

Stock Code: 1304

USI Corporation

Handbook for the

2021 Annual General Meeting
of Shareholders

Date: June 11, 2021

Location: International Performance Hall, ISCC
Convention Center
2F, No. 399, Ruiguang Road, Neihu
District, Taipei City

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USI Corporation
Procedure of the 2021 Annual General Meeting of
Shareholders

1. Announcement of the Commencement of the Meeting
2. Chairperson Takes Chair
3. Opening Speech of the Chairperson
4. Report Items
5. Matters for Ratification and Discussion
6. Extemporaneous Motions
7. Adjournment

USI Corporation

Year 2021

Agenda of Annual General Meeting of Shareholders

Date : Jun.11, 2021 (Friday) AM 09:00

Location: 2F, No. 399, Ruiguang Road, Neihu District, Taipei City
International Performance Hall, ISCC Convention Center

1. Report Items:

- (1) To report 2020 operating results.
- (2) To report Audit Committee's Review Reports of 2020
Financial Statement.
- (3) To report 2020 remuneration of directors and employees.

2. Matters for Ratification and Discussion:

- (1) To ratify 2020 Business Report and Financial Statements.
- (2) To ratify 2020 earnings distribution.
- (3) To approve the amendment to the Parliamentary Rules for
Shareholders' Meetings.
- (4) To approve the permission of directors for competitive
actions.

3. Extemporaneous Motions:

4. Adjournment

I. Report Items:

Report 1

To report 2020 operating results.

USI Corporation

2020 Business Report

The 2020 net sales income reduced by 7% from last year to NT\$10.2 billion, with a budget achievement rate of 94%. Net income before tax increased by NT\$1.101 billion to NT\$2.56 billion, with a budget achievement rate of 243%. Net income after tax was NT\$2.41 billion.

In business performance in 2020, the price of ethylene-related raw materials were influenced by the COVID-19 pandemic. In response to the escalation of face mask demand, we actively increased the HDPE output. The annual sales volume was 120,379 MT, a new high in history. Although the price and demand of EVA fell to the bottom in Q2, a strong demand regained alongside the PV market recovery in Q3. At the end of 2020, the price reached a new high in recent years, increasing the difference with ethylene. The total sales volume of EVA/PE in 2020 increased by 6% from 2019 to 270,920 MT. In production, through continual process improvement, old equipment replacement, production efficiency and quality improvement to reduce the production cost, and active trial of niche products, the annual output increased by 3% from last year to 244,162 MT. We also actively engaged in talent cultivation, HSE

improvement, energy conservation, and process safety management (PSM) implementation to pursue sustainable development. In R&D, apart from continuously optimizing the production process of the optical-grade cyclic block copolymer (CBC), we also engaged in product certification and implementation in coordination with the customers of microplate and cuvette for biomedical inspections and the spectacle frame and special packaging materials. We continued to expand production applications in ink, shoe styrene, and electrical wires/cables for high value value-added EVA products. Production of high MI HDPE materials was stabilized, and products are applied in processes including injection molding and melt impregnation.

The net operating income in 2020 profit increased by NT\$206 million from last year to NT\$908 million. The net non-operating income in 2020 was NT\$1.652 billion, including mainly income from investments by equity method and income from dividends. In addition to persistently enhancing our concerns for and implementing environmental and safety measures, we strengthened our predictive maintenance to ensure the safety of the working environment in all plants. In CSR performance, apart from continuing our efforts in various energy conservation and carbon reduction activities, recycling and reuse, and public safety in the environmental category, we supported the vulnerable, the rural, environmental protection, and ecological conservation through the USI Education Foundation, sponsored educational and charitable activities and college/university social service activities through offering grants and scholarships to colleges and universities to fulfill CSR in real action.

Looking ahead to 2021, although the commercial operation of new

EVA capacity of 600,000 MT will start, as the solar energy demand remains optimistic, its impact on the overall EVA demand will not be great. However, as the COVID-19 pandemic continues, market prediction of the global economic condition is conservative. We will make efforts to seek stable and low-cost ethylene sources, lower production costs, improve the quality of product and technical service, develop differentiated products, and enhance the cultivation of markets outside of China to disperse market risk. We will also enhance the R&D of new products and new technologies to enhance competitiveness for sustainable development and growth.

Chairperson: Yi-Gui Wu

President: Ke-Shun Wang

Chief Accounting Officer: Chuan-Hua Kuo

Report Items:

Report 2

To report Audit Committee's Review Reports of 2020 Financial Statement.

USI Corporation Audit Report

This Audit Committee has audited the 2020 Business Report produced by the Board of Directors, the financial statements (including individual and consolidated financial statements) audited and certified by CPA Pi-Yu Chuang and CPA Cheng-Hung Kuo of Deloitte Taiwan, and the proposal for profit distribution and found no nonconformity. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, this report is presented for approval to AGM.

To

The 2021 Annual General Meeting of Shareholders

Audit Committee, USI Corporation

Independent Director: Chong Chen

Independent Director: Tyzz-Jiun Duh

Independent Director: Ying-Jun Hai

March 22, 2021

Report Items:

Report 3

To report 2020 remuneration of directors and employees.

Description: 1. Proceeded in accordance with related orders of the Ministry of Economic Affairs and Article 34 of the Articles of Incorporation of the Company.

2. The 2020 remuneration for directors will be distributed in cash at 0.12%, NT\$3,000,000, of the 2020 earnings.
3. The 2020 remuneration for employees will be distributed in cash at 1%, NT\$ 25,892,138, of the 2020 earnings.

II. Matters for Ratification and Discussion:

Proposal 1

Proposed by the Board

To ratify 2020 Business Report and Financial Statements.

- Description: 1. The 2020 financial statements (including individual and consolidated financial statements) approved by the Board on March 8, 2021 are audited by CPA Pi-Yu Chuang and CPA Cheng-Hung Kuo of Deloitte Taiwan and the Audit Committee for the record.
2. Please refer to p. 4-6 of this Handbook for the 2020 Business Report and p.10-31 for the CPA Audit Report and the financial statements.

Resolution:

Deloitte

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Independent Auditors' Report

TO USI Corporation

Opinion

We have audited the consolidated balance sheets of USI Corporation and its subsidiaries (the Group) as of the years ended December 31, 2020 and 2019, and the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows and Notes to the Consolidated Financial Statements (including the Summary of Significant Accounting Policies) for the months from January 1 to December 31 of 2020 and 2019.

The accountant opinions are that the preparations of significant issues of the consolidated financial statements are made in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. They fairly present the consolidated financial conditions for the years ended December 31 of 2020 and 2019 of the Group and the consolidated financial performance and consolidated cash flows for the months from January 1 to December 31, 2020 and 2019.

Basis for Opinion

We conducted our audit of the consolidated financial statements Year 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020, and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, 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 Year 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Group's consolidated financial statements Year 2020 are stated as follows:

Valuation of Inventory

As of December 31, 2020, the carrying amount of the Group's inventory was NT\$4,296,228 thousand (i.e., the gross amount of inventory of NT\$4,910,989 thousand with a deduction of the allowance for inventory valuation of NT\$614,761 thousand), representing 6% of the Group's total assets. As the Group's inventory was stated at the lower of cost or net realizable value due to price fluctuation effect of raw material, ethylene, while keen fluctuation of international oil price and such evaluation was involved critical judgment and accounting estimates by the management, we identified the valuation of inventory has been identified as a key audit matter.

Refer to Notes 4(6), 5(2) and 11 to the Group's financial statements for the related accounting policies and disclosures on inventory valuation.

The main audit procedures that we performed for valuation of inventory are as follows:

1. We obtained an understanding of the reasonableness of the Group's policies and methods of the allowance for inventory valuation.
2. We sampled and cross-checked the raw material quote over latest period or sales invoice with the lower inventory cost and net realized value prepared by Management, also revalidated net realization of inventory to assess the base and reasonableness of the Management's inventory valuation.
3. We observed year-end inventory and sampled to figure out the status, also, we evaluated the reasonableness of recognizing sluggish inventory as loss for price decline reserve.

Other Matters

We have also audited the parent company only financial statements of USI Corporation as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

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 the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in

order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the 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 statements 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 Year 2020 and are therefore the key audit matters. We describe these matters in our auditor's 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 reviews resulting in this independent auditors' review report are Pi-Yu Chuang (Fiancial Supervisory Commission, Approval No. 1070323246) and Cheng-Hung Kuo (Securities and Futures Bureau, Approval No. 0920123784).

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 Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China. 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 Republic of China. 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.

March 22, 2021

USI CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

| Code | Assets | December 31, 2020 | | December 31, 2019 | |
|------|--|----------------------|------------|----------------------|------------|
| | | A m o u n t | % | A m o u n t | % |
| | CURRENT ASSETS | | | | |
| 1100 | Cash and cash equivalents | \$ 9,637,007 | 13 | \$ 7,927,403 | 11 |
| 1110 | Financial assets at fair value through profit or loss (FVTPL) - current | 5,511,683 | 7 | 6,358,025 | 9 |
| 1120 | Financial assets at fair value through other comprehensive income (FVTOCI) - current | 164,922 | - | 174,789 | - |
| 1136 | Financial assets measured at amortized cost - current | 348,450 | - | 506,129 | 1 |
| 1150 | Notes receivable, net | 671,576 | 1 | 634,435 | 1 |
| 1170 | Accounts receivable, net | 6,810,340 | 9 | 6,411,077 | 9 |
| 1200 | Other receivables | 293,459 | - | 277,131 | - |
| 1220 | Current tax assets | 29,231 | - | 11,919 | - |
| 130X | Inventories | 4,296,228 | 6 | 4,919,506 | 7 |
| 1410 | Prepayments | 766,824 | 1 | 782,608 | 1 |
| 1470 | Other current assets | 9,834 | - | 17,150 | - |
| 11XX | Total current assets | <u>28,539,554</u> | <u>37</u> | <u>28,020,172</u> | <u>39</u> |
| | NON-CURRENT ASSETS | | | | |
| 1517 | Financial assets at fair value through other comprehensive income (FVTOCI) - non-current | 2,393,734 | 3 | 2,196,724 | 3 |
| 1535 | Financial assets measured at amortized cost - non-current | 390,828 | 1 | 311,942 | - |
| 1550 | Investments accounted for using the equity method | 20,170,030 | 26 | 14,867,168 | 21 |
| 1600 | Property, plant and equipment | 23,257,418 | 30 | 23,228,911 | 33 |
| 1755 | Right-of-use assets | 794,480 | 1 | 885,508 | 1 |
| 1760 | Investment properties | 575,586 | 1 | 524,408 | 1 |
| 1805 | Goodwill | 269,026 | - | 269,026 | - |
| 1821 | Other intangible assets | 10,807 | - | 17,004 | - |
| 1840 | Deferred tax assets | 573,850 | 1 | 643,715 | 1 |
| 1990 | Other non-current assets | 349,203 | 1 | 461,208 | 1 |
| 15XX | Total non-current assets | <u>48,784,962</u> | <u>63</u> | <u>43,405,614</u> | <u>61</u> |
| 1XXX | TOTAL | <u>\$ 77,324,516</u> | <u>100</u> | <u>\$ 71,425,786</u> | <u>100</u> |
| | Liabilities and Equity | | | | |
| | CURRENT LIABILITIES | | | | |
| 2100 | Short-term borrowings | \$ 2,726,270 | 3 | \$ 4,258,980 | 6 |
| 2110 | Short-term bills payable | 656,704 | 1 | 1,352,810 | 2 |
| 2120 | Financial liabilities at fair value through profit or loss (FVTPL) - current | 20,724 | - | 4,136 | - |
| 2170 | Notes payable and accounts payable | 3,406,837 | 4 | 2,757,368 | 4 |
| 2219 | Other payables | 2,216,533 | 3 | 1,938,026 | 3 |
| 2230 | Current tax liabilities | 1,211,350 | 2 | 517,913 | 1 |
| 2280 | Lease liabilities - current | 75,284 | - | 70,814 | - |
| 2320 | Current portion of long-term borrowings | 1,999,233 | 3 | 1,443,156 | 2 |
| 2365 | Refund liabilities - current | 16,390 | - | 28,221 | - |
| 2399 | Other current liabilities | 374,501 | - | 262,958 | - |
| 21XX | Total current liabilities | <u>12,703,826</u> | <u>16</u> | <u>12,634,382</u> | <u>18</u> |
| | NON-CURRENT LIABILITIES | | | | |
| 2530 | Bonds payable | 4,995,069 | 6 | 6,991,327 | 10 |
| 2540 | Long-term borrowings | 7,590,000 | 10 | 9,049,770 | 12 |
| 2550 | Provisions - non-current | 136,375 | - | 136,375 | - |
| 2570 | Deferred tax liabilities | 1,434,806 | 2 | 1,411,901 | 2 |
| 2580 | Lease liabilities - non-current | 384,402 | 1 | 481,964 | 1 |
| 2640 | Net defined benefit liabilities - non-current | 1,292,053 | 2 | 1,473,867 | 2 |
| 2670 | Other non-current liabilities | 64,342 | - | 69,253 | - |
| 25XX | Total non-current liabilities | <u>15,897,047</u> | <u>21</u> | <u>19,614,457</u> | <u>27</u> |
| 2XXX | Total liabilities | <u>28,600,873</u> | <u>37</u> | <u>32,248,839</u> | <u>45</u> |
| | EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | | | | |
| 3100 | Share capital | 11,887,635 | 15 | 11,887,635 | 17 |
| 3200 | Capital surplus | 321,798 | 1 | 271,613 | - |
| | Retained earnings | | | | |
| 3310 | Legal reserve | 3,109,625 | 4 | 2,979,753 | 4 |
| 3320 | Special reserve | 781,059 | 1 | 430,526 | 1 |
| 3350 | Unappropriated earnings | 5,606,462 | 7 | 4,346,640 | 6 |
| 3300 | Total retained earnings | <u>9,497,146</u> | <u>12</u> | <u>7,756,919</u> | <u>11</u> |
| 3490 | Other equity | (240,195) | - | (781,058) | (1) |
| 3500 | Treasury shares | (475,606) | (1) | (475,606) | (1) |
| 31XX | Total equity attributable to owners of the Company | <u>20,990,778</u> | <u>27</u> | <u>18,659,503</u> | <u>26</u> |
| 36XX | NON-CONTROLLING INTERESTS | <u>27,732,865</u> | <u>36</u> | <u>20,517,444</u> | <u>29</u> |
| 3XXX | Total equity | <u>48,723,643</u> | <u>63</u> | <u>39,176,947</u> | <u>55</u> |
| | TOTAL | <u>\$ 77,324,516</u> | <u>100</u> | <u>\$ 71,425,786</u> | <u>100</u> |

USI CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars, Except for Earnings per Share)

| C o d e | | For the Years Ended December 31, 2020 | | For the Years Ended December 31, 2019 | |
|---------|---|---------------------------------------|-----------|---------------------------------------|--------------|
| | | A m o u n t | % | A m o u n t | % |
| 4100 | OPERATING REVENUE | \$ 50,201,273 | 100 | \$ 55,656,741 | 100 |
| 5110 | COST OF GOODS SOLD | <u>39,721,391</u> | <u>79</u> | <u>48,924,372</u> | <u>88</u> |
| 5900 | GROSS PROFIT | <u>10,479,882</u> | <u>21</u> | <u>6,732,369</u> | <u>12</u> |
| | OPERATING EXPENSES | | | | |
| 6100 | Selling and marketing expenses | 2,020,552 | 4 | 2,042,577 | 4 |
| 6200 | General and administrative expenses | 1,200,353 | 2 | 1,341,976 | 2 |
| 6300 | Research and development expenses | <u>362,961</u> | <u>1</u> | <u>416,083</u> | <u>1</u> |
| 6000 | Total operating expenses | <u>3,583,866</u> | <u>7</u> | <u>3,800,636</u> | <u>7</u> |
| 6900 | PROFIT FROM OPERATIONS | <u>6,896,016</u> | <u>14</u> | <u>2,931,733</u> | <u>5</u> |
| | NON-OPERATING INCOME AND EXPENSES | | | | |
| 7100 | Interest income | 102,548 | - | 153,706 | - |
| 7010 | Other income | 374,667 | 1 | 575,485 | 1 |
| 7020 | Other gains and losses | 132,342 | - | (1,929) | - |
| 7050 | Finance costs | (221,690) | (1) | (285,222) | - |
| 7060 | Share of (loss) profit of joint ventures accounted for using the equity method | (<u>165,161</u>) | <u>-</u> | (<u>12,403</u>) | <u>-</u> |
| 7000 | Total non-operating income and expenses | <u>222,706</u> | <u>-</u> | <u>429,637</u> | <u>1</u> |
| 7900 | PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS | 7,118,722 | 14 | 3,361,370 | 6 |
| 7950 | INCOME TAX EXPENSE | <u>1,440,358</u> | <u>3</u> | <u>820,144</u> | <u>1</u> |
| 8000 | NET PROFIT FROM CONTINUING OPERATIONS | 5,678,364 | 11 | 2,541,226 | 5 |
| 8100 | NET PROFIT (LOSS) FROM DISCONTINUED OPERATIONS | <u>4,273</u> | <u>-</u> | <u>4,175</u> | <u>-</u> |
| 8200 | NET PROFIT FOR THE PERIOD | <u>5,682,637</u> | <u>11</u> | <u>2,545,401</u> | <u>5</u> |
| | OTHER COMPREHENSIVE INCOME (LOSS) | | | | |
| | Items that will not be reclassified subsequently to profit or loss: | | | | |
| 8311 | Remeasurements of defined benefits plan | 19,250 | - | 8,291 | - |
| 8316 | Profit (loss) of equity instruments at FVTOCI | 350,419 | 1 | (179,751) | - |
| 8349 | Income tax relating to items that will not be reclassified subsequently to profit or loss | (<u>6,122</u>) | <u>-</u> | (<u>219</u>) | <u>-</u> |
| 8310 | | <u>363,547</u> | <u>1</u> | (<u>171,679</u>) | <u>-</u> |
| | Items that may be reclassified subsequently to profit or loss: | | | | |
| 8361 | Exchange differences on translating foreign operations | 166,163 | - | (974,471) | (2) |
| 8399 | Income tax relating to items that may be reclassified subsequently to profit or loss | (<u>12,938</u>) | <u>-</u> | <u>152,665</u> | <u>-</u> |
| 8360 | | <u>153,225</u> | <u>-</u> | (<u>821,806</u>) | (<u>2</u>) |
| 8300 | Other comprehensive income for the period, net of income tax | <u>516,772</u> | <u>1</u> | (<u>993,485</u>) | (<u>2</u>) |
| 8500 | TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | <u>\$ 6,199,409</u> | <u>12</u> | (<u>\$ 1,551,916</u>) | (<u>3</u>) |
| | NET PROFIT ATTRIBUTABLE TO | | | | |
| 8610 | Owners of the Company | \$ 2,409,778 | 5 | \$ 1,281,364 | 3 |
| 8620 | Non-controlling interests | <u>3,272,859</u> | <u>6</u> | <u>1,264,037</u> | <u>2</u> |
| 8600 | | <u>\$ 5,682,637</u> | <u>11</u> | <u>\$ 2,545,401</u> | <u>5</u> |
| | TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO | | | | |
| 8710 | Owners of the Company | \$ 2,875,537 | 6 | \$ 822,153 | 2 |
| 8720 | Non-controlling interests | <u>3,323,872</u> | <u>6</u> | <u>719,763</u> | <u>1</u> |
| 8700 | | <u>\$ 6,199,409</u> | <u>12</u> | <u>\$ 1,551,916</u> | <u>3</u> |
| | EARNINGS PER SHARE | | | | |
| | From continuing and discontinued operations | | | | |
| 9750 | Basic | \$ 2.25 | | \$ 1.19 | |
| 9850 | Diluted | <u>\$ 2.24</u> | | <u>\$ 1.19</u> | |
| | From continuing operations | | | | |
| 9710 | Basic | \$ 2.25 | | \$ 1.19 | |
| 9810 | Diluted | <u>\$ 2.24</u> | | <u>\$ 1.19</u> | |

USI CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

| | | E q u i t y A t t r i b u t a b l e t o O w n e r s o f t h e C o m p a n y | | | | O t h e r E q u i t y | | | | | | | | |
|---------|---|---|-----------------------------|--|-------------|---------------------------------|-----------------|-------------------------|--|--|-----------------|---------------------------|---------------|---------------|
| | | C a p i t a l S u r p l u s | | | | R e t a i n e d E a r n i n g s | | | Exchange Differences on Translating Foreign Operations | Unrealized Gain (Loss) on Financial Assets at FVTOCI | Treasury Shares | Non-controlling interests | | |
| C o d e | | Share Capital | Treasury Share Transactions | Shares of Changes in Capital Surplus of Associates | O t h e r s | Legal Reserve | Special Reserve | Unappropriated Earnings | | | | T o t a l | | Total Equity |
| A1 | BALANCE AT JANUARY 1, 2019 | \$ 11,887,635 | \$ 233,983 | \$ 2,592 | \$ 17,163 | \$ 2,925,759 | \$ 375,127 | \$ 3,513,943 | (\$ 208,307) | (\$ 85,136) | (\$ 475,606) | \$ 18,187,153 | \$ 18,267,556 | \$ 36,454,709 |
| A3 | Effects of retrospective application | - | - | - | - | - | - | (9,509) | - | - | - | (9,509) | (4,490) | (13,999) |
| A5 | Reclassified balance at January 1, 2019 | 11,887,635 | 233,983 | 2,592 | 17,163 | 2,925,759 | 375,127 | 3,504,434 | (208,307) | (85,136) | (475,606) | 18,177,644 | 18,263,066 | 36,440,710 |
| B1 | Appropriation of 2018 earnings | - | - | - | - | - | - | - | - | - | - | - | - | - |
| B17 | Legal reserve | - | - | - | - | 53,994 | - | (53,994) | - | - | - | - | - | - |
| B5 | Special reserve | - | - | - | - | - | 55,399 | (55,399) | - | - | - | - | - | - |
| B5 | Cash dividends distributed by the Company | - | - | - | - | - | - | (356,629) | - | - | - | (356,629) | - | (356,629) |
| O1 | Cash dividends distributed by subsidiaries | - | - | - | - | - | - | - | - | - | - | - | (705,440) | (705,440) |
| D1 | Net profit for the years ended Septemebr 30, 2019 | - | - | - | - | - | - | 1,281,364 | - | - | - | 1,281,364 | 1,264,037 | 2,545,401 |
| D3 | Other comprehensive income for the years ended December 31, 2019, net of income tax | - | - | - | - | - | - | (3,563) | (393,947) | (61,701) | - | (459,211) | (534,274) | (993,485) |
| D5 | Total comprehensive income for the years ended December 31, 2019 | - | - | - | - | - | - | 1,277,801 | (393,947) | (61,701) | - | 822,153 | 729,763 | 1,551,916 |
| C7 | Changes in capital surplus and retained earnings from investments in subsidiaries | - | - | 4,699 | - | - | - | (923) | - | - | - | 3,776 | 632 | 4,408 |
| C17 | Changes in capital surplus | - | - | - | 1,677 | - | - | - | - | - | - | 1,677 | - | 1,677 |
| M3 | Disposal of Subsidiary | - | - | - | - | - | - | - | (617) | - | - | (617) | (1,932) | (2,549) |
| M1 | Changes in capital surplus from distributing cash dividends to subsidiaries | - | 11,499 | - | - | - | - | - | - | - | - | 11,499 | - | 11,499 |
| Q1 | Disposal of equity instruments measured at FVTOCI | - | - | - | - | - | - | 31,350 | - | (31,350) | - | - | - | - |
| O1 | Change in non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | 2,231,355 | 2,231,355 |
| Z1 | BALANCE AT DECEMBER 31, 2019 | 11,887,635 | 245,482 | 7,291 | 18,840 | 2,979,753 | 430,526 | 4,346,640 | (602,871) | (178,187) | (475,606) | 18,659,503 | 20,517,444 | 39,176,947 |
| B1 | Appropriation of 2019 earnings | - | - | - | - | - | - | - | - | - | - | - | - | - |
| B3 | Legal reserve | - | - | - | - | 129,872 | - | (129,872) | - | - | - | - | - | - |
| B5 | Special reserve | - | - | - | - | - | 350,533 | (350,533) | - | - | - | - | - | - |
| B5 | Cash dividends distributed by the Company | - | - | - | - | - | - | (594,382) | - | - | - | (594,382) | - | (594,382) |
| O1 | Cash dividends distributed by subsidiaries | - | - | - | - | - | - | - | - | - | - | - | (519,048) | (519,048) |
| D1 | Net profit for the years ended December 31, 2020 | - | - | - | - | - | - | 2,409,778 | - | - | - | 2,409,778 | 3,272,859 | 5,682,637 |
| D3 | Other comprehensive income for the years ended December 31, 2020, net of income tax | - | - | - | - | - | - | 2,974 | 19,016 | 443,769 | - | 465,759 | 51,013 | 516,772 |
| D5 | Total comprehensive income for the years ended December 31, 2020 | - | - | - | - | - | - | 2,412,752 | 19,016 | 443,769 | - | 2,875,537 | 3,323,872 | 6,199,409 |
| C7 | Changes in retained earnings from investments in subsidiaries | - | - | 29,920 | - | - | - | (65) | - | - | - | 29,855 | (28,871) | 984 |
| C17 | Changes in capital surplus | - | - | - | 1,100 | - | - | - | - | - | - | 1,100 | - | 1,100 |
| M1 | Changes in capital surplus from distributing cash dividends to subsidiaries | - | 19,165 | - | - | - | - | - | - | - | - | 19,165 | - | 19,165 |
| Q1 | Disposal of equity instruments measured at FVTOCI | - | - | - | - | - | - | (78,078) | - | 78,078 | - | - | - | - |
| O1 | Change in non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | 4,439,468 | 4,439,468 |
| Z1 | BALANCE AT DECEMBER 31, 2020 | \$ 11,887,635 | \$ 264,647 | \$ 37,211 | \$ 19,940 | \$ 3,109,625 | \$ 781,059 | \$ 5,606,462 | (\$ 583,855) | \$ 343,660 | (\$ 475,606) | \$ 20,990,778 | \$ 27,732,865 | \$ 48,723,643 |

USI CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

| <u>C o d e</u> | | <u>Year 2020</u> | <u>Year 2019</u> |
|----------------|---|------------------|------------------|
| | CASH FLOWS FROM OPERATING ACTIVITIES | | |
| A00010 | Income before income tax from continuing operations | \$ 7,118,722 | \$ 3,361,370 |
| A00020 | Income before income tax from discontinued operations | <u>4,273</u> | <u>4,175</u> |
| A10000 | Income before income tax | 7,122,995 | 3,365,545 |
| A20010 | Adjustments for: | | |
| A20100 | Depreciation expenses | 2,279,397 | 2,156,511 |
| A20200 | Amortization expenses | 73,804 | 80,005 |
| A20300 | Expected credit loss reversed on accounts receivable | (2,415) | (4,115) |
| A20400 | Net gain on fair value change of financial assets and liabilities as at FVTPL | (25,657) | (216,827) |
| A20900 | Finance costs | 224,338 | 302,569 |
| A21200 | Interest income | (102,548) | (153,706) |
| A21300 | Dividend Income | (186,949) | (162,687) |
| A22300 | Share of loss of joint ventures accounted for using the equity method | 165,161 | 12,403 |
| A22500 | Loss (gain) on disposal of property, plant and equipment | 37,249 | (41,381) |
| A23700 | Impairment loss recognized on non-financial assets | 31,856 | 113,587 |
| A23800 | Inventory write-downs recognized (reversed) | 24,765 | (22,017) |
| A29900 | Gain on government grants | - | (155,710) |
| A29900 | Recognition of refund liabilities | - | 7,535 |
| A30000 | Changes in operating assets and liabilities | | |
| A31115 | Decrease (increase) in financial assets mandatorily classified as at FVTPL | 888,587 | (1,063,892) |
| A31130 | (Increase) decrease in notes receivable | (37,141) | 381,448 |
| A31150 | (Increase) decrease in accounts receivable | (396,848) | 1,125,888 |
| A31180 | (Increase) Decrease in other receivables | (6,149) | 8,317 |
| A31200 | Decrease in inventories | 601,880 | 1,805,615 |
| A31230 | Decrease (Increase) in prepayments | 11,943 | (50,075) |
| A31240 | Decrease (Increase) in other current assets | 7,316 | (5,241) |
| A32130 | Decrease in notes payable | - | (483) |

(Continued)

| <u>C o d e</u> | | <u>Year 2020</u> | <u>Year 2019</u> |
|---|---|----------------------|----------------------|
| A32150 | Increase (Decrease) in accounts payable | 649,469 | (634,836) |
| A32180 | Increase in other payables | 368,359 | 13,094 |
| A32200 | Decrease in provisions | (11,831) | (9,769) |
| A32240 | Decrease in net defined benefit liabilities | (179,158) | (192,652) |
| A32230 | Increase in other current liabilities | <u>111,543</u> | <u>(20,431)</u> |
| A33000 | Cash generated from operations | 11,649,966 | 6,638,695 |
| A33100 | Interest received | 92,369 | 147,870 |
| A33300 | Interest paid | (236,861) | (286,488) |
| A33500 | Income tax paid | <u>(689,753)</u> | <u>(427,584)</u> |
| AAAA | Net cash generated from operating activities | <u>10,815,721</u> | <u>6,072,493</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| B00010 | Payments for financial assets at FVTOCI | - | (6,550) |
| B00020 | Proceeds from sale of financial assets at FVTOCI | 76,643 | 83,470 |
| B00030 | Reduction of capital by returning cash of financial assets at FVTOCI | 83,402 | 52,423 |
| B00040 | Disposal (acquisition) of financial assets measured at amortized cost | 78,793 | (67,178) |
| B01800 | Acquisition of investments accounted for using the equity method | (5,122,441) | (5,161,581) |
| B02700 | Payments for property, plant and equipment | (2,330,747) | (2,002,986) |
| B02800 | Proceeds from disposal of property, plant and equipment | 25,612 | 78,460 |
| B03700 | Decrease (Increase) in refundable deposits | 14,836 | (21,601) |
| B04500 | Payments for other intangible assets | (113) | (6,503) |
| B05400 | Acquisition of investment property | (85,673) | - |
| B06700 | Decrease (Increase) in other non-current assets | 32,231 | (180,953) |
| B07600 | Dividends received | 186,949 | 162,687 |
| B09900 | Compensations for land ownership certificate | - | <u>192,994</u> |
| BBBB | Net cash used in investing activities | <u>(7,040,508)</u> | <u>(6,877,318)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| C00100 | Decrease in short-term borrowings | (1,532,710) | (2,467,874) |
| C00600 | Decrease in short-term bills payable | (696,000) | (162,000) |
| C01200 | Proceeds from issuance of bond | - | 1,995,630 |
| C01300 | Repayments of bonds | (1,000,000) | - |
| C01600 | Proceeds from mid- to long-term borrowings | 13,380,000 | 24,462,500 |
| C01700 | Repayments of mid- to long-term borrowings | (15,283,200) | (24,112,154) |

(Continued)

| <u>C o d e</u> | | <u>Year 2020</u> | <u>Year 2019</u> |
|----------------|---|----------------------|---------------------|
| C03000 | (Decrease) Increase in guarantee deposits received | (4,133) | 813 |
| C04020 | Repayments of the principal portion of lease liabilities | (68,659) | (66,023) |
| C04300 | Decrease in other non-current liabilities | (778) | (3,042) |
| C04500 | Decrease in dividends payable | (594,382) | (356,629) |
| C05800 | Change in non-controlling interests | 4,439,468 | 2,231,355 |
| C05800 | Dividends paid to non-controlling interests | (<u>519,048</u>) | (<u>705,440</u>) |
| CCCC | Net cash (used) generated from financing activities | (<u>1,879,442</u>) | <u>817,136</u> |
| DDDD | EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES | (<u>186,167</u>) | (<u>208,212</u>) |
| EEEE | NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 1,709,604 | (195,901) |
| E00100 | CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | <u>7,927,403</u> | <u>8,123,304</u> |
| E00200 | CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | <u>\$ 9,637,007</u> | <u>\$ 7,927,403</u> |

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Independent Auditors' Report

To the Board of Directors of USI Corporation

Audit Opinion

We have audited the accompanying balance sheets of USI Corporation (the "Company") as of the years ended December 31, 2020 and 2019, and the Accompanying Statements of Comprehensive Income, Accompanying Statements of Changes in Equity, Accompanying Statements of Cash Flows and Notes to the accompanying Financial Statements (including the Summary of Significant Accounting Policies) for the months from January 1 to December 31 of 2020 and 2019.

The accountant opinions are that the preparations of significant issues of the accompanying financial statements are made in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. They fairly present the accompanying financial conditions for the and December 31 of 2020 and 2019 of USI Corporation and the accompanying financial performance and accompanying cash flows for the months from January 1 to December 31 of 2020 and of 2019.

Basis for audit opinion

For the accompanying financial statements for the year ended December 31, 2020, the audit was conducted in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. For the year ended December 31, 2019, We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020 and auditing standards generally accepted in the Republic of China. 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 Company in accordance with The Norm of Professional Ethics for Certified Public Accountant, and keep independent of USI Corporation. 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 for USI Corporation in our audit of the accompanying financial statements for the year 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the audit of the Company's the accompanying financial statements for the year ended December 31, 2020 is as follows.

Assessment of inventory write-down

As of December 31, 2020, the inventory nets of the Company are NT\$776,109 (The total inventory costs NT\$812,549 deducting the allowance for inventory write-down NT\$36,440). They account for 2% of total assets of the accompanying Financial Statements assets. The inventory of the Company is measured by adopting the lower between costs and net realisable value. The inventory valuation is affected by the price fluctuation of main raw material ethylene, and international oil price fluctuates strongly. Besides, the related assessment of inventory net realisable value involves the critical judgements and assessment of the management. Therefore, the assessment of inventory write-down is deemed as the year's key audit matter.

Please refer to the accompanying Financial Statements Note 4 (5), 5 (1) and 11 for the accounting policies, critical accounting judgment and estimation uncertainty and relevant disclosure information related to the assessment of inventory write-down.

The following are the main audit processes audited by the accounts for the above assessment of inventory write-down:

1. Based on the understanding of the Company, assess the appropriateness of the counting and drawing policies and methods of inventory write down.
2. Obtain the assessment information compiled by the management about adopting the lower between inventory costs or net realisable value authority. Then, make sampling check the latest raw material quotation or the sales invoices, recalculating the net realisable value of inventory and assessing the basis and the reasonableness of the net realisable value estimated by the management.
3. Observe the year-end inventory taking and sample the products to understand the condition of inventory. Assess the reasonableness of the obsolescence inventory allowance for write-down.

Responsibilities of management and those charging with governance for the accompanying financial statements

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

In preparing the accompanying financial statements, the management is responsible for assessing the Company'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 the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those in charge with the Company's governance (including the Audit Committee) are responsible for overseeing its financial reporting process.

Auditors' responsibilities for the audit of the accompanying financial statements

Our objectives are to obtain reasonable assurance about whether the accompanying financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accompanying financial statements.

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

1. Identify and assess the risks of material misstatement of the accompanying 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 Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the accompanying 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the accompanying financial statements (including the related notes) and whether the accompanying 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 the entities or business activities within the Company to express an opinion on the accompanying financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those in charge 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 Year Ended December 31, 2020 the accompanying financial statements of the Company and are therefore the key audit matters. We describe these matters in our auditor's 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 Pi-Yu Chuang and Cheng-Hong Kuo.

Rule No. 1070323246 issued
by the Financial Supervisory
Commission

Rule VI-0920123784 issued
by Securities and Futures
Commission

Deloitte& Touche
Taipei, Taiwan
Republic of China

Notice to Readers

The accompanying financial statements are intended only to present the accompanying financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such accompanying financial statements are those generally applied in the Republic of China. For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. 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 accompanying financial statements shall prevail.

March 22, 2021

USI CORPORATION
BALANCE SHEET
For the Years Ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

| Code | Assets | For the Year Ended December 31, 2020 | | For the Year Ended December 31, 2019 | |
|------|--|---|------------|---|------------|
| | | Amount | % | Amount | % |
| | CURRENT ASSETS | | | | |
| 1100 | Cash and cash equivalents | \$ 991,966 | 3 | \$ 811,321 | 3 |
| 1110 | Financial assets at fair value through profit or loss (FVTPL) - current | 2,096,700 | 7 | 2,173,322 | 7 |
| 1136 | Financial assets measured at amortized cost - current | 60,893 | - | 60,561 | - |
| 1150 | Notes receivable, net | 64,154 | - | 73,926 | - |
| 1170 | Accounts receivable, net | 1,364,308 | 4 | 1,229,356 | 4 |
| 1180 | Accounts receivable, related parties | 94,080 | - | 89,750 | - |
| 1200 | Other receivables | 41,932 | - | 60,075 | - |
| 1210 | Other receivables, related parties | 220,189 | 1 | 332,962 | 1 |
| 130X | Inventories | 776,109 | 2 | 1,049,295 | 3 |
| 1410 | Prepayments | 172,471 | 1 | 158,311 | 1 |
| 1470 | Other current assets | <u>1</u> | - | <u>21</u> | - |
| 11XX | Total current assets | <u>5,882,803</u> | <u>18</u> | <u>6,038,900</u> | <u>19</u> |
| | NON-CURRENT ASSETS | | | | |
| 1517 | Financial assets at fair value through other comprehensive income (FVTOCI) - non-current | 972,639 | 3 | 900,398 | 3 |
| 1550 | Investments accounted for using the equity method | 19,133,959 | 58 | 17,263,486 | 55 |
| 1600 | Property, plant and equipment | 6,473,623 | 20 | 6,609,957 | 21 |
| 1755 | Right-of-use assets | 14,091 | - | 18,768 | - |
| 1760 | Investment properties | 186,758 | 1 | 213,844 | 1 |
| 1821 | Other intangible assets | 155 | - | 333 | - |
| 1840 | Deferred tax assets | 110,905 | - | 124,570 | - |
| 1990 | Other non-current assets | <u>117,702</u> | - | <u>161,665</u> | <u>1</u> |
| 15XX | Total non-current assets | <u>27,009,832</u> | <u>82</u> | <u>25,293,021</u> | <u>81</u> |
| 1XXX | TOTAL | <u>\$ 32,892,635</u> | <u>100</u> | <u>\$ 31,331,921</u> | <u>100</u> |
| | Liabilities and Equity | | | | |
| | CURRENT LIABILITIES | | | | |
| 2100 | Short-term borrowings | \$ 499,000 | 1 | \$ 500,000 | 2 |
| 2120 | Financial liabilities at fair value through profit or loss (FVTPL) - current | 11,522 | - | 1,807 | - |
| 2170 | Notes payable and accounts payable | 712,367 | 2 | 769,412 | 2 |
| 2180 | Notes payable and accounts payable, related parties | 188,290 | 1 | 147,395 | 1 |
| 2200 | Other accounts payable | 364,098 | 1 | 395,417 | 1 |
| 2220 | Other accounts payable, related parties | 11,906 | - | 17,871 | - |
| 2230 | Current tax liabilities | 196,426 | 1 | 172,500 | 1 |
| 2280 | Lease liabilities - current | 30,974 | - | 30,732 | - |
| 2320 | Current portion of long-term borrowings | 1,999,233 | 6 | 999,956 | 3 |
| 2399 | Other current liabilities | <u>76,012</u> | - | <u>67,069</u> | - |
| 21XX | Total current liabilities | <u>4,089,828</u> | <u>12</u> | <u>3,102,159</u> | <u>10</u> |
| | NON-CURRENT LIABILITIES | | | | |
| 2530 | Bonds payable | 4,995,069 | 15 | 6,991,327 | 22 |
| 2540 | Long-term borrowings | 2,300,000 | 7 | 1,950,000 | 6 |
| 2580 | Lease liabilities - non-current | 146,523 | 1 | 177,517 | 1 |
| 2570 | Deferred tax liabilities | 145,390 | - | 164,197 | - |
| 2640 | Net defined benefit liabilities - non-current | 213,608 | 1 | 274,935 | 1 |
| 2650 | Investments credits balances for using equity method | - | - | 576 | - |
| 2670 | Other non-current liabilities | <u>11,439</u> | - | <u>11,737</u> | - |
| 25XX | Total non-current liabilities | <u>7,812,029</u> | <u>24</u> | <u>9,570,259</u> | <u>30</u> |
| 2XXX | Total liabilities | <u>11,901,857</u> | <u>36</u> | <u>12,672,418</u> | <u>40</u> |
| | EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | | | | |
| 3100 | Share capital | 11,887,635 | 36 | 11,887,635 | 38 |
| 3200 | Capital surplus | <u>321,798</u> | <u>1</u> | <u>271,613</u> | <u>1</u> |
| | Retained earnings | | | | |
| 3310 | Legal reserve | 3,109,625 | 10 | 2,979,753 | 10 |
| 3320 | Special reserve | 781,059 | 2 | 430,526 | 1 |
| 3350 | Unappropriated earnings | <u>5,606,462</u> | <u>17</u> | <u>4,346,640</u> | <u>14</u> |
| 3300 | Total retained earnings | <u>9,497,146</u> | <u>29</u> | <u>7,756,919</u> | <u>25</u> |
| 3400 | Other equity | (240,195) | (1) | (781,058) | (2) |
| 3500 | Treasury shares | (475,606) | (1) | (475,606) | (2) |
| 31XX | Total equity attributable to owners of the Company | <u>20,990,778</u> | <u>64</u> | <u>18,659,503</u> | <u>60</u> |
| | Total liabilities and equity | <u>\$ 32,892,635</u> | <u>100</u> | <u>\$ 31,331,921</u> | <u>100</u> |

USI CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
For the Years ENDED DECEMBER 31, 2020 and January 1 to December 2019

In Thousands of New Taiwan Dollars, Except for Earnings per Share

| Code | | For the Year Ended December 31, 2020 | | For the Year Ended December 31, 2019 | |
|------|---|---|-------|---|-------|
| | | Amount | % | Amount | % |
| 4100 | OPERATING REVENUE | \$ 10,172,220 | 100 | \$ 10,966,471 | 100 |
| 5110 | COST OF GOODS SOLD | 8,664,406 | 85 | 9,584,497 | 88 |
| 5900 | GROSS PROFIT | 1,507,814 | 15 | 1,381,974 | 12 |
| 5910 | The unrealized profits with the subsidiaries | (1,247) | - | (842) | - |
| 5920 | The realized profit with the subsidiary | 842 | - | 1,035 | - |
| 5950 | The realized gross profit | 1,507,409 | 15 | 1,382,167 | 12 |
| | OPERATING EXPENSES | | | | |
| 6100 | Selling and marketing expenses | 235,617 | 2 | 247,127 | 2 |
| 6200 | General and administrative expenses | 246,533 | 3 | 254,404 | 2 |
| 6300 | Research and development expenses | 116,819 | 1 | 177,916 | 2 |
| 6000 | Total operating expenses | 598,969 | 6 | 679,447 | 6 |
| 6900 | PROFIT FROM OPERATIONS | 908,440 | 9 | 702,720 | 6 |
| | NON-OPERATING INCOME AND EXPENSES | | | | |
| 7100 | Interest income | 6,604 | - | 15,978 | - |
| 7010 | Other income | 152,304 | 2 | 348,770 | 3 |
| 7020 | Other gains and losses | 42,667 | - | (22,752) | - |
| 7050 | Finance costs | (105,041) | (1) | (104,336) | (1) |
| 7070 | Share of profit or loss of subsidiaries accounted for using equity method | 1,555,348 | 15 | 518,637 | 5 |
| 7000 | Total non-operating income and expenses | 1,651,882 | 16 | 756,267 | 7 |
| 7900 | PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS | 2,560,332 | 25 | 1,458,987 | 13 |
| 7950 | INCOME TAX EXPENSE | 150,544 | 1 | 177,623 | 1 |
| 8200 | NET PROFIT FOR THE PERIOD | 2,409,778 | 24 | 1,281,364 | 12 |
| | OTHER COMPREHENSIVE INCOME (LOSS) | | | | |
| | Items that will not be reclassified | | | | |
| 8311 | Remeasurements of the defined benefit plan | (1,589) | - | (3,106) | - |
| 8316 | Profit (loss) of equity instruments at FVTOCI | 107,870 | 1 | (104,930) | (1) |
| 8330 | Share of profit or loss of other comprehensive income of subsidiaries accounted for using equity method | 340,144 | 3 | 42,151 | - |
| 8349 | Income taxes which are related to the items that will not be reclassified | 318 | - | 621 | - |
| 8310 | | 446,743 | 4 | (65,264) | (1) |
| | Items that may be reclassified subsequently to profit or loss: | | | | |
| 8361 | Exchange differences on translating foreign operations | 11,182 | - | (339,848) | (3) |
| 8380 | Share of profit or loss of other comprehensive income of subsidiaries accounted for using equity method | 10,070 | - | (122,069) | - |
| 8399 | Income tax relating to items that may be reclassified subsequently to profit or loss | (2,236) | - | 67,970 | 1 |
| 8360 | | 19,016 | - | (393,947) | (3) |
| 8300 | Other comprehensive income for the period, (net revenue after tax) | 465,759 | 4 | (459,211) | (4) |
| 8500 | TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | \$ 2,875,537 | 28 | \$ 822,153 | 8 |
| | EARNINGS PER SHARE | | | | |
| 9750 | Basic | \$ 2.25 | | \$ 1.19 | |
| 9850 | Diluted | \$ 2.24 | | \$ 1.19 | |

USI CORPORATION
STATEMENT OF CHANGES IN EQUITY
2020 and January 1 to December 31, 2019

In Thousands of New Taiwan Dollars

| C o d e | | Share Capital | C a p i t a l S u r p l u s | | | R e t a i n e d E a r n i n g s | | | O t h e r | E q u i t y | Treasury Shares | Total Equity |
|---------|---|----------------------|-----------------------------|--|------------------|---------------------------------|-------------------|-------------------------|--|--|-----------------------|----------------------|
| | | | Treasury Share Transactions | Shares of Changes in Capital Surplus of Associates | O t h e r s | Legal Reserve | Special Reserve | Unappropriated Earnings | Exchange Differences on Translating Foreign Operations | Unrealized Gain (Loss) on Financial Assets at FVTOCI | | |
| A1 | BALANCE AT JANUARY 1, 2019 | \$ 11,887,635 | \$ 233,983 | \$ 2,592 | \$ 17,163 | \$ 2,925,759 | \$ 375,127 | \$ 3,513,943 | (\$ 208,307) | (\$ 85,136) | (\$ 475,606) | \$ 18,187,153 |
| A3 | Effects of retrospective application | - | - | - | - | - | - | (9,509) | - | - | - | (9,509) |
| A5 | Reclassified balance at January 1, 2019 | 11,887,635 | 233,983 | 2,592 | 17,163 | 2,925,759 | 375,127 | 3,504,434 | (208,307) | (85,136) | (475,606) | 18,177,644 |
| | Appropriation of 2018 earnings | | | | | | | | | | | |
| B1 | Legal reserve | - | - | - | - | 53,994 | - | (53,994) | - | - | - | - |
| B3 | Special reserve | - | - | - | - | - | 55,399 | (55,399) | - | - | - | - |
| B5 | Cash dividends distributed by the Company | - | - | - | - | - | - | (356,629) | - | - | - | (356,629) |
| D1 | Net profit for the year 2019 | - | - | - | - | - | - | 1,281,364 | - | - | - | 1,281,364 |
| D3 | Other comprehensive income for the year 2019, net of income tax | - | - | - | - | - | - | (3,563) | (393,947) | (61,701) | - | (459,211) |
| D5 | Total comprehensive income for the year 2019 | - | - | - | - | - | - | 1,277,801 | (393,947) | (61,701) | - | 822,153 |
| C7 | Changes in capital surplus and retained earnings from investments in subsidiaries | - | - | 4,699 | - | - | - | 28,819 | - | (29,742) | - | 3,776 |
| C17 | Changes in other capital surplus | - | - | - | 1,677 | - | - | - | - | - | - | 1,677 |
| M3 | Dispose the subsidiaries | - | - | - | - | - | - | - | (617) | - | - | (617) |
| M1 | Changes in capital surplus from distributing cash dividends to subsidiaries | - | 11,499 | - | - | - | - | - | - | - | - | 11,499 |
| Q1 | Disposal of equity instruments measured at FVTOCI | - | - | - | - | - | - | 1,608 | - | (1,608) | - | - |
| Z1 | BALANCE AT December 30, 2019 | 11,887,635 | 245,482 | 7,291 | 18,840 | 2,979,753 | 430,526 | 4,346,640 | (602,871) | (178,187) | (475,606) | 18,659,503 |
| | Appropriation of 2019 earnings | | | | | | | | | | | |
| B1 | Legal reserve | - | - | - | - | 129,872 | - | (129,872) | - | - | - | - |
| B3 | Special reserve | - | - | - | - | - | 350,533 | (350,533) | - | - | - | - |
| B5 | Cash dividends distributed by the Company | - | - | - | - | - | - | (594,382) | - | - | - | (594,382) |
| D1 | Net profit for the year 2020 | - | - | - | - | - | - | 2,409,778 | - | - | - | 2,409,778 |
| D3 | Other comprehensive income for the year 2020, net of income tax | - | - | - | - | - | - | 2,974 | 19,016 | 443,769 | - | 465,759 |
| D5 | Total comprehensive income for the year 2020 | - | - | - | - | - | - | 2,412,752 | 19,016 | 443,769 | - | 2,875,537 |
| C7 | Changes in retained earnings from investments in subsidiaries | - | - | 29,920 | - | - | - | (76,278) | - | 76,213 | - | 29,855 |
| C17 | Changes in capital surplus | - | - | - | 1,100 | - | - | - | - | - | - | 1,100 |
| M1 | Changes in capital surplus from distributing cash dividends to subsidiaries | - | 19,165 | - | - | - | - | - | - | - | - | 19,165 |
| Q1 | Disposal of equity instruments measured at FVTOCI | - | - | - | - | - | - | (1,865) | - | 1,865 | - | - |
| Z1 | BALANCE AT December 30, 2020 | <u>\$ 11,887,635</u> | <u>\$ 264,647</u> | <u>\$ 37,211</u> | <u>\$ 19,940</u> | <u>\$ 3,109,625</u> | <u>\$ 781,059</u> | <u>\$ 5,606,462</u> | <u>(\$ 583,855)</u> | <u>\$ 343,660</u> | <u>(\$ 475,606)</u> | <u>\$ 20,990,778</u> |

USI CORPORATION
ACCOMPANYING STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

In Thousands of New Taiwan Dollars

| <u>C o d e</u> | | <u>Year 2020</u> | <u>Year 2019</u> |
|----------------|--|------------------|------------------|
| | CASH FLOWS FROM OPERATING ACTIVITIES | | |
| A10000 | Income before income tax | \$ 2,560,322 | \$ 1,458,987 |
| A20010 | Adjustments for: | | |
| A20100 | Depreciation expenses | 603,125 | 504,898 |
| A20200 | Amortization expenses | 14,249 | 12,801 |
| A20400 | Net loss (gain) on fair value change of financial assets and liabilities as at FVTPL | 19,085 | (66,813) |
| A20900 | Finance costs | 107,540 | 121,666 |
| A21200 | Interest income | (6,604) | (15,978) |
| A21300 | Dividend Income | (50,630) | (48,117) |
| A22300 | Share of profit of subsidiaries accounted for using the equity method | (1,555,348) | (518,637) |
| A22500 | Loss (gain) on disposal of property, plant and equipment | 161 | (785) |
| A23200 | The investment loss of disposing with the equity method | 527 | - |
| A23700 | Inventory write-downs and obsolescence loss recognized | 23,413 | 5,435 |
| A29900 | Gain on government grants | - | (155,710) |
| A23900 | The unrealized profit with the subsidiaries | 1,247 | 842 |
| A24000 | The realized profit with the subsidiaries | (842) | (1,035) |
| A30000 | Changes in operating assets and liabilities | | |
| A31115 | Decrease (increase) in financial assets mandatorily classified as at FVTPL | 67,252 | (874,758) |
| A31130 | Decrease in notes receivable | 9,772 | 18,595 |
| A31150 | (Increase) decrease in accounts receivable | (134,952) | 182,505 |
| A31160 | Accounts receivable – related parties increase | (4,330) | (28,424) |
| A31180 | Decrease in other receivables | 18,918 | 1,867 |
| A31190 | Other receivable – related parties decrease (increase) | 164,574 | (3,117) |
| A31200 | Decrease in inventories | 249,773 | 314,031 |
| A31230 | (Increase) decrease in prepayments | (14,046) | 14,594 |
| A31240 | Decrease in other current assets | 20 | 10 |
| A32130 | Decrease of the accounts payable | (57,045) | (18,827) |

(Continued)

| C o d e | | Year 2020 | Year 2019 |
|---|--|--------------------|----------------------|
| A32160 | Accounts payable –related parties Increase (decrease) | \$ 40,895 | (\$ 15,951) |
| A32180 | (Decrease) increase in other payables | (16,322) | 110,534 |
| A32190 | Other payable - related parties decrease)increase | (5,965) | 1,692 |
| A32230 | Increase in other current liabilities | 8,943 | 7,570 |
| A32240 | Decrease in net defined benefit liabilities | <u>(62,916)</u> | <u>(37,105)</u> |
| A33000 | Cash generated from operations | 1,980,816 | 970,770 |
| A33100 | Interest received | 5,829 | 15,652 |
| A33300 | Interest paid | (118,418) | (105,382) |
| A33500 | Income tax paid | <u>(133,648)</u> | <u>(21,282)</u> |
| AAAA | Net cash generated from operating activities | <u>1,734,579</u> | <u>859,758</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| B00020 | Proceeds from sale of financial assets at FVTOCI | 2,784 | 2,389 |
| B00030 | Reduction of capital by returning cash of financial assets at FVTOCI | 32,845 | 13,784 |
| B00040 | Acquisition of the financial assets which are at the amortized cost | (332) | (61) |
| B02200 | Acquisition of the cash (flow out) of the subsidiaries | - | (2,203,645) |
| B02400 | Use the equity method on the investing company which reduces the capitals and returns the shares | 3,877 | - |
| B02700 | Payments for property, plant and equipment | (438,675) | (438,684) |
| B02800 | Proceeds from disposal of property, plant and equipment | 2,483 | 409 |
| B03700 | Decrease (increase) in refundable deposits | 6,951 | (4,448) |
| B04500 | Payments for other intangible assets | (113) | (207) |
| B06700 | Decrease (increase) in other non-current assets | 23,054 | (72,288) |
| B07600 | Dividends received | 89,489 | 65,023 |
| B07400 | Compensatory prices of land readjustment | <u>-</u> | <u>192,994</u> |
| BBBB | Net cash used in investing activities | <u>(277,637)</u> | <u>(2,444,734)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| C00100 | Decrease in short-term borrowings | (1,000) | (1,253,000) |
| C00500 | (Decrease) Increase in short-term bills payable | - | (199,981) |
| C01200 | Proceeds from issuance of bond | - | 1,995,630 |
| C01300 | Repayments of bonds | (1,000,000) | - |

(Continued)

| C o d e | | Year 2020 | Year 2019 |
|---------|--|----------------------|-------------------|
| C01600 | Proceeds from mid- to long-term borrowings | \$ 5,200,000 | \$ 4,450,000 |
| C01700 | Repayments of mid- to long-term borrowings | (4,850,000) | (4,000,000) |
| C03000 | Increase the deposits received | 186 | 532 |
| C04020 | Repayments of the principal portion of lease liabilities | (30,752) | (29,784) |
| C04500 | Decrease in dividends payable | (594,382) | (356,629) |
| C05400 | Acquisition of the stock right of the subsidiaries | (<u>349</u>) | <u>-</u> |
| CCCC | Net cash (used)generated from financing activities | (<u>1,276,297</u>) | <u>606,768</u> |
| EEEE | NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | \$ 180,645 | (\$ 978,208) |
| E00100 | CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | <u>811,321</u> | <u>1,789,529</u> |
| E00200 | CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | <u>\$ 991,966</u> | <u>\$ 811,321</u> |

Matters for Ratification and Discussion:

Proposal 2

Proposed by the Board

To ratify 2020 earnings distribution.

Description : 1. In 2020, the net profit was NT\$ 2,334,608,756.

After appropriating NT\$ 233,460,876 as the legal reserve, the distributable net profit of 2020 is NT\$ 2,101,147,880. By the end of 2020, the accumulated distributable earnings is NT\$ 5,778,933,420 and will be distributed cash dividend NT\$ 1,188,763,500, i.e. NT\$1 per share.

The unappropriated earnings after distribution will be NT\$ 4,590,169,920.

2. Please refer to p. 34, “Profit Distribution Table”, for details.
3. According to this proposal, the profit of 2020 will first be distributed, and the insufficiency will be distributed from the profit of previous years.
4. The cash dividends allocated to each shareholder shall be rounded down to a whole

dollar amount of New Taiwan Dollars, and the total amount of allocation will be subject to the actual amount allocated.

5. Please authorize the Chairman to set a target date for the distribution of cash dividends after the adoption of this proposal.

Resolution:

USI Corporation
2020 Profit Distribution Table

expressed in NTD

| | |
|---|----------------|
| Net profit before tax of 2020 | 2,560,321,660 |
| Less: Income tax | (150,543,969) |
| Net profit of 2020 | 2,409,777,691 |
| Less: Measuring the losses of equity instruments by fair value through other comprehensive gains and losses | (78,077,796) |
| Less: Retained earnings adjusted for investments made under the equity method | (65,181) |
| Add: Retained earnings adjusted for the defined benefit plan after re-measurement | 2,974,042 |
| Earnings after tax of 2020 | 2,334,608,756 |
| Less: Legal reserve | (233,460,876) |
| Distributable net profit of 2020 | 2,101,147,880 |
| Add: Beginning unappropriated earnings | 3,271,853,704 |
| Add: Special reserve reversal appropriated by law | 405,931,836 |
| Accumulated distributable earnings at the end of 2020 | 5,778,933,420 |
| Distributable items: (total issued shares: 1,188,763,500) | |
| Cash dividend: 1/share | 1,188,763,500 |
| Total of distributable items | 1,188,763,500 |
| Unappropriated earnings at the end of 2020 transferred to the next year | 4,590,169,920 |

Chairperson: Yi-Gui Wu President: Ke-shun Wang
Chief Accounting Officer: Chuan-Hua Kuo

Matters for Ratification and Discussion:

Proposal 3

Proposed by the Board

To approve the amendment to the “Parliamentary Rules for Shareholders’ Meetings”.

Description : 1. Part of the “Parliamentary Rules for Shareholders’ Meetings” is amended for reference to the revised sample template for “XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” based on the announcement of the Taiwan Stock Exchange and for the purpose of cooperating with the Company’s current practice.

2. The amendment to the “Parliamentary Rules for Shareholders’ Meetings” is shown in the next page.

Resolution :

USI Corporation

The Amendment to the “Parliamentary Rules for Shareholders’ Meetings”

| After amendment | Before amendment |
|---|---|
| <p>Article 3 (Convening shareholders meetings and shareholders meeting notices) (omitted) Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, or demerger of the corporation, any matter under Article 185, paragraph 1 of the Company Act, <u>Articles 26-1 and 43-6 of the Securities Exchange Act and Articles 56-1 and 60-2 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers</u> shall be itemized in the subjects to be described and the essential contents shall be explained in the notice to convene the shareholders meeting. None of the above matters may be raised by an extraordinary motion. (omitted)</p> | <p>Article 3 (Convening shareholders meetings and shareholders meeting notices) (omitted) Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, or demerger of the corporation, <u>or any matter under Article 185, paragraph 1 of the Company Act shall be itemized in the subjects to be described and the essential contents shall be explained in the notice to convene the shareholders meeting. None of the above matters may be raised by an extraordinary motion. <u>The essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.</u></u> (omitted)</p> |
| <p>Article 9 (omitted) The chair shall call the meeting to order at the appointed meeting time, <u>and announce relevant information of the number of non-voting shares and the number of shares in attendance, etc.</u> However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. (omitted)</p> | <p>Article 9 (omitted) The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. (omitted)</p> |

| | |
|---|--|
| <p>Article 11 (Shareholder speech) (omitted) <u>Report Items and matters unrelated to the proposals will not be put into discussion or vote.</u> Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed <u>3</u> minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech. (omitted)</p> | <p>Article 11 (Shareholder speech) (omitted) Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed <u>5</u> minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech. (omitted)</p> |
| <p>Article 14 (Election) The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected <u>and the names not-elected as directors and the number of votes obtained.</u> (omitted)</p> | <p>Article 14 (Election) The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected. (omitted)</p> |

Matters for Ratification and Discussion:

Proposal 4

Proposed by the Board

To approve the permission of director for competitive actions.

Description : 1. Referring to Article 209 of the Company Act,

“A director, who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”

2. Directors of the Company engage in business within the scope of business of the Company are tabulated below. Without harming the interest of the Company, it is proposed to allow their act in accordance with the Company Act.

| Name of Directors | Concurrent Employers | Title |
|---|--|-------------------------|
| Independent Director Tyzz-Jiun Duh | Shinfox Energy Co.,Ltd. | Director |
| Independent Director Ying-Jun Hai | Taiwan Semiconductor Manufacturing Company Limited | Independent Director |
| Ke-Shun Wang (Representative of Taita Chemical Company, Limited) | Golden Amber Enterprises Ltd. 、 APC (BVI) Holding Co., Ltd. 、 ACME Electronics (Kunshan) Co., Ltd. 、 Fujian Gulei Petrochemical Co., Ltd. | Director |

Resolution :

III. Extemporaneous Motions

IV. Meeting Adjournment

Appendix 1

Parliamentary Rules for Shareholders' Meetings of USI Corporation (before amendment)

Amended on June 12, 2020

Article 1

To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2

The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 3

(Convening shareholders meetings and shareholders meeting notices)

Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.

This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and distributed on-site at the meeting place. The reasons for convening a shareholders meeting shall be specified in the meeting notice and publi.

Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with

the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act shall be itemized in the subjects to be described and the essential contents shall be explained in the notice to convene the shareholders meeting. None of the above matters may be raised by an extraordinary motion. The essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.

If re-election of the complete board of directors is listed as the purpose of a meeting of shareholders and the inauguration date is stated, after the completion of the board of directors, the inauguration date shall not be change by a motion or other means in the same meeting of shareholders.

A shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. A shareholder proposal proposed for urging a company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at a regular meeting of shareholders by the board of directors. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission in writing or by way of electronic transmission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given

shareholders meeting, and shall deliver the proxy form to this Corporation before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment. After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5

(Principles determining the time and place of a shareholders meeting)

The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

Article 6

(Preparation of documents such as the attendance book)

This Corporation shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7

(The chair and non-voting participants of a shareholders meeting)

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair.

When a director serves as chair, as referred to in the preceding paragraph, the director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company.

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by the directors. The attendance shall be recorded in the meeting minutes.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8

(Documentation of a shareholders meeting by audio or video)

This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9

Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a

combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 10

(Discussion of proposals)

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Any extemporary motion(s) and/or the amendment(s) to the original proposal(s) shall be resolved. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote. The time for voting shall be sufficient.

Article 11

(Shareholder speech)

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be

deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 12

(Calculation of voting shares and recusal system)

Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When this Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence). When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived

his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS. When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14 (Election)

The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be

announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15

Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results of resolution (including a record made of the vote); where there is an election of directors, shall record the number of the vote for each candidate who is nominated and the minutes shall be retained for the duration of the existence of this Corporation.

Article 16

(Public disclosure)

On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17

(Maintaining order at the meeting place)

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other

than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18

(Recess and resumption of a shareholders meeting)

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 19

These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

In case of any discrepancy between the English translation and the Chinese version, the Chinese version shall prevail.

Appendix 2

Articles of Incorporation of USI Corporation

Section 1. General Provisions

- Article 1: The Company is incorporated under the Company Act of the Republic of China and named “台灣聚合化學品股份有限公司” and “USI Corporation” in English.
- Article 2: The scope of the Company’s business is specified as follows:
1. Manufacturing, processing and sale of PE plastic raw materials (including ethylene-vinyl acetate copolymer resins).
 2. Manufacturing, processing and sale of PE plastic products (including products of ethylene-vinyl acetate copolymer).
 3. Manufacturing, processing and sale of catalyst and related chemicals required by the plastic industry.
 4. R&D of technology related to the plastic industry, and acquisition, sale and license of know-how and patent right thereof.
 5. Design, manufacturing, processing and sale of plastic processing equipment.
 6. General import/export businesses (other than those requiring special approval).
 7. ZZ99999 Other than business requiring special approval, any business not prohibited or restricted by laws or regulations.
- Article 3: The Company’s head office is situated in Kaohsiung City, Taiwan, the R.O.C., and, when necessary, may set up branches locally or overseas considered by the Company as necessary or adequate for promoting its business.
- Article 4: Public announcements of the Company shall be made in accordance with Article 28 of the Company Act.

Section 2. Capital

- Article 5: The total capital stock of the Company shall be in the amount of NT\$13,426,023,650, divided into 1,342,602,365 shares, at a par value of NT\$10 per share, and may be issued in installments.
- Article 6: The Company's share certificates shall be affixed with the signatures or personal seals of three or more directors of the Company, be assigned with serial numbers, indicate particulars referred to in Article 162 of the Company Act, and be issued upon the competent authority's approval of the registration of incorporation and certification pursuant to the Company Act. For the shares to be issued to the public by the Company, the Company may be exempted from printing any share certificate for the shares issued.
- Article 7: The share certificates of the Company shall be registered and state each shareholder's real name. Where there are two (2) persons or more that own the same share or shares, such co-owners shall select one of them to act on behalf of them.
- Article 8: Where it is necessary for the Company to re-issue new share certificates upon transfer of ownership or loss of or damage to the share certificates, the Company may collect sufficient printing costs or adequate stamp duty expenses.
- Article 9: The transfer of shares shall not be registered within 60 days prior to the convening date of a general shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within five (5) days prior to the record date fixed by the Company for distribution of dividends, bonus or other benefits.

Section 3. Shareholders' Meeting

- Article 10: The Company's shareholders' meetings consist of the following:
1. General shareholders' meeting
 2. Special shareholders' meeting
- The general shareholder's meeting shall be convened by the Board of Directors once a year and within six (6) months after close of

each fiscal year pursuant to laws. In the case of important motions to be resolved, a special shareholders' meeting may be convened by the Board of Directors upon resolution of the Board, or upon written request by shareholder(s) who has/have been continuously holding 3% or more of the total number of the issued shares of the Company over one (1) year. The general shareholders' meeting and special shareholders' meeting may be held within/outside the territories of the R.O.C.

Article 11: Convening of a general shareholders' meeting shall be notified thirty (30) days ago, and convening of a special shareholders' meeting to be notified fifteen (15) days ago. The causes of meeting shall be indicated in the notice pursuant to the Company Act or other laws.

Article 12: Resolutions at a shareholders' meeting shall, unless otherwise provided for in Company Act or other laws, be adopted by a majority of eligible votes of the shareholders present, who represent more than a majority of the total issued shares. The voting power at a shareholders' meeting of the Company may be exercised by way of electronic transmission. A shareholder who exercises his/her/its voting power at a shareholders meeting by way of electronic transmission shall be deemed to have attended said shareholders' meeting in person. The related matters shall be implemented in accordance with laws.

Article 13: When the number of shareholders present does not constitute the quorum prescribed in the preceding article, but those present represent one-thirds or more of the total number of issued shares, a tentative resolution may be passed by a majority of those present. A notice of such tentative resolution shall be given to each of the shareholders, and a shareholders' meeting shall be reconvened within one (1) month. In said shareholders' meeting, if the tentative resolution is again adopted by a majority of those present who represent one-thirds or more of the total number of issued shares, such tentative resolution shall be deemed to be a resolution under the preceding Article, unless otherwise provided in the Company Act.

- Article 14: Unless no voting right or restricted voting right required under laws or the Articles, each of shares held by each shareholder shall have the right to one (1) vote.
- Article 15: Where any shareholder fails to attend a shareholders' meeting, he/she may appoint a proxy to attend the meeting on behalf of him/her pursuant to the Company Act and exercise power on behalf of him/her. The proxy is not limited to the Company's shareholder.
- Article 16: Unless otherwise provided in the Company Act, a shareholders' meeting shall be convened by the Board of Directors, and chaired by the Company's Chairman of Board. Where the Chairman is absent, the Chairman shall appoint a proxy to act on behalf of him/her pursuant to Article 208 of the Company Act.
- Article 17: Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairperson of the meeting and shall be, together with the shareholders' attendance book and proxy letter, if any, retained at the Company.

Section 4. Directors and Audit Committee

- Article 18: A candidates nomination system shall be adopted by the Company for election of independent directors and non-independent directors. The Company shall have 9~11 directors who shall be elected by the shareholders' meeting from among the name list of candidates. The total shares of the Company's registered share certificates held by the whole directors shall be no less than the proportion prescribed by the competent securities authority.
- Article 18-1: The directors referred to in the preceding Article shall include at least three (3) independent directors.
The professional qualifications, shares held, restrictions on concurrent positions held, method of nomination and election, and other matters for compliance with respect to independent directors

shall be governed by the competent securities authority's related regulations.

Article 18-2: The Company shall establish an Audit Committee pursuant to the Securities and Exchange Act, which shall consist of all independent directors of the Company. The Audit Committee or the committee members shall be responsible for exercising a supervisor's power prescribed by the Company Act, Securities and Exchange Act, and other related laws.

Article 18-3: The Company's Board of Directors may establish other functional committees. The articles of association thereof shall be established by the Board of Directors.

Article 19: Directors shall hold the position for three (3) years and may be re-electable.

Article 19-1: The amounts of remuneration to directors shall be determined by the shareholders' meeting based on the rate prevailing in fellow companies and the directors' participation in and contribution to the Company's operation, regardless of whether or not the Company operates of profit.

Article 20: Functions of the Board of Directors:

1. Research and draft the business policy;
2. Review important regulations and contracts;
3. Appoint and dismiss managers;
4. Set up and terminate branches;
5. Review budget and final accounts;
6. Propose the motion for amendments to articles of incorporation, change of capital and dissolution or merger of the Company at a shareholders' meeting;
7. Propose the motion for allocation of earnings or covering of loss at a shareholders' meeting;
8. Exercise the powers granted pursuant to laws, Articles of Incorporation and by a shareholders' meeting.

Article 21: The Chairman of the Board shall be elected among the directors present at a directors' meeting by a majority vote of the directors present the meeting attended by two-thirds or more of the directors.

- Article 22: The Chairman has the power to act on behalf of the Company and control the Company's important business with power, whose power is only restricted by laws, articles of incorporation, and resolution made by a shareholders' meeting or directors' meeting.
- Article 23: Directors' meetings shall be convened by the Chairman, except for the first meeting of each term of the Board of Directors which shall be convened by the director who received a ballot representing the largest number of votes at the election of directors. The convener shall notify each director of the date & place of the meeting as well as the agenda within seven (7) days prior to the meeting. Any director may waive the right to receive the notice in writing after or before the meeting. A directors' meetings may be held within/outside the territories of the R.O.C.
A directors' meeting may be convened in writing or by electronic transmission.
- Article 24: If a directors' meeting is convened by the Chairman, the meeting shall be chaired by the Chairman. Where the Chairman is absent, the Chairman shall appoint a proxy to act on behalf of him/her.
- Article 25: A directors' meeting shall not start, unless it is attended by a majority of directors. Resolutions at a directors' meeting shall, unless otherwise provided for in Company Act or other laws, be adopted by a majority of eligible votes of the directors present.
- Article 26: A director may authorize another director in writing to attend the directors' meeting on behalf of him/her and exercise the voting right on behalf of him/her pursuant to laws, provided that a director may accept the appointment to act as the proxy of one other director only.
- Article 27: Directors shall exercise their powers per the resolution adopted by a directors' meeting.
- Article 28: (Deleted)

Article 29: (Deleted)

Article 30: The Board of Directors has set up a Secretariat of the Board dedicated to handling the affairs related to the Board of Directors.

Section 5. Personnel

Article 31: Job title, appointment, discharge and remuneration of the Company's managerial personnel, if any, shall be decided by a majority of the directors present at a meeting attended by a majority of the whole directors.

Article 32: The Company's managerial personnel shall process the Company's routine affairs per the resolution made by a directors' meeting.

Article 32-1: The Company may purchase liability insurance against the damages to be borne by directors and officers with respect to the scope of business carried out by them during their term of office.

Section 6. Financial Report

Article 33: The Company's fiscal year shall commence from January 1 until December 31 of each year. The Board of Directors shall prepare the following reports at the end of each fiscal year and send them to the general shareholders' meeting for recognition:

1. Business report;
2. Financial statements;
3. Motion for allocation of earnings or covering of loss.

Article 34: If the Company retains earnings in the current year, it shall allocate the compensation to directors and employees. The compensation to directors shall be no more than 1% of the earnings gained in the current year, while the compensation to employees shall be no less than 1% of the earnings. Notwithstanding, if the Company retains accumulated losses, it shall reserve the amount to be covered in advance.

Said compensation to employees may be allocated in the form of

shares or in cash, including the employees of the Company's subsidiaries meeting certain specific requirements entitled to receive shares or cash. The specific requirements shall be defined by the Board of Directors.

If the Company has net profits after tax according to its annual financial account, the Company may, after making up all past losses, set aside a 10% legal reserve from the remainder, if any. The remaining allocable earnings, if any, plus the accumulated unappropriated earnings for prior years and the balance after provision or reversal of special earnings required by the competent authority, shall be accumulated allocable earnings, which shall be allocated according to the proposal drafted by the Board of Directors and resolution made by a general shareholders' meeting duly. The shareholders' meeting may retain the earnings, in whole or in part, subject to the overview of business.

As the industry which the Company is engaged in refers to a matured industry, when resolving to allocate earnings, in consideration of the R&D needs and diversified business, the shareholders' dividend allocable shall be no less than 10% of the allocable earnings, including the cash dividend no less than 10% of the whole dividends. Notwithstanding, no dividend shall be allocated, if the allocable earnings per share is less than NT\$0.1.

- Article 35: The Company's total investment in other companies may be exempted from the restriction for no more than 40% of the paid-in capital prescribed by the Company Act.
- The Company may make endorsement/guarantee externally due to the Company's business needs or investment needs. The endorsement/guarantee shall be signed by the Chairman on behalf of the Company and comply with the Company's operating procedure for making endorsement/guarantee.

Section 7. Bylaw

- Article 36: The Company's articles of association and enforcement rules thereof shall be established separately.

Article 37: Any matters not covered herein shall be implemented in accordance with the Company Act and related laws of the R.O.C.

Article 38: The Articles of Incorporation was established on May 15, 1965. (following content omitted) 49th amendments hereto were made on June 12, 2019.

In case of any discrepancy between the English translation and the Chinese version, the Chinese version shall prevail.

Appendix 3

USI Corporation Stake of Directors

| Title | Name | Stake |
|---------------------------|---|-------------|
| Chairperson | Yi-Gui Wu (Representative of Shing Lee Enterprise (Hong Kong) Limited Ltd.) | 173,776,546 |
| Director | Jing-sho Yu (Representative of Asia Polymer Corporation) | 101,355,673 |
| Director | Zhe-Yi Gao (Representative of Asia Polymer Corporation) | |
| Director | Guang-Zhe Huang (Representative of Taita Chemical Company, Limited) | 15,109,901 |
| Director | Ke-Shun Wang (Representative of Taita Chemical Company, Limited) | |
| Director | Hong-Ting Wu (Representative of Shing Lee Enterprise (Hong Kong) Limited Ltd.) | 173,776,546 |
| Independent Director | Chong Chen | 0 |
| Independent Director | Tyzz-Jiun Duh | 0 |
| Independent Director | Ying-Jun Hai | 0 |
| Total Stake of Directors | | 290,242,120 |
| Stake by Law of Directors | | 32,000,000 |

Note: 1. The said stake is the number of shares registered in the List of Shareholders dated by the book due date (April 13) of the 2021 AGM.

2. The total issued shares of USI are 1,188,763,500 shares.

Appendix 4

The Impact of Stock Dividend Issuance on Business

Performance, EPS, and ROE: No estimates should be disclosed as no financial forecast was made for 2021.

| Item | Year | 2021 (Estimates) |
|-------------------------------------|---|-----------------------------|
| Beginning paid-in capital | | NT\$11,887,635,000 |
| Stock dividend of the year (Note 1) | Cash dividend per share | NT\$1 |
| | Stock dividend per share for capitalization with earnings. | 0 share |
| | Stock dividend per share for capitalization with capital reserve. | 0 share |
| Impact on business performance | Operating income | N/A (Note 2) |
| | Rate of increase (decrease) of operating income YOY | |
| | Net profit after tax | |
| | Rate of increase (decrease) of net profit after tax YOY | |
| | EPS | |
| | Rate of increase (decrease) of EPS YOY | |
| | Average ROI (reciprocal of average price-earnings ratio (PER)) | |
| Proposed EPS and PER | If issuing dividends in cash for capitalization with earnings | Proposed EPS |
| | | Proposed annual average ROI |
| | If no capitalization with legal reserve | Proposed EPS |
| | | Proposed annual average ROI |
| | If issuing dividends in cash for capitalization with earnings without capitalization with legal reserve | Proposed EPS |
| | | Proposed annual average ROI |

Note 1: Dividend distribution for 2020 is shown according to the profit distribution proposal resolved by the Board on March 8, 2021.

Note 2: USI does not conduct open financial forecast of any kind, and the information relating to the impact on business performance, proposed EPS and PER are not applicable.

1. The company shall present all basic assumptions for estimates or proposed data.

2. Proposed EPS for issuing dividends in cash for capitalization with earnings.
= [Net profit after tax – Imputed interest for cash dividends* x (1 – Tax rate)] ÷ [**Total Issued Shares by End of Year – Number of Shares with Dividends****]
Imputed interest for cash dividends* = Amount of capitalization with earnings x General interest rate for one-year loan
Number of Shares with Dividends**: The number of shares increased from the stock dividends in the previous year.
3. Annual PER: Annual Average Market Price Per Share ÷ EPA in the Annual Financial Statement

Chairman:

Manager:

Case Officer:

Appendix 5

Description of shareholders proposals:

1. Referring to Article 172-1 of the Company Act:

“Shareholder(s) holding one per cent (1%) or more of the total number of outstanding shares of a company may make a proposal for discussion at a general meeting of shareholders, provided that only one matter shall be allowed in each single proposal of not more than 300 words.”

2. The acceptance period of proposals from shareholders for the 2021 AGM is from April 4, 2021 to April 14, 2021. All proposals were disclosed on the Market Observation Post System by law on March 23, 2021.

3. No proposal from shareholder was received during the said period.