

Stock Code: 1304

USI Corporation
Handbook for the
2022 Annual General Meeting of
Shareholders

Date: May 31, 2022

Location: 5F., No.2, Yuanshan Rd., Niasong Dist.,
Kaohsiung City, Taiwan (R.O.C.)
The Kaohsiung Grand Hotel, Po Shou Hall
(Physical shareholders meeting)

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USI Corporation
Procedure of the 2022 Annual General Meeting of
Shareholders

1. Announcement of the Commencement of the Meeting
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USI Corporation

Year 2022

Agenda of Annual General Meeting of Shareholders

Date : May 31, 2022 (Tuesday) AM 09:00

Location: 5F., No.2, Yuanshan Rd., Niasong Dist., Kaohsiung City,
Taiwan (R.O.C.)

The Kaohsiung Grand Hotel, Po Shou Hall

(Physical shareholders meeting)

1. Report Items:

- (1) To report 2021 operating results.
- (2) To report Audit Committee's Review Reports of 2021 Financial Statement.
- (3) To report 2021 remuneration of directors and employees.
- (4) To report the issuance of unsecured corporate bonds of USI Corporation in 2021.

2. Matters for Ratification and Discussion:

- (1) To ratify 2021 Business Report and Financial Statements.
- (2) To ratify 2021 earnings distribution.
- (3) To approve the “Operating Procedure for Acquisition or Disposition of Assets”.
- (4) To approve the permission of directors for competitive actions.

3. Extemporaneous Motions:

4. Adjournment

I. Report Items:

Report 1

To report 2021 operating results.

USI Corporation

2021 Business Report

The 2021 net sales revenue increased by 58% over last year to NT\$16 billion, with a budget achievement rate of 170%. Net income before tax increased by NT\$3.31 billion from last year to NT\$5.87 billion, with a budget achievement rate of 554%. Net income after tax was NT\$5.19 billion.

At the beginning of 2021, EVA and its feedstock were short supplied from Texas because of ice storm. EVA price soared after Lunar New Year. PV encapsulation film plants reducing operation rate for high raw material cost and new EVA capacity launching in China made EVA price began to fall in Q2. Due to the serious delay in machine installation and the government's introduction of various stimulation programs in mainland China during H1, the PV demand boosted the EVA price to a new high in history in October. However, the encapsulation film plants were unable to pass on the skyrocketed raw material costs. It led to the EVA price adjustment. In terms of sales volume, EVA sales increased by 9% over last year to 147,000MT, a new high in history. The demand for HDPE products returned to normal due to the stable supply of face masks. In terms of production, through reducing the production cost with continual process improvement, old equipment replacement, production efficiency, and quality improvement, and the active trial rune of niche products, the annual production volume increased by 2% over

last year to 249,402MT. Dedicated to actively improving industrial safety and environment protection, promoting process safety management (PSM), implementing energy conservation and carbon reduction programs. The investment put in two solar plants with a capacity of 4MW each in central Taiwan generate green power up to 100 GWh and reduce carbon by 5 tCO₂e to achieve sustainable business development and carbon reduction. In R&D, besides continuing with the process optimization of the optical-grade cyclic block copolymer (CBC) for quality and performance improvement, the development of new specifications for special packaging materials was also engaged. Additionally, major breakthroughs in UVC application for disinfection and sterilization were realized and the certification of new healthcare-related standards and regulations to actively promote UVC use in vials and pre-filled syringes was successfully obtained. Continuously diversify the applications in ink, shoes foaming, and wire and cable for high value-added EVA products. The production of high MI HDPE materials was stabilized; the orders for injection molding application were delivered one by one. Improving the production process of existing PE products for quality elevating and promoting products to advanced applications were executed.

In 2021, the annual total operating profit increased from NT\$2.61 billion over last year to NT\$3.52 billion. The net non-operating income was NT\$2.349 billion, including main income from investments by equity method and income from dividends. In addition to persistently enhancing and implementing environmental and safety measures, we strengthened predictive maintenance to ensure the safety of the working environment in all plants. To practice sustainable development, in CSR, besides constantly promoting green energy development, green product R&D, various circular economy programs, and plant smart energy management, we began to implement carbon footprint and water management this

year to optimize energy conservation, carbon reduction, recycling, reuse, and public safety protection. Besides continuous participation in charitable and epidemic control in social welfare, we offered job opportunities to local residents. Additionally, we supported vulnerable groups, remote townships, environmental protection, and ecological conservation through the USI Education Foundation. Furthermore, it offered grants and scholarships for colleges and universities and sponsored colleges/university social service activities to fulfill CSR in real action.

Looking ahead to 2022, although the solar demand is optimistic, the continuous introduction of new EVA capacity will impact the EVA market. In addition, the global economic condition will be increasingly uncertain because of pandemic and geopolitical risk. 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 2021 Financial Statement.

USI Corporation Audit Report

This Audit Committee has audited the 2021 Business Report produced by the Board of Directors, the financial statements (including consolidated and individual 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 2022 Annual General Meeting of Shareholders

Audit Committee, USI Corporation

Independent Director: Chong Chen

Independent Director: Tyzz-Jiun Duh

Independent Director: Ying-Jun Hai

March 16, 2022

Report Items:

Report 3

To report 2021 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 2021 remuneration for directors will be distributed in cash at 0.05%, NT\$3,000,000, of the 2021 earnings.

3. The 2021 remuneration for employees will be distributed in cash at 1%, NT\$ 59,331,734, of the 2021 earnings.

Report Items:

Report 4

To report the issuance of unsecured corporate bonds of USI Corporation in 2021.

Description: 1. In order to repay bank loans, the resolution on the issuance of 2021 1st unsecured corporate bonds amounting to NT\$2 billion in 2021 was made at the 6th meeting of the 20th board of directors. That corporate bond was issued smoothly on June 23, 2021. The placement and issuance of bond are reported as follows:

- (1) Total issued amount: NT\$2 billion is divided into NT\$1 billion for A bond and NT\$1 billion for B bond..
- (2) Term of issuance: The issuance period of A bond is five years, from June 23, 2021 to June 23, 2026; the issuance period of B bond is seven years, from June 23, 2021 to June 23, 2028.
- (3) Coupon Rate: A bond has a fixed annual interest rate of 0.63%, and B bond has a fixed annual interest rate of 0.73%.
- (4) Method of interest calculation and payment: Simple interest calculated at the coupon rate

once a year.

(5)Principal repayment: Half of the principal will be repaid in the fourth and fifth year from the date of issue of the A bond, and half of the principal will be repaid in the sixth and seventh year of the B bond from the issue date..

(6)Format of bond: The said bond is issued in book-entry, and registration is made through Taiwan Depository & Clearing Corporation.

2. In order to repay bank loans, the resolution on the issuance of 2021 2nd unsecured corporate bonds amounting to NT\$2 billion in 2021 was made at the 7th meeting of the 20th board of directors. That corporate bond was issued smoothly on Oct. 26, 2021. The placement and issuance of bond are reported as follows:

(1)Total issued amount: NT\$2 billion is divided into NT\$ 700 million for A bond and NT\$1.3 billion for B bond.

(2)Term of issuance: The issuance period of A bond is five years, from Oct. 26, 2021 to Oct. 26, 2026; the issuance period of B bond is seven years, from Oct. 26, 2021 to Oct. 26,

2028.

- (3) Coupon Rate: A bond has a fixed annual interest rate of 0.63%, and B bond has a fixed annual interest rate of 0.77%.
- (4) Method of interest calculation and payment: Simple interest calculated at the coupon rate once a year.
- (5) Principal repayment: Half of the principal will be repaid in the fourth and fifth year from the date of issue of the A bond, and half of the principal will be repaid in the sixth and seventh year of the B bond from the issue date..
- (6) Format of bond: The said bond is issued in book-entry, and registration is made through Taiwan Depository & Clearing Corporation.

II. Matters for Ratification and Discussion:

Proposal 1

Proposed by the Board

To ratify 2021 Business Report and Financial Statements.

- Description: 1. The 2021 financial statements (including consolidated and individual financial statements) approved by the Board on March 10, 2022 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. 5-7 of this Handbook for the 2021 Business Report and p.14-35 for the CPA Audit Report and the financial statements.

Resolution:

Independent Auditors' Report

TO USI Corporation

Audit opinion

We have audited the consolidated balance sheets of USI Corporation and its subsidiaries (the Group) as of the years ended December 31, 2021 and 2020, 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 2021 and 2020.

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, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC) as endorsed and issued into effect by the Financial Supervisory Commission (FSC), which fairly present the consolidated financial conditions of the Group for the years ended December 31, 2021 and 2020, and the consolidated financial performance and consolidated cash flows for the months from January 1 to December 31, 2021 and 2020.

Basis for audit opinion

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. 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, 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.

Emphasis of matter

As stated in Note 12 to the consolidated financial statements, the Group has considered that its discontinued operations was resumed its operating substance. Such discontinued operations have been reclassified to continuing operations since 2021; therefore, when preparing comparative financial statements, it is required to restate the

previously stated amounts as well as the financial statements for the comparative periods in accordance with International Financial Reporting Standards No. 5 "Non-current assets held for sale and discontinued operations." The effects of restating the previously stated amounts of the comparative periods are set out in Note 12. As such, we did not modify our audit opinion.

Key audit matters

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

The key audit matter identified in the audit of the Group's consolidated financial statements for the year ended December 31, 2021 is as follows.

Authenticity of specific sales revenue

In 2021, the Group's sales revenue from specific customers increased year-on-year. Whether the sales revenue is properly recognized at the time of meeting performance obligations will have a material impact on the Consolidated Financial Statements and is therefore considered a key audit matter for the current year.

For accounting policies relating to sales revenue and relevant disclosure information, please refer to Notes 4(17) and 27 to the Consolidated Financial Statements.

We have carried out the main audit procedures for the above-mentioned authenticity of the sales revenue from specific customers as follows:

1. Understand and test the effectiveness of the design and implementation of key internal control systems for the authenticity of sales revenue from specific customers.
2. Check the transaction documents of sales revenue of specific customers, including sales orders, shipping documents and collection documents, to confirm the authenticity of the recognition of sales revenue.

Other matters

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

Responsibilities of management and those charging 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 in charge 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 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 consolidated 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 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 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 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 auditor's 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 auditor's 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 related notes) and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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 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 consolidated financial statements of the Group for the year ended December 31, 2021 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 (Financial Supervisory Commission, Approval No. 1070323246) and Cheng-Hung Kuo (Securities and Futures Bureau, Approval No. 0920123784).

Deloitte & Touche
Taipei, Taiwan

Republic of China

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 16, 2022

USI Corporation and Subsidiaries
Consolidated Balance Sheets
For the Years Ended December 31, 2021 and 2020

(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents	\$ 10,365,353	12	\$ 9,637,007	13
1110	Financial assets at fair value through profit or loss (FVTPL) - current	5,742,266	7	5,511,683	7
1120	Financial assets at fair value through other comprehensive income (FVTOCI) - current	145,921	-	164,922	-
1136	Financial assets at amortized cost - current	349,137	1	348,450	-
1150	Notes receivable, net	875,745	1	671,576	1
1170	Accounts receivable, net	8,515,477	10	6,810,340	9
1200	Other receivables	511,725	1	293,459	-
1220	Current tax assets	8,931	-	29,231	-
130X	Inventories	7,599,843	9	4,296,228	6
1410	Prepayments	1,009,420	1	766,824	1
1470	Other current assets	243,222	-	9,834	-
11XX	Total current assets	<u>35,367,040</u>	<u>42</u>	<u>28,539,554</u>	<u>37</u>
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income (FVTOCI) - non-current	2,286,817	3	2,393,734	3
1535	Financial assets at amortized cost - non-current	382,501	-	390,828	1
1550	Investments accounted for using the equity method	19,335,554	23	20,170,030	26
1600	Property, plant and equipment	24,471,011	29	23,169,313	30
1755	Right-of-use assets	727,341	1	704,951	1
1760	Investment properties, net	711,345	1	753,220	1
1805	Goodwill	270,211	-	269,026	-
1821	Other intangible assets	43,983	-	10,807	-
1840	Deferred tax assets	651,568	1	573,850	1
1990	Other non-current assets	577,842	-	349,203	-
15XX	Total non-current assets	<u>49,458,173</u>	<u>58</u>	<u>48,784,962</u>	<u>63</u>
1XXX	Total Assets	<u>\$ 84,825,213</u>	<u>100</u>	<u>\$ 77,324,516</u>	<u>100</u>
	Liabilities and Equity				
	CURRENT LIABILITIES				
2100	Short-term borrowings	\$ 2,498,041	3	\$ 2,726,270	3
2110	Short-term notes payable	279,635	-	656,704	1
2120	Financial liabilities at fair value through profit or loss (FVTPL) - current	3,380	-	20,724	-
2170	Trade payables	3,528,998	4	3,406,837	4
2219	Other payables	2,894,818	3	2,216,533	3
2230	Current tax liabilities	2,618,632	3	1,211,350	2
2280	Lease liabilities - current	73,065	-	75,284	-
2320	Current portion of long-term borrowings	3,059,116	4	1,999,233	3
2365	Refund liabilities - current	28,630	-	16,390	-
2399	Other current liabilities	565,262	1	374,501	-
21XX	Total current liabilities	<u>15,549,577</u>	<u>18</u>	<u>12,703,826</u>	<u>16</u>
	NON-CURRENT LIABILITIES				
2530	Bonds payable (Note 20)	5,989,773	7	4,995,069	6
2540	Long-term borrowings	4,453,323	5	7,590,000	10
2550	Provisions - non-current	136,375	-	136,375	-
2570	Deferred tax liabilities	1,417,922	2	1,434,806	2
2580	Lease liabilities - non-current	387,502	1	384,402	1
2640	Net defined benefit liabilities - non-current	1,151,009	1	1,292,053	2
2670	Other non-current liabilities	94,771	-	64,342	-
25XX	Total non-current liabilities	<u>13,630,675</u>	<u>16</u>	<u>15,897,047</u>	<u>21</u>
2XXX	Total Liabilities	<u>29,180,252</u>	<u>34</u>	<u>28,600,873</u>	<u>37</u>
	Equity attributable to owners of the Company				
3100	Share capital	<u>11,887,635</u>	<u>14</u>	<u>11,887,635</u>	<u>15</u>
3200	Capital surplus	<u>366,185</u>	<u>-</u>	<u>321,798</u>	<u>1</u>
	Retained earnings				
3310	Legal reserve	3,343,086	4	3,109,625	4
3320	Special reserve	375,127	-	781,059	1
3350	Unappropriated earnings	9,881,214	12	5,606,462	7
3300	Total retained earnings	<u>13,599,427</u>	<u>16</u>	<u>9,497,146</u>	<u>12</u>
3490	Other equity	84,358	-	(240,195)	-
3500	Treasury shares	(475,606)	-	(475,606)	(1)
31XX	Total equity attributable to owners of the Company	<u>25,461,999</u>	<u>30</u>	<u>20,990,778</u>	<u>27</u>
36XX	Non-controlling Interests	<u>30,182,962</u>	<u>36</u>	<u>27,732,865</u>	<u>36</u>
3XXX	Total equity	<u>55,644,961</u>	<u>66</u>	<u>48,723,643</u>	<u>63</u>
	Total Liabilities and Equity	<u>\$ 84,825,213</u>	<u>100</u>	<u>\$ 77,324,516</u>	<u>100</u>

USI Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2021 and 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		For the Year Ended December 31, 2021		For the Year Ended December 31, 2020	
		Amount	%	Amount	%
4100	OPERATING REVENUE	\$ 71,755,542	100	\$ 50,201,273	100
5110	COST OF GOODS SOLD	<u>54,001,841</u>	<u>75</u>	<u>39,721,391</u>	<u>79</u>
5900	GROSS PROFIT	<u>17,753,701</u>	<u>25</u>	<u>10,479,882</u>	<u>21</u>
	OPERATING EXPENSES				
6100	Selling and marketing expenses	3,163,322	4	2,020,552	4
6200	General and administrative expenses	1,277,631	2	1,209,777	2
6300	Research and development expenses	<u>429,830</u>	<u>1</u>	<u>362,961</u>	<u>1</u>
6000	Total operating expenses	<u>4,870,783</u>	<u>7</u>	<u>3,593,290</u>	<u>7</u>
6900	PROFIT FROM OPERATIONS	<u>12,882,918</u>	<u>18</u>	<u>6,886,592</u>	<u>14</u>
	NON-OPERATING INCOME AND EXPENSES				
7100	Interest income	79,601	-	102,809	-
7010	Other income	627,387	1	403,492	1
7020	Other gains and losses	57,628	-	116,953	-
7050	Finance costs	(167,097)	-	(221,690)	(1)
7060	Share of loss of joint ventures accounted for using the equity method	(<u>727,995</u>)	(<u>1</u>)	(<u>165,161</u>)	<u>-</u>
7000	Total non-operating income and expenses	(<u>130,476</u>)	<u>-</u>	<u>236,403</u>	<u>-</u>
7900	PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	12,752,442	18	7,122,995	14
7950	Income tax expense	<u>2,672,991</u>	<u>4</u>	<u>1,440,358</u>	<u>3</u>
8200	NET PROFIT FOR THE PERIOD	<u>10,079,451</u>	<u>14</u>	<u>5,682,637</u>	<u>11</u>

(Continued)

(Continued)

Code		For the Year Ended December 31, 2021		For the Year Ended December 31, 2020	
		Amount	%	Amount	%
	OTHER COMPREHENSIVE INCOME (LOSS)				
	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurements of the defined benefit plan	(\$ 9,779)	-	\$ 19,250	-
8316	Profit (loss) of equity instruments at FVTOCI	107,187	-	350,419	1
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	(1,691)	-	(6,122)	-
8310		<u>95,717</u>	<u>-</u>	<u>363,547</u>	<u>1</u>
	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	(337,228)	-	166,163	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	54,262	-	(12,938)	-
8360		<u>(282,966)</u>	<u>-</u>	<u>153,225</u>	<u>-</u>
8300	Other comprehensive income for the period, net of income tax	(187,249)	-	516,772	1
8500	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 9,892,202</u>	<u>14</u>	<u>\$ 6,199,409</u>	<u>12</u>
	Net income attributable to				
8610	Owners of the Company	\$ 5,191,394	7	\$ 2,409,778	5
8620	Non-controlling Interests	4,888,057	7	3,272,859	6
8600		<u>\$ 10,079,451</u>	<u>14</u>	<u>\$ 5,682,637</u>	<u>11</u>
	Total comprehensive income attributable to				
8710	Owners of the Company	\$ 5,615,597	8	\$ 2,875,537	6
8720	Non-controlling Interests	4,276,605	6	3,323,872	6
8700		<u>\$ 9,892,202</u>	<u>14</u>	<u>\$ 6,199,409</u>	<u>12</u>
	Earnings per share				
	From continuing operations				
9710	Basic earnings per share	<u>\$ 4.84</u>		<u>\$ 2.25</u>	
9810	Diluted earnings per share	<u>\$ 4.83</u>		<u>\$ 2.24</u>	

USI Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2021 and 2020

(In Thousands of New Taiwan Dollars)

		Equity Attributable to Owners of the Company							Other equity					
		Capital surplus				Retained earnings			Exchange differences on translating the financial statements of foreign operations	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Treasury shares	Total	Non-controlling Interests	Total equity
Code		Share Capital	Treasury Share Transactions	Shares of Changes in Capital Surplus of Associates	Others	Legal Reserve	Special Reserve	Unappropriated Earnings						
A1	Balance as of January 1, 2020	\$ 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
	Distribution of earnings in 2019													
B1	Provision for legal reserve	-	-	-	-	129,872	-	(129,872)	-	-	-	-	-	-
B3	Provision of special reserve	-	-	-	-	-	350,533	(350,533)	-	-	-	-	-	-
B5	Cash dividends distributed to the Company	-	-	-	-	-	-	(594,382)	-	-	-	(594,382)	-	(594,382)
O1	Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(519,048)	(519,048)
D1	Net profit for the year 2020	-	-	-	-	-	-	2,409,778	-	-	-	2,409,778	3,272,859	5,682,637
D3	Other comprehensive income for the year 2020, net of income tax	-	-	-	-	-	-	2,974	19,016	443,769	-	465,759	51,013	516,772
D5	Total comprehensive income for the year 2020	-	-	-	-	-	-	2,412,752	19,016	443,769	-	2,875,537	3,323,872	6,199,409
C7	Changes in equity of subsidiaries recognized by equity method	-	-	29,920	-	-	-	(65)	-	-	-	29,855	(28,871)	984
C17	Other changes in capital surplus	-	-	-	1,100	-	-	-	-	-	-	1,100	-	1,100
M1	Dividends distributed to subsidiaries to adjust capital reserve	-	19,165	-	-	-	-	-	-	-	-	19,165	-	19,165
Q1	Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	(78,078)	-	78,078	-	-	-	-
O1	Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	4,439,468	4,439,468
Z1	Balance as of 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
	Distribution of surplus in 2020													
B1	Provision for legal reserve	-	-	-	-	233,461	-	(233,461)	-	-	-	-	-	-
B17	Reversal of special surplus reserve	-	-	-	-	-	(405,932)	405,932	-	-	-	-	-	-
B5	Cash dividends distributed to the Company	-	-	-	-	-	-	(1,188,763)	-	-	-	(1,188,763)	-	(1,188,763)
O1	Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,714,633)	(1,714,633)
D1	Net profit for the year 2021	-	-	-	-	-	-	5,191,394	-	-	-	5,191,394	4,888,057	10,079,451
D3	Other comprehensive income for the year 2021, net of income tax	-	-	-	-	-	-	(804)	(127,118)	552,125	-	424,203	(611,452)	(187,249)
D5	Total comprehensive income for the year 2021	-	-	-	-	-	-	5,190,590	(127,118)	552,125	-	5,615,597	4,276,605	9,892,202
C7	Changes in equity of subsidiaries recognized by equity method	-	-	4,691	-	-	-	-	-	-	-	4,691	2,586	7,277
C17	Changes in capital surplus	-	-	-	1,367	-	-	-	-	-	-	1,367	-	1,367
M1	Dividends distributed to subsidiaries to adjust capital reserve	-	38,329	-	-	-	-	-	-	-	-	38,329	-	38,329
Q1	Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	100,454	-	(100,454)	-	-	-	-
O1	Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(114,461)	(114,461)
Z1	Balance as of December 31, 2021	\$ 11,887,635	\$ 302,976	\$ 41,902	\$ 21,307	\$ 3,343,086	\$ 375,127	\$ 9,881,214	(\$ 710,973)	\$ 795,331	(\$ 475,606)	\$ 25,461,999	\$ 30,182,962	\$ 55,644,961

USI Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

(In Thousands of New Taiwan Dollars)

Code		For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Net profit before tax for the year	\$ 12,752,442	\$ 7,122,995
A20010	Income (expenses) items		
A20100	Depreciation expenses	2,272,146	2,279,397
A20200	Amortization expense	63,774	73,804
A20300	Expected credit loss reversed on accounts receivable	(1,426)	(2,415)
A20400	Net gain on fair value change of financial assets and liabilities as at FVTPL	(336,404)	(376,857)
A20900	Finance costs	167,097	221,690
A21200	Interest income	(79,601)	(102,809)
A21300	Dividend income	(390,903)	(186,949)
A22300	Share of loss of joint ventures accounted for using the equity method	727,995	165,161
A22500	Loss of disposal and scrapping of property, plant and equipment	64,669	37,249
A23700	Impairment loss recognized on non- financial assets	39	27,901
A23800	Provision for write-downs of inventories and obsolescence losses	32,415	24,765
A29900	Recognition of refund liabilities	19,165	7,576
A29900	Gain on revised lease	(660)	-
A30000	Changes in operating assets and liabilities		
A31115	Decrease in financial assets and liabilities mandatorily classified as at FVTPL	88,477	1,239,787
A31130	Increase in notes receivable	(204,169)	(37,141)
A31150	Increase in accounts receivable	(1,703,446)	(396,848)
A31180	Increase in other receivables	(269,309)	(6,149)
A31200	(Increase) decrease in inventories	(3,334,541)	601,880
A31230	(Increase) decrease in prepayments	(196,431)	15,898
A31240	(Increase) decrease in other current assets	(61,585)	7,316
A32150	Increase in accounts payable	122,161	649,469
A32180	Increase in other payables	525,173	368,359
A32200	Decrease in refund liabilities	(6,925)	(19,407)
A32240	Decrease in net defined benefit liabilities	(140,684)	(179,158)
A32230	Increase in other current liabilities	<u>190,761</u>	<u>111,543</u>
A33000	Cash generated from operations	10,300,230	11,647,057
A33100	Interest received	79,222	92,630

(Continued)

(Continued)

Code		For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
A33300	Interest paid	(\$ 159,354)	(\$ 234,213)
A33500	Income tax paid	(1,286,929)	(689,753)
AAAA	Net cash generated from operating activities	<u>8,933,169</u>	<u>10,815,721</u>
	Cash flows from investing activities		
B00010	Acquisition of FVTOCI	(4,835)	-
B00020	Disposal of FVTOCI	203,458	76,643
B00030	Return of capital from financial assets at FVTOCI	52,244	83,402
B00040	(Acquisition) disposal of financial assets measured at amortized cost	(71,820)	78,793
B01800	Acquisition of long-term equity investments using the equity method	-	(5,122,441)
B02200	Net cash outflows from acquisition of subsidiaries (Note 32)	(34,056)	-
B02700	Acquisitions of property, plant and equipment	(3,622,312)	(2,330,747)
B02800	Proceeds from disposal of property, plant and equipment	36,325	25,612
B03700	(Increase) decrease in refundable deposit	(6,401)	14,836
B04500	Acquisition of other intangible assets	(733)	(113)
B05350	Acquisition of right-of-use assets	(25,567)	-
B05400	Acquisition of investment properties	(3,298)	(85,673)
B06700	(Increase) decrease in other non-current assets	(280,145)	32,231
B07600	Dividends received	<u>390,903</u>	<u>186,949</u>
BBBB	Net cash used in investing activities	<u>(3,366,237)</u>	<u>(7,040,508)</u>
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Decrease in short-term borrowings	(228,229)	(1,532,710)
C00600	Decrease in short-term notes payable	(377,000)	(696,000)
C01200	Issuing of bonds	3,991,268	-
C01300	Repayments of bonds	(2,000,000)	(1,000,000)
C01600	Proceeds from mid- to long-term borrowings	24,225,000	13,380,000
C01700	Repayments of mid- to long-term borrowings	(27,277,000)	(15,283,200)
C03000	Increase (decrease) in guarantee deposits received	6,186	(4,133)
C04020	Repayments of the principal portion of lease liabilities	(70,349)	(68,659)
C04300	Decrease in other non-current liabilities	(1,670)	(778)
C04500	Cash dividends paid	(1,188,763)	(594,382)

(Continued)

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<u>Code</u>		<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
C05800	Change in non-controlling interests	(\$ 114,461)	\$ 4,439,468
C05800	Cash dividends paid on non-controlling interests	(1,714,633)	(519,048)
CCCC	Net cash used in financing activities	(4,749,651)	(1,879,442)
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(88,935)	(186,167)
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	728,346	1,709,604
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>9,637,007</u>	<u>7,927,403</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 10,365,353</u>	<u>\$ 9,637,007</u>

Independent Auditors' Report

TO USI Corporation

Audit opinion

We have audited the Parent Company Only Balance Sheets of USI Corporation as of the years ended December 31, 2021 and 2020, and the Parent Company Only Statements of Comprehensive Income, Parent Company Only Statements of Changes in Equity, Parent Company Only Statements of Cash Flows and Notes to the Parent Company Only Financial Statements (including the Summary of Significant Accounting Policies) for the months from January 1 to December 31 of 2021 and 2020.

The accountant opinions are that the preparations of significant issues of the Parent Company Only 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 as of December 31 of 2021 and 2020 of USI Corporation and the accompanying financial performance and accompanying cash flows for the months from January 1 to December 31 of 2021 and of 2020.

Basis for audit opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only 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 Parent Company Only Financial Statements for the year 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the audit of the Company's Parent Company Only Financial Statements for the year ended December 31, 2021 is as follows.

Authenticity of specific sales revenue

In 2021, USI Corporation's sales revenue of solar film products to specific customers increased year-on-year. Whether the sales revenue is properly recognized at the time

of meeting performance obligations will have a material impact on the Parent Company Only Financial Statements and is therefore considered a key audit matter for the current year.

For accounting policies relating to sales revenue and relevant disclosure information, please refer to Notes 4(12) and 23 to the Parent Company Only Financial Statements.

We have carried out the main audit procedures for the above-mentioned authenticity of the sales revenue from specific customers as follows:

1. Understand and test the effectiveness of the design and implementation of key internal control systems for the authenticity of sales revenue from specific customers.
2. Check the transaction documents of sales revenue of specific customers, including sales orders, shipping documents and collection documents, to confirm the authenticity of the recognition of sales revenue.

Responsibilities of management and governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the Parent Company Only 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 Parent Company Only Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Parent Company Only 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 Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the Parent Company Only 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 the Parent Company Only Financial Reports.

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 Parent Company Only 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 Parent Company Only 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 Parent Company Only Financial Statements (including the related notes) and whether the Parent Company Only 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 Parent Company Only 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 Parent Company Only Financial Statements of the Company for the year ended December 31, 2021 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 (Financial Supervisory Commission, Approval No. 1070323246) and Cheng-Hung Kuo (Securities and Futures Bureau, Approval No. 0920123784).

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 16, 2022

USI Corporation
Parent Company Only Balance Sheet
For the Years Ended December 31, 2021 and 2020

(In Thousands of New Taiwan Dollars)

Code	Assets	For the Year Ended December 31,		For the Year Ended December 31,	
		2021		2020	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents	\$ 1,108,794	3	\$ 991,966	3
1110	Financial assets at fair value through profit or loss (FVTPL) - current	2,595,881	7	2,096,700	7
1136	Financial assets at amortized cost - current	61,149	-	60,893	-
1150	Notes receivable, net	119,379	-	64,154	-
1170	Accounts receivable, net	1,964,107	5	1,364,308	4
1180	Accounts receivable, related parties	106,468	-	94,080	-
1200	Other receivables	106,418	-	41,932	-
1210	Other receivables, related parties	593,853	2	220,189	1
130X	Inventories	1,252,391	3	776,109	2
1410	Prepayments	204,395	1	172,471	1
1470	Other current assets	-	-	1	-
11XX	Total current assets	<u>8,112,835</u>	<u>21</u>	<u>5,882,803</u>	<u>18</u>
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income (FVTOCI) - non-current	922,551	3	972,639	3
1535	Financial assets at amortized cost - non-current	12,968	-	-	-
1550	Investments accounted for using the equity method	21,859,237	58	19,133,959	58
1600	Property, plant and equipment	6,511,029	17	6,473,623	20
1755	Right-of-use assets	9,641	-	14,091	-
1760	Investment properties	159,713	1	186,758	1
1821	Intangible assets	40	-	155	-
1840	Deferred tax assets	142,813	-	110,905	-
1990	Other non-current assets	121,615	-	117,702	-
15XX	Total non-current assets	<u>29,739,607</u>	<u>79</u>	<u>27,009,832</u>	<u>82</u>
1XXX	Total Assets	<u>\$ 37,852,442</u>	<u>100</u>	<u>\$ 32,892,635</u>	<u>100</u>
	Liabilities and Equity				
	CURRENT LIABILITIES				
2100	Short-term borrowings	\$ -	-	\$ 499,000	1
2120	Financial liabilities at fair value through profit or loss (FVTPL) - current	2,492	-	11,522	-
2170	Accounts payable	1,019,778	3	712,367	2
2180	Accounts payable, related parties	394,449	1	188,290	1
2200	Other payables	532,320	1	364,098	1
2220	Other payables, related parties	16,195	-	11,906	-
2230	Current tax liabilities	779,227	2	196,426	1
2280	Lease liabilities - current	31,336	-	30,974	-
2320	Current portion of long-term borrowings	2,999,199	8	1,999,233	6
2399	Other current liabilities	189,951	1	76,012	-
21XX	Total current liabilities	<u>5,964,947</u>	<u>16</u>	<u>4,089,828</u>	<u>12</u>
	NON-CURRENT LIABILITIES				
2530	Bonds payable	5,989,773	16	4,995,069	15
2540	Long-term borrowings	34,310	-	2,300,000	7
2570	Deferred tax liabilities	100,769	-	145,390	-
2580	Lease liabilities - non-current	115,187	-	146,523	1
2640	Net defined benefit liabilities - non-current	172,677	1	213,608	1
2650	Investments credits balances for using equity method	1,195	-	-	-
2670	Other non-current liabilities - others	11,585	-	11,439	-
25XX	Total non-current liabilities	<u>6,425,496</u>	<u>17</u>	<u>7,812,029</u>	<u>24</u>
2XXX	Total Liabilities	<u>12,390,443</u>	<u>33</u>	<u>11,901,857</u>	<u>36</u>
	Equity				
3100	Share capital	11,887,635	31	11,887,635	36
3200	Capital surplus	366,185	1	321,798	1
	Retained earnings				
3310	Legal reserve	3,343,086	9	3,109,625	10
3320	Special reserve	375,127	1	781,059	2
3350	Unappropriated earnings	9,881,214	26	5,606,462	17
3300	Total retained earnings	<u>13,599,427</u>	<u>36</u>	<u>9,497,146</u>	<u>29</u>
3400	Other equity	84,358	-	(240,195)	(1)
3500	Treasury shares	(475,606)	(1)	(475,606)	(1)
3XXX	Total equity	<u>25,461,999</u>	<u>67</u>	<u>20,990,778</u>	<u>64</u>
	Total liabilities and equity	<u>\$ 37,852,442</u>	<u>100</u>	<u>\$ 32,892,635</u>	<u>100</u>

USI Corporation
Parent Company Only Statement of Comprehensive Income
For the Years Ended December 31, 2021 and 2020

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
For the Year Ended December 31, 2021 For the Year Ended December 31, 2020

Code		Amount	%	Amount	%
4100	OPERATING REVENUE	\$ 16,034,251	100	\$ 10,172,220	100
5110	COST OF GOODS SOLD	<u>11,730,457</u>	<u>73</u>	<u>8,664,406</u>	<u>85</u>
5900	GROSS PROFIT	4,303,794	27	1,507,814	15
5910	The unrealized profits with the subsidiaries	(1,175)	-	(1,247)	-
5920	The realized profits with the subsidiaries	<u>1,247</u>	<u>-</u>	<u>842</u>	<u>-</u>
5950	The realized gross profit	<u>4,303,866</u>	<u>27</u>	<u>1,507,409</u>	<u>15</u>
	OPERATING EXPENSES				
6100	Selling and marketing expenses	390,366	2	235,617	2
6200	General and administrative expenses	230,902	2	246,533	3
6300	Research and development expenses	<u>160,688</u>	<u>1</u>	<u>116,819</u>	<u>1</u>
6000	Total operating expenses	<u>781,956</u>	<u>5</u>	<u>598,969</u>	<u>6</u>
6900	PROFIT FROM OPERATIONS	<u>3,521,910</u>	<u>22</u>	<u>908,440</u>	<u>9</u>
	NON-OPERATING INCOME AND EXPENSES				
7100	Interest income	5,948	-	6,604	-
7010	Other income	202,579	1	152,304	2
7020	Other gains and losses	38,730	-	42,667	-
7050	Finance costs	(94,746)	(1)	(105,041)	(1)
7070	Share of profit or loss of subsidiaries accounted for using equity method	<u>2,196,420</u>	<u>14</u>	<u>1,555,348</u>	<u>15</u>
7000	Total non-operating income and expenses	<u>2,348,931</u>	<u>14</u>	<u>1,651,882</u>	<u>16</u>

(Continued)

(Continued)

Code		For the Year Ended December 31, 2021		For the Year Ended December 31, 2020	
		Amount	%	Amount	%
7900	PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	\$ 5,870,841	36	\$ 2,560,322	25
7950	INCOME TAX EXPENSE	<u>679,447</u>	<u>4</u>	<u>150,544</u>	<u>1</u>
8200	NET PROFIT FOR THE PERIOD	<u>5,191,394</u>	<u>32</u>	<u>2,409,778</u>	<u>24</u>
	OTHER COMPREHENSIVE INCOME (LOSS)				
	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurements of the defined benefit plan	5,820	-	(1,589)	-
8316	(Loss) profit of equity instruments at FVTOCI	(29,190)	-	107,870	1
8330	Share of profit or loss of other comprehensive income of subsidiaries accounted for using equity method	575,855	4	340,144	3
8349	Income tax relating to items that will not be reclassified	(<u>1,164</u>)	<u>-</u>	<u>318</u>	<u>-</u>
8310		<u>551,321</u>	<u>4</u>	<u>446,743</u>	<u>4</u>
	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	(90,466)	(1)	11,182	-
8380	Share of profit or loss of other comprehensive income of subsidiaries accounted for using equity method	(54,745)	-	10,070	-
8399	Income tax relating to items that may be reclassified	<u>18,093</u>	<u>-</u>	(<u>2,236</u>)	<u>-</u>
8360		(<u>127,118</u>)	(<u>1</u>)	<u>19,016</u>	<u>-</u>
8300	Other comprehensive income for the period, net of income tax	<u>424,203</u>	<u>3</u>	<u>465,759</u>	<u>4</u>
8500	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 5,615,597</u>	<u>35</u>	<u>\$ 2,875,537</u>	<u>28</u>
	EARNINGS PER SHARE				
9750	Basic earnings per share	<u>\$ 4.84</u>		<u>\$ 2.25</u>	
9850	Diluted earnings per share	<u>\$ 4.83</u>		<u>\$ 2.24</u>	

USI Corporation
Parent Company Only Statement of Changes in Equity
For the Years Ended December 31, 2021 and 2020

(In Thousands of New Taiwan Dollars)

Code		Capital surplus				Retained earnings			Other equity			
		Share Capital	Treasury Share Transactions	Shares of Changes in Capital Surplus of Subsidiaries recognized by Equity Method	Others	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences on translating the financial statements of foreign operations	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Treasury shares	Total equity
A1	Balance as of January 1, 2020	\$ 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
	Distribution of earnings in 2019											
B1	Provision for legal reserve	-	-	-	-	129,872	-	(129,872)	-	-	-	-
B3	Provision of 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 equity of subsidiaries recognized by equity method	-	-	29,920	-	-	-	(76,278)	-	76,213	-	29,855
C17	Changes in capital surplus	-	-	-	1,100	-	-	-	-	-	-	1,100
M1	Dividends distributed to subsidiaries to adjust capital reserve	-	19,165	-	-	-	-	-	-	-	-	19,165
Q1	Disposal of equity instrument investments measured at fair value through other comprehensive income	-	-	-	-	-	-	(1,865)	-	1,865	-	-
Z1	Balance as of 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
	Distribution of earnings in 2020											
B1	Provision for legal reserve	-	-	-	-	233,461	-	(233,461)	-	-	-	-
B17	Reversal of special surplus reserve	-	-	-	-	-	(405,932)	405,932	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	(1,188,763)	-	-	-	(1,188,763)
D1	Net profit for the year 2021	-	-	-	-	-	-	5,191,394	-	-	-	5,191,394
D3	Other comprehensive income for the year 2021, net of income tax	-	-	-	-	-	-	(804)	(127,118)	552,125	-	424,203
D5	Total comprehensive income for the year 2021	-	-	-	-	-	-	5,190,590	(127,118)	552,125	-	5,615,597
C7	Changes in equity of subsidiaries recognized by equity method	-	-	4,691	-	-	-	100,454	-	(100,454)	-	4,691
C17	Other changes in capital surplus	-	-	-	1,367	-	-	-	-	-	-	1,367
M1	Dividends distributed to subsidiaries to adjust capital reserve	-	38,329	-	-	-	-	-	-	-	-	38,329
Z1	Balance as of December 31, 2021	\$ 11,887,635	\$ 302,976	\$ 41,902	\$ 21,307	\$ 3,343,086	\$ 375,127	\$ 9,881,214	(\$ 710,973)	\$ 795,331	(\$ 475,606)	\$ 25,461,999

USI Corporation
Parent Company Only Statement of Cash Flow
For the Years Ended December 31, 2021 and 2020

Code		(In Thousands of New Taiwan Dollars)	
		For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
	Cash flows from operating activities		
A10000	Net profit before tax for the year	\$ 5,870,841	\$ 2,560,322
A20010	Income (expenses) items		
A20100	Depreciation expenses	607,937	603,125
A20200	Amortization expense	13,452	14,249
A20400	Net gain on fair value change of financial assets and liabilities as at FVTPL	(93,217)	(93,098)
A20900	Finance costs	97,352	107,540
A21200	Interest income	(5,948)	(6,604)
A21300	Dividend income	(99,744)	(50,630)
A22300	Share of profit or loss of subsidiaries accounted for using equity method	(2,196,420)	(1,555,348)
A22500	(Gain) loss of disposal and scrapping of property, plant and equipment	(2,794)	161
A23200	The investment loss of disposing with the equity method	-	527
A23700	Provision for write-downs of inventories and obsolescence losses	22,935	23,413
A23900	The unrealized profits with the subsidiaries	1,175	1,247
A24000	The realized profits with the subsidiaries	(1,247)	(842)
A30000	Changes in operating assets and liabilities		
A31115	(Increase) decrease in financial assets mandatorily classified as at FVTPL	(414,994)	179,435
A31130	(Increase) decrease in notes receivable	(55,225)	9,772
A31150	Increase in accounts receivable	(599,799)	(134,952)
A31160	Accounts receivable – related parties increase	(12,388)	(4,330)
A31180	(Increase) decrease in other receivables	(65,138)	18,918
A31190	Other receivables – related parties (increase) decrease	(248,664)	164,574
A31200	(Increase) decrease in inventories	(499,217)	249,773
A31230	Increase in prepayments	(31,924)	(14,046)
A31240	Decrease in other current assets	1	20
A32130	Increase (decrease) in accounts payable	307,411	(57,045)
A32160	Accounts payable - related parties increase	206,159	40,895
A32180	Increase (decrease) in other payables	131,106	(16,322)
A32190	Other payables - related parties increase (decrease)	4,289	(5,965)
A32230	Increase in other current liabilities	113,939	8,943
A32240	Decrease in net defined benefit liabilities	(35,111)	(62,916)
A33000	Cash generated from operations	3,014,767	1,980,816
A33100	Interest received	6,600	5,829

(Continued)

Code		For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
A33300	Interest paid	(\$ 87,865)	(\$ 118,418)
A33500	Income tax paid	(<u>156,246</u>)	(<u>133,648</u>)
AAAA	Net cash generated from operating activities	<u>2,777,256</u>	<u>1,734,579</u>
	Cash flows from investing activities		
B00020	Disposal of FVTOCI	-	2,784
B00030	Return of capital from financial assets at FVTOCI	20,898	32,845
B00040	Purchase of financial assets at amortized cost	(76,499)	(332)
B02200	Net cash outflows from acquisition of subsidiaries (Note 27)	(34,092)	-
B02400	Refund of stock capital from capital reduction of investee companies using the equity method	-	3,877
B02700	Acquisitions of property, plant and equipment	(518,149)	(438,675)
B02800	Proceeds from disposal of property, plant and equipment	1,905	2,483
B03700	(Increase) decrease in refundable deposit	(1,947)	6,951
B04500	Acquisitions of intangible assets	-	(113)
B05800	Other receivables – related parties increase	(125,000)	-
B06700	(Increase) decrease in other non-current assets	(15,303)	23,054
B07600	Dividends received	<u>149,837</u>	<u>89,489</u>
BBBB	Net cash used in investing activities	(<u>598,350</u>)	(<u>277,637</u>)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Decrease in short-term borrowings	(499,000)	(1,000)
C01200	Issuing of bonds	3,991,268	-
C01300	Repayments of bonds	(2,000,000)	(1,000,000)
C01600	Proceeds from mid- to long-term borrowings	3,634,800	5,200,000
C01700	Repayments of mid- to long-term borrowings	(5,900,000)	(4,850,000)
C03000	Proceeds from guarantee deposits received	591	186
C04020	Repayments of the principal portion of lease liabilities	(30,974)	(30,752)
C04500	Cash dividends paid	(1,188,763)	(594,382)
C05400	Acquisition of subsidiaries	(<u>70,000</u>)	(<u>349</u>)
CCCC	Net cash used in financing activities	(<u>2,062,078</u>)	(<u>1,276,297</u>)
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	116,828	180,645
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>991,966</u>	<u>811,321</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 1,108,794</u>	<u>\$ 991,966</u>

Matters for Ratification and Discussion:

Proposal 2

Proposed by the Board

To ratify 2021 earnings distribution.

Description : 1. In 2021, the net profit was NT\$ 5,291,044,242.

After appropriating NT\$ 529,104,424 as the legal reserve, the distributable net profit of 2021 is NT\$ 4,761,939,818. By the end of 2021, the accumulated distributable earnings is NT\$ 9,352,109,738 and will be distributed cash dividend NT\$ 2,615,279,700, i.e. NT\$2.2 per share.

The unappropriated earnings after distribution will be NT\$ 6,736,830,038.

2. Please refer to p. 38, “Profit Distribution Table”, for details.
3. According to this proposal, the profit of 2021 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
2021 Profit Distribution Table

expressed in NTD

Net profit before tax of 2021	5,870,841,666
Less: Income tax	(679,447,409)
Net profit of 2021	5,191,394,257
Add: Measuring the Gains of equity instruments by fair value through other comprehensive gains and losses	100,453,754
Less: Retained earnings adjusted for the defined benefit plan after re-measurement	(803,769)
Earnings after tax of 2021	5,291,044,242
Less: Legal reserve	(529,104,424)
Distributable net profit of 2021	4,761,939,818
Add: Beginning unappropriated earnings	4,590,169,920
Accumulated distributable earnings at the end of 2021	9,352,109,738
Distributable items: (total issued shares: 1,188,763,500)	
Cash dividend: 2.2/share	2,615,279,700
Total of distributable items	2,615,279,700
Unappropriated earnings at the end of 2021 transferred to the next year	6,736,830,038

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 “Operating Procedure for Acquisition or Disposition of Assets”.

Description : 1. Part of the “Operating Procedure for Acquisition or Disposition of Assets” is amended in accordance with related orders of the Financial Supervisory Commission.

2.The amendment to the “Operating Procedure for Acquisition or Disposition of Assets” is shown in the next page.

Resolution :

USI Corporation

The Amendment to the “Operating Procedure for Acquisition or Disposition of Assets”

After amendment	Before amendment	Description
<p>Article 6: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall comply with the following requirements:</p> <ol style="list-style-type: none"> I. (omitted) II. (omitted) III. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with <u>the self-discipline regulations of their own business associations and</u> the following:</p> <ol style="list-style-type: none"> I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience and independence. II. When <u>executing</u> a case, they shall appropriately plan and execute the adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected and conclusion shall be fully and accurately specified in the case working papers. III. They shall undertake an item-by-item evaluation of the <u>suitability</u> 	<p>Article 6: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall comply with the following requirements:</p> <ol style="list-style-type: none"> I. (omitted) II. (omitted) III. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <ol style="list-style-type: none"> I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience and independence. II. When <u>examining</u> a case, they shall appropriately plan and execute the adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected and conclusion shall be fully and accurately specified in the case working papers. III. They shall undertake an item-by-item evaluation of the <u>comprehensiveness, accuracy and fairness of the sources of data used, the parameters and the</u> 	<p>Text was revised with respect to Letter Jin-Guan-Zheng-Fa-Zi No. 1110380465 issued by the Financial Supervisory Commission on January 28, 2022.</p>

<p>and fairness of the sources of data used, the parameters and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>the suitability and reasonable</u>, and that they have complied with the applicable laws and regulations</p> <p>Article 8: Operating Procedure for Acquisition or Disposition of Real Property、Equipment or its right-of-use assets</p> <p>I. (omitted) II. (omitted) III. (omitted) IV. Real estate or equipment appraisal report</p> <p>In acquiring or disposing..., shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser (the items to be noted in the appraisal report are identified in the appraisal report) and shall further comply with the following provisions: (I)~ (II) (omitted) (III) Where the professional appraiser's appraisal results meet any one of the following circumstances, unless all the appraisal results for the assets to be acquired are higher than the trading value, or all the appraisal results for the assets to be disposed of are lower than the trading value, a certified public accountant shall be engaged to render a specific opinion regarding the reasons for the discrepancies and the appropriateness of the trading value:</p>	<p>information, as the basis for issuance of the appraisal report or the opinion.</p> <p>IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>reasonable and accurate</u>, and that they have complied with the applicable laws and regulations.</p> <p>Article 8: Operating Procedure for Acquisition or Disposition of Real Property、Equipment or its right-of-use assets</p> <p>I. (omitted) II. (omitted) III. (omitted) IV. Real estate or equipment appraisal report</p> <p>In acquiring or disposing..., shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser (the items to be noted in the appraisal report are identified in the appraisal report) and shall further comply with the following provisions: (I)~ (II) (omitted) (III) Where the professional appraiser's appraisal results meet any one of the following circumstances, unless all the appraisal results for the assets to be acquired are higher than the trading value, or all the appraisal results for the assets to be disposed of are lower than the trading value, a certified public accountant shall be engaged to <u>perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research</u></p>	<p>Text was revised with respect to Letter Jin-Guan-Zheng-Fa-Zi No. 1110380465 issued by the Financial Supervisory Commission on January 28, 2022.</p>
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<p>1. The discrepancy between the appraisal result and the trading value is 20 percent or more of the trading value.</p> <p>2. The discrepancy between the appraisal results of two (2) or more professional appraisers is ten (10) percent or more of the trading value.</p> <p>(the rest omitted)</p> <p>Article 9: Operating Procedure for Acquisition or Disposition of Investment in Marketable Securities</p> <p>I. (omitted)</p> <p>II. Procedure for determining trading terms and authorized limit</p> <p>(I) (omitted)</p> <p>(II) In acquiring or disposing of marketable securities, ... the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the trading value. Notwithstanding, this requirement does not apply to public quotation of the marketable securities in an active market, or not apply where otherwise prescribed by the competent securities authority.</p> <p>The long-term investment in marketable securities referred to in the preceding subparagraphs <u>shall be approved by the Chairman of Board on a case-by-case basis. The dollar amount of the investment is more than NT\$300 million and less than NT\$500 million shall be reported to the latest Board of Directors' meeting, while the investment more than NT\$500 million shall be subject to approval in advance by the Board of Directors upon resolution.</u></p> <p>(the rest omitted)</p>	<p><u>and Development Foundation (ARDF) and</u> render a specific opinion regarding the reasons for the discrepancies and the appropriateness of the trading value:</p> <p>1. The discrepancy between the appraisal result and the trading value is 20 percent or more of the trading value.</p> <p>2. The discrepancy between the appraisal results of two (2) or more professional appraisers is ten (10) percent or more of the trading value.</p> <p>(the rest omitted)</p> <p>Article 9: Operating Procedure for Acquisition or Disposition of Investment in Marketable Securities</p> <p>I. (omitted)</p> <p>II. Procedure for determining trading terms and authorized limit</p> <p>(I) (omitted)</p> <p>(II) In acquiring or disposing of marketable securities, ... the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the trading value. <u>If the CPA needs to adopt an expert's report as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u> Notwithstanding, this requirement does not apply to public quotation of the marketable securities in an active market, or not apply where otherwise prescribed by the competent securities authority.</p> <p>The long-term investment in marketable securities referred to in the preceding subparagraphs less than NT\$500 million <u>(inclusive) shall be subject to approval by the Chairman of Board and reported to the latest Board of Directors' meeting, while the investment more than NT\$500 million shall be subject to approval in advance by the Board of Directors upon</u></p>	<p>Text was revised with respect to Letter Jin-Guan-Zheng-Fa-Zi No. 1110380465 issued by the Financial Supervisory Commission on January 28, 2022 and Company's actual status of operations.</p>
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<p>Article 10: Operating procedure for dealing with transactions with stakeholders</p> <p>I. (omitted)</p> <p>II. Evaluating and operating procedure</p> <p>(I) When the Company intends to acquire or dispose of real property or its right-of-use assets from or to a stakeholder, or when it intends to acquire or dispose of assets other than real property or its right-of-use assets from or to a stakeholder and the trading value reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the majority of Audit Committee and passed by the board of directors:</p> <ol style="list-style-type: none"> 1. (omitted) 2. (omitted) 3. (omitted) 4. (omitted) 5. (omitted) 6. (omitted) 7. (omitted) <p>(II) <u>By meeting the standard stated in the previous subparagraph</u>, acquisition or disposition of equipment valuing less than NT\$500 million between the Company and the parent company, between subsidiaries, or between this Company and a subsidiary wholly owned, either directly or indirectly, by this Company shall be decided by the Chairman of Board, and then submitted to the latest Board of Directors' meeting for</p>	<p>resolution. (the rest omitted)</p> <p>Article 10: Operating procedure for dealing with transactions with stakeholders</p> <p>I. (omitted)</p> <p>II. Evaluating and operating procedure</p> <p>When the Company intends to acquire or dispose of real property or its right-of-use assets from or to a stakeholder, or when it intends to acquire or dispose of assets other than real property or its right-of-use assets from or to a stakeholder and the trading value reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more <u>(the trading value shall be calculated in the manner referred to in Paragraph 1 (7) of Article 15 herein. "Within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by Audit Committee and passed by the Board of Directors need not be counted toward the trading value)</u>, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the majority of Audit Committee and passed by the board of directors :</p> <p>(I) (omitted) (II)(omitted) (III)(omitted) (IV)(omitted) (V)(omitted) (VI)(omitted) (VII)(omitted)</p>	<p>Text was revised with respect to Letter Jin-Guan-Zheng-Fa-Zi No. 1110380465 issued by the Financial Supervisory Commission on January 28, 2022 and Company's actual status of operations.</p> <p>◦</p> <p>Paragraph and subparagraph seriation change.</p>
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<p>recognition. Acquisition or disposition of equipment more than NT\$500 million shall be subject to approval by the Board of Directors upon resolution at first.</p> <p>1. Acquisition or disposal of equipment or its right-of-use assets for business operations.</p> <p>2. Acquisition or disposal of real property right-of-use assets for business operations.</p> <p><u>(III) When engaging in a transaction stated in subparagraph (I) of the preceding paragraph with an amount exceeding 10% of the Company's total assets, this Company or a subsidiary not publicly offered domestically shall submit all data as stated in subparagraph (I) to the meeting of shareholders to apply for approval before concluding the transaction contract or making the payment, except for transactions between this Company and the parent company, this Company and a subsidiary, or among subsidiaries.</u></p> <p><u>The transaction amounts as stated in subparagraphs (I) and (III) shall be calculated according to Article 15, paragraph 1, subparagraph (VII); and "within the preceding year" as claimed in these Procedures refers to the year preceding the date of occurrence of the current transaction. The sections approved by the meeting of shareholders or the Board according to these Procedures shall be exempted from the calculation.</u></p> <p>III. (omitted)</p> <p>Article 11: Operating Procedure for Acquisition or Disposition of Intangible Assets or the right-of-use assets or Memberships</p> <p>I. (omitted)</p> <p>II. (omitted)</p> <p>III. (omitted)</p> <p>IV. Expert's Evaluation Report on Intangible Assets or the right-of-</p>	<p>III. (omitted)</p> <p>IV. Acquisition or disposition of equipment valuing less than NT\$500 million <u>(inclusive)</u> between the Company and the parent company, between subsidiaries, or between this Company and a subsidiary wholly owned, either directly or indirectly, by this Company shall be decided by the Chairman of Board, and then submitted to the latest Board of Directors' meeting for recognition. Acquisition or disposition of equipment more than NT\$500 million shall be subject to approval by the Board of Directors upon resolution at first.</p> <p>(I) Acquisition or disposal of equipment or its right-of-use assets for business operations.</p> <p>(II) Acquisition or disposal of real property right-of-use assets for business operations.</p> <p>Article 11: Operating Procedure for Acquisition or Disposition of Intangible Assets or the right-of-use assets or Memberships</p> <p>I. (omitted)</p> <p>II. (omitted)</p> <p>III. (omitted)</p> <p>IV. Expert's Evaluation Report on Intangible Assets or the right-of-</p>	<p>Text was revised with respect to Letter Jin-Guan-Zheng-Fa-Zi No. 1110380465 issued by the</p>
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<p>use assets or Memberships Where the Company acquires or disposes..., the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the trading value.</p>	<p>use assets or Memberships Where the Company acquires or disposes..., the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the trading value, <u>and the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u></p>	<p>Financial Supervisory Commission on January 28, 2022.</p>				
<p>Article 12: Operating Procedure for Acquisition or Disposition of Derivatives</p> <p>I. Trading Principle and Policy (I) (omitted) (II) (omitted) (III) Division of authority and responsibility</p> <ol style="list-style-type: none"> 1. Procurement Dept. and Business Dept. 2. Financial Dept. <ol style="list-style-type: none"> (1) Trading personnel <ol style="list-style-type: none"> A.~C. (omitted) D. Where the trading personnel determine that the existing strategies shall not apply any longer due to material changes in the financial market, ..., which shall serve to be the basis for transactions after being approved by <u>Treasurer</u>. E. To make evaluation per month and submit the evaluation report to <u>Treasurer</u>. (2) (omitted) 3. (omitted) 4. Level of authority and authorized limit for derivatives transactions <ol style="list-style-type: none"> (1) Transaction: 	<p>Article 12: Operating Procedure for Acquisition or Disposition of Derivatives</p> <p>I. Trading Principle and Policy (I) (omitted) (II) (omitted) (III) Division of authority and responsibility</p> <ol style="list-style-type: none"> 1. Procurement Dept. and Business Dept. 2. Financial Dept. <ol style="list-style-type: none"> (1) Trading personnel <ol style="list-style-type: none"> A.~C. (omitted) D. Where the trading personnel determine that the existing strategies shall not apply any longer due to material changes in the financial market, ..., which shall serve to be the basis for transactions after being approved by <u>CFO</u>. E. To make evaluation per month and submit the evaluation report to <u>CFO</u>. (2) (omitted) 3. (omitted) 4. Level of authority and authorized limit for derivatives transactions <ol style="list-style-type: none"> (1) Transaction: 	<p>Amended based on the Company's actual status of operations.</p>				
<table border="1"> <tr> <td data-bbox="164 1870 422 2004">Level of authority engaged in the transaction</td> <td data-bbox="422 1870 699 2004">Authorized limit per transaction</td> </tr> <tr> <td data-bbox="164 2004 422 2038">Authorized</td> <td data-bbox="422 2004 699 2038">Less than US\$1</td> </tr> </table>	Level of authority engaged in the transaction	Authorized limit per transaction	Authorized	Less than US\$1		
Level of authority engaged in the transaction	Authorized limit per transaction					
Authorized	Less than US\$1					

trading personnel	million	Level of authority engaged in the transaction	Authorized limit per transaction	
Financial Dept. managers	Less than US\$5 million	Authorized trading personnel	Less than US\$1 million <u>(inclusive)</u>	
President	Less than US\$10 million	Financial Dept. managers	Less than US\$5 million <u>(inclusive)</u>	
Chairman of Board	<u>Exceed</u> US\$10 million	President	Less than US\$10 million <u>(inclusive)</u>	
(2) Approval of transactions:		Chairman of Board	<u>More than</u> US\$10 million	
Level of authority approving the transaction	Authorized limit per transaction	(2) Approval of transactions:		
Financial Dept. managers	Less than US\$5 million	Level of authority approving the transaction	Authorized limit per transaction	
President	Less than US\$10 million	Financial Dept. managers	Less than US\$5 million	
Chairman of Board	<u>Exceed</u> US\$10 million	President	Less than US\$10 million	
5. Performance evaluation		Chairman of Board	<u>More than</u> US\$10 million <u>(inclusive)</u>	
(1) (omitted)		5. Performance evaluation		
(2) (omitted)		(1) (omitted)		
(3) Financial Dept. shall provide <u>Treasurer</u> with such information as evaluation on foreign exchange positions, foreign exchange market trends and market analysis for reference.		(2) (omitted)		
(the rest omitted)		(3) Financial Dept. shall provide <u>CFO</u> with such information as evaluation on foreign exchange positions, foreign exchange market trends and market analysis for reference.		
Article 15: Procedure for information disclosure		(the rest omitted)		
I. Standards for matter to be publicly announced and reported (I)~ (V) (omitted)		Article 15: Procedure for information disclosure		
(VI) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, an investment in the mainland China area reaches 20 percent or more than of the		I. Standards for matter to be publicly announced and reported (I)~ (V) (omitted)		
		(VI) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, an investment in the mainland China area reaches 20 percent or more than of the		
		Text was revised with respect to Letter Jin-Guan-Zheng-Fa-Zi No. 1110380465 issued by the Financial Supervisory Commission on January 28,		

<p>Company's paid-in capital, or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of domestic government bonds <u>or overseas government bonds with credit ratings not lower than Taiwan's sovereign rating.</u> 2. (omitted) <p>(the rest omitted)</p>	<p>Company's paid-in capital, or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of domestic government bonds. 2. (omitted) <p>(the rest omitted)</p>	<p>2022.</p>
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Matters for Ratification and Discussion:

Proposal 4

Proposed by the Board

To approve the permission of directors 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
Yi-Gui Wu (Representative of Shing Lee Enterprise (Hong Kong) Limited Ltd.)	USI Green Energy Corporation 、Zhangzhou USI Trading Co., LTD.	Director
Independent Director Chong Chen	Vision Project Foundation	Chairman
Ke-Shun Wang (Representative of Taita Chemical Company, Limited)	USI Green Energy Corporation 、Zhangzhou USI Trading Co., LTD.	Chairman

Resolution :

III. Extemporaneous Motions

IV. Meeting Adjournment

Appendix 1

USI Corporation Parliamentary Rules for Shareholders' Meetings

Amended on July 26, 2021

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, any matter under Article 185, paragraph 1 of the Company Act, 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 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.

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, and announce relevant information of the number of non-voting shares and the number of shares in attendance, etc. 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.

Report Items and matters unrelated to the proposals will not be put into discussion or vote.

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 3 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 and the names not-elected as directors and the number of votes obtained.

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

USI Corporation Articles of Incorporation

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 Operating Procedure for Acquisition or Disposition of Assets (before amendment)

Amended on June 12, 2019

Article 1: Purpose

The Operating Procedure is established in order to protect assets and fulfill the information disclosure.

Article 2: Legal basis

The Operating Procedure is adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act (hereinafter referred to as “the Act”) and “Regulations Governing the Acquisition and Disposition of Assets by Public Companies”.

Article 3: Scope of assets

- I. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficial interest securities, and asset-backed securities, et al.
- II. Real property (including land, houses and buildings, investment property and rights to use land) and equipment.
- III. Memberships.
- IV. Such intangible assets as patents, copyrights, trademarks, and franchise rights.
- V. Right-of-use assets
- VI. Derivatives.
- VII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
- VIII. Other substantial assets.

Article 4: Definitions:

- I. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit

index or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term “forward contracts” does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, and long-term purchase (sales) agreements.

- II. Assets acquired or disposed of through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Assets acquired or disposed of through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act or other laws, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter referred to as the “transfer of shares”) under Paragraph 8 of Article 156 of the Company Act.
- III. Stakeholder or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- IV. Professional appraiser: A real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
- V. Date of occurrence: Contracting date, date of payment, date of consignment trade, date of transfer, dates of boards of directors’ resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
- VI. Mainland China area investment: Investments in Mainland China approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in Mainland China.
- VII. Over-the-counter venue (“OTC venue,” “OTC”): “Domestic OTC venue” refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; “foreign OTC venue” refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct a securities business.
- VIII. The “latest financial statements” referred to herein shall mean the financial statements certified or audited by an external independent auditor as disclosed by the company in the most recent period before

acquisition or disposition of assets.

- IX. For the calculation of 10 percent of total assets herein, the total assets stated in the latest individual or separate financial statements prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.
- X. In the case of a company whose shares have no par value or a par value other than NT\$10, trading values of 20 percent of paid-in capital shall be substituted by 10 percent of equity attributable to owners of the parent.

Article 5: Limit of investment in real property for non-operating purpose and its right-of-use assets and marketable securities

Limit on said assets acquired by the Company and each subsidiary is set as following:

- (I) Total investment in real property for non-operating purpose or its right-of-use assets shall be no more than 20% of the Company's net value, and 100% of net value of the Company's subsidiary. (No more than 150% of net value of the Company's investment purpose subsidiary, if any.)
- (II) Total investment in marketable securities shall be no more than 200% of the Company's net value, and investment in production and sale of any products other than petrochemical products no more than 100% of the Company's net value. Total investment by a subsidiary shall be no more than 150% of the Company's net value, including investments in production and the sale of any products other than petrochemical products for no more than 100% of the Company's net value. (No more than 150% of the Company's net value, in the case of investment purpose subsidiary.)
- (III) Total investment in individual securities of a subsidiary in which the Company holds more than 50% (inclusive) of its shares shall be no more than 150% of the Company's net value, while total investment in individual securities of a subsidiary in which the Company holds less than 50% of its shares shall be no more than 100% of the Company's net value. Total investment in individual securities of an indirect subsidiary in which the subsidiary holds more than 50% (inclusive) of its shares shall be no more than 200% of the subsidiary's net value, while total investment in individual securities of an indirect subsidiary in which the subsidiary holds less than 50% of its shares shall be no more than 150% of the subsidiary's net value. (No more than 200% of

net value of the investment purpose subsidiary, if any.)

Article 6: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall comply with the following requirements:

- I. May not have previously received a final and non-appealable sentence of imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents or occupational crime. However, this provision does not apply if three years have already passed since the completion of service of the sentence, since the expiration of the period of a suspended sentence or since a pardon has been received.
- II. May not be a related party or de facto related party of any party to the transaction.
- III. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:

- I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience and independence.
- II. When examining a case, they shall appropriately plan and execute the adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected and conclusion shall be fully and accurately specified in the case working papers.
- III. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy and fairness of the sources of data used, the parameters and the information, as the basis for issuance of the appraisal report or the opinion.
- IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with the applicable laws and regulations.

Article 7: Where the Company acquires or disposes of assets through court auction procedures, the documentary evidence issued by the court may substitute the appraisal report or CPA opinion.

Article 8: Operating Procedure for Acquisition or Disposition of Real Property 、 Equipment or its right-of-use assets

I. Evaluating and operating procedure

The Company's acquisition or disposition of real estate and equipment or its right-of-use assets shall follow the real estate, plant and equipment circulation procedure under the Company's internal control system.

II. Procedure for determining trading terms and authorized limit

(I) Acquisition or disposition of real estate or its right-of-use assets shall take into consideration announced current value, appraised value, and trading value of neighboring real estate. An analysis report shall be submitted to the Chairman of Board after trading terms and trading value are decided. In the case of value less than NT\$500 million (inclusive), the acquisition or disposition shall be subject to approval by the Chairman of Board for approval and reported at the latest Board of Directors' meeting. In the case of value more than NT\$500 million, the acquisition or disposition shall be subject to approval of the Board of Directors upon resolution in advance.

(II) Acquisition or disposition of equipment or its right-of-use assets shall be carried out in the form of price inquiry, price comparison, price negotiation or tender invitation. Acquisition or disposition of equipment valuing less than NT\$500 million (inclusive) shall be subject to approval by level of authority pursuant to authorization rules. Acquisition or disposition of equipment more than NT\$500 million shall be subject to approval by the Chairman of Board, and by the Board of Directors upon resolution in advance.

III. Execution unit

The Company's acquisition or disposition of real estate or equipment or its right-of-use assets shall be subject to approval by the level of authority referred to in the preceding paragraph, and completed by the requesting department and responsible unit.

IV. Real estate or equipment appraisal report

In acquiring or disposing of real property or equipment or its right-of-use assets where the trading value reaches 20 percent of the Company's paid-in capital or NT\$300 million or more (the trading value shall be calculated in the manner referred to in Paragraph 1 (5) of Article 15 herein. "Within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's

opinion has been obtained need not be counted toward the trading value), the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or its right-of-use assets for operating purpose, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser (the items to be noted in the appraisal report are identified in the appraisal report) and shall further comply with the following provisions:

- (I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the trading value, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the trading terms.
- (II) Where the trading value is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- (III) Where the professional appraiser's appraisal results meet any one of the following circumstances, unless all the appraisal results for the assets to be acquired are higher than the trading value, or all the appraisal results for the assets to be disposed of are lower than the trading value, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reasons for the discrepancies and the appropriateness of the trading value:
 - 1. The discrepancy between the appraisal result and the trading value is 20 percent or more of the trading value.
 - 2. The discrepancy between the appraisal results of two (2) or more professional appraisers is ten (10) percent or more of the trading value.
- (IV) No more than three (3) months may elapse between the date of the appraisal report issued by a professional appraiser and the contracting date; provided, where the publicly announced current value for the same period applies and not more than six (6) months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 9: Operating Procedure for Acquisition or Disposition of Investment in Marketable Securities

I. Evaluating and operating procedure

The Company's purchase and sale of marketable securities shall follow the investment circulation procedure under the Company's internal control system.

II. Procedure for determining trading terms and authorized limit

(I) Responsible unit shall carry out the transaction of marketable securities traded in the Stock Exchange Market or a securities firm's business place within the limit authorized by the Board of Directors after judging the market condition.

(II) In acquiring or disposing of marketable securities, the Company shall, prior to the date of occurrence of the event, obtain financial statements of the object company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the trading value, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more (the trading value shall be calculated in the manner referred to in Paragraph 1 (7) of Article 15 herein. "Within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the trading value), the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the trading value. If the CPA needs to adopt an expert's report as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. Notwithstanding, this requirement does not apply to public quotation of the marketable securities in an active market, or not apply where otherwise prescribed by the competent securities authority.

The long-term investment in marketable securities referred to in the preceding subparagraphs less than NT\$500 million (inclusive) shall be subject to approval by the Chairman of Board and reported to the latest Board of Directors' meeting, while the investment more than NT\$500 million shall be subject to approval in advance by the Board of Directors

upon resolution.

III. Execution unit

The Company's investment in marketable securities shall be subject to approval by the level of authority referred to in the preceding paragraph, and completed by Financial Dept.

Article 10: Operating procedure for dealing with transactions with stakeholders

I. When the Company engages in any acquisition or disposition of assets from or to a stakeholder, in addition to adopting the procedures referred to in Article 8, Article 9 and Article 11 herein, the Company shall also ensure that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised according to the following requirement. That is, if the trading value reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions herein. When judging whether a trading counterpart is a stakeholder, in addition to legal formalities, the substance of the relationship shall also be considered.

II. Evaluating and operating procedure

When the Company intends to acquire or dispose of real property or its right-of-use assets from or to a stakeholder, or when it intends to acquire or dispose of assets other than real property or its right-of-use assets from or to a stakeholder and the trading value reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more (the trading value shall be calculated in the manner referred to in Paragraph 1 (7) of Article 15 herein. "Within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by Audit Committee and passed by the Board of Directors need not be counted toward the trading value), except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the majority of Audit Committee and passed by the board of directors :

(I) The purpose, necessity and anticipated benefit of acquisition or disposition of assets.

- (II) The reason for choosing the stakeholder as a trading counterpart.
- (III) With respect to the acquisition of real property or its right-of-use assets from a stakeholder, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Paragraph 3 herein.
- (IV) The date and price at which the stakeholder originally acquired the real property, the original trading counterpart, and that trading counterpart's relationship with the Company and the stakeholder.
- (V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- (VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
- (VII) Restrictive covenants and other important stipulations associated with the transaction.

III. Evaluation on reasonableness of transaction costs

- (I) Acquiring real property or its right-of-use assets from a stakeholder, the Company shall evaluate the reasonableness of the transaction costs in the following manners:
 1. Based upon the stakeholder's trading value plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property, provided that it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
 2. Total loan value appraisal from a financial institution where the stakeholder has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one (1) year or more. However, this shall not apply where the financial institution is a stakeholder of one of the trading counterparts.
- (II) Where land and structures thereupon are combined as a single property purchased or leased in one (1) transaction, the

transaction costs for the land and the structures may be separately appraised in any of the manners referred to in the preceding paragraph.

- (III) When acquiring real property or its right-of-use assets from a stakeholder and appraising the cost of the real property or its right-of-use assets in accordance with Subparagraph (I) and Subparagraph (II) shall also engage a CPA to check the appraisal and render a specific opinion.
- (IV) When the results of the Company's appraisal conducted in accordance with Subparagraph (I) and Subparagraph (II) are uniformly lower than the trading value, Subparagraph (V) shall apply. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:
 - 1. Where the stakeholder acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the stakeholder's construction cost plus reasonable construction profit are valued in excess of the actual trading value. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the stakeholder's construction division over the most recent three (3) years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - (2) Completed transactions by any persons other than stakeholders within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price or lease discrepancies in floor or area land prices in accordance with standard property market practices.

2. Where the Company provides evidence that the terms of the transaction for acquisition of real estate or the right-of-use assets acquired by lease from a stakeholder are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by any persons other than stakeholders within the preceding year. The completed transactions for neighboring or closely valued parcels of land referred to in the preceding paragraph in principle refer to the parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value. The transaction for similarly sized parcels in principle refers to the transaction completed by any persons other than stakeholders for parcels with a land area of no less than 50 percent of the property in the planned transaction. The “within the preceding year” refers to the year preceding the date of occurrence of the acquisition of the real property or the right-of-use assets.

(V) When the results of the Company’s appraisal conducted in accordance with Subparagraph (I) and Subparagraph (II) are uniformly lower than the trading value, the following requirements shall apply.

1. A special reserve shall be set aside in accordance with Paragraph 1 of Article 41 of the Act against the difference between the real property or the right-of-use assets trading value and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares.
2. Audit Committee shall comply with Article 218 of the Company Act.
3. Actions taken pursuant to Item 1 and Item 2 of this subparagraph shall be reported to a shareholders’ meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

Where the Company has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value or termination of lease of the assets it purchased or lease at a premium; or they have been disposed of; or adequate compensation has been

made; or the status quo ante has been restored; or there is other evidence confirming that there was nothing unreasonable about the transaction, and the competent securities authority has given its consent.

(VI) Where the Company acquires real property or the right-of-use assets from a stakeholder and one of the following circumstances exists, the acquisition shall be conducted in accordance with the evaluation and operating procedure referred to in Paragraph 2 of this Article, while the evaluation on reasonableness of transaction costs requirements referred to in Subparagraphs (I), (II) and (III) of this paragraph shall not apply:

1. The stakeholder acquired the real property or the right-of-use assets through inheritance or as a gift.
2. More than five (5) years will have elapsed from the time the stakeholder signs the contract to obtain the real property or the right-of-use assets to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the stakeholder, or through engaging a stakeholder to build real property, either on the Company's own land or on rented land.
4. The rights-of-use of the real property for business use are acquired by and between this Company and the parent company, between subsidiaries, or between this Company and a subsidiary wholly owned, either directly or indirectly, by this Company.

(VII) When the Company obtains real property or the right-of-use assets from a stakeholder, it shall also comply with the Subparagraph (V) if there is other evidence indicating that the acquisition is not an arm's length transaction.

IV. Acquisition or disposition of equipment valuing less than NT\$500 million (inclusive) between the Company and the parent company, between subsidiaries, or between this Company and a subsidiary wholly owned, either directly or indirectly, by this Company shall be decided by the Chairman of Board, and then submitted to the latest Board of Directors' meeting for recognition. Acquisition or disposition of equipment more than NT\$500 million shall be subject to approval by the Board of Directors upon resolution at first.

(I) Acquisition or disposal of equipment or its right-of-use assets for

- business operations.
- (II) Acquisition or disposal of real property right-of-use assets for business operations.

Article 11: Operating Procedure for Acquisition or Disposition of Intangible Assets or the right-of-use assets or Memberships

I. Evaluating and operating procedure

The Company's acquisition or disposition of Intangible Assets or the right-of-use assets or Memberships shall follow the real estate, plant and equipment circulation procedure under the Company's internal control system.

II. Procedure for determining trading terms and authorized limit

To be based on the Operating Procedure for Acquisition or Disposition of Equipment.

III. Execution unit

The Company's acquisition or disposition of Intangible Assets or the right-of-use assets or Memberships shall be subject to approval by the level of authority referred to in the preceding paragraph, and completed by the requesting department or administrative department.

IV. Expert's Evaluation Report on Intangible Assets or the right-of-use assets or Memberships

Where the Company acquires or disposes of Intangible Assets or the right-of-use assets or Memberships and the trading value reaches 20 percent or more of paid-in capital or NT\$300 million or more (the trading value shall be calculated in the manner referred to in Paragraph 1 (7) of Article 15 herein. "Within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a CPA's opinion has been obtained need not be counted toward the trading value), except in transactions with a government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the trading value, and the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

Article 12: Operating Procedure for Acquisition or Disposition of Derivatives

I. Trading Principle and Policy

(I) Types of transaction

1. The derivatives which the Company is engaged in means

the trading contracts (exclusively mean the forward contracts, options contracts, interest rate or foreign exchange rate contracts, swap contracts, and compound contracts combining the above products), whose value is derived from assets, interest rates, foreign exchange rates, or other interests. Any transaction involving other major derivatives shall be approved by a majority of all Audit Committee members and submitted to the Board of Directors for a resolution in advance.

2. The Operating Procedure shall not apply to repurchase agreement (RP), if any.

(II) Business strategies

1. For non-operating purpose:

In order to hedge against risk, it is advisable to choose the trading products capable of hedging against the risk derived from the Company's business.

2. For operating purpose:

Subject to flexibility and mobility.

(III) Division of authority and responsibility

1. Procurement Dept. and Business Dept.

To provide the foreign exchange positions for next three (3) months and related documents by 25th day of each month to help Financial Dept. calculate the Company's overall foreign exchange positions.

2. Financial Dept.

(1) Trading personnel

A. To be responsible for researching and drafting the derivatives trading strategies throughout the Company.

B. The trading personnel shall calculate the positions, collect market information, judge trends and evaluate risk once per two (2) weeks to research and draft operating strategies, which shall serve to be the basis for transactions after being approved subject to the level of authority.

C. To execute transactions per the level of authority and existing strategies.

D. Where the trading personnel determine that the

existing strategies shall not apply any longer due to material changes in the financial market, the trading personnel shall provide their evaluation report at any time and re-draft strategies, which shall serve to be the basis for transactions after being approved by CFO.

E. To make evaluation per month and submit the evaluation report to CFO.

(2) Personnel dedicated to settlement: To perform the function of settlement.

3. Accounting personnel

(1) To execute confirmation of transactions.

(2) To review whether transactions are conducted per the level of authority and existing strategies.

(3) Accounting.

(4) To make declaration and disclosure per the competent securities authority's requirements.

4. Level of authority and authorized limit for derivatives transactions

(1) Transaction:

Level of authority engaged in the transaction	Authorized limit per transaction
Authorized trading personnel	Less than US\$1 million (inclusive)
Financial Dept. managers	Less than US\$5 million (inclusive)
President	Less than US\$10 million (inclusive)
Chairman of Board	More than US\$10 million

(2) Approval of transactions:

Level of authority approving the transaction	Authorized limit per transaction
Financial Dept. managers	Less than US\$5 million
President	Less than US\$10 million

Level of authority approving the transaction	Authorized limit per transaction
Chairman of Board	More than US\$10 million (inclusive)

5. Performance evaluation
 - (1) Accounting Dept. shall be responsible for providing Financial Dept. with the summary report on the Company's stated foreign exchange rate, interest rate cost and income generated from derivatives transactions.
 - (2) In order to completely control and express the evaluation risk over transactions, the Company evaluates the income through monthly statement.
 - (3) Financial Dept. shall provide CFO with such information as evaluation on foreign exchange positions, foreign exchange market trends and market analysis for reference.
6. Definition of total contract amount and maximum loss limit
 - (1) Total contract amount
 - A. Limit for non-operating purpose
 - a. Foreign exchange rate hedging
Financial Dept. shall control the Company's entire positions to evade trading risk. Total authorized trading value shall be no more than the receivables/payables already held and expected to be generated from the Company's business or net positions after offset of assets and liabilities.
 - b. Any hedges other than foreign exchange rate
Financial Dept. shall be no more than the position exposed by the Company to the given risk.
 - B. Limit for operating purpose
The total amount of any contract shall be no more than 10% of the net value referred to in the Company's financial statements for the last

quarter of the most recent fiscal year.

(2) Definition of maximum loss limit

- A. For non-trading purpose: Limits on aggregate losses or losses on individual contracts are 15% of the total contract amount or individual contract amount.
- B. For trading purpose: Limits on aggregate losses or losses on individual contracts are 15% of the total contract amount or individual contract amount.

II. Risk management policies

(I) Credit risk management

Considering that risk over operation of derivatives might arise due to changes of various factors in the market, the market risk shall be managed in the following manners:

1. Trading counterpart: Primarily domestic/foreign renowned financial institutions.
2. Trading product: Limited to the products provided by domestic/foreign renowned financial institutions.
3. Trading value: The value of transactions with the same trading counterpart which have not yet been offset shall be no more than 30% of the total authorized limit, unless with approval from the Chairman of Board.

(II) Market risk management

To be primarily the public foreign exchange market provided by banks, excluding futures market for the time being.

(III) Liquidity risk management

In order to ensure the market liquidity, the Company selects the derivatives with high liquidity primarily (to be offset on the market from time to time). The financial institution commissioned to engage in trading shall have sufficient information and ability to engage in trading in any market at any time.

(IV) Cash flow risk management

In order to ensure stability of the Company's working fund, the Company's source of fund for trading derivatives shall be limited to its own fund, and the operating amount shall take into consideration the funding need for cash income and expenditure

forecast for future six (6) months.

(V) Operating risk management

1. To strictly comply with the Company's authorized limit and operating procedures, and include internal audit to avoid operating risk.
2. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
3. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the Board of Directors or senior management personnel with no responsibility for trading or position decision-making.
4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the Board of Directors.

(VI) Commodity risk management

Internal personnel dedicated to trading shall have complete and correct knowledge about derivatives and demand that banks should make full risk disclosure to avoid the risk over misuse of derivatives.

(VII) Legal risk management

Documents to be signed with financial organizations shall be signed officially after being reviewed by personnel dedicated to foreign exchange and legal affairs, or legal advisers to avoid legal risk.

III. Accounting principles

Accounting and preparation of financial statements for the Company's derivatives trading shall comply with the Statements of Financial Accounting Standards.

IV. Internal audit system

- (I) The internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging

in derivatives trading, and prepare an audit report. If any material violation is discovered, Audit Committee shall be notified in writing.

- (II) The internal audit personnel shall submit the audit report, together with details about the audit conducted in the year of internal audit, to the competent securities authority by the end of February of next year, and report correction of irregular circumstances, if any, to the competent securities authority by the end of May of next year, at the latest.

V. When the Company engages derivatives trading, the Board of Directors shall faithfully supervise and manage such trading in accordance with the following principles:

- (I) A designated senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk, in the following manners:
 1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with the procedures for engaging in derivatives trading formulated by the Company.
 2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the Board of Directors. Where the Company has independent directors, an independent director shall be present at the meeting and express an opinion.
- (II) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.
- (III) The Company shall report to the latest meeting of the Board of Directors after it authorizes the relevant personnel to handle derivatives trading in accordance with the procedures for engaging in derivatives trading formulated by the Company.
- (IV) When engaging in derivatives trading, the Company shall establish a log book in which details of the types and amounts of derivatives trading engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated under

Subparagraph (V) of Paragraph 2 and Subparagraph (I) and Subparagraph (II) of Paragraph 5 herein shall be recorded in detail in the log book.

Article 13: Operating procedure for mergers, demergers, acquisitions, or transfer of shares

I. Evaluating and operating procedure

(I) When engaging in mergers, demergers, acquisitions, or transfer of shares, it is advisable for the Company to retain a CPA, attorney-at-law, and securities underwriter to research and draft the schedule for statutory procedures jointly, and organize a taskforce to execute the procedures pursuant to law. Prior to convening the board of directors to resolve on motions, the Company shall retain a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and approval. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital. In case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

(II) The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in Paragraph 1 (I) herein when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders

meeting, the Company shall immediately publicly explain the reason, follow-up measures, and scheduled date of the next shareholders meeting.

II. Other requirements

(I) Date of board of directors meeting: A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the competent securities authority is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction.

(II) Written undertaking of confidentiality: Every person participating in or knowing the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

(III) Principles for changing share exchange ratio or acquisition price: The Company may not arbitrarily alter the share exchange ratio or acquisition price unless circumstances permitting alteration has been provided in the contract for the merger, demerger, acquisition, or transfer of shares. The conditions on which share exchange ratio or acquisition price may be changed:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares without consideration, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, and other equity based securities.
2. An action, such as a disposition of major assets, affects the Company's financial operations.
3. An event, such as a major disaster or major change in technology, affects shareholders' equity or securities price.
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares

- from another company, buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- (IV) Contents to be referred to in the contract: The contract shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, in addition to the following:
1. Handling of breach of contract.
 2. Principles for handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
 3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
 4. The manner of handling changes in the number of participating entities or companies.
 5. Preliminary progress schedule for plan execution, and anticipated completion date.
 6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
- (V) In case of changes in the number of participating companies: After public disclosure of the information, if any participating company intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer. This is provided that where the number of participating companies is decreased and a participating company's shareholders' meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter

anew.

- (VI) Where any of the participating companies is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Subparagraphs (I), (II) and (V) of Paragraph 2 herein.
- (VII) The Company shall prepare a full written record of the following information and retain it for five (5) years for reference:
 - 1. Basic identification data for personnel: Including the job titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
 - 2. Dates of material events: Including execution of any letter of intent or memorandum of understanding, retaining of a financial or legal advisor, execution of a contract, and convening of a Board of Directors' meeting.
 - 3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.
- (VIII) The Company shall, within two (2) days counting inclusively from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in Item 1 and Item 2 of the preceding subparagraph to the competent securities authority for recordation.
- (IX) Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded at a securities firm's business place, the Company shall sign an agreement with such company whereby the latter is required to abide by the provisions referred to in the preceding subparagraphs.

Article 14: Any transaction involving acquisition or disposition of major assets shall be approved by a majority of all Audit Committee members and submitted to the Board of Directors for a resolution in advance. With respect to the Company's acquisition or disposition of assets that is subject to the approval of the Board of

Directors under the Company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each Audit Committee member. Where the Company has assigned the position of independent director, when a transaction is submitted for discussion by the Board of Directors, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors' meeting.

Article 15: Procedure for information disclosure

- I. Standards for matter to be publicly announced and reported
 - (I) Acquisition or disposal of real property or the right-of-use assets from or to a stakeholder, or acquisition or disposition of assets other than real property or the right-of-use assets from or to a stakeholder where the trading value reaches 20 percent or more of the Company's paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more. If provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
 - (II) Mergers, demergers, acquisitions, or transfer of shares.
 - (III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out herein.
 - (IV) Where the type of asset acquired or disposed of is equipment or the right-of-use assets for operating purpose, the trading counterpart is not a stakeholder, and the trading value meets any of the following criteria:
 1. For the company whose paid-in capital is less than NT\$10 billion, the trading value reaches NT\$500 million or more.
 2. For the company whose paid-in capital is more than NT\$10 billion, the trading value reaches NT\$1 billion or more.
 - (V) Where land is acquired from non-stakeholders under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale,

and the amount the Company expects to invest in the transaction reaches NT\$500 million.

(VI) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, an investment in the mainland China area reaches 20 percent or more than of the Company's paid-in capital, or NT\$300 million; provided, this shall not apply to the following circumstances:

1. Trading of domestic government bonds.
2. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

(VII) The amount of transactions above shall be calculated as follows:

1. Amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and dispositions of the same type of underlying asset with the same trading counterpart within the preceding year.
3. The cumulative transaction amount of real property or the right-of-use assets acquisitions and dispositions (cumulative acquisitions and dispositions, respectively) within the same development project within the preceding year.
4. The cumulative transaction amount of securities acquisitions and dispositions (cumulative acquisitions and dispositions, respectively) within the same security within the preceding year.

(VIII) "Within the preceding year" as used in the preceding subparagraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the trading value.

II. Time limit for public announcement and report

Where the Company's acquisition or disposition of assets involves the items to be announced or trading value which meets the standards for public announcement and report referred to herein, the Company shall publicly announce and report the relevant information within two (2) days counting inclusively from the date of occurrence of the event.

III. Procedure for public announcement and report

(I) The Company shall publicly announce and report the relevant information on the competent securities authority's designated

website.

- (II) The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies, and enter the information in the prescribed format into the information reporting website designated by the competent securities authority by 10th day of each month.
- (III) When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two (2) days counting inclusively from the date of knowing of such error or omission.
- (IV) When acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company's headquarters, where they shall be retained for five (5) years, unless otherwise provided in laws.
- (V) Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with this Article, a public report of relevant information shall be made on the information reporting website designated by the competent securities authority within two (2) days counting inclusively from the date of occurrence of the event:
 - 1. Change, termination, or rescission of a contract signed in regard to the original transaction.
 - 2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 - 3. Change to the originally publicly announced and reported information.

Article 16: The Company's subsidiaries shall comply with the following requirements:

- I. The subsidiaries shall also adopt the "Operating Procedure for Acquisition or Disposition of Assets" in accordance with the "Regulations Governing the Acquisition and Disposition of Assets by Public Companies".

- II. Information required to be publicly announced and reported in accordance with standards for public announcement and report referred to in the “Regulations Governing the Acquisition and Disposition of Assets by Public Companies” on acquisitions and disposition of assets by a subsidiary of the Company that is not itself a public company in Taiwan shall be reported by the Company on behalf of the subsidiary.
- III. The paid-in capital or total assets requirements in the disclosure and reporting criteria of subsidiaries shall be subject to the paid-in capital or total assets of this Company.

Article 17: Penalty

Where the Company’s employees handle acquisition or disposition of assets in violation of the Operating Procedure, the employees shall be reported for performance appraisal pursuant to the Company’s personnel management rules and employees’ work rules and disciplined subject to seriousness of the case.

Article 18: Enforcement and amendment

The Operating Procedure shall be enforced upon agreement by a majority of the Audit Committee members, and subject to resolution by a board of directors meeting and approval by a shareholders’ meeting. If a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director’s dissenting opinion to the Audit Committee and also state it to a shareholders’ meeting for discussion.

Where the Company has assigned the position of independent director, when the Operating Procedure is submitted for discussion by the Board of Directors, the Board of Directors shall take into full consideration each independent director’s opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Article 19: Bylaw

Any matters not covered herein shall be implemented in accordance with related laws and regulations

Attachment 1

The appraisal report shall record the following:

- I. Notes to be recorded pursuant to the Regulations on Real Estate Appraisal.
- II. Notes about professional appraisers and their officers.
 - (I) The name, capital, organization structure and staffs of professional appraisers.
 - (II) Name, age and educational background & work experience (with related certificates) of the appraiser's officer, and year and period for which they have engaged in appraisal, and number of appraisal cases undertaken by them.
 - (III) Relationship among the professional appraiser, officer and client.
 - (IV) Issuance of the statement certifying that "the appraisal report is free from any false or concealed statement".
 - (V) Date of the appraisal report.
- III. The basic information about subject property shall include, at least, the name and nature, location and occupied area of the subject property.
- IV. Comparable cases for transaction of real estate with the district where the subject property is situated.
- V. Where the appraisal adopts limited price, specified price, or special price, please specify the conditions for the limited price, specified price or special price and whether such conditions are met, and the cause and reasonableness of difference from fair price, and whether the limited price, specified price or special price can duly serve as the reference for transaction price.
- VI. The joint-construction contract, if any, shall state the reasonable allocation ratio between both parties.
- VII. Estimation of land value increment tax.
- VIII. Where the appraisal results given by the professional appraisers on the same date differ by 20% or more, whether Article 41 of the Real Estate Appraiser Act has applied.
- IX. The attachments shall consist of the statement of appraisal on the subject property, ownership registration information, transcript of cadastral map, urban planning scheme, location map of the subject property, land zoning certificate, and photos showing current status of the subject property.

Appendix 4

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 2) of the 2022 AGM.

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

Appendix 5

The Impact of Stock Dividend Issuance on Business

Performance, EPS, and ROE: No estimates should be disclosed as no financial forecast was made for 2022.

Item	Year	2022 (Estimates)
Beginning paid-in capital		NT\$11,887,635,000
Stock dividend of the year (Note 1)	Cash dividend per share	NT\$2.2
	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 2021 is shown according to the profit distribution proposal resolved by the Board on March 10, 2022.

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 6

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 2022AGM is from March 26, 2022 to April 5, 2022. Such information was disclosed on the Market Observation Post System by law on March 16, 2022.

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