

東聯化學

ORIENTAL UNION CHEMICAL CORPORATION



Handbook for **2020** Annual Shareholders' Meeting

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Oriental Union Chemical Corporation (OUCC)

2020 Annual General Shareholders' Meeting

Date: Tuesday, 16 June 2020

Time: 9:00 a.m. Taipei time

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

Meeting Agenda

Call the meeting to order

Chairperson takes chair

Chairperson remarks

Reporting items:

1. 2019 business report
2. 2019 financial statements
3. The Audit Committee's review report on 2019 Business Report and Financial Statements
4. To report the 2019 employees' compensation and Directors' remuneration
5. To report the amendments to the "Best Practice Principles of Ethical Corporate Management" for Oriental Union Chemical Corporation

Approval items:

1. To accept 2019 business report and financial statements
2. To approve the proposal for distribution of 2019 profits

Discussion items:

1. To amend the Articles of Incorporation of Oriental Union Chemical Corporation
2. To amend the company bylaw of "Meeting Rules of Stockholders" of Oriental Union Chemical Corporation

Extemporary motion

Meeting Adjourned

Reporting items

1. 2019 Business Report

A. Foreword

The rise of trade protectionism and escalation of the China-US trade war in 2019 led to a slowdown in global demand, weakened the manufacturing industry and held back global economic growth, resulting in the lowest global trade growth in the past ten years. Major economies around the world have subsequently rolled out quantitative easing policies to maintain economic growth, driven up global stock markets. Benefiting from order transfers in response to the trade war, Taiwan's economic growth rate was 2.71% in 2019, slightly lower than 2018, a mild upward push against a global economic slowdown.

In 2019, the selling price of bulk petrochemical products performed against WTI oil prices which rose from US\$ 45 to US\$ 61, mainly due to the newly launched production capacity of the US shale gas and the refining-chemical integration of China, deteriorating the disequilibrium of supply and demand, squashing the profit margin of downstream petrochemical products. Above all, the impact of the China-US trade war on consumer electronics, automotive, and textile industries decreased considerable demand of related petrochemical products and impaired the petrochemical industry in Taiwan.

Although EG prices slumped, diminishing its product spreads and resulting in overall losses, under the strict impact of oversupply, the company's strategy in transforming to high value-added products to enhance essential advantages in recent years has had its preliminary reward, as the developed downstream specialty chemicals and gas-related products profited to compensate the losses of EG. The annual general operating profitability sustained.

The yearly consolidated turnover of the company was NT\$ 22,341,227 thousand, a decrease of 30% from the previous year. The net income attributable to the company is NT\$ 33,618 thousand and the after-tax earnings per share (EPS) is NT\$ 0.04.

B. Operating Performance Review

Safety, Health and Environment

OUCC values industrial safety, health, environmental conservation, and complies with all the related ISO management regulations and accomplishes the efficient on-job training. In 2019, the cumulated safety man-hour in Linyuan plant reached 4.31 million hours, and SHE related projects in process and technology continued at all time.

The company is successively committed to improving process design, pursuing green production, investing in energy efficiency improvement and waste recycling equipment, minimizing the impact of operational production on the environment, balancing the development in industrial production and environmental protection. In 2019, the implementation of environmental protection projects include the waste water recovery system at Linyuan plant, which can recycle and reuse up to 70% of the discharged water upon completion and operation in 2020, to fulfil the conservation goal in environmental water resources. In addition, the completion of the heating boiler and regenerative thermal oxidizer (RTO) improvement by using the low-NOx burners and the clean natural gas for replacement shall save power and reduce carbon.

Ethylene Glycol Business

In 1H/2019, in view of the intensive shutdowns of crackers in East Asia and Europe, the EG market price remained high due to the tight supply; however, in 2H/2019, with China's new capacity launched, the price of monomer ethylene glycol (MEG) dropped accordingly. On the other hand, the continuation of the China-US trade war turned the overall economic growth rate downward, slowing down the growth of EG demand. Moreover, the newly launched US capacity and the increased production of CTMEG resulted in the low market price of MEG.

The total volume of EG produced in 2019, combining both OUCC Linyuan plant and FUPY Yangzhou plant, reached 650,000 MT, a 12% decline comparing to 2018, and sold 690,000 MT, of a 12% decline; whereas the combined EO volume produced totaled 220,000 MT, a 12% growth rate, and sold 120,000 MT, of a 11% growth rate.

Gas Business

In 2019, suffered from low-price competition in China, the purchase orders of steel and petrochemicals in Taiwan shrank, causing simultaneous decline of gas demand; whereas the semiconductor industry performed better, as the maintenance of established customers and new customer developing strengthened; the China market inflicted by the China-US trade war turned stagnant. With endeavors to secure its nitrogen pipeline extension vantage in the industrial park, and actively expand customers of various industries for the liquid gas business, the overall operation of gas business of the company was stable and improving throughout the year.

The total combined volume of oxygen produced from OUCC Linyuan plant and TDIY Yangzhou was 560,000 MT in 2019. Except for its own use, 61,000 MT of oxygen were sold; while 400,000 MT of nitrogen were produced and 350,000 MT were sold.

Specialty Chemicals Business

Generally, the company's specialty chemicals business in 2019 maintained growth, and products' added value heightened. To further complete the EOD product line, in addition to its original product series, the newly developed high-value formula products such as emulsifiers for the herbicide pelargonic acid, and concrete water reducers broadening both the EOD downstream and its product line.

Meanwhile, to balance EA production and sale to secure its market supply to cope with the escalated disequilibrium of ethanalamine (EA) market worldwide due to the new capacity from the Middle East and China, the company not only met the requirement of customers from domestic and abroad, but also sought collaboration with direct customers in quest of high-value applications and product quality to optimize the product distribution plan. More, to further strengthen the profit dedication of specialty chemicals, the company also expanded the sale of the new product ethylene glycol butyl ether (EB). Apart from the solid business of ethylene carbonate (EC), the company is also approaching the new applications for the niche markets.

In 2019, the combined specialty chemicals produced at OUCC Linyuan plant and OPYC Yangzhou totaled 180,000 MT, an increase of 8% over 2018; 180,000 MT were sold, an increase of 11% over 2018.

C. 2020 Business Goals and Future Prospects

Overview of 2020 Business Plans

1. Ethylene Glycol Business

In 2020, the price of raw material ethylene is expected to remain low as multiple crackers in China and the US launch new production. To enhance product competitiveness, the company has lifted the overall loading of EG plants both in Linyuan and Yangzhou to lower the unit production costs, implement circular economy and improve production efficiency. A total of EG volume of 780,000 MT is to be produced from both plants, of equivalent volume compared to 2019.

2. Gas Business

As new air separation units (ASU) in Tree Valley Park of Southern Taiwan Science Park and Guanyin Taoyuan will start operation this year, the gas market in Taiwan is bound to be over supplied and the prices fiercely competitive. Hence, gas business of the company will be focused on the pipeline customers' expansion within the Park to increase pipeline sales and profits, and strive for the full production and sale of the liquid oxygen, nitrogen and argon in accordance with the ASU operation status. To improve overall profitability, the company targets the niche products and new applications to further segment the market. A new project for nitrogen liquefier is scheduled to strengthen the refinement and purity of gas products to enhance the sales capacity for food-grade liquid nitrogen, medical oxygen, and electronic-grade carbon dioxide. The growth demand for the electronics industry can be expected.

3. Special Chemicals Business

Although hindered by the overall poor economic environment, the company's specialty chemicals business remains active in new technologies developing, products' added value enhancing, and innovative transformation of new products, new materials and new applications. The volume of production and sales is anticipated to further improve as the promoted EOD new products, including formula products of the concrete water reducer, textile auxiliaries, pesticides emulsifiers, and a great deal of high-value reaction-grade polyol products join the product line.

Meanwhile, the company continues to differentiate its sale, stressing product quality and after-sales service to reduce the impact of market changes. As to EA, the company will secure its sale channel and increase semiconductor-grade product sale, to maintain its advantage in domestic market share; and, to strive for the increase in EB domestic market share to maintain its leading position in response to the loose market in Asia as well as in Taiwan; also, to expand EC sale channels to the super absorbent polymer (SAP), oil formula and lithium battery markets, besides the polycarbonate (PC) market, the sale volume of EC is expected to reach a new high. In general, the revenue and profit growth of specialty chemicals of the company in 2020 can be anticipated.

Prospects for Future Operations

Looking into 2020, the uncertainties remain in respect to the volatile international situations, including the disputes over the China-US trade war, the US presidential election, and the US-Iranian conflict crisis. Moreover, the rampant Novel Coronavirus epidemic around the world since the beginning of the year has caused a severe contraction in consumer demand, as well as a disconnection of the supply chain. The global economy is bound to be deeply affected, and the overall economic situation can't be bright.

The demand of crude oil plummeted due to the sluggish economy, and Russia and the Organization of the Petroleum Exporting Countries (OPEC) failed to agree on the output cut, resulting in the plunge of oil prices as well as product prices of the petrochemical industry. Particularly, with the new production launch in China this year, the oversupply is expected to affect adversely the operation of petrochemical industry.

In spite of all the disadvantages, the company shall proceed successively with the projects to improve its competitiveness, including the construction of a large-scale ethylene raw material storage tank on the coast, solving multiple sources of raw material, improving energy consumption, which is estimated to effectively reduce production costs, the overall profit of the Company shall further grow, with the pipeline business expansion continuing and niche product sale in focus. Moreover, to cope with the market changes, the company's ceaseless efforts in diversified specialty chemicals have set the preliminary milestone as the profit of specialty chemicals in 2019 doubled that of the previous year. This year, to further increase the added value of specialty chemicals, the company invests proactively in the high-value product fields such as construction chemicals, detergent chemicals, textile and dyeing chemicals, as well as polyol fine chemicals used in the PU industry. Profit thereof is expected to increase further in 2020.

To strive for growth and profit, the company aims to integrate teams of R&D, technology, production and sales to provide customers with more complete technical services and satisfied product quality, and ensure the company's long-term competitiveness through continuous innovation and transformation in order to achieve its sustainable corporate vision.

Chairman



President



Chief Accountant



2. 2019 Financial Statements

The 2019 independent auditors' reports and financial statements by Deloitte & Touche are attached as follows. (The 2019 financial report can be downloaded at <http://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, 2019 and 2018, 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, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), IFRIC Interpretations ("IFRIC"), and SIC Interpretations ("SIC") endorsed and issued into effect by the Financial Supervisory Commission ("FSC") of the Republic of China ("ROC").

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. 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, 2019 are as follow:

The Impairment Loss of Property, Plant and Equipment

The consolidated balances of property, plant and equipment amounted to \$13,861,199 thousand as of December 31, 2019. On each balance sheet date, the Group reviews its tangible assets for indications of impairment. If any indication thereof exists, the Group then estimates the recoverable amount of the assets. If it is not possible to determine the recoverable amount (fair value less cost to sell and value in use) for the individual asset, then the Group will determine the recoverable amount for the asset's cash-generating unit. Because the aforementioned tangible assets represent 38% of total consolidated assets and the calculation for recoverable amount involves several assumptions and estimations, which directly impact the amount recognized as impairment losses, we deem the review of impairment of assets a key audit matter.

Corresponding audit procedures:

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

Other Matter

We have also audited the parent company only financial statements of Oriental Union Chemical Corporation as of and for the years ended December 31, 2019 and 2018 on which we have issued an unmodified report.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the ROC, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hsin-Wei Tai and Yu-Wei Fan.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 25, 2020

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, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 3,098,554	9	\$ 1,910,500	5
Financial assets at fair value through profit or loss	144,336	-	78,069	-
Financial assets at amortized cost	462,298	1	-	-
Notes receivable, net	253,814	1	785,625	2
Trade receivables, net	648,856	2	1,162,447	3
Trade receivables from related parties	94,422	-	70,183	-
Other receivables	358,658	1	61,545	-
Inventories	1,279,190	4	1,630,103	5
Prepayments for leases	-	-	12,587	-
Prepayments for purchases	321,185	1	326,976	1
Other prepayments	66,665	-	201,199	1
Other current assets	<u>875,186</u>	<u>2</u>	<u>569,124</u>	<u>2</u>
Total current assets	<u>7,603,164</u>	<u>21</u>	<u>6,808,358</u>	<u>19</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income	5,959,862	16	5,307,418	15
Financial assets at amortized cost	56,043	-	76,968	-
Investments accounted for using the equity method	2,362,912	7	2,188,879	6
Property, plant and equipment	13,861,199	38	15,063,737	41
Construction in progress	1,078,421	3	934,934	3
Right-of-use assets	402,090	1	-	-
Investment properties	1,991,571	5	1,991,654	5
Intangible assets	20,235	-	22,811	-
Deferred tax assets	852,711	2	346,643	1
Long-term prepayments for leases	-	-	393,617	1
Other non-current assets	<u>2,674,908</u>	<u>7</u>	<u>3,263,201</u>	<u>9</u>
Total non-current assets	<u>29,259,952</u>	<u>79</u>	<u>29,589,862</u>	<u>81</u>
TOTAL	<u>\$ 36,863,116</u>	<u>100</u>	<u>\$ 36,398,220</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 7,923,978	21	\$ 5,305,133	15
Short-term bills payable	200,000	1	300,000	1
Trade payables	1,315,580	4	2,908,964	8
Trade payables to related parties	-	-	1,990	-
Other payables (Note 20)	356,526	1	667,978	2
Other payables to related parties	74,441	-	109,877	-
Current tax liabilities	35,225	-	216,602	1
Lease liabilities (Note 15)	8,996	-	-	-
Current portion of long-term borrowings	600,000	2	-	-
Other current liabilities	<u>191,375</u>	<u>-</u>	<u>170,423</u>	<u>-</u>
Total current liabilities	<u>10,706,121</u>	<u>29</u>	<u>9,680,967</u>	<u>27</u>
NON-CURRENT LIABILITIES				
Long-term borrowings	8,339,607	23	7,013,325	19
Deferred tax liabilities	689,556	2	675,374	2
Lease liabilities	14,919	-	-	-
Deferred revenue	102,135	-	115,177	-
Net defined benefit liabilities	263,765	1	250,160	1
Guarantee deposits	23,418	-	30,878	-
Other non-current liabilities	<u>-</u>	<u>-</u>	<u>44,624</u>	<u>-</u>
Total non-current liabilities	<u>9,433,400</u>	<u>26</u>	<u>8,129,538</u>	<u>22</u>
Total liabilities	<u>20,139,521</u>	<u>55</u>	<u>17,810,505</u>	<u>49</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION				
Common stock	<u>8,857,031</u>	<u>24</u>	<u>8,857,031</u>	<u>24</u>
Capital surplus	<u>825,222</u>	<u>2</u>	<u>765,359</u>	<u>2</u>
Retained earnings				
Legal reserve	2,325,353	6	2,150,280	6
Special reserve	1,911,129	5	1,911,129	5
Unappropriated earnings	<u>541,859</u>	<u>2</u>	<u>2,246,662</u>	<u>6</u>
Total retained earnings	<u>4,778,341</u>	<u>13</u>	<u>6,308,071</u>	<u>17</u>
Other equity				
Exchange differences on translating foreign operations	(556,135)	(1)	(290,555)	(1)
Unrealized loss on financial assets at fair value through other comprehensive income	<u>(192,656)</u>	<u>(1)</u>	<u>(484,926)</u>	<u>(1)</u>
Total other equity	<u>(748,791)</u>	<u>(2)</u>	<u>(775,481)</u>	<u>(2)</u>
Treasury stock	<u>(187,798)</u>	<u>-</u>	<u>(187,798)</u>	<u>-</u>
NON-CONTROLLING INTERESTS	<u>3,199,590</u>	<u>8</u>	<u>3,620,533</u>	<u>10</u>
Total equity	<u>16,723,595</u>	<u>45</u>	<u>18,587,715</u>	<u>51</u>
TOTAL	<u>\$ 36,863,116</u>	<u>100</u>	<u>\$ 36,398,220</u>	<u>100</u>

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

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales revenue	\$ 22,318,452	100	\$ 32,098,169	100
Other operating revenue	<u>22,775</u>	<u>-</u>	<u>17,648</u>	<u>-</u>
Total operating revenue	<u>22,341,227</u>	<u>100</u>	<u>32,115,817</u>	<u>100</u>
COST OF GOODS SOLD	<u>22,363,514</u>	<u>100</u>	<u>27,817,014</u>	<u>87</u>
GROSS (LOSS) PROFIT	<u>(22,287)</u>	<u>-</u>	<u>4,298,803</u>	<u>13</u>
OPERATING EXPENSES				
Selling and marketing expenses	573,870	3	544,834	2
General and administrative expenses	254,822	1	283,003	1
Research and development expenses	161,393	1	172,538	-
Expected credit loss reversed	<u>(1,769)</u>	<u>-</u>	<u>(213)</u>	<u>-</u>
Total operating expenses	<u>988,316</u>	<u>5</u>	<u>1,000,162</u>	<u>3</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(1,010,603)</u>	<u>(5)</u>	<u>3,298,641</u>	<u>10</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	80,027	1	54,571	-
Rental income	40,201	-	42,909	-
Dividend income	49,089	-	43,656	-
Other income	390,753	2	118,237	-
Gain on disposal of investments	-	-	19,103	-
Foreign currency exchange loss	(694)	-	(15,007)	-
Gain (loss) on financial assets at fair value through profit or loss	13,382	-	(6,255)	-
Other expenses	(161,538)	(1)	(167,934)	-
Interest expense	(347,670)	(1)	(368,038)	(1)
Share of profit of associates accounted for using the equity method	<u>279,154</u>	<u>1</u>	<u>160,132</u>	<u>1</u>
Total non-operating income and expenses	<u>342,704</u>	<u>2</u>	<u>(118,626)</u>	<u>-</u>
(LOSS) PROFIT BEFORE INCOME TAX	(667,899)	(3)	3,180,015	10
INCOME TAX (BENEFIT) EXPENSE	<u>(412,547)</u>	<u>(2)</u>	<u>792,957</u>	<u>2</u>
NET (LOSS) PROFIT FOR THE YEAR	<u>(255,352)</u>	<u>(1)</u>	<u>2,387,058</u>	<u>8</u>

(Continued)

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	\$ 292,270	1	\$ 175,698	1
Remeasurement of defined benefit plans	(16,709)	-	8,655	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	3,342	-	2,659	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statement of foreign operations	(307,613)	(1)	(117,766)	(1)
Share of the other comprehensive loss of associates accounted for using the equity method	<u>(89,940)</u>	<u>(1)</u>	<u>(39,362)</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(118,650)</u>	<u>(1)</u>	<u>29,884</u>	<u>-</u>
TOTAL COMPREHENSIVE (LOSS) PROFIT FOR THE YEAR	<u>\$ (374,002)</u>	<u>(2)</u>	<u>\$ 2,416,942</u>	<u>8</u>
NET (LOSS) PROFIT ATTRIBUTED TO:				
Owners of the Corporation	<u>\$ 33,618</u>	<u>-</u>	<u>\$ 1,750,724</u>	<u>6</u>
Non-controlling interests	<u>\$ (288,970)</u>	<u>(1)</u>	<u>\$ 636,334</u>	<u>2</u>
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTED TO:				
Owners of the Corporation	<u>\$ 46,941</u>	<u>-</u>	<u>\$ 1,848,130</u>	<u>6</u>
Non-controlling interests	<u>\$ (420,943)</u>	<u>(2)</u>	<u>\$ 568,812</u>	<u>2</u>
EARNINGS PER SHARE				
Basic	<u>\$ 0.04</u>		<u>\$ 2.01</u>	
Diluted	<u>\$ 0.04</u>		<u>\$ 2.00</u>	

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

(Concluded)

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation							Other Equity			Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus			Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Stock		
		Paid-in Capital in Excess of Par Value	Treasury Stock	Other	Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2018	\$ 8,857,031	\$ 470,767	\$ 270,524	\$ -	\$ 1,976,898	\$ 1,911,129	\$ 2,207,986	\$ (200,949)	\$ (660,624)	\$ (187,798)	\$ 3,088,332	\$ 17,733,296
Legal reserve	-	-	-	-	173,382	-	(173,382)	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(1,549,980)	-	-	-	-	(1,549,980)
Net profit for the year ended December 31, 2018	-	-	-	-	-	-	1,750,724	-	-	-	636,334	2,387,058
Other comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	-	11,314	(89,606)	175,698	-	(67,522)	29,884
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	-	1,762,038	(89,606)	175,698	-	568,812	2,416,942
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(36,611)	(36,611)
Change in capital surplus from dividends distributed to subsidiary	-	-	24,068	-	-	-	-	-	-	-	-	24,068
BALANCE AT DECEMBER 31, 2018	8,857,031	470,767	294,592	-	2,150,280	1,911,129	2,246,662	(290,555)	(484,926)	(187,798)	3,620,533	18,587,715
Legal reserve	-	-	-	-	175,073	-	(175,073)	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(1,549,981)	-	-	-	-	(1,549,981)
Net profit (loss) for the year ended December 31, 2019	-	-	-	-	-	-	33,618	-	-	-	(288,970)	(255,352)
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	(13,367)	(265,580)	292,270	-	(131,973)	(118,650)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	20,251	(265,580)	292,270	-	(420,943)	(374,002)
Change in capital surplus from dividends distributed to subsidiary	-	-	24,069	-	-	-	-	-	-	-	-	24,069
Dividends unclaimed by stockholders	-	-	-	35,794	-	-	-	-	-	-	-	35,794
BALANCE AT DECEMBER 31, 2019	<u>\$ 8,857,031</u>	<u>\$ 470,767</u>	<u>\$ 318,661</u>	<u>\$ 35,794</u>	<u>\$ 2,325,353</u>	<u>\$ 1,911,129</u>	<u>\$ 541,859</u>	<u>\$ (556,135)</u>	<u>\$ (192,656)</u>	<u>\$ (187,798)</u>	<u>\$ 3,199,590</u>	<u>\$ 16,723,595</u>

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

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) profit before income tax	\$ (667,899)	\$ 3,180,015
Adjustments :		
Depreciation expenses	1,068,913	1,064,578
Amortization expenses	13,050	18,621
Expected credit loss reversed	(1,769)	(213)
(Gain) loss on financial assets at fair value through profit or loss, net	(13,382)	6,255
Interest expense	347,670	368,038
Interest income	(80,027)	(54,571)
Dividend income	(49,089)	(43,656)
Share of profit of associates accounted for using the equity method	(279,154)	(160,132)
Loss (gain) on disposal of property, plant and equipment	8,723	(193)
Gain on disposal of investments	-	(19,103)
(Reversal of write-downs) write-downs of inventories	(721)	18,377
Unrealized gain on foreign currency exchange	(177,396)	(37,911)
Amortization of prepayments for leases	-	9,743
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(52,885)	16,627
Notes receivable	532,047	63,297
Trade receivables	515,124	(26,752)
Trade receivables from related parties	(24,239)	97,702
Other receivables	(315,012)	1,692
Inventories	352,569	601,534
Prepayments	801,024	(243,167)
Other current assets	(306,062)	85,958
Trade payables	(1,593,384)	491,494
Trade payables to related parties	(1,990)	(8,123)
Other payables	(267,871)	33,527
Other current liabilities	(23,672)	(161,525)
Net defined benefit liabilities	(3,104)	(26,100)
Deferred revenue	(8,829)	(8,982)
Other non-current liabilities	-	44,624
Cash (used in) generated from operations	<u>(227,365)</u>	<u>5,311,654</u>
Interest received	65,876	54,808
Interest paid	(343,262)	(380,272)
Income tax paid	<u>(242,546)</u>	<u>(766,576)</u>
Net cash (used in) generated from operating activities	<u>(747,297)</u>	<u>4,219,614</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(360,174)	(670,392)
Proceeds from the capital reduction of financial assets at fair value through other comprehensive income	-	15,000

(Continued)

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
Purchase of financial assets at amortized cost	\$ (441,373)	\$ (822)
Proceeds from disposal of investments accounted for using the equity method	-	180,257
Payments for property, plant and equipment	(31,274)	(194,586)
Proceeds from disposal of property, plant and equipment	-	7,695
Payments for intangible assets	(23)	(693)
Increase in other non-current assets	(77,990)	(1,316,118)
Increase in construction in progress	(376,298)	(331,708)
Increase in other prepayments	-	(1,441)
Other dividend received	<u>49,089</u>	<u>43,656</u>
Net cash used in investing activities	<u>(1,238,043)</u>	<u>(2,269,152)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	2,947,833	294,521
(Repayments of) proceeds from short-term bills payable	(100,000)	68,000
Proceeds from long-term borrowings	12,451,946	4,087,638
Repayments of long-term borrowings	(10,526,250)	(4,867,178)
Dividends paid to owners of the Corporation	(1,525,912)	(1,525,912)
(Decrease) increase in guarantee deposits	(7,460)	4,324
Repayment of the principal portion of lease liabilities	(10,522)	-
Dividends paid to non-controlling interests	<u>-</u>	<u>(36,611)</u>
Net cash generated from (used in) financing activities	<u>3,229,635</u>	<u>(1,975,218)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(56,241)</u>	<u>(10,763)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,188,054	(35,519)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,910,500</u>	<u>1,946,019</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 3,098,554</u>	<u>\$ 1,910,500</u>

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

(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, 2019 and 2018, 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, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2019. 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, 2019 are as follow:

The Impairment Loss of Property, Plant and Equipment

The balances of property, plant and equipment amounted to \$5,420,700 thousand as of December 31, 2019. 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 auditing standards generally accepted in the ROC will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the ROC, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hsin-Wei Tai and Yu-Wei Fan.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 25, 2020

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, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,402,390	6	\$ 611,802	3
Financial assets at fair value through profit or loss	76,537	-	63,589	-
Notes receivable, net	71,538	-	110,542	-
Trade receivables, net	553,365	2	834,999	4
Trade receivables from related parties	93,376	1	64,095	-
Other receivables	7,170	-	37,399	-
Inventories	635,914	3	832,598	4
Prepayments for purchases	31,534	-	34,964	-
Other prepayments	17,475	-	23,881	-
Other current assets	<u>26,432</u>	<u>-</u>	<u>170,556</u>	<u>1</u>
Total current assets	<u>2,915,731</u>	<u>12</u>	<u>2,784,425</u>	<u>12</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income	4,170,780	17	3,666,278	15
Financial assets at amortized cost	56,043	-	76,968	-
Investments accounted for using the equity method	7,839,221	32	7,711,476	32
Property, plant and equipment	5,420,700	22	5,756,964	24
Construction in progress	857,602	4	804,568	3
Right-of-use assets	23,803	-	-	-
Investment properties	1,991,571	8	1,991,654	8
Intangible assets	8,663	-	8,362	-
Deferred tax assets	425,757	2	346,643	2
Other non-current assets	<u>837,571</u>	<u>3</u>	<u>870,378</u>	<u>4</u>
Total non-current assets	<u>21,631,711</u>	<u>88</u>	<u>21,233,291</u>	<u>88</u>
TOTAL	<u>\$ 24,547,442</u>	<u>100</u>	<u>\$ 24,017,716</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables	\$ 659,234	3	\$ 800,834	3
Other payables	260,830	1	429,834	2
Current tax liabilities	34,515	-	142,016	1
Lease liabilities	8,996	-	-	-
Current portion of long-term borrowings	600,000	2	-	-
Other current liabilities	<u>159,638</u>	<u>1</u>	<u>81,711</u>	<u>-</u>
Total current liabilities	<u>1,723,213</u>	<u>7</u>	<u>1,454,395</u>	<u>6</u>
NON-CURRENT LIABILITIES				
Long-term borrowings	8,339,607	34	6,629,388	28
Deferred tax liabilities	660,386	3	643,497	3
Lease liabilities	14,919	-	-	-
Net defined benefit liabilities	263,765	1	250,160	1
Guarantee deposits	21,547	-	28,470	-
Other non-current liabilities	<u>-</u>	<u>-</u>	<u>44,624</u>	<u>-</u>
Total non-current liabilities	<u>9,300,224</u>	<u>38</u>	<u>7,596,139</u>	<u>32</u>
Total liabilities	<u>11,023,437</u>	<u>45</u>	<u>9,050,534</u>	<u>38</u>
EQUITY				
Common stock	<u>8,857,031</u>	<u>36</u>	<u>8,857,031</u>	<u>37</u>
Capital surplus	<u>825,222</u>	<u>3</u>	<u>765,359</u>	<u>3</u>
Retained earnings				
Legal reserve	2,325,353	10	2,150,280	9
Special reserve	1,911,129	8	1,911,129	8
Unappropriated earnings	541,859	2	2,246,662	9
Total retained earnings	<u>4,778,341</u>	<u>20</u>	<u>6,308,071</u>	<u>26</u>
Other equity				
Exchange differences on translating foreign operations	(556,135)	(2)	(290,555)	(1)
Unrealized loss on financial assets at fair value through other comprehensive income	<u>(192,656)</u>	<u>(1)</u>	<u>(484,926)</u>	<u>(2)</u>
Total other equity	<u>(748,791)</u>	<u>(3)</u>	<u>(775,481)</u>	<u>(3)</u>
Treasury stock	<u>(187,798)</u>	<u>(1)</u>	<u>(187,798)</u>	<u>(1)</u>
Total equity	<u>13,524,005</u>	<u>55</u>	<u>14,967,182</u>	<u>62</u>
TOTAL	<u>\$ 24,547,442</u>	<u>100</u>	<u>\$ 24,017,716</u>	<u>100</u>

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

ORIENTAL UNION CHEMICAL CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales revenue	\$ 11,762,636	100	\$ 14,619,729	100
OPERATING COSTS				
Cost of goods sold	<u>10,951,780</u>	<u>93</u>	<u>12,567,843</u>	<u>86</u>
GROSS PROFIT	<u>810,856</u>	<u>7</u>	<u>2,051,886</u>	<u>14</u>
OPERATING EXPENSES				
Selling and marketing expenses	507,711	4	433,809	3
General and administrative expenses	90,420	1	127,236	1
Research and development expenses	161,393	2	160,155	1
Expected credit loss reversed	<u>(1,769)</u>	<u>-</u>	<u>(213)</u>	<u>-</u>
Total operating expenses	<u>757,755</u>	<u>7</u>	<u>720,987</u>	<u>5</u>
PROFIT FROM OPERATIONS	<u>53,101</u>	<u>-</u>	<u>1,330,899</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	5,494	-	4,346	-
Rental income	39,670	-	39,670	-
Dividend income	49,089	1	43,656	-
Other income	277,212	2	66,495	-
Gain on disposal of investments	-	-	19,103	-
Foreign currency exchange gain	4,128	-	18,486	-
Gain (loss) on financial assets at fair value through profit or loss	12,948	-	(5,122)	-
Other expenses	(43,528)	-	(36,164)	-
Interest expense	(69,274)	-	(57,771)	-
Share of (loss) profit of subsidiaries and associates accounted for using equity method	<u>(306,666)</u>	<u>(3)</u>	<u>659,991</u>	<u>5</u>
Total non-operating income and expenses	<u>(30,927)</u>	<u>-</u>	<u>752,690</u>	<u>5</u>
PROFIT BEFORE INCOME TAX	22,174	-	2,083,589	14
INCOME TAX (BENEFIT) EXPENSE	<u>(11,444)</u>	<u>-</u>	<u>332,865</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>33,618</u>	<u>-</u>	<u>1,750,724</u>	<u>12</u>

(Continued)

ORIENTAL UNION CHEMICAL CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (16,709)	-	\$ 8,655	-
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	231,491	2	144,288	1
Income tax relating to items that will not be reclassified subsequently to profit or loss	3,342	-	2,659	-
Share of the other comprehensive income of subsidiaries and associates accounted for using equity method	60,779	-	31,410	-
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive loss of subsidiaries and associates accounted for using equity method	<u>(265,580)</u>	<u>(2)</u>	<u>(89,606)</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>13,323</u>	<u>-</u>	<u>97,406</u>	<u>1</u>
TOTAL COMPREHENSIVE PROFIT FOR THE YEAR	<u>\$ 46,941</u>	<u>-</u>	<u>\$ 1,848,130</u>	<u>13</u>
EARNINGS PER SHARE				
Basic	<u>\$ 0.04</u>		<u>\$ 2.01</u>	
Diluted	<u>\$ 0.04</u>		<u>\$ 2.00</u>	

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

(Concluded)

ORIENTAL UNION CHEMICAL CORPORATION

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)**

	Common Stock	Capital Surplus			Retained Earnings			Other Equity			Total Equity
		Paid-in Capital in Excess of Par Value	Treasury Stock	Other	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Stock	
BALANCE AT JANUARY 1, 2018	\$ 8,857,031	\$ 470,767	\$ 270,524	\$ -	\$ 1,976,898	\$ 1,911,129	\$ 2,207,986	\$ (200,949)	\$ (660,624)	\$ (187,798)	\$ 14,644,964
Legal reserve	-	-	-	-	173,382	-	(173,382)	-	-	-	-
Cash dividends	-	-	-	-	-	-	(1,549,980)	-	-	-	(1,549,980)
Net profit for the year ended December 31, 2018	-	-	-	-	-	-	1,750,724	-	-	-	1,750,724
Other comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	-	11,314	(89,606)	175,698	-	97,406
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	-	1,762,038	(89,606)	175,698	-	1,848,130
Change in capital surplus from dividends distributed to subsidiary	-	-	24,068	-	-	-	-	-	-	-	24,068
BALANCE AT DECEMBER 31, 2018	8,857,031	470,767	294,592	-	2,150,280	1,911,129	2,246,662	(290,555)	(484,926)	(187,798)	14,967,182
Legal reserve	-	-	-	-	175,073	-	(175,073)	-	-	-	-
Cash dividends	-	-	-	-	-	-	(1,549,981)	-	-	-	(1,549,981)
Net profit for the year ended December 31, 2019	-	-	-	-	-	-	33,618	-	-	-	33,618
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	(13,367)	(265,580)	292,270	-	13,323
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	20,251	(265,580)	292,270	-	46,941
Change in capital surplus from dividends distributed to subsidiary	-	-	24,069	-	-	-	-	-	-	-	24,069
Dividends unclaimed by stockholders	-	-	-	35,794	-	-	-	-	-	-	35,794
BALANCE AT DECEMBER 31, 2019	<u>\$ 8,857,031</u>	<u>\$ 470,767</u>	<u>\$ 318,661</u>	<u>\$ 35,794</u>	<u>\$ 2,325,353</u>	<u>\$ 1,911,129</u>	<u>\$ 541,859</u>	<u>\$ (556,135)</u>	<u>\$ (192,656)</u>	<u>\$ (187,798)</u>	<u>\$ 13,524,005</u>

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

ORIENTAL UNION CHEMICAL CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 22,174	\$ 2,083,589
Adjustments:		
Depreciation expenses	530,779	537,348
Amortization expenses	10,625	11,127
Expected credit loss reversed	(1,769)	(213)
Interest expense	69,274	57,771
Interest income	(5,494)	(4,346)
(Gain) loss on financial assets at fair value through profit or loss, net	(12,948)	5,122
Dividend income	(49,089)	(43,656)
Share of loss (profit) of subsidiaries and associates accounted for using equity method	306,666	(659,991)
Loss (gain) on disposal of property, plant and equipment	8,552	(224)
Gain on disposal of investments	-	(19,103)
(Reversal of write-downs) write-downs of inventories	(13,828)	10,525
Unrealized gain on foreign currency exchange	(4,128)	(18,486)
Changes in operating assets and liabilities		
Notes receivable	39,240	303
Trade receivables	253,886	36,939
Other receivables	(2,596)	4,365
Inventories	210,512	(26,682)
Prepayments	9,836	(20,940)
Other current assets	144,124	23,300
Trade payables	(141,600)	120,636
Other payables	(93,761)	46,174
Other current liabilities	33,303	(13,881)
Net defined benefit liabilities	(3,104)	(26,100)
Other non-current liabilities	-	44,624
Cash generated from operations	<u>1,310,654</u>	<u>2,148,201</u>
Interest received	6,271	4,205
Interest paid	(66,642)	(56,790)
Income tax paid	<u>(122,892)</u>	<u>(287,139)</u>
Net cash generated from operating activities	<u>1,127,391</u>	<u>1,808,477</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(273,011)	(65,066)
Proceeds from the capital reduction of financial assets at fair value through other comprehensive income	-	15,000
Proceeds from disposal (purchase) of financial assets at amortized cost	20,925	(822)
Purchase of investments accounted for using equity method	(615,143)	(250,000)
Proceeds from disposal of investments accounted for using equity method	-	180,257
Proceeds from disposal of property, plant and equipment	-	7,695

(Continued)

ORIENTAL UNION CHEMICAL CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
Decrease in other non-current assets	\$ 25,657	\$ 122,017
Increase in construction in progress	(291,241)	(216,882)
Dividends received	<u>49,089</u>	<u>43,656</u>
Net cash used in investing activities	<u>(1,083,724)</u>	<u>(164,145)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	-	(110,000)
Proceeds from long-term borrowings	12,062,000	3,149,388
Repayments of long-term borrowings	(9,751,781)	(2,599,453)
(Decrease) increase in guarantee deposits	(6,923)	2,946
Repayment of the principal portion of lease liabilities	(10,522)	-
Dividends paid	<u>(1,549,981)</u>	<u>(1,549,980)</u>
Net cash generated from (used in) financing activities	<u>742,793</u>	<u>(1,107,099)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>4,128</u>	<u>18,486</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	790,588	555,719
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>611,802</u>	<u>56,083</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,402,390</u>	<u>\$ 611,802</u>

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

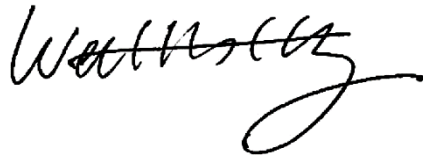
(Concluded)

3. Audit Committee's review report on the 2019 Business Report and Financial Statements

To the 2020 General Shareholders' Meeting of Oriental Union Chemical Union 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 Dividend submitted by Board of Directors for the year ending 2019, which have been audited by independent auditors, Mr. Roger Tai and Mr. Fan Yu-Wei of Deloitte & Touche, and found them in order.

The Convener of the Audit Committee

A handwritten signature in black ink, appearing to read 'Wattney', is written below the title 'The Convener of the Audit Committee'.

March 25, 2020

4. To report 2019 employees' compensation and Directors' remuneration

- (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 2019 compensation to employees is calculated as NT\$457,197, whereas remuneration to Directors as NT\$228,598. 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 2019 employees' compensation and Directors' remuneration were approved by the 8th Board meeting of the 15th term at 25th of March 2020 and shall be reported to the 2020 shareholders' meeting.
- (4) Please accept the aforesaid report.

5. To report the amendments to the “Best Practice Principles of Ethical Corporate Management” for Oriental Union Chemical Corporation

- (1) In accordance with the promulgation of Taiwan Stock Exchange Corporation under Tai-Cheng-Chi-Li-Tze No. 1080008378 dated 23 May 2019, the company has amended the “Best Practice Principles of Ethical Corporate Management” in view of the implementation of corporate governance and enhancement of best practice management mechanism, which was approved by Board of Directors meeting’s resolution at the 25th March 2020. Please refer to the following comparison table for details.

“Best Practice Principles of Ethical Corporate Management”

Section	Proposed Changes	Current Articles
Article 6	<p>(Prevention procedures and rules) <u>In accordance with the Principles as well as reference of the international norm or guideline, the Company shall establish procedures and rules, which of latter includes conduct guideline and education training and the like, to prevent Company Professionals from conducting business without prudence and integrity; meanwhile, specifically identify what Company Professionals must pay attention to while conducting business.</u></p>	<p>(Prevention procedures and rules) In accordance with the Principles, the Company shall establish <u>procedures and rules</u> to prevent Company Professionals from conducting business without prudence and integrity; meanwhile, specifically identify what Company Professionals must pay attention to while conducting business.</p>
Article 7	<p>(Commitment and execution) <u>The Board of Directors and top management of the Company are requested to submit a compliance statement of the Best Practice Principles, whereas the Best Practice Policy is enlisted as recruit restrictions for employee to conform.</u> The policy of ethical corporate management with sincerity and integrity shall be disclosed explicitly in the website and annual reports of the Company. Board of Directors and the <u>high-level</u> management shall have strong and rigorous commitment to the execution of such policy, and enforce the policy to the internal management and external commercial activities. <u>The information in regard to aforementioned best practice policy, statement, commitment and execution is documented and well preserved.</u></p>	<p>(Commitment and execution) The policy of ethical corporate management with sincerity and integrity shall be disclosed explicitly in the website and annual reports of the Company. Board of Directors and the management shall have strong and rigorous commitment to the execution of such policy, and enforce the policy to the internal management and external commercial activities.</p>

Section	Proposed Changes	Current Articles
Article 9	<p>(Ethical commercial activities <u>and prohibited conduct in unfair competition</u>)</p> <p>The Company shall act with integrity and fairness when engaging in a commercial activity with counterparty in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.</p> <p>Prior to engaging in a commercial transaction, the Company shall take into consideration the legitimacy and legality of the counterparty such as agents, vendors, customers, and other entities, and their Misconduct record, if any. The Company shall avoid engaging in business with counterparty with any record of Misconducts.</p> <p>When entering into material contracts with counterparties, the Company shall include provisions in such contracts demanding the compliance of ethical corporate management policy. And such contracts shall also include clauses to terminate or cancel the contracts at any time by the Company, if Misconducts are performed, or suspected of being performed, by the counterparties.</p>	<p>(Ethical commercial activities)</p> <p>The Company shall act with integrity and fairness when engaging in a commercial activity with counterparty in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.</p> <p>Prior to engaging in a commercial transaction, the Company shall take into consideration the legitimacy and legality of the counterparty such as agents, vendors, customers, and other entities, and their Misconduct record, if any. The Company shall avoid engaging in business with counterparty with any record of Misconducts.</p> <p>When entering into material contracts with counterparties, the Company shall include provisions in such contracts demanding the compliance of ethical corporate management policy. And such contracts shall also include clauses to terminate or cancel the contracts at any time by the Company, if Misconducts are performed, or suspected of being performed, by the counterparties.</p>
Article 15	<p>(Organization and responsibility)</p> <p>The Company Professionals shall exercise the due care of good administrators to urge the Company to prevent Misconducts, review the results of the preventive procedures at any time, and continually make adjustments so as to ensure thorough implementation of the ethical corporate management policies.</p> <p>To fulfill the best practices of the ethical corporate management, Human Resources Department of the Company is dedicated to be in charge of establishing and</p>	<p>(Organization and responsibility)</p> <p>The Company Professionals shall exercise the due care of good administrators to urge the Company to prevent Misconducts, review the results of the preventive procedures at any time, and continually make adjustments so as to ensure thorough implementation of the ethical corporate management policies.</p> <p>To fulfill the best practices of the ethical corporate management, Human Resources Department of the Company is dedicated to be in charge of establishing and</p>

Section	Proposed Changes	Current Articles
	enforcing the ethical corporate management policies and prevention procedures, <u>and shall report regularly, once a year at least, to the Board of Directors.</u>	enforcing the ethical corporate management policies and prevention procedures, and shall report to the Board of Directors <u>if there is material misconduct.</u>
Article 20	<p>(Blow-the-whistle, discipline <u>and appeal system</u>)</p> <p>For any violation of the Principles being found, Company Professionals shall proactively report to the Audit Committee, <u>Department Heads</u>, Head of Internal Audit, Human Resources Department, and other appropriate authorized managers. The Company shall strictly preserve the identity of the whistle-blower and the content of the report.</p> <p>The Company tolerates no violation. Any of the Company Professionals obtains, or intends to obtain, improper Benefits for oneself or others at the cost of the Company by using one’s position and authority shall be dismissed, and unconditionally indemnify the Company for all losses, if occurred.</p> <p>Any of the Company Professionals found to be in violation of the Principles shall be disciplined in accordance with the reward and disciplinary rules of the Company. Those who as a result of violation are dismissed by the Company will no longer be employed again by the Company or its affiliates, <u>and be reported to the competent authority or transferred to the juridical authority for investigation if necessary.</u></p> <p>The Company’s <u>“procedure for the best practice principle of ethical corporate management and guideline”</u> is established for the staff of Company to adopt when <u>conducting business.</u></p>	<p>(Blow-the-whistle and discipline)</p> <p>For any violation of the Principles being found, Company Professionals shall proactively report to the Audit Committee, <u>the Management</u>, Head of Internal Audit, Human Resources Department, and other appropriate authorized managers. The Company shall strictly preserve the identity of the whistle-blower and the content of the report.</p> <p>The Company tolerates no violation. Any of the Company Professionals obtains, or intends to obtain, improper Benefits for oneself or others at the cost of the Company by using one’s position and authority shall be dismissed, and unconditionally indemnify the Company for all losses, if occurred.</p> <p>Any of the Company Professionals found to be in violation of the Principles shall be disciplined in accordance with the reward and disciplinary rules of the Company. Those who as a result of violation are dismissed by the Company will no longer be employed again by the Company or its affiliates.</p> <p><u>The “procedure for reporting and discipline the violation of codes of ethics and the best practice principle” is established in the Company. Any of Company Professionals being accused of violating the Principles may appeal for remedy via the system.</u></p>

(2) Please accept the aforesaid report.

Approval items

1. To accept 2019 Business Report and Financial Statements

The Board of Directors proposes and recommends that each shareholder vote FOR the acceptance of 2019 Business Report and Financial Statements.

Explanatory notes:

- (1) OUCC's 2019 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. Roger Tai and Mr. Peter Fan of Deloitte & Touche, and have been examined and determined to be correct and accurate by Audit Committee of OUCC. We thereby submit this report.
- (2) Please accept the aforesaid Business Report and Financial Statements.

2. To approve the proposal for the distribution of 2019 profits

The Board of Directors proposes and recommends that each shareholder vote FOR the distribution of 2019 profits.

Explanatory notes:

- (1) OUCC's 2019 financial statements have been completed and audited by the CPAs of Deloitte & Touche. The distribution of 2019 OUCC profits, pursuant to Article 34 of Articles of Incorporation, is proposed as follows:

	(Unit: NT\$)
(A) Beginning of unappropriated earnings	\$ 521,608,204
(B) 2019 net income	33,617,890
(C) Confirmed reevaluated amount of welfare plan for retained earnings	(13,366,820)
(D) Yearly net income after adjustment (B)+(C)=(D)	20,251,070
(E) Legal reserve appropriation	(2,025,107)
(F) Retained earnings available for distribution (A)+(D)+(E)=(F)	539,834,167

Distribution items:

Shareholders' dividend (NT\$ 0.3/share in cash)	(265,710,909)
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Unappropriated earnings after distribution	\$ 274,123,258
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- (2) After being approved at the 2020 Annual General Shareholders' Meeting, the cash dividend to common shareholders will be distributed on an ex-dividend date to be determined by the Board of Directors. Should OUCC subsequently repurchase its common shares or issue new common shares according to the relevant regulations, the total number of common shares outstanding may change, and the ultimate cash to be distributed to each common share may need to be adjusted accordingly. It is proposed that the Board of Directors of OUCC be authorized to adjust the cash to be distributed to each common share based on the total amount of profits resolved to be distributed and the number of actual common shares outstanding on the ex-dividend date for distribution.
- (3) Please accept the aforesaid proposal.

Discussion Items

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

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

Explanatory notes:

- (1) Pursuant to the stipulated foundation of legal reserve and the letter issued by the Ministry of Economic Affairs (Letter Ching-San-Tze No. 10802432410 on 9 January 2020), the revisions to the company's Articles of Incorporation is as follows:

Section	Proposed Changes	Current Articles
Article 34	<p>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 <u>the unappropriated earnings from the yearly net income coupled with other items thereof</u> shall be set aside by the Company as legal reserve. Subject to certain business conditions under which the Company may retain a portion, and distribute to the shareholders the remainder after deducting special reserve as required by law together with undistributed profits from previous years in proportion to the number of the shares held by each shareholders as shareholders' dividend. 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.</p> <p>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,</p>	<p>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 <u>which</u> shall be set aside by the Company as legal reserve. Subject to certain business conditions under which the Company may retain a portion, and distribute to the shareholders the remainder after deducting special reserve as required by law together with undistributed profits from previous years in proportion to the number of the shares held by each shareholders as shareholders' dividend. 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.</p> <p>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,</p>

Section	Proposed Changes	Current Articles
	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.	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.
Article 38	These Articles of Incorporation came into effect on November 7, 1975, following the approval of the General Shareholders' Meeting and the competent authorities. Amendments shall also follow suit. (Omitted) Thirty-sixth amendment on June 8, 2018 <u>Thirty-seventh amendment on June 16, 2020.</u>	These Articles of Incorporation came into effect on November 7, 1975, following the approval of the General Shareholders' Meeting and the competent authorities. Amendments shall also follow suit. (Omitted) Thirty-sixth amendment on June 8, 2018

(2) Please approve the proposal for the amendment of OUCC's Articles of Incorporation.

2. To amend the company bylaw of “Meeting Rules of Stockholders” of Oriental Union Chemical Corporation

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

Explanatory notes:

- (1) Pursuant to the practice implementation and the reference of “Meeting Rules of Stockholders by Public Companies” of Taiwan Stock Exchange Corporation, the revisions to the company bylaw of “Meeting Rules of Stockholders of OUCC” is as follows:

Section	Proposed Changes	Current Articles
Article 10	<p>For proposal in which discussion has been concluded or closed, the Chairperson shall submit it for voting.</p> <p>No discussion or voting shall proceed for matters unrelated to the proposal.</p> <p>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.</p>	<p>For proposal in which discussion has been concluded or closed, the Chairperson shall submit it for voting.</p> <p>No discussion or voting shall proceed for matters unrelated to the proposal.</p> <p>The personnel responsible for overseeing and counting of the votes for resolutions shall be appointed by the Chairperson <u>with the consent of the stockholders (or proxies) attending the meeting.</u> The person responsible for vote overseeing shall be of the stockholder status.</p>
Article 11	<p>In regards to the resolution of proposals, unless otherwise provided for in the relevant law and regulation or Company’s Articles of Incorporation, resolution shall be passed by a majority of the voting rights represented by the stockholders (or proxies) attending the meeting.</p> <p><u>Proposal</u> shall be put to vote. All proposals may be put to vote one after the other by its sequence, or may be put to</p>	<p>In regards to the resolution of proposals, unless otherwise provided for in the relevant law and regulation or Company’s Articles of Incorporation, resolution shall be passed by a majority of the voting rights represented by the stockholders (or proxies) attending the meeting.</p> <p><u>The proposal for a resolution shall be deemed approved if no objection raised by stockholders via electronic vote casting, and the Chairperson inquires and receives no objection from stockholders in attendance. The validity of such approval has the same effect as if the resolution has been put to vote.</u></p> <p><u>Should objection of a proposal be raised,</u> such proposal shall be put to vote. All proposals may be put to vote one after the</p>

Section	Proposed Changes	Current Articles
	<p>vote together and numbers of votes for each proposal are counted separately. Whichever way of the voting procedures shall be decided by the Chairperson</p> <p>If there are amendments or substitute proposals for the same proposal, the sequence of which to be put to vote shall be decided by the Chairperson. If one of the two proposals has been approved, the other shall be deemed rejected and need no further vote.</p> <p>The results of voting and election shall be announced after the vote calculation on the spot and kept for records.</p>	<p>other by its sequence, or may be put to vote together and numbers of votes for each proposal are counted separately. Whichever way of the voting procedures shall be decided by the Chairperson</p> <p>If there are amendments or substitute proposals for the same proposal, the sequence of which to be put to vote shall be decided by the Chairperson. If one of the two proposals has been approved, the other shall be deemed rejected and need no further vote.</p> <p>The results of voting and election shall be announced after the vote calculation on the spot and kept for records.</p>
Article 13	<p><u>Should the force majeure is 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.</u></p>	<p><u>The meeting shall be adjourned if encountering an air-raid alarm during the meeting. The meeting shall resume one hour after the alarm is lifted.</u></p>

(2) Please approve the proposal for the amendment on the company bylaw of “Meeting Rules of Stockholders of OUCC”.

Extemporany Motions

General Information

1. Articles of Incorporation of Oriental Union Chemical Corporation

Last updated at June 8, 2018

Chapter 1 General Provisions

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

Article 2 The Company's businesses are as follows :

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

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

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

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

Chapter 2 Share Capital

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

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

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

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

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

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

Chapter 3 Shareholders' Meeting

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

Article 11 Notices of General Shareholders' Meeting shall be in writing and delivered to the shareholders along with a public notice 30 days before the General Shareholders' Meeting and 15 days before the Extraordinary Shareholders' Meeting. The said notices shall specify the date, place and reasons for calling the shareholders' meeting.

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

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

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

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

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

Chapter 4 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 Each term of the Directors' appointments are for a period of 3 years. Same Directors may be reappointed following the 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 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 at least seven days before the meeting, however, in the case of emergency, the meeting may be convened at any time.
A notice to convene a Board Meeting shall be sent to all Directors via postal mail, email or fax.
- Article 23 The meeting shall be convened and presided by the Chairman of the Board of Directors. 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 of Board members 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 on 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 and Managers.
- Article 30 President as the Chief Operating Officer shall carry out the tasks assigned by Board of Directors' Meeting. If no such tasks, assignments from the Chairman shall be attended and fulfilled. Managers shall fulfill the tasks assigned by their superiors as of Vice Presidents, President, Chairman or Board of Directors.
- Article 31 Chairman shall designate the candidate of an additional post which he deems necessary and assign his/her tasks.
- Article 31-1 The Company shall purchase the liability insurance for Directors and important staff according to respective business scopes and liabilities pursuant to laws.
- Chapter 6 Financial Statements**
- Article 32 The Company's fiscal year shall commence on the First of January of each year, and ends on the Thirty-first of December of the same year. The final accounts are settled at the end of the Company's fiscal year. The Board of Directors shall in accordance with law furnish various documents and statements and submit to the General Shareholders' Meeting for approval.
The said documents and statements shall be inspected by the 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 which shall be set aside by the Company as legal reserve. In respect to certain business conditions, the Company may retain a portion of the special reserve as required by law together with undistributed profits from previous years, and distribute evenly the remainder to the shareholders. When there is a share capital increase, the allocated bonuses of the year for the new shares shall be dealt with according to the resolution of the General Shareholders' Meeting.

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

Chapter 7 Supplementary Provisions

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

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

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

Article 38 These Articles of Incorporation came into effect on November 7, 1975, following the approval of the General Shareholders' Meeting and the competent authorities. Amendments shall also follow suit.

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 27, 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 28, 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

2. Meeting Rules of Stockholders for Oriental Union Chemical Corporation

Last updated by June 6, 2014

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

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

The stockholders' meeting notice shall state the registration time, location and other important information. The aforesaid registration time shall start at least thirty minutes before the beginning of the meeting. The registration desk shall be featured with clear instructions and competent staffs.

When convening stockholders' meeting, the Company shall incorporate electronic vote casting as one of the alternative ways to cast the vote, and the procedure of electronic casting shall be stated in the meeting notice. The stockholders who vote via electronic casting is deemed as presented in person. With respect to extemporary motions, amendments of the original proposals, and substitute proposals raised in the stockholders' meeting, those who vote via electronic casting shall be considered as abstain.

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

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

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

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

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

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

Article 3 The Chairperson shall announce the starting of the meeting when the attending stockholders (or proxies) represent more than half of the total shares issued in public. If the legal quorum is not present after the designated meeting time, the Chairperson may announce postponement of the meeting. Such postponement is limited to two times and the aggregated postponed time shall not exceed one hour. If quorum is still not present

after two postponements but the attending stockholders (or proxies) represent more than one third of the total shares issued in public, tentative resolution/s may be passed with respect to ordinary resolution/s by a majority of those present.

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

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

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

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

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

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

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

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

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

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

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

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

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

When an institutional stockholder appoints more than two representatives to attend the meeting, only one representative is allowed to speak.

- Article 9 After the attending stockholder (or proxy) voices his opinion, 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 with the consent of the stockholders (or proxies).
The person responsible for vote overseeing shall be of the stockholder status.
- Article 11 In regards to the resolution of proposals, unless otherwise provided for in the relevant law and regulation or Company's Articles of Incorporation, resolution shall be passed by a majority of the voting rights represented by the stockholders (or proxies) attending the meeting.
The proposal for a resolution shall be deemed approved if no objection raised by stockholders via electronic vote casting, and the Chairperson inquires and receives no objection from stockholders in attendance. The validity of such approval has the same effect as if the resolution has been put to vote.
Should objection of a proposal be raised, such proposal shall be put to vote. All proposals may be put to vote one after the other by its sequence, or may be put to vote together and numbers of votes for each proposal are counted separately. Whichever way of the voting procedures shall be decided by the Chairperson
If there are amendments or substitute proposals for the same proposal, the sequence of which to be put to vote shall be decided by the Chairperson. If one of the two proposals has been approved, the other shall be deemed rejected and need no further vote.
The results of voting and election shall be announced after the vote calculation on the spot and kept for records.
- Article 12 During the meeting, the Chairperson may at his/her discretion declare time for break.
- Article 13 The meeting shall be adjourned if encountering an air-raid alarm during the meeting. The meeting shall resume one hour after the alarm is lifted.
- Article 14 The Chairperson may maintain the meeting order by instructing the security guards. The security guards shall wear the armband for identification when helping maintaining the venue order.
- Article 15 The stockholders (or proxies) shall obey the instructions of the Chairperson and security guards in terms of maintaining the order. The Chairperson or security guards may exclude the persons disturbing the stockholders' meeting from the meeting.
- Article 16 For matters not governed by the rules specified herein, shall be governed according to Company Act, Stock Exchange Law and the other related laws and regulations.
- Article 17 The rules herein take effect after approval at the stockholders' meeting, the same apply for any amendments.

Appendix

1. Current Shareholding of Directors

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

Book closure date: 18 April 2020

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 San Wu		
		Roy Wu		
	Yue Ming Trading Co. Ltd.	Justin Tsai	440,000	0.05%
	Yu Li Investment Corporation	Paul Chuang	4,861,781	0.55%
	Fu Da Transport Co. Ltd.	Eric Chueh	3,254,125	0.36%
Independent Directors	Walt Cheng	—	—	
	C.T. Chan	—	—	
	Li Ping	—	—	
The combined shareholding of all Directors on the book closure date			91,437,692	10.32%
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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