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Oriental Union Chemical Corp.

Handbook for 2023
Annual Shareholders Meeting

Date : 6 June 2023

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

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Oriental Union Chemical Corporation (OUCC)

2023 Annual Shareholders Meeting

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

Time/Date: 9:00 am (Taipei time) on Tuesday, 6 June 2023

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. 2022 Business Report
2. 2022 Financial Statements
3. The Audit Committee's review report on 2022 Business Report and Financial Statements
4. To report 2022 Directors' Remuneration and Employees' Compensation

Approval items:

1. To accept 2022 Business Report and Financial Statements
2. To approve the proposal for 2022 surplus profit allocation

Extemporary motion

Meeting Adjourned

Reporting items

1. 2022 Business Report

I. Foreword

In view of 2022, the global inflation intensified by the Ukraine war and the ensued soaring energy costs, the interest raise strategies incurred worldwide, the appreciation of US dollar, the severely impaired global stock & exchange markets, the slump of manufacturing industry, as well as the weakened demands of consumption market all have attributed to the downward global economy growth rate of 1.7% projected by the World Bank. As to Asia, with the economy growth of China throttled by its mobility restriction measure, and the onset of demographic dividend in India, ASEAN has become the emerging manufacturing hub of Asia with highlighted economic performance. Taiwan, on the other hand, bounded by its overall economic fragilities, the yearly economic growth rate declined to 2.43% resulted from the receding of export business.

Similarly, the petrochemical industry was under the sway of the Ukraine war, as prices of crude oil and natural gas, the costs of petrochemical raw materials and energy overwhelmingly escalated. Though the agreed reduction of OPEC spurred the climbing of crude oil prices, the consumption demand remained feeble, and the industry profitability restrained eventually by the unavailing response of the middle and downstream manufacturers to the upward prices. The annual output value of the domestic petrochemical industry reached NT\$1.85 trillion in 2022, a decrease of 5.7%, according to the ITRI survey. The industry outlook of 2023 is mostly viewed as gloomy, as the stagnant economy of 2H/2022 relaying to Q1/2023, awaiting its rebound.

Despite of the aforementioned, the company's ethylene glycol (EG) products were also affected by China's newly launched mass capacity, which resulted in the unsustainable prices for EG. Fortunate enough, the company's advantage in the development of high value-added and green products has started to pay off and secured the break-even overall operative performance.

In 2022, the consolidated revenue reached NT\$22.08 billion, a decrease of 19.7% from the previous year, and the operating net loss totaled NT\$1.16 billion, of -5% net loss rate. The net profit after tax attributable to the company was NT\$40 million, of earnings per share (EPS) NT\$0.04.

II. Operating Performance Review

(1) Safety, Health and Environment

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

The carbon capture and utilization (CCU) technology the company established to produce its outstanding solvents of ethanolamine and ethylenediamine benefits its downstream customers in their own carbon capture. Through such technology, up to 95% of CO₂ from the manufacturing process, an equivalence of 100,000 t CO₂-e per year, is recycled to produce high purity CO₂ for industry, food and electronics businesses, then further processed to produce ethylene carbonate (EC) for manufactures of polycarbonate (PC), composite materials, and electrolyte of lithium battery. To counteract the global CO₂ emission issue, the company strives to develop the CO₂ products, technologies and products of plastic recycling and biodegradability.

The overall SHE performance in 2022 included the improvement of the coal-fired furnace and regenerative thermal oxidizer (RTO) systems fueled with natural gas, saving approximately power of 8,169 kWh and diesel fuel 600 kL per year; and, the newly installed highly efficient exhaust heat recovery equipment to reinforce the pollution control; and, the high efficiency bioreactor (ABR) patented technology for the condensed reverse osmosis (RO) water introduced to increase wastewater treatment volume and chemical oxygen demand (COD) degradation capability.

Additionally, to suffice the energy demand for the ensued mass production of the new specialty chemical plants, the ratio of heat to electricity will be readjusted in line with the company's strategy in doubled fuels and circular energy to achieve the goal of emission optimization, power saving and carbon reduction through the cogeneration device to be installed.

(2) EG Business

The downside effects of the Ukraine war on the overall economic status, and the launched global mass production capacity of EG, which resulted in the unbalanced demand and supply of 34 million and 53 million tons respectively, weakened the EG prices. To cope with the sluggish EG market, the company endeavors to optimize its operation costs and production.

In 2022, the EG output across the strait totaled 470,000 tons, a decrease of 27% over 2021, while sales of 490,000 tons, of 26% decrease; the total output of ethylene oxide (EO) was 280,000 tons, a decrease of 13% over 2021, sales of 160,000 tons, of 16% decrease.

(3) GAS Business

In H1/2022, the company's gas fully supplied the semi-conductor and the downstream electronics businesses, whereas the gas demands from steel and petrochemical industries shrank due to the pandemic; however, the gas demand of H2 dropped as most costs escalated following the multiple US interest raise, infrastructure and livelihood demands inactive, as well as the decline of overall industrial production. On the other hand, the gas market in China remained stagnant owing to the pandemic and the shifting of global supply chain.

To counteract the change in applications of downstream industries, the company secured its vantage in autonomous pipeline gas supply to the Linyuan Industrial Park, and implemented the joint strategy with liquid gas for business expansion to multiple industries, which resulted in the uplift of overall selling prices, yet even or partly less sales volume. The revenue and profit of gas business, nonetheless, continued to grow, hitting its record high.

In 2022, the oxygen output on both sides of the strait totaled 490,000 tons, aside from its own use, 80,000 tons were sold, of an equivalence to that of 2021; the total nitrogen produced was 410,000 tons, 360,000 tons were sold, a decrease of 16%; while sales of liquid CO₂ 40,000 tons, merely same as 2021.

(4) Specialty Chemicals Business

The overall market demand of the specialty chemicals in 2022 plunged by virtue of the war in Europe and the mobility restriction measure in China. To fulfill the ultimate target of sustainability, the company dedicated itself on the implementation of innovative transformation for the new era, advanced technologies and applications.

The ethylene oxide derivatives (EOD), as highly related to the overall economy growth, were supplied to the downstream industries such as daily chemicals, electronics, resin synthesis, textile auxiliary, and concrete. In recent years, the company has been actively engaging in the advanced materials and formulation technology for the development of alcohol ether and polyol product series, as well as functional products featuring safe & antibacterial, functional cleaning, eco-friendly & lessening waste, recycling, and the like, to enhance the strength and remain proximity to the market demand, meeting customers' needs for diversified services, and improve the company's operating income and profit once the product lines are completed.

As to ethanolamine (EA), ethylene glycol butyl ether (EB), and ethylene carbonate (EC) product series, the company optimized its product channels as the hedge against risks, developed and increased product applications of high purity grade, securing its domestic sales and product differentiation strategy, resulting in a satisfactory performance outshone its associates worldwide.

In sum, the Specialty Chemicals business in 2022 hit its 2nd record highs both in revenue and profit. The total annual output volume of specialty chemicals across the strait was 190,000 tons, a decrease of 10% over 2021; sales of 180,000 tons, of 14% decrease.

III. 2023 Business Goals and Future Outlook

(1) Overview of 2023 Business Plan

1. EG Business

Looking into 2023, with the successive commissioning of multiple crackers in China and the United States, the unit price of ethylene is expected to remain low; yet, in view of the slowdown and lockdown release of the pandemic, as well as the gradually recovering demand of downstream polyester industry, the EG price is expected to be stable.

The EG plants from the both sides employ high-efficiency catalysts for operation, and the 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, reduce manufacturing costs, and improve EG product competitiveness.

2. Gas Business

Although domestic gas market of H1/2023 shall be rather price competitive due to supply over demand, following the declined demands of most industries from H2/2022. The gas demand of H2/2023 may head slowly upward after destocking.

Based on its existing pipeline and liquid gas customers, the company implements market segmentation strategy to expand its customers of new applications with high quality and niche products. In addition, as the plant of super high purity CO₂ is completed, the company may fully provide the major customers of electronics and semiconductor industries with its edge in CCU technology.

3. Specialty Chemical Business

To mitigate the impact on the supply and demand changes from markets of both domestic and abroad, the company adopts a diversified strategy for its solvent and amine chemicals, which include ethanolamine (EA) and ethylene glycol butyl ether (EB) product lines, aiming at the continuous development in electronic chemicals and the expanding of semiconductor grade

customers to secure domestic leading position; while ethylene carbonate (EC) product line, on the base of the polycarbonate market, shall undertake the development in high value-added applications of high purity ethylene carbonate (HPEC) and polycarbonatediol (PCDL).

In respect of the daily chemicals, the company is developing new surfactants with plastics recycled as feedstock via its own technology, and launching CO₂ embedded functional additives, which can be widely applied to downstream industries such as papermaking, resin and rubber, to strengthen the green concept products, in the hope of steering towards eco-friendly and sustainable operation aligned with its customers.

As to construction chemicals, which focus on the development of differential chemicals for concrete, the company improves the construction quality and efficiency by enhancing the durability of the advanced concrete, which have been approved by a multiple of customers domestic and abroad, and targets the global emerging markets of construction, with expectation of a breakthrough in its sales performance.

With applications highlighting the climate-resistant coating, specialty resin additives and eco-friendly materials, the featured products of the fine chemicals, ethylenediamines (EDAs) and polyetheramine (PEA) are expected a promising prospect on account of the magnifying market demands and broad applications, aside from the vantages of established technologies. Additionally, when coupled with the excellent carbon capture solvent of the ethanolamine series, they deliver solutions to the carbon reduction technology and chemical formulation.

In general, thanks to the advantages in the advance of ethylene oxide and propylene oxide in 2023, the company's high value development in innovative specialty chemicals may welcome the dawn of a successive profits from the niche and functional products therein.

(2) Future Operation Outlook

With regard to the issues of global geopolitics, inflation deterioration, pandemic evolvement, and extreme weather, the outlook of 2023 global economy is expected to remain inactive.

The company shall continue its development in battery material, electronics chemicals, high purity gas and special application materials, in line with the advancement in CCU process technology, and delve further into CO₂ chemicals, low carbon process, plastics recycling, and biodegradability, the company's projected highlights for new generation.

For future outlook, the company will adhere to its transformation through research and development, implement circular economy, energy transformation and low-carbon production, targeting 35% carbon reduction and carbon neutrality by 2030 and 2050 respectively; and, continue as a world-class diversified company, pursuing profit and growth based on robust operation and the industrial trend, constantly creating new value for shareholders, customers and employees.

2. 2022 Financial Statements

The 2022 independent auditors' reports and financial statements by Deloitte & Touche are attached as follows. (The 2022 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, 2022 and 2021, 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, 2022 and 2021, 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the ROC, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. 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, 2022 are as follow:

The Impairment Loss of Property, Plant and Equipment

The consolidated balances of property, plant and equipment amounted to \$12,389,916 thousand as of December 31, 2022. 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 30% 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, 2022 and 2021 on which we have issued an unmodified report.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 10, 2023

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 2,145,428	6	\$ 2,103,567	6
Financial assets at fair value through profit or loss	48,707	-	61,443	-
Financial assets at amortized cost	352,755	1	385,591	1
Notes receivable, net	147,865	-	222,825	1
Trade receivables, net	910,342	3	1,002,032	3
Trade receivables from related parties	68,344	-	112,582	-
Other receivables	572,852	2	558,657	2
Inventories	1,264,508	4	1,401,534	4
Prepayments for purchases	275,762	1	207,749	1
Other prepayments	59,321	-	45,647	-
Non-current assets held for sale	308,622	1	-	-
Other current assets	<u>333,001</u>	<u>1</u>	<u>191,785</u>	<u>1</u>
Total current assets	<u>6,487,507</u>	<u>19</u>	<u>6,293,412</u>	<u>19</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income	7,384,643	21	5,499,431	16
Financial assets at amortized cost	64,523	-	87,217	-
Investments accounted for using the equity method	187,675	-	1,331,028	4
Property, plant and equipment	12,389,916	35	12,991,435	38
Construction in progress	2,346,572	7	1,650,287	5
Right-of-use assets	385,495	1	386,150	1
Investment properties	1,682,742	5	1,991,406	6
Intangible assets	40,815	-	46,382	-
Deferred tax assets	548,518	2	556,899	2
Other non-current assets	<u>3,389,398</u>	<u>10</u>	<u>2,942,524</u>	<u>9</u>
Total non-current assets	<u>28,420,297</u>	<u>81</u>	<u>27,482,759</u>	<u>81</u>
TOTAL	<u>\$ 34,907,804</u>	<u>100</u>	<u>\$ 33,776,171</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 7,727,567	22	\$ 5,471,310	16
Notes payable	145,512	-	-	-
Trade payables	1,195,524	4	1,556,601	5
Other payables	618,928	2	1,275,103	4
Other payables to related parties	77,092	-	74,149	-
Current tax liabilities	-	-	6,566	-
Lease liabilities	4,233	-	7,300	-
Other current liabilities	<u>212,264</u>	<u>1</u>	<u>287,722</u>	<u>1</u>
Total current liabilities	<u>9,981,120</u>	<u>29</u>	<u>8,678,751</u>	<u>26</u>
NON-CURRENT LIABILITIES				
Long-term borrowings	9,598,259	28	8,129,398	24
Deferred tax liabilities	730,928	2	720,629	2
Lease liabilities	9,765	-	2,881	-
Net defined benefit liabilities	168,584	-	230,482	1
Guarantee deposits	54,375	-	39,431	-
Other non-current liabilities	<u>70,038</u>	<u>-</u>	<u>53,997</u>	<u>-</u>
Total non-current liabilities	<u>10,631,949</u>	<u>30</u>	<u>9,176,818</u>	<u>27</u>
Total liabilities	<u>20,613,069</u>	<u>59</u>	<u>17,855,569</u>	<u>53</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION				
Ordinary shares	<u>8,857,031</u>	<u>25</u>	<u>8,857,031</u>	<u>26</u>
Capital surplus	<u>1,085,930</u>	<u>3</u>	<u>1,006,828</u>	<u>3</u>
Retained earnings				
Legal reserve	1,615,037	5	1,526,813	4
Special reserve	1,911,129	5	1,911,129	6
Unappropriated earnings	214,458	1	882,237	3
Total retained earnings	<u>3,740,624</u>	<u>11</u>	<u>4,320,179</u>	<u>13</u>
Other equity				
Exchange differences on translating foreign operations	(477,924)	(2)	(496,003)	(2)
Unrealized loss on financial assets at fair value through other comprehensive income	(1,090,401)	(3)	(726,882)	(2)
Total other equity	<u>(1,568,325)</u>	<u>(5)</u>	<u>(1,222,885)</u>	<u>(4)</u>
Treasury shares	<u>(124,373)</u>	<u>-</u>	<u>(124,373)</u>	<u>-</u>
Total equity	<u>14,294,735</u>	<u>41</u>	<u>15,920,602</u>	<u>47</u>
TOTAL	<u>\$ 34,907,804</u>	<u>100</u>	<u>\$ 33,776,171</u>	<u>100</u>

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales revenue	\$ 22,036,389	100	\$ 27,466,680	100
Other operating revenue	<u>44,710</u>	<u>-</u>	<u>15,039</u>	<u>-</u>
Total operating revenue	<u>22,081,099</u>	<u>100</u>	<u>27,481,719</u>	<u>100</u>
OPERATING COST				
Cost of goods sold	<u>22,136,114</u>	<u>100</u>	<u>24,929,674</u>	<u>91</u>
GROSS (LOSS) PROFIT	<u>(55,015)</u>	<u>-</u>	<u>2,552,045</u>	<u>9</u>
OPERATING EXPENSES				
Selling and marketing expenses	646,613	3	663,766	2
General and administrative expenses	263,738	1	269,229	1
Research and development expenses	193,876	1	195,881	1
Expected credit (gain) loss	<u>(1,513)</u>	<u>-</u>	<u>1,177</u>	<u>-</u>
Total operating expenses	<u>1,102,714</u>	<u>5</u>	<u>1,130,053</u>	<u>4</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(1,157,729)</u>	<u>(5)</u>	<u>1,421,992</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	40,732	-	42,555	-
Rental income	39,554	-	39,554	-
Dividend income	83,019	-	71,542	-
Other income	49,600	-	621,988	3
Gain on disposal of investments	1,093,973	5	-	-
Foreign currency exchange gain	16,318	-	11,598	-
(Loss) gain on financial assets at fair value through profit or loss	(1,753)	-	332	-
Other expenses	(57,704)	-	(59,562)	-
Interest expense	(306,808)	(1)	(260,011)	(1)
Share of loss of associates accounted for using the equity method	<u>(574,220)</u>	<u>(3)</u>	<u>(514,913)</u>	<u>(2)</u>
Total non-operating income and expenses	<u>382,711</u>	<u>1</u>	<u>(46,917)</u>	<u>-</u>
(LOSS) PROFIT BEFORE INCOME TAX	(775,018)	(4)	1,375,075	5
INCOME TAX EXPENSE	<u>15,007</u>	<u>-</u>	<u>188,320</u>	<u>1</u>
NET (LOSS) PROFIT FOR THE YEAR	<u>(790,025)</u>	<u>(4)</u>	<u>1,186,755</u>	<u>4</u>

(Continued)

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE LOSS				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 1,955	-	\$ (21,901)	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(363,519)	(1)	(239,678)	(1)
Income tax relating to items that will not be reclassified subsequently to profit or loss	(391)	-	4,380	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statement of foreign operations	67,003	-	(27,084)	-
Share of the other comprehensive loss of associates accounted for using the equity method	-	-	(7,643)	-
Other comprehensive loss for the year, net of income tax	<u>(294,952)</u>	<u>(1)</u>	<u>(291,926)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	<u>\$ (1,084,977)</u>	<u>(5)</u>	<u>\$ 894,829</u>	<u>3</u>
NET (LOSS) PROFIT ATTRIBUTED TO:				
Owners of the Corporation	<u>\$ 38,873</u>	<u>-</u>	<u>\$ 899,758</u>	<u>3</u>
Non-controlling interests	<u>\$ (828,898)</u>	<u>(4)</u>	<u>\$ 286,997</u>	<u>1</u>
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTED TO:				
Owners of the Corporation	<u>\$ (305,003)</u>	<u>(1)</u>	<u>\$ 618,844</u>	<u>2</u>
Non-controlling interests	<u>\$ (779,974)</u>	<u>(4)</u>	<u>\$ 275,985</u>	<u>1</u>
EARNINGS PER SHARE				
Basic	<u>\$ 0.04</u>		<u>\$ 1.03</u>	
Diluted	<u>\$ 0.04</u>		<u>\$ 1.03</u>	

(Concluded)

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Corporation							Other Equity			Non-controlling Interests	Total Equity
	Ordinary Shares	Paid-in Capital in Excess of Par Value	Capital Surplus		Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares		
			Treasury Shares	Other	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)					
BALANCE AT JANUARY 1, 2021	\$ 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	8,857,031	470,767	373,329	162,732	1,526,813	1,911,129	882,237	(496,003)	(726,882)	(124,373)	3,083,822	15,920,602
Legal reserve	-	-	-	-	88,224	-	(88,224)	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	-	(619,992)	-	-	-	-	(619,992)
Net profit (loss) for the year ended December 31, 2022	-	-	-	-	-	-	38,873	-	-	-	(828,898)	(790,025)
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	1,564	18,079	(363,519)	-	48,924	(294,952)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	40,437	18,079	(363,519)	-	(779,974)	(1,084,977)
Change in capital surplus from dividends distributed to subsidiary	-	-	6,376	-	-	-	-	-	-	-	-	6,376
Changes in capital surplus from investments accounted for using the equity method	-	-	-	72,726	-	-	-	-	-	-	-	72,726
BALANCE AT DECEMBER 31, 2022	<u>\$ 8,857,031</u>	<u>\$ 470,767</u>	<u>\$ 379,705</u>	<u>\$ 235,458</u>	<u>\$ 1,615,037</u>	<u>\$ 1,911,129</u>	<u>\$ 214,458</u>	<u>\$ (477,924)</u>	<u>\$ (1,090,401)</u>	<u>\$ (124,373)</u>	<u>\$ 2,303,848</u>	<u>\$ 14,294,735</u>

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) profit before income tax	\$ (775,018)	\$ 1,375,075
Adjustments :		
Depreciation expenses	1,082,425	1,081,452
Amortization expenses	13,674	15,015
Expected credit (gain) loss	(1,513)	1,177
Loss (gain) on financial assets at fair value through profit or loss, net	1,753	(332)
Interest expense	306,808	260,011
Interest income	(40,732)	(42,555)
Dividend income	(83,019)	(71,542)
Share of loss of associates accounted for using the equity method	574,220	514,913
Loss on disposal of property, plant and equipment	2,362	11,574
Gain on disposal of investments	(1,093,973)	-
Write-downs of inventories	8,156	35,240
Unrealized gain on foreign currency exchange	(11,854)	(17,782)
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	10,983	(1,623)
Notes receivable	75,090	(29,591)
Trade receivables	93,073	(142,618)
Trade receivables from related parties	44,238	48,590
Other receivables	(6,939)	(5,342)
Inventories	140,994	(446,896)
Prepayments	(81,408)	106,606
Other current assets	(141,216)	185,245
Notes payable	145,512	(98,209)
Trade payables	(361,077)	456,051
Other payables	(589,575)	738,368
Other current liabilities	(75,458)	(35,908)
Net defined benefit liabilities	(59,943)	(51,099)
Other non-current liabilities	16,041	29,906
Cash (used in) generated from operations	(806,396)	3,915,726
Interest received	41,137	39,456
Interest paid	(280,424)	(262,325)
Income tax received (paid)	83	(1,500)
Net cash (used in) generated from operating activities	<u>(1,045,600)</u>	<u>3,691,357</u>

(Continued)

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (573,959)	\$ (115,795)
Proceeds from the capital reduction of financial assets at fair value through other comprehensive income	13,500	-
Decrease (increase) in financial assets at amortized cost	61,276	(398,171)
Payments for property, plant and equipment	(19,519)	(17,299)
Proceeds from disposal of property, plant and equipment	720	3,649
Payments for intangible assets	-	(22,981)
Proceeds from disposal of intangible assets	21	-
Acquisition of right-of-use assets	-	(439)
Increase in other non-current assets	(422,808)	(431,608)
Increase in construction in progress	(1,119,339)	(1,016,806)
Other dividend received	<u>83,019</u>	<u>71,542</u>
Net cash used in investing activities	<u>(1,977,089)</u>	<u>(1,927,908)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (repayments of) short-term borrowings	2,190,084	(1,384,279)
Proceeds from long-term borrowings	15,960,000	13,420,000
Repayments of long-term borrowings	(14,491,139)	(14,539,778)
Increase in guarantee deposits	14,944	4,913
Repayment of the principal portion of lease liabilities	(10,284)	(8,411)
Dividends paid to owners of the Corporation	(613,616)	-
Proceeds from reissuance of treasury shares	<u>-</u>	<u>113,967</u>
Net cash generated from (used in) financing activities	<u>3,049,989</u>	<u>(2,393,588)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>14,561</u>	<u>(1,172)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	41,861	(631,311)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,103,567</u>	<u>2,734,878</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,145,428</u>	<u>\$ 2,103,567</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, 2022 and 2021, 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, 2022 and 2021, 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 the Standards on Auditing of 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 Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. 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, 2022 are as follow:

The Impairment Loss of Property, Plant and Equipment

The balances of property, plant and equipment amounted to \$4,948,718 thousand as of December 31, 2022. 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 22% of total assets and the calculation for recoverable amount involves several assumptions and estimations, which directly impact the amount recognized as impairment losses, we deem the review of impairment of assets a key audit matter.

Corresponding audit procedures:

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 10, 2023

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, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 344,876	2	\$ 730,924	3
Notes receivable, net	55,704	-	77,214	-
Trade receivables, net	646,029	3	830,041	4
Trade receivables from related parties	66,724	-	111,762	-
Other receivables	331	-	251	-
Inventories	656,156	3	626,662	3
Prepayments for purchases	9,011	-	11,620	-
Other prepayments	17,377	-	16,799	-
Non-current assets held for sale	308,622	1	-	-
Other current assets	185,275	1	169,049	1
Total current assets	<u>2,290,105</u>	<u>10</u>	<u>2,574,322</u>	<u>11</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income	3,920,805	17	3,773,522	16
Financial assets at amortized cost	64,523	-	87,217	-
Investments accounted for using the equity method	6,320,201	28	6,801,395	29
Property, plant and equipment	4,948,718	22	5,222,625	23
Construction in progress	2,232,242	10	1,575,030	7
Right-of-use assets	14,046	-	10,350	-
Investment properties	1,682,742	7	1,991,406	9
Intangible assets	6,941	-	7,356	-
Deferred tax assets	258,129	1	270,612	1
Other non-current assets	1,180,387	5	918,695	4
Total non-current assets	<u>20,628,734</u>	<u>90</u>	<u>20,658,208</u>	<u>89</u>
TOTAL	<u>\$ 22,918,839</u>	<u>100</u>	<u>\$ 23,232,530</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables	\$ 494,261	2	\$ 1,117,110	5
Other payables	301,589	1	492,900	2
Current tax liabilities	-	-	6,566	-
Lease liabilities	4,233	-	7,300	-
Other current liabilities	122,857	1	153,383	1
Total current liabilities	<u>922,940</u>	<u>4</u>	<u>1,777,259</u>	<u>8</u>
NON-CURRENT LIABILITIES				
Long-term borrowings	8,999,258	39	7,599,571	33
Deferred tax liabilities	708,247	3	696,177	3
Lease liabilities	9,765	-	2,881	-
Net defined benefit liabilities	168,584	1	230,482	1
Guarantee deposits	49,120	-	35,383	-
Other non-current liabilities	70,038	1	53,997	-
Total non-current liabilities	<u>10,005,012</u>	<u>44</u>	<u>8,618,491</u>	<u>37</u>
Total liabilities	<u>10,927,952</u>	<u>48</u>	<u>10,395,750</u>	<u>45</u>
EQUITY				
Ordinary shares	8,857,031	39	8,857,031	38
Capital surplus	1,085,930	5	1,006,828	4
Retained earnings				
Legal reserve	1,615,037	7	1,526,813	7
Special reserve	1,911,129	8	1,911,129	8
Unappropriated earnings	214,458	1	882,237	4
Total retained earnings	<u>3,740,624</u>	<u>16</u>	<u>4,320,179</u>	<u>19</u>
Other equity				
Exchange differences on translating foreign operations	(477,924)	(2)	(496,003)	(2)
Unrealized loss on financial assets at fair value through other comprehensive income	(1,090,401)	(5)	(726,882)	(3)
Total other equity	<u>(1,568,325)</u>	<u>(7)</u>	<u>(1,222,885)</u>	<u>(5)</u>
Treasury shares	(124,373)	(1)	(124,373)	(1)
Total equity	<u>11,990,887</u>	<u>52</u>	<u>12,836,780</u>	<u>55</u>
TOTAL	<u>\$ 22,918,839</u>	<u>100</u>	<u>\$ 23,232,530</u>	<u>100</u>

ORIENTAL UNION CHEMICAL CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales revenue	\$ 12,770,275	100	\$ 14,673,731	100
OPERATING COSTS				
Cost of goods sold	<u>11,426,269</u>	<u>90</u>	<u>12,620,091</u>	<u>86</u>
GROSS PROFIT	<u>1,344,006</u>	<u>10</u>	<u>2,053,640</u>	<u>14</u>
OPERATING EXPENSES				
Selling and marketing expenses	617,342	5	627,742	4
General and administrative expenses	106,355	1	119,621	1
Research and development expenses	156,500	1	156,857	1
Expected credit (gain) loss	<u>(1,513)</u>	<u>-</u>	<u>1,177</u>	<u>-</u>
Total operating expenses	<u>878,684</u>	<u>7</u>	<u>905,397</u>	<u>6</u>
PROFIT FROM OPERATIONS	<u>465,322</u>	<u>3</u>	<u>1,148,243</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	2,899	-	905	-
Rental income	39,662	-	39,662	-
Dividend income	83,019	1	71,542	-
Other income	34,605	-	39,140	-
(Loss) gain on disposal of property, plant and equipment	(1,314)	-	263	-
Foreign currency exchange gain (loss)	7,334	-	(1,908)	-
Other expenses	(33,256)	-	(35,184)	-
Interest expense	(78,666)	-	(59,820)	-
Share of loss of subsidiaries accounted for using equity method	<u>(463,590)</u>	<u>(4)</u>	<u>(113,311)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(409,307)</u>	<u>(3)</u>	<u>(58,711)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	56,015	-	1,089,532	7
INCOME TAX EXPENSE	<u>17,142</u>	<u>-</u>	<u>189,774</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>38,873</u>	<u>-</u>	<u>899,758</u>	<u>6</u>
OTHER COMPREHENSIVE LOSS				

(Continued)

ORIENTAL UNION CHEMICAL CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2022		2021	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	\$ 1,955	-	\$ (21,901)	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(248,734)	(2)	(187,378)	(1)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 23)	(391)	-	4,380	-
Share of the other comprehensive loss of subsidiaries accounted for using equity method	(114,785)	-	(52,300)	(1)
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive income (loss) of subsidiaries accounted for using equity method	<u>18,079</u>	<u>-</u>	<u>(23,715)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(343,876)</u>	<u>(2)</u>	<u>(280,914)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	<u>\$ (305,003)</u>	<u>(2)</u>	<u>\$ 618,844</u>	<u>4</u>
EARNINGS PER SHARE				
Basic	<u>\$ 0.04</u>		<u>\$ 1.03</u>	
Diluted	<u>\$ 0.04</u>		<u>\$ 1.03</u>	

(Concluded)

ORIENTAL UNION CHEMICAL CORPORATION

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)**

	Capital Surplus				Retained Earnings			Other Equity		Treasury Shares	Total Equity
	Ordinary Shares	Paid-in Capital in Excess of Par Value	Treasury Shares	Other	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on Translating Foreign Operations	Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2021	\$ 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	8,857,031	470,767	373,329	162,732	1,526,813	1,911,129	882,237	(496,003)	(726,882)	(124,373)	12,836,780
Legal reserve	-	-	-	-	88,224	-	(88,224)	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	-	(619,992)	-	-	-	(619,992)
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	38,873	-	-	-	38,873
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	1,564	18,079	(363,519)	-	(343,876)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	40,437	18,079	(363,519)	-	(305,003)
Change in capital surplus from dividends distributed to subsidiary	-	-	6,376	-	-	-	-	-	-	-	6,376
Changes in capital surplus from investments accounted for using the equity method	-	-	-	72,726	-	-	-	-	-	-	72,726
BALANCE AT DECEMBER 31, 2022	<u>\$ 8,857,031</u>	<u>\$ 470,767</u>	<u>\$ 379,705</u>	<u>\$ 235,458</u>	<u>\$ 1,615,037</u>	<u>\$ 1,911,129</u>	<u>\$ 214,458</u>	<u>\$ (477,924)</u>	<u>\$ (1,090,401)</u>	<u>\$ (124,373)</u>	<u>\$ 11,990,887</u>

ORIENTAL UNION CHEMICAL CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 56,015	\$ 1,089,532
Adjustments:		
Depreciation expenses	538,401	550,938
Amortization expenses	7,950	9,157
Expected credit (gain) loss	(1,513)	1,177
Interest expense	78,666	59,820
Interest income	(2,899)	(905)
Dividend income	(83,019)	(71,542)
Share of loss of subsidiaries accounted for using equity method	463,590	113,311
Loss (gain) on disposal of property, plant and equipment	1,314	(263)
Write-downs of inventories	18,337	12,543
Unrealized (gain) loss on foreign currency exchange	(10,732)	934
Changes in operating assets and liabilities		
Notes receivable	21,640	(19,879)
Trade receivables	230,433	(176,185)
Other receivables	85	1,460
Inventories	(47,831)	(285,165)
Prepayments	2,307	62,480
Other current assets	(16,226)	14,960
Trade payables	(622,849)	571,170
Other payables	(65,005)	89,714
Other current liabilities	(30,526)	58,311
Net defined benefit liabilities	(59,943)	(51,099)
Other non-current liabilities	16,041	29,906
Cash generated from operations	494,236	2,060,375
Interest received	2,829	1,020
Interest paid	(69,677)	(60,658)
Income tax received (paid)	83	(1,500)
Net cash generated from operating activities	<u>427,471</u>	<u>1,999,237</u>

(Continued)

ORIENTAL UNION CHEMICAL CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (409,517)	\$ (60,658)
Proceeds from the capital reduction of financial assets at fair value through other comprehensive income	13,500	-
Decrease (increase) in financial assets at amortized cost	22,694	(22,834)
Proceeds from disposal of property, plant and equipment	720	263
Acquisition of right-of-use assets	-	(439)
(Increase) decrease in other non-current assets	(265,733)	152,347
Increase in construction in progress	(1,052,082)	(1,004,527)
Dividends received	<u>83,019</u>	<u>71,542</u>
Net cash used in investing activities	<u>(1,607,399)</u>	<u>(864,306)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	13,100,000	11,700,000
Repayments of long-term borrowings	(11,700,313)	(12,759,818)
Increase in guarantee deposits	13,737	9,028
Repayment of the principal portion of lease liabilities	(10,284)	(8,411)
Dividends paid to owners of the Corporation	<u>(619,992)</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>783,148</u>	<u>(1,059,201)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>10,732</u>	<u>(934)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(386,048)	74,796
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	<u>730,924</u>	<u>656,128</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 344,876</u>	<u>\$ 730,924</u>

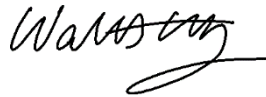
(Concluded)

3. Audit Committee's review report on the 2022 Business Report and Financial Statements

To the 2023 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 2022, which have been audited by the CPAs Hsin-Wei Tai and Li-Wen Kuo of Deloitte & Touche, and found them in order.

The Convener of the Audit Committee : Walt Cheng



March 10, 2023

4. To report 2022 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 2022 compensation to employees is calculated as NT\$1,154,937, whereas remuneration to Directors as NT\$577,468. Total calculated amount of the above comply with Articles of Incorporation of Oriental Union Chemical Corporation, and shall be distributed all in cash.
- (3) The 2022 Directors' remuneration and employees' compensation were approved by the 8th Board meeting of the 16th term and shall be reported to the 2023 Annual Shareholders Meeting.
- (4) Please accept the aforesaid report.

Approval items

1. To accept 2022 Business Report and Financial Statements

The Board of Directors proposes and recommends that each shareholder vote FOR the acceptance of 2022 Business Report and Financial Statements.

Explanatory notes:

- (1) OUCC's 2022 Business Report and Financial Statements (including consolidated balance sheets, consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows, and balance sheets, statements of comprehensive income, statements of changes in equity, statements of cash flows, please refer to p2 – p26) have been audited by independent auditors, Mr. Hsin-Wei Tai and Mrs. Li-Wen Kuo of Deloitte & Touche, and have been examined and determined to be correct and accurate by Audit Committee of OUCC. We thereby submit this report.
- (2) Please accept the aforesaid Business Report and Financial Statements.

2. To approve the proposal for the 2022 surplus profit allocation

The Board of Directors proposes and recommends that each shareholder vote FOR the 2022 surplus profit allocation.

Explanatory notes:

- (1) OUCC's 2022 financial statements have been completed and audited by the CPAs of Deloitte & Touche. The 2022 surplus profit allocation, pursuant to Article 34 of Articles of Incorporation, is proposed as follows: (Unit: NT\$)

(A) Beginning of unappropriated earnings	\$ 174,020,902
(B) 2022 net income	38,872,713
(C) Confirmed reevaluated amount of welfare plan for retained earnings	1,563,897
(D) Yearly net income with other item besides net income included as unappropriated earnings (B)+(C)	40,436,610
(E) Legal reserve appropriation	(4,043,661)
(F) Retained earnings available for distribution (A)+(D)+(E)	210,413,851
(G) Shareholders' dividend (NT\$ 0.2/share in cash)	(177,140,606)
(H) Unappropriated earnings after distribution (F)+(G)	\$ 33,273,245

- (2) After being approved at the 2023 Annual Shareholders Meeting, the cash dividend to common shareholders will be distributed on an ex-dividend date to be determined by the Board of Directors, and round down to dollar, with total round off allotted to other income of the company. Should OUCC subsequently repurchase its common shares or issue new common shares according to the relevant regulations, the total number of common shares outstanding may change, and the ultimate cash to be distributed to each common share may need to be adjusted accordingly. It is proposed that the Board of Directors of OUCC be authorized to adjust the cash to be distributed to each common share based on the total amount of profits resolved to be distributed and the number of actual common shares outstanding on the ex-dividend date for distribution.

- (3) Please accept the aforesaid proposal.

Extemporary Motions

General Information

1. Articles of Incorporation of Oriental Union Chemical Corporation

Last updated at June 9, 2022

Chapter 1 General Provisions

Article 1 The Company is duly incorporated under the provisions of the Company Act of the Republic of China, and shall be called: Oriental Union Chemical Corporation

Article 2 The Company's businesses are as follows :

1. C801010 Basic Chemicals
2. C801020 Petrochemical raw material manufacturing
3. C801060 Synthetic rubber manufacturing
4. C801100 Synthetic resin and plastic manufacturing
5. C802060 Animal-use drug manufacturing
6. CB01010 Mechanical equipment manufacturing
7. F107070 Wholesale of animal-use drug
8. F107200 Wholesale of chemical material
9. F100310 Wholesale of machinery
10. F401010 International trade
11. I103060 Management counselling
12. I501010 Product designing
13. IC01010 Drug examining
14. JE01010 Rental & leasing
15. C802041 Medicine manufacturing
16. C114010 Food additive manufacturing
17. ZZ99999 Except where permits are required, to run operations not forbidden or limited by laws and regulations

Article 3 The Company may provide guarantees for third parties in accordance with the Company bylaw of "Procedures for Endorsements and Guarantees."

Article 4 Where the Company invests in other companies and becomes a shareholder with limited liability; its total investment may exceed 40% of its paid-up capital regardless of the stipulated Article 13 of the Company Act, only subject to approval of the Board of Directors.

Article 5 The Company is incorporated in Taipei, the Republic of China; the Board of Directors may by resolution approve the establishment of domestic and international branches where it deems necessary.

Chapter 2 Share Capital

Article 6 The Company's total capital shall be Ten Billion New Taiwan Dollar (NT\$10,000,000,000) divided into 1,000,000,000 shares of NT\$10 each. The Board of Directors is authorized to issue separately the un-issued shares.

Out of the above total capital amount, One Hundred Million New Taiwan Dollar (NT\$100,000,000) shall be divided into 10,000,000 shares of NT\$10 each, to be issued as warrants for employees to subscribe.

Article 7 Shares issued by the Company are not required to be evidenced by share certificates, provided that they shall be recorded at the Securities Central Depository Enterprises. The Company can issue special stock.

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

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

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

Chapter 3 Shareholders' Meeting

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

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

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

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

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

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

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

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

Chapter 4 Board of Directors

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

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

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

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

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

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

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

Article 18 Functions of Board or Directors are as follows:

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

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

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

Article 20 Chairman is entitled to representing the Company.

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

Article 22 Except for the first Directors' Meeting of each term, which will be called by the Director who received a ballot representing the largest number of votes at the election, rest of the following Board of Directors' Meetings will be convened and presided by Chairman. A notification with the date, time and meeting agenda should be issued seven days before the meeting, however, in the case of emergency, the meeting may be convened at any time.

A notice to convene a Board Meeting shall be sent to all Directors via postal mail, email or facsimile.

Article 23 The meeting shall be convened and presided by the Chairman of the Board. If the Chairman of the Board is on leave or unable to exert the rights, the Vice-Chairman shall preside instead, pursuant to Article 208 of Company Act. If the Vice-Chairman is on leave or unable to exert the rights, the Chairman shall designate a Director to preside at the meeting. If no Director is so designated, then one Board member shall be chosen from among themselves to preside at the meeting.

Article 24 Unless otherwise stipulated by the Company Act, a quorum shall be present at the Board of Directors if it is attended by more than half of the Directors, and a resolution passed if approved by a majority of the Directors in attendance.

Article 25 In case a Director appoints another Director to attend the meeting in his/her behalf, he/she shall, in each time, issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting. Each Director is limited to accept one appointment to act as a proxy for the other Director.

Article 26 Directors shall exert the rights in accordance with the Board resolutions.

Article 27 (Deleted)

Article 28 (Deleted)

Chapter 5 Managers

Article 29 The Company shall have a President, a number of Vice Presidents, Assistant Vice Presidents and Managers. Appointment and discharge shall be approved by the Board of Directors with the attendance of more than half of the Directors and the consent of more than half of the Directors present.

Article 30 President as the Chief Operating Officer shall carry out the tasks assigned by Board of Directors' Meeting. If no such tasks, assignments from the Chairman shall be attended and fulfilled. Managers shall fulfill the tasks assigned by their superiors as of Vice Presidents, President, Chairman or Board of Directors.

Article 31 Chairman shall designate the candidate of an additional post which he deems necessary and assign his/her tasks.

Article 31-1 The Company shall purchase the liability insurance for Directors and important staff according to respective business scopes and liabilities pursuant to laws.

Chapter 6 Financial Statements

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

The said documents and statements will be inspected by CPAs, whose designation, discharge, and remuneration shall be approved by the Board of Directors.

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

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

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

Chapter 7 Supplementary Provisions

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

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

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

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

First amendment on January 26, 1976;

Second amendment on June 25, 1976;

Third amendment on September 28, 1978;

Fourth amendment on May 19, 1979;

Fifth amendment on June 26, 1980;

Sixth amendment on July 22, 1982;

Seventh amendment on December 6, 1982;

Eighth amendment on July 11, 1984;

Ninth amendment on May 22, 1985;

Tenth amendment on June 25, 1986;

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

2. Meeting Rules of Shareholders for Oriental Union Chemical Corporation

Last updated by June 9, 2022

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

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

The Company's changes to the method of convening the 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.

The meeting notice of the shareholders shall state the registration time, location and other important information. The aforesaid registration time shall start at least thirty minutes before the beginning of the meeting. The registration desk shall be featured with clear instructions and competent staffs. For the video conference of the shareholders meeting, registration should be conducted on the video conference platform of the 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.

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. 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 via video conference on the day of the shareholders meeting, he or she may not exercise the voting rights on the original proposals, or propose or exercise the voting rights on amendment to the original proposal, except to propose an interim motion and exercise the voting right.

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

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

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

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

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

The complete processes of the meeting shall be recorded by voice and video recorders and all the records shall be kept by the Company for a minimum period of at least one year. If a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the video and audio records shall be retained until the conclusion of the litigation. If the 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

When a juristic person is a shareholder, only one representative shall be appointed to attend the meeting. If more than two representatives were appointed to attend the meeting, only one representative is allowed to speak.

Article 8-1 If the shareholders meeting is held by video conference, the shareholders participating by video conference may raise questions in text form on the video conference platform, with limit of two times for each proposal, after the Chairperson 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.

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

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

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

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

Article 11 If the shareholders meeting is held by video conference, the shareholders participating via video shall conduct voting on various resolutions and election proposals through the video conference platform after the Chairperson announces the meeting, and shall complete the voting before the Chairperson announces the close of voting. If not, it shall be deemed a waiver.

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

The voting and election of each resolution shall be conducted by one-off voting, and after the Chairperson announces the close of voting, the one-off votes shall be counted.

If there are amendments or substitute proposals for the same proposal, the sequence of which to be put to vote shall be decided by the Chairperson. If one of the two proposals has been approved, the other shall be deemed rejected without requirement to put it to vote.

The results of voting and election shall be announced after the vote calculation on the spot and kept for records.

If the shareholders meeting is held by video conference, the Company shall immediately disclose the voting results 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 Chairperson announces the adjournment of the meeting.

- Article 12 During the meeting, the Chairperson may at his/her discretion declare time for break.
- Article 13 When the shareholders meeting is held by video conference, in addition to the announcement of the meeting, the Chairperson may announce the continuation or resumption of the meeting according to the law and regulations, as well as announcement of the date of the postponed or resumed meeting within five days should the video conference platform or the participation via video be blocked for more than 30 minutes due to natural disasters, incidents or other force majeure events.
- Should the force majeure be encountered during the meeting, the meeting shall be adjourned under ruling of the Chairman, who will also announce according to the circumstances when the meeting shall resume.
- Article 14 The Chairperson may maintain the meeting order by instructing the security guards. The security guards shall wear the armband for identification when helping maintaining the venue order.
- Article 15 The shareholders (or proxies) shall obey the instructions of the Chairperson and security guards in terms of maintaining the order. The Chairperson or security guards may exclude the persons disturbing the shareholders meeting from the meeting.
- Article 16 For matters not governed by the rules specified herein, shall be governed according to Company Act, Stock Exchange Law and the other related laws and regulations.
- Article 17 The rules herein take effect after approval at the shareholders meeting, the same apply for any amendments.

Appendix

1. Current Shareholding of Directors

Book closure date: 8 April 2023

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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