

東聯化學

ORIENTAL UNION CHEMICAL CORPORATION



Handbook for **2022**

Annual Shareholders Meeting

Date: 9 June 2022

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

Convening Method: Hybrid Shareholders Meeting

(Physical Shareholders Meeting Supported by Video-Conferencing)

E-Meeting Platform: Taiwan Depository & Clearing Corporation/Stockvote Platform

(<https://www.stockvote.com.tw>)

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Oriental Union Chemical Corporation (OUCC)

2022 Annual Shareholders Meeting

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

Time/Date: 9:00 am (Taipei time) on Tuesday, 9 June 2022

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

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

Meeting Agenda

Call the meeting to order

Chairperson takes chair

Chairperson remarks

Reporting items:

1. 2021 Business Report
2. 2021 Financial Statements
3. The Audit Committee's review report on 2021 Business Report and Financial Statements
4. To report 2021 Directors' Remuneration and Employees' Compensation
5. To report amendment to the "Sustainability Development Principles of OUCC"

Approval items:

1. To accept 2021 Business Report and Financial Statements
2. To approve the proposal for 2021 profit allocation

Discussion items:

1. To approve amendment to the Articles of Incorporation of OUCC
2. To approve amendment to the "Election Procedures of Board of Directors of OUCC"
3. To approve amendment to the bylaw of "Procedures for Capital Lending to Others of OUCC" and "Procedures for Endorsements and Guarantees of OUCC"
4. To approve amendment to the bylaw of "Procedures for Acquisition and Disposal of Assets of OUCC"
5. To approve amendment to the "Meeting Rules of Shareholders of OUCC"

Extemporaneous motion

Meeting Adjourned

Reporting items

1. 2021 Business Report

I. Foreword

Looking back on 2021, the slowing down of the epidemic ensuing from the advent of the new coronavirus vaccine has gradually restored the economic activities and resulted in the global economic growth rate of 5.9%. With the transferred orders effect, the immigration of Taiwanese businessmen as well as the pouring of foreign investment conducive to the performance of Taiwan's exports and domestic demand, the annual economic growth rate reached 6.09%.

Under the ambiance of global economic recovery, combined with the continued adoption of quantitative easing policies of the main economies, the international oil prices were strongly supported. The annual output value of the domestic petrochemical industry reached NT\$1.8 trillion, with a growth rate over 40%, as the industrial prosperity rebounded and profits increased simultaneously.

With new EG production capacity launch and oil refining equipment shut down for maintenance, the EG price declined while raw material ethylene's skyrocketed, resulting in the evened profit and loss despite the shrinking product spread. Due to the implementation of high-value and green product strategies, the Specialty Chemicals and Gas Business Units have achieved significant results, with both revenue and profit hitting record highs.

In 2021, the consolidated revenue reached NT\$27.48 billion, an increase of 46% over the previous year, and the operating net profit totaled NT\$1.42 billion, of 5.2% net operating margin, turning losses into profits. The net profit after tax attributable to the company was NT\$900 million, with the earnings per share (EPS) of NT\$1.03, and the return on equity (ROE) 7.7%.

II. Operating Performance Review

(1) Safety, Health and Environment

Aiming at the green and sustainable development, the company practices circular economy and attaches great importance to issues such as industrial safety, health and environmental protection. In addition to striving to balance the development of chemical production and environmental protection, the company continuously improves process design and equipment investment to promote innovative circular economy solutions, with the green recycling production thinking as roots, homogeneous related waste for recycling, to reduce the impact on the environment.

In the process of production, the company strictly monitors climate-related indicators such as greenhouse gas emissions, energy and water consumption, and regards sustainable environmental development as the category of corporate risk management, and scientifically tracks the progress and results of energy conservation and carbon reduction to ensure that the corporate commitments to environment and society are duly fulfilled.

The overall performance of SHE in 2021, in respect to water resource efflux reduction, the company increased wastewater treatment volume and chemical oxygen demand (COD) degradation capability with the high-efficiency bioreactor (ABR) patented technology introduced; and, comprehensively improved the coal fired furnace and regenerative thermal oxidizer (RTO) systems with natural gas, and added high-efficiency exhaust heat recovery equipment for heat treatment and pollution control. Additionally, in order to meet the energy demand for the ensued mass production of the new specialty chemical plants, the ratio of heat to electricity is readjusted, and the construction of a high-efficiency and low-carbon cogeneration device is planned to achieve the company's goals in emission optimization, power saving and carbon reduction in regard to environmental protection.

(2) Ethylene Glycol Business

As the global EG capacity expanded in 2021, the product prices remained weak. The raw material of ethylene, affected by the blizzards and hurricanes in the southern United States, as well as the abnormal operation of Asian naphtha crackers, has been tight in supply and high in costs. Not until the end of the year, when the Asian naphtha crackers resumed normal operation, coupled with the successful market launch of the new ethylene production capacity, has the price gradually dropped, improving the EG spread.

In 2021, the EG output across the strait totaled 640,000 tons, 660,000 tons were sold, both were equivalent to the volumes of 2020; the total output of ethylene oxide (EO) was 320,000 tons, an increase of 23% over 2020, sale of 190,000 tons, of 19% increase.

(3) GAS Business

The facts that China's dual control policy on energy consumption in 2021 triggered the withdrawal of Taiwanese factories in China to return for investment, while Taiwan's well-controlled epidemic kept the integrity of the industrial supply chain, have contributed to the growth of various export orders against the trend, driving domestic gas demand. On the other hand, China's manufacturing industry declined remarkably due to the Sino-US trade policy and the domestic epidemic. With the non-compliant enterprises of small and medium scales encountered production suspension, resulted from the increasingly strict environmental protection supervision, the gas demand declined synchronously.

In response to the growth trend of gas market demand, the company continued its independent sales advantages of pipeline gas in Linyuan Industrial Park, combined its liquid gas as the strategy to expand customers of multiple industries. The annual revenue and profit of the gas business continued to grow and reached a record high.

In 2021, the oxygen on both sides of the strait totaled 620,000 tons, aside from its own use, 80,000 tons were sold, which is equivalent compared with 2020; while the total nitrogen produced was 470,000 tons, with 430,000 tons sold, of 8% increase.

(4) Specialty Chemicals Business

In order to implement the innovative transformation of the new era, new process and new application, the company focuses on the research and development of ethylene oxide derivatives (EOD) products, and has launched various high-valued products such as functional lotions,

emulsifiers, defoamers, concrete admixtures, synthetic resin of water-based and weather-resistant coating applications, as well as composite materials to enrich product lines and enhance profitability.

Among the product series, the price of ethanolamine (EA) has been arising due to the tight supply in the Middle East, European and American markets. Through optimizing the product distribution for steady supply, the company was able to take full use of the profitable opportunities to meet the major domestic and foreign customers' requirements; the differential product ethylene glycol butyl ether (EB) had equivalent performance in the market; ethylene carbonate (EC) achieved a new high in sales due to the strategic development in new niche markets in parallel with the high demand for downstream PC plastics and lithium batteries.

In sum, the company's Specialty Chemicals business hit record highs both in revenue and profit in 2021. The total annual production of specialty chemicals across the strait was 210,000 tons, an increase of 40% over 2020; sale of 210,000 tons, of 31% increase.

III. 2022 Business Goals and Future Prospects

(1) Overview of 2022 Business Plans

1. Ethylene Glycol Business

Looking forward to 2022, with the successive commissioning of multiple crackers in China and the United States, the unit price of raw material ethylene is expected to remain low; with the slowdown of the global epidemic, and the gradually recovering demand of downstream polyester industry, EG price is expected to be stabilized.

The EG plants of the company from the both sides use high-efficiency catalysts for operation, and implement a thermal integration system to reduce process energy consumption. More, with its coastal ethylene storage tank to enhance operative flexibility, the company shall maintain optimal operation of the plant, reduce manufacturing costs, and improve product competitiveness.

2. GAS Business

Under the circumstances of economic recovery and the weakening of the epidemic impact in 2022, Taiwan's economic growth is expected to sustain, the annual growth of gas market demand of 2022 shall be an outstretched upward trend of 2021.

By way of cementing existing pipeline and liquid gas customers, the company's gas business operation focuses on niche products, customers of new applications, and employing market segmentation strategies to improve overall profitability. In line with the completion of the mass production of the semiconductor-grade CO₂, the green energy product, the company may further develop its customers in semiconductor and electronics industries to increase products' added value, with the vantage of its CO₂ purification technology.

3. Specialty Chemicals Business

Solvent and Amine Chemicals adopt a diversified product sales strategies to reduce the impact of changes in supply and demand of the domestic and foreign markets. The aforementioned

strategies include 1) the ethanolamine (EA) product line prioritized to secure stable sales channels and customers, with sales volume of the new electronics-grade customers planned expanding to maintain its domestic leading edge; 2) the ethylenediamine (EDA) product launch at Q3 as an advantage in view of its exclusive production domestically; 3) the ethylene glycol butyl ether (EB) product line aiming to increase its domestic market share and expand export customers to achieve its economic scale model for production and sale; 4) the further launch of ethylene carbonate (EC) products, based on the original polycarbonate (PC) market, into the super absorbent polymer (SAP), oil formulations and lithium battery markets, advancing the domain of high value-added applications.

On the basis of the stable sales of functional zinc oxide antibacterial detergent and fabric shield laundry lotion, Surfactants and Performance Chemicals adhere to the goals of environmental protection and carbon reduction, use plastic recycled by its own independent technology as raw material to develop new surfactants, and launch a number of new products such as functional papermaking auxiliaries, defoaming agents for resin/rubber industry, printing ink dispersants, etc., strengthening green conceptual products as well as guiding customers towards environmental protection and sustainable operation.

Construction Chemicals focus on the development of differential chemicals for concrete, improving the construction quality and efficiency by enhancing the durability of the advanced concrete, and enlarging sales and profits by increasing products' added value. Moreover, considering the recovery of the global construction industry, the company shall aim at targeting markets to expand the export proportion.

Fine Chemicals will feature the development of reactive grade polyols and polyetheramine (PEA) products, highlighting the integration of synthetic resin solutions, in hopes of extending the customers according to product demand. As the green energy product PEA joins at Q3, the company's market domain in the light-weighted epoxy resin hardener for wind blades shall stand out.

On the whole, in 2022, with the application and development advantages of both ethylene oxide (EO) and propylene oxide (PO), the company is expected to arrive at the thriving phase of the innovative product series of specialty chemicals, and the revenue and profit generated from both niche and new functional products will be further improved.

(2) Prospects for Future Operations

In the midst of the changes in the epidemic evolution, oil prices fluctuations, economic status quo, inflation trends and geopolitics, the company is positioned at a turning point of production transformation and business innovation; the management team is committed to green sustainability, environmental protection, social responsibility, and corporate governance, and strive to accelerate the pace of continuous improvement and innovation in R&D, cost, production and sales.

In view of its business strategy, the company will increase the production ratio of high-margin specialty chemicals yearly, continue to deploy in the domains of solvents, daily chemicals, construction materials and fine chemical applications, and adopt a value-oriented commercial model to integrate business, production, research and development. The sales team will serve

customers with differential high-quality products to meet market demands. The gas business will further enhance the product value by expanding its product sales in food and electronic grades.

With the launch of new products polyetheramine (PEA), ethylenediamine (EDA), semiconductor grade CO₂, and the completion of mass production of new specialty chemical plants, the company's ready and independent EO technology will be extended to PO application to establish high value-added derivative products. To fulfill the market demand, the company will also grasp the opportunity to embark on the key material domain of amine derivatives for its own technology development in amine applications. At the same time, the total solutions in respect to the domains of specialty chemicals and materials such as battery materials, electronic chemicals, high-purity gases and special application materials will be provided. In addition, the research and development of green products such as CO₂ chemicals of low-carbon technique, plastic recycling and biodegradability will be the promising development of future mainstream and trend.

For future perspective, the company will adhere to its transformation through research and development, implement circular economy, energy transformation and low-carbon production, targeting 20% carbon reduction and carbon neutrality respectively by 2030 and 2050; and, continue as a world-class diversified management company with specialty chemicals as its core, pursuing profit and growth based on robust operation and the industrial trend, and constantly creating new value for shareholders, customers and employees.

2. 2021 Financial Statements

The 2021 independent auditors' reports and financial statements by Deloitte & Touche are attached as follows. (The 2021 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, 2021 and 2020, 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, 2021 and 2020, 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, 2021. 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, 2021 are as follow:

The Impairment Loss of Property, Plant and Equipment

The consolidated balances of property, plant and equipment amounted to \$12,991,435 thousand as of December 31, 2021. 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 38% 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, 2021 and 2020 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, 2021 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 7, 2022

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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

| ASSETS | 2021 | | 2020 | |
|--|----------------------|------------|----------------------|------------|
| | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | \$ 2,103,567 | 6 | \$ 2,734,878 | 8 |
| Financial assets at fair value through profit or loss | 61,443 | - | 59,488 | - |
| Financial assets at amortized cost | 385,591 | 1 | - | - |
| Notes receivable, net | 222,825 | 1 | 193,353 | 1 |
| Trade receivables, net | 1,002,032 | 3 | 860,472 | 2 |
| Trade receivables from related parties | 112,582 | - | 161,172 | - |
| Other receivables | 558,657 | 2 | 550,216 | 2 |
| Inventories | 1,401,534 | 4 | 989,670 | 3 |
| Prepayments for purchases | 207,749 | 1 | 235,263 | 1 |
| Other prepayments | 45,647 | - | 124,739 | - |
| Other current assets | 191,785 | 1 | 377,030 | 1 |
| Total current assets | 6,293,412 | 19 | 6,286,281 | 18 |
| NON-CURRENT ASSETS | | | | |
| Financial assets at fair value through other comprehensive income | 5,499,431 | 16 | 5,623,314 | 17 |
| Financial assets at amortized cost | 87,217 | - | 74,204 | - |
| Investments accounted for using the equity method | 1,331,028 | 4 | 1,854,779 | 6 |
| Property, plant and equipment | 12,991,435 | 38 | 13,837,770 | 41 |
| Construction in progress | 1,650,287 | 5 | 734,464 | 2 |
| Right-of-use assets | 386,150 | 1 | 401,940 | 1 |
| Investment properties | 1,991,406 | 6 | 1,991,488 | 6 |
| Intangible assets | 46,382 | - | 31,431 | - |
| Deferred tax assets | 556,899 | 2 | 749,996 | 2 |
| Other non-current assets | 2,942,524 | 9 | 2,517,960 | 7 |
| Total non-current assets | 27,482,759 | 81 | 27,817,346 | 82 |
| TOTAL | \$ 33,776,171 | 100 | \$ 34,103,627 | 100 |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Short-term borrowings | \$ 5,471,310 | 16 | \$ 6,885,222 | 20 |
| Notes payable | - | - | 98,209 | 1 |
| Trade payables | 1,556,601 | 5 | 1,100,550 | 3 |
| Other payables | 1,275,103 | 4 | 408,856 | 1 |
| Other payables to related parties | 74,149 | - | 55,860 | - |
| Current tax liabilities | 6,566 | - | 31,424 | - |
| Lease liabilities | 7,300 | - | 8,103 | - |
| Other current liabilities | 287,722 | 1 | 323,630 | 1 |
| Total current liabilities | 8,678,751 | 26 | 8,911,854 | 26 |
| NON-CURRENT LIABILITIES | | | | |
| Long-term borrowings | 8,129,398 | 24 | 9,249,176 | 27 |
| Deferred tax liabilities | 720,629 | 2 | 705,372 | 2 |
| Lease liabilities | 2,881 | - | 7,130 | - |
| Net defined benefit liabilities | 230,482 | 1 | 259,680 | 1 |
| Guarantee deposits | 39,431 | - | 34,518 | - |
| Other non-current liabilities | 53,997 | - | 24,091 | - |
| Total non-current liabilities | 9,176,818 | 27 | 10,279,967 | 30 |
| Total liabilities | 17,855,569 | 53 | 19,191,821 | 56 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION | | | | |
| Common stock | 8,857,031 | 26 | 8,857,031 | 26 |
| Capital surplus | 1,006,828 | 3 | 956,286 | 3 |
| Retained earnings | | | | |
| Legal reserve | 1,526,813 | 4 | 2,327,378 | 7 |
| Special reserve | 1,911,129 | 6 | 1,911,129 | 5 |
| Unappropriated earnings (accumulated deficits) | 882,237 | 3 | (800,565) | (2) |
| Total retained earnings | 4,320,179 | 13 | 3,437,942 | 10 |
| Other equity | | | | |
| Exchange differences on translating foreign operations | (496,003) | (2) | (472,288) | (1) |
| Unrealized loss on financial assets at fair value through other comprehensive income | (726,882) | (2) | (487,204) | (2) |
| Total other equity | (1,222,885) | (4) | (959,492) | (3) |
| Treasury stock | (124,373) | - | (187,798) | - |
| NON-CONTROLLING INTERESTS | 3,083,822 | 9 | 2,807,837 | 8 |
| Total equity | 15,920,602 | 47 | 14,911,806 | 44 |
| TOTAL | \$ 33,776,171 | 100 | \$ 34,103,627 | 100 |

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

| | 2021 | | 2020 | |
|--|-------------------|------------|-------------------|------------|
| | Amount | % | Amount | % |
| OPERATING REVENUE | | | | |
| Sales revenue | \$ 27,466,680 | 100 | \$ 18,713,712 | 100 |
| Other operating revenue | <u>15,039</u> | - | <u>49,447</u> | - |
| Total operating revenue | <u>27,481,719</u> | <u>100</u> | <u>18,763,159</u> | <u>100</u> |
| COST OF GOODS SOLD | | | | |
| | <u>24,929,674</u> | <u>91</u> | <u>18,245,325</u> | <u>97</u> |
| GROSS PROFIT | | | | |
| | <u>2,552,045</u> | <u>9</u> | <u>517,834</u> | <u>3</u> |
| OPERATING EXPENSES | | | | |
| Selling and marketing expenses | 663,766 | 2 | 545,283 | 3 |
| General and administrative expenses | 269,229 | 1 | 277,940 | 1 |
| Research and development expenses | 195,881 | 1 | 149,965 | 1 |
| Expected credit loss | <u>1,177</u> | - | <u>638</u> | - |
| Total operating expenses | <u>1,130,053</u> | <u>4</u> | <u>973,826</u> | <u>5</u> |
| PROFIT (LOSS) FROM OPERATIONS | | | | |
| | <u>1,421,992</u> | <u>5</u> | <u>(455,992)</u> | <u>(2)</u> |
| NON-OPERATING INCOME AND EXPENSES | | | | |
| Interest income | 42,555 | - | 62,096 | - |
| Rental income | 39,554 | - | 39,323 | - |
| Dividend income | 71,542 | - | 49,990 | - |
| Other income | 621,988 | 3 | 208,598 | 1 |
| Foreign currency exchange gain | 11,598 | - | 11,088 | - |
| Gain on financial assets at fair value through profit or loss | 332 | - | 5,512 | - |
| Other expenses | (59,562) | - | (214,908) | (1) |
| Interest expense | (260,011) | (1) | (367,029) | (2) |
| Share of loss of associates accounted for using the equity method | <u>(514,913)</u> | <u>(2)</u> | <u>(645,967)</u> | <u>(3)</u> |
| Total non-operating income and expenses | <u>(46,917)</u> | <u>-</u> | <u>(851,297)</u> | <u>(5)</u> |

(Continued)

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

| | 2021 | | 2020 | |
|---|-------------------|------------|-----------------------|------------|
| | Amount | % | Amount | % |
| PROFIT (LOSS) BEFORE INCOME TAX | 1,375,075 | 5 | (1,307,289) | (7) |
| INCOME TAX EXPENSE | <u>188,320</u> | <u>1</u> | <u>164,358</u> | <u>1</u> |
| NET PROFIT (LOSS) FOR THE YEAR | <u>1,186,755</u> | <u>4</u> | <u>(1,471,647)</u> | <u>(8)</u> |
| OTHER COMPREHENSIVE LOSS | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit plans | \$ (21,901) | - | \$ (12,488) | - |
| Unrealized loss on investments in equity instruments designated as at fair value through other comprehensive income | (239,678) | (1) | (294,548) | (2) |
| Income tax relating to items that will not be reclassified subsequently to profit or loss | 4,380 | - | 2,498 | - |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translating the financial statement of foreign operations | (27,084) | - | 102,767 | 1 |
| Share of the other comprehensive (loss) income of associates accounted for using the equity method | <u>(7,643)</u> | <u>-</u> | <u>23,219</u> | <u>-</u> |
| Other comprehensive loss for the year, net of income tax | <u>(291,926)</u> | <u>(1)</u> | <u>(178,552)</u> | <u>(1)</u> |
| TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR | <u>\$ 894,829</u> | <u>3</u> | <u>\$ (1,650,199)</u> | <u>(9)</u> |
| NET PROFIT (LOSS) PROFIT ATTRIBUTED TO: | | | | |
| Owners of the Corporation | <u>\$ 899,758</u> | <u>3</u> | <u>\$ (1,064,698)</u> | <u>(6)</u> |
| Non-controlling interests | <u>\$ 286,997</u> | <u>1</u> | <u>\$ (406,949)</u> | <u>(2)</u> |
| TOTAL COMPREHENSIVE INCOME (LOSS) INCOME ATTRIBUTED TO: | | | | |
| Owners of the Corporation | <u>\$ 618,844</u> | <u>2</u> | <u>\$ (1,285,389)</u> | <u>(7)</u> |
| Non-controlling interests | <u>\$ 275,985</u> | <u>1</u> | <u>\$ (364,810)</u> | <u>(2)</u> |
| EARNINGS (LOSS) PER SHARE | | | | |
| Basic | <u>\$ 1.03</u> | | <u>\$ (1.22)</u> | |
| Diluted | <u>\$ 1.03</u> | | <u>\$ (1.22)</u> | |

(Concluded)

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

| | Equity Attributable to Owners of the Corporation | | | | | | | Other Equity | | | | Total Equity |
|--|--|--|-------------------|-------------------|---------------------|---------------------|--|--|---|---------------------|---------------------------|----------------------|
| | Common Stock | Capital Surplus | | | Retained Earnings | | Unappropriated Earnings (Accumulated Deficits) | Exchange Differences on Translating Foreign Operations | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income | Treasury Stock | Non-controlling Interests | |
| | | Paid-in Capital in Excess of Par Value | Treasury Stock | Other | Legal Reserve | Special Reserve | | | | | | |
| BALANCE AT JANUARY 1, 2020 | \$ 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 | 8,857,031 | 470,767 | 322,787 | 162,732 | 2,327,378 | 1,911,129 | (800,565) | (472,288) | (487,204) | (187,798) | 2,807,837 | 14,911,806 |
| Legal reserve to offset the deficit | - | - | - | - | (800,565) | - | 800,565 | - | - | - | - | - |
| Net profit for the year ended December 31, 2021 | - | - | - | - | - | - | 899,758 | - | - | - | 286,997 | 1,186,755 |
| Other comprehensive loss for the year ended December 31, 2021 | - | - | - | - | - | - | (17,521) | (23,715) | (239,678) | - | (11,012) | (291,926) |
| Total comprehensive income (loss) for the year ended December 31, 2021 | - | - | - | - | - | - | 882,237 | (23,715) | (239,678) | - | 275,985 | 894,829 |
| Stocks of the parent company disposed of by the subsidiary and recognized as treasury shares transaction | - | - | 50,542 | - | - | - | - | - | - | 63,425 | - | 113,967 |
| BALANCE AT DECEMBER 31, 2021 | <u>\$ 8,857,031</u> | <u>\$ 470,767</u> | <u>\$ 373,329</u> | <u>\$ 162,732</u> | <u>\$ 1,526,813</u> | <u>\$ 1,911,129</u> | <u>\$ 882,237</u> | <u>\$ (496,003)</u> | <u>\$ (726,882)</u> | <u>\$ (124,373)</u> | <u>\$ 3,083,822</u> | <u>\$ 15,920,602</u> |

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

| | 2021 | 2020 |
|--|--------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit (loss) before income tax | \$ 1,375,075 | \$ (1,307,289) |
| Adjustments : | | |
| Depreciation expenses | 1,081,452 | 1,044,194 |
| Amortization expenses | 15,015 | 16,888 |
| Expected credit loss | 1,177 | 638 |
| Gain on financial assets at fair value through profit or loss, net | (332) | (5,512) |
| Interest expense | 260,011 | 367,029 |
| Interest income | (42,555) | (62,096) |
| Dividend income | (71,542) | (49,990) |
| Share of loss of associates accounted for using the equity method | 514,913 | 645,967 |
| Loss (gain) on disposal of property, plant and equipment | 11,574 | (6,412) |
| Write-downs of inventories | 35,240 | 28,908 |
| Unrealized (gain) loss on foreign currency exchange | (17,782) | 38,026 |
| Changes in operating assets and liabilities | | |
| Financial assets at fair value through profit or loss | (1,623) | 90,360 |
| Notes receivable | (29,591) | 60,546 |
| Trade receivables | (142,618) | (212,339) |
| Trade receivables from related parties | 48,590 | (66,750) |
| Other receivables | (5,342) | (198,176) |
| Inventories | (446,896) | 275,978 |
| Prepayments | 106,606 | 27,848 |
| Other current assets | 185,245 | 498,156 |
| Notes payable | (98,209) | 98,209 |
| Trade payables | 456,051 | (215,030) |
| Other payables | 738,368 | (31,179) |
| Other current liabilities | (35,908) | 132,255 |
| Net defined benefit liabilities | (51,099) | (16,573) |
| Deferred revenue | - | (101,784) |
| Other non-current liabilities | 29,906 | 24,091 |
| Cash generated from operations | 3,915,726 | 1,075,963 |
| Interest received | 39,456 | 68,711 |
| Interest paid | (262,325) | (349,499) |
| Income tax paid | (1,500) | (43,574) |
| Net cash generated from operating activities | 3,691,357 | 751,601 |

(Continued)

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

| | 2021 | 2020 |
|--|----------------------------|----------------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of financial assets at fair value through other comprehensive income | \$ (115,795) | \$ - |
| 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 | (398,171) | 442,734 |
| Payments for property, plant and equipment | (17,299) | (15,052) |
| Proceeds from disposal of property, plant and equipment | 3,649 | 2,612 |
| Payments for intangible assets | (22,981) | (10,857) |
| Acquisition of right-of-use assets | (439) | - |
| (Increase) decrease in other non-current assets | (431,608) | 145,854 |
| Increase in construction in progress | (1,016,806) | (498,259) |
| Other dividend received | <u>71,542</u> | <u>49,990</u> |
| Net cash (used in) generated from investing activities | <u>(1,927,908)</u> | <u>159,022</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayments of short-term borrowings | (1,384,279) | (1,142,496) |
| Repayments of short-term bills payable | - | (200,000) |
| Proceeds from long-term borrowings | 13,420,000 | 13,330,787 |
| Repayments of long-term borrowings | (14,539,778) | (13,021,218) |
| Increase in guarantee deposits | 4,913 | 11,100 |
| Repayment of the principal portion of lease liabilities | (8,411) | (9,274) |
| Dividends paid to owners of the Corporation | - | (261,585) |
| Proceeds from reissuance of treasury stock | <u>113,967</u> | <u>-</u> |
| Net cash used in financing activities | <u>(2,393,588)</u> | <u>(1,292,686)</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES | <u>(1,172)</u> | <u>18,387</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (631,311) | (363,676) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>2,734,878</u> | <u>3,098,554</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 2,103,567</u> | <u>\$ 2,734,878</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, 2021 and 2020, 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, 2021 and 2020, 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, 2021. 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, 2021 are as follow:

The Impairment Loss of Property, Plant and Equipment

The balances of property, plant and equipment amounted to \$5,222,625 thousand as of December 31, 2021. 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 23% 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, 2021 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 7, 2022

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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

| ASSETS | 2021 | | 2020 | |
|--|----------------------|------------|----------------------|------------|
| | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | \$ 730,924 | 3 | \$ 656,128 | 3 |
| Notes receivable, net | 77,214 | - | 57,454 | - |
| Trade receivables, net | 830,041 | 4 | 673,003 | 3 |
| Trade receivables from related parties | 111,762 | - | 93,673 | - |
| Other receivables | 251 | - | 1,826 | - |
| Inventories | 626,662 | 3 | 354,040 | 2 |
| Prepayments for purchases | 11,620 | - | 74,595 | - |
| Other prepayments | 16,799 | - | 16,304 | - |
| Other current assets | <u>169,049</u> | <u>1</u> | <u>184,009</u> | <u>1</u> |
| Total current assets | <u>2,574,322</u> | <u>11</u> | <u>2,111,032</u> | <u>9</u> |
| NON-CURRENT ASSETS | | | | |
| Financial assets at fair value through other comprehensive income | 3,773,522 | 16 | 3,900,242 | 17 |
| Financial assets at amortized cost | 87,217 | - | 64,383 | - |
| Investments accounted for using the equity method | 6,801,395 | 29 | 6,876,754 | 30 |
| Property, plant and equipment | 5,222,625 | 23 | 5,563,410 | 25 |
| Construction in progress | 1,575,030 | 7 | 640,293 | 3 |
| Right-of-use assets | 10,350 | - | 14,973 | - |
| Investment properties | 1,991,406 | 9 | 1,991,488 | 9 |
| Intangible assets | 7,356 | - | 11,060 | - |
| Deferred tax assets | 270,612 | 1 | 462,545 | 2 |
| Other non-current assets | <u>918,695</u> | <u>4</u> | <u>1,076,495</u> | <u>5</u> |
| Total non-current assets | <u>20,658,208</u> | <u>89</u> | <u>20,601,643</u> | <u>91</u> |
| TOTAL | <u>\$ 23,232,530</u> | <u>100</u> | <u>\$ 22,712,675</u> | <u>100</u> |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Trade payables | \$ 1,117,110 | 5 | \$ 545,940 | 2 |
| Other payables | 492,900 | 2 | 272,164 | 1 |
| Current tax liabilities | 6,566 | - | 31,424 | - |
| Lease liabilities | 7,300 | - | 8,103 | - |
| Other current liabilities | <u>153,383</u> | <u>1</u> | <u>95,072</u> | <u>1</u> |
| Total current liabilities | <u>1,777,259</u> | <u>8</u> | <u>952,703</u> | <u>4</u> |
| NON-CURRENT LIABILITIES | | | | |
| Long-term borrowings | 7,599,571 | 33 | 8,659,389 | 38 |
| Deferred tax liabilities | 696,177 | 3 | 679,358 | 3 |
| Lease liabilities | 2,881 | - | 7,130 | - |
| Net defined benefit liabilities | 230,482 | 1 | 259,680 | 2 |
| Guarantee deposits | 35,383 | - | 26,355 | - |
| Other non-current liabilities | <u>53,997</u> | <u>-</u> | <u>24,091</u> | <u>-</u> |
| Total non-current liabilities | <u>8,618,491</u> | <u>37</u> | <u>9,656,003</u> | <u>43</u> |
| Total liabilities | <u>10,395,750</u> | <u>45</u> | <u>10,608,706</u> | <u>47</u> |
| EQUITY | | | | |
| Common stock | <u>8,857,031</u> | <u>38</u> | <u>8,857,031</u> | <u>39</u> |
| Capital surplus | <u>1,006,828</u> | <u>4</u> | <u>956,286</u> | <u>4</u> |
| Retained earnings | | | | |
| Legal reserve | 1,526,813 | 7 | 2,327,378 | 10 |
| Special reserve | 1,911,129 | 8 | 1,911,129 | 8 |
| Unappropriated earnings (accumulated deficits) | <u>882,237</u> | <u>4</u> | <u>(800,565)</u> | <u>(3)</u> |
| Total retained earnings | <u>4,320,179</u> | <u>19</u> | <u>3,437,942</u> | <u>15</u> |
| Other equity | | | | |
| Exchange differences on translating foreign operations | (496,003) | (2) | (472,288) | (2) |
| Unrealized loss on financial assets at fair value through other comprehensive income | <u>(726,882)</u> | <u>(3)</u> | <u>(487,204)</u> | <u>(2)</u> |
| Total other equity | <u>(1,222,885)</u> | <u>(5)</u> | <u>(959,492)</u> | <u>(4)</u> |
| Treasury stock | <u>(124,373)</u> | <u>(1)</u> | <u>(187,798)</u> | <u>(1)</u> |
| Total equity | <u>12,836,780</u> | <u>55</u> | <u>12,103,969</u> | <u>53</u> |
| TOTAL | <u>\$ 23,232,530</u> | <u>100</u> | <u>\$ 22,712,675</u> | <u>100</u> |

ORIENTAL UNION CHEMICAL CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

| | 2021 | | 2020 | |
|---|-------------------|------------|--------------------|-------------|
| | Amount | % | Amount | % |
| OPERATING REVENUE | | | | |
| Sales revenue | \$ 14,673,731 | 100 | \$ 9,798,912 | 100 |
| OPERATING COSTS | | | | |
| Cost of goods sold | <u>12,620,091</u> | <u>86</u> | <u>9,015,310</u> | <u>92</u> |
| GROSS PROFIT | <u>2,053,640</u> | <u>14</u> | <u>783,602</u> | <u>8</u> |
| OPERATING EXPENSES | | | | |
| Selling and marketing expenses | 627,742 | 4 | 511,610 | 5 |
| General and administrative expenses | 119,621 | 1 | 114,277 | 1 |
| Research and development expenses | 156,857 | 1 | 149,965 | 2 |
| Expected credit loss | <u>1,177</u> | <u>-</u> | <u>638</u> | <u>-</u> |
| Total operating expenses | <u>905,397</u> | <u>6</u> | <u>776,490</u> | <u>8</u> |
| PROFIT FROM OPERATIONS | <u>1,148,243</u> | <u>8</u> | <u>7,112</u> | <u>-</u> |
| NON-OPERATING INCOME AND EXPENSES | | | | |
| Interest income | 905 | - | 2,142 | - |
| Rental income | 39,662 | - | 39,683 | - |
| Dividend income | 71,542 | - | 49,990 | 1 |
| Other income | 39,140 | - | 44,074 | - |
| Gain on disposal of property, plant and equipment | 263 | - | 995 | - |
| Foreign currency exchange loss | (1,908) | - | (9,016) | - |
| Gain on financial assets at fair value through profit or loss | - | - | 5,064 | - |
| Other expenses | (35,184) | - | (30,112) | - |
| Interest expense | (59,820) | - | (78,580) | (1) |
| Share of loss of subsidiaries accounted for using equity method | <u>(113,311)</u> | <u>(1)</u> | <u>(1,111,368)</u> | <u>(11)</u> |
| Total non-operating income and expenses | <u>(58,711)</u> | <u>(1)</u> | <u>(1,087,128)</u> | <u>(11)</u> |

(Continued)

ORIENTAL UNION CHEMICAL CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

| | 2021 | | 2020 | |
|---|-------------------|------------|-----------------------|-------------|
| | Amount | % | Amount | % |
| PROFIT (LOSS) BEFORE INCOME TAX | 1,089,532 | 7 | (1,080,016) | (11) |
| INCOME TAX EXPENSE (BENEFIT) | <u>189,774</u> | <u>1</u> | <u>(15,318)</u> | <u>-</u> |
| NET PROFIT (LOSS) FOR THE YEAR | <u>899,758</u> | <u>6</u> | <u>(1,064,698)</u> | <u>(11)</u> |
| OTHER COMPREHENSIVE LOSS | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit plans | \$ (21,901) | - | \$ (12,488) | - |
| Unrealized loss on investments in equity instruments designated as at fair value through other comprehensive income | (187,378) | (1) | (228,538) | (2) |
| Income tax relating to items that will not be reclassified subsequently to profit or loss | 4,380 | - | 2,498 | - |
| Share of the other comprehensive loss of subsidiaries accounted for using equity method | (52,300) | (1) | (66,010) | (1) |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Share of the other comprehensive (loss) income of subsidiaries accounted for using equity method | <u>(23,715)</u> | <u>-</u> | <u>83,847</u> | <u>1</u> |
| Other comprehensive loss for the year, net of income tax | <u>(280,914)</u> | <u>(2)</u> | <u>(220,691)</u> | <u>(2)</u> |
| TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR | <u>\$ 618,844</u> | <u>4</u> | <u>\$ (1,285,389)</u> | <u>(13)</u> |
| EARNINGS (LOSS) PER SHARE | | | | |
| Basic | <u>\$ 1.03</u> | | <u>\$ (1.22)</u> | |
| Diluted | <u>\$ 1.03</u> | | <u>\$ (1.22)</u> | |

(Concluded)

ORIENTAL UNION CHEMICAL CORPORATION

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

| | Capital Surplus | | | | Retained Earnings | | | Other Equity | | Treasury Stock | Total Equity |
|---|---------------------|--|-------------------|-------------------|---------------------|---------------------|---|--|--|---------------------|----------------------|
| | Common Stock | 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 Comprehensive Income | | |
| BALANCE AT JANUARY 1, 2020 | \$ 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 | 8,857,031 | 470,767 | 322,787 | 162,732 | 2,327,378 | 1,911,129 | (800,565) | (472,288) | (487,204) | (187,798) | 12,103,969 |
| Legal reserve to offset the deficit | - | - | - | - | (800,565) | - | 800,565 | - | - | - | - |
| Net profit for the year ended December 31, 2021 | - | - | - | - | - | - | 899,758 | - | - | - | 899,758 |
| Other comprehensive loss for the year ended December 31, 2021 | - | - | - | - | - | - | (17,521) | (23,715) | (239,678) | - | (280,914) |
| Total comprehensive income (loss) for the year ended December 31, 2021 | - | - | - | - | - | - | 882,237 | (23,715) | (239,678) | - | 618,844 |
| Stocks of the parent company disposed of by the subsidiary and recognized as treasury shares transaction | - | - | 50,542 | - | - | - | - | - | - | 63,425 | 113,967 |
| BALANCE AT DECEMBER 31, 2021 | <u>\$ 8,857,031</u> | <u>\$ 470,767</u> | <u>\$ 373,329</u> | <u>\$ 162,732</u> | <u>\$ 1,526,813</u> | <u>\$ 1,911,129</u> | <u>\$ 882,237</u> | <u>\$ (496,003)</u> | <u>\$ (726,882)</u> | <u>\$ (124,373)</u> | <u>\$ 12,836,780</u> |

ORIENTAL UNION CHEMICAL CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

| | 2021 | 2020 |
|--|------------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit (loss) before income tax | \$ 1,089,532 | \$ (1,080,016) |
| Adjustments: | | |
| Depreciation expenses | 550,938 | 531,066 |
| Amortization expenses | 9,157 | 9,781 |
| Expected credit loss | 1,177 | 638 |
| Gain on financial assets at fair value through profit or loss, net | - | (5,064) |
| Interest expense | 59,820 | 78,580 |
| Interest income | (905) | (2,142) |
| Dividend income | (71,542) | (49,990) |
| Share of loss of subsidiaries accounted for using equity method | 113,311 | 1,111,368 |
| Gain on disposal of property, plant and equipment | (263) | (995) |
| Write-downs (reversal of write-downs) of inventories | 12,543 | (7,897) |
| Unrealized loss on foreign currency exchange | 934 | 9,016 |
| Changes in operating assets and liabilities | | |
| Financial assets at fair value through profit or loss | - | 81,601 |
| Notes receivable | (19,879) | 14,169 |
| Trade receivables | (176,185) | (120,658) |
| Other receivables | 1,460 | 5,427 |
| Inventories | (285,165) | 289,771 |
| Prepayments | 62,480 | (41,890) |
| Other current assets | 14,960 | (157,577) |
| Trade payables | 571,170 | (113,294) |
| Other payables | 89,714 | (32,171) |
| Other current liabilities | 58,311 | (64,566) |
| Net defined benefit liabilities | (51,099) | (16,573) |
| Other non-current liabilities | 29,906 | 24,091 |
| Cash generated from operations | 2,060,375 | 462,675 |
| Interest received | 1,020 | 2,059 |
| Interest paid | (60,658) | (83,119) |
| Income tax paid | (1,500) | (3,091) |
| Net cash generated from operating activities | <u>1,999,237</u> | <u>378,524</u> |

(Continued)

ORIENTAL UNION CHEMICAL CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

| | 2021 | 2020 |
|--|--------------------|-------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of financial assets at fair value through other comprehensive income | \$ (60,658) | \$ - |
| Proceeds from the capital reduction of financial assets at fair value through other comprehensive income | - | 42,000 |
| Payments for disposal of financial assets at amortized cost | (22,834) | (8,340) |
| Proceeds from disposal of property, plant and equipment | 263 | 995 |
| Acquisition of right-of-use assets | (439) | - |
| Decrease (increase) in other non-current assets | 152,347 | (245,311) |
| Increase in construction in progress | (1,004,527) | (404,709) |
| Dividends received | <u>71,542</u> | <u>49,990</u> |
| Net cash used in investing activities | <u>(864,306)</u> | <u>(565,375)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from long-term borrowings | 11,700,000 | 12,441,000 |
| Repayments of long-term borrowings | (12,759,818) | (12,721,218) |
| Increase in guarantee deposits | 9,028 | 4,808 |
| Repayment of the principal portion of lease liabilities | (8,411) | (9,274) |
| Dividends paid to owners of the Corporation | <u>-</u> | <u>(265,711)</u> |
| Net cash used in financing activities | <u>(1,059,201)</u> | <u>(550,395)</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES | <u>(934)</u> | <u>(9,016)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 74,796 | (746,262) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>656,128</u> | <u>1,402,390</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 730,924</u> | <u>\$ 656,128</u> |

(Concluded)

3. Audit Committee's review report on the 2021 Business Report and Financial Statements

To the 2022 Annual Shareholders' Meeting of Oriental Union Chemical Corporation,

In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we have examined the Business Report, Financial Statements, and the Resolution for Allocation of Surplus Profit submitted by the Board of Directors for the year ending 2021, which have been audited by the CPAs Hsin-Wei Tai and 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 be 'W. H. H. H. H.', written in a cursive style with a large loop at the end.

March 7, 2022

4. To report 2021 Directors' remuneration and employees' compensation

- (1) In accordance with the Article 33 of Article of Incorporation of Oriental Union Chemical Corporation, in which it is stated "Should the Company have profit for the current year, the proportioned 1%-2% of the profit shall be allocated as employees' bonuses, and less than 1% as Directors' remuneration."
- (2) The company's 2021 compensation to employees is calculated as NT\$16,724,265, whereas remuneration to Directors as NT\$8,362,132. Total calculated amount of the above comply with Article of Incorporation of Oriental Union Chemical Corporation, and shall be distributed all in cash.
- (3) The 2021 Directors' remuneration and employees' compensation were approved by the 4th Board meeting of the 16th term and shall be reported to the 2022 Annual Shareholders Meeting.
- (4) Please accept the aforesaid report.

5. To report amendment to the “Sustainable Development Principles of OUCC”

- (1) In order to strengthen the promotion of corporate sustainable governance and realize the goal of sustainable development, the company has amended its “Sustainable Development Principles,” pursuant to the "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies" of the Taiwan Stock Exchange Corporation publicized on December 7, 2021, which of the mentioned principles were approved by the 4th Board of Directors meeting resolution of the 16th term held on March 7, 2022. The comparison table of the revised provisions is enclosed thereof.
- (2) Please accept the aforesaid report.

Attachment –

Amendment to the Sustainable Development Principles of OUCC

| Section | Proposed Changes | Current Articles |
|-----------|--|--|
| | The <u>Sustainable Development</u> Principles of OUCC | The <u>Corporate Social Responsibility</u> Principles of OUCC |
| Article 1 | To fulfill corporate social responsibility initiatives and to promote economic, social and environmental sustainable development and equilibrium, Oriental Union Chemical Corporation formulates Corporate Social Responsibility Principles in accordance with “ <u>Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies</u> ” by Taiwan Stock Exchange Corporation. | To fulfill corporate social responsibility initiatives and to promote economic, social and environmental sustainable development and equilibrium, Oriental Union Chemical Corporation formulates Corporate Social Responsibility Principles in accordance with “ <u>Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies</u> ” by Taiwan Stock Exchange Corporation. |
| Article 2 | The Principles are based on the scope of the entire operations of the Company and its subsidiaries (both herein referred to as “The Company”). In fulfilling the corporate social responsibility initiatives, the Company <u>shall identify its stakeholders, realize and give due consideration to the rational expectations, requirements</u> as well as rights and interests of stakeholders <u>through appropriate communication</u> . <u>While pursuing sustainable operation performance, the Company also pays high attention to and incorporates the factors of environment, society and corporate governance into its management guidelines and operation activities.</u> | The Principles are based on the scope of the entire operations of the Company and <u>manufacturing units</u> of its subsidiaries (both herein referred to as “The Company”). In fulfilling the corporate social responsibility initiatives, the Company <u>respects and attends to the social ethics</u> and the rights and interests of the stakeholders and, while operating its business, <u>also gives due consideration to the environment, society and corporate governance.</u> |
| Article 3 | For the purpose of managing corporate <u>sustainable development</u> initiatives and <u>the installment of a specific framework for promotion</u> , the Company should establish a dedicated (concurrent) <u>ESG</u> Committee to <u>supervise the implementation in line with the principles, system of the corporate sustainable development or relevant management guidelines and plans.</u> | Article 5 For the purpose of managing corporate <u>social responsibility</u> initiatives, the Company should establish a dedicated (concurrent) <u>CSR</u> Committee to be in charge of proposing and enforcing the <u>CSR</u> principles or system of the company. |
| Article 4 | <u>The Company shall, in accordance with the principle of materiality, conduct risk assessments on environmental, social and corporate governance issues related to company operations, and formulate relevant risk management policies or strategies to manage its economic, environmental and social risks and impacts.</u> | |
| Article 5 | To implement corporate <u>sustainable development</u> initiatives, the Company follows the principles below: (1) Exercise corporate governance. (2) Foster a sustainable environment. (3) Preserve public welfare. (4) Enhance information disclosure of corporate <u>sustainable development.</u> | Article 3 To implement corporate <u>social responsibility</u> initiatives, the Company follows the principles below: (1) <u>Promote</u> corporate governance. (2) Foster a sustainable environment. (3) Preserve public welfare. (4) Enhance information disclosure of corporate <u>social responsibility.</u> |

| Section | Proposed Changes | Current Articles |
|------------------|---|---|
| Chapter 2 | Exercise Corporate Governance | <u>Promote</u> Corporate Governance |
| Article <u>6</u> | <p>The Board of Directors of the Company exercises the duty of care as good administrators to urge the company to perform its corporate <u>sustainable development</u> initiatives, examine the results of the implementation thereof and continually make adjustments so as to ensure the thorough implementation of its corporate <u>sustainable development</u> principles.</p> <p><u>While performing corporate sustainable development, the Company gives due consideration to the interests of the stakeholders, which include:</u></p> <ol style="list-style-type: none"> <u>(1) Formulate the “Sustainable Strategy Blueprint” and management guidelines related to the corporate sustainable development.</u> <u>(2) Incorporate the sustainable development into the operation activities and development of the Company, and approve the specific promotion plan in such regard.</u> <u>(3) Ensure the timeliness and correctness of the disclosure of information related to the corporate sustainable development.</u> <p><u>The company shall organize education and training for relevant personnel to implement the corporate sustainable development.</u></p> | <p>Article <u>4</u></p> <p>The Board of Directors of the Company exercises the duty of care as good administrators to urge the company to perform its corporate <u>social responsibility</u> initiatives, examine the results of the implementation thereof and continually make adjustments so as to ensure the thorough implementation of its corporate <u>social responsibility</u> principles.</p> |
| Article <u>7</u> | The Company <u>shall</u> establish effective corporate governance framework and relevant ethical standards so as to enhance corporate governance. | <p>Article <u>6</u></p> <p>The Company <u>should</u> establish effective corporate governance framework and relevant ethical standards so as to enhance corporate governance.</p> |
| Article <u>8</u> | The Company shall comply with relevant laws and regulations when engaging in business activities so as to maintain a fair environment without unfair competition, bribery or corruption. | <p>Article <u>7</u></p> <p>The Company shall comply with relevant laws and regulations when engaging in business activities so as to maintain a fair environment without unfair competition, bribery or corruption.</p> |
| Article <u>9</u> | <p>The Company shall follow relevant environmental laws and regulations, <u>as well as international norms to establish its environmental management system, which includes:</u></p> <ol style="list-style-type: none"> <u>(1) Collect and assess ample and timely information of the impact of operation activities on natural environment.</u> <u>(2) Establish measurable sustainable environment goal, review the continuity and relativity of such development.</u> <u>(3) Formulate concrete or action plans for implementation and review performance results thereof.</u> | <p>Article <u>8</u></p> <p>The Company shall follow relevant environmental laws and regulations to properly protect the environment and minimize its impact <u>when engaging in business activities.</u></p> <p>Article <u>11</u></p> <p>The Company <u>should</u> devote to the measures in <u>water resources management, wastes disposition, resources recycling, environmental greening and green procurement, etc.</u></p> |

| Section | Proposed Changes | Current Articles |
|------------|---|---|
| Article 9 | <p><u>The Company should set up a dedicated unit or personnel for environmental management to formulate, promote and maintain relevant environmental management systems and specific action plans, and also hold courses in such regard. The Company should consider the impact on ecological benefits when carrying out operative activities and internal management, and strive to achieve its goals in reducing the impact on natural environment and mankind.</u></p> | |
| Article 10 | <p><u>The Company should evaluate the potential risks and opportunities resulting from the global climate change while conducting operative activities, and adopt relevant countermeasures regarding to climate change issues.</u></p> | <p>Article 12 The Company should monitor the <u>likely</u> risks and opportunities resulting from the global climate change while conducting operative activities, and <u>establish its GHG inventory.</u></p> |
| Article 11 | <p><u>The Company shall endeavor to optimize its utilization in all sorts of energy and natural resources, reducing products & services energy, water resources consumption, as well as increasing the recycling and reuse of raw materials or products.</u></p> | <p>Article 9 The Company <u>should</u> endeavor to optimize its utilization in all sorts of energy and natural resources.</p> |
| Article 12 | <p><u>The company shall construct and strengthen relevant environmental protection treatment facilities, properly dispose of waste, reduce the discharge of pollutants, toxicants and wastes into water, air and soil, and adopt appropriate measures for pollution prevention and technical control.</u></p> | <p>Article 10 The Company should <u>secure</u> water, air and soil <u>from</u> pollution <u>upon operation</u> , <u>and</u> adopt appropriate measures for pollution prevention.</p> |
| Article 13 | <p><u>The Company shall adopt the standards or guidelines commonly applied at home and abroad to collect and disclose statistics on GHG emissions, water intake, energy consumption and various types of wastes. The scope of GHG statistics should include:</u></p> <p><u>(1) Direct GHG emissions: The source of GHG emissions is owned or controlled by the Company.</u></p> <p><u>(2) Indirect GHG emissions: those generated from the utilization of energy such as imported electricity, heat or steam.</u></p> <p><u>(3) Other indirect emissions: emissions from company activities, involving no indirect emissions from energy sources, but sources owned or controlled by other companies.</u></p> <p><u>The Company should formulate policies for energy conservation & carbon reduction, water resource reduction or other waste management, and incorporate the carbon rights acquisition into its carbon reduction strategy, so as to promote and reduce the impact of the Company's operations on climate change.</u></p> | <p>Article 12 The Company <u>should</u> monitor the <u>likely</u> risks and <u>opportunities resulting from the global climate change while conducting operative activities, and establish its GHG inventory.</u></p> |

| Section | Proposed Changes | Current Articles |
|-------------------|---|---|
| Article <u>14</u> | <p>The Company shall comply with relevant labor laws and regulations, <u>abide by the international human rights treaties</u>, protect and keep intact the legal rights and interests of its employees, <u>who will be provided with the information of the national labor laws applicable and their rights thereof</u>.</p> <p>The Company shall ensure that its employment policies do not contain differential treatments based on gender, race, age, <u>socioeconomic class</u>, marital and family status, and achieves equality in terms of <u>on-the-job, welfare</u>, compensation, employment conditions, training, <u>assessment</u> and promotion opportunities.</p> | <p>Article <u>13</u></p> <p>The Company shall comply with relevant labor laws and regulations, protect and keep intact the legal rights and interests of its employees.</p> <p>The Company shall ensure that its employment policies do not contain differential treatments based on gender, race, age, marital and family status, and achieves equality in terms of compensation, employment conditions, and training and promotion opportunities.</p> |
| Article <u>15</u> | <p>The Company shall establish a <u>bilateral communication channel with employees, respect employee representatives for exercising negotiation power, and notify employees in a reasonable manner of the operational changes that may have a significant impact</u>.</p> <p>For situations that <u>endanger labor rights</u>, the Company shall provide an <u>effective and appropriate grievance mechanism to ensure the equality and transparency of the grievance process</u>.</p> | |
| Article <u>16</u> | <p>The Company shall provide safe and healthful work environments, <u>where the necessary health and emergency measures are equipped</u>, for its employees to curb the danger, and <u>the safety & health education and training shall be conducted to employees to prevent occupational accidents</u>.</p> | <p>Article <u>14</u></p> <p>The Company shall provide safe and healthful work environments for its employees to curb the danger and prevent occupational accidents.</p> |
| Article <u>17</u> | <p>The Company shall create an environment conducive to the career development of its employees and establish effective training programs to foster career skills.</p> <p><u>The Company shall formulate and implement reasonable salary and remuneration policies and employee welfare measures to ensure that the relevant plans are in line with the strategic goals of the organization and the interests of stakeholders, and that business performance results can be reflected in employee compensation or welfare</u>.</p> | <p>Article <u>15</u></p> <p>The Company shall create an environment conducive to the career development of its employees and establish effective training programs to foster career skills.</p> |
| Article <u>18</u> | <p>The Company shall comply with relevant laws and regulations of the government and the industry to ensure the quality of its products and services, <u>as well as the safety procedures of products during R&D, procurement, production and operation</u>.</p> <p>Any <u>safety compliance, commercial confidential of customers</u>, marketing promotion or advertisement for products or services shall <u>abide by relevant laws and regulations, or international norms</u>, and contain no behavior of deceit, misleading and fraudulence.</p> | <p>Article <u>16</u></p> <p>The Company shall comply with relevant laws and regulations of the government and the industry to ensure the quality of its products and services.</p> <p>Any marketing promotion or advertisement for products or services should contain no behavior of deceit, misleading and fraudulence.</p> |

| Section | Proposed Changes | Current Articles |
|-------------------|--|---|
| Article <u>19</u> | <p>The Company shall <u>evaluate the impact of purchasing behavior on the environment and society of the communities where suppliers are located</u>, in line with its suppliers and business partners to contribute and implement the corporate <u>sustainable development</u>.</p> <p><u>The Company shall formulate a supplier management policy when signing contracts with major suppliers, which contract should include both parties' compliance with the corporate sustainable development policies.</u></p> <p><u>The company should avoid transactions with suppliers that conflict the company's sustainable development policy. Should the supplier violate the company's supplier management policy and be found with a prominent impact on the environment and society of the source community, the contract may be terminated or rescinded.</u></p> | <p>Article <u>17</u></p> <p>The Company, in line with its suppliers and business partners, shall endeavor to contribute and implement the corporate <u>social responsibility</u>.</p> |
| Article <u>20</u> | <p><u>The Company should evaluate the impact of the company's operations on the community, and appropriately employ local manpower to enhance community recognition.</u></p> <p>The Company may, by means of <u>investment</u>, commercial activities, donations, corporate volunteer or other professional services, <u>devote resources through business models to organizations that solve social or environmental problems, or of social participation in relevant activities of the civic organizations</u> dedicating in community development and <u>education</u>, philanthropic and public welfare organizations, and local government institutions, to promote community development.</p> | <p>Article <u>18</u></p> <p>The Company shall promote the community development not only by means of the commercial activities, <u>substantial</u> donations, corporate volunteers or other professional services, but also by social participation in the activities of community development, philanthropic and public welfare organizations and the local government institutions.</p> |
| Chapter 5 | Enhance information disclosure of corporate <u>sustainable development</u> | Enhance information disclosure of corporate <u>social responsibility</u> |
| Article <u>21</u> | The Company should disclose information according to relevant laws and regulations, aiming at the full disclosure of relevant and reliable information relating to its corporate <u>sustainable development</u> initiatives, to improve information transparency. | Article <u>19</u> |
| Article <u>22</u> | The Company shall produce the <u>sustainability report in accordance with the requirements of relevant laws and regulations, adopt prevailingly recognized internationally norms or guidelines</u> to disclose the status and <u>performance</u> of the Company's <u>sustainable development</u> , and obtain assurance or warranty from a third party to improve the reliability of the information. | Article <u>20</u> |

| Section | Proposed Changes | Current Articles |
|-------------------|---|--|
| Article <u>22</u> | <p><u>The disclosed content of information for corporate sustainable development shall include:</u></p> <p>(1) <u>Implement corporate sustainable development principles, system or related management guidelines, and specific promotion plans.</u></p> <p>(2) <u>Main stakeholders and their concerns.</u></p> <p>(3) <u>The Company's performance and review in implementing corporate governance, developing sustainable environment, maintaining social welfare as well as promoting economic development.</u></p> <p>(4) <u>Direction and goals for future improvement.</u></p> | |
| Article <u>23</u> | <p><u>The company shall pay attention to the development of relevant standards for the sustainable development of domestic and foreign enterprises and changes in the corporate environment, so as to review and improve the established enterprise sustainable development system to enhance the effectiveness of promoting the corporate sustainable development.</u></p> | |
| Article <u>24</u> | <p><u>The Principles shall be implemented after the approval of the Board of Directors, and shall be reported to Shareholders meeting ensued. Same shall also be applied to the amendment of the Principles.</u></p> | <p>Article <u>21</u> The Principles shall be implemented after approval of the Board of Directors. Same shall also be applied to the amendment of the Principles.</p> |

Approval items

1. To accept 2021 Business Report and Financial Statements

The Board of Directors proposes and recommends that each shareholder vote FOR the acceptance of 2021 Business Report and Financial Statements.

Explanatory notes:

- (1) OUCC's 2021 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 – p27) 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 2021 profit allocation

The Board of Directors proposes and recommends that each shareholder vote FOR the 2021 profit allocation.

Explanatory notes:

- (1) OUCC's 2021 financial statements have been completed and audited by the CPAs of Deloitte & Touche. The 2021 profit allocation, pursuant to Article 34 of Articles of Incorporation, is proposed as follows: (Unit: NT\$)

| | | |
|--|----|---------------|
| (A) Beginning of unappropriated earnings | \$ | 0 |
| (B) 2020 net income | | 899,757,825 |
| (C) Confirmed reevaluated amount of welfare plan for retained earnings | | (17,521,134) |
| (D) Yearly net income with other item besides net income included as unappropriated earnings (B)+(C) | | 882,236,691 |
| (E) Legal reserve appropriation | | (88,223,669) |
| (F) Retained earnings available for distribution (A)+(D)+(E) | | 794,013,022 |
| (G) Shareholders' dividend (NT\$ 0.7/share in cash) | | (619,992,120) |
| (H) Unappropriated earnings after distribution (F)+(G) | \$ | 174,020,902 |

- (2) After being approved at the 2022 Annual Shareholders Meeting, the cash dividend to common shareholders will be distributed on an ex-dividend date to be determined by the Board of Directors. Should OUCC subsequently repurchase its common shares or issue new common shares according to the relevant regulations, the total number of common shares outstanding may change, and the ultimate cash to be distributed to each common share may need to be adjusted accordingly. It is proposed that the Board of Directors of OUCC be authorized to adjust the cash to be distributed to each common share based on the total amount of profits resolved to be distributed and the number of actual common shares outstanding on the ex-dividend date for distribution.
- (3) Please accept the aforesaid proposal.

Discussion Items

1. To amend the Articles of Incorporation of Oriental Union Chemical Corporation

The Board of Directors proposes and recommends that each shareholder vote FOR the amendments of the Articles of Incorporation.

Explanatory notes:

- (1) To ensure a more flexible method for the convening of the company's shareholders' meeting, the company has revised the provisions of Article 11, pursuant to the Article 172-2 Paragraph 1 of the Company Act, which is stipulated that the shareholders' meeting may be summoned by way of a video conference and other method announced by the central competent authority.
- (2) To comply with the current status quo of the organization, the provisions of Article 29 have been revised. Please see the revised provisions of the Article of Incorporation of the company in the comparison attached.
- (3) Please accept the aforesaid report.

Attachment –

Amendment to the Article of Incorporation of OUCC

| Section | Proposed Changes | Current Articles |
|------------|--|--|
| Article 11 | <p>The convening of Annual Shareholders' Meeting shall be notified 30 days before, and <u>15 days before</u> for the Extraordinary Shareholders' Meeting, to all the shareholders, and announced in accordance with the law. <u>The said notification shall specify the date, place and reasons for calling the shareholders' meeting.</u></p> <p><u>When the shareholders' meeting is held, it may be held by video conference or other methods announced by the central competent authority.</u></p> | <p>The convening of Annual Shareholders' Meeting shall be notified 30 days before, and <u>15 days before</u> for the Extraordinary Shareholders' Meeting, to all the shareholders, and announced in accordance with the law. <u>The said notification shall specify the reasons for calling the shareholders' meeting.</u></p> |
| Article 29 | <p>The Company shall have a President, a number of Vice Presidents, <u>Assistant Vice Presidents</u> and Managers. <u>Appointment and discharge shall be approved by the Board of Directors with the attendance of more than half of the Directors and the consent of more than half of the Directors present.</u></p> | <p>The Company shall have a President, <u>a number of</u> Vice Presidents and Managers.</p> |
| Article 38 | <p>These Articles of Incorporation came into effect on November 7, 1975; (Omitted) <u>Thirty-eighth amendment on June 9, 2022</u></p> <p>The Article of Incorporation herein takes effect after approval by the competent authority. The same applies for any amendments.</p> | <p>These Articles of Incorporation came into effect on November 7, 1975; (Omitted)</p> <p>The Article of Incorporation herein takes effect after approval by the competent authority. The same applies for any amendments.</p> |

2. To amend the company bylaw of Election Procedures of Board of Directors of Oriental Union Chemical Corporation

The Board of Directors proposes and recommends that each shareholder vote FOR the amendments of the Election Procedures of Board of Directors.

Explanatory notes:

- (1) According to the company's operation practice and the reference example of the "Director Election Procedures of xxx Co., Ltd." issued by Taiwan Stock Exchange Co., Ltd., some provisions of the company's "Election Procedures of Board of Directors" are revised, as shown in the comparison attached.
- (2) Please accept the aforesaid report.

Attachment –

Amendment to the company bylaw of Election Procedures of Board of Directors of OUCC

| Section | Proposed Changes | Current Articles |
|-----------------------------------|--|---|
| Article 3 | The election of <u>Board of Directors</u> , shall be pursued according to the number of position required; provided, however, that the independent and non-independent Directors elected shall be calculated separately. The candidates that obtain more number of votes shall be elected. If there are more than two candidates obtaining the same number of vote but the number of position offered is limited, a draw shall be made amongst the two candidates to determine. The chairperson shall conduct the drawing for the candidate who is absent. Directors shall be elected by adopting the candidate nomination system specified in Article 192-1 of Company Act. Moreover, the professional qualifications, the assessment of independence and other matters of the Independent Directors shall be in compliance with the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” or other relevant regulations of ROC. | The election of <u>Directors, Independent Directors</u> shall be pursued according to the number of position required and <u>shall be held together</u> ; 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 6 | <u>If the candidate is a natural person, the voters shall fill out the ballot with the name of the candidate. If the candidate is the government or institutional stockholder, the ballot shall be filled out with the name of government or institution. If the candidate is the representative of the government or institutional stockholder, the names of the government or institutional stockholder and its representative shall be filled out.</u> | <u>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 institutional stockholder, the ballot shall be filled out with the number, the name of government or institution and the representative name. If there are more than one representative, all the representative names shall be listed.</u> |
| 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. <u>Ballot filled out with not only candidate’s number of voting rights allocated, but also including other words</u> 5. Written characters blurred and not legible 6. The candidate filled in is not consistent with <u>the listed candidate</u> 7. <u>The voter’s total number of voting rights allocated on the ballots exceeds the number of voting rights he/she holds.</u> | 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. <u>Ballot not filled out according to Article 6 or ballot with other words included</u> 5. Written characters blurred and not legible 6. Ballot filled out with incorrect candidate <u>information</u> |
| Article 13 | (Deleted) | The elected Directors shall be given the election notification by the Board. |
| Article 13 replaced by Article 14 | The rules herein take effect after approval at the shareholders meeting. The same apply for any amendments. | The rules herein take effect after approval at the shareholders meeting. The same apply for any amendments. |

3. To amend the company bylaw of Procedures for Capital Loaning to Others and Procedures for Endorsements and Guarantees of Oriental Union Chemical Corporation

The Board of Directors proposes and recommends that each shareholder vote FOR the amendments of the Procedures for Capital Lending to Others and Procedures for Endorsements and Guarantees.

Explanatory notes:

- (1) Pursuant to the "Q&A on Stipulation Governing Funding Loans and Endorsements and Guarantees of Public Listed Companies" issued by the Securities and Futures Bureau of the Financial Supervisory Commission on 24 December 2021, which revised the stipulated announcement standard for the new funding loans and endorsements and guarantees of public listed companies or their subsidiaries when the funding amounts reach certain criterion, and according to which the provisions of both Article 8 of the Company's "Procedures for Capital Lending to Others" and "Procedures for Endorsements and Guarantees" of the Company are amended in the comparison attached.
- (2) Please accept the aforesaid report.

Attachment –

(a) Amendment to the company bylaw of Procedures for Capital Lending to Others of OUCC

| Section | Proposed Changes | Current Articles | Remark |
|-----------|---|--|---|
| Article 8 | <p>(Procedure for Public Notices and Announcement)</p> <p>The Company shall before the 10th day of each month publish and report the loans it and its subsidiaries extended last month and their balance amounts.</p> <p>When one of the loans criterion occurred per below, the Company shall publish and report them within 2 days commencing from the date of occurrence:</p> <p>(1) The balance of any and all loans extended by the Company and its subsidiaries has reached 20% of the Company's Latest Net Worth; or</p> <p>(2) The balance of loans extended by the Company and its subsidiaries to an individual company has reached 10% of the Company's Latest Net Worth; or</p> <p>(3) Any additional loan extended by the Company or its subsidiary exceeds NT\$10 million and has reached 2% or more of the Company's Latest Net Worth.</p> <p>The Company shall announce and report on behalf of its subsidiary, which is not a public listed company of the Republic of China, any occurred matters pursuant to item 3 of the preceding paragraph of the afore-mentioned subsidiary.</p> <p>The "public announcement and report" herein is referred to the information publicized on the website designated by the Financial Supervisory Commission.</p> <p>"Date of occurrence" in these Procedures is referred to the date of contract signing, date of payment, date of Boards of Directors' resolutions, or other date which can confirm the counterparty and amount of the capital loan, whichever date is earlier.</p> <p>The Company shall assess the status of loans extended and reserve an appropriate amount to offset against bad loans. The Company shall furthermore disclose the relevant information in its financial statements and provide the CPA with relevant materials for necessary audit processes.</p> | <p>(Procedure for Public Notices and Announcement)</p> <p>The Company shall before the 10th day of each month publish and report the loans it and its subsidiaries extended last month and their balance amounts.</p> <p>When one of the loans criterion occurred per below, the Company shall publish and report them within 2 days commencing from the date of occurrence:</p> <p>(1) The balance of any and all loans extended by the Company and its subsidiaries has reached 20% of the Company's Latest Net Worth; or</p> <p>(2) The balance of loans extended by the Company and its subsidiaries to an individual company has reached 10% of the Company's Latest Net Worth; or</p> <p>(3) Any additional individual loan extended by the Company or its subsidiary exceeds NT\$10 million and has reached 2% or more of the Company's Latest Net Worth.</p> <p>The Company shall announce and report on behalf of its subsidiary, which is not a public listed company of the Republic of China, any occurred matters pursuant to item 3 of the preceding paragraph of the afore-mentioned subsidiary.</p> <p>The "public announcement and report" herein is referred to the information publicized on the website designated by the Financial Supervisory Commission.</p> <p>"Date of occurrence" in these Procedures is referred to the date of contract signing, date of payment, date of Boards of Directors' resolutions, or other date which can confirm the counterparty and amount of the capital loan, whichever date is earlier.</p> <p>The Company shall assess the status of loans extended and reserve an appropriate amount to offset against bad loans. The Company shall furthermore disclose the relevant information in its financial statements and provide the CPA with relevant materials for necessary audit processes.</p> | <p>1. Pursuant to Question 35 of the "Q&A on the Standard Procedures for Funding Loans and Endorsements and Guarantees of Public Listed Companies " announced by the Securities and Futures Bureau of the Financial Supervisory Commission on 24 December 2021, which addresses paragraph 1, item 3 of Article 22 of the Standard Procedures, stating that the public listed company or its subsidiary with newly added capital loans amounting to NT\$10 million or more and 2% or more of its most recent net worth shall proceed announcement and declaration of such total amount of the newly increased capital loan, hence item 3 of paragraph 2 of this Article is amended.</p> <p>2. The contents of the remaining provisions remain unchanged.</p> |

(b) Amendment to the company bylaw of Procedures for Endorsements and Guarantees of OUCC

| Section | Proposed Changes | Current Articles | Remark |
|-----------|---|--|--|
| Article 8 | <p>The Company shall before the 10th day of each month publish and report the endorsements/ guarantees it and its subsidiaries provided last month and their balance amounts.</p> <p>Where limits of the Company's endorsements/guarantees set below have occurred, the Company shall publish and report within 2 days commencing from the date of occurrence.</p> <p>(1) The aggregate balance of endorsements/guarantees provided by the Company and its subsidiaries has reached 50% or more of the Company's Latest Net Worth; or</p> <p>(2) The balance of endorsements/ guarantees provided by the Company and its subsidiaries for an individual company has reached 20% or more of the Company's Latest Net Worth; or</p> <p>(3) The balance of endorsements/ guarantees provided by the Company and its subsidiaries for an individual company has reached Ten Million New Taiwan Dollars (NT\$10,000,000) or more and the aggregate amount of all endorsements/guarantees, any investment of equity method booking amount in, and balance of loans to, such company has reached 30% of the Company's Latest Net Worth; or</p> <p>(4) The additional endorsement/ guarantee provided by the Company or its subsidiary has reached Thirty Million New Taiwan Dollars (NT\$30,000,000) or more and has reached 5% or more of the Company's Latest Net Worth.</p> <p>The Company shall announce and report on behalf of its subsidiary, which is not a public listed company of the Republic of China, any occurred matters pursuant to item 4 of the preceding paragraph of the afore-mentioned subsidiary.</p> <p>The "public announcement and report" herein is referred to the information publicized on the website designated by the Financial Supervisory Commission.</p> | <p>The Company shall before the 10th day of each month publish and report the endorsements/ guarantees it and its subsidiaries provided last month and their balance amounts.</p> <p>Where limits of the Company's endorsements/guarantees set below have occurred, the Company shall publish and report within 2 days commencing from the date of occurrence.</p> <p>(1) The aggregate balance of endorsements/guarantees provided by the Company and its subsidiaries has reached 50% or more of the Company's Latest Net Worth; or</p> <p>(2) The balance of endorsements/ guarantees provided by the Company and its subsidiaries for an individual company has reached 20% or more of the Company's Latest Net Worth; or</p> <p>(3) The balance of endorsements/ guarantees provided by the Company and its subsidiaries for an individual company has reached Ten Million New Taiwan Dollars (NT\$10,000,000) or more and the aggregate amount of all endorsements/guarantees, any investment of equity method booking amount in, and balance of loans to, such company has reached 30% of the Company's Latest Net Worth; or</p> <p>(4) The additional <u>individual</u> endorsement/guarantee provided by the Company or its subsidiary has reached Thirty Million New Taiwan Dollars (NT\$30,000,000) or more and has reached 5% or more of the Company's Latest Net Worth.</p> <p>The Company shall announce and report on behalf of its subsidiary, which is not a public listed company of the Republic of China, any occurred matters pursuant to item 4 of the preceding paragraph of the afore-mentioned subsidiary.</p> <p>The "public announcement and report" herein is referred to the information publicized on the website designated by the Financial Supervisory Commission.</p> | <p>1. Pursuant to Question 35 of the "Q&A on the Standard Procedures for Funding Loans and Endorsements and Guarantees of Public Listed Companies " announced by the Securities and Futures Bureau of the Financial Supervisory Commission on 24 December 2021, which addresses paragraph 1, item 4 of Article 25 of the Standard Procedures, stating that the public listed company or its subsidiary with additional endorsements/ guarantees achieving NT\$30 million or more and 5% or more of its most recent net worth shall proceed announcement and declaration of such endorsements/ guarantees with total amount newly increased, hence item 4 of paragraph 2 of this Article is amended.</p> <p>2. The contents of the remaining provisions remain unchanged.</p> |

| Section | Proposed Changes | Current Articles | Remark |
|-----------|--|--|--------|
| Article 8 | <p>“Date of occurrence” in these Procedures is referred to the date of contract signing, date of payment, date of Boards of Directors’ resolutions, or other date which can confirm the counterparty and amount of the capital loan, whichever date is earlier.</p> <p>The Company shall assess the status of endorsements/guarantees provided and reserve an appropriate amount to offset against contingent loss. The Company shall furthermore disclose the relevant information in its financial statements and provide the CPA with relevant materials for necessary audit processes.</p> | <p>“Date of occurrence” in these Procedures is referred to the date of contract signing, date of payment, date of Boards of Directors’ resolutions, or other date which can confirm the counterparty and amount of the capital loan, whichever date is earlier.</p> <p>The Company shall assess the status of endorsements/guarantees provided and reserve an appropriate amount to offset against contingent loss. The Company shall furthermore disclose the relevant information in its financial statements and provide the CPA with relevant materials for necessary audit processes.</p> | |

4. To amend the company bylaw of Procedures for Acquisition or Disposal of Assets of Oriental Union Chemical Corporation

The Board of Directors proposes and recommends that each shareholder vote FOR the amendments of the Procedures for Acquisition or Disposal of Assets.

Explanatory notes:

- (1) Pursuant to the “Regulations Governing the Acquisition or Disposal of Assets by Public Listed Companies” and the letter issued by the Financial Supervisory Commission (Letter No. FSC 1110380465 on 28 January 2022), the provisions of Article 6 to Article 9-1, and Article 12 of the company bylaw of “Procedures for Acquisition or Disposal of Assets of OUCC” are amended in the comparison attached.
- (2) Please accept the aforesaid report.

Attachment –

Amendment to the company bylaw of Acquisition or Disposal of Assets of OUCC

| Section | Proposed Changes | Current Articles | Remark |
|-----------|--|--|--|
| Article 6 | <p>1) Evaluation Process</p> <p>(a) For investments in securities, the Financial Department or other relevant units shall undertake the relevant financial analysis and projection of potential returns as well as evaluation of potential investment risks in relation to the said investment.</p> <p>(b) Investments by the Company in securities traded on centralized exchange markets or over the counter markets shall be decided by the responsible unit in accordance with prevailing market conditions; investments by the Company in securities not traded on centralized exchange markets or over the counter markets shall require the latest audited or reviewed financial reports of the target company as reference for the evaluation of transaction price, taking into consideration the net asset value per share, profitability and future potential, etc.</p> <p>2) Experts' Opinions</p> <p>(a) The Company acquiring or disposing of securities shall, prior to the date of the transaction occurred, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is twenty percent (20%) of the Company's paid-in capital of NT\$300 million or more, the Company shall, prior to the date of the transaction occurred, also engage a certified public accountant to provide an opinion regarding the reasonableness of</p> | <p>1) Evaluation Process</p> <p>(a) For investments in securities, the Financial Department or other relevant units shall undertake the relevant financial analysis and projection of potential returns as well as evaluation of potential investment risks in relation to the said investment.</p> <p>(b) Investments by the Company in securities traded on centralized exchange markets or over the counter markets shall be decided by the responsible unit in accordance with prevailing market conditions; investments by the Company in securities not traded on centralized exchange markets or over the counter markets shall require the latest audited or reviewed financial reports of the target company as reference for the evaluation of transaction price, taking into consideration the net asset value per share, profitability and future potential, etc.</p> <p>2) Experts' Opinions</p> <p>(a) The Company acquiring or disposing of securities shall, prior to the date of the transaction occurred, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is twenty percent (20%) of the Company's paid-in capital of NT\$300 million or more, the Company shall, prior to the date of the transaction occurred, also engage a certified public accountant to provide an opinion regarding the reasonableness of</p> | <p>Considering the revision of Article 5, Paragraph 2 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" (hereinafter referred to as "the Regulations"), which requires external experts such as accountants to abide by the self-discipline of their own trade associations when issue valuation reports or opinions. With the procedures to be performed by</p> |

| Section | Proposed Changes | Current Articles | Remark |
|-----------|--|--|--|
| Article 6 | <p>the transaction price. This requirement does not apply, however, to publicly quoted price of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>(b) Where assets are acquired or disposed by way of judicial auctions, documentary proof furnished by the courts may replace valuation reports or accountants' opinions.</p> <p>3) Process in Determining Authorized Investment Limit and Responsible Units Prior to the Company acquiring or disposing securities, the Finance Department shall firstly submit the Board of Directors the relevant information for approval before undertaking the said transaction. Where the urgency of the matter does not permit prior approval, the President (or any person so authorized by the President) shall have the authority to approve/disapprove investments which amount is below NT\$10 million; the Chairman (or any person so authorized by the Chairman) shall have the authority to approve/disapprove investments which amount is in excess of NT\$10 million. In any case, the said transaction shall be submitted to the immediate following meeting of the Board of Directors for ratification.</p> | <p>the transaction price. <u>Should the aforesaid accountant need to refer to experts' opinion, Auditing Standards No. 20 published by the R.O.C. Accounting Research and Development Foundation (ARDF) shall be abided by.</u> This requirement does not apply, however, to publicly quoted price of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>(b) Where assets are acquired or disposed by way of judicial auctions, documentary proof furnished by the courts may replace valuation reports or accountants' opinions.</p> <p>3) Process in Determining Authorized Investment Limit and Responsible Units Prior to the Company acquiring or disposing securities, the Finance Department shall firstly submit the Board of Directors the relevant information for approval before undertaking the said transaction. Where the urgency of the matter does not permit prior approval, the President (or any person so authorized by the President) shall have the authority to approve/disapprove investments which amount is below NT\$10 million; the Chairman (or any person so authorized by the Chairman) shall have the authority to approve/disapprove investments which amount is in excess of NT\$10 million. In any case, the said transaction shall be submitted to the immediate following meeting of the Board of Directors for ratification.</p> | <p>accountants when issue opinions covered, the wording of paragraph 2, item (a) of this article "Should the aforesaid accountant need to refer to experts' opinion, Auditing Standards No. 20 published by the R.O.C. Accounting Research and Development Foundation (ARDF) shall be abided by" is deleted accordingly.</p> |
| Article 7 | <p>1) Evaluation Process (a) For investments in real property, equipment or right-of-use assets thereof, the Accounting Department or other relevant units shall</p> | <p>1) Evaluation Process (1) For investments in real property, equipment or right-of-use assets thereof, the Accounting Department or other relevant units shall</p> | |

| Section | Proposed Changes | Current Articles | Remark |
|-----------|---|---|--------|
| Article 7 | <p>undertake the projection of potential returns as well as evaluation of potential investment risks in relation to the said investment based on the current operation and financial conditions and future development plan.</p> <p>(b) The proposed acquisition of disposal of real property or right-of-use assets thereof shall require analysis reports taking reference to their current published value, appraised values and transactions prices for neighboring real properties, etc., along with suggested transaction conditions and prices.</p> <p>(c) The proposed acquisition or disposal of equipment or right-of-use assets thereof shall be carried out by way of any of the following: price inquiry; price comparison; negotiated prices or tender.</p> <p>2) Valuation Reports In the case of real property, equipment, or right-of-use assets thereof acquired or disposed by the Company other than as a result of transactions with the domestic government, entrusted construction on the Company's own property, entrusted construction on land leased by the Company, or acquisition or disposal of equipment, or right-of-use assets thereof for business operation purposes, where their transaction value is the amount equivalent to twenty percent (20%) of the Company's paid-in capital or NT\$300 million or above, the Company shall, prior to the date of the transaction occurred, require professional appraiser to furnish their valuation report (which report shall specify the matters set out in Appendix 1 herein); furthermore, the following provisions shall be complied with:</p> <p>(a) Where due to special circumstances it is necessary to give a limited price, specified price, or special</p> | <p>undertake the projection of potential returns as well as evaluation of potential investment risks in relation to the said investment based on the current operation and financial conditions and future development plan.</p> <p>(b) The proposed acquisition of disposal of real property or right-of-use assets thereof shall require analysis reports taking reference to their current published value, appraised values and transactions prices for neighboring real properties, etc., along with suggested transaction conditions and prices.</p> <p>(c) The proposed acquisition or disposal of equipment or right-of-use assets thereof shall be carried out by way of any of the following: price inquiry; price comparison; negotiated prices or tender.</p> <p>2) Valuation Reports In the case of real property, equipment, or right-of-use assets thereof acquired or disposed by the Company other than as a result of transactions with the domestic government, entrusted construction on the Company's own property, entrusted construction on land leased by the Company, or acquisition or disposal of equipment, or right-of-use assets thereof for business operation purposes, where their transaction value is the amount equivalent to twenty percent (20%) of the Company's paid-in capital or NT\$300 million or above, the Company shall, prior to the date of the transaction occurred, require professional appraiser to furnish their valuation report (which report shall specify the matters set out in Appendix 1 herein); furthermore, the following provisions shall be complied with:</p> <p>(a) Where due to special circumstances it is necessary to give a limited price, specified price, or special</p> | |

| Section | Proposed Changes | Current Articles | Remark |
|-----------|---|---|--|
| Article 7 | <p>price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall be followed for any changes to the terms and conditions of the transaction afterwards.</p> <p>(b) Where the transaction amount is NT\$1 billion or more, two (2) or more professional appraiser shall be engaged to provide their appraisals.</p> <p>(c) Where the appraisal prices from professional appraiser come under one of the following, unless the appraisal prices of acquired assets are higher than the transaction price, or the appraisal prices of assets being disposed are lower than the transaction price, accountant shall provide opinions in respect of the reasons for such discrepancy and the fairness of the transaction price:</p> <p>(i) The appraisal results differ from the transaction amount by twenty percent (20%) or greater;</p> <p>(ii) The difference between the appraisal result provided by two or more professional appraisers and the transaction price is ten percent (10%) or greater.</p> <p>(d) Report made by the professional appraiser shall not be dated beyond three (3) months prior to the date of the contract; however, where an appropriate value published during the same period but not exceeding six (6) months, the original professional appraiser may issue its opinion in respect of the said value.</p> <p>(e) Where real property or other fixed assets are acquired or disposed by</p> | <p>price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall be followed for any changes to the terms and conditions of the transaction afterwards.</p> <p>(b) Where the transaction amount is NT\$1 billion or more, two (2) or more professional appraiser shall be engaged to provide their appraisals.</p> <p>(c) Where the appraisal prices from professional appraiser come under one of the following, unless the appraisal prices of acquired assets are higher than the transaction price, or the appraisal prices of assets being disposed are lower than the transaction price, accountant shall <u>be engaged to handle the matter pursuant to the provisions of Auditing Standards No. 20 promulgated by ARDF</u>, and provide opinions in respect of the reasons for such discrepancy and the fairness of the transaction price:</p> <p>(i) The appraisal results differ from the transaction amount by twenty percent (20%) or greater;</p> <p>(ii) The difference between the appraisal result provided by two or more professional appraisers and the transaction price is ten percent (10%) or greater.</p> <p>(d) Report made by the professional appraiser shall not be dated beyond three (3) months prior to the date of the contract; however, where an appropriate value published during the same period but not exceeding six (6) months, the original professional appraiser may issue its opinion in respect of the said value.</p> <p>(e) Where real property or other fixed assets are acquired or disposed by</p> | <p>The reason for amendment of paragraph 2, item (c) of this Article is same as stated in Article 6.</p> |

| Section | Proposed Changes | Current Articles | Remark |
|-----------|---|---|--------|
| Article 7 | <p>way of judicial auctions, documentary proof furnished by the courts may replace appraisal reports or accountants' opinions.</p> <p>3) Process in Determining Authorized Investment Limit and Responsible Units</p> <p>Prior to the Company acquiring or disposing real property, equipment, or right-of-use assets thereof, the Accounting Department shall firstly submit the Board of Directors the relevant information for approval before undertaking the said transaction. Where the urgency of the matter does not permit prior approval, the President (or any person so authorized by the President) shall have the authority to approve/disapprove investments which amount is below NT\$10 million; the Chairman (or any person so authorized by the Chairman) shall have the authority to approve/disapprove investments which amount is in excess of NT\$10 million. In any case, the said transactions shall be submitted to the immediate following meeting of the Board of Directors for ratification.</p> | <p>way of judicial auctions, documentary proof furnished by the courts may replace appraisal reports or accountants' opinions.</p> <p>3) Process in Determining Authorized Investment Limit and Responsible Units</p> <p>Prior to the Company acquiring or disposing real property, equipment, or right-of-use assets thereof, the Accounting Department shall firstly submit the Board of Directors the relevant information for approval before undertaking the said transaction. Where the urgency of the matter does not permit prior approval, the President (or any person so authorized by the President) shall have the authority to approve/disapprove investments which amount is below NT\$10 million; the Chairman (or any person so authorized by the Chairman) shall have the authority to approve/disapprove investments which amount is in excess of NT\$10 million. In any case, the said transactions shall be submitted to the immediate following meeting of the Board of Directors for ratification.</p> | |
| Article 8 | <p>1) Where the Company acquired or disposed real property from or to related parties, without prejudice to the applicability of the aforesaid articles in respect of real property, the Company shall pursuant to the provisions of the Article undertake the relevant resolution and appraisal of the fairness of transaction conditions, etc., and shall pursuant to the provisions of this Article obtain appraisal reports made by professional appraisers or accountants' opinions when the transaction amount is ten percent (10%) of the total assets of the Company or more. In deciding whether the other party to the transaction is related party, in addition to the forms as provided by law, the Company shall also consider the substantive relationship.</p> <p>2) Evaluation and Procedures</p> | <p>1) Where the Company acquired or disposed real property from or to related parties, without prejudice to the applicability of the aforesaid articles in respect of real property, the Company shall pursuant to the provisions of the Article undertake the relevant resolution and appraisal of the fairness of transaction conditions, etc., and shall pursuant to the provisions of this Article obtain appraisal reports made by professional appraisers or accountants' opinions when the transaction amount is ten percent (10%) of the total assets of the Company or more. In deciding whether the other party to the transaction is related party, in addition to the forms as provided by law, the Company shall also consider the substantive relationship.</p> <p>2) Evaluation and Procedures</p> | |

| Section | Proposed Changes | Current Articles | Remark |
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| Article 8 | <p><u>(a)</u> The Company shall, if it acquires or disposes real property or right-of-use assets thereof from or to related parties, or if it acquires or disposes other assets except real property or right-of-use assets thereof from or to related parties and the said transaction amount is twenty percent (20%) of the paid-in capital of the Company, or ten percent (10%) of the total assets of the Company, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises, submit to the Audit Committee and the Board of Directors for approval of the following information prior to the signing of the transaction contract and making payments:</p> <p><u>(i)</u> Purpose of acquiring or disposing the said assets, its necessity and projected benefits;</p> <p><u>(ii)</u> Reasons for transacting with related parties;</p> <p><u>(iii)</u> Information relating to the appraisal of the fairness of the proposed transaction conditions pursuant to items 3) (a) and (d) herein, when acquiring real property or right-of-use assets thereof from related parties;</p> <p><u>(iv)</u> Date and price of acquisition by the related party, party to the transaction and relationship between the said party and the Company and related party;</p> <p><u>(v)</u> Forecast of monthly cash income within one (1) year from the date of the contract; furthermore evaluation shall be conducted in respect of the necessity of the transaction and the fairness of the use of fund; and</p> | <p>The Company shall, if it acquires or disposes real property or right-of-use assets thereof from or to related parties, or if it acquires or disposes other assets except real property or right-of-use assets thereof from or to related parties and the said transaction amount is twenty percent (20%) of the paid-in capital of the Company, or ten percent (10%) of the total assets of the Company, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises, submit to the Audit Committee and the Board of Directors for approval of the following information prior to the signing of the transaction contract and making payments:</p> <p><u>(a)</u> Purpose of acquiring or disposing the said assets, its necessity and projected benefits;</p> <p><u>(b)</u> Reasons for transacting with related parties;</p> <p><u>(c)</u> Information relating to the appraisal of the fairness of the proposed transaction conditions pursuant to items 3) (a) and (d) herein, when acquiring real property or right-of-use assets thereof from related parties;</p> <p><u>(d)</u> Date and price of acquisition by the related party, party to the transaction and relationship between the said party and the Company and related party;</p> <p><u>(e)</u> Forecast of monthly cash income within one (1) year from the date of the contract; furthermore evaluation shall be conducted in respect of the necessity of the transaction and the fairness of the use of fund; and</p> | |

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| Article 8 | <p>(vi) Pursuant to the paragraph 1 of this Article, the appraisal reports made by the professional appraisers or accountants' opinions.</p> <p>(vii) Restrictions on this transaction and other key contractual issues.</p> <p>(b) When a matter is submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting.</p> <p>(c) <u>If the company or the company's subsidiary that is not a domestic public listed company has a transaction in item (a) hereinabove, and the transaction amount is more than 10% of the company's total assets, the company shall submit the required information as stated in item (a) hereinabove to the shareholders' meeting for approval prior to the signing of contract and transaction of payment. However, the transaction between the company and its subsidiaries, or between the company's subsidiaries, shall not be limited.</u></p> <p>3) Evaluation of the Fairness of Transaction Costs</p> <p>(a) In the case of the Company obtaining real property or right-of-use assets thereof from related parties, it shall evaluate the fairness of the transaction costs in the following manner:</p> <p>(i) Addition to the related party's transaction price the necessary interest on funding and the costs to be borne by the purchaser. "Necessary interest on Funding" shall be calculated by the</p> | <p>(f) Pursuant to the paragraph 1 of this Article, the appraisal reports made by the professional appraisers or accountants' opinions.</p> <p>(g) Restrictions on this transaction and other key contractual issues.</p> <p>When a matter is submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting.</p> <p>3) Evaluation of the Fairness of Transaction Costs</p> <p>(a) In the case of the Company obtaining real property or right-of-use assets thereof from related parties, it shall evaluate the fairness of the transaction costs in the following manner:</p> <p>(i) Addition to the related party's transaction price the necessary interest on funding and the costs to be borne by the purchaser. "Necessary interest on Funding" shall be calculated by the</p> | <p>To strengthen the management of related party transactions, Paragraph 5 of Article 15 of the Regulations stipulates that a public company or its subsidiary that is not a domestic public company acquires or disposes of assets from a related party, and the transaction amount reaches more than 10% of the total assets of the public company. The public company shall submit the relevant materials to the shareholders' meeting for approval prior to the transaction. However, considering that the public company and its parent company, subsidiaries, or their subsidiaries have needs for overall business planning, in the proviso, the transaction between</p> |

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| Article 8 | <p>weighted average interest rate over the period during which the asset is purchased on the amount of money borrowed by the Company in its purchase of the said asset, subject to it being not higher than the maximum interest rate charged by non-financial institutions as published by the Ministry of Finance.</p> <p>(ii) In the case of related party having previously pledged the subject matter with financial institutions, the total appraised value for the subject matter by the said financial institution for the purpose of the extension of the loan shall be used, subject to the total cumulative amount of loans by the said financial institution not being lesser than seventy percent (70%) of the appraised value of such subject matter and that the loan period was for a period of one (1) year or more. The aforesaid shall not be apply where the said financial institution and the party to the transaction are themselves related parties.</p> <p>(b) Where both the land and the buildings on it are purchased or rented in toto, the transaction costs for both the land and the buildings shall be separately evaluated using either of the abovementioned methods.</p> <p>(c) In the case of the Company acquiring real property or right-of-use assets thereof from related parties, in addition to the appraisal of the costs of the said real property or right-of-use assets thereof in the manner provided above, the Company shall furthermore engage accountants to review and provide their opinions in respect of the same.</p> | <p>weighted average interest rate over the period during which the asset is purchased on the amount of money borrowed by the Company in its purchase of the said asset, subject to it being not higher than the maximum interest rate charged by non-financial institutions as published by the Ministry of Finance.</p> <p>(ii) In the case of related party having previously pledged the subject matter with financial institutions, the total appraised value for the subject matter by the said financial institution for the purpose of the extension of the loan shall be used, subject to the total cumulative amount of loans by the said financial institution not being lesser than seventy percent (70%) of the appraised value of such subject matter and that the loan period was for a period of one (1) year or more. The aforesaid shall not be apply where the said financial institution and the party to the transaction are themselves related parties.</p> <p>(b) Where both the land and the buildings on it are purchased or rented in toto, the transaction costs for both the land and the buildings shall be separately evaluated using either of the abovementioned methods.</p> <p>(c) In the case of the Company acquiring real property or right-of-use assets thereof from related parties, in addition to the appraisal of the costs of the said real property or right-of-use assets thereof in the manner provided above, the Company shall furthermore engage accountants to review and provide their opinions in respect of the same.</p> | <p>these companies is relaxed from submission to the shareholders' meeting for resolution. Paragraph 2, item (c) of this Article is amended accordingly, and so are the numbers underlined thereof.</p> |

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| Article 8 | <p>(d) Under any one of the following circumstances in which the Company acquires real property or right-of-use assets thereof from related parties, it needs to only undertake items 1) and 2) herein; the evaluation of fairness of transaction cost as provided for in items (a), (b) and (c) hereunder shall not apply:</p> <ul style="list-style-type: none"> (i) The related party having obtained the real property or right-of-use assets thereof by way of inheritance of gift; (ii) The time lapse between the related party's contract for acquisition of the real property or right-of-use assets thereof and this transaction exceeds five (5) years; or (iii) The Company obtaining the real property by way of joint-development contract entered with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land. (iv) The real property right-of-use assets for business use are acquired by the company and its subsidiaries, or by its subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares or authorized capital. <p>(e) Where the evaluated results pursuant to items (a) and (b) hereinabove are lower than the transaction price, the Company shall follow items (f) and (g) hereunder, however, under one of the following situations, with the objective evidence, professional appraisal for the real property and the accountants' opinion of the fairness of the transaction being provided, the aforesaid shall not apply:</p> | <p>(d) Under any one of the following circumstances in which the Company acquires real property or right-of-use assets thereof from related parties, it needs to only undertake items 1) and 2) herein; the evaluation of fairness of transaction cost as provided for in items (a), (b) and (c) hereunder shall not apply:</p> <ul style="list-style-type: none"> (i) The related party having obtained the real property or right-of-use assets thereof by way of inheritance of gift; (ii) The time lapse between the related party's contract for acquisition of the real property or right-of-use assets thereof and this transaction exceeds five (5) years; or (iii) The Company obtaining the real property by way of joint-development contract entered with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land. (iv) The real property right-of-use assets for business use are acquired by the company and its subsidiaries, or by its subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares or authorized capital. <p>(e) Where the evaluated results pursuant to items (a) and (b) hereinabove are lower than the transaction price, the Company shall follow items (f) and (g) hereunder, however, under one of the following situations, with the objective evidence, professional appraisal for the real property and the accountants' opinion of the fairness of the transaction being provided, the aforesaid shall not apply:</p> | |

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| Article 8 | <p>(i) The related party having undertaken construction on undeveloped land or rented land, may offer evidence in respect of its conformity to one of the following conditions:</p> <p>A. The undeveloped land being valued in the methods provided hereinabove, and the building being valued by adding reasonable development profits to their construction costs, and the total amount exceeding the actual transaction price. “Reasonable development profits” herein shall comprise of the average gross profit margin of the related party’s construction department within the last three (3) years, or the latest gross profit margin for the construction industry published by the Ministry of Finance, whichever is the lower;</p> <p>B. Successful transactions by non-related parties involving other floors of the same subject matter or of the neighboring areas within the past one (1) year, with comparable areas, and their transaction conditions being comparable to those of transactions with evaluations of acceptable price difference between floor levels or areas in accordance with the practice for sale and purchase or rental of real property.</p> <p>(ii) The Company providing evidence that the transaction conditions of its purchase or rental of real property right-of-use assets from related party are comparable with those successful cases within the</p> | <p>(i) The related party having undertaken construction on undeveloped land or rented land, may offer evidence in respect of its conformity to one of the following conditions:</p> <p>A. The undeveloped land being valued in the methods provided hereinabove, and the building being valued by adding reasonable development profits to their construction costs, and the total amount exceeding the actual transaction price. “Reasonable development profits” herein shall comprise of the average gross profit margin of the related party’s construction department within the last three (3) years, or the latest gross profit margin for the construction industry published by the Ministry of Finance, whichever is the lower;</p> <p>B. Successful transactions by non-related parties involving other floors of the same subject matter or of the neighboring areas within the past one (1) year, with comparable areas, and their transaction conditions being comparable to those of transactions with evaluations of acceptable price difference between floor levels or areas in accordance with the practice for sale and purchase or rental of real property.</p> <p>(ii) The Company providing evidence that the transaction conditions of its purchase or rental of real property right-of-use assets from related party are comparable with those successful cases within the</p> | |

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| Article 8 | <p>neighboring areas within the past one (1) year and between non-related parties and with approximately similar space. “Successful transactions within the neighboring areas” shall in principle include those in the same or adjacent street and within a radius of five hundred (500) meters of the subject matter or where their published current values are approximately similar. “Approximately similar space” shall in principle include the spaces of those transacted cases between non-related parties that are not less than fifty percent (50%) of that of the subject matter.</p> <p>(f) Where the appraisal results pursuant to the preceding acquisition of real property or right-of-use assets thereof are all lower than the transaction price, the Company shall undertake the following:</p> <p>(i) With respect to the difference between the transaction price for the real property or right-of-use assets thereof and the evaluated costs, set aside special profit/loss reserve, in compliance with Article 41/(1) of the Securities and Exchange Act, which shall not be distributed or allocated in the form of stock dividends. Where investors of the Company that adopt the equity accounting in respect of their investments in the Company are public companies, the investor shall set aside special profit/loss reserve for the amount according to their respective shareholding;</p> <p>(ii) The Independent Directors shall undertake measures in compliance with Article 218 of the Company Act;</p> | <p>neighboring areas within the past one (1) year and between non-related parties and with approximately similar space. “Successful transactions within the neighboring areas” shall in principle include those in the same or adjacent street and within a radius of five hundred (500) meters of the subject matter or where their published current values are approximately similar. “Approximately similar space” shall in principle include the spaces of those transacted cases between non-related parties that are not less than fifty percent (50%) of that of the subject matter.</p> <p>(f) Where the appraisal results pursuant to the preceding acquisition of real property or right-of-use assets thereof are all lower than the transaction price, the Company shall undertake the following:</p> <p>(i) With respect to the difference between the transaction price for the real property or right-of-use assets thereof and the evaluated costs, set aside special profit/loss reserve, in compliance with Article 41/(1) of the Securities and Exchange Act, which shall not be distributed or allocated in the form of stock dividends. Where investors of the Company that adopt the equity accounting in respect of their investments in the Company are public companies, the investor shall set aside special profit/loss reserve for the amount according to their respective shareholding;</p> <p>(ii) The Independent Directors shall undertake measures in compliance with Article 218 of the Company Act;</p> | |

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| Article 8 | <p>(iii) The shareholders' meeting shall be informed of measures under items (i) and (ii) hereinabove, with details of the transaction to be disclosed in the Company's annual report or prospectus.</p> <p>(g) Where the Company has set aside a special reserves under preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or rented at premium, or they have been disposed of, of rental agreement has been terminated, or adequate compensation had been made, or status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and FSC has given its consent.</p> <p>(h) When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the provisions of the preceding paragraph (f) and (g) if there is other evidence indicating that the acquisition was not an arm's length transaction.</p> <p>4) Process in determining authorized investment limit and responsible units The relevant information of the transaction to be conducted by the Company and its subsidiary, or between its subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares or capitals shall be submitted by Accounting Department to the Board of Directors for approval in advance. However, transaction amount below NT\$300 million can be conducted with authorized approval of Chairman and submitted afterwards to the immediate Board of Directors meeting ensued for ratification. The mentioned transactions include:</p> | <p>(iii) The shareholders' meeting shall be informed of measures under items (i) and (ii) hereinabove, with details of the transaction to be disclosed in the Company's annual report or prospectus.</p> <p>(g) Where the Company has set aside a special reserves under preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or rented at premium, or they have been disposed of, of rental agreement has been terminated, or adequate compensation had been made, or status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and FSC has given its consent.</p> <p>(h) When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the provisions of the preceding paragraph (f) and (g) if there is other evidence indicating that the acquisition was not an arm's length transaction.</p> <p>4) Process in determining authorized investment limit and responsible units The relevant information of the transaction to be conducted by the Company and its subsidiary, or between its subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares or capitals shall be submitted by Accounting Department to the Board of Directors for approval in advance. However, transaction amount below NT\$300 million can be conducted with authorized approval of Chairman and submitted afterwards to the immediate Board of Directors meeting ensued for ratification. The mentioned transactions include:</p> | |

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| Article 8 | <p>(a) Acquisition or disposal of operational equipment or right-of-use assets thereof;</p> <p>(b) Acquisition or disposal of real property or right-of-use assets thereof.</p> <p>5) The 10% requirement of total assets in this procedure shall be calculated based on the amount of total assets in the most recent individual or respective financial report as stipulated according to Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> | <p>(a) Acquisition or disposal of operational equipment or right-of-use assets thereof;</p> <p>(b) Acquisition or disposal of real property or right-of-use assets thereof.</p> <p>5) The 10% requirement of total assets in this procedure shall be calculated based on the amount of total assets in the most recent individual or respective financial report as stipulated according to Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> | |
| Article 9 | <p>1) Evaluation and Process</p> <p>(a) Acquisition or disposal of club memberships shall be by way of suggestions in respect of transaction conditions and prices, taking into consideration fair market price, and compiled into analysis report. Where the transaction is NT\$3 million or below, the said analysis report shall be submitted to the President for approval before submitting to the Board of Directors at the immediate following meeting for review. Where the transaction is above NT\$3 million, the approval of the Board of Directors shall be required before proceeding with the same.</p> <p>(b) Acquisition or disposal of intangible assets or right-of-use assets thereof shall be by way of suggestions in respect of transaction conditions and prices, taking into consideration expert's valuation report or fair market price, and compiled into analysis reports. Where the transaction is NT\$3 million or below, the said analysis report shall be submitted to the President for approval before submitting to the Board of Directors at the immediate following meeting for review. Where the transaction is above NT\$3 million, the approval of the</p> | <p>1) Evaluation and Process</p> <p>(a) Acquisition or disposal of club memberships shall be by way of suggestions in respect of transaction conditions and prices, taking into consideration fair market price, and compiled into analysis report. Where the transaction is NT\$3 million or below, the said analysis report shall be submitted to the President for approval before submitting to the Board of Directors at the immediate following meeting for review. Where the transaction is above NT\$3 million, the approval of the Board of Directors shall be required before proceeding with the same.</p> <p>(b) Acquisition or disposal of intangible assets or right-of-use assets thereof shall be by way of suggestions in respect of transaction conditions and prices, taking into consideration expert's valuation report or fair market price, and compiled into analysis reports. Where the transaction is NT\$3 million or below, the said analysis report shall be submitted to the President for approval before submitting to the Board of Directors at the immediate following meeting for review. Where the transaction is above NT\$3 million, the approval of the</p> | |

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| Article 9 | <p>Board of Directors shall be required before proceeding with the same.</p> <p>2) Expert's Evaluation Report</p> <p>(a) Expert's valuation report shall be required in the case of acquisition or disposal of intangible assets, or right-of-use assets thereof, or club membership.</p> <p>(b) Where the transaction amount for acquisition or disposal of intangible assets, or right-of-use assets thereof, or club membership exceeds twenty percent (20%) of the Company's paid-in capital of NT\$300 million, except in transaction with domestic government agency, accountants shall be engaged, prior to the date of occurrence, to provide an opinion with respect to the fairness of the transaction price.</p> <p>(c) Where the club membership or intangible assets are acquired or disposed by way of judicial auctions, documentary proof furnished by the courts may replace valuation reports or accountants' opinions.</p> <p>3) Implementation</p> <p>The Company may only proceed with the acquisition or disposal of intangible assets, or right-of-use assets thereof, or club membership after the Accounting Department has submitted its application for approval in accordance with item (1) hereinabove.</p> | <p>Board of Directors shall be required before proceeding with the same.</p> <p>2) Expert's Evaluation Report</p> <p>(a) Expert's valuation report shall be required in the case of acquisition or disposal of intangible assets, or right-of-use assets thereof, or club membership.</p> <p>(b) Where the transaction amount for acquisition or disposal of intangible assets, or right-of-use assets thereof, or club membership exceeds twenty percent (20%) of the Company's paid-in capital of NT\$300 million, except in transaction with domestic government agency, accountants shall be engaged, prior to the date of occurrence, to provide an opinion with respect to the fairness of the transaction price; <u>the said accountants shall undertake the same in conformity with Auditing Standards No. 20 promulgated by the ARDF.</u></p> <p>(c) Where the club membership or intangible assets are acquired or disposed by way of judicial auctions, documentary proof furnished by the courts may replace valuation reports or accountants' opinions.</p> <p>3) Implementation</p> <p>The Company may only proceed with the acquisition or disposal of intangible assets, or right-of-use assets thereof, or club membership after the Accounting Department has submitted its application for approval in accordance with item (1) hereinabove.</p> | <p>The reason for amendment of paragraph 2, item (b) of this Article is same as stated in Article 6.</p> |
| Article 9-1 | <p>The calculation of the transaction amount referred to in the item 1) of Article 6, Article 7, and Article 8, and transactions referred to in the Article 9 shall be done in accordance with Article 12, paragraph 1-(g) herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction.</p> <p>Items for which an appraisal report from</p> | <p>The calculation of the transaction amount referred to in the item 1) of Article 6, Article 7, and Article 8, and transactions referred to in the Article 9 shall be done in accordance with Article 12, paragraph 1-(g) herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction.</p> <p>Items for which an appraisal report from</p> | |

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| Article 9-1 | <p>a professional appraiser or an accountant's opinion has been obtained need not be counted toward the transaction amount. The calculation of the transaction amount referred to in the item 2) of Article 8 be made in accordance with Article 12, paragraph 1-(g) herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by <u>Shareholders Meeting or Audit Committee</u> and Board of Directors need not be counted toward the transaction amount.</p> | <p>a professional appraiser or an accountant's opinion has been obtained need not be counted toward the transaction amount. The calculation of the transaction amount referred to in the item 2) of Article 8 be made in accordance with Article 12, paragraph 1-(g) herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by Audit Committee and Board of Directors need not be counted toward the transaction amount.</p> | <p>Pursuant to the revision of Article 8, item (b)-(iii), paragraph 2 of this Article is amended.</p> |
| Article 12 | <p>Procedures for Public Disclosure of Information</p> <p>1) Items to be publicly disclosed and standard for public disclosure and report</p> <p>(a) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds, bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises;</p> <p>(b) Undertaking merger, demerger, acquisition or shareholding transfer;</p> <p>(c) Loss in derivative trade in an amount exceeding the limits for all trades or individual trade as stipulated in Article 10 1) (f);</p> <p>(d) The assets so acquired or disposed are equipment or right-of-use assets thereof for business purposes and in which the</p> | <p>Procedures for Public Disclosure of Information</p> <p>1) Items to be publicly disclosed and standard for public disclosure and report</p> <p>(a) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds, bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises;</p> <p>(b) Undertaking merger, demerger, acquisition or shareholding transfer;</p> <p>(c) Loss in derivative trade in an amount exceeding the limits for all trades or individual trade as stipulated in Article 10 1) (f);</p> <p>(d) The assets so acquired or disposed are equipment or right-of-use assets thereof for business purposes and in which the</p> | |

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| Article 12 | <p>counterparties are not related parties, and the transaction amount exceeds NT\$1 billion.</p> <p>(e) Real property acquired from unrelated parties by way of entrusted construction on own land, engaging others to construct on rented land, division of property or profits deriving from sale of property following joint-development, where the projected amount to be invested in the transaction reaches NT\$500 million.</p> <p>(f) Transactions relating to assets other than those stipulated hereinabove, or undertaking investments in Mainland, where their transaction amount reach twenty percent (20%) of the Company's paid-in capital or equal or greater than NT\$300 million, with the following exceptions:</p> <p>(i) Sale and purchase of domestic government bonds or foreign government bonds <u>with a credit rating not lower than our sovereign rating</u>;</p> <p>(ii) Sale and purchase of bonds with call or put options, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.</p> <p>(g) The calculation of transaction amount for (f) hereinabove as follows:</p> <p>(i) Each single transaction amount;</p> <p>(ii) Cumulative amount for transactions with the same counterparty within one (1) year or acquisition or disposal of subject matters of similar nature;</p> <p>(iii) Cumulative amount for acquisition or disposal (separate accounting for cumulative amounts in</p> | <p>counterparties are not related parties, and the transaction amount exceeds NT\$1 billion.</p> <p>(e) Real property acquired from unrelated parties by way of entrusted construction on own land, engaging others to construct on rented land, division of property or profits deriving from sale of property following joint-development, where the projected amount to be invested in the transaction reaches NT\$500 million.</p> <p>(f) Transactions relating to assets other than those stipulated hereinabove, or undertaking investments in Mainland, where their transaction amount reach twenty percent (20%) of the Company's paid-in capital or equal or greater than NT\$300 million, with the following exceptions:</p> <p>(i) Sale and purchase of domestic government bonds;</p> <p>(ii) Sale and purchase of bonds with call or put options, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.</p> <p>(g) The calculation of transaction amount for (f) hereinabove as follows:</p> <p>(i) Each single transaction amount;</p> <p>(ii) Cumulative amount for transactions with the same counterparty within one (1) year or acquisition or disposal of subject matters of similar nature;</p> <p>(iii) Cumulative amount for acquisition or disposal (separate accounting for cumulative amounts in</p> | <p>Considering that the current public companies have been exempted from public announcement and declaration for the purchase and sale of domestic public bonds, according to Article 31, paragraph 1, subparagraph 7, item 1 of this Regulations, item (i) of paragraph 1-(f) of this Article is amended to relax the company's trading of bonds. When issuing foreign public bonds with a rating not lower than our sovereign rating, the public announcement and declaration can be exempted.</p> |

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| Article 12 | <p>respect of acquisitions and disposals) of real property or right-of-use assets thereof under the same development project within one (1) year;</p> <p>(iv) Cumulative amount for acquisition or disposal (separate accounting for cumulative amounts in respect of acquisitions and disposals) of the same securities within one (1) year.</p> <p>(h) “Within one (1) year” as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>2) Time Limit for Public Announcement and Reports Public announcement and submission of report in respect of acquisition or disposal of assets by the Company under items (a) to (f) above shall be undertaken within two (2) days of the occurrence of the event.</p> <p>3) Procedure for Public Announcement</p> <p>(a) The Company shall undertake public announcement and report at the web-site appointed by the FSC;</p> <p>(b) The Company shall on a monthly basis, and before the 10th day of each month, enter at the information and reporting web-site appointed by the FSC, all derivative trades undertaken for the preceding month by the Company and its non-public subsidiaries;</p> <p>(c) Where there are errors and omissions for which corrections are required in the Company’s public announcement and reports in conformity with regulations, the Company shall cause all of the items to be re-published within two (2) days after becoming aware of these errors and omission;</p> | <p>respect of acquisitions and disposals) of real property or right-of-use assets thereof under the same development project within one (1) year;</p> <p>(iv) Cumulative amount for acquisition or disposal (separate accounting for cumulative amounts in respect of acquisitions and disposals) of the same securities within one (1) year.</p> <p>(h) “Within one (1) year” as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>2) Time Limit for Public Announcement and Reports Public announcement and submission of report in respect of acquisition or disposal of assets by the Company under items (a) to (f) above shall be undertaken within two (2) days of the occurrence of the event.</p> <p>3) Procedure for Public Announcement</p> <p>(a) The Company shall undertake public announcement and report at the web-site appointed by the FSC;</p> <p>(b) The Company shall on a monthly basis, and before the 10th day of each month, enter at the information and reporting web-site appointed by the FSC, all derivative trades undertaken for the preceding month by the Company and its non-public subsidiaries;</p> <p>(c) Where there are errors and omissions for which corrections are required in the Company’s public announcement and reports in conformity with regulations, the Company shall cause all of the items to be re-published within two (2) days after becoming aware of these errors and omission;</p> | |

| Section | Proposed Changes | Current Articles | Remark |
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| Article 12 | <p>(d) Where any of the following events has occurred following the Company’s public announcement and reports in respect of its transaction pursuant to regulations, the Company shall within two (2) days, commencing immediately from the date of the occurrence of the said events, undertake public announcement and report in respect of the relevant information at the web-site appointed by FSC:</p> <p>(i) Amendment, termination or cancellation of the contracts relating to the original transaction;</p> <p>(ii) Failure of merger, demerger, acquisition or shareholding transfer to be completed at the prescribed dates.</p> <p>(iii) Change to the originally publicly announced and reported information.</p> <p>4) Format of Public Announcement The necessary items and contents of public announcement which the Company shall comply with are referred to the appendixes of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies.”</p> | <p>(d) Where any of the following events has occurred following the Company’s public announcement and reports in respect of its transaction pursuant to regulations, the Company shall within two (2) days, commencing immediately from the date of the occurrence of the said events, undertake public announcement and report in respect of the relevant information at the web-site appointed by FSC:</p> <p>(i) Amendment, termination or cancellation of the contracts relating to the original transaction;</p> <p>(ii) Failure of merger, demerger, acquisition or shareholding transfer to be completed at the prescribed dates.</p> <p>(iii) Change to the originally publicly announced and reported information.</p> <p>4) Format of Public Announcement The necessary items and contents of public announcement which the Company shall comply with are referred to the appendixes of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies.”</p> | |

5. To amend the company bylaw of “Meeting Rules of Shareholders” of Oriental Union Chemical Corporation

The Board of Directors proposes and recommends that each shareholder vote FOR the amendments of the Meeting Rules of Shareholders.

Explanatory notes:

- (1) In response to the amendment of Article 172-2 of the Company Act, which allowed public companies to hold shareholders' meetings by video, the Financial Supervisory Commission amended and promulgated on March 4, 2022 part of the provisions of the "Regulations Governing the Administration of Shareholder Services of Public Companies" to update the relevant provisions of the video conference of the shareholders' meeting. The company has amended some provisions of the company's "Meeting Rules of Shareholders" with reference to the revised "Example of the Meeting Rules of Shareholders of xx Co., Ltd." announced by the Taiwan Stock Exchange on March 8, 2022. The provisions amended are in the comparison attached.
- (2) Please accept the aforesaid report.

Attachment –

Amendment to the company bylaw of “Meeting Rules of Stockholders” of OUCC

| Section | Proposed Changes | Current Articles | Remark |
|-----------|---|--|---|
| Article 2 | <p>The location for shareholders meeting shall be the Company’s place of business or a place convenient for attendance by shareholders (or by proxies) that is suitable to holding of this meeting. The meeting shall be held between 9:00AM and 3:00PM.</p> <p><u>The company’s changes to the method of convening the shareholders' meeting shall be subject to the resolution of Board of Directors, which should be held no later than the dispatch of the shareholders' meeting notice.</u></p> <p>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. <u>For the video conference of the shareholders' meeting, registration should be conducted on the video conference platform of the shareholders' meeting 30 minutes before the start of the meeting. Shareholders who have completed the registration shall be deemed to have attended the shareholders' meeting in person.</u></p> <p>When convening shareholders meeting, the Company shall incorporate electronic vote casting as one of the alternative ways to cast the vote, and the procedure of electronic casting shall be written in the notice of shareholders meeting. Shareholders who vote via electronic casting are deemed as presented in person. <u>If a shareholder does not revoke his intention to exercise his voting rights, but attends the shareholders' meeting on the spot or registers to participate in the shareholders' meeting by video conferencing on the day of the shareholders' meeting, he or she may not exercise the voting rights on the original</u></p> | <p>The location for shareholders meeting shall be the Company’s place of business or a place convenient for attendance by shareholders (or by proxies) that is suitable to holding of this meeting. The meeting shall be held between 9:00AM and 3:00PM.</p> <p>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.</p> <p>When convening shareholders meeting, the Company shall incorporate electronic vote casting as one of the alternative ways to cast the vote, and the procedure of electronic casting shall be written in the notice of shareholders meeting. Shareholders who vote via electronic casting are deemed as presented in person. <u>With respect to extemporaneous 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.</u></p> | <p>1.To comply with the amendments to the "Company Act" and "Regulations Governing the Administration of Shareholder Services of Public Companies," public companies can hold shareholders' meetings by video. In reference to the Article 3, paragraph 2 of the "Example of the Meeting Rules of Shareholders of xx Co., Ltd." (hereinafter referred to as the "Reference Example") announced by the Taiwan Stock Exchange on 8 March 2022, the company revises paragraph 2 of this Article.</p> <p>2. According to Article 6, paragraph 2 of Reference Example, the company revises the latter part of paragraph 3 regarding time and procedure for registration of video conference of shareholders meeting.</p> <p>3. With reference to the Letter No. MEA 10102404740 and No. 10102414350 issued by Ministry of Economic Affairs respectively on 24 February and 3 May 2012, shareholders who exercise their voting rights electronically and have not revoked</p> |

| Section | Proposed Changes | Current Articles | Remark |
|-----------|---|--|--|
| Article 2 | <p><u>proposals, or propose or exercise the voting rights on amendment to the original proposal, except to propose an interim motion and exercise the right to vote.</u></p> <p>Shareholders (or by proxies) attending the Meeting shall have attendance card, sign-in card or other certificate of attendance issued by the Company. The proxy solicitor shall provide ID document for verification purpose. The shareholders (or by proxies) when attending the meeting shall hand in signed attendance form.</p> <p>Attendance at the shareholders' meeting shall be calculated on the basis of shares. The number of shares attended is calculated based on the sign-in card <u>and the number of shares registered on the video conference platform</u>, plus the number of shares for which voting rights are exercised electronically.</p> <p>The Company may appoint lawyers, accountants or related personnel to attend the shareholders meeting.</p> <p>The personnel in charge of handling the affaires of the meeting shall wear identification badge or armband.</p> <p>For a shareholders 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</p> | <p>Shareholders (or by proxies) attending the Meeting shall have attendance card, sign-in card or other certificate of attendance issued by the Company. The proxy solicitor shall provide ID document for verification purpose. The shareholders (or by proxies) when attending the meeting shall hand in signed attendance form.</p> <p>Attendance at the shareholders' meeting shall be calculated on the basis of shares. The number of shares attended is calculated based on the sign-in card, plus the number of shares for which voting rights are exercised electronically.</p> <p>The Company may appoint lawyers, accountants or related personnel to attend the shareholders meeting.</p> <p>The personnel in charge of handling the affaires of the meeting shall wear identification badge or armband.</p> <p>For a shareholders 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</p> | <p>their declaration of intent, shall not propose or exercise voting right on amendment to the original proposal, except the shareholders attend the shareholders' meeting on the day it's held, and can put forward temporary motions on the spot and exercise the voting rights. Based on the fairness for written and electronic voting, and with reference to Article 13, paragraph 12 of the "Reference Examples," the company revises paragraph 3 accordingly and adds as paragraph 4.</p> <p>4. The convening of the shareholders meeting of the company by video conference shall be stated. When calculating the total number of shares attended, the number of shares registered by the shareholders who have completed the registration by video conference shall be added, paragraph 5 of this Article is amended and replaced as paragraph 6.</p> <p>5. With reference to paragraph 3 & 4 of Article 8 of the Reference Example, the company revises the latter part of paragraph 10.</p> |

| Section | Proposed Changes | Current Articles | Remark |
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| Article 2 | <p>operations of the Company. For a shareholders 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.</p> <p>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. <u>If the shareholders meeting is held by video conference, the company shall make continuous and uninterrupted audio and video recordings of the entire video conference, and properly keep the relevant materials and audio and video recordings during the period of existence.</u></p> | <p>operations of the Company. For a shareholders 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.</p> <p>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.</p> | |
| Article 8-1 | <p><u>If the shareholders meeting is held by video conference, the shareholders participating by video conference may raise questions in text form on the video conference platform of the shareholders meeting, with limit of two times for each proposal, after the chairman announces the meeting and before the announcement of the adjournment of the meeting. The text limit is 200 words, and the provisions of Articles 5, 7 and 8 are not applicable.</u></p> | (Newly added) | To specify the methods, procedures and restrictions for the shareholders who participate in the shareholders' meeting by video, the company revises this article with reference to the provisions of Article 11, paragraph 7 of the "Reference Examples." |
| Article 11 | <p><u>If the shareholders meeting is held by video conference, the shareholders participating by video conference shall conduct voting on various resolutions and election proposals through the video conference platform after the chairman announces the meeting, and shall complete the voting before the chairman announces the close of voting, if not, it shall be deemed a waiver.</u></p> <p>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</p> | <p>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</p> | <ol style="list-style-type: none"> 1. When the shareholders meeting is held by video conference, to allow shareholders participating by video conference to have more time to vote, the first paragraph of this article is added. 2. When the shareholders' meeting is held by video conference, the vote counting operation must be a one-time counting to |

| Section | Proposed Changes | Current Articles | Remark |
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| Article 11 | <p>rights represented by the shareholders (or proxies) attending the meeting.</p> <p><u>The voting and election of each resolution shall be conducted by one-off voting, and after the chairman announces the close of voting, the one-off votes shall be counted.</u></p> <p>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.</p> <p>The results of voting and election shall be announced after the vote calculation on the spot and kept for records.</p> <p><u>If the shareholders meeting is held by video conference, the company shall immediately disclose the voting results and election results of various proposals on the video conference platform of the shareholders' meeting in accordance with the regulations, and shall continue to disclose for at least 15 minutes after the chairman announces the adjournment of the meeting.</u></p> | <p>rights represented by the shareholders (or proxies) attending the meeting.</p> <p><u>Proposal shall be put to vote. All proposals (including election) 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.</u></p> <p>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.</p> <p>The results of voting and election shall be announced after the vote calculation on the spot and kept for records.</p> | <p>be in line with the voting time of shareholders participating by video. Paragraph 2 is amended and replaced as paragraph 3, per the revision of paragraph 1.</p> <p>3. With reference to the provisions of Article 19 of “Reference Example”, the company revises paragraph 6, to facilitate the instant information of proposal resolutions and election results of the shareholders meeting to be known by shareholders participating via video.</p> |
| Article 13 | <p><u>When the shareholders meeting is held by video conference, the chairman shall announce the meeting by means of a separate announcement that, in addition to the continuation or continuation of the meeting according to the law, due to natural disasters, incidents or other force majeure events, the video conference platform or the participation by video conference is blocked for more than 30 minutes, the date of the meeting shall be postponed or renewed within five days.</u></p> <p>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.</p> | <p>When the shareholders meeting is convened by video, the Chairman shall announce the handling mechanism of disconnection at the meeting. Paragraph 1 is added with reference to Article 21, paragraph 2 of the Reference Example.</p> <p>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.</p> | |

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 Shareholders for Oriental Union Chemical Corporation

Last updated by June 16, 2020

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

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

The 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 shareholders meeting, the Company shall incorporate electronic vote casting as one of the alternative ways to cast the vote, and the procedure of electronic casting shall be written in the notice of shareholders meeting. Shareholders who vote via electronic casting is deemed as presented in person. With respect to extemporary motions, amendments of the original proposals, and substitute proposals raised in the shareholders' 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 shareholders (or by proxies) when attending the meeting shall hand in signed attendance card.

Number of shareholders 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 shareholders' meeting.

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

For a shareholders meeting convened by the board of directors, the chairman of the board of directors shall preside at the meeting. If the 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 shareholders (or proxies) represent more than half of the total shares issued in public. The Chairperson may announce postponement of meeting if the legal quorum is not present after the designated meeting time. Such postponement is limited to two times and the aggregated

postponed time shall not exceed one hour. If quorum is still not present after two postponements but the attending shareholders (or proxies) represent more than one third of the total shares issued in public, tentative resolution/s may be passed with respect to ordinary resolution/s by a majority of those present.

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

Article 4 If the shareholders meeting is convened by the board of directors, the agenda shall be designated by the board 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 shareholders' resolution, the Chairperson shall not declare adjournment of the meeting before the first two matters set out in the agendas (including extemporary motions) are concluded. During the meeting, if the Chairperson declares adjournment of the meeting in violation of the preceding rule, a new Chairperson may be elected by a resolution passed by majority of the attending shareholders to continue the meeting.

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

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

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

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

Article 7 The explanation of proposal shall be limited to 5 minutes. The statement of inquiry and reply shall be limited to 3 minutes per person. The time may be extended for 3 minutes with the Chairperson's permission.

The Chairperson may restrain shareholders (or proxies) from speaking if that shareholders (or proxies) speak overtime, speak beyond the allowed frequency or content of the speech is beyond the scope of the proposal.

When a shareholder (or proxy) is speaking, other shareholders (or proxies) shall not interrupt without consent of the Chairperson and the speaking shareholders (or proxy). Any disobedient of the preceding rule shall be prohibited by the Chairperson. Article 15 of this meeting rule shall apply if the disobedient do not follow the Chairperson's instructions.

Article 8 For the same proposal, each person shall not speak more than 2 times.

When a juristic person is a stockholder, only one representative shall be appointed to attend the meeting.

If more than two representatives were appointed to attend the meeting, only one representative is allowed to speak.

Article 9 After speaking by the attending shareholders (or proxy), the Chairperson may reply in person or assign relevant officer to reply. Over the proposal discussion, the Chairperson may conclude the discussion in a timely manner and where necessary announce discussion is closed.

Article 10 For proposal in which discussion has been concluded or closed, the Chairperson shall submit it for voting.

No discussion or voting shall proceed for matters unrelated to the proposal.

The personnel responsible for overseeing and counting of the votes for resolutions shall be appointed by the Chairperson. The person responsible for vote overseeing shall be of the stockholder status.

Article 11 In regards to the resolution of proposals, unless otherwise provided for in the relevant law and regulation or Company's Articles of Incorporation, resolution shall be passed by a majority of the voting rights represented by the shareholders (or proxies) attending the meeting.

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

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

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

Appendix

1. Current Shareholding of Directors

Book closure date: 11 April 2022

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

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

Not applicable.



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