$ 2,734,878</u>	<u>\$ 3,098,554</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, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (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, 2020 and 2019, 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China ("ROC"). 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 Matters

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, 2020. 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, 2020 are as follow:

The Impairment Loss of Property, Plant and Equipment

The balances of property, plant and equipment amounted to \$5,563,410 thousand as of December 31, 2020. 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 25% 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 auditing standards generally accepted in the ROC 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 auditing standards generally accepted in the ROC, 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, 2020 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 audit resulting in this independent auditors' report are Hsin-Wei Tai and Yu-Wei Fan.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 18, 2021

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, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020		2019	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 656,128	3	\$ 1,402,390	6
Financial assets at fair value through profit or loss	-	-	76,537	-
Notes receivable, net	57,454	-	71,538	-
Trade receivables, net	673,003	3	553,365	2
Trade receivables from related parties	93,673	-	93,376	1
Other receivables	1,826	-	7,170	-
Inventories	354,040	2	635,914	3
Prepayments for purchases	74,595	-	31,534	-
Other prepayments	16,304	-	17,475	-
Other current assets	<u>184,009</u>	<u>1</u>	<u>26,432</u>	<u>-</u>
Total current assets	<u>2,111,032</u>	<u>9</u>	<u>2,915,731</u>	<u>12</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income	3,900,242	17	4,170,780	17
Financial assets at amortized cost	64,383	-	56,043	-
Investments accounted for using the equity method	6,876,754	30	7,839,221	32
Property, plant and equipment	5,563,410	25	5,420,700	22
Construction in progress	640,293	3	857,602	4
Right-of-use assets	14,973	-	23,803	-
Investment properties	1,991,488	9	1,991,571	8
Intangible assets	11,060	-	8,663	-
Deferred tax assets	462,545	2	425,757	2
Other non-current assets	<u>1,076,495</u>	<u>5</u>	<u>837,571</u>	<u>3</u>
Total non-current assets	<u>20,601,643</u>	<u>91</u>	<u>21,631,711</u>	<u>88</u>
TOTAL	<u>\$ 22,712,675</u>	<u>100</u>	<u>\$ 24,547,442</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables	\$ 545,940	2	\$ 659,234	3
Other payables	272,164	1	260,830	1
Current tax liabilities	31,424	-	34,515	-
Lease liabilities	8,103	-	8,996	-
Current portion of long-term borrowings	-	-	600,000	2
Other current liabilities	<u>95,072</u>	<u>1</u>	<u>159,638</u>	<u>1</u>
Total current liabilities	<u>952,703</u>	<u>4</u>	<u>1,723,213</u>	<u>7</u>
NON-CURRENT LIABILITIES				
Long-term borrowings	8,659,389	38	8,339,607	34
Deferred tax liabilities	679,358	3	660,386	3
Lease liabilities	7,130	-	14,919	-
Net defined benefit liabilities	259,680	2	263,765	1
Guarantee deposits	26,355	-	21,547	-
Other non-current liabilities	<u>24,091</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-current liabilities	<u>9,656,003</u>	<u>43</u>	<u>9,300,224</u>	<u>38</u>
Total liabilities	<u>10,608,706</u>	<u>47</u>	<u>11,023,437</u>	<u>45</u>
EQUITY				
Common stock	8,857,031	39	8,857,031	36
Capital surplus	<u>956,286</u>	<u>4</u>	<u>825,222</u>	<u>3</u>
Retained earnings				
Legal reserve	2,327,378	10	2,325,353	10
Special reserve	1,911,129	8	1,911,129	8
Unappropriated earnings (accumulated deficits)	<u>(800,565)</u>	<u>(3)</u>	<u>541,859</u>	<u>2</u>
Total retained earnings	<u>3,437,942</u>	<u>15</u>	<u>4,778,341</u>	<u>20</u>
Other equity				
Exchange differences on translating foreign operations	(472,288)	(2)	(556,135)	(2)
Unrealized loss on financial assets at fair value through other comprehensive income	<u>(487,204)</u>	<u>(2)</u>	<u>(192,656)</u>	<u>(1)</u>
Total other equity	<u>(959,492)</u>	<u>(4)</u>	<u>(748,791)</u>	<u>(3)</u>
Treasury stock	<u>(187,798)</u>	<u>(1)</u>	<u>(187,798)</u>	<u>(1)</u>
Total equity	<u>12,103,969</u>	<u>53</u>	<u>13,524,005</u>	<u>55</u>
TOTAL	<u>\$ 22,712,675</u>	<u>100</u>	<u>\$ 24,547,442</u>	<u>100</u>

ORIENTAL UNION CHEMICAL CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales revenue	\$ 9,798,912	100	\$ 11,762,636	100
OPERATING COSTS				
Cost of goods sold	<u>9,015,310</u>	<u>92</u>	<u>10,951,780</u>	<u>93</u>
GROSS PROFIT	<u>783,602</u>	<u>8</u>	<u>810,856</u>	<u>7</u>
OPERATING EXPENSES				
Selling and marketing expenses	511,610	5	507,711	4
General and administrative expenses	114,277	1	90,420	1
Research and development expenses	149,965	2	161,393	2
Expected credit loss (gain)	<u>638</u>	<u>-</u>	<u>(1,769)</u>	<u>-</u>
Total operating expenses	<u>776,490</u>	<u>8</u>	<u>757,755</u>	<u>7</u>
PROFIT FROM OPERATIONS	<u>7,112</u>	<u>-</u>	<u>53,101</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	2,142	-	5,494	-
Rental income	39,683	-	39,670	-
Dividend income	49,990	1	49,089	1
Other income	44,074	-	277,212	2
Gain on disposal of property, plant and equipment	995	-	-	-
Foreign currency exchange (loss) gain	(9,016)	-	4,128	-
Gain on financial assets at fair value through profit or loss	5,064	-	12,948	-
Other expenses	(30,112)	-	(43,528)	-
Interest expense	(78,580)	(1)	(69,274)	-
Share of loss of subsidiaries and associates accounted for using equity method	<u>(1,111,368)</u>	<u>(11)</u>	<u>(306,666)</u>	<u>(3)</u>
Total non-operating income and expenses	<u>(1,087,128)</u>	<u>(11)</u>	<u>(30,927)</u>	<u>-</u>
(LOSS) PROFIT BEFORE INCOME TAX	(1,080,016)	(11)	22,174	-
INCOME TAX BENEFIT	<u>(15,318)</u>	<u>-</u>	<u>(11,444)</u>	<u>-</u>
NET (LOSS) PROFIT FOR THE YEAR	<u>(1,064,698)</u>	<u>(11)</u>	<u>33,618</u>	<u>-</u>

(Continued)

ORIENTAL UNION CHEMICAL CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (12,488)	-	\$ (16,709)	-
Unrealized (loss) gain on investments in equity instruments designated as at fair value through other comprehensive income	(228,538)	(2)	231,491	2
Income tax relating to items that will not be reclassified subsequently to profit or loss	2,498	-	3,342	-
Share of the other comprehensive (loss) income of subsidiaries and associates accounted for using equity method	(66,010)	(1)	60,779	-
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	<u>83,847</u>	<u>1</u>	<u>(265,580)</u>	<u>(2)</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(220,691)</u>	<u>(2)</u>	<u>13,323</u>	<u>-</u>
TOTAL COMPREHENSIVE (LOSS) PROFIT FOR THE YEAR	<u>\$ (1,285,389)</u>	<u>(13)</u>	<u>\$ 46,941</u>	<u>-</u>
(LOSS) EARNINGS PER SHARE				
Basic	<u>\$ (1.22)</u>		<u>\$ 0.04</u>	
Diluted	<u>\$ (1.22)</u>		<u>\$ 0.04</u>	

(Concluded)

ORIENTAL UNION CHEMICAL CORPORATION

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

	Common Stock	Capital Surplus			Retained Earnings			Other Equity		Treasury Stock	Total Equity
		Paid-in Capital in Excess of Par Value	Treasury Stock	Other	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensiv e Income		
BALANCE AT JANUARY 1, 2019	\$ 8,857,031	\$ 470,767	\$ 294,592	\$ -	\$ 2,150,280	\$ 1,911,129	\$ 2,246,662	\$ (290,555)	\$ (484,926)	\$ (187,798)	\$ 14,967,182
Legal reserve	-	-	-	-	175,073	-	(175,073)	-	-	-	-
Cash dividends	-	-	-	-	-	-	(1,549,981)	-	-	-	(1,549,981)
Net profit for the year ended December 31, 2019	-	-	-	-	-	-	33,618	-	-	-	33,618
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	(13,367)	(265,580)	292,270	-	13,323
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	20,251	(265,580)	292,270	-	46,941
Change in capital surplus from dividends distributed to subsidiary	-	-	24,069	-	-	-	-	-	-	-	24,069
Dividends unclaimed by stockholders	-	-	-	35,794	-	-	-	-	-	-	35,794
BALANCE AT DECEMBER 31, 2019	8,857,031	470,767	318,661	35,794	2,325,353	1,911,129	541,859	(556,135)	(192,656)	(187,798)	13,524,005
Legal reserve	-	-	-	-	2,025	-	(2,025)	-	-	-	-
Cash dividends	-	-	-	-	-	-	(265,711)	-	-	-	(265,711)
Net loss for the year ended December 31, 2020	-	-	-	-	-	-	(1,064,698)	-	-	-	(1,064,698)
Other comprehensive (loss) income for the year ended December 31, 2020	-	-	-	-	-	-	(9,990)	83,847	(294,548)	-	(220,691)
Total comprehensive (loss) income for the year ended December 31, 2020	-	-	-	-	-	-	(1,074,688)	83,847	(294,548)	-	(1,285,389)
Change in capital surplus from dividends distributed to subsidiary	-	-	4,126	-	-	-	-	-	-	-	4,126
Changes in percentage of ownership interests in subsidiaries	-	-	-	16,367	-	-	-	-	-	-	16,367
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	-	110,571	-	-	-	-	-	-	110,571
BALANCE AT DECEMBER 31, 2020	<u>\$ 8,857,031</u>	<u>\$ 470,767</u>	<u>\$ 322,787</u>	<u>\$ 162,732</u>	<u>\$ 2,327,378</u>	<u>\$ 1,911,129</u>	<u>\$ (800,565)</u>	<u>\$ (472,288)</u>	<u>\$ (487,204)</u>	<u>\$ (187,798)</u>	<u>\$ 12,103,969</u>

ORIENTAL UNION CHEMICAL CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) profit before income tax	\$(1,080,016)	\$ 22,174
Adjustments:		
Depreciation expenses	531,066	530,779
Amortization expenses	9,781	10,625
Expected credit loss (gain)	638	(1,769)
Interest expense	78,580	69,274
Interest income	(2,142)	(5,494)
Gain on financial assets at fair value through profit or loss, net	(5,064)	(12,948)
Dividend income	(49,990)	(49,089)
Share of loss of subsidiaries and associates accounted for using equity method	1,111,368	306,666
(Gain) loss on disposal of property, plant and equipment	(995)	8,552
Reversal of write-downs of inventories	(7,897)	(13,828)
Unrealized loss (gain) on foreign currency exchange	9,016	(4,128)
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	81,601	-
Notes receivable	14,169	39,240
Trade receivables	(120,658)	253,886
Other receivables	5,427	(2,596)
Inventories	289,771	210,512
Prepayments	(41,890)	9,836
Other current assets	(157,577)	144,124
Trade payables	(113,294)	(141,600)
Other payables	(32,171)	(93,761)
Other current liabilities	(64,566)	33,303
Net defined benefit liabilities	(16,573)	(3,104)
Other non-current liabilities	<u>24,091</u>	<u>-</u>
Cash generated from operations	462,675	1,310,654
Interest received	2,059	6,271
Interest paid	(83,119)	(66,642)
Income tax paid	<u>(3,091)</u>	<u>(122,892)</u>
Net cash generated from operating activities	<u>378,524</u>	<u>1,127,391</u>

(Continued)

ORIENTAL UNION CHEMICAL CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	-	(273,011)
Proceeds from the capital reduction of financial assets at fair value through other comprehensive income	42,000	-
(Payments for) proceeds from disposal of financial assets at amortized cost	(8,340)	20,925
Purchase of investments accounted for using equity method	-	(615,143)
Proceeds from disposal of property, plant and equipment	995	-
(Increase) decrease in other non-current assets	(245,311)	25,657
Increase in construction in progress	\$ (404,709)	\$ (291,241)
Dividends received	<u>49,990</u>	<u>49,089</u>
Net cash used in investing activities	<u>(565,375)</u>	<u>(1,083,724)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	12,441,000	12,062,000
Repayments of long-term borrowings	(12,721,218)	(9,751,781)
Increase (decrease) in guarantee deposits	4,808	(6,923)
Repayment of the principal portion of lease liabilities	(9,274)	(10,522)
Dividends paid	<u>(265,711)</u>	<u>(1,549,981)</u>
Net cash (used in) generated from financing activities	<u>(550,395)</u>	<u>742,793</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(9,016)</u>	<u>4,128</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		
	(746,262)	790,588
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	<u>1,402,390</u>	<u>611,802</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
	<u>\$ 656,128</u>	<u>\$ 1,402,390</u>

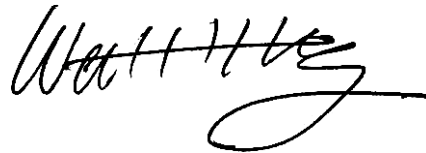
(Concluded)

3. Audit Committee's review report on the 2020 Business Report and Financial Statements

To the 2021 General 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 Deficit Offset submitted by Board of Directors for the year ending 2020, which have been audited by independent auditors, Mr. Hsin-Wei Tai and Mr. Yu-Wei Fan of Deloitte & Touche, and found them in order.

The Convener of the Audit Committee:

A handwritten signature in black ink, appearing to read 'Watt H. H. H.', is positioned to the right of the text 'The Convener of the Audit Committee:'.

March 18, 2021

Approval items

1. To accept 2020 Business Report and Financial Statements

The Board of Directors proposes and recommends that each shareholder vote FOR the acceptance of 2020 Business Report and Financial Statements.

Explanatory notes:

- (1) OUCC's 2020 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 Mr. Yu-Wei Fan 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 2020 deficit offset

The Board of Directors proposes and recommends that each shareholder vote FOR the 2020 deficit offset.

Explanatory notes:

(1) OUCC's 2020 financial statements have been completed and audited by the CPAs of Deloitte & Touche. The 2020 deficit offset, pursuant to Article 33 of Articles of Incorporation, is proposed as follows: (Unit: NT\$)

(A) Beginning of unappropriated earnings	\$ 274,123,258
(B) 2020 net loss	(1,064,697,992)
(C) Confirmed reevaluated amount of welfare plan for retained earnings	(9,990,628)
(D) Yearly net loss with other item included as unappropriated earnings (B)+(C)	(1,074,688,620)
(E) Year-end deficit to be offset (A)+(D)	(800,565,362)
(F) Legal reserve to offset the deficit	800,565,362
(G) Remained deficit to be offset (E)+(F)	\$ 0

(2) Year-end deficit in total of NT\$ 800,565,362 is to be offset with the legal reserve. No more deficit is remained to be offset. The balanced legal reserve sum is NT\$1,526,813,049.

(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 15th term, the Board of Directors resolved 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 16th June 2021.
- (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 starting 11 April till 20 April 2021, 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 4th May 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 and Quantity of Shares Held
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 81,217,005
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 Chairman & President of Tong Fu Investment Corp.	President of Administration HQ of Far Eastern New Century Corp. Director of Oriental Union Chemical Corp., Far Eastern International Bank Chairman & President of Tong Fu Investment Corp.	941	Far Eastern New Century Corp of shares 81,217,005
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.	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.	0	Far Eastern New Century Corp of shares 81,217,005

Type	Candidate	Education	Major Experiences	Current Position	Quantity of Shares Held	Name of Institutional Shareholder and Quantity of Shares Held
Director	Justin Tsai	EMBA of National Chengchi University	President of Oriental Union Chemical Corp. Director of Oriental Union Chemical Corp., Far Eastern Union Petrochemical (Yangzhou) Ltd., and Feng Tay Enterprises Co., Ltd.	President 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. of shares 440,000
Director	Eric Chueh	EMBA of National Chengchi University	President of Oriental Petrochemical (Taiwan) Co., Ltd. Director of Oriental Union Chemical Corp.	President of Oriental Petrochemical (Taiwan) Co., Ltd. Director of Oriental Union Chemical Corp.	0	Fu Da Transport Corp. of shares 3,254,125
Director	James Chou	Bachelor in Chemical Engineering, National Taiwan University	Chairman of Oriental Petrochemical (Shanghai) Corp., and Far Eastern Industries (Shanghai) Ltd. Director of Oriental Union Chemical Corp. Director & President of Far Eastern Union Petrochemical (Yangzhou) Ltd.	Chairman of Oriental Petrochemical (Shanghai) Corp., and Far Eastern Industries (Shanghai) Ltd. Director of Oriental Union Chemical Corp. Director & President of Far Eastern Union Petrochemical (Yangzhou) Ltd.	0	Da Chu Chemical Fiber Co., Ltd. of shares 1,000,000
Director	Bing Shen	MBA of Harvard University, USA	Vice President/Executive Director of Morgan Stanley Vice President of China Development Industrial Bank President of CDIB & Partners Investment Holding Corp. Director of CTCI Corp.	Independent Director of Far Eastern New Century Corp., Far Eastern International Bank, and Elite Material Co., Ltd.	0	Yu Li Investment Co., Ltd. of shares 4,861,781

Type	Candidate	Education	Major Experiences	Current Position	Quantity of Shares Held	Name of Institutional Shareholder and Quantity of Shares Held
Independent Director	Walt Cheng	Bachelor in Chemical Engineering, National Cheng Kung University	Chairman of DuPont Taiwan CEO of the Greater China, Electronics Telecommunication Business of DuPont China Holding Co., Ltd. President of Axolar Technology Corp. Independent Director of SCI Pharmtech Inc. and Oriental Union Chemical Corp. Supervisor of Sunny Pharmtech Inc.	President of Axolar Technology Corp. Independent Director of Oriental Union Chemical Corp. Supervisor of Sunny Pharmtech Inc.	0	N/A
Independent Director	C. T. Chan	High school graduated	Chairman of Yi Jinn Industrial Co., Ltd., Kwang Ming Silk Mill Co., Ltd., Yi Tong Fiber Co., Ltd., Hong Chou Fiber Industrial Co., Ltd., Ta Dien International Development Co., Ltd., Ta Yi International Development Co., Ltd., and Shin Mao Investment Co., Ltd. Independent Director of Oriental Union Chemical Corp.	Chairman of Yi Jinn Industrial Co., Ltd., Kwang Ming Silk Mill Co., Ltd., Yi Tong Fiber Co., Ltd., Hong Chou Fiber Industrial Co., Ltd., Ta Dien International Development Co., Ltd., Ta Yi International Development Co., Ltd., and Shin Mao Investment Co., Ltd. Independent Director of Oriental Union Chemical Corp.	0	N/A
Independent Director	Ping Lih	Master in Accounting, Texas University, USA	CPA of Deloitte & Touche Director of T N Soong Foundation Independent Director of Oriental Union Chemical Corp.	Director of T N Soong Foundation Independent Director of Oriental Union Chemical Corp.	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: Humphrey Cheng	Director, Far Eastern Union Petrochemical (Yangzhou) Ltd. Director, Oriental Petrochemical (Shanghai) Corporation
Far Eastern New Century Corporation Representative: Kao-San Wu	Director, Oriental Petrochemical (Taiwan) Co., Ltd. Director, Far Eastern Union Petrochemical (Yangzhou) Ltd. Director, Oriental Petrochemical (Shanghai) Corporation
Yue Ming Trading Co., Ltd. Representative: Justin Tsai	Director, Oriental Petrochemical (Taiwan) Co., Ltd. Director, Far Eastern Union Petrochemical (Yangzhou) Ltd. Director, Oriental Petrochemical (Shanghai) Corporation
Fu Da Transport Corporation Representative: Eric Chueh	Director & President, Oriental Petrochemical (Taiwan) Co., Ltd.
Da Chu Chemical Fiber Co., Ltd. Representative: James Chou	Director, Oriental Petrochemical (Taiwan) Co., Ltd. Director & President, Far Eastern Union Petrochemical (Yangzhou) Ltd. Chairman, Oriental Petrochemical (Shanghai) Corporation
Yu Li Investment Co., Ltd. Representative: Bing Shen	Independent Director, Elite Material Co., Ltd.

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

Extemporany Motions

General Information

1. Articles of Incorporation of Oriental Union Chemical Corporation

Last updated at June 16, 2020

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 Notices of General Shareholders' Meeting shall be in writing and delivered to the shareholders along with a public notice 30 days before the General Shareholders' Meeting and 15 days before the Extraordinary Shareholders' Meeting. The said notices shall specify the date, place and reasons for calling the shareholders' meeting.

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 fax.

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 General Manager, a number of Vice Presidents and Managers.

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 coupled with other items thereof 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 together with undistributed profits from 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

2. Meeting Rules of Stockholders for Oriental Union Chemical Corporation

Last updated by June 16, 2020

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

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

The meeting notice of the shareholders' meeting 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.

When convening stockholders' 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 stockholders' meeting. Shareholders who vote via electronic casting is deemed as presented in person. With respect to extemporary motions, amendments of the original proposals, and substitute proposals raised in the stockholders' meeting, those who vote via electronic casting shall be considered as abstain.

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 stockholders (or by proxies) when attending the meeting shall hand in signed attendance card.

Number of stockholders in attendance shall be calculated based on the number of attending shares, which equals to the sum of number of shares shown on the signed attendance cards and the number of voting shares via electronic casting.

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

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

For a stockholders' meeting convened by the board of directors, the chairman of the board of directors shall preside at the meeting. If the chairman of the board of directors is on leave or unable to exert the rights, the vice-chairman of the board of directors 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 chairman of the board of directors 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 presides at the meeting including the representative of an institutional director, 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 persons having the convening right, 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.

Article 3 The Chairperson shall announce starting of the meeting when the attending stockholders (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 stockholders (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 stockholders (or proxies) reached the legal quorum.

Article 4 If the stockholders' meeting is convened by the board of directors, the agenda shall be designated by the board of directors. The meeting shall proceed in accordance with the designated agenda and shall not be amended without resolutions.

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

Except with stockholders' resolution, the Chairperson shall not declare adjournment of the meeting before the first two matters set out in the agendas (including extemporaneous 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 stockholders to continue the meeting.

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

Article 5 The stockholders (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 stockholder (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 for the agendas shall be submitted in written form. Except for the proposals set out in the agenda, any proposal by the stockholders (or proxies) to amend, substitute or to initiate extemporaneous motions with respect to the original proposal shall be seconded by other stockholders (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 stockholders (or proxies) from speaking if that stockholders (or proxies) speak overtime, speak beyond the allowed frequency or content of the speech is beyond the scope of the proposal.

When a stockholder (or proxy) is speaking, other stockholder (or proxy) shall not interrupt without consent of the Chairperson and the speaking stockholder (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 9 After speaking by the attending stockholder (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 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 stockholders (or proxies) attending the meeting.
Proposal shall be put to vote. All proposals may be put to vote one after the other by its sequence, or may be put to vote together and numbers of votes for each proposal are counted separately. Whichever way of the voting procedures shall be decided by the Chairperson
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.
- Article 12 During the meeting, the Chairperson may at his/her discretion declare time for break.
- Article 13 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 stockholders (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 stockholders' 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 stockholders' meeting, the same apply for any amendments.

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

Last updated at June 8, 2018

- 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 Directors, Independent Directors shall be pursued according to the number of position required and shall be held together; 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 with the stockholder status, the voters shall fill out the ballot with the name and stockholder number of the candidate. If the candidate is not of the stockholder status, the ballot shall be filled out with the name and the number of identity document of the candidate. If the candidate is the government or juristic stockholder, the ballot shall be filled out with the number, the name of government or juristic person and the representative name. If there are more than one representative, all the representative names shall be listed.
- 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 according to article 6 or ballot with unrelated writing to this election

- 5. Written characters blurred and not legible
- 6. Incorrect candidate information on the ballot

- 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 elected Directors shall be given the election notification by the Board.
- Article 14 The rules herein take effect after approval at the stockholders' meeting. The same apply for any amendments.

Appendix

1. Current Shareholding of Directors

The list of the 15th term of Board of Directors of Oriental Union Chemical Corporation

Book closure date: 18 April 2021

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		
		Roy Wu		
	Yue Ming Trading Co. Ltd.	Justin Tsai	440,000	0.05%
	Yu Li Investment Corporation	Paul Chuang	4,861,781	0.55%
Fu Da Transport Co. Ltd.	Eric Chueh	3,254,125	0.36%	
Independent Directors	Walt Cheng	—	—	
	C.T. Chan	—	—	
	Ping Lih	—	—	
The combined shareholding of all Directors on the book closure date			91,437,692	10.31%
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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