



**Oriental Union Chemical Corporation (OUCC)**



**2022 Annual Shareholders Meeting Minutes  
(Translation)**

**Date:** Thursday, 9 June 2022

**Time:** 9:00 a.m. Taipei Time

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

**Convening Method:**

Hybrid Shareholders Meeting (Physical Shareholders Meeting Supported by Video-Conferencing)

**E-Meeting Platform:**

Taiwan Depository & Clearing Corp./Stockvote Platform  
(<https://www.stockvote.com.tw>)

**Shareholders present:**

Total number of outstanding shares: 876,594,475 shares (excluding 9,108,554 shares owned by OUCC's subsidiary)

Total shares represented by shareholders present: 521,045,741 shares (including shareholders attending via electronic and video conference)

Percentage of shares held by shareholders: 59.43%

**Directors present:** Mr. Douglas Tong Hsu, Mr. Johnny Shih, Mr. Humphrey Cheng, Mr. Justin Tsai, Mr. Kao-Shan Wu, Mr. Eric Chueh, Mr. Bing Shen(via video)

**Independent Directors present:** Mr. Walt Cheng, Mrs. Ping Lih

**Guests present:** Mr. Yu-Wei Fan, CPA, Mr. Ming-Jiang Chen, Lawyer

**Chairman:** Mr. Douglas Tong Hsu, Chairman of the Board of Directors



**Recorder:** Mrs. Victoria Peng

**Call the meeting to order**

(The aggregate shares of shareholders present in person or by proxy constituted a quorum.)

**Chairman's remarks (Omitted)**

## **A. Reporting items:**

1. 2021 Business Report (See P2-P6 of the Handbook)
2. 2021 Financial Statements (See Attachment)
3. The Audit Committee's review report of 2021 Business Report and Financial Statements (See P28 of the Handbook)
4. 2021 Directors' remuneration and employees' compensation (See P29 of the Handbook)
5. Amendment to the "Sustainable Development Principles of OUCC" (See P30-P36 of the Handbook)

## **B. Approval items:**

### **1. To accept 2021 Business Report and Financial Statements**

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

Explanatory notes:

- i. OUCC's 2021 Business Report and Financial Statements (including consolidated balance sheets, consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows, and balance sheets, statements of comprehensive income, statements of changes in equity, statements of cash flows) have been audited by independent auditors, Hsin-Wei Tai and Yu-Wei Fan of Deloitte & Touche, and have been examined and determined to be correct and accurate by Audit Committee of OUCC. We thereby submit this report.
- ii. Please accept the aforesaid Business Report and Financial Statements.

**Voting Results: 521,045,741 shares were represented at the time of voting (including electronic and video voting); 505,599,736 shares voted for the proposal, representing 97.03% of the total represented shares, 428,001 shares voted against the proposal, while 15,018,004 shares voted abstained the proposal.**

**RESOLVED, that the 2021 Business Report and Financial Statements be and hereby accepted as submitted.**

## 2. To approve the proposal for the 2021 profit allocation

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

Explanatory notes:

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

(A) Beginning of unappropriated earnings	0
(B) 2021 net income	899,757,825
(C) Confirmed reevaluated amount of welfare plan for retained earnings	(17,521,134)
(D) Yearly net income with other item besides net income included as unappropriated earnings (B)+(C)	882,236,691
(E) Legal reserve appropriation	(88,223,669)
(F) Retained earnings available for distribution (A)+(D)+(E)	794,013,022
(G) Shareholders dividend (NT\$0.7/share in cash)	(619,992,120)
(H) Unappropriated earnings after distribution (F)+(G)	174,020,902
- ii. After being approved at the 2022 Annual Shareholders Meeting, the cash dividend to common shareholders will be distributed on an ex-dividend date to be determined by the Board of Directors. Should OUCC subsequently repurchase its common shares or issue new common shares according to the relevant regulations, the total number of common shares outstanding may change, and the ultimate cash to be distributed to each common share may need to be adjusted accordingly. It is proposed that the Board of Directors of OUCC be authorized to adjust the cash to be distributed to each common share based on the total amount of profits resolved to be distributed and the number of actual common shares outstanding on the ex-dividend date for distribution.
- iii. Please accept the aforesaid proposal.

**Voting Results: 521,045,741 shares were represented at the time of voting (including electronic and video voting); 505,953,093 shares voted for the proposal, representing 97.10% of the total represented shares, 502,644 shares voted against the proposal, while 14,590,004 shares voted abstained the proposal.**

**RESOLVED, that the proposal for 2021 profit allocation be and hereby accepted as proposed.**

## C. Discussion items

### 1. To amend the Articles of Incorporation of Oriental Union Chemical Corp.

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

Explanatory notes:

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

**Voting Results: 521,045,741 shares were represented at the time of voting (including electronic and video voting); 503,300,783 shares voted for the proposal, representing 96.59% of the total represented shares, 2,800,971 shares voted against the proposal, while 14,943,987 shares voted abstained the proposal.**

**RESOLVED, that the proposal for the amendment of the Articles of Incorporation be and hereby accepted as proposed.**

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

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

Explanatory notes:

- i. According to the company's operation practice and the reference example of the "Director Election Procedures of xxx Co., Ltd." issued by Taiwan Stock Exchange Co., Ltd., some provisions of the company's "Election Procedures of Board of Directors" are revised accordingly, as shown the comparison attached.

- ii. Please approve the aforesaid proposal for amendment.

**Voting Results: 521,045,741 shares were represented at the time of voting (including electronic and video voting); 506,022,063 shares voted for the proposal, representing 97.11% of the total represented shares, 430,691 shares voted against the proposal, while 14,592,987 shares voted abstained the proposal.**

**RESOLVED, that the proposal for the amendment of the Election Procedures of Board of Directors be and hereby accepted as proposed.**

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

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

Explanatory notes:

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

**Voting Results: 521,045,741 shares were represented at the time of voting (including electronic and video voting); 506,020,698 shares voted for the proposal, representing 97.11% of the total represented shares, 435,056 shares voted against the proposal, while 14,589,987 shares voted abstained the proposal.**

**RESOLVED, that the proposal for the amendments of the Procedures for Capital Loaning to Others and Procedures for Endorsements and Guarantees**

**be and hereby accepted as proposed.**

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

The Board of Directors proposes and recommends that each shareholder vote for the amendment of the company bylaw of Procedures for Acquisition or Disposal of Assets.

Explanatory notes:

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

**Voting Results: 521,045,741 shares were represented at the time of voting (including electronic and video voting); 506,006,176 shares voted for the proposal, representing 97.11% of the total represented shares, 432,646 shares voted against the proposal, while 14,606,919 shares voted abstained the proposal.**

**RESOLVED, that the proposal for the amendment of the Procedures for Acquisition or Disposal of Assets be and hereby accepted as proposed.**

**5. To amend the company bylaw of Meeting Rules of Shareholders of Oriental Union Chemical Corp.**

The Board of Directors proposes and recommends that each shareholder vote for the amendment of the company bylaw of Meeting Rules of Shareholders.

Explanatory notes:

- i. In response to the amendment of Article 172-2 of the Company Act, which allowed public companies to hold shareholders' meetings by video, the Financial Supervisory Commission amended and promulgated on March 4, 2022 part of

the provisions of the "Regulations Governing the Administration of Shareholder Services of Public Companies" to update the relevant provisions of the video conference of the shareholders meeting. The company has amended some provisions of the company's "Meeting Rules of Shareholders" with reference to the revised "Example of the Meeting Rules of Shareholders of xx Co., Ltd." announced by the Taiwan Stock Exchange on March 8, 2022. The provisions amended are in the comparison attached.

ii. Please accept the aforesaid report.

**Voting Results: 521,045,741 shares were represented at the time of voting (including electronic and video voting); 503,297,525 shares voted for the proposal, representing 96.59% of the total represented shares, 2,803,211 shares voted against the proposal, while 14,945,005 shares voted abstained the proposal.**

**RESOLVED, that the proposal for the amendment of the Meeting Rules of Shareholders be and hereby accepted as proposed.**

#### **Questions of Shareholders (including video conference platform) Summarized**

Two shareholders of numbers 0346333 and 0343611 questioned the company's future profit improvement by way of ratio reduction of ethylene glycol business, supply progress of semiconductor grade CO<sub>2</sub>, relevant press release, and so on, which were all duly replied by officers designated by Chairman.

**D. Extemporary Motion:** Nil

**E. Meeting Adjourned:** by 10:19 am

## Attachments –

### Amendment to the Article of Incorporation of OUCC

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



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

Section	Proposed Changes	Current Articles
Article 3	<p>The election of <u>Board of Directors</u>, shall be pursued according to the number of position required; provided, however, that the independent and non-independent Directors elected shall be calculated separately. The candidates that obtain more number of votes shall be elected. If there are more than two candidates obtaining the same number of vote but the number of position offered is limited, a draw shall be made amongst the two candidates to determine. The chairperson shall conduct the drawing for the candidate who is absent.</p> <p>Directors shall be elected by adopting the candidate nomination system specified in Article 192-1 of Company Act. Moreover, the professional qualifications, the assessment of independence and other matters of the Independent Directors shall be in compliance with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" or other relevant regulations of ROC.</p>	<p><u>The election of Directors, Independent Directors</u> shall be pursued according to the number of position required and <u>shall be held together</u>; provided, however, that the independent and non-independent Directors elected shall be calculated separately. The candidates that obtain more number of votes shall be elected. If there are more than two candidates obtaining the same number of vote but the number of position offered is limited, a draw shall be made amongst the two candidates to determine. The chairperson shall conduct the drawing for the candidate who is absent.</p> <p>Directors shall be elected by adopting the candidate nomination system specified in Article 192-1 of Company Act. Moreover, the professional qualifications, the assessment of independence and other matters of the Independent Directors shall be in compliance with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" or other relevant regulations of ROC.</p>
Article 6	<p><u>If the candidate is a natural person, the voters shall fill out the ballot with the name of the candidate. If the candidate is the government or institutional stockholder, the ballot shall be filled out with the name of government or institution. If the candidate is the representative of the government or institutional stockholder, the names of the government or institutional stockholder and its representative shall be filled out.</u></p>	<p><u>If the candidate is a natural person with the stockholder status, the voters shall fill out the ballot with the name and stockholder number of the candidate. If the candidate is not of the stockholder status, the ballot shall be filled out with the name and the number of identity document of the candidate. If the candidate is the government or institutional stockholder, the ballot shall be filled out with the number, the name of government or institution and the representative name. If there are more than one representative, all the representative names shall be listed.</u></p>
Article 7	<p>The ballot shall be considered invalid in any of the following situations:</p> <ol style="list-style-type: none"> <li>1. Not the ballot provided under the rules herein</li> <li>2. One ballot with more than two candidate names listed</li> <li>3. Blank ballot</li> <li>4. <u>Ballot filled out with not only candidate's number of voting rights allocated, but also including other words</u></li> <li>5. Written characters blurred and not legible</li> <li>6. The candidate filled in is not consistent with <u>the listed candidate</u></li> </ol>	<p>The ballot shall be considered invalid in any of the following situations:</p> <ol style="list-style-type: none"> <li>1. Not the ballot provided under the rules herein</li> <li>2. One ballot with more than two candidate names listed</li> <li>3. Blank ballot</li> <li>4. <u>Ballot not filled out according to Article 6 or ballot with other words included</u></li> <li>5. Written characters blurred and not legible</li> <li>6. Ballot filled out with incorrect candidate <u>information</u></li> </ol>

<b>Section</b>	<b>Proposed Changes</b>	<b>Current Articles</b>
Article 7	7. <u>The voter's total number of voting rights allocated on the ballots exceeds the number of voting rights he/she holds.</u>	
Article 13	(Deleted)	The elected Directors shall be given the election notification by the Board.
Article 13 replaced by Article 14	The rules herein take effect after approval at the shareholders meeting. The same apply for any amendments.	The rules herein take effect after approval at the shareholders meeting. The same apply for any amendments.

**Amendment to the company bylaw of Procedures for Capital Lending to Others of OUCC**

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

<b>Section</b>	<b>Proposed Changes</b>	<b>Current Articles</b>	<b>Remark</b>
Article 8	The Company shall assess the status of loans extended and reserve an appropriate amount to offset against bad loans. The Company shall furthermore disclose the relevant information in its financial statements and provide the CPA with relevant materials for necessary audit processes.	The Company shall assess the status of loans extended and reserve an appropriate amount to offset against bad loans. The Company shall furthermore disclose the relevant information in its financial statements and provide the CPA with relevant materials for necessary audit processes.	

**Amendment to the company bylaw of Procedures for Endorsements and Guarantees of OUCG**

Section	Proposed Changes	Current Articles	Remark
Article 8	<p>The Company shall before the 10<sup>th</sup> day of each month publish and report the endorsements/ guarantees it and its subsidiaries provided last month and their balance amounts.</p> <p>Where limits of the Company's endorsements/guarantees set below have occurred, the Company shall publish and report within 2 days commencing from the date of occurrence.</p> <p>(1) The aggregate balance of endorsements/guarantees provided by the Company and its subsidiaries has reached 50% or more of the Company's Latest Net Worth; or</p> <p>(2) The balance of endorsements/ guarantees provided by the Company and its subsidiaries for an individual company has reached 20% or more of the Company's Latest Net Worth; or</p> <p>(3) The balance of endorsements/ guarantees provided by the Company and its subsidiaries for an individual company has reached Ten Million New Taiwan Dollars (NT\$10,000,000) or more and the aggregate amount of all endorsements/guarantees, any investment of equity method booking amount in, and balance of loans to, such company has reached 30% of the Company's Latest Net Worth; or</p> <p>(4) The additional endorsement/ guarantee provided by the Company or its subsidiary has reached Thirty Million New Taiwan Dollars (NT\$30,000,000) or more and has reached 5% or more of the Company's Latest Net Worth.</p>	<p>The Company shall before the 10<sup>th</sup> day of each month publish and report the endorsements/ guarantees it and its subsidiaries provided last month and their balance amounts.</p> <p>Where limits of the Company's endorsements/guarantees set below have occurred, the Company shall publish and report within 2 days commencing from the date of occurrence.</p> <p>(1) The aggregate balance of endorsements/guarantees provided by the Company and its subsidiaries has reached 50% or more of the Company's Latest Net Worth; or</p> <p>(2) The balance of endorsements/ guarantees provided by the Company and its subsidiaries for an individual company has reached 20% or more of the Company's Latest Net Worth; or</p> <p>(3) The balance of endorsements/ guarantees provided by the Company and its subsidiaries for an individual company has reached Ten Million New Taiwan Dollars (NT\$10,000,000) or more and the aggregate amount of all endorsements/guarantees, any investment of equity method booking amount in, and balance of loans to, such company has reached 30% of the Company's Latest Net Worth; or</p> <p>(4) The additional <u>individual</u> endorsement/guarantee provided by the Company or its subsidiary has reached Thirty Million New Taiwan Dollars (NT\$30,000,000) or more and has reached 5% or more of the Company's Latest Net Worth.</p>	<p>1. Pursuant to Question 35 of the "Q&amp;A on the Standard Procedures for Funding Loans and Endorsements and Guarantees of Public Listed Companies " announced by the Securities and Futures Bureau of the Financial Supervisory Commission on 24 December 2021, which addresses paragraph 1, item 4 of Article 25 of the Standard Procedures, stating that the public listed company or its subsidiary with additional endorsements/ guarantees achieving NT\$30 million or more and 5% or more of its most recent net worth shall proceed announcement and declaration of such endorsements/ guarantees with total amount newly increased, hence item 4 of paragraph 2 of this Article is amended.</p> <p>2. The contents of the remaining provisions remain unchanged.</p>

<b>Section</b>	<b>Proposed Changes</b>	<b>Current Articles</b>	<b>Remark</b>
Article 8	<p>The Company shall announce and report on behalf of its subsidiary, which is not a public listed company of the Republic of China, any occurred matters pursuant to item 4 of the preceding paragraph of the afore-mentioned subsidiary.</p> <p>The "public announcement and report" herein is referred to the information publicized on the website designated by the Financial Supervisory Commission.</p> <p>"Date of occurrence" in these Procedures is referred to the date of contract signing, date of payment, date of Boards of Directors' resolutions, or other date which can confirm the counterparty and amount of the capital loan, whichever date is earlier.</p> <p>The Company shall assess the status of endorsements/guarantees provided and reserve an appropriate amount to offset against contingent loss. The Company shall furthermore disclose the relevant information in its financial statements and provide the CPA with relevant materials for necessary audit processes.</p>	<p>The Company shall announce and report on behalf of its subsidiary, which is not a public listed company of the Republic of China, any occurred matters pursuant to item 4 of the preceding paragraph of the afore-mentioned subsidiary.</p> <p>The "public announcement and report" herein is referred to the information publicized on the website designated by the Financial Supervisory Commission.</p> <p>"Date of occurrence" in these Procedures is referred to the date of contract signing, date of payment, date of Boards of Directors' resolutions, or other date which can confirm the counterparty and amount of the capital loan, whichever date is earlier.</p> <p>The Company shall assess the status of endorsements/guarantees provided and reserve an appropriate amount to offset against contingent loss. The Company shall furthermore disclose the relevant information in its financial statements and provide the CPA with relevant materials for necessary audit processes.</p>	

## Amendment to the company bylaw of Acquisition or Disposal of Assets of OUCG

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

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



Section	Proposed Changes	Current Articles	Remark
Article 6	NT\$10 million. In any case, the said transaction shall be submitted to the immediate following meeting of the Board of Directors for ratification.	NT\$10 million. In any case, the said transaction shall be submitted to the immediate following meeting of the Board of Directors for ratification.	
Article 7	<p>1) Evaluation Process</p> <p>(a) For investments in real property, equipment or right-of-use assets thereof, the Accounting Department or other relevant units shall undertake the projection of potential returns as well as evaluation of potential investment risks in relation to the said investment based on the current operation and financial conditions and future development plan.</p> <p>(b) The proposed acquisition of disposal of real property or right-of-use assets thereof shall require analysis reports taking reference to their current published value, appraised values and transactions prices for neighboring real properties, etc., along with suggested transaction conditions and prices.</p> <p>(c) The proposed acquisition or disposal of equipment or right-of-use assets thereof shall be carried out by way of any of the following: price inquiry; price comparison; negotiated prices or tender.</p> <p>2) Valuation Reports</p> <p>In the case of real property, equipment, or right-of-use assets thereof acquired or disposed by the Company other than as a result of transactions with the domestic government, entrusted construction on the Company's own property, entrusted construction on land leased by the Company, or acquisition or</p>	<p>1) Evaluation Process</p> <p>(1) For investments in real property, equipment or right-of-use assets thereof, the Accounting Department or other relevant units shall undertake the projection of potential returns as well as evaluation of potential investment risks in relation to the said investment based on the current operation and financial conditions and future development plan.</p> <p>(b) The proposed acquisition of disposal of real property or right-of-use assets thereof shall require analysis reports taking reference to their current published value, appraised values and transactions prices for neighboring real properties, etc., along with suggested transaction conditions and prices.</p> <p>(c) The proposed acquisition or disposal of equipment or right-of-use assets thereof shall be carried out by way of any of the following: price inquiry; price comparison; negotiated prices or tender.</p> <p>2) Valuation Reports</p> <p>In the case of real property, equipment, or right-of-use assets thereof acquired or disposed by the Company other than as a result of transactions with the domestic government, entrusted construction on the Company's own property, entrusted construction on land leased by the Company, or acquisition or</p>	

Section	Proposed Changes	Current Articles	Remark
Article 7	<p>disposal of equipment, or right-of-use assets thereof for business operation purposes, where their transaction value is the amount equivalent to twenty percent (20%) of the Company's paid-in capital or NT\$300 million or above, the Company shall, prior to the date of the transaction occurred, require professional appraiser to furnish their valuation report (which report shall specify the matters set out in Appendix 1 herein); furthermore, the following provisions shall be complied with:</p> <p>(a) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall be followed for any changes to the terms and conditions of the transaction afterwards.</p> <p>(b) Where the transaction amount is NT\$1 billion or more, two (2) or more professional appraiser shall be engaged to provide their appraisals.</p> <p>(c) Where the appraisal prices from professional appraiser come under one of the following, unless the appraisal prices of acquired assets are higher than the transaction price, or the appraisal prices of assets being disposed are lower than the transaction price, accountant shall provide opinions in respect of the reasons for such discrepancy and the fairness of the transaction price:</p>	<p>disposal of equipment, or right-of-use assets thereof for business operation purposes, where their transaction value is the amount equivalent to twenty percent (20%) of the Company's paid-in capital or NT\$300 million or above, the Company shall, prior to the date of the transaction occurred, require professional appraiser to furnish their valuation report (which report shall specify the matters set out in Appendix 1 herein); furthermore, the following provisions shall be complied with:</p> <p>(a) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall be followed for any changes to the terms and conditions of the transaction afterwards.</p> <p>(b) Where the transaction amount is NT\$1 billion or more, two (2) or more professional appraiser shall be engaged to provide their appraisals.</p> <p>(c) Where the appraisal prices from professional appraiser come under one of the following, unless the appraisal prices of acquired assets are higher than the transaction price, or the appraisal prices of assets being disposed are lower than the transaction price, accountant shall <u>be engaged to handle the matter pursuant to the provisions of Auditing Standards No. 20 promulgated by ARDF, and</u></p>	<p>The reason for amendment of paragraph 2, item (c) of this Article is same as stated in Article 6.</p>

Section	Proposed Changes	Current Articles	Remark
Article 7	<p>(i) The appraisal results differ from the transaction amount by twenty percent (20%) or greater;</p> <p>(ii) The difference between the appraisal result provided by two or more professional appraisers and the transaction price is ten percent (10%) or greater.</p> <p>(d) Report made by the professional appraiser shall not be dated beyond three (3) months prior to the date of the contract; however, where an appropriate value published during the same period but not exceeding six (6) months, the original professional appraiser may issue its opinion in respect of the said value.</p> <p>(e) Where real property or other fixed assets are acquired or disposed by way of judicial auctions, documentary proof furnished by the courts may replace appraisal reports or accountants' opinions.</p> <p>3) Process in Determining Authorized Investment Limit and Responsible Units Prior to the Company acquiring or disposing real property, equipment, or right-of-use assets thereof, the Accounting Department shall firstly submit the Board of Directors the relevant information for approval before undertaking the said transaction. Where the urgency of the matter does not permit prior approval, the President (or any person so authorized by the President) shall have the authority</p>	<p>provide opinions in respect of the reasons for such discrepancy and the fairness of the transaction price:</p> <p>(i) The appraisal results differ from the transaction amount by twenty percent (20%) or greater;</p> <p>(ii) The difference between the appraisal result provided by two or more professional appraisers and the transaction price is ten percent (10%) or greater.</p> <p>(d) Report made by the professional appraiser shall not be dated beyond three (3) months prior to the date of the contract; however, where an appropriate value published during the same period but not exceeding six (6) months, the original professional appraiser may issue its opinion in respect of the said value.</p> <p>(e) Where real property or other fixed assets are acquired or disposed by way of judicial auctions, documentary proof furnished by the courts may replace appraisal reports or accountants' opinions.</p> <p>3) Process in Determining Authorized Investment Limit and Responsible Units Prior to the Company acquiring or disposing real property, equipment, or right-of-use assets thereof, the Accounting Department shall firstly submit the Board of Directors the relevant information for approval before undertaking the said transaction. Where the urgency of the matter does not permit prior approval, the President (or any person so authorized by the President) shall have the authority</p>	

Section	Proposed Changes	Current Articles	Remark
Article 7	to approve/disapprove investments which amount is below NT\$10 million; the Chairman (or any person so authorized by the Chairman) shall have the authority to approve/disapprove investments which amount is in excess of NT\$10 million. In any case, the said transactions shall be submitted to the immediate following meeting of the Board of Directors for ratification.	to approve/disapprove investments which amount is below NT\$10 million; the Chairman (or any person so authorized by the Chairman) shall have the authority to approve/disapprove investments which amount is in excess of NT\$10 million. In any case, the said transactions shall be submitted to the immediate following meeting of the Board of Directors for ratification.	
Article 8	<p>1) Where the Company acquired or disposed real property from or to related parties, without prejudice to the applicability of the aforesaid articles in respect of real property, the Company shall pursuant to the provisions of the Article undertake the relevant resolution and appraisal of the fairness of transaction conditions, etc., and shall pursuant to the provisions of this Article obtain appraisal reports made by professional appraisers or accountants' opinions when the transaction amount is ten percent (10%) of the total assets of the Company or more. In deciding whether the other party to the transaction is related party, in addition to the forms as provided by law, the Company shall also consider the substantive relationship.</p> <p>2) Evaluation and Procedures  (a) The Company shall, if it acquires or disposes real property or right-of-use assets thereof from or to related parties, or if it acquires or disposes other assets except real property or right-of-use assets thereof from or to related parties and the said transaction amount is twenty percent (20%) of the paid-in</p>	<p>1) Where the Company acquired or disposed real property from or to related parties, without prejudice to the applicability of the aforesaid articles in respect of real property, the Company shall pursuant to the provisions of the Article undertake the relevant resolution and appraisal of the fairness of transaction conditions, etc., and shall pursuant to the provisions of this Article obtain appraisal reports made by professional appraisers or accountants' opinions when the transaction amount is ten percent (10%) of the total assets of the Company or more. In deciding whether the other party to the transaction is related party, in addition to the forms as provided by law, the Company shall also consider the substantive relationship.</p> <p>2) Evaluation and Procedures  The Company shall, if it acquires or disposes real property or right-of-use assets thereof from or to related parties, or if it acquires or disposes other assets except real property or right-of-use assets thereof from or to related parties and the said transaction amount is twenty percent (20%) of the paid-in capital of the Company, or ten percent (10%) of the total</p>	

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

Section	Proposed Changes	Current Articles	Remark
Article 8	<p>and the fairness of the use of fund; and</p> <p>(vi) Pursuant to the paragraph 1 of this Article, the appraisal reports made by the professional appraisers or accountants' opinions.</p> <p>(vii) Restrictions on this transaction and other key contractual issues.</p> <p>(b) When a matter is submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting.</p> <p>(c) <u>If the company or the company's subsidiary that is not a domestic public listed company has a transaction in item (a) hereinabove, and the transaction amount is more than 10% of the company's total assets, the company shall submit the required information as stated in item (a) hereinabove to the shareholders' meeting for approval prior to the signing of contract and transaction of payment. However, the transaction between the company and its subsidiaries, or between the company's subsidiaries, shall not be limited.</u></p> <p>3) Evaluation of the Fairness of Transaction Costs</p> <p>(a) In the case of the Company obtaining real property or right-of-use assets thereof</p>	<p>fund; and</p> <p>(f) Pursuant to the paragraph 1 of this Article, the appraisal reports made by the professional appraisers or accountants' opinions.</p> <p>(g) Restrictions on this transaction and other key contractual issues.</p> <p>When a matter is submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting.</p> <p>3) Evaluation of the Fairness of Transaction Costs</p> <p>(a) In the case of the Company obtaining real property or right-of-use assets thereof</p>	<p>To strengthen the management of related party transactions, Paragraph 5 of Article 15 of the Regulations stipulates that a public company or its subsidiary that is not a domestic public company acquires or disposes of assets from a related party, and the transaction amount reaches more than 10% of the total assets of the public company. The public company shall submit the relevant materials to the shareholders' meeting for approval prior to the</p>

Section	Proposed Changes	Current Articles	Remark
Article 8	<p>from related parties, it shall evaluate the fairness of the transaction costs in the following manner:</p> <p>(i) Addition to the related party's transaction price the necessary interest on funding and the costs to be borne by the purchaser. "Necessary interest on Funding" shall be calculated by the weighted average interest rate over the period during which the asset is purchased on the amount of money borrowed by the Company in its purchase of the said asset, subject to it being not higher than the maximum interest rate charged by non-financial institutions as published by the Ministry of Finance.</p> <p>(ii) In the case of related party having previously pledged the subject matter with financial institutions, the total appraised value for the subject matter by the said financial institution for the purpose of the extension of the loan shall be used, subject to the total cumulative amount of loans by the said financial institution not being lesser than seventy percent (70%) of the appraised value of such subject matter and that the loan period was for a period of one (1) year or more. The aforesaid shall not be apply where the said financial institution and the party to the transaction are themselves related parties.</p>	<p>from related parties, it shall evaluate the fairness of the transaction costs in the following manner:</p> <p>(i) Addition to the related party's transaction price the necessary interest on funding and the costs to be borne by the purchaser. "Necessary interest on Funding" shall be calculated by the weighted average interest rate over the period during which the asset is purchased on the amount of money borrowed by the Company in its purchase of the said asset, subject to it being not higher than the maximum interest rate charged by non-financial institutions as published by the Ministry of Finance.</p> <p>(ii) In the case of related party having previously pledged the subject matter with financial institutions, the total appraised value for the subject matter by the said financial institution for the purpose of the extension of the loan shall be used, subject to the total cumulative amount of loans by the said financial institution not being lesser than seventy percent (70%) of the appraised value of such subject matter and that the loan period was for a period of one (1) year or more. The aforesaid shall not be apply where the said financial institution and the party to the transaction are themselves related parties.</p>	<p>transaction. However, considering that the public company and its parent company, subsidiaries, or their subsidiaries have needs for overall business planning, in the proviso, the transaction between these companies is relaxed from submission to the shareholders' meeting for resolution. Paragraph 2, item (c) of this Article is amended accordingly, and so are the numbers underlined thereof.</p>

Section	Proposed Changes	Current Articles	Remark
Article 8	<p>(b) Where both the land and the buildings on it are purchased or rented in toto, the transaction costs for both the land and the buildings shall be separately evaluated using either of the abovementioned methods.</p> <p>(c) In the case of the Company acquiring real property or right-of-use assets thereof from related parties, in addition to the appraisal of the costs of the said real property or right-of-use assets thereof in the manner provided above, the Company shall furthermore engage accountants to review and provide their opinions in respect of the same.</p> <p>(d) Under any one of the following circumstances in which the Company acquires real property or right-of-use assets thereof from related parties, it needs to only undertake items 1) and 2) herein; the evaluation of fairness of transaction cost as provided for in items (a), (b) and (c) hereunder shall not apply:</p> <p>(i) The related party having obtained the real property or right-of-use assets thereof by way of inheritance of gift;</p> <p>(ii) The time lapse between the related party's contract for acquisition of the real property or right-of-use assets thereof and this transaction exceeds five (5) years; or</p> <p>(iii) The Company obtaining the real property by way of joint-development contract entered with the related party, or through engaging</p>	<p>(b) Where both the land and the buildings on it are purchased or rented in toto, the transaction costs for both the land and the buildings shall be separately evaluated using either of the abovementioned methods.</p> <p>(c) In the case of the Company acquiring real property or right-of-use assets thereof from related parties, in addition to the appraisal of the costs of the said real property or right-of-use assets thereof in the manner provided above, the Company shall furthermore engage accountants to review and provide their opinions in respect of the same.</p> <p>(d) Under any one of the following circumstances in which the Company acquires real property or right-of-use assets thereof from related parties, it needs to only undertake items 1) and 2) herein; the evaluation of fairness of transaction cost as provided for in items (a), (b) and (c) hereunder shall not apply:</p> <p>(i) The related party having obtained the real property or right-of-use assets thereof by way of inheritance of gift;</p> <p>(ii) The time lapse between the related party's contract for acquisition of the real property or right-of-use assets thereof and this transaction exceeds five (5) years; or</p> <p>(iii) The Company obtaining the real property by way of joint-development contract entered with the related party, or through engaging</p>	



Section	Proposed Changes	Current Articles	Remark
Article 8	<p>a related party to build real property, either on the Company's own land or on rented land.</p> <p>(iv) The real property right-of-use assets for business use are acquired by the company and its subsidiaries, or by its subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares or authorized capital.</p> <p>(e) Where the evaluated results pursuant to items (a) and (b) hereinabove are lower than the transaction price, the Company shall follow items (f) and (g) hereunder, however, under one of the following situations, with the objective evidence, professional appraisal for the real property and the accountants' opinion of the fairness of the transaction being provided, the aforesaid shall not apply:</p> <p>(i) The related party having undertaken construction on undeveloped land or rented land, may offer evidence in respect of its conformity to one of the following conditions:</p> <p>A. The undeveloped land being valued in the methods provided hereinabove, and the building being valued by adding reasonable development profits to their construction costs, and the total amount exceeding the actual transaction price.</p> <p>"Reasonable</p>	<p>a related party to build real property, either on the Company's own land or on rented land.</p> <p>(iv) The real property right-of-use assets for business use are acquired by the company and its subsidiaries, or by its subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares or authorized capital.</p> <p>(e) Where the evaluated results pursuant to items (a) and (b) hereinabove are lower than the transaction price, the Company shall follow items (f) and (g) hereunder, however, under one of the following situations, with the objective evidence, professional appraisal for the real property and the accountants' opinion of the fairness of the transaction being provided, the aforesaid shall not apply:</p> <p>(i) The related party having undertaken construction on undeveloped land or rented land, may offer evidence in respect of its conformity to one of the following conditions:</p> <p>A. The undeveloped land being valued in the methods provided hereinabove, and the building being valued by adding reasonable development profits to their construction costs, and the total amount exceeding the actual transaction price.</p> <p>"Reasonable</p>	

Section	Proposed Changes	Current Articles	Remark
Article 8	<p>development profits” herein shall comprise of the average gross profit margin of the related party’s construction department within the last three (3) years, or the latest gross profit margin for the construction industry published by the Ministry of Finance, whichever is the lower;</p> <p>B. Successful transactions by non-related parties involving other floors of the same subject matter or of the neighboring areas within the past one (1) year, with comparable areas, and their transaction conditions being comparable to those of transactions with evaluations of acceptable price difference between floor levels or areas in accordance with the practice for sale and purchase or rental of real property.</p> <p>(ii) The Company providing evidence that the transaction conditions of its purchase or rental of real property right-of-use assets from related party are comparable with those successful cases within the neighboring areas within the past one (1) year and between non-related parties and with approximately similar space. “Successful transactions within the</p>	<p>development profits” herein shall comprise of the average gross profit margin of the related party’s construction department within the last three (3) years, or the latest gross profit margin for the construction industry published by the Ministry of Finance, whichever is the lower;</p> <p>B. Successful transactions by non-related parties involving other floors of the same subject matter or of the neighboring areas within the past one (1) year, with comparable areas, and their transaction conditions being comparable to those of transactions with evaluations of acceptable price difference between floor levels or areas in accordance with the practice for sale and purchase or rental of real property.</p> <p>(ii) The Company providing evidence that the transaction conditions of its purchase or rental of real property right-of-use assets from related party are comparable with those successful cases within the neighboring areas within the past one (1) year and between non-related parties and with approximately similar space. “Successful transactions within the</p>	

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

Section	Proposed Changes	Current Articles	Remark
Article 8	<p>in compliance with Article 218 of the Company Act;</p> <p>(iii) The shareholders' meeting shall be informed of measures under items (i) and (ii) hereinabove, with details of the transaction to be disclosed in the Company's annual report or prospectus.</p> <p>(g) Where the Company has set aside a special reserves under preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or rented at premium, or they have been disposed of, of rental agreement has been terminated, or adequate compensation had been made, or status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and FSC has given its consent.</p> <p>(h) When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the provisions of the preceding paragraph (f) and (g) if there is other evidence indicating that the acquisition was not an arm's length transaction.</p> <p>4) Process in determining authorized investment limit and responsible units The relevant information of the transaction to be conducted by the Company and its subsidiary, or between its subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares or capitals shall be submitted by Accounting</p>	<p>in compliance with Article 218 of the Company Act;</p> <p>(iii) The shareholders' meeting shall be informed of measures under items (i) and (ii) hereinabove, with details of the transaction to be disclosed in the Company's annual report or prospectus.</p> <p>(g) Where the Company has set aside a special reserves under preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or rented at premium, or they have been disposed of, of rental agreement has been terminated, or adequate compensation had been made, or status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and FSC has given its consent.</p> <p>(h) When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the provisions of the preceding paragraph (f) and (g) if there is other evidence indicating that the acquisition was not an arm's length transaction.</p> <p>4) Process in determining authorized investment limit and responsible units The relevant information of the transaction to be conducted by the Company and its subsidiary, or between its subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares or capitals shall be submitted by Accounting</p>	

Section	Proposed Changes	Current Articles	Remark
Article 8	<p>Department to the Board of Directors for approval in advance. However, transaction amount below NT\$300 million can be conducted with authorized approval of Chairman and submitted afterwards to the immediate Board of Directors meeting ensued for ratification. The mentioned transactions include:</p> <p>(a) Acquisition or disposal of operational equipment or right-of-use assets thereof;</p> <p>(b) Acquisition or disposal of real property or right-of-use assets thereof.</p> <p>5) The 10% requirement of total assets in this procedure shall be calculated based on the amount of total assets in the most recent individual or respective financial report as stipulated according to Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p>	<p>Department to the Board of Directors for approval in advance. However, transaction amount below NT\$300 million can be conducted with authorized approval of Chairman and submitted afterwards to the immediate Board of Directors meeting ensued for ratification. The mentioned transactions include:</p> <p>(a) Acquisition or disposal of operational equipment or right-of-use assets thereof;</p> <p>(b) Acquisition or disposal of real property or right-of-use assets thereof.</p> <p>5) The 10% requirement of total assets in this procedure shall be calculated based on the amount of total assets in the most recent individual or respective financial report as stipulated according to Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p>	
Article 9	<p>1) Evaluation and Process</p> <p>(a) Acquisition or disposal of club memberships shall be by way of suggestions in respect of transaction conditions and prices, taking into consideration fair market price, and compiled into analysis report. Where the transaction is NT\$3 million or below, the said analysis report shall be submitted to the President for approval before submitting to the Board of Directors at the immediate following meeting for review. Where the transaction is above NT\$3 million, the approval of the Board of Directors shall be required before proceeding with the same.</p> <p>(b) Acquisition or disposal of</p>	<p>1) Evaluation and Process</p> <p>(a) Acquisition or disposal of club memberships shall be by way of suggestions in respect of transaction conditions and prices, taking into consideration fair market price, and compiled into analysis report. Where the transaction is NT\$3 million or below, the said analysis report shall be submitted to the President for approval before submitting to the Board of Directors at the immediate following meeting for review. Where the transaction is above NT\$3 million, the approval of the Board of Directors shall be required before proceeding with the same.</p> <p>(b) Acquisition or disposal of</p>	

Section	Proposed Changes	Current Articles	Remark
Article 9	<p>intangible assets or right-of-use assets thereof shall be by way of suggestions in respect of transaction conditions and prices, taking into consideration expert's valuation report or fair market price, and compiled into analysis reports. Where the transaction is NT\$3 million or below, the said analysis report shall be submitted to the President for approval before submitting to the Board of Directors at the immediate following meeting for review. Where the transaction is above NT\$3 million, the approval of the Board of Directors shall be required before proceeding with the same.</p> <p>2) Expert's Evaluation Report</p> <p>(a) Expert's valuation report shall be required in the case of acquisition or disposal of intangible assets, or right-of-use assets thereof, or club membership.</p> <p>(b) Where the transaction amount for acquisition or disposal of intangible assets, or right-of-use assets thereof, or club membership exceeds twenty percent (20%) of the Company's paid-in capital of NT\$300 million, except in transaction with domestic government agency, accountants shall be engaged, prior to the date of occurrence, to provide an opinion with respect to the fairness of the transaction price.</p> <p>(c) Where the club membership or</p>	<p>intangible assets or right-of-use assets thereof shall be by way of suggestions in respect of transaction conditions and prices, taking into consideration expert's valuation report or fair market price, and compiled into analysis reports. Where the transaction is NT\$3 million or below, the said analysis report shall be submitted to the President for approval before submitting to the Board of Directors at the immediate following meeting for review. Where the transaction is above NT\$3 million, the approval of the Board of Directors shall be required before proceeding with the same.</p> <p>2) Expert's Evaluation Report</p> <p>(a) Expert's valuation report shall be required in the case of acquisition or disposal of intangible assets, or right-of-use assets thereof, or club membership.</p> <p>(b) Where the transaction amount for acquisition or disposal of intangible assets, or right-of-use assets thereof, or club membership exceeds twenty percent (20%) of the Company's paid-in capital of NT\$300 million, except in transaction with domestic government agency, accountants shall be engaged, prior to the date of occurrence, to provide an opinion with respect to the fairness of the transaction price; <u>the said accountants shall undertake the same in conformity with Auditing Standards No. 20 promulgated by the ARDF.</u></p> <p>(c) Where the club membership or</p>	<p>The reason for amendment of paragraph 2, item (b) of this Article is same as stated in Article 6.</p>

Section	Proposed Changes	Current Articles	Remark
Article 9	<p>intangible assets are acquired or disposed by way of judicial auctions, documentary proof furnished by the courts may replace valuation reports or accountants' opinions.</p> <p>3) Implementation The Company may only proceed with the acquisition or disposal of intangible assets, or right-of-use assets thereof, or club membership after the Accounting Department has submitted its application for approval in accordance with item (1) hereinabove.</p>	<p>intangible assets are acquired or disposed by way of judicial auctions, documentary proof furnished by the courts may replace valuation reports or accountants' opinions.</p> <p>3) Implementation The Company may only proceed with the acquisition or disposal of intangible assets, or right-of-use assets thereof, or club membership after the Accounting Department has submitted its application for approval in accordance with item (1) hereinabove.</p>	
Article 9-1	<p>The calculation of the transaction amount referred to in the item 1) of Article 6, Article 7, and Article 8, and transactions referred to in the Article 9 shall be done in accordance with Article 12, paragraph 1-(g) herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or an accountant's opinion has been obtained need not be counted toward the transaction amount.</p> <p>The calculation of the transaction amount referred to in the item 2) of Article 8 be made in accordance with Article 12, paragraph 1-(g) herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by <u>Shareholders Meeting</u> or Audit Committee and Board of Directors need not be counted toward the transaction amount.</p>	<p>The calculation of the transaction amount referred to in the item 1) of Article 6, Article 7, and Article 8, and transactions referred to in the Article 9 shall be done in accordance with Article 12, paragraph 1-(g) herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or an accountant's opinion has been obtained need not be counted toward the transaction amount.</p> <p>The calculation of the transaction amount referred to in the item 2) of Article 8 be made in accordance with Article 12, paragraph 1-(g) herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by Audit Committee and Board of Directors need not be counted toward the transaction amount.</p>	<p>Pursuant to the revision of Article 8, item (b)-(iii), paragraph 2 of this Article is amended.</p>
Article 12	<p>Procedures for Public Disclosure of Information</p> <p>1) Items to be publicly disclosed and standard for public disclosure and</p>	<p>Procedures for Public Disclosure of Information</p> <p>1) Items to be publicly disclosed and standard for public disclosure and</p>	

Section	Proposed Changes	Current Articles	Remark
Article 12	<p>report</p> <p>(a) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds, bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises;</p> <p>(b) Undertaking merger, demerger, acquisition or shareholding transfer;</p> <p>(c) Loss in derivative trade in an amount exceeding the limits for all trades or individual trade as stipulated in Article 10 1) (f);</p> <p>(d) The assets so acquired or disposed are equipment or right-of-use assets thereof for business purposes and in which the counterparties are not related parties, and the transaction amount exceeds NT\$1 billion.</p> <p>(e) Real property acquired from unrelated parties by way of entrusted construction on own land, engaging others to construct on rented land, division of property or profits deriving from sale of property following joint-development, where the projected amount to</p>	<p>report</p> <p>(a) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds, bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises;</p> <p>(b) Undertaking merger, demerger, acquisition or shareholding transfer;</p> <p>(c) Loss in derivative trade in an amount exceeding the limits for all trades or individual trade as stipulated in Article 10 1) (f);</p> <p>(d) The assets so acquired or disposed are equipment or right-of-use assets thereof for business purposes and in which the counterparties are not related parties, and the transaction amount exceeds NT\$1 billion.</p> <p>(e) Real property acquired from unrelated parties by way of entrusted construction on own land, engaging others to construct on rented land, division of property or profits deriving from sale of property following joint-development, where the projected amount to</p>	



Section	Proposed Changes	Current Articles	Remark
Article 12	<p>be invested in the transaction reaches NT\$500 million.</p> <p>(f) Transactions relating to assets other than those stipulated hereinabove, or undertaking investments in Mainland, where their transaction amount reach twenty percent (20%) of the Company's paid-in capital or equal or greater than NT\$300 million, with the following exceptions:</p> <p>(i) Sale and purchase of domestic government bonds <u>or foreign government bonds with a credit rating not lower than our sovereign rating</u>;</p> <p>(ii) Sale and purchase of bonds with call or put options, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.</p> <p>(g) The calculation of transaction amount for (f) hereinabove as follows:</p> <p>(i) Each single transaction amount;</p> <p>(ii) Cumulative amount for transactions with the same counterparty within one (1) year or acquisition or disposal of subject matters of similar nature;</p> <p>(iii) Cumulative amount for acquisition or disposal (separate accounting for cumulative amounts in respect of acquisitions and disposals) of real property or right-of-use assets thereof under the same development project within one (1) year;</p> <p>(iv) Cumulative amount for</p>	<p>be invested in the transaction reaches NT\$500 million.</p> <p>(f) Transactions relating to assets other than those stipulated hereinabove, or undertaking investments in Mainland, where their transaction amount reach twenty percent (20%) of the Company's paid-in capital or equal or greater than NT\$300 million, with the following exceptions:</p> <p>(i) Sale and purchase of domestic government bonds;</p> <p>(ii) Sale and purchase of bonds with call or put options, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.</p> <p>(g) The calculation of transaction amount for (f) hereinabove as follows:</p> <p>(i) Each single transaction amount;</p> <p>(ii) Cumulative amount for transactions with the same counterparty within one (1) year or acquisition or disposal of subject matters of similar nature;</p> <p>(iii) Cumulative amount for acquisition or disposal (separate accounting for cumulative amounts in respect of acquisitions and disposals) of real property or right-of-use assets thereof under the same development project within one (1) year;</p> <p>(iv) Cumulative amount for</p>	<p>Considering that the current public companies have been exempted from public announcement and declaration for the purchase and sale of domestic public bonds, according to Article 31, paragraph 1, subparagraph 7, item 1 of this Regulations, item (i) of paragraph 1-(f) of this Article is amended to relax the company's trading of bonds. When issuing foreign public bonds with a rating not lower than our sovereign rating, the public announcement and declaration can be exempted.</p>

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

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

## Amendment to the company bylaw of Meeting Rules of Stockholders of OUCG

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

Section	Proposed Changes	Current Articles	Remark
Article 2	<p><u>voting rights, but attends the shareholders' meeting on the spot or registers to participate in the shareholders' meeting by video conferencing on the day of the shareholders' meeting, he or she may not exercise the voting rights on the original proposals, or propose or exercise the voting rights on amendment to the original proposal, except to propose an interim motion and exercise the right to vote.</u></p> <p>Shareholders (or by proxies) attending the Meeting shall have attendance card, sign-in card or other certificate of attendance issued by the Company. The proxy solicitor shall provide ID document for verification purpose. The shareholders (or by proxies) when attending the meeting shall hand in signed attendance form.</p> <p>Attendance at the shareholders' meeting shall be calculated on the basis of shares. The number of shares attended is calculated based on the sign-in card <u>and the number of shares registered on the video conference platform</u>, plus the number of shares for which voting rights are exercised electronically.</p> <p>The Company may appoint lawyers, accountants or related personnel to attend the shareholders meeting.</p> <p>The personnel in charge of handling the affairs of the meeting shall wear identification badge or armband.</p> <p>For a shareholders meeting convened by the board of directors, the chairman of the board of directors shall preside at the meeting. If the chairman of the board of directors is on leave or unable to exert the rights, the vice-</p>	<p><u>proposals, and substitute proposals raised in the stockholders' meeting, those who vote via electronic casting shall be considered as abstain.</u></p> <p>Shareholders (or by proxies) attending the Meeting shall have attendance card, sign-in card or other certificate of attendance issued by the Company. The proxy solicitor shall provide ID document for verification purpose. The shareholders (or by proxies) when attending the meeting shall hand in signed attendance form.</p> <p>Attendance at the shareholders' meeting shall be calculated on the basis of shares. The number of shares attended is calculated based on the sign-in card, plus the number of shares for which voting rights are exercised electronically.</p> <p>The Company may appoint lawyers, accountants or related personnel to attend the shareholders meeting.</p> <p>The personnel in charge of handling the affairs of the meeting shall wear identification badge or armband.</p> <p>For a shareholders meeting convened by the board of directors, the chairman of the board of directors shall preside at the meeting. If the chairman of the board of directors is on leave or unable to exert the rights, the vice-</p>	<p>of Economic Affairs respectively on 24 February and 3 May 2012, shareholders who exercise their voting rights electronically and have not revoked their declaration of intent, shall not propose or exercise voting right on amendment to the original proposal, except the shareholders attend the shareholders' meeting on the day it's held, and can put forward temporary motions on the spot and exercise the voting rights. Based on the fairness for written and electronic voting, and with reference to Article 13, paragraph 12 of the "Reference Examples," the company revises paragraph 3 accordingly and adds as paragraph 4.</p> <p>4. The convening of the shareholders meeting of the company by video conference shall be stated. When calculating the total number of shares attended, the number of shares registered by the</p>

Section	Proposed Changes	Current Articles	Remark
Article 2	<p>chairman of the board of directors shall preside instead. If the position of vice-chairman is vacant or the vice-chairman is on leave or unable to exert the rights, the chairman of the board of directors shall designate a director to preside at the meeting. If no director is so designated, the chairman of the meeting shall be elected by the board of directors from among themselves. If a director presides at the meeting including the representative of an institutional director, shall be appointed at least 6 months and familiar with the financial performance and operations of the Company. For a shareholders meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting; if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.</p> <p>The complete processes of the meeting shall be recorded by voice and video recorders and all the records shall be kept by the Company for a minimum period of at least one year. If a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the video and audio records shall be retained until the conclusion of the litigation. <u>If the shareholders meeting is held by video conference, the company shall make continuous and uninterrupted audio and video recordings of the entire video conference, and properly keep the relevant materials and audio and video recordings during the period of existence.</u></p>	<p>chairman of the board of directors shall preside instead. If the position of vice-chairman is vacant or the vice-chairman is on leave or unable to exert the rights, the chairman of the board of directors shall designate a director to preside at the meeting. If no director is so designated, the chairman of the meeting shall be elected by the board of directors from among themselves. If a director presides at the meeting including the representative of an institutional director, shall be appointed at least 6 months and familiar with the financial performance and operations of the Company. For a shareholders meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting; if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.</p> <p>The complete processes of the meeting shall be recorded by voice and video recorders and all the records shall be kept by the Company for a minimum period of at least one year. If a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the video and audio records shall be retained until the conclusion of the litigation.</p>	<p>shareholders who have completed the registration by video conference shall be added, paragraph 5 of this Article is amended and replaced as paragraph 6.</p> <p>5. With reference to paragraph 3 &amp; 4 of Article 8 of the Reference Example, the company revises the latter part of paragraph 10.</p>
Article 8-1	<p><u>If the shareholders meeting is held by video conference, the shareholders participating by video conference may raise questions in text form on the video conference</u></p>	<p>(Newly added)</p>	<p>To specify the methods, procedures and restrictions for the shareholders who participate in the</p>

Section	Proposed Changes	Current Articles	Remark
	<p><u>platform of the shareholders meeting, with limit of two times for each proposal, after the chairman announces the meeting and before the announcement of the adjournment of the meeting. The text limit is 200 words, and the provisions of Articles 5, 7 and 8 are not applicable.</u></p>		<p>shareholders' meeting by video, the company revises this article with reference to the provisions of Article 11, paragraph 7 of the "Reference Examples."</p>
<p>Article 11</p>	<p><u>If the shareholders meeting is held by video conference, the shareholders participating by video conference shall conduct voting on various resolutions and election proposals through the video conference platform after the chairman announces the meeting, and shall complete the voting before the chairman announces the close of voting, if not, it shall be deemed a waiver.</u></p> <p>In regards to the resolution of proposals, unless otherwise provided for in the relevant law and regulation or Company's articles of incorporation, resolution shall be passed by a majority of the voting rights represented by the shareholders (or proxies) attending the meeting.</p> <p><u>The voting and election of each resolution shall be conducted by one-off voting, and after the chairman announces the close of voting, the one-off votes shall be counted.</u></p> <p>If there are amendments or substitute proposals for the same proposal, the sequence of which to be put to vote shall be decided by the Chairperson. If one of the two proposals has been approved, the other shall be deemed rejected without requirement to put it to vote.</p>	<p>In regards to the resolution of proposals, unless otherwise provided for in the relevant law and regulation or Company's articles of incorporation, resolution shall be passed by a majority of the voting rights represented by the shareholders (or proxies) attending the meeting.</p> <p><u>Proposal shall be put to vote. All proposals (including election) may be put to vote one after the other by its sequence, or may be put to vote together and numbers of votes for each proposal are counted separately. Whichever way of the voting procedures shall be decided by the Chairperson.</u></p> <p>If there are amendments or substitute proposals for the same proposal, the sequence of which to be put to vote shall be decided by the Chairperson. If one of the two proposals has been approved, the other shall be deemed rejected without requirement to put it to vote.</p>	<p>1. When the shareholders meeting is held by video conference, to allow shareholders participating by video conference to have more time to vote, the first paragraph of this article is added.</p> <p>2. When the shareholders' meeting is held by video conference, the vote counting operation must be a one-time counting to be in line with the voting time of shareholders participating by video. Paragraph 2 is amended and replaced as paragraph 3, per the revision of paragraph 1.</p> <p>3. With reference to the provisions of Article 19 of "Reference Example", the company revises paragraph 6, to facilitate the instant information of proposal resolutions and election results of</p>

Section	Proposed Changes	Current Articles	Remark
Article 11	<p>The results of voting and election shall be announced after the vote calculation on the spot and kept for records.</p> <p><u>If the shareholders meeting is held by video conference, the company shall immediately disclose the voting results and election results of various proposals on the video conference platform of the shareholders' meeting in accordance with the regulations, and shall continue to disclose for at least 15 minutes after the chairman announces the adjournment of the meeting.</u></p>	<p>The results of voting and election shall be announced after the vote calculation on the spot and kept for records.</p>	<p>the shareholders meeting to be known by shareholders participating via video.</p>
Article 13	<p><u>When the shareholders meeting is held by video conference, the chairman shall announce the meeting by means of a separate announcement that, in addition to the continuation or continuation of the meeting according to the law, due to natural disasters, incidents or other force majeure events, the video conference platform or the participation by video conference is blocked for more than 30 minutes, the date of the meeting shall be postponed or renewed within five days.</u></p> <p>Should the force majeure be encountered during the meeting, the meeting shall be adjourned under ruling of the Chairman, who will also announce according to the circumstances when the meeting shall resume.</p>	<p>Should the force majeure be encountered during the meeting, the meeting shall be adjourned under ruling of the Chairman, who will also announce according to the circumstances when the meeting shall resume.</p>	<p>When the shareholders meeting is convened by video, the Chairman shall announce the handling mechanism of disconnection at the meeting. Paragraph 1 is added with reference to Article 21, paragraph 2 of the Reference Example.</p>

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*The English version is the translation of the Chinese version and if there is any discrepancy between this English and the Chinese text of this document, the Chinese text shall prevail.*



## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Stockholders  
Oriental Union Chemical Corporation

### **Opinion**

We have audited the accompanying consolidated financial statements of Oriental Union Chemical Corporation and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), IFRIC Interpretations ("IFRIC"), and SIC Interpretations ("SIC") endorsed and issued into effect by the Financial Supervisory Commission ("FSC") of the Republic of China ("ROC").

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the consolidated financial statements for the year ended December 31, 2021 are as follow:

#### **The Impairment Loss of Property, Plant and Equipment**

The consolidated balances of property, plant and equipment amounted to \$12,991,435 thousand as of December 31, 2021. On each balance sheet date, the Group reviews its tangible assets for indications of impairment. If any indication thereof exists, the Group then estimates the recoverable amount of

the assets. If it is not possible to determine the recoverable amount (fair value less cost to sell and value in use) for the individual asset, then the Group will determine the recoverable amount for the asset's cash-generating unit. Because the aforementioned tangible assets represent 38% of total consolidated assets and the calculation for recoverable amount involves several assumptions and estimations, which directly impact the amount recognized as impairment losses, we deem the review of impairment of assets a key audit matter.

Corresponding audit procedures:

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

#### **Other Matter**

We have also audited the parent company only financial statements of Oriental Union Chemical Corporation as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified report.

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

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

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

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

#### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a

guarantee that an audit conducted in accordance with the auditing standards generally accepted in the ROC will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 7, 2022

Notice to Readers

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

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

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)

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

# ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

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

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

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

(Continued)

# ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

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

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

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

(Concluded)

**ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES**

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

	Equity Attributable to Owners of the Corporation											
	Capital Surplus			Retained Earnings			Other Equity					
	Common Stock	Paid-in Capital in Excess of Par Value	Treasury Stock	Other	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Stock	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2020	\$ 8,857,031	\$ 470,767	\$ 318,661	\$ 35,794	\$ 2,325,353	\$ 1,911,129	\$ 541,859	\$ (556,135)	\$ (192,656)	\$ (187,798)	\$ 3,199,590	\$ 16,723,595
Legal reserve	-	-	-	-	2,025	-	(2,025)	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(265,711)	-	-	-	-	(265,711)
Net loss for the year ended December 31, 2020	-	-	-	-	-	-	(1,064,698)	-	-	-	(406,949)	(1,471,647)
Other comprehensive (loss) income for the year ended December 31, 2020	-	-	-	-	-	-	(9,990)	83,847	(294,548)	-	42,139	(178,552)
Total comprehensive (loss) income for the year ended December 31, 2020	-	-	-	-	-	-	(1,074,688)	83,847	(294,548)	-	(364,810)	(1,650,199)
Change in capital surplus from dividends distributed to subsidiary	-	-	4,126	-	-	-	-	-	-	-	-	4,126
Changes in percentage of ownership interests in subsidiaries	-	-	-	16,367	-	-	-	-	-	-	(26,943)	(10,576)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	-	110,571	-	-	-	-	-	-	-	110,571
BALANCE AT DECEMBER 31, 2020	8,857,031	470,767	322,787	162,732	2,327,378	1,911,129	(800,565)	(472,288)	(487,204)	(187,798)	2,807,837	14,911,806
Legal reserve to offset the deficit	-	-	-	-	(800,565)	-	800,565	-	-	-	-	-
Net profit for the year ended December 31, 2021	-	-	-	-	-	-	899,758	-	-	-	286,997	1,186,755
Other comprehensive loss for the year ended December 31, 2021	-	-	-	-	-	-	(17,521)	(23,715)	(239,678)	-	(11,012)	(291,926)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	882,237	(23,715)	(239,678)	-	275,985	894,829
Stocks of the parent company disposed of by the subsidiary and recognized as treasury shares transaction	-	-	50,542	-	-	-	-	-	-	63,425	-	113,967
BALANCE AT DECEMBER 31, 2021	\$ 8,857,031	\$ 470,767	\$ 373,329	\$ 162,732	\$ 1,526,813	\$ 1,911,129	\$ 882,237	\$ (496,003)	\$ (726,882)	\$ (124,373)	\$ 3,083,822	\$ 15,920,602



# ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

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

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

(Continued)

# ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

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

	2021	2020
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	\$ (115,795)	\$ -
Proceeds from the capital reduction of financial assets at fair value through other comprehensive income	-	42,000
(Payments for) proceeds from disposal of financial assets at amortized cost	(398,171)	442,734
Payments for property, plant and equipment	(17,299)	(15,052)
Proceeds from disposal of property, plant and equipment	3,649	2,612
Payments for intangible assets	(22,981)	(10,857)
Acquisition of right-of-use assets	(439)	-
(Increase) decrease in other non-current assets	(431,608)	145,854
Increase in construction in progress	(1,016,806)	(498,259)
Other dividend received	<u>71,542</u>	<u>49,990</u>
Net cash (used in) generated from investing activities	<u>(1,927,908)</u>	<u>159,022</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of short-term borrowings	(1,384,279)	(1,142,496)
Repayments of short-term bills payable	-	(200,000)
Proceeds from long-term borrowings	13,420,000	13,330,787
Repayments of long-term borrowings	(14,539,778)	(13,021,218)
Increase in guarantee deposits	4,913	11,100
Repayment of the principal portion of lease liabilities	(8,411)	(9,274)
Dividends paid to owners of the Corporation	-	(261,585)
Proceeds from reissuance of treasury stock	<u>113,967</u>	<u>-</u>
Net cash used in financing activities	<u>(2,393,588)</u>	<u>(1,292,686)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>(1,172)</u>	<u>18,387</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(631,311)</b>	<b>(363,676)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u><b>2,734,878</b></u>	<u><b>3,098,554</b></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u><b>\$ 2,103,567</b></u>	<u><b>\$ 2,734,878</b></u>

(Concluded)

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Stockholders  
Oriental Union Chemical Corporation

### **Opinion**

We have audited the accompanying financial statements of Oriental Union Chemical Corporation (the "Corporation"), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the financial statements for the year ended December 31, 2021 are as follow:

#### The Impairment Loss of Property, Plant and Equipment

The balances of property, plant and equipment amounted to \$5,222,625 thousand as of December 31, 2021. On each balance sheet date, the Corporation reviews its tangible assets for indications of impairment. If any indication thereof exists, the Corporation then estimates the recoverable amount of the assets. If it is not possible to determine the recoverable amount (fair value less cost to sell and

value in use) for the individual asset, then the Corporation will determine the recoverable amount for the asset's cash-generating unit. Because the aforementioned tangible assets represent 23% of total assets and the calculation for recoverable amount involves several assumptions and estimations, which directly impact the amount recognized as impairment losses, we deem the review of impairment of assets a key audit matter.

Corresponding audit procedures:

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

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 7, 2022

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# ORIENTAL UNION CHEMICAL CORPORATION

## BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

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

# ORIENTAL UNION CHEMICAL CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

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

(Continued)



# ORIENTAL UNION CHEMICAL CORPORATION

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

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

(Concluded)

**ORIENTAL UNION CHEMICAL CORPORATION**

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

	Capital Surplus				Retained Earnings			Other Equity		Total Equity
	Paid-in Capital in Excess of Par Value		Treasury Stock		Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
	Common Stock	Par Value	Treasury Stock	Other						
BALANCE AT JANUARY 1, 2020	\$ 8,857,031	\$ 470,767	\$ 318,661	\$ 35,794	\$ 2,325,353	\$ 1,911,129	\$ 541,859	\$ (556,135)	\$ (192,656)	\$ 13,524,005
Legal reserve	-	-	-	-	2,025	-	(2,025)	-	-	-
Cash dividends	-	-	-	-	-	-	(265,711)	-	-	(265,711)
Net loss for the year ended December 31, 2020	-	-	-	-	-	-	(1,064,698)	-	-	(1,064,698)
Other comprehensive (loss) income for the year ended December 31, 2020	-	-	-	-	-	-	(9,990)	83,847	(294,548)	(220,691)
Total comprehensive (loss) income for the year ended December 31, 2020	-	-	-	-	-	-	(1,074,688)	83,847	(294,548)	(1,285,389)
Change in capital surplus from dividends distributed to subsidiary	-	-	4,126	-	-	-	-	-	-	4,126
Changes in percentage of ownership interests in subsidiaries	-	-	-	16,367	-	-	-	-	-	16,367
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	-	110,571	-	-	-	-	-	110,571
BALANCE AT DECEMBER 31, 2020	8,857,031	470,767	322,787	162,732	2,327,378	1,911,129	(800,565)	(472,288)	(487,204)	12,103,969
Legal reserve to offset the deficit	-	-	-	-	(800,565)	-	800,565	-	-	-
Net profit for the year ended December 31, 2021	-	-	-	-	-	-	899,758	-	-	899,758
Other comprehensive loss for the year ended December 31, 2021	-	-	-	-	-	-	(17,521)	(23,715)	(239,678)	(280,914)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	882,237	(23,715)	(239,678)	618,844
Stocks of the parent company disposed of by the subsidiary and recognized as treasury shares transaction	-	-	50,542	-	-	-	-	-	-	63,425
BALANCE AT DECEMBER 31, 2021	\$ 8,857,031	\$ 470,767	\$ 373,329	\$ 162,732	\$ 1,526,813	\$ 1,911,129	\$ 882,237	\$ (496,003)	\$ (726,882)	\$ 12,836,780

# ORIENTAL UNION CHEMICAL CORPORATION

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

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

(Continued)

# ORIENTAL UNION CHEMICAL CORPORATION

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

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

(Concluded)